

2021 INDEX OF ECONOMIC FREEDOM



Terry Miller
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RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Singapore	89.7	65	Mexico	65.5	129	São Tomé and Príncipe	55.9
2	New Zealand	83.9	66	Albania	65.2	130	Egypt	55.7
3	Australia	82.4	67	Barbados	65.0	131	Sri Lanka	55.7
4	Switzerland	81.9	68	Italy	64.9	132	Comoros	55.7
5	Ireland	81.4	69	Jordan	64.6	133	Mali	55.6
6	Taiwan	78.6	70	Bahamas	64.6	134	Tajikistan	55.2
7	United Kingdom	78.4	71	Oman	64.6	135	Burma	55.2
8	Estonia	78.2	72	Costa Rica	64.2	136	Maldives	55.2
9	Canada	77.9	73	Philippines	64.1	137	Eswatini	55.1
10	Denmark	77.8	74	Kuwait	64.1	138	Kenya	54.9
11	Iceland	77.4	75	Guatemala	64.0	139	Guinea-Bissau	54.9
12	Georgia	77.2	76	Turkey	64.0	140	Angola	54.2
13	Mauritius	77.0	77	Cabo Verde	63.8	141	Laos	53.9
14	United Arab Emirates	76.9	78	Kyrgyz Republic	63.7	142	Lesotho	53.5
15	Lithuania	76.9	79	Croatia	63.6	143	Brazil	53.4
16	Netherlands	76.8	80	Montenegro	63.4	144	Cameroon	53.4
17	Finland	76.1	81	Morocco	63.3	145	Malawi	53.0
18	Luxembourg	76.0	82	Bosnia and Herzegovina	62.9	146	Afghanistan	53.0
19	Chile	75.2	83	Namibia	62.6	147	Dominica	53.0
20	United States	74.8	84	Paraguay	62.6	148	Argentina	52.7
21	Sweden	74.7	85	Moldova	62.5	149	Ecuador	52.4
22	Malaysia	74.4	86	Mongolia	62.4	150	Sierra Leone	51.7
23	Japan	74.1	87	Fiji	62.2	151	Ethiopia	51.7
24	Korea, South	74.0	88	Dominican Republic	62.1	152	Pakistan	51.7
25	Austria	73.9	89	Samoa	61.9	153	Mozambique	51.6
26	Israel	73.8	90	Vietnam	61.7	154	Lebanon	51.4
27	Czech Republic	73.8	91	Côte d'Ivoire	61.7	155	Haiti	50.8
28	Norway	73.4	92	Russia	61.5	156	Congo, Rep.	50.7
29	Germany	72.5	93	Tanzania	61.3	157	Nepal	50.7
30	Latvia	72.3	94	El Salvador	61.0	158	Chad	50.4
31	Qatar	72.0	95	Belarus	61.0	159	Zambia	50.4
32	Armenia	71.9	96	Greece	60.9	160	Micronesia	50.4
33	Cyprus	71.4	97	Vanuatu	60.5	161	Burundi	49.9
34	Kazakhstan	71.1	98	Honduras	59.8	162	Algeria	49.7
35	Bulgaria	70.4	99	South Africa	59.7	163	Equatorial Guinea	49.2
36	Malta	70.2	100	Benin	59.6	164	Liberia	49.2
37	Belgium	70.1	101	Ghana	59.2	165	Congo, Dem. Rep.	49.0
38	Azerbaijan	70.1	102	Trinidad and Tobago	59.0	166	Central African Republic	48.8
39	Spain	69.9	103	Papua New Guinea	58.9	167	Turkmenistan	47.4
40	Bahrain	69.9	104	Gambia	58.8	168	Iran	47.2
41	Poland	69.7	105	Nigeria	58.7	169	Suriname	46.4
42	Thailand	69.7	106	Uganda	58.6	170	Timor-Leste	44.7
43	Romania	69.5	107	China	58.4	171	Kiribati	44.4
44	Uruguay	69.3	108	Uzbekistan	58.3	172	Bolivia	42.7
45	Jamaica	69.0	109	Bhutan	58.3	173	Eritrea	42.3
46	North Macedonia	68.6	110	Gabon	58.1	174	Zimbabwe	39.5
47	Rwanda	68.3	111	Senegal	58.0	175	Sudan	39.1
48	Slovenia	68.3	112	Madagascar	57.7	176	Cuba	28.1
49	Colombia	68.1	113	Togo	57.5	177	Venezuela	24.7
50	Peru	67.7	114	Belize	57.5	178	Korea, North	5.2
51	Botswana	67.6	115	Tonga	57.5			
52	Portugal	67.5	116	Guyana	57.4			
53	Saint Lucia	67.5	117	Niger	57.3			
54	Serbia	67.2	118	Cambodia	57.3			
55	Hungary	67.2	119	Tunisia	56.6			
56	Indonesia	66.9	120	Bangladesh	56.5			
57	Brunei Darussalam	66.6	121	India	56.5			
58	Kosovo	66.5	122	Solomon Islands	56.5			
59	St. Vincent & Grenadines	66.3	123	Guinea	56.5			
60	Seychelles	66.3	124	Burkina Faso	56.5			
61	Slovakia	66.3	125	Nicaragua	56.3			
62	Panama	66.2	126	Djibouti	56.2			
63	Saudi Arabia	66.0	127	Ukraine	56.2			
64	France	65.7	128	Mauritania	56.1			

Economic Freedom Scores

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed

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with Patrick Tyrrell

CONTENTS

Contributors.....vii

Acknowledgments.....ix

Preface.....xi

Key Findings of the 2021 *Index*..... 1

The 12 Economic Freedoms: Policies for Lasting Progress and Prosperity 11

ECONOMIC FREEDOM IN 2021

Economic Freedom Around the World:
The Key to Human Progress..... 21

Regional Developments in Economic Freedom..... 33

 The Americas..... 35

 Asia-Pacific..... 43

 Europe..... 51

 Middle East and North Africa..... 59

 Sub-Saharan Africa..... 67

 The Countries..... 75

Appendix 445

Methodology 453

Major Works Cited..... 469

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Ambassador Terry Miller
Anthony B. Kim
James M. Roberts
January 2021

PREFACE

To those of us who track economic freedom around the world, 2020 was a vivid reminder of the continuing struggle between the state and the free market. In times of uncertainty such as the world has experienced with the COVID-19 pandemic, it is natural that people will look to their leaders for answers. Yet the long-term solutions to our current economic problems do not lie in more government controls and regulations. Instead, they rely on a return to free-market principles.

The *2021 Index of Economic Freedom* offers a good place to step back from the temptation of shortsighted quick fixes and reflect on the fundamental principles that have been responsible for the advances that so many nations have achieved.

Since its inception in 1995, the *Index* has recorded the worldwide progress that has resulted from governments' adoption and support of the principles of free exchange, transparency, and fair competition under the rule of law. During that time, there have been dramatic improvements in prosperity and human flourishing around the globe. Poverty rates have dropped by more than two-thirds, and according to the World Bank, the world economy has more than doubled in size, raising the living standards of billions of people.

Economic freedom encourages a constant process of change and improvement and promotes prosperity more surely and sustainably than is possible for any government-directed program that simply redistributes wealth. Countries that have promoted economic freedom and opened themselves to the competition of the global marketplace have experienced startling bursts of productivity, innovation, and

economic growth. On the other hand, leaders who have failed to join the march of freedom have left their citizens lagging behind and—in the worst cases—in destitution.

As we continue to fight the current pandemic, our confidence in economic freedom is being tested, but now is not the time to waver. It is those countries with the greatest economic freedom—and therefore some of the greatest incentives to succeed—that will recover more quickly from the pandemic's economic devastation. And because the economic health of a people affects their mental, emotional, and physical health, good economic policy is good health policy, and the two go hand-in-hand.

Heritage's *2021 Index* looks at 184 sovereign nations from every corner of the globe and demonstrates that economic freedom can improve the quality of life regardless of cultural or geographic settings. Economic freedom fosters an environment in which jobs can be created; wages can grow; consumers can have more choices; and health care, education, and environmental outcomes are better. Experience teaches that even the best efforts of central planners and bureaucrats are unlikely to lead to sustainable growth and benefits such as these. The proven path to revitalizing economic growth, prosperity, and individual well-being is the path of freedom.

It is that path's course that we chart in this *2021 Index of Economic Freedom*.

Kay C. James
President
The Heritage Foundation
January 2021

KEY FINDINGS OF THE 2021 *INDEX*

A CHALLENGING ENVIRONMENT FOR ECONOMIC FREEDOM

The coronavirus epidemic struck a world in which economic freedom was rising rapidly and more countries than ever were benefitting from their participation in the market-based globalized economy. The pandemic-related business and travel restrictions imposed in many countries have set back that process significantly, and while this edition of the *Index* records only the initial effects of those restrictions, they are of a magnitude that is likely to affect both freedom and economic performance for several years to come.

The overall global economic outlook remains challenging because of the ongoing pandemic and its lingering impact on many economic sectors. The situation remains precarious, particularly in many developing countries and emerging markets. As the *Index* has documented, nations preserving higher degrees of economic freedom tend to be more resilient because they capitalize more fully on the ability of the free-market system not only to generate economic growth, but also to reinforce it through efficient resource allocation, value creation, and innovation.

Regrettably, some of the policy measures undertaken or planned by governments around the world in response to the global health crisis run the risk of undermining economic freedom and, thus, long-term economic growth and prosperity. Policymakers cannot simply spend their way back to prosperity after the toll that public health responses have taken on local

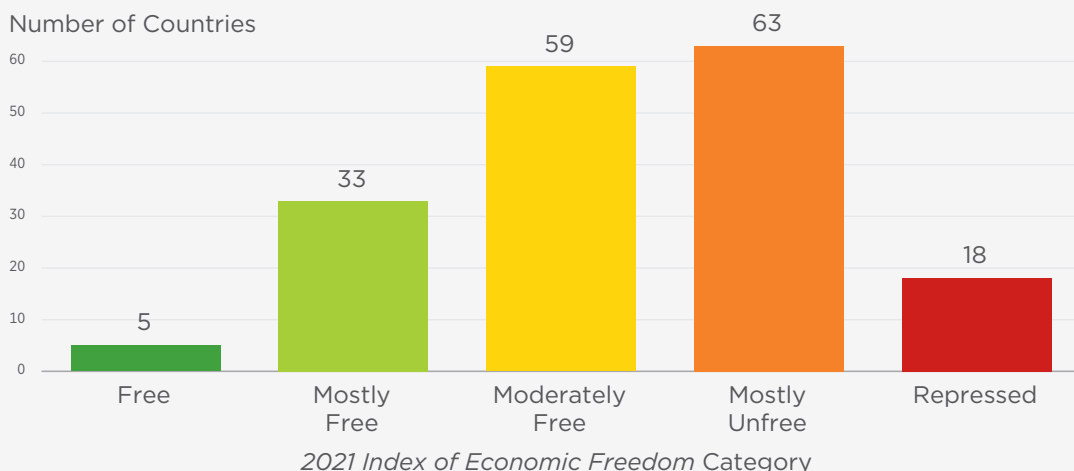
economies. For a meaningful economic recovery, economic freedom must not be curtailed by extended government emergency powers.

THE GLOBAL ECONOMY REMAINS “MODERATELY FREE”

The 2021 *Index*, which considers economic policies and conditions in 184 sovereign countries from July 1, 2019, through June 30, 2020, reveals a world economy that as a whole continues to be “moderately free.” Perhaps reflecting the challenging policy environment complicated by the early stages of the ongoing pandemic, global average economic freedom remained unchanged during that period from the previous year and registered 61.6 for the second year in a row. This represents a full four-point overall improvement since the inception of the *Index* in 1995 and is the highest average score in *Index* history. According to the 2021 *Index*:

- The standard of living, measured by per capita incomes, is much higher in economically freer countries. Countries rated “free” or “mostly free” in the 2021 *Index* generate incomes that are more than double the average levels in other countries and more than six times higher than the incomes of people living in countries with “repressed” countries.
- Increases in economic freedom were registered by 89 of the 178 countries graded in the 2021 *Index*. Scores declined in 80 countries, and nine were unchanged.

COUNTRIES IN EACH ECONOMIC FREEDOM CATEGORY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

- Five countries (Singapore, New Zealand, Australia, Switzerland, and Ireland) earned very high economic freedom scores of 80 or more, putting them in the ranks of the economically “free.”
- Thirty-three countries earned a designation as “mostly free” by recording scores of 70.0 to 79.9, and an additional 59 countries were considered at least “moderately free” with scores of 60.0 to 69.9. Thus, a total of 97 countries, or 54 percent of all nations and territories graded in the 2021 *Index*, have institutional environments in which individuals and private enterprises benefit from at least a moderate degree of economic freedom in the pursuit of greater economic development and prosperity.
- On the opposite side of the spectrum, 46 percent of the countries graded in the 2021 *Index* (81 economies) have registered economic freedom scores below 60. Of those, 63 economies are considered “mostly unfree” (scores of 50.0 to 59.9). These may have some features of the market system but fall notably short in areas related to the rule of law and the openness of their markets. Major economies such as China, India, Brazil, and Argentina fall into this group.
- There is a clear relationship between improving economic freedom and achieving higher per capita economic growth. No matter what their existing level of development may be, countries can measurably boost their economic growth by implementing steps to increase economic freedom through policies that reduce taxes, rationalize the regulatory environment, open the economy to greater competition, and fight corruption.
- Poverty rates are much lower in countries with higher levels of economic freedom.
- Economic freedom correlates highly with overall well-being, including such factors as health, education, the environment, innovation, societal progress, and democratic governance.

TOP ECONOMIC FREEDOM GAINERS, BY REGION

Change in Overall Score in the *Index of Economic Freedom*, 2020 to 2021

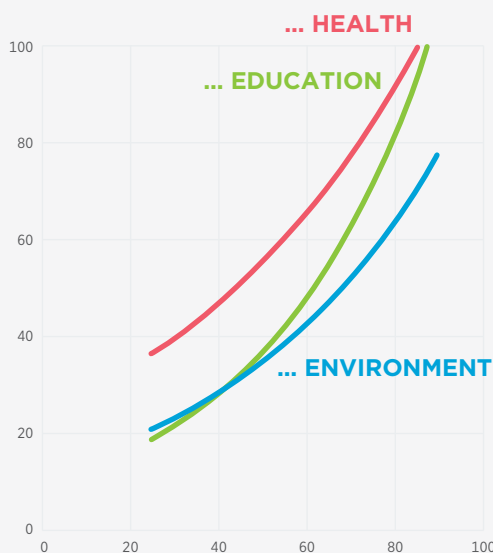
The Americas	Barbados	+3.6
	Cuba	+1.2
	Dominican Rep.	+1.2
	Guyana	+1.2
	Ecuador	+1.1
Asia-Pacific	Mongolia	+6.5
	Solomon Islands	+3.6
	Tajikistan	+3.0
	Vietnam	+2.9
	Kazakhstan	+1.5
	Taiwan	+1.5
Europe	Spain	+3.0
	Montenegro	+1.9
	Croatia	+1.4
	Armenia	+1.3
	Cyprus	+1.3
	Ukraine	+1.3
Middle East/ North Africa	Bahrain	+3.6
	Saudi Arabia	+3.6
	Algeria	+2.8
	Egypt	+1.7
	Oman	+1.0
Sub-Saharan Africa	Rep. Congo	+8.9
	Benin	+4.4
	Eritrea	+3.8
	Sierra Leone	+3.7
	Togo	+3.4

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Table 1 📄 heritage.org

MORE ECONOMIC FREEDOM ALSO MEANS BETTER ...

Adjusted Index Score



Overall Score in the 2021 *Index of Economic Freedom*

NOTE: Chart shows trend lines for countries appearing in both the indicated index and the *Index of Economic Freedom*. Scores have been adjusted to appear on a universal scale.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; United Nations Development Program, "Human Development Index," <http://hdr.undp.org/sites/default/files/hdr2019.pdf> (accessed December 2, 2020); and Yale University, "2020 Environmental Performance Index," <https://epi.yale.edu> (accessed December 2, 2020).

Chart 2 📄 heritage.org

WHAT'S NEW?

The *Index* this year measures economic freedom only in independent countries where governments exercise sovereign control of economic policies.

Hong Kong and Macau are thus no longer included in the *Index*. No doubt both Hong Kong and Macau, as Special Administrative Regions, enjoy economic policies that in many respects

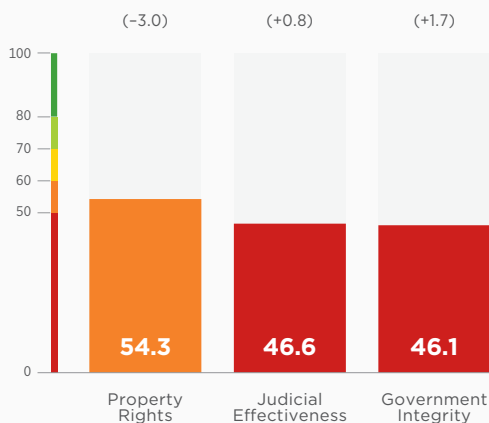
offer their citizens more economic freedom than is available to the average citizen of China, but developments in recent years have demonstrated unambiguously that those policies are ultimately controlled from Beijing. As appropriate in the future, developments in Hong Kong or Macau that are relevant to economic freedom will be considered in the context of China's evaluation in the *Index*.

There has been a significant change in the data source for most country evaluations of trade freedom. The *Index* now relies primarily on the World Trade Organization's annual *World Tariff Profiles* for trade-weighted average tariff rates in order to reflect the most authoritative and consistent tariff information.

In addition, given the major but hopefully short-term impact of COVID-19 on the global economy, the *Index* includes on each country page a short paragraph reporting the number of deaths from the pandemic as of December 1, 2020, and the expected economic impact of the public health crisis and the various measures governments have taken to combat it as estimated by the International Monetary Fund.

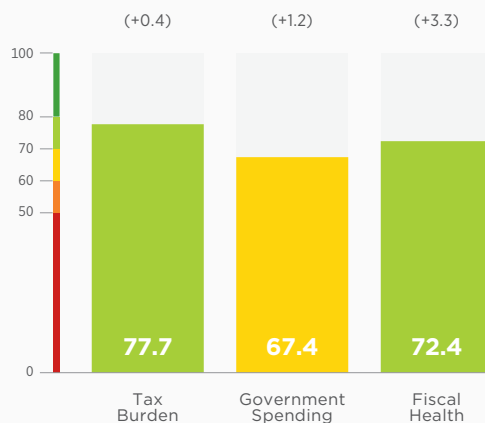
12 ECONOMIC FREEDOMS: A GLOBAL LOOK

RULE OF LAW



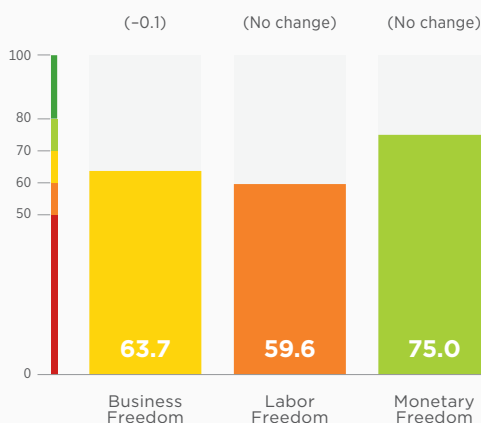
Several governments made progress in enhancing judicial effectiveness by increasing institutional independence and accountability, and the worldwide average score for judicial effectiveness has increased. Global average scores for property rights have declined, however, reflecting persistent problems throughout much of the world in protecting private property. Government integrity has improved globally in the 2021 *Index*, but the low average scores for the three rule-of-law indicators continue to reflect the problem of systemic corruption of government institutions in many countries by such practices as bribery, cronyism, and graft.

GOVERNMENT SIZE



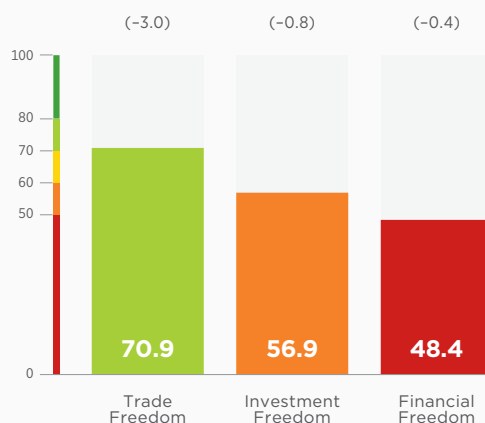
The average top individual income tax rate for all countries in the 2021 *Index* increased to 28.8 percent, but the average top corporate tax rate declined to 23.5 percent. The average overall tax burden as a percentage of GDP has declined to just 21.2 percent. The average level of government spending has declined to 31.6 percent of GDP, but the average level of gross public debt for countries covered in the *Index* has risen to 59.2 percent of GDP.

REGULATORY EFFICIENCY



Many economies have continued to streamline and modernize their business frameworks, and the overall pace of reform in developing countries has often exceeded the pace in developed countries. Nonetheless, the *Index* global scores for business freedom, labor freedom, and monetary freedom are virtually unchanged this year, reflecting the overall lack of improvement globally among governments that micromanage business decision-making or control prices to achieve politically motivated goals. The global scores for labor freedom and monetary freedom this year were the same as in the 2020 *Index*. Business freedom declined by a tenth of a point.

OPEN MARKETS



Global trade freedom suffered an apparent setback as the worldwide average trade-weighted applied tariff rate rose from 6.1 percent to 7.6 percent. However, this change should be interpreted with caution given the change in the data source for this indicator. Investment freedom has also declined, and investment policy measures in many countries remain geared to promotion of sectoral investment rather than general market openness. The global score for financial freedom is down as well, reflecting increased government involvement in the sector in a number of countries.

2021 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Singapore	89.7	0.3	97.5	90.8	93.2	90.5	94.1	80.0	93.8	91.5	85.4	95.0	85.0	80.0
2	2	New Zealand	83.9	-0.2	91.3	80.5	95.3	70.6	58.1	98.2	89.9	86.3	86.9	90.2	80.0	80.0
3	3	Australia	82.4	-0.2	81.5	90.0	89.8	62.6	58.1	88.7	87.4	84.1	86.7	89.8	80.0	90.0
4	1	Switzerland	81.9	-0.1	85.4	82.2	87.9	70.4	67.6	96.9	73.6	72.5	85.4	86.0	85.0	90.0
5	2	Ireland	81.4	0.5	86.0	72.4	82.0	76.6	81.1	93.1	81.5	76.1	84.4	84.0	90.0	70.0
6	4	Taiwan	78.6	1.5	87.3	72.9	74.5	79.2	91.0	93.7	93.4	60.4	84.3	86.0	60.0	60.0
7	3	United Kingdom	78.4	-0.9	87.6	76.7	86.5	64.9	54.8	77.3	94.4	73.2	81.0	84.0	80.0	80.0
8	4	Estonia	78.2	0.5	81.8	80.8	86.4	81.0	54.4	99.6	72.7	57.8	79.7	84.0	90.0	70.0
9	1	Canada	77.9	-0.3	84.5	73.3	87.9	76.0	49.8	84.2	81.4	72.4	76.1	88.8	80.0	80.0
10	5	Denmark	77.8	-0.5	86.7	86.9	93.4	43.7	23.1	98.2	88.8	73.8	84.5	84.0	90.0	80.0
11	6	Iceland	77.4	0.3	87.0	72.6	90.6	72.4	46.2	97.6	83.6	62.0	79.4	86.8	80.0	70.0
12	7	Georgia	77.2	0.1	66.9	59.3	64.6	89.1	76.9	94.9	84.9	76.7	76.7	86.0	80.0	70.0
13	1	Mauritius	77.0	2.1	78.4	73.6	55.0	91.6	78.0	73.5	83.7	74.6	77.4	88.0	80.0	70.0
14	1	United Arab Emirates	76.9	0.7	80.8	81.1	66.0	100.0	73.0	98.5	80.0	81.6	80.6	81.4	40.0	60.0
15	8	Lithuania	76.9	0.2	78.9	68.7	74.5	84.6	66.8	97.2	73.1	74.4	80.1	84.0	70.0	70.0
16	9	Netherlands	76.8	-0.2	88.9	72.8	90.6	51.7	47.7	95.3	80.5	60.1	80.4	84.0	90.0	80.0
17	10	Finland	76.1	0.4	91.9	82.2	97.2	68.0	14.3	91.4	85.8	50.5	83.3	84.0	85.0	80.0
18	11	Luxembourg	76.0	0.2	85.7	77.6	92.5	63.4	46.2	99.0	66.1	45.9	76.5	84.0	95.0	80.0
19	2	Chile	75.2	-1.6	70.2	68.4	74.5	72.3	80.4	90.4	75.1	62.5	85.5	83.0	70.0	70.0
20	3	United States	74.8	-1.8	79.7	72.4	76.8	76.0	62.2	34.9	82.5	87.1	81.1	80.4	85.0	80.0
21	12	Sweden	74.7	-0.2	86.6	79.1	92.5	43.6	29.5	97.6	83.2	53.9	81.5	84.0	85.0	80.0
22	5	Malaysia	74.4	-0.3	85.1	70.5	53.2	83.8	84.3	79.4	86.7	73.9	83.6	82.4	60.0	50.0
23	6	Japan	74.1	0.8	87.8	75.5	82.0	67.8	57.8	67.5	85.9	79.0	85.1	80.4	60.0	60.0
24	7	South Korea	74.0	0.0	80.7	63.4	68.9	63.0	86.9	96.7	89.5	55.8	84.4	79.0	60.0	60.0
25	13	Austria	73.9	0.6	86.8	83.5	84.8	45.7	29.1	90.0	72.6	68.4	81.7	84.0	90.0	70.0
26	2	Israel	73.8	-0.2	83.6	79.8	76.8	60.0	53.8	79.2	73.9	65.1	84.4	84.2	75.0	70.0
27	14	Czech Republic	73.8	-1.0	76.2	56.8	64.4	79.1	51.4	98.1	68.8	77.1	79.7	84.0	70.0	80.0
28	15	Norway	73.4	0.0	82.4	86.3	95.8	57.1	25.3	96.6	85.5	57.8	75.4	84.0	75.0	60.0
29	16	Germany	72.5	-1.0	78.8	69.8	81.5	60.4	40.3	92.8	82.4	53.0	77.2	84.0	80.0	70.0
30	17	Latvia	72.3	0.4	74.7	55.9	47.7	76.7	57.6	96.6	76.5	73.8	79.6	84.0	85.0	60.0
31	3	Qatar	72.0	-0.3	68.3	58.0	54.0	97.9	69.2	94.5	74.0	65.9	80.7	81.4	60.0	60.0
32	18	Armenia	71.9	1.3	57.3	55.3	45.0	87.1	81.3	84.3	81.9	74.5	76.9	73.8	75.0	70.0
33	19	Cyprus	71.4	1.3	78.5	57.9	65.0	80.2	52.1	82.0	76.1	60.5	85.0	84.0	75.0	60.0
34	8	Kazakhstan	71.1	1.5	60.2	62.8	44.6	93.6	86.7	98.3	76.2	86.2	70.0	74.6	50.0	50.0
35	20	Bulgaria	70.4	0.2	66.2	43.6	46.8	93.9	64.7	99.2	62.9	68.5	85.2	84.0	70.0	60.0
36	21	Malta	70.2	0.7	68.2	57.3	55.0	68.6	60.9	96.3	67.6	61.8	77.1	84.0	85.0	60.0
37	22	Belgium	70.1	1.2	84.0	70.2	81.3	46.5	18.4	78.7	80.1	61.1	82.0	84.0	85.0	70.0
38	23	Azerbaijan	70.1	0.8	67.9	55.8	46.8	88.1	65.2	99.4	80.5	65.9	73.2	68.0	70.0	60.0

2021 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
39	24	Spain	69.9	3.0	76.4	65.4	70.3	61.7	48.1	69.8	66.3	57.9	83.5	84.0	85.0	70.0
40	4	Bahrain	69.9	3.6	71.5	65.8	64.4	100.0	67.1	0.0	76.7	71.4	82.8	83.6	75.0	80.0
41	25	Poland	69.7	0.6	63.3	48.9	65.0	73.9	48.1	94.6	61.6	66.1	80.8	84.0	80.0	70.0
42	9	Thailand	69.7	0.3	60.0	48.1	45.1	81.5	86.0	96.4	85.3	64.3	74.4	80.0	55.0	60.0
43	26	Romania	69.5	-0.2	68.8	63.1	54.6	94.3	69.2	78.9	59.7	63.6	77.7	84.0	70.0	50.0
44	4	Uruguay	69.3	0.2	68.1	66.8	75.7	72.6	66.9	80.5	72.3	70.5	72.5	70.8	85.0	30.0
45	5	Jamaica	69.0	0.5	60.6	55.1	47.7	79.7	74.4	83.1	77.6	73.4	77.5	69.2	80.0	50.0
46	27	North Macedonia	68.6	-0.9	62.6	40.4	41.9	94.9	71.0	87.8	77.8	65.2	78.7	77.4	65.0	60.0
47	2	Rwanda	68.3	-2.6	68.7	75.2	59.1	79.5	78.5	78.0	62.3	77.4	80.2	61.2	60.0	40.0
48	28	Slovenia	68.3	0.5	77.3	56.3	68.2	58.2	42.5	91.1	78.8	61.5	81.9	84.0	70.0	50.0
49	6	Colombia	68.1	-1.1	59.8	36.4	49.7	69.7	69.3	78.9	71.0	77.7	78.1	77.0	80.0	70.0
50	7	Peru	67.7	-0.2	53.3	28.2	36.3	79.4	86.4	91.5	66.2	63.2	86.1	86.4	75.0	60.0
51	3	Botswana	67.6	-2.0	58.6	50.8	48.8	87.4	68.2	74.8	68.4	68.2	74.1	77.4	65.0	70.0
52	29	Portugal	67.5	0.5	74.1	68.5	68.2	60.0	42.4	78.2	75.9	44.1	85.0	84.0	70.0	60.0
53	8	Saint Lucia	67.5	-0.7	61.5	66.3	44.6	76.9	83.2	86.2	75.7	66.5	83.5	60.6	65.0	40.0
54	30	Serbia	67.2	1.2	57.9	50.6	45.0	92.5	49.6	94.6	71.0	67.3	81.1	77.2	70.0	50.0
55	31	Hungary	67.2	0.8	65.6	52.4	48.7	83.6	35.0	83.3	59.9	64.8	78.8	84.0	80.0	70.0
56	10	Indonesia	66.9	-0.3	59.4	48.9	39.1	83.7	91.8	90.7	71.3	49.2	79.0	79.2	50.0	60.0
57	11	Brunei Darussalam	66.6	0.0	61.1	62.3	47.5	92.3	67.6	20.0	83.6	90.9	74.7	84.6	65.0	50.0
58	32	Kosovo	66.5	-0.9	54.5	55.9	46.4	92.6	75.0	90.5	71.2	64.4	75.7	77.2	65.0	30.0
59	9	Saint Vincent and the Grenadines	66.3	-0.5	48.1	66.3	48.7	74.9	71.6	87.6	74.2	74.0	82.6	57.8	70.0	40.0
60	4	Seychelles	66.3	2.0	65.3	51.6	64.4	76.9	60.9	93.2	67.5	71.3	80.3	79.0	55.0	30.0
61	33	Slovakia	66.3	-0.5	71.5	44.4	48.8	78.4	47.0	93.4	55.6	52.2	74.8	84.0	75.0	70.0
62	10	Panama	66.2	-1.0	54.5	28.1	39.4	85.2	85.2	82.8	72.9	43.7	80.5	77.2	75.0	70.0
63	5	Saudi Arabia	66.0	3.6	68.7	76.7	53.2	99.1	62.9	31.0	83.5	63.3	82.3	75.8	45.0	50.0
64	34	France	65.7	-0.3	82.2	69.2	80.1	50.7	6.3	69.0	80.2	44.8	77.3	84.0	75.0	70.0
65	11	Mexico	65.5	-0.5	53.4	35.9	39.8	76.1	79.8	88.7	65.6	58.2	72.1	81.6	75.0	60.0
66	35	Albania	65.2	-1.7	46.1	22.8	40.6	89.0	74.6	86.6	66.1	51.6	82.0	82.8	70.0	70.0
67	12	Barbados	65.0	3.6	52.7	49.7	50.2	79.3	73.1	79.8	69.7	60.1	77.3	58.4	70.0	60.0
68	36	Italy	64.9	1.1	75.7	62.3	63.7	58.1	28.9	73.0	68.1	50.5	84.2	84.0	80.0	50.0
69	6	Jordan	64.6	-1.4	66.2	60.3	51.0	84.7	73.3	45.5	58.9	52.8	82.0	71.0	70.0	60.0
70	13	Bahamas	64.6	0.1	48.1	45.7	47.5	97.1	87.6	72.7	70.4	70.0	77.0	49.0	50.0	60.0
71	7	Oman	64.6	1.0	68.7	66.3	66.0	97.7	39.2	12.2	79.2	61.0	85.8	73.6	65.0	60.0
72	14	Costa Rica	64.2	-1.6	64.0	58.1	59.0	79.9	87.7	24.3	66.2	55.5	80.9	75.0	70.0	50.0
73	12	Philippines	64.1	-0.4	57.0	34.5	40.6	76.8	87.4	94.3	58.2	57.7	68.7	74.2	60.0	60.0
74	8	Kuwait	64.1	0.9	57.4	52.6	47.5	97.7	21.4	99.7	66.0	62.2	73.6	75.8	55.0	60.0
75	15	Guatemala	64.0	0.0	43.2	32.6	30.1	91.8	94.8	92.1	61.5	48.5	77.7	75.6	70.0	50.0

2021 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

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76	37	Turkey	64.0	-0.4	61.5	58.6	45.4	73.2	64.5	75.8	68.5	48.8	65.4	76.0	70.0	60.0
77	5	Cabo Verde	63.8	0.2	44.5	47.5	48.7	77.9	70.7	69.7	60.6	55.2	83.3	68.0	80.0	60.0
78	13	Kyrgyz Republic	63.7	0.8	46.0	23.3	33.7	94.8	63.8	90.6	72.6	79.5	77.5	72.8	60.0	50.0
79	38	Croatia	63.6	1.4	68.4	41.1	51.4	79.0	35.8	89.6	56.2	43.6	78.7	84.0	75.0	60.0
80	39	Montenegro	63.4	1.9	57.8	56.2	51.0	83.6	35.3	37.2	73.5	78.0	83.4	79.4	75.0	50.0
81	9	Morocco	63.3	0.0	67.5	51.2	39.9	68.3	73.0	68.5	72.3	33.2	80.3	70.6	65.0	70.0
82	40	Bosnia and Herzegovina	62.9	0.3	44.1	33.7	42.4	93.8	49.5	97.1	48.2	67.8	84.1	69.2	65.0	60.0
83	6	Namibia	62.6	1.7	57.1	63.6	47.4	67.5	57.4	53.7	65.6	85.2	77.2	71.2	65.0	40.0
84	16	Paraguay	62.6	-0.4	41.6	26.0	32.2	96.2	86.7	91.6	59.6	31.8	73.8	76.4	75.0	60.0
85	41	Moldova	62.5	0.5	60.6	29.9	38.7	94.0	71.0	96.5	66.2	39.2	71.5	76.8	55.0	50.0
86	14	Mongolia	62.4	6.5	48.1	25.9	37.4	89.9	71.5	91.3	61.9	74.4	73.4	74.6	50.0	50.0
87	15	Fiji	62.2	-1.2	60.6	40.4	46.8	86.2	71.1	68.4	61.3	77.2	74.9	55.0	55.0	50.0
88	17	Dominican Republic	62.1	1.2	51.2	28.8	34.6	84.6	91.7	84.4	56.4	58.7	75.3	69.4	70.0	40.0
89	16	Samoa	61.9	-0.2	48.5	28.2	32.7	78.9	71.1	95.2	75.5	80.8	80.0	66.4	55.0	30.0
90	17	Vietnam	61.7	2.9	51.3	35.9	38.0	80.3	86.0	82.8	65.2	62.6	69.0	79.0	40.0	50.0
91	7	Côte d'Ivoire	61.7	2.0	42.8	34.9	27.0	77.6	90.4	84.1	60.8	48.9	74.7	73.8	75.0	50.0
92	42	Russia	61.5	0.5	54.4	42.4	41.7	93.0	66.1	99.6	84.1	55.4	67.3	74.0	30.0	30.0
93	8	Tanzania	61.3	-0.4	41.3	40.2	34.5	80.7	91.8	90.8	45.7	67.7	72.9	64.4	55.0	50.0
94	18	El Salvador	61.0	-0.6	39.9	33.5	34.2	77.9	81.0	79.6	52.4	52.2	81.0	70.8	70.0	60.0
95	43	Belarus	61.0	-0.7	58.6	40.4	39.8	92.9	55.5	96.5	75.9	75.7	70.2	76.0	30.0	20.0
96	44	Greece	60.9	1.0	55.5	53.5	53.6	59.9	34.2	80.0	75.8	49.8	80.0	84.0	55.0	50.0
97	18	Vanuatu	60.5	-0.2	53.3	34.1	39.5	96.8	61.7	94.9	49.4	54.5	75.5	61.6	65.0	40.0
98	19	Honduras	59.8	-1.3	45.5	36.0	29.1	82.2	79.3	96.7	48.7	32.0	71.8	71.8	65.0	60.0
99	9	South Africa	59.7	0.9	59.6	57.1	50.6	63.9	65.9	53.4	61.5	59.4	76.8	72.6	45.0	50.0
100	10	Benin	59.6	4.4	42.5	37.0	32.2	68.4	92.0	86.3	54.6	58.5	83.7	60.4	50.0	50.0
101	11	Ghana	59.2	-0.2	49.3	38.2	32.3	82.8	87.8	31.7	62.9	60.9	71.7	62.4	70.0	60.0
102	20	Trinidad and Tobago	59.0	0.7	52.4	46.9	36.4	79.5	70.9	15.8	66.5	76.8	83.4	68.8	60.0	50.0
103	19	Papua New Guinea	58.9	0.5	46.1	50.8	32.7	71.5	88.0	82.0	57.4	70.2	72.1	80.4	25.0	30.0
104	12	Gambia	58.8	2.5	41.8	44.3	35.2	76.9	84.1	54.5	56.0	67.4	63.2	66.6	65.0	50.0
105	13	Nigeria	58.7	1.5	36.8	38.7	23.5	84.9	95.3	59.9	60.0	84.4	68.0	68.4	45.0	40.0
106	14	Uganda	58.6	-0.9	44.8	36.5	25.0	73.2	91.6	63.2	44.9	83.2	78.9	67.4	55.0	40.0
107	20	China	58.4	-1.1	62.2	71.5	46.4	72.6	67.6	54.8	80.2	64.9	69.8	71.2	20.0	20.0
108	21	Uzbekistan	58.3	1.1	57.8	50.8	30.5	92.4	79.9	98.3	73.5	61.2	60.3	55.4	20.0	20.0
109	22	Bhutan	58.3	-3.8	62.6	45.7	55.0	82.2	71.6	70.2	67.3	79.6	74.3	40.8	20.0	30.0
110	15	Gabon	58.1	1.4	24.2	25.5	36.4	77.7	90.8	93.7	54.7	52.9	84.5	56.8	60.0	40.0
111	16	Senegal	58.0	0.0	50.3	37.8	43.6	72.4	84.2	72.2	53.5	36.6	79.0	66.4	60.0	40.0
112	17	Madagascar	57.7	-2.8	33.7	25.7	20.2	90.6	93.4	92.9	46.5	44.7	73.7	65.4	55.0	50.0
113	18	Togo	57.5	3.4	44.5	28.2	32.2	68.0	84.8	89.9	60.6	47.1	79.7	65.4	60.0	30.0

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114	21	Belize	57.5	0.1	41.8	45.7	36.3	78.7	64.7	68.5	60.0	54.2	80.2	55.0	55.0	50.0
115	23	Tonga	57.5	-1.3	48.1	23.3	44.6	84.8	53.7	95.4	70.0	69.9	66.4	73.4	40.0	20.0
116	22	Guyana	57.4	1.2	44.9	40.4	38.5	64.6	77.3	69.8	58.2	62.1	81.3	66.8	55.0	30.0
117	19	Niger	57.3	2.6	38.8	45.7	31.8	77.1	87.1	76.2	52.5	47.4	75.3	61.0	55.0	40.0
118	24	Cambodia	57.3	0.0	39.9	23.2	17.0	89.1	84.3	98.3	30.9	62.6	75.1	66.6	50.0	50.0
119	10	Tunisia	56.6	0.8	53.9	41.9	42.0	71.7	71.1	53.0	80.7	49.7	73.6	66.8	45.0	30.0
120	25	Bangladesh	56.5	0.1	38.0	35.4	27.7	84.0	93.8	66.3	55.6	68.8	69.9	63.4	45.0	30.0
121	26	India	56.5	0.0	59.2	55.9	48.1	78.7	78.5	18.0	76.7	41.3	72.1	69.4	40.0	40.0
122	27	Solomon Islands	56.5	3.6	46.1	55.9	35.2	66.3	55.3	92.2	58.9	73.8	80.6	68.6	15.0	30.0
123	20	Guinea	56.5	0.0	32.2	33.4	22.0	69.7	92.5	95.3	47.1	58.6	70.5	66.4	50.0	40.0
124	21	Burkina Faso	56.5	-0.2	45.1	36.6	34.5	80.9	81.9	60.8	44.8	52.2	74.7	61.0	65.0	40.0
125	23	Nicaragua	56.3	-0.9	27.8	19.0	24.8	77.1	77.5	91.8	53.1	55.0	70.7	68.4	60.0	50.0
126	22	Djibouti	56.2	3.3	42.8	28.2	27.9	79.6	80.4	79.4	63.3	49.4	70.4	43.2	60.0	50.0
127	45	Ukraine	56.2	1.3	48.5	41.1	37.9	88.7	48.2	87.7	63.5	48.7	65.8	79.2	35.0	30.0
128	23	Mauritania	56.1	0.8	26.0	23.9	21.0	74.3	88.4	93.3	59.1	52.8	80.0	63.8	50.0	40.0
129	24	São Tomé and Príncipe	55.9	-0.3	36.8	23.3	39.5	88.4	79.7	74.6	62.8	43.2	67.0	65.2	60.0	30.0
130	11	Egypt	55.7	1.7	51.2	54.0	37.0	86.9	73.1	6.0	62.7	51.4	64.3	67.0	65.0	50.0
131	28	Sri Lanka	55.7	-1.7	45.4	46.8	39.5	85.0	88.4	30.1	75.2	59.1	71.6	47.0	40.0	40.0
132	25	Comoros	55.7	2.0	34.0	28.2	23.6	63.5	91.6	97.3	48.5	60.4	79.7	66.2	45.0	30.0
133	26	Mali	55.6	-0.3	34.5	21.2	23.6	69.0	85.3	81.3	46.5	53.5	83.7	64.0	65.0	40.0
134	29	Tajikistan	55.2	3.0	41.6	48.8	35.2	91.9	68.6	75.1	62.3	46.2	68.5	69.6	25.0	30.0
135	30	Burma	55.2	1.2	37.2	19.7	32.7	87.2	87.1	81.9	60.0	64.3	72.5	70.0	30.0	20.0
136	31	Maldives	55.2	-1.3	44.1	28.2	39.5	96.5	67.0	35.9	77.9	71.2	77.5	59.8	35.0	30.0
137	27	Eswatini	55.1	-0.2	48.5	46.1	36.4	78.7	64.3	16.4	61.5	69.5	78.2	71.4	50.0	40.0
138	28	Kenya	54.9	-0.4	60.4	41.5	29.5	78.7	80.2	12.6	56.7	57.1	75.4	62.2	55.0	50.0
139	29	Guinea-Bissau	54.9	1.6	39.5	50.8	20.2	88.7	88.7	69.6	37.9	61.0	86.7	55.8	30.0	30.0
140	30	Angola	54.2	2.0	30.3	22.8	20.4	87.3	86.9	77.9	56.9	59.6	67.5	70.2	30.0	40.0
141	32	Laos	53.9	-1.6	38.8	37.6	34.5	87.1	86.8	51.1	54.7	59.1	74.5	67.8	35.0	20.0
142	31	Lesotho	53.5	-1.0	41.6	60.5	32.2	71.5	22.2	67.2	55.3	58.8	75.8	62.2	55.0	40.0
143	24	Brazil	53.4	-0.3	55.0	45.5	47.5	70.1	56.5	5.3	58.0	50.7	77.8	64.6	60.0	50.0
144	32	Cameroon	53.4	-0.2	38.3	27.2	21.0	74.8	89.0	79.9	43.9	49.9	81.2	55.2	30.0	50.0
145	33	Malawi	53.0	0.2	46.1	42.1	26.8	79.0	72.3	25.4	42.1	63.6	70.5	68.2	50.0	50.0
146	33	Afghanistan	53.0	-1.7	30.3	25.7	29.1	91.1	76.1	99.9	53.9	59.9	80.8	68.6	10.0	10.0
147	25	Dominica	53.0	-7.8	51.2	66.3	51.0	70.0	7.4	6.1	68.4	67.0	82.4	55.6	70.0	40.0
148	26	Argentina	52.7	-0.4	46.1	45.7	54.0	70.4	52.8	38.4	59.5	46.3	41.9	62.6	55.0	60.0
149	27	Ecuador	52.4	1.1	39.5	24.7	38.5	77.1	58.5	75.9	50.4	47.9	81.7	59.8	35.0	40.0
150	34	Sierra Leone	51.7	3.7	42.3	45.7	30.5	86.7	85.9	39.7	49.6	30.1	65.1	64.6	60.0	20.0
151	35	Ethiopia	51.7	-1.9	23.2	33.8	31.5	78.2	91.9	79.6	47.5	57.4	60.6	61.4	35.0	20.0

2021 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
152	34	Pakistan	51.7	-3.1	44.9	40.7	31.2	73.8	86.0	7.4	60.5	41.2	69.7	64.6	60.0	40.0
153	36	Mozambique	51.6	1.1	29.5	26.9	23.8	74.8	71.4	62.3	55.2	42.0	77.1	70.8	35.0	50.0
154	12	Lebanon	51.4	-0.3	42.3	33.1	27.9	88.5	70.3	0.0	44.3	47.4	78.3	74.4	60.0	50.0
155	28	Haiti	50.8	-1.5	12.6	15.1	22.0	80.2	91.3	92.9	33.0	62.1	59.7	65.4	45.0	30.0
156	37	Congo, Republic of	50.7	8.9	32.2	25.7	23.5	80.4	84.0	81.8	36.6	36.6	86.5	56.4	35.0	30.0
157	35	Nepal	50.7	-3.5	38.1	34.1	33.8	83.2	73.2	61.8	61.5	53.6	71.6	57.6	10.0	30.0
158	38	Chad	50.4	0.2	27.7	25.0	21.0	44.6	93.9	96.1	25.3	42.9	76.7	52.0	60.0	40.0
159	39	Zambia	50.4	-3.1	37.2	26.2	30.5	71.1	78.5	5.3	66.1	45.6	71.2	68.2	55.0	50.0
160	36	Micronesia	50.4	-1.6	16.5	23.3	25.0	88.2	0.0	99.3	56.2	74.4	82.1	74.8	35.0	30.0
161	40	Burundi	49.9	0.9	28.0	32.1	27.0	77.1	79.3	32.2	51.8	67.3	74.7	49.8	50.0	30.0
162	13	Algeria	49.7	2.8	34.0	41.6	32.7	67.2	55.4	49.1	63.5	51.3	84.3	57.4	30.0	30.0
163	41	Equatorial Guinea	49.2	0.9	27.8	15.4	17.0	75.2	90.0	96.1	36.4	34.4	79.4	48.8	40.0	30.0
164	42	Liberia	49.2	0.2	29.5	40.4	27.0	85.8	68.3	54.3	48.9	41.4	58.5	60.8	55.0	20.0
165	43	Congo, Democratic Republic of	49.0	-0.5	23.0	18.2	11.5	71.3	96.0	99.5	53.1	40.2	61.7	63.2	30.0	20.0
166	44	Central African Republic	48.8	-1.9	23.2	28.2	22.0	65.3	92.2	95.4	23.3	40.9	74.9	45.2	45.0	30.0
167	37	Turkmenistan	47.4	0.9	27.7	20.0	22.0	92.6	93.2	96.3	30.0	20.0	72.8	74.2	10.0	10.0
168	14	Iran	47.2	-2.0	33.5	28.3	31.8	80.8	90.1	82.8	57.1	50.1	42.1	54.2	5.0	10.0
169	29	Suriname	46.4	-3.1	45.5	15.4	38.5	70.0	68.2	7.8	45.8	61.9	73.7	60.2	40.0	30.0
170	38	Timor-Leste	44.7	-1.2	37.2	15.1	37.4	91.7	0.0	20.0	62.2	53.4	79.7	75.0	45.0	20.0
171	39	Kiribati	44.4	-0.8	44.8	33.1	27.9	70.7	0.0	98.9	32.0	63.9	82.5	23.8	25.0	30.0
172	30	Bolivia	42.7	-0.1	18.7	11.0	25.9	85.3	58.4	13.4	58.4	53.4	71.0	61.6	15.0	40.0
173	45	Eritrea	42.3	3.8	24.2	15.4	21.0	74.0	64.3	78.1	17.3	69.6	55.0	69.2	0.0	20.0
174	46	Zimbabwe	39.5	-3.6	32.6	32.0	21.3	63.4	89.4	58.8	41.5	44.1	0.0	56.0	25.0	10.0
175	47	Sudan	39.1	-5.9	32.6	19.7	20.2	84.9	91.9	0.0	50.8	60.4	39.2	45.0	5.0	20.0
176	31	Cuba	28.1	1.2	27.7	10.0	48.7	47.1	0.0	14.6	20.0	20.0	64.6	64.2	10.0	10.0
177	32	Venezuela	24.7	-0.5	7.5	15.4	15.1	71.1	61.5	0.0	33.4	27.5	0.0	54.8	0.0	10.0
178	40	North Korea	5.2	1.0	27.7	5.0	20.2	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0
N/A	N/A	Iraq	N/A	N/A	44.8	11.0	22.0	N/A	65.3	94.7	51.7	45.6	77.0	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	16.5	19.7	21.0	N/A	0.0	19.9	38.4	55.3	69.7	N/A	5.0	N/A
N/A	N/A	Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	85.0	80.0
N/A	N/A	Somalia	N/A	N/A	27.8	23.3	11.5	N/A	N/A	N/A	31.2	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Syria	N/A	N/A	42.5	19.7	25.9	N/A	N/A	N/A	49.7	57.8	60.6	47.0	0.0	N/A
N/A	N/A	Yemen	N/A	N/A	16.5	19.7	17.0	N/A	95.6	48.9	46.1	57.7	54.6	67.4	N/A	N/A

THE 12 ECONOMIC FREEDOMS: POLICIES FOR LASTING PROGRESS AND PROSPERITY

A society that puts equality—in the sense of equality of outcome—ahead of freedom will end up with neither equality nor freedom. The use of force to achieve equality will destroy freedom, and the force, introduced for good purposes, will end up in the hands of people who use it to promote their own interests.

—Milton and Rose Friedman¹

Each measured aspect of economic freedom has a significant effect on economic growth and prosperity. Policies that allow greater freedom in any of the areas measured tend to spur growth. Growth, in turn, is an essential element in generating more opportunities for people to advance themselves economically, thereby reducing poverty and building lasting prosperity.

As a vital component of human dignity, autonomy, and personal empowerment, economic freedom is valuable as an end itself. Just as important is the fact that economic freedom provides a proven formula for economic progress and success.

Economic freedom, however, is not a single system. The concept of freedom is incompatible in many respects with the idea of a single dominating economic system. Over the past 26 years, the *Index* has demonstrated that economic freedom is not a dogmatic ideology. It represents instead a philosophy that rejects

dogma and embraces diverse and even competing strategies for economic advancement.

Government actions, by their very nature, tend toward coercion and the restriction of freedom. They cannot possibly account for the individual circumstances and needs of individuals as effectively as a free marketplace can, and however well-meaning, they are nearly certain to impede efficiency and thus promote the waste of resources and effort. The *Index* provides compelling evidence that it is not the policies we fail to implement that hold back economic growth. Rather, it is the dreadful policies that our governments all too often put in place.

Those who believe in economic freedom believe in the right of individuals to decide for themselves how to direct their lives. The added benefit from society's point of view is the proven power of self-directed individuals, whether working alone or working together in associations or corporations, to create the goods and services that best respond to the needs and desires of their fellow citizens.

No country provides perfect freedom to its citizens, and those that do permit high levels of freedom differ with respect to which aspects they believe are most important. That is consistent with the nature of liberty, which allows individuals and societies to craft their own unique paths to prosperity.

Throughout the previous editions of the *Index*, we have explored many critical aspects of the relationships between individuals and governments. In measuring economic freedom, we have focused on a comprehensive yet far from exhaustive range of policy areas in which governments typically act for good or ill. However, by its very nature, the concept of freedom resists narrow definition, and each year seems to bring new challenges from those who seek to impose their own views or control the economic actions of others.

As new threats to economic freedom arise, our definitions and methodologies will continue to evolve so that we can provide as true a picture as possible of the state of economic freedom around the world.

DEFINING ECONOMIC FREEDOM

At its heart economic freedom is about individual autonomy, concerned chiefly with the freedom of choice enjoyed by individuals in acquiring and using economic goods and resources. The underlying assumption of those who favor economic freedom is that individuals know their needs and desires best and that a self-directed life, guided by one's own philosophies and priorities rather than those of a government or technocratic elite, is the foundation of a fulfilling existence. Independence and self-respect flow from the ability and responsibility to take care of oneself and one's family and are invaluable contributors to human dignity and equality.

Living in societies as we do, individual autonomy can never be considered absolute. Many individuals regard the well-being of their families and communities as equal in importance to their own, and the personal rights enjoyed by one person may well end at his neighbor's doorstep. Decisions and activities that have an impact or potential impact on others are rightly constrained by societal norms and, in the most critical areas, by government laws or regulations.

In a market-oriented economy, societal norms, not government laws and regulations,

are the primary regulators of behavior. Such norms grow organically out of society itself, reflecting its history, its culture, and the experience of generations learning how to live with one another. They guide our understanding of ethics, the etiquette of personal and professional relationships, and consumer tastes. At their best, democratic political systems reflect societal norms in their laws and regulations, but even democratic governments, if unconstrained by constitutional or other traditional limits, may pose substantial threats to economic freedom. A constraint imposed on economic freedom by majority rule is no less a constraint than one imposed by an absolute ruler or oligarch. It is thus not so much the type of government that determines the degree of economic freedom as it is the extent to which government has limits beyond which it may not (or at least does not) go.

Inevitably, any discussion of economic freedom will focus on the critical relationship between individuals and the government. In general, state action or government control that interferes with individual autonomy limits economic freedom.

However, the goal of economic freedom is not simply the absence of government coercion or constraint, but rather the creation and maintenance of a mutual sense of liberty for all. Some government action is necessary for the citizens of a nation to defend themselves and to promote the peaceful evolution of civil society, but when government action rises beyond the minimal necessary level, it is likely infringing on someone's economic or personal freedom.

Throughout history, governments have imposed a wide array of constraints on economic activity. Such constraints are sometimes imposed in the name of equality or some other ostensibly noble societal purpose; most often, however, they are imposed for the benefit of societal elites or special interests.

Government's excessive intrusion into wide spheres of economic activity comes with a high cost to society as a whole. By substituting

political judgments for those of the marketplace, government diverts entrepreneurial resources and energy from productive activities to rent-seeking; the quest for economically unearned benefits. The result is lower productivity, economic stagnation, and declining prosperity.

ASSESSING ECONOMIC FREEDOM

The *Index of Economic Freedom* takes a comprehensive view of economic freedom. Some of the aspects of economic freedom that are evaluated are concerned with a country's interactions with the rest of the world (for example, the extent of an economy's openness to global investment or trade). Most, however, focus on policies within a country, assessing the liberty of individuals to use their labor or finances without undue restraint and government interference.

Each of the measured aspects of economic freedom plays a vital role in promoting and sustaining personal and national prosperity. All are complementary in their impact, however, and progress in one area is often likely to reinforce or even inspire progress in another. Similarly, repressed economic freedom in one area (for example, a lack of respect for property rights) may make it much more difficult to achieve high levels of freedom in other categories.

The 12 aspects of economic freedom measured in the *Index* are grouped into four broad categories:

- **Rule of law** (property rights, judicial effectiveness, and government integrity);
- **Government size** (tax burden, government spending, and fiscal health);
- **Regulatory efficiency** (business freedom, labor freedom, and monetary freedom); and
- **Market openness** (trade freedom, investment freedom, and financial freedom).

Rule of Law

Property Rights. In a functioning market economy, the ability to accumulate private property and wealth is a central motivating force for workers and investors. The recognition of private property rights and an effective rule of law to protect them are vital features of a fully functioning market economy. Secure property rights give citizens the confidence to undertake entrepreneurial activity, save their income, and make long-term plans because they know that their income, savings, and property (both real and intellectual) are safe from unfair expropriation or theft.

Property rights are a primary factor in the accumulation of capital for production and investment. Secure titling is key to unlocking the wealth embodied in real estate, making natural resources available for economic use, and providing collateral for investment financing. It is also through the extension and protection of property rights that societies avoid the “tragedy of the commons,” the phenomenon that leads to the degradation and exploitation of property that is held communally and for which no one is accountable.

A key aspect of property rights protection is the enforcement of contracts. The voluntary undertaking of contractual obligations is the foundation of the market system and the basis for economic specialization, gains from commercial exchange, and trade among nations. Even-handed government enforcement of private contracts is essential to ensuring equity and integrity in the marketplace.

Judicial Effectiveness. Well-functioning legal frameworks protect the rights of all citizens against infringement of the law by others, including by governments and powerful parties. As an essential component of the rule of law, judicial effectiveness requires efficient and fair judicial systems to ensure that laws are fully respected and that appropriate legal actions are taken against violations.

Judicial effectiveness, especially for developing countries, may be the area of economic freedom that is most important in laying the

foundations for economic growth, and in advanced economies, deviations from judicial effectiveness may be the first signs of serious problems that will lead to economic decline.

There is abundant evidence from around the world that an honest, fair, and effective judicial system is a critical factor in empowering individuals, ending discrimination, and enhancing competition. In the never-ending struggle to improve the human condition and achieve greater prosperity, an institutional commitment to the preservation and advancement of judicial effectiveness is critical.

Government Integrity. In a world characterized by social and cultural diversity, practices regarded as corrupt in one place may simply reflect traditional interactions in another. For example, small informal payments to service providers or even government officials may be regarded variously as a normal means of compensation, a “tip” for unusually good service, or a corrupt form of extortion.

While such practices may indeed constrain an individual’s economic freedom, their impact on the economic system as a whole is likely to be modest. Of far greater concern is the systemic corruption of government institutions by such practices as bribery, nepotism, cronyism, patronage, embezzlement, and graft. Though not all are crimes in every society or circumstance, these practices erode the integrity of government wherever they are practiced. By allowing some individuals or special interests to gain government benefits at the expense of others, they are grossly incompatible with the principles of fair and equal treatment that are essential ingredients of an economically free society.

There is a direct relationship between the extent of government intervention in economic activity and the prevalence of corruption. In particular, excessive and redundant government regulations provide opportunities for bribery and graft. Corrupt practices like bribery and graft, in turn, are detrimental to economic growth and development. In addition, government regulations or restrictions in one

area may create informal or black markets in another. For example, by imposing numerous burdensome barriers to conducting business, including regulatory red tape and high transaction costs, a government can incentivize bribery and encourage illegitimate and secret interactions that compromise the transparency that is essential for the efficient functioning of a free market.

Government Size

Tax Burden. All governments impose fiscal burdens on economic activity through taxation and borrowing. Governments that permit individuals and businesses to keep and manage a larger share of their income and wealth for their own benefit and use, however, maximize economic freedom.

The higher the government’s share of income or wealth, the lower the individual’s reward for his or her economic activity and the lower the incentive to undertake work at all. Higher tax rates reduce the ability of individuals and firms to pursue their goals in the marketplace and thereby also reduce the level of overall private-sector activity.

Individual and corporate income tax rates are an important and direct constraint on an individual’s economic freedom and are reflected as such in the *Index*, but they are not a comprehensive measure of the tax burden. Governments impose many other indirect taxes, including payroll, sales, and excise taxes, as well as tariffs and value-added taxes (VATs). In the *Index of Economic Freedom*, the burden of these taxes is captured by measuring the overall tax burden from all forms of taxation as a percentage of total gross domestic product (GDP).

Government Spending. The cost, size, and intrusiveness of government taken together are a central economic freedom issue that is measured in the *Index* in a variety of ways. Government spending comes in many forms, not all of which are equally harmful to economic freedom. Some government spending (for example, to provide infrastructure, fund research, or improve human capital) may be

considered investment. Government also spends on public goods, the benefits of which accrue broadly to society in ways that markets cannot price appropriately.

All government spending, however, must eventually be financed by higher taxation and entails an opportunity cost. This cost is the value of the consumption or investment that would have occurred had the resources involved been left in the private sector.

Excessive government spending runs a great risk of crowding out private economic activity. Even if an economy achieves faster growth through more government spending, such economic expansion tends to be only temporary, distorting the market allocation of resources and private investment incentives. Even worse, a government's insulation from market discipline often leads to bureaucracy, lower productivity, inefficiency, and mounting public debt that imposes an even greater burden on future generations.

Fiscal Health. A government's budget is one of the clearest indicators of the extent to which it respects the principle of limited government. By delineating priorities and allocating resources, a budget signals clearly both the areas in which government will intervene in economic activity and the extent of that intervention. Beyond that, however, a budget reflects a government's commitment (or lack thereof) to sound financial management of resources, which is both essential for dynamic long-term economic expansion and critical to the advancement of economic freedom.

Widening deficits and a growing debt burden, both of which are direct consequences of poor government budget management, lead to the erosion of a country's overall fiscal health. Deviations from sound fiscal positions often disturb macroeconomic stability, induce economic uncertainty, and thus limit economic freedom.

Debt is an accumulation of budget deficits over time. In theory, debt financing of public spending could make a positive contribution to productive investment and ultimately to economic growth. Debt could also be a mechanism

for positive macroeconomic countercyclical interventions or even long-term growth policies. On the other hand, high levels of public debt may have numerous negative impacts such as raising interest rates, crowding out private investment, and limiting government's flexibility in responding to economic crises. Mounting public debt driven by persistent budget deficits, particularly spending that merely boosts government consumption or transfer payments, often undermines overall productivity growth and leads ultimately to economic stagnation rather than growth.

Regulatory Efficiency

Business Freedom. An individual's ability to establish and run an enterprise without undue interference from the state is one of the most fundamental indicators of economic freedom. Burdensome and redundant regulations are the most common barriers to the free conduct of entrepreneurial activity. By increasing the costs of production, regulations can make it difficult for entrepreneurs to succeed in the marketplace.

Although many regulations hinder business productivity and profitability, the ones that most inhibit entrepreneurship are often those that are associated with licensing new businesses. In some countries, as well as many states in the United States, the procedure for obtaining a business license can be as simple as mailing in a registration form with a minimal fee. In Singapore, starting a business takes only one and a half days and two procedures, and there is no minimum-capital requirement. In other economies, such as India and parts of South America, the process of obtaining a business license can take much longer and involve endless trips to government offices and repeated encounters with officious and sometimes corrupt bureaucrats.

Once a business is open, government regulation may interfere with the normal decision-making or price-setting process. Interestingly, two countries with the same set of regulations can impose different regulatory burdens. If

one country applies its regulations evenly and transparently, it can lower the regulatory burden by facilitating long-term business planning. If the other applies regulations inconsistently, it raises the regulatory burden by creating an unpredictable business environment.

Labor Freedom. The ability of individuals to find employment opportunities and work is a key component of economic freedom. By the same token, the ability of businesses to contract freely for labor and dismiss redundant workers when they are no longer needed is essential to enhancing productivity and sustaining overall economic growth.

The core principle of any economically free market is voluntary exchange. That is just as true in the labor market as it is in the market for goods.

State intervention generates the same problems in the labor market that it produces in any other market. Government labor regulations take a variety of forms, including minimum wages or other wage controls, limits on hours worked or other workplace conditions, restrictions on hiring and firing, and other constraints. In many countries, unions play an important role in regulating labor freedom and, depending on the nature of their activity, may be either a force for greater freedom or an impediment to the efficient functioning of labor markets.

Onerous labor laws penalize businesses and workers alike. Rigid labor regulations prevent employers and employees from freely negotiating changes in terms and conditions of work, and the result is often a chronic mismatch of labor supply and demand.

Monetary Freedom. Monetary freedom requires a stable currency and market-determined prices. Whether acting as entrepreneurs or as consumers, economically free people need a steady and reliable currency as a medium of exchange, unit of account, and store of value. Without monetary freedom, it is difficult to create long-term value or amass capital.

The value of a country's currency can be influenced significantly by the monetary policy of its government. With a monetary policy that

endeavors to fight inflation, maintain price stability, and preserve the nation's wealth, people can rely on market prices for the foreseeable future. Investments, savings, and other longer-term plans can be made more confidently. An inflationary policy, by contrast, confiscates wealth like an invisible tax and distorts prices, misallocates resources, and raises the cost of doing business.

There is no single accepted theory of the right monetary policy for a free society. At one time, the gold standard enjoyed widespread support. What characterizes almost all monetary theories today, however, is support for low inflation and an independent central bank. There is also widespread recognition that price controls corrupt market efficiency and lead to shortages or surpluses.

Market Openness

Trade Freedom. Many governments restrict their citizens' ability to interact freely as buyers or sellers in the international marketplace. Trade restrictions can manifest themselves in the form of tariffs, export taxes, trade quotas, or outright trade bans. However, these are not the only impediments to the freedom to trade, which may be hampered as well by nontariff barriers that are related to various licensing, standard-setting, and other regulatory actions. Given the development of global supply chains and cross-border production processes, businesses increasingly value stability in trade policy. Capricious government actions that create uncertainty about future trade conditions may thus have a negative impact on trade freedom that goes beyond their immediate economic effect.

The degree to which government hinders the free flow of foreign commerce has a direct bearing on the ability of individuals to pursue their economic goals and maximize their productivity and well-being. Tariffs, for example, directly increase the prices that local consumers pay for foreign imports, but they also distort production incentives for local producers, causing them to produce either a good in which they

lack a comparative advantage or more of a protected good than is economically ideal. This impedes overall economic efficiency and growth.

In many cases, trade limitations also limit the productive development of local entrepreneurs by putting advanced-technology products and services beyond their reach.

Investment Freedom. A free and open investment environment provides maximum entrepreneurial opportunities and incentives for expanded economic activity, greater productivity, and job creation. The benefits of such an environment flow not only to the individual companies that take the entrepreneurial risk in expectation of greater return, but also to society as a whole. An effective investment framework is characterized by transparency and equity, supporting all types of firms rather than just large or strategically important companies, and encourages rather than discourages innovation and competition.

Restrictions on the movement of capital, both domestic and international, undermine the efficient allocation of resources and reduce productivity, distorting economic decision-making. Restrictions on cross-border investment can limit both inflows and outflows of capital, thereby shrinking markets and reducing opportunities for growth.

In an environment in which individuals and companies are free to choose where and how to invest, capital can flow to its best uses: to the sectors and activities where it is most needed and the returns are greatest. State action to redirect the flow of capital and limit choice is an imposition on the freedom of both the investor and the person seeking capital. The more restrictions a country imposes on investment, the lower its level of entrepreneurial activity.

Financial Freedom. An accessible and efficiently functioning formal financial system ensures the availability of diversified savings, credit, payment, and investment services to individuals and businesses. By expanding financing opportunities and promoting entrepreneurship, an open banking environment encourages competition in order to provide

the most efficient financial intermediation between households and firms as well as between investors and entrepreneurs.

Through a process driven by supply and demand, markets provide real-time information on prices and immediate discipline for those who have made bad decisions. This process depends on transparency in the market and the integrity of the information being made available. A prudent and effective regulatory system, through disclosure requirements and independent auditing, ensures both.

Increasingly, the central role played by banks is being complemented by other financial services that offer alternative means for raising capital or diversifying risk. As with the banking system, the useful role for government in regulating these institutions lies in ensuring transparency and integrity and promoting disclosure of assets, liabilities, and risks.

State banking and financial regulation that goes beyond the assurance of transparency and honesty in financial markets can impede efficiency, increase the costs of financing entrepreneurial activity, and limit competition. If the government intervenes in the stock market, for instance, it contravenes the choices of millions of individuals by interfering with the pricing of capital—the most critical function of a market economy.

ECONOMIC FREEDOM: MORE THAN A GOOD BUSINESS ENVIRONMENT

Economic freedom is about much more than a business environment in which entrepreneurship and prosperity can flourish. With its far-reaching impacts on various aspects of human development, economic freedom empowers people, unleashes powerful forces of choice and opportunity, nourishes other liberties, and improves the overall quality of life.

No other system—and many have been tried—comes close to the record of free-market capitalism in promoting growth and enhancing the human condition. The undeniable link between economic freedom and prosperity is a

striking demonstration of what people can do when they have maximum opportunity to pursue their own interests within the rule of law.

ENDNOTE

1. Milton Friedman and Rose D. Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1979).

ECONOMIC FREEDOM IN 2021

ECONOMIC FREEDOM AROUND THE WORLD: THE KEY TO HUMAN PROGRESS

Economically resilient countries are not necessarily geographically large or richly blessed with natural resources. Many nations have managed to expand opportunities for their citizens by enhancing their economic dynamism and integration into global markets. In general, the overarching objective of economic policies must be to create an environment that provides the best chance to translate opportunity into prosperity.

The *Index* results demonstrate that countries in any stage of development can achieve and sustain economic dynamism if their governments adopt economic policies that encourage greater entrepreneurship by empowering individuals and firms with more freedom of action.

It is noteworthy that despite some policy missteps such as trade and investment protectionism in responding to the global pandemic and the ongoing political assault on capitalism, the free-market system of economic freedom is not on the verge of breakdown or blunt dismissal. The evidence shows instead that a considerable and even growing number of people around the world understand the economic damage that is inflicted too often by heavy-handed and misguided government policies that result in lingering uncertainty, deteriorating entrepreneurial environments, and lower employment growth. The demand for greater freedom is thus stronger than ever.

The most fundamental benefit of economic freedom stems from the strong positive relationship between economic freedom and levels

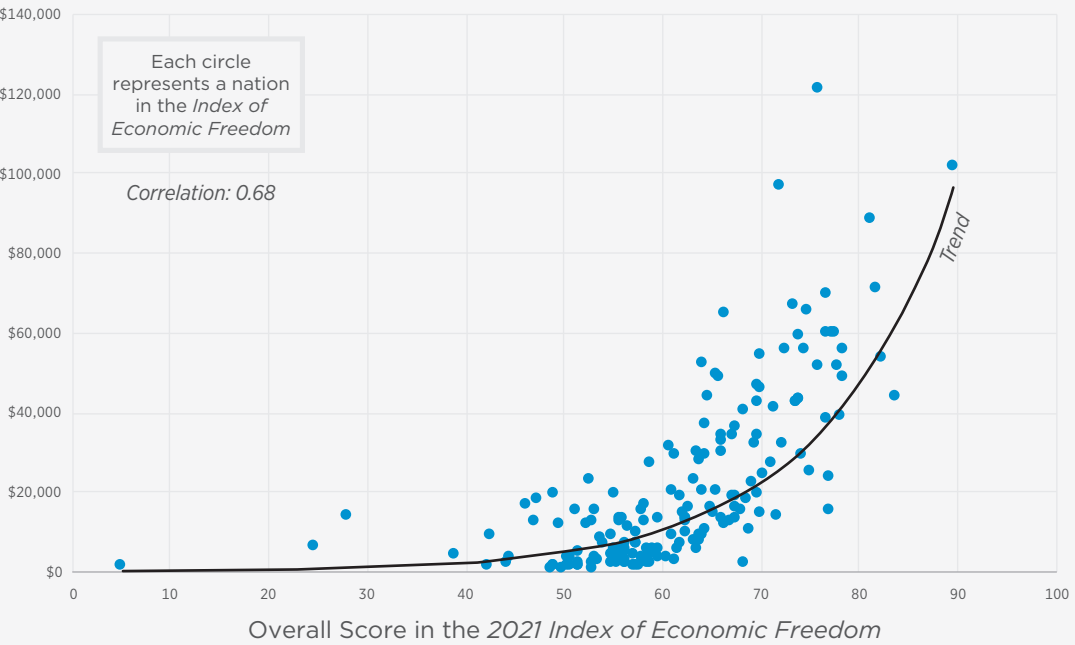
of per capita income. As indicated in Chart 1, countries moving up the economic freedom scale show increasingly high levels of average income. For countries achieving scores that reflect even moderate levels of economic freedom (60 or above), the relationship between economic freedom and per capita gross domestic product (GDP) is highly significant. Economies rated “free” or “mostly free” in the 2021 *Index* enjoy incomes that are more than twice the average levels in all other countries and more than six times higher than the incomes of “repressed” economies.

In addition, economic freedom is closely related to the openness to entrepreneurial activity that allows individuals to innovate, respond to new opportunities in the marketplace, and enjoy success based on their own efforts.

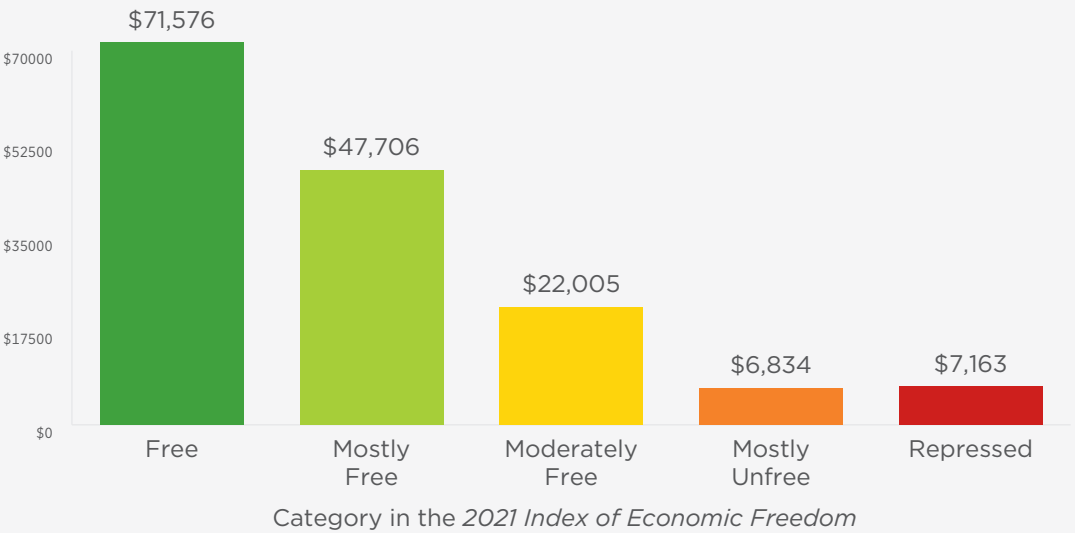
Chart 2 shows the close correlation between economic freedom and entrepreneurial opportunity measured by new business entry density, which the World Bank defines as “the number of newly registered corporations per 1,000 working-age people (those ages 15–64).”¹ Given this positive relationship, governments should be cautious in undertaking stimulus programs that increase their own spending or increase layers of regulation, both of which reduce economic freedom. The best results are likely to be achieved instead through policy reforms that improve the incentives that drive entrepreneurial activity. These reforms include improvements in the efficiency of business and

ECONOMIC FREEDOM AND STANDARD OF LIVING

GDP per Capita (PPP)



Average GDP per Capita (PPP)

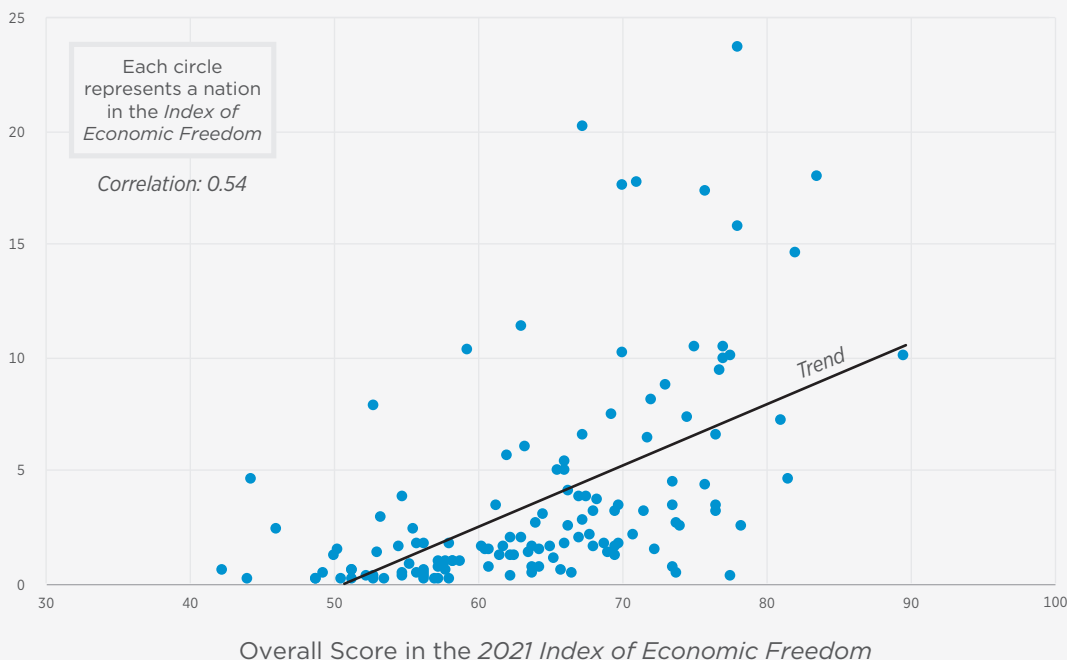


NOTE: Represented are the 178 nations that are in both datasets.

SOURCES: The World Bank, "GDP per Capita, PPP (Current International \$)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 15, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

ECONOMIC FREEDOM AND ENTREPRENEURIAL DYNAMISM

New Businesses per 1,000 Population Ages 15–64



NOTE: Represented are the 131 nations that are in both datasets.

SOURCES: The World Bank, “Entrepreneurship,” <https://www.doingbusiness.org/en/data/exploretopics/entrepreneurship> (accessed December 15, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2  heritage.org

labor regulations, reductions in tariffs and other barriers to trade or investment, and financial reforms to increase competition, ensure stability, and improve and broaden access to credit.

ECONOMIC FREEDOM: THE PROVEN CURE FOR POVERTY

By a great many measures, over the past decades, those countries that have adopted some version of free-market capitalism with businesses supported by efficient regulations and open to the free flow of goods, services, and capital have broken the vicious cycle of poverty and dependence.

Without question, the free-market system that is rooted in empowerment of the individual and open competition has fueled

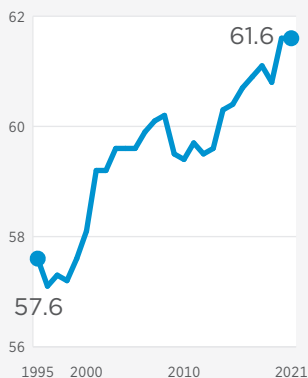
unprecedented economic growth around the world. As Chart 3 illustrates, over the past two-and-a-half decades the global economy has moved toward greater economic freedom, becoming “moderately free” overall, and more than doubled in size. This progress has lifted hundreds of millions of people out of poverty.

During this period, the global poverty rate has declined by more than two-thirds. Opening the gates of prosperity to ever more people around the world, economic freedom has made the world a profoundly better place. More people are living longer and more fulfilling lives than ever before.

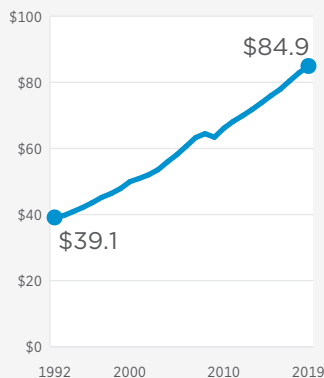
The key driver of poverty reduction is dynamic and resilient economic growth. As documented here and in previous editions of the *Index*, as well as in volumes of academic research,

AS ECONOMIC FREEDOM RISES, THE GLOBAL ECONOMY EXPANDS AND POVERTY FALLS

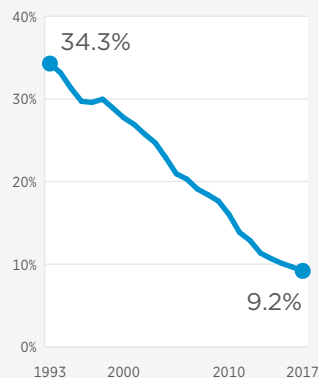
Average Score in the
Index of Economic Freedom



Global GDP, in Trillions
of 2010 U.S. Dollars




Percentage of Global
Population Living in
Abject Poverty



NOTES: Some poverty figures have been interpolated.

SOURCES: The World Bank, World Development Indicators, “GDP (Constant 2010 US\$),” <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD> (accessed October 15, 2020); The World Bank, “Regional Aggregation Using 2011 PPP and \$1.9/Day Poverty Line,” <http://iresearch.worldbank.org/povcalnet/povDuplicateWB.aspx> (accessed December 14, 2020); and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 3  heritage.org

vibrant and lasting economic growth is likely when governments implement policies that enhance economic freedom and empower individuals with greater choice and more opportunities. Advancing economic freedom is a proven strategy for dynamic economic expansion and is likely to be the surest path to true progress for the greatest number of people.

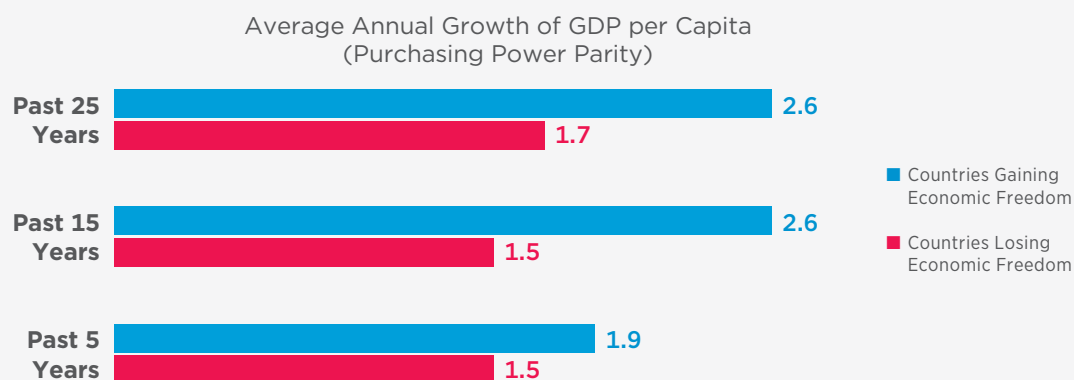
As Chart 4 demonstrates, there is a robust relationship between improving economic freedom and achieving higher per capita economic growth. Whether long-term (25 years), medium-term (15 years), or short-term (five years), the relationship between changes in economic freedom and changes in economic growth is consistently positive. Improvements in economic freedom are a vital determinant of rates of economic expansion that the record shows will reduce poverty.

Undeniably, countries moving toward greater economic freedom tend to achieve higher

growth rates of per capita GDP over time. Over all the time periods considered, the average annual per capita economic growth rates of countries that have increased economic freedom the most are at least 25 percent higher than those of countries where freedom has stagnated or declined.

Greater economic freedom is one of the most effective means by which to eliminate poverty or reduce its prevalence. It also has a major positive impact on the intensity of the poverty that remains. The United Nations Development Programme’s Multidimensional Poverty Index assesses the nature and intensity of deprivation at the individual level in education, health outcomes, and standard of living. As depicted in Chart 5, the multidimensional poverty rate in countries with economies that are considered “mostly free” or “moderately free” is less than one-fourth the level in countries that are rated “less free.”

INCREASING ECONOMIC FREEDOM AND ECONOMIC GROWTH



NOTES: Figures are country averages in which both *Index* scores and data on GDP growth are available over the same time period. Five-year growth rates include 168 countries, 15-year growth rates include 146 countries, and 25-year growth rates include 129 countries.

SOURCES: The World Bank, "GDP per Capita Growth (Annual %)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG> (accessed December 8, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 4 heritage.org

ECONOMIC FREEDOM: THE FOUNDATION OF GREATER ECONOMIC EMPOWERMENT AND POLITICAL FREEDOM

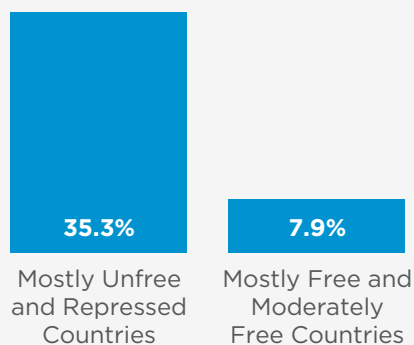
Growing economic freedom is unequivocally about achieving greater overall prosperity that goes beyond materialistic and monetary dimensions of well-being. The societal benefits of economic freedom extend far beyond higher incomes or lower rates of poverty. Countries with higher levels of economic freedom enjoy higher levels of overall human development as measured by the United Nations Human Development *Index*, which measures life expectancy, literacy, education, and standards of living in countries worldwide.

As Chart 6 shows, governments that choose policies that increase economic freedom are placing their societies on the path to more educational opportunities, better health care, and greater standards of living for their citizens.

In recent years, environmentally related government policies and actions have become more intrusive and economically distortionary. Many of the world's governments are pushing

POVERTY INTENSITY

Average Percentage of Population Living in Multidimensional Poverty

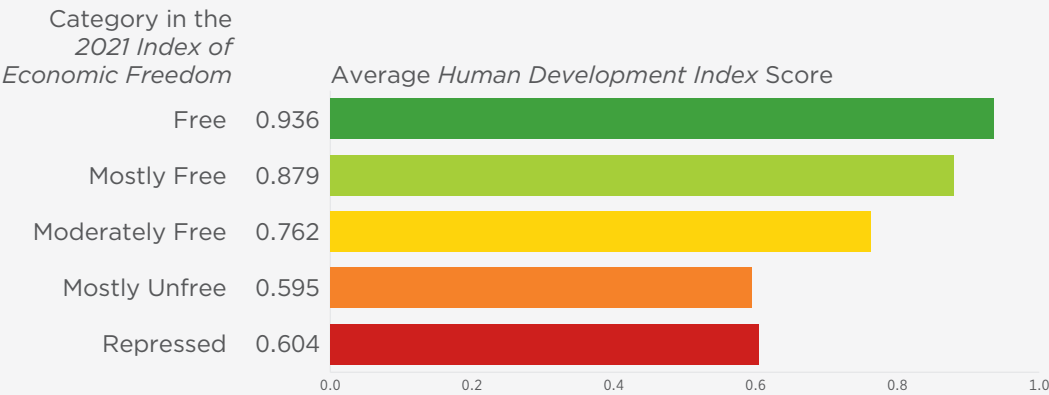


NOTE: Represented are the 80 developing countries scored in both indexes.


SOURCES: United Nations Development Programme, *2020 Global Multidimensional Poverty Index*, <http://hdr.undp.org/en/2019-MPI> (accessed December 3, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 5 heritage.org

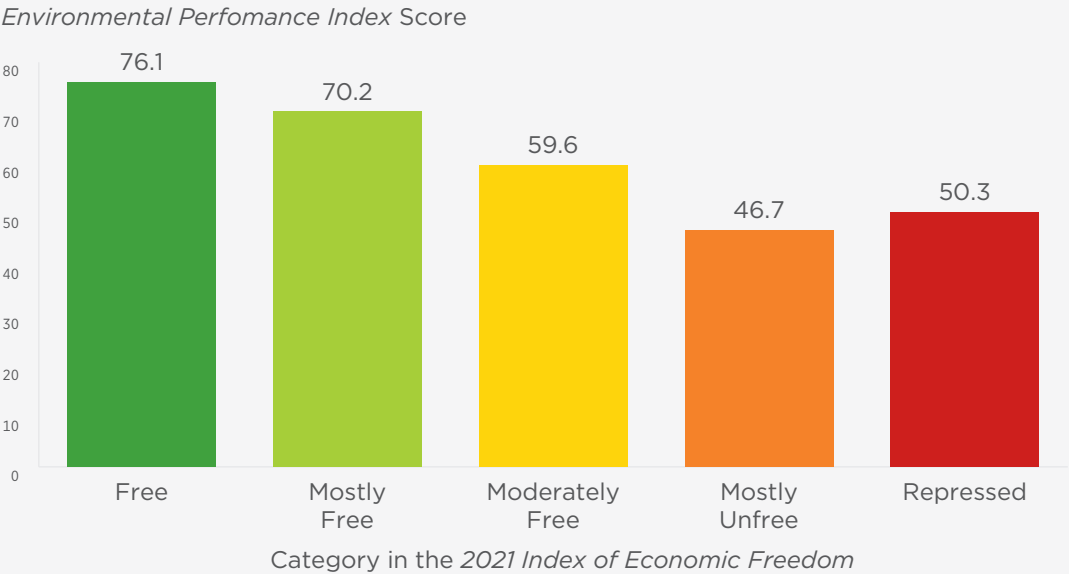
ECONOMIC FREEDOM AND HUMAN DEVELOPMENT




NOTE: Represented are the 175 nations that are in both datasets.
SOURCES: U.N. Human Development Programme, *Human Development Report 2019* <http://hdr.undp.org/sites/default/files/hdr2019.pdf> (accessed December 8, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 6  heritage.org

ECONOMIC FREEDOM AND ENVIRONMENTAL PERFORMANCE



NOTE: Represented are the 176 nations that are in both datasets.
SOURCES: Yale University, *2020 Environmental Performance Index* (New Haven, CT: Yale University, 2020), <https://epi.envirocenter.yale.edu/> (accessed December 3, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 7  heritage.org


ECONOMIC FREEDOM AND GLOBAL INNOVATION

Global Innovation Index Score



NOTE: Represented are the 129 nations that are in both datasets.

SOURCES: The Global Innovation Index, *2020 Global Innovation Index*, <https://www.globalinnovationindex.org/gii-2020-report> (accessed December 12, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 8  [heritage.org](https://www.heritage.org)

programs to tax carbon emissions, increase taxes on gasoline, and set up nontransparent and economically harmful exchanges and marketplaces for the buying and selling of emissions rights. Some are using government revenue to subsidize various types of so-called “clean” energy. Such policies impose a huge cost, and can retard economic growth. Fortunately, the same free-market principles that have proven to be the key to economic success can also deliver environmental success.

In countries around the world, economic freedom has been shown to increase the capacity for environmentally friendly innovation. The positive link between economic

freedom and higher levels of innovation ensures greater capacity to cope with environmental challenges, and the most remarkable improvements in clean energy use and energy efficiency over the past decades have occurred not as a result of government regulation, but rather because of advances in economic freedom and freer trade.

The regulatory power of the marketplace, which is generally ignored and certainly underappreciated by advocates of big government, pushes firms to identify ever more efficient means of production and respond to consumer demands for environmental cleanliness and sustainability. The end result is a virtuous cycle


ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE

Democracy Index 2019 Score



NOTE: Represented are the 160 nations that are in both datasets.

SOURCES: The Economist Intelligence Unit, *Democracy Index 2019*, <https://www.eiu.com/topic/democracy-index> (accessed December 15, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 9  heritage.org

of investment, innovation (including in greener technologies), and dynamic economic growth. (See Chart 7 and Chart 8.)

Greater economic freedom can also provide more fertile ground for effective and democratic governance. Undoubtedly, the achievement of political freedom through a well-functioning democratic system is a messy and often excruciating process, but the positive relationship between economic freedom and democratic governance is undeniable. (See Chart 9.) By empowering people to exercise greater control of their daily lives, economic freedom ultimately nurtures

political reform by making it possible for individuals to gain the economic resources that they can use to challenge entrenched interests or compete for political power, thereby encouraging the creation of more pluralistic societies.

Pursuit of greater economic freedom is thus an important stepping-stone to democracy. It empowers the poor and builds the middle class. It is a philosophy that encourages individual initiative and disperses economic power and decision-making throughout an economy.

ECONOMIC FREEDOM AND SOCIAL PROGRESS

Social Progress Index Score



NOTE: Represented are the 160 nations that are in both datasets.

SOURCE: The Social Progress Imperative, *2020 Social Progress Index*, <https://www.socialprogress.org/index> (accessed December 15, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 10  heritage.org

ECONOMIC FREEDOM: THE KEY TO UPWARD MOBILITY AND MEANINGFUL SOCIAL PROGRESS

The massive improvements in global indicators of income and quality of life in recent years largely reflect a paradigm shift in the debate about how societies should be structured economically to achieve the most optimal outcomes. In recent decades, this debate has largely been won by free-market capitalism. Criticisms persist, however, based primarily on the inequality of outcomes in a system that rewards individual effort and ability, which differ within

any population, and where differences in individuals' starting positions can sometimes have a profound effect on their end results.

Alternatives to free-market capitalism, such as socialism or Communism, have proven both unequal to the task of eliminating inequality and counterproductive in that they tend to slow economic growth and thus reduce the resources that society has available to reduce poverty or pollution. Most advanced societies have thus opted for some version of free-market capitalism with various types of government intervention to redistribute resources within society. It is our hope that the *Index of Economic*

Freedom's data on governments' tax, spending, and regulatory activities can shed light on the relative impact of such interventions.

Ultimately, discussions of inequality are more about a society's values than they are about its economic system. At the heart of ensuring upward economic mobility is the task of advancing economic freedom so that dynamic and inclusive growth can occur meaningfully for ordinary people. The evidence is strong that societies based on economic freedom are the societies in which social progress is strongest. Advancing economic freedom is really about putting in place growth-inducing pro-market policies that benefit the greatest possible number of people rather than the select few.

As shown in Chart 10, countries that provide an environment that is conducive to social progress also largely embrace economic freedom.² Countries that improve their competitiveness and open their societies to new ideas, products, and innovations have largely achieved the high levels of social progress that their citizens demand. It is not massive redistributions of wealth or government dictates on income level that produce the most positive social outcomes. Instead, based on the evidence, mobility and progress seem to require lower barriers to entry, freedom to engage with the world, and less (or at least much better targeted) government intervention.

TIME TO RETURN TO FREE-MARKET PRINCIPLES

The path by which the global economy can emerge from this pandemic stronger than ever runs through a recommitment to the proven ideas of the free-market system. In times of uncertainty, people naturally look to their governments for answers, but the lasting solutions to our current economic problems do not lie in more government controls and regulations. They lie in a return to free-market principles.

It would be a tragic mistake to assume that in a time of crisis we must abandon our commitment to economic freedom in the hope of politically resetting the situation. That freedom has unambiguously made our societies strong, vibrant, and flourishing.

Economically free and dynamic societies have provided the effective response and resilience that the world has needed to restore economic livelihoods. Behind this record are stories of human progress and the achievements of countries and their citizens—billions of people around the world whose lives have measurably improved and who continue to strive for greater freedom to liberate themselves from the shackles of poverty and the socialism and stifling government policies that so often are implicated in its perseverance.

A recurring theme of human history has been resilience and revival. The results of the 2021 *Index of Economic Freedom* demonstrate that by building on what works, countries can accelerate their progress in the face of even the most difficult challenges and chart ever greater economic success.

ENDNOTES

1. The World Bank, “Doing Business: Entrepreneurship,” <https://www.doingbusiness.org/en/data/exploretopics/entrepreneurship> (accessed December 15, 2020).
2. The *Social Progress Index* defines social progress as “the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential.” Social Progress Imperative, *2020 Social Progress Index*, “Overview,” <https://www.socialprogress.org/index/global> (accessed December 15, 2020).

ECONOMIC FREEDOM: REGIONAL VARIATIONS (REGIONAL AVERAGE)

Regional Ranking	The Americas (59.5)	Asia-Pacific (60.2)	Europe (70.1)	Middle East/ North Africa (62.6)	Sub-Saharan Africa (55.7)
1	Canada	Singapore	Switzerland	United Arab Emirates	Mauritius
2	Chile	New Zealand	Ireland	Israel	Rwanda
3	United States	Australia	United Kingdom	Qatar	Botswana
4	Uruguay	Taiwan	Estonia	Bahrain	Seychelles
5	Jamaica	Malaysia	Denmark	Saudi Arabia	Cabo Verde
6	Colombia	Japan	Iceland	Jordan	Namibia
7	Peru	Korea, South	Georgia	Oman	Côte d'Ivoire
8	Saint Lucia	Kazakhstan	Lithuania	Kuwait	Tanzania
9	St. Vincent & Grenadines	Thailand	Netherlands	Morocco	South Africa
10	Panama	Indonesia	Finland	Tunisia	Benin
11	Mexico	Brunei Darussalam	Luxembourg	Egypt	Ghana
12	Barbados	Philippines	Sweden	Lebanon	Gambia
13	Bahamas	Kyrgyz Republic	Austria	Algeria	Nigeria
14	Costa Rica	Mongolia	Czech Republic	Iran	Uganda
15	Guatemala	Fiji	Norway	Iraq	Gabon
16	Paraguay	Samoa	Germany	Libya	Senegal
17	Dominican Republic	Vietnam	Latvia	Syria	Madagascar
18	El Salvador	Vanuatu	Armenia	Yemen	Togo
19	Honduras	Papua New Guinea	Cyprus		Niger
20	Trinidad and Tobago	China	Bulgaria		Guinea
21	Belize	Uzbekistan	Malta		Burkina Faso
22	Guyana	Bhutan	Belgium		Djibouti
23	Nicaragua	Tonga	Azerbaijan		Mauritania
24	Brazil	Cambodia	Spain		São Tomé and Príncipe
25	Dominica	Bangladesh	Poland		Comoros
26	Argentina	India	Romania		Mali
27	Ecuador	Solomon Islands	North Macedonia		Eswatini
28	Haiti	Sri Lanka	Slovenia		Kenya
29	Suriname	Tajikistan	Portugal		Guinea-Bissau
30	Bolivia	Burma	Serbia		Angola
31	Cuba	Maldives	Hungary		Lesotho
32	Venezuela	Laos	Kosovo		Cameroon
33		Afghanistan	Slovakia		Malawi
34		Pakistan	France		Sierra Leone
35		Nepal	Albania		Ethiopia
36		Micronesia	Italy		Mozambique
37		Turkmenistan	Turkey		Congo, Rep.
38		Timor-Leste	Croatia		Chad
39		Kiribati	Montenegro		Zambia
40		Korea, North	Bosnia and Herzegovina		Burundi
41			Moldova		Equatorial Guinea
42			Russia		Liberia
43			Belarus		Congo, Dem. Rep.
44			Greece		Central African Republic
45			Ukraine		Eritrea
46			Liechtenstein		Zimbabwe
47					Sudan
48					Somalia

Economic Freedom Scores

- 80–100 Free
- 70–79.9 Mostly Free
- 60–69.9 Moderately Free
- 50–59.9 Mostly Unfree
- 0–49.9 Repressed
- Not Graded

REGIONAL DEVELOPMENTS IN ECONOMIC FREEDOM

Average levels of economic freedom continue to vary widely among the five regions of the world. European nations typically enjoy the highest levels of economic freedom with an average score of 70.1. That is nearly 10 points higher than the world average of 61.6 and represents a small improvement from the previous year.

It is in the Middle East and North Africa region, however, that economic freedom has gained the most ground this year. The region's average score improved by almost a full point to 62.6, slightly above the world average. Sub-Saharan Africa gained as well, improving by more than half a point, although its average score of 55.7 still falls far short of the world average.

Economic freedom declined significantly in the Americas region this year, falling half a point to 59.5. The continued presence of Bolivia, Cuba, and Venezuela in the very bottom ranks of the *Index* is a significant drag on the regional score. The average economic freedom score also declined to 60.2 in the Asia-Pacific region, but much of that drop reflects the exclusion from the *Index* this year of the non-independent territories of Hong Kong and Macau, both of which had better than average scores in previous editions of the *Index*.

The benefits of economic freedom—greater income and wealth, better health, and cleaner environments, among many others—are evident in every region, but there are substantial differences among the regions in terms of their levels of development and social and economic

culture that affect the relative importance of the various factors that influence an economic freedom score.

The 12 indicators that make up an economic freedom score are equally weighted in determining the rankings. For individual countries looking to improve their scores, however, a focus on the indicators in which they perform most poorly provides the greatest opportunity for major increases in economic freedom. A country that lags in fiscal health, for example, might want to focus on reducing fiscal deficits and debt. A country that lags in the rule of law could concentrate on addressing corruption, judicial effectiveness, and the protection of property rights. Such focus can bring significant immediate gains in economic freedom and corresponding improvements in economic growth and prosperity.

While there is diversity within every region, certain patterns have emerged that point to the relative importance of various factors in holding back or promoting economic freedom in each region. The countries of the Americas, for example, lag significantly in the rule of law and regulatory efficiency. Particularly for most of the Latin American countries in the region, a culture of corruption holds back foreign investment and job growth, and the typically poor quality of the region's regulatory environment stifles entrepreneurship. These are therefore the most important areas for reform in a typical country in the Americas.

In the Asia-Pacific region, on average, investment freedom and financial freedom fall far below world standards. Rule-of-law indicators such as judicial effectiveness and government integrity also need to be improved. Action by such populous countries as China and India to relax restrictions on foreign investment and open their banking systems to competition from around the world would improve the livelihoods of hundreds of millions of people. High-performing Asian economies such as those of Singapore, New Zealand, and Australia—the world’s three economically freest countries—show the way.

It is in the area of government size that the European countries tend to lose points in their economic freedom scores. In many countries, burdensome levels of taxation and extraordinarily high levels of government spending have led to unsustainable fiscal balances that crowd out more productive private-sector activities.

The Middle East and North Africa region falls far behind others in fiscal health, with governments using debt to finance high spending on consumer subsidies and income-redistribution schemes. Problems related to the rule of law are notable throughout the region, as is a serious lack of investment freedom in many countries.

Sub-Saharan African countries trail world averages in almost every category of economic freedom, especially in scores for government integrity and business freedom. Ongoing deficiencies in scores for property rights and judicial effectiveness continue to reflect problems in governance that are both the cause and the effect of high levels of political instability and conflict throughout the region.

The following pages provide a summary snapshot of economic freedom in the various regions while highlighting significant developments in a few notable countries.



THE AMERICAS

THE AMERICAS

The Western Hemisphere’s North and South American continents form a region of 32 sovereign countries that range from the advanced economies of Canada and the United States to the Caribbean’s tiny island states and the huge emerging markets of Latin America. The region accounts for more than one-quarter of the globe’s landmass and is one of its most economically diverse. Poor nations in Central America, for example, share Iberian-rooted culture and history but little else with potential economic powerhouses like Mexico, Brazil, and Argentina.

Unfortunately, the entire region has suffered sporadically from populist governments that were (or are) intent on imposing long-discredited Communist–socialist economic theories that have been propagated most recently by Cuba’s late dictator Fidel Castro and his acolyte, the late Hugo Chávez of Venezuela. Although a number of countries have pivoted away from those destructive policies in recent years, their toxic legacy continues to blight Latin America and the Caribbean. For example:

- The biggest setback for economic freedom in the region in 2021 is the return to power of the left-wing populist Peronist Party in **Argentina**. After four years during which the center-right government of former President Mauricio Macri had made some progress in rolling back the growth-stifling regulations and socialist policies of the last Peronist government (under now-Vice President Cristina Fernandez de Kirchner), the new Peronist government led by President Alberto Fernandez came into office seeking to make another hard turn to the left. In pursuit of that goal, the government promptly introduced import and currency controls, expropriation of firms in key sectors, and new subsidies. Investors appear to have voted with their feet, concerned about the future security of contract rights and a weakening of the rule of law.
- Another very troubling development this year has been in **Chile**, where economic freedom has generally declined since 2013 when its economy was on the verge of joining the ranks of the free. This year it is even more firmly planted in the “mostly free” category. The biggest threats to future economic freedom in Chile could emerge from adoption of a new constitution in 2021 that could undo the policy infrastructure through which the country became the economically freest in Latin America. A new governing document might mandate higher taxation, higher government spending, and other laws that would have a negative impact on *Index* indicators.

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 1.01 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$33,282

1-YEAR GROWTH: 0.4%

**5-YEAR AVERAGE
ANNUAL GROWTH:** 1.0%

INFLATION: 5.2%*

UNEMPLOYMENT RATE: 6.9%**

PUBLIC DEBT: 85.2% of GDP

* Excludes Venezuela ** Excludes Dominica

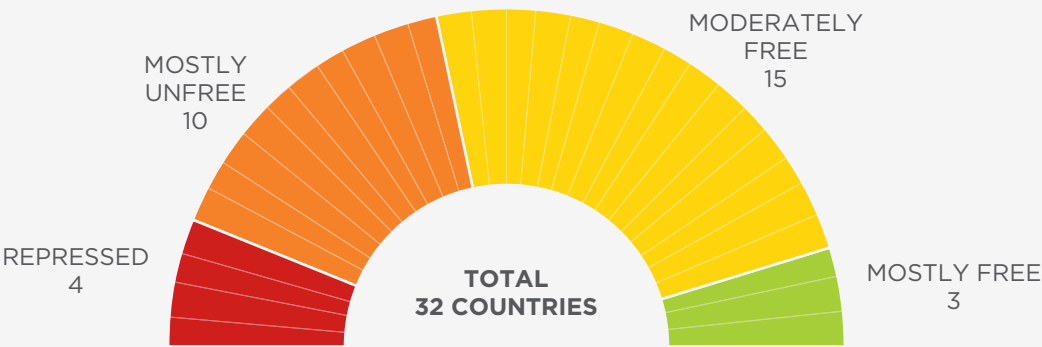
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

 [heritage.org](http://www.heritage.org)

THE AMERICAS



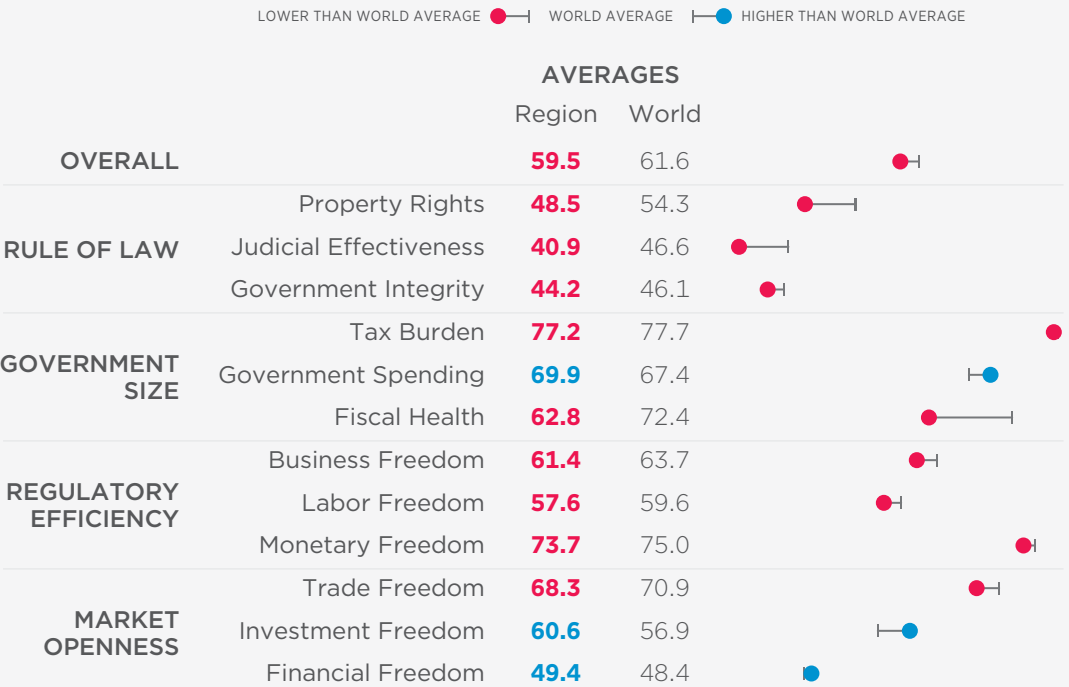
THE AMERICAS: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

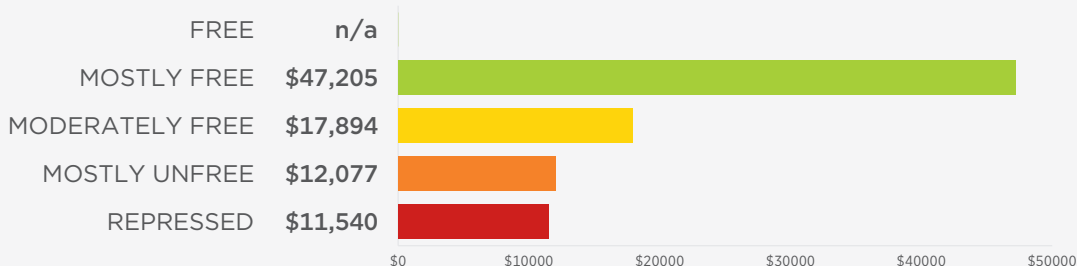
THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2 heritage.org

THE AMERICAS: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2019.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; World Bank, "GDP per Capita, PPP (Current International \$)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 14, 2020); and the Economist Intelligence Unit.

Chart 3  heritage.org

Within the region, economies have expanded at an average annual rate of just 1.0 percent over the past five years. The regional average rate of unemployment has risen to 6.9 percent, and the regional average rate of inflation (excluding Venezuela) has risen to 5.2 percent. The region's average level of public debt—already the highest in the world—rose to 85.2 percent of GDP during the past year.

The slight drop in the region's overall average economic freedom score in the 2021 *Index* mainly reflects modest declines in fiscal health and business freedom, and somewhat larger losses in trade freedom and property rights. The overall score has fallen further behind the global average this year and is the world's second lowest, ahead only of sub-Saharan Africa. The foundations of a well-functioning free market remain shallow in many Latin American countries, with widespread corruption and still-weak protection of property rights aggravating such systemic shortcomings as regulatory inefficiency and monetary instability that is caused by various government-driven market distortions.

In the English-speaking Caribbean, only Barbados, Guyana, Trinidad and Tobago, and

Jamaica registered significant overall gains in economic freedom this year, based in part on better scores for trade freedom. In general, however, the protectionism that contributes to the high cost of living on many of the islands continues unabated. Meanwhile, the rule of law remains a problem in many of these countries.

Overall *Index* scores in all three countries in North America—the United States, Mexico, and Canada—were lower this year. One common factor explaining their declines was the significant drops recorded by all three countries on the property rights indicator.

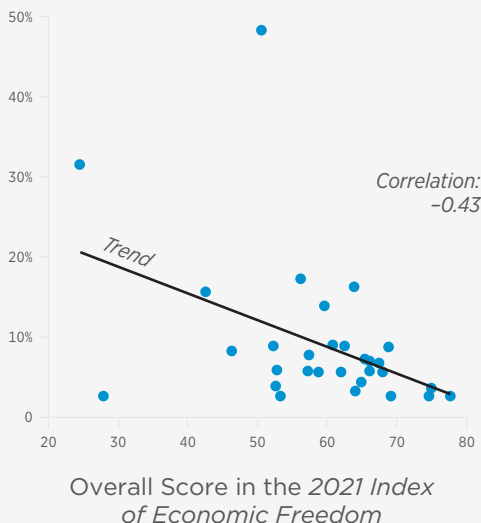
Chart 1 shows the distribution of countries in the Americas according to their economic freedom. The region has no economically "free" countries. Three of the 32 graded countries in the Americas region (Canada, Chile, and the United States) are rated "mostly free." Most countries in the region fall into the "moderately free" or "mostly unfree" category. Four countries (Suriname, Bolivia, Cuba, and Venezuela) are rated "repressed."

An examination of the various components of economic freedom evaluated in the *Index* reveals that the countries of the Americas as a whole perform as well as or better than the

THE AMERICAS: ECONOMIC FREEDOM AND UNDERNOURISHMENT

Each circle represents a nation in the
Index of Economic Freedom

Percentage of Population that
Is Undernourished



NOTE: Based on the 30 countries in the Americas that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>, and The World Bank, "Prevalence of Undernourishment (% of Population)," <https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS> (accessed December 14, 2020).

Chart 4 heritage.org

world average on only three of the 12 *Index* indicators. The government spending score highlights the region's continuing acceptance of the principle of limited government, and levels of market openness (especially investment freedom and financial freedom) are generally consistent with world standards. On the other hand, as shown in Chart 2, rule of law and regulatory efficiency continue to be major problem areas, reflecting long-standing weaknesses in the protection of property rights, judicial effectiveness, and government integrity.

Chart 3, which highlights the vivid positive correlation between high levels of economic freedom and high GDP per capita, reveals a large freedom gap within the Americas. The failed populist policies implemented by leaders of such repressive economies as Venezuela, Cuba, and Bolivia continue to threaten regional development and stability, trapping millions in poverty while their neighbors in freer countries forge ahead.

As shown in Chart 4, it is noteworthy that countries with greater degrees of economic freedom have fewer undernourished citizens. Malnourishment, especially among children, can cause permanent physiological and psychological damage. It also has devastating and negative long-term consequences for a country's future economic development and prosperity. Improvements in nourishment will be made more difficult by the fact that only 10 countries in the region posted gains in economic freedom in the 2021 *Index*, while one was unchanged and about two-thirds—21 countries—registered declines in economic freedom.

NOTABLE COUNTRIES

- This year, the Americas region country with the largest overall score increase was **Barbados**, which climbed higher in the "moderately free" category. The main reason for the improvement was better management of debt by the government. Scores for the judicial effectiveness, government integrity, and tax burden indicators also increased. Reduction of the country's extremely large public debt is a significant step toward restoring investor confidence.
- In **Brazil**, South America's largest country, early efforts by the government of center-right President Jair Bolsonaro to enact robust reforms that would have strengthened economic freedom have bogged down. In particular, there has been insufficient progress to reform Brazil's complex tax system, which is one of the most burdensome among emerging economies, consuming

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
9	1	Canada	77.9	-0.3	84.5	73.3	87.9	76.0	49.8	84.2	81.4	72.4	76.1	88.8	80	80
19	2	Chile	75.2	-1.6	70.2	68.4	74.5	72.3	80.4	90.4	75.1	62.5	85.5	83.0	70	70
20	3	United States	74.8	-1.8	79.7	72.4	76.8	76.0	62.2	34.9	82.5	87.1	81.1	80.4	85	80
44	4	Uruguay	69.3	0.2	68.1	66.8	75.7	72.6	66.9	80.5	72.3	70.5	72.5	70.8	85	30
45	5	Jamaica	69.0	0.5	60.6	55.1	47.7	79.7	74.4	83.1	77.6	73.4	77.5	69.2	80	50
49	6	Colombia	68.1	-1.1	59.8	36.4	49.7	69.7	69.3	78.9	71.0	77.7	78.1	77.0	80	70
50	7	Peru	67.7	-0.2	53.3	28.2	36.3	79.4	86.4	91.5	66.2	63.2	86.1	86.4	75	60
53	8	Saint Lucia	67.5	-0.7	61.5	66.3	44.6	76.9	83.2	86.2	75.7	66.5	83.5	60.6	65	40
59	9	St. Vincent & Grenadines	66.3	-0.5	48.1	66.3	48.7	74.9	71.6	87.6	74.2	74.0	82.6	57.8	70	40
62	10	Panama	66.2	-1.0	54.5	28.1	39.4	85.2	85.2	82.8	72.9	43.7	80.5	77.2	75	70
65	11	Mexico	65.5	-0.5	53.4	35.9	39.8	76.1	79.8	88.7	65.6	58.2	72.1	81.6	75	60
67	12	Barbados	65.0	3.6	52.7	49.7	50.2	79.3	73.1	79.8	69.7	60.1	77.3	58.4	70	60
70	13	Bahamas	64.6	0.1	48.1	45.7	47.5	97.1	87.6	72.7	70.4	70.0	77.0	49.0	50	60
72	14	Costa Rica	64.2	-1.6	64.0	58.1	59.0	79.9	87.7	24.3	66.2	55.5	80.9	75.0	70	50
75	15	Guatemala	64.0	0	43.2	32.6	30.1	91.8	94.8	92.1	61.5	48.5	77.7	75.6	70	50
84	16	Paraguay	62.6	-0.4	41.6	26.0	32.2	96.2	86.7	91.6	59.6	31.8	73.8	76.4	75	60
88	17	Dominican Republic	62.1	1.2	51.2	28.8	34.6	84.6	91.7	84.4	56.4	58.7	75.3	69.4	70	40
94	18	El Salvador	61.0	-0.6	39.9	33.5	34.2	77.9	81.0	79.6	52.4	52.2	81.0	70.8	70	60
98	19	Honduras	59.8	-1.3	45.5	36.0	29.1	82.2	79.3	96.7	48.7	32.0	71.8	71.8	65	60
102	20	Trinidad and Tobago	59.0	0.7	52.4	46.9	36.4	79.5	70.9	15.8	66.5	76.8	83.4	68.8	60	50
114	21	Belize	57.5	0.1	41.8	45.7	36.3	78.7	64.7	68.5	60.0	54.2	80.2	55.0	55	50
116	22	Guyana	57.4	1.2	44.9	40.4	38.5	64.6	77.3	69.8	58.2	62.1	81.3	66.8	55	30
125	23	Nicaragua	56.3	-0.9	27.8	19.0	24.8	77.1	77.5	91.8	53.1	55.0	70.7	68.4	60	50
143	24	Brazil	53.4	-0.3	55.0	45.5	47.5	70.1	56.5	5.3	58.0	50.7	77.8	64.6	60	50
147	25	Dominica	53.0	-7.8	51.2	66.3	51.0	70.0	7.4	6.1	68.4	67.0	82.4	55.6	70	40
148	26	Argentina	52.7	-0.4	46.1	45.7	54.0	70.4	52.8	38.4	59.5	46.3	41.9	62.6	55	60
149	27	Ecuador	52.4	1.1	39.5	24.7	38.5	77.1	58.5	75.9	50.4	47.9	81.7	59.8	35	40
155	28	Haiti	50.8	-1.5	12.6	15.1	22.0	80.2	91.3	92.9	33.0	62.1	59.7	65.4	45	30
169	29	Suriname	46.4	-3.1	45.5	15.4	38.5	70.0	68.2	7.8	45.8	61.9	73.7	60.2	40	30
172	30	Bolivia	42.7	-0.1	18.7	11.0	25.9	85.3	58.4	13.4	58.4	53.4	71.0	61.6	15	40
176	31	Cuba	28.1	1.2	27.7	10.0	48.7	47.1	0.0	14.6	20.0	20.0	64.6	64.2	10	10
177	32	Venezuela	24.7	-0.5	7.5	15.4	15.1	71.1	61.5	0.0	33.4	27.5	0.0	54.8	0	10

about 33 percent of GDP, and creates a plethora of opportunities for corruption. Although the Bolsonaro administration has generally pursued a free-market agenda, including an overhauling of the public pension system and privatization of government assets, it has failed to rein in spending and reduce unsustainable debt levels, which contributed to Brazil's registering one of the world's lowest *Index* indicator scores for fiscal health this year. In addition, the rule of law in Brazil remains too weak for a potentially world-class country.

- The **United States** received its lowest score and lowest ranking ever in the *Index*, although it remains “mostly free.” The major obstacles to greater economic freedom in the United States continue to be excessive government spending, unsustainable levels of debt, and intrusive regulation of the health care and financial sectors. The drop in the score on the fiscal health indicator is the largest in any U.S. indicator since the inception of the *Index* in 1995.
- The Maduro regime in **Venezuela** is the functional equivalent of an organized criminal gang. The ruling kleptocratic class has suffocated the country's economic freedom. When a transitional government eventually takes power and begins the long return to market democracy, it will have to end hyperinflation, restructure public debt, and rebuild institutions to restore confidence in the rule of law and promote investment. The first priority, however, will be to reestablish the cultural foundations of entrepreneurship and free markets.
- Although former President Evo Morales was forced to flee the country after he tried to steal reelection to a fourth term in 2019, **Bolivia's** economy still suffers from the pernicious impact of his *Chavista* socialism, which sank it to the “repressed” category where it has languished for nearly a decade. Elections in October 2020 resulted in the return to power of Morales's MAS party, headed by new President Luis Arce. The single-party authoritarianism of the Morales regime had a particularly devastating impact on six of the 12 *Index* indicators: property rights, judicial effectiveness, government integrity, fiscal health, investment freedom, and financial freedom. The climb back to economic freedom will be a steep one.
- The worst performance on the *Index* in the region was by **Dominica**, whose score dropped more than that of any other country in the world this year. Dominica's economy fell deeply into the “mostly unfree” category this year, the first time it has not been scored “moderately free” since 2009 when *Index* scoring of the country began. The decline resulted mostly from a vastly expanded budget deficit and higher debt.



ASIA-PACIFIC

ASIA-PACIFIC

The Asia-Pacific region covers the globe’s largest geographic area, encompassing 40 countries that stretch from Japan, Southeast Asia, and New Zealand in the East to Mongolia in the North, the islands of the southern Pacific, and all the way across India to the Caspian Basin in the West. With more than four billion inhabitants, the region contains over half of the world’s population: Of the total regional population, China alone accounts for a about one-third, and nearly another third is in India.

The region has continued to lead world-wide economic growth, expanding by an average annual rate of about 6.0 percent over the past five years, driven largely by China, India, and other trade-oriented economies. The region also has the world’s lowest average rate of unemployment (4.5 percent) and lowest average rate of inflation (3.7 percent). Among the five global regions in the *Index*, however, the Asia-Pacific region also has the second-lowest population-weighted GDP per capita (\$13,094 at purchasing power parity).

The Asia-Pacific is unique among the five global *Index* regions in the extraordinary variations in its countries’ levels of economic freedom. The consequences for the people of the region are enormous. The huge gap in living standards between North Korea, at last place (“repressed”) in the *Index*, and South Korea, at 24th place (“mostly free”), for example, illustrates the benefits of economic freedom versus its absence almost as vividly as does the famous nighttime photograph from space that contrasts the brightly lit South with a North shrouded in darkness.

Chart 1 shows the distribution of countries in the Asia-Pacific region by level of economic freedom. Three of the world’s five truly “free” economies (Singapore, New Zealand, and Australia) call the region home. Another five of the region’s 40 economies (Taiwan, Malaysia, South Korea, Japan, and Kazakhstan) are rated “mostly free.” A majority of the remaining countries are “mostly unfree.” Four countries (Turkmenistan, Timor-Leste, Kiribati, and North Korea) have economies that are considered “repressed.”

The Asia-Pacific’s overall economic freedom score of 60.2 is below the world average in the 2021 *Index*. The region also scored lower than the world averages this year in seven of the 12 economic freedom indicators: property rights, judicial effectiveness, government integrity, monetary freedom, trade freedom, investment freedom, and financial freedom. (See Chart 2.) In other critical areas of economic freedom—tax burden, government spending, fiscal health, business freedom, and labor freedom—the Asia-Pacific region exceeds world averages.

As shown by the scores, many of the Asia-Pacific countries have fallen short on maintaining strong and independent rule-of-law institutions, although the region as a whole has done relatively well in controlling government spending and regulating economic activity efficiently. On the other hand, the region places

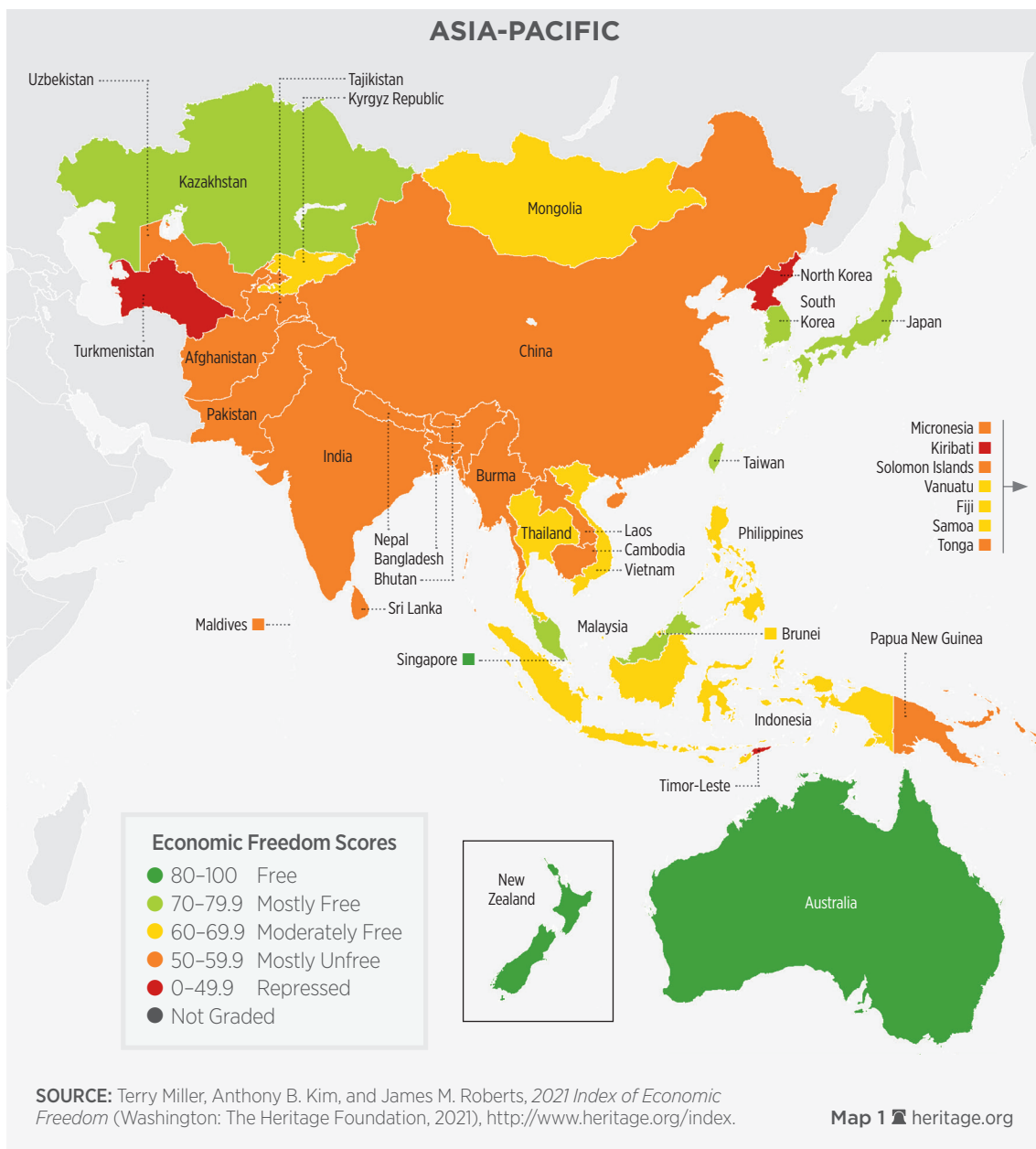
ASIA-PACIFIC:
QUICK FACTS

TOTAL POPULATION:	4.25 billion
Population-Weighted Averages	
GDP PER CAPITA (PPP):	\$13,094
1-YEAR GROWTH:	5.0%
5-YEAR AVERAGE ANNUAL GROWTH:	6.0%
INFLATION:	3.7%*
UNEMPLOYMENT RATE:	4.5%**
PUBLIC DEBT:	62.4% of GDP

* Excludes North Korea ** Excludes North Korea and Kiribati

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

 heritage.org



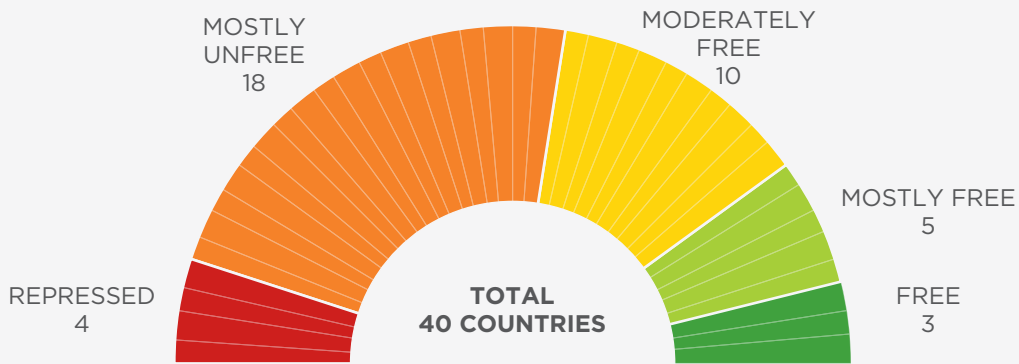
second to last (above only sub-Saharan Africa) on financial freedom and last in the world on investment freedom. Although the region’s labor freedom score beats the world average, many small Pacific island economies still lack fully developed formal labor markets.

As shown in the top two bars of Chart 3, the three “free” and five “mostly free” Asia-Pacific countries far outpace other countries in the region in GDP per capita. However, it is among

the region’s less free countries—notably China and India, both “mostly unfree” and ranked only 107th and 121st, respectively—that we find some of the region’s highest growth rates. In part, this is simply the result of the much lower base from which their economic growth is being measured.

While both China’s and India’s economic freedom scores have improved over the life of the *Index*, some data-measuring components

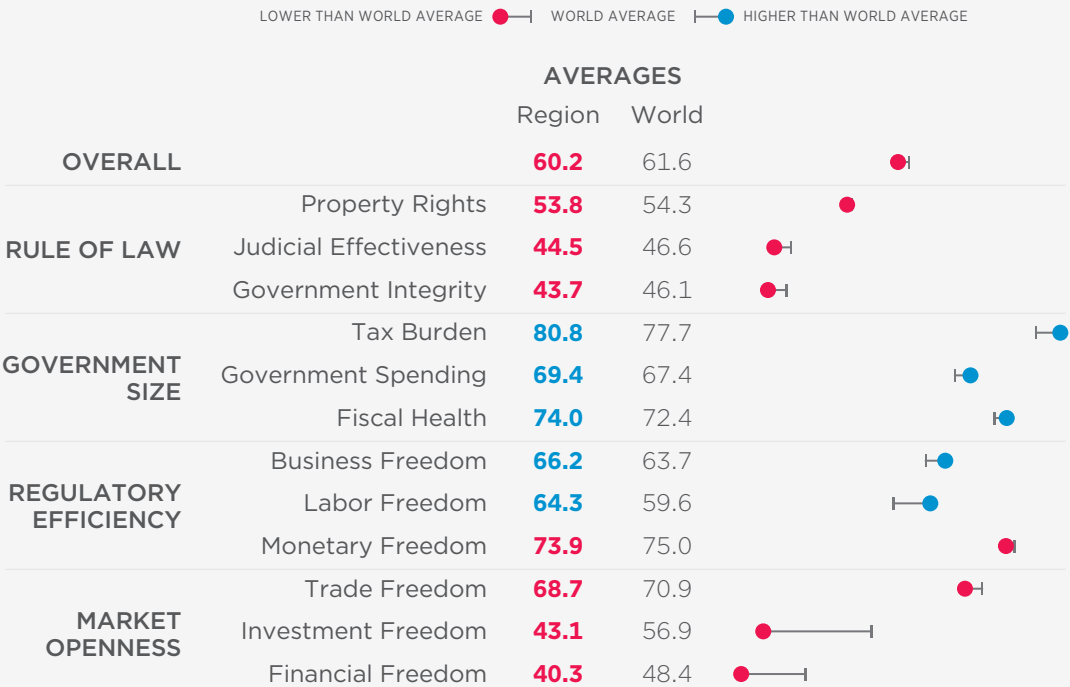
ASIA-PACIFIC: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

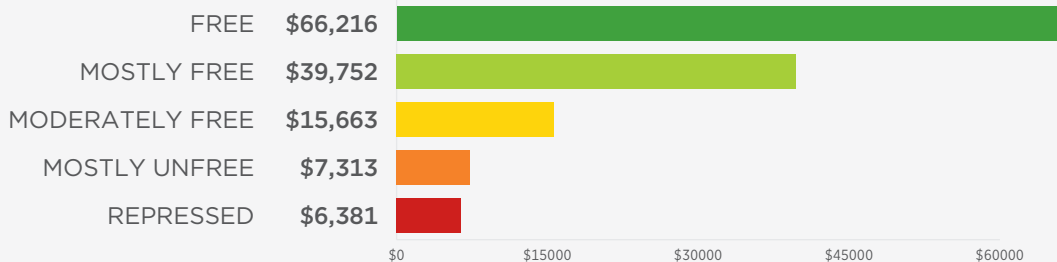
ASIA-PACIFIC: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2 heritage.org

ASIA-PACIFIC: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2019.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; World Bank, “GDP per Capita, PPP (Current International \$),” <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 14, 2020); and the Economist Intelligence Unit.

Chart 3  heritage.org

of economic freedom that are based on surveys conducted only in a country’s major cities can give a misleading impression of conditions, particularly for the rural poor. Overall, the foundations of economic freedom remain weak in both countries, with reforms usually stymied by those who have a political interest in maintaining the status quo.

In the 2021 *Index*, the scores of only 16 countries in the Asia–Pacific region have improved, those of 20 have declined, and four were unchanged. This poor performance is explained partly by the region’s relatively low rate of new business formation—a measure of entrepreneurship. While the rate of business formation is, as expected, higher in the Asia–Pacific countries with greater economic freedom, most of the countries in the region cluster at the lower end of the scale on this important measure.

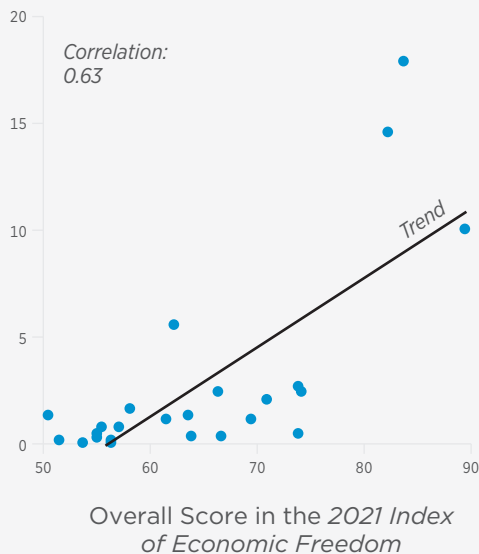
NOTABLE COUNTRIES

- **Japan’s** overall score improved in the 2021 *Index*, but its economy remains on its longtime perch in the middle ranks of the “mostly free” category. As has been the case since the first edition of the *Index* in 1995, the main indicator holding the
- country back from greater economic freedom is government spending. Unfortunately, spending climbed once again (by more than 1 percent) in the 2020 budget. Fundamental structural reforms are still needed to eliminate cronyism and boost entrepreneurship.
- Although its score dipped very slightly this year, **Australia** has been a leader in economic freedom in the region and the world ever since the inception of the *Index* in 1995, and its economy has been in the highest, “free” category for 15 years. The country’s scores on the *Index*’s judicial effectiveness, business freedom, and trade freedom indicators are among the highest in the world.
- **Mongolia’s** economy made it back into the “moderately free” category this year for the first time since 2013 and was the most improved in the region. Nevertheless, greater economic freedom continues to be impeded by the country’s woefully inadequate rule of law. Government corruption is pervasive, and courts are unreliable. Although

ASIA-PACIFIC: ECONOMIC FREEDOM AND ENTREPRENEURIAL DYNAMISM

Each circle represents a nation in the
Index of Economic Freedom

New Businesses per 1,000 Population



NOTE: Based on the 31 countries in the Asia-Pacific that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>, and The World Bank, *Doing Business 2020*, Entrepreneurship, <https://www.doingbusiness.org/en/data/exploretopics/entrepreneurship> (accessed December 14, 2020).

Chart 4 heritage.org

the government has adopted a national anticorruption strategy and action plan, it has not always implemented existing statutes either effectively or evenhandedly.

- **India's** economic freedom score was unchanged in the 2021 *Index*, but its ranking in the “mostly unfree” category declined slightly. A move toward greater economic freedom would require substantial and broad-based reforms. In addition to

taking steps to improve fiscal health and strengthen the rule of law, the government would need to increase financial freedom and reform the tax code, the investment regime, and the labor code.

- **China's** economic freedom ranking dropped in the 2021 *Index*, and the country's Communist economy remains in the “mostly unfree” category. The modest improvements in its economic freedom score in previous years have resulted mostly from gains in the property rights, judicial effectiveness, and business freedom indicators. Overall, the economic freedom that does exist in China continues to lack depth and breadth, and the government needs to ensure that business-friendly policies are understood and implemented nationwide, not just in Beijing or major commercial centers like Hong Kong. Nontransparent state-owned enterprises continue to dominate the financial sector and many basic industries. General Secretary Xi Jinping's official ideology of “Socialism with Chinese Characteristics” continues to chill liberalization, heighten reliance on mercantilism, raise bureaucratic hurdles to trade and investment, weaken the rule of law, and strengthen resistance from vested interests that impedes more dynamic economic development.
- **Pakistan's** economy, which has been rated “mostly unfree” since the inception of the *Index* in 1995, lost more economic freedom this year and has nearly fallen into the lowest, “repressed” category. Bottlenecks that would have to be removed in order to reverse that negative trajectory include an extremely high and unsustainable level of external debt that requires more than 40 percent of the annual budget just to service. Chronic corruption is another obstacle.

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Singapore	89.7	0.3	97.5	90.8	93.2	90.5	94.1	80.0	93.8	91.5	85.4	95.0	85	80
2	2	New Zealand	83.9	-0.2	91.3	80.5	95.3	70.6	58.1	98.2	89.9	86.3	86.9	90.2	80	80
3	3	Australia	82.4	-0.2	81.5	90.0	89.8	62.6	58.1	88.7	87.4	84.1	86.7	89.8	80	90
6	4	Taiwan	78.6	1.5	87.3	72.9	74.5	79.2	91.0	93.7	93.4	60.4	84.3	86.0	60	60
22	5	Malaysia	74.4	-0.3	85.1	70.5	53.2	83.8	84.3	79.4	86.7	73.9	83.6	82.4	60	50
23	6	Japan	74.1	0.8	87.8	75.5	82.0	67.8	57.8	67.5	85.9	79.0	85.1	80.4	60	60
24	7	Korea, South	74.0	0	80.7	63.4	68.9	63.0	86.9	96.7	89.5	55.8	84.4	79.0	60	60
34	8	Kazakhstan	71.1	1.5	60.2	62.8	44.6	93.6	86.7	98.3	76.2	86.2	70.0	74.6	50	50
42	9	Thailand	69.7	0.3	60.0	48.1	45.1	81.5	86.0	96.4	85.3	64.3	74.4	80.0	55	60
56	10	Indonesia	66.9	-0.3	59.4	48.9	39.1	83.7	91.8	90.7	71.3	49.2	79.0	79.2	50	60
57	11	Brunei Darussalam	66.6	0	61.1	62.3	47.5	92.3	67.6	20.0	83.6	90.9	74.7	84.6	65	50
73	12	Philippines	64.1	-0.4	57.0	34.5	40.6	76.8	87.4	94.3	58.2	57.7	68.7	74.2	60	60
78	13	Kyrgyz Republic	63.7	0.8	46.0	23.3	33.7	94.8	63.8	90.6	72.6	79.5	77.5	72.8	60	50
86	14	Mongolia	62.4	6.5	48.1	25.9	37.4	89.9	71.5	91.3	61.9	74.4	73.4	74.6	50	50
87	15	Fiji	62.2	-1.2	60.6	40.4	46.8	86.2	71.1	68.4	61.3	77.2	74.9	55.0	55	50
89	16	Samoa	61.9	-0.2	48.5	28.2	32.7	78.9	71.1	95.2	75.5	80.8	80.0	66.4	55	30
90	17	Vietnam	61.7	2.9	51.3	35.9	38.0	80.3	86.0	82.8	65.2	62.6	69.0	79.0	40	50
97	18	Vanuatu	60.5	-0.2	53.3	34.1	39.5	96.8	61.7	94.9	49.4	54.5	75.5	61.6	65	40
103	19	Papua New Guinea	58.9	0.5	46.1	50.8	32.7	71.5	88.0	82.0	57.4	70.2	72.1	80.4	25	30
107	20	China	58.4	-1.1	62.2	71.5	46.4	72.6	67.6	54.8	80.2	64.9	69.8	71.2	20	20
108	21	Uzbekistan	58.3	1.1	57.8	50.8	30.5	92.4	79.9	98.3	73.5	61.2	60.3	55.4	20	20
109	22	Bhutan	58.3	-3.8	62.6	45.7	55.0	82.2	71.6	70.2	67.3	79.6	74.3	40.8	20	30
115	23	Tonga	57.5	-1.3	48.1	23.3	44.6	84.8	53.7	95.4	70.0	69.9	66.4	73.4	40	20
118	24	Cambodia	57.3	0	39.9	23.2	17.0	89.1	84.3	98.3	30.9	62.6	75.1	66.6	50	50
120	25	Bangladesh	56.5	0.1	38.0	35.4	27.7	84.0	93.8	66.3	55.6	68.8	69.9	63.4	45	30
121	26	India	56.5	0	59.2	55.9	48.1	78.7	78.5	18.0	76.7	41.3	72.1	69.4	40	40
122	27	Solomon Islands	56.5	3.6	46.1	55.9	35.2	66.3	55.3	92.2	58.9	73.8	80.6	68.6	15	30
131	28	Sri Lanka	55.7	-1.7	45.4	46.8	39.5	85.0	88.4	30.1	75.2	59.1	71.6	47.0	40	40
134	29	Tajikistan	55.2	3.0	41.6	48.8	35.2	91.9	68.6	75.1	62.3	46.2	68.5	69.6	25	30
135	30	Burma	55.2	1.2	37.2	19.7	32.7	87.2	87.1	81.9	60.0	64.3	72.5	70.0	30	20
136	31	Maldives	55.2	-1.3	44.1	28.2	39.5	96.5	67.0	35.9	77.9	71.2	77.5	59.8	35	30
141	32	Laos	53.9	-1.6	38.8	37.6	34.5	87.1	86.8	51.1	54.7	59.1	74.5	67.8	35	20
146	33	Afghanistan	53.0	-1.7	30.3	25.7	29.1	91.1	76.1	99.9	53.9	59.9	80.8	68.6	10	10
152	34	Pakistan	51.7	-3.1	44.9	40.7	31.2	73.8	86.0	7.4	60.5	41.2	69.7	64.6	60	40
157	35	Nepal	50.7	-3.5	38.1	34.1	33.8	83.2	73.2	61.8	61.5	53.6	71.6	57.6	10	30
160	36	Micronesia	50.4	-1.6	16.5	23.3	25.0	88.2	0.0	99.3	56.2	74.4	82.1	74.8	35	30
167	37	Turkmenistan	47.4	0.9	27.7	20.0	22.0	92.6	93.2	96.3	30.0	20.0	72.8	74.2	10	10
170	38	Timor-Leste	44.7	-1.2	37.2	15.1	37.4	91.7	0.0	20.0	62.2	53.4	79.7	75.0	45	20

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
171	39	Kiribati	44.4	-0.8	44.8	33.1	27.9	70.7	0.0	98.9	32.0	63.9	82.5	23.8	25	30
178	40	Korea, North	5.2	1.0	27.7	5.0	20.2	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0	0



EUROPE

The European continent stretches from Iceland in the North Atlantic to Ireland and the Normandy beaches of France, then far along the Arctic Circle to the Ural Mountains of Russia and south to the Caspian Basin, the Black Sea, and the Mediterranean. It was from its soil that the ideas of democratic free markets, the rule of law, private property, and the concept of individual freedom were born, but it was also in Europe that the collectivist philosophies of socialism and Communism took root.

Ultimately, the Communist systems of Russia and Eastern Europe collapsed, having proven incapable of generating living standards for their citizens that even remotely approximated those of democratic Western European capitalist countries. The Communist and socialist philosophy, however, lives on under a variety of different names and paradigms, having spread to parts of Asia, Africa, Latin America, and even the United States, and the struggle continues both in those regions and within countries almost everywhere.

Although the authoritarian political impulse continues to manifest itself anew in parts of

Europe, the old economic rivalries of the Cold War have been supplanted by new and often subtle forms of competition that have emerged from technology-driven globalization. The Soviet-era collectivist economic model has morphed into the one-party state corporatism that China is attempting to export to Europe and the rest of the world.

The European Union, far from its humble origins as a mere free trade zone, has evolved into a fledgling and somewhat undemocratic superstate from which one former EU country (the United Kingdom) has now withdrawn. The tension between the quasi-market EU welfare state model championed in Brussels and the more competitive and entrepreneurial systems favored in other EU member economies, particularly among many of the newer EU member states, is likely to persist in the coming years. Again in this year’s *Index*, small fast-growing European countries such as Switzerland and Ireland are showing the benefits of staying on the path toward economic freedom.

The European region encompasses nations as diverse as Russia, Ukraine, Switzerland, Iceland, and Greece. Its population-weighted average GDP per capita is the highest in the world (\$38,897 at purchasing power parity), with inflation (3.8 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (7.1 percent) and heavy levels of public debt (60 percent of GDP on average).

Chart 1 shows the distribution of countries in Europe within the five categories of economic freedom. The region boasts two of the world’s five truly “free” economies (Switzerland and Ireland).

It is notable that over half of the world’s 38 economically freest countries (with overall scores above 70) are in Europe, which is the only one of the five global regions in the *Index* to have a distribution of economies that is skewed toward relatively higher levels of economic

EUROPE:
QUICK FACTS

TOTAL POPULATION:

837.3 million

Population-Weighted Averages

GDP PER CAPITA (PPP):

\$38,897

1-YEAR GROWTH:

1.7%

5-YEAR AVERAGE ANNUAL GROWTH:

2.1%

INFLATION:

3.8%

UNEMPLOYMENT RATE:

7.1%

PUBLIC DEBT:

60.0% of GDP

SOURCE:

Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

 heritage.org



freedom. Most countries in the region fall into the “mostly free” or “moderately free” categories.

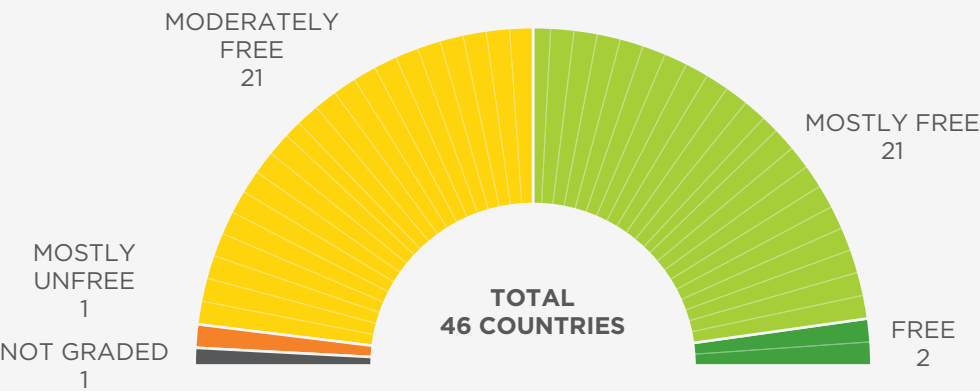
Among European countries, only the Ukrainian economy is rated “mostly unfree” this year. Ukraine, which continues to suffer from political and security turmoil, remains the region’s least economically free economy.

Relatively extensive and long-established free-market institutions in a number of countries allow the region to score far above the world average in most measures of economic freedom. (See Chart 2.) Europe has the world’s highest overall regional score. Its scores on

the three rule-of-law indicators—property rights, judicial effectiveness, and government integrity—as well as fiscal health, trade freedom, investment freedom, and financial freedom are at least 10 points higher than the global averages. The region’s average scores on business freedom, labor freedom, and monetary freedom also exceed the world averages. Tax burden and government spending are the only two of the 12 *Index* indicators on which Europe falls below the world averages.

Nevertheless, Europe still struggles with a variety of policy barriers to vigorous economic

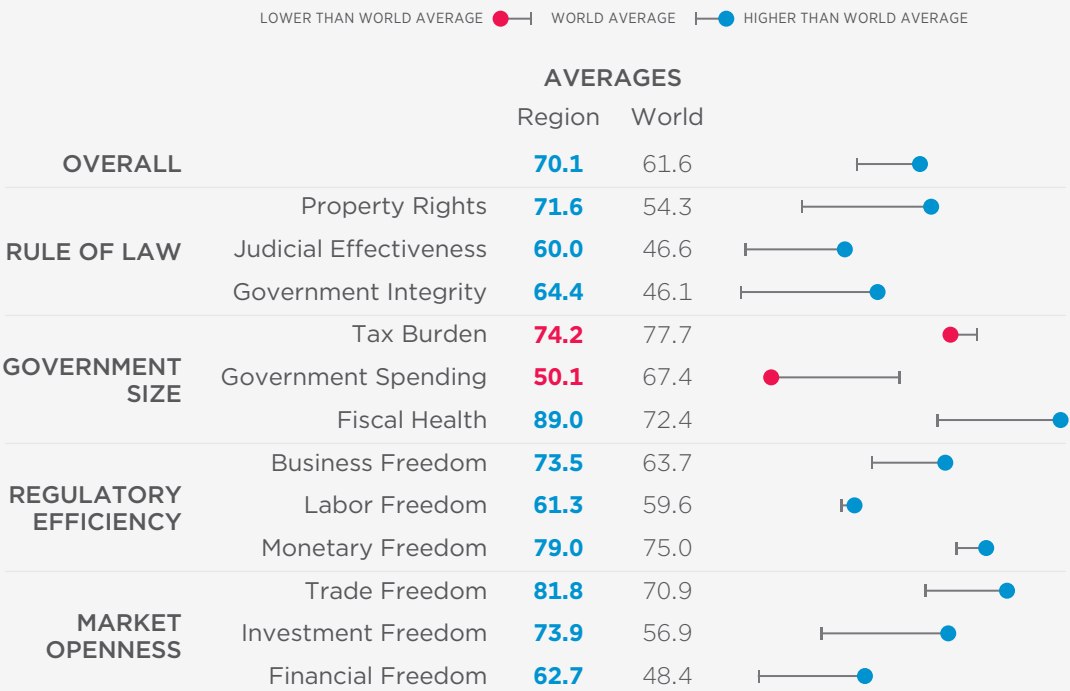
EUROPE: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

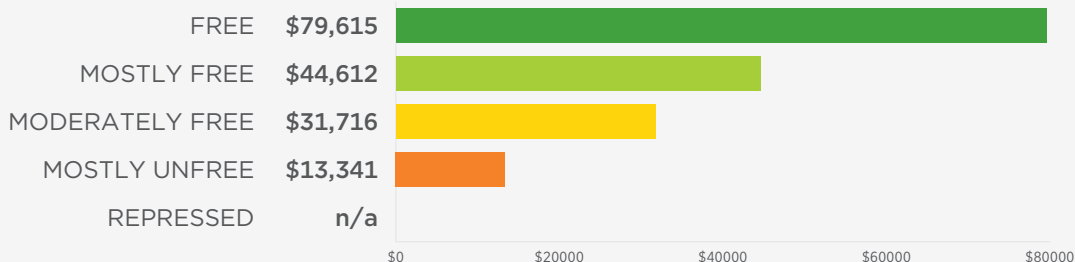
EUROPE: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2 heritage.org

EUROPE: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2019.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; World Bank, "GDP per Capita, PPP (Current International \$)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 14, 2020); and the Economist Intelligence Unit.

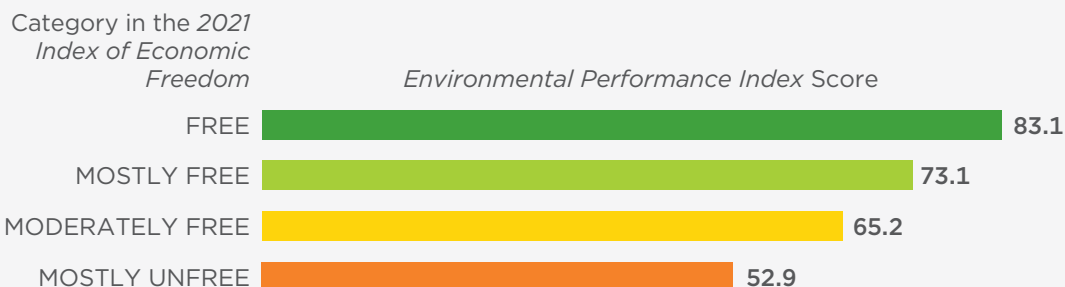
Chart 3 heritage.org

expansion, such as overly protective and costly labor regulations, high tax burdens, various market-distorting subsidies, and continuing problems in public finance caused by years of public-sector expansion. The result has been generally stagnant economic growth, which has exacerbated the burden of fiscal deficits

and mounting debt in a number of countries in the region.

Chart 3 shows the strongly positive correlation between high levels of economic freedom and high GDP per capita. Western Europe has benefited from substantial internal economic competition over the centuries, which may help

EUROPE: ECONOMIC FREEDOM AND THE ENVIRONMENT



NOTE: Based on the 44 countries in Europe that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>, and Yale University, *2020 Environmental Performance Index* (New Haven, CT: Yale University), <https://epi.yale.edu/> (accessed December 14, 2020).

Chart 4 heritage.org

to explain why economic repression there is so rare. In recent years, economic freedom has improved in Serbia, Hungary, and Poland. Some other Central and Eastern European countries, however, were insulated from both internal and external competition for decades under their former Communist regimes and still have not instituted needed reforms. Many post-Communist countries, such as Moldova, Russia, Belarus, and Ukraine, are still to be found at the “less free” end of the distribution.

Among the 45 countries in the European region that are graded in the 2021 *Index*, the scores of 29 have improved, one (Norway) was unchanged, and 15 declined. As shown in Chart 4, around the region, the countries with greater economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality.

NOTABLE COUNTRIES

- British voters approved departure from the European Union by popular referendum in 2016, and the **United Kingdom** formally left the EU on January 31, 2020. Relations between the U.K. and the EU remain in flux. In December 2019, Prime Minister Boris Johnson led the Conservative Party to its largest electoral victory since 1987. Although it retained its standing in the ranks of the “mostly free,” the U.K. economy lost a little ground in the 2021 *Index*. Nevertheless, there will be ample opportunities for greater economic freedom in the post-Brexit U.K. economy. The U.K. has one of the world’s most efficient business and investment environments. Unshackled from the strictures of the EU bureaucracy, the economy could register substantial improvements in *Index* indicator scores for tax burden, government spending, labor freedom, and trade freedom.
- The economy of **Montenegro** climbed a little higher in the ranks of the “moderately free” in the 2021 *Index*. The generally pro-Western government has made significant privatizations and adopted the euro despite lack of membership in the euro-zone. It joined NATO in 2017 and is an EU candidate country. High levels of government spending and debt, however, which are hampering the realization of greater economic freedom, would be alleviated by improved public-sector finance. The country also remains beset by corruption, weak rule of law, and a complex and time-consuming regulatory environment.
- **Armenia’s** decades-long occupation of parts of **Azerbaijan’s** territory ended after more than six weeks of heavy fighting in 2020 when the two sides agreed to a Russian-backed peace plan. The Armenian economy strengthened its standing in the “mostly free” category in the 2021 *Index*. To institutionalize higher levels of economic freedom more firmly, the government would have to maintain its focus on improving judicial effectiveness and government integrity. Stronger rule of law would also have a positive impact on investment freedom. The economy of Azerbaijan has also gained economic freedom. The country’s overall score in the 2021 *Index* moved it into the “mostly free” category. To maintain that status, the government will need to build on progress it made this year on the three *Index* rule-of-law indicators: property rights, judicial effectiveness, and government integrity. For both Armenia and Azerbaijan, settlement of their long-running conflict in Nagorno-Karabakh should release significant resources for peaceful development.
- **France’s** economic freedom score declined slightly in the 2021 *Index*, although its longtime “moderately free” ranking remained unchanged. The government has pushed a series of reforms to reduce unemployment, improve the investment climate, and increase competitiveness.

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
4	1	Switzerland	81.9	-0.1	85.4	82.2	87.9	70.4	67.6	96.9	73.6	72.5	85.4	86.0	85	90
5	2	Ireland	81.4	0.5	86.0	72.4	82.0	76.6	81.1	93.1	81.5	76.1	84.4	84.0	90	70
7	3	United Kingdom	78.4	-0.9	87.6	76.7	86.5	64.9	54.8	77.3	94.4	73.2	81.0	84.0	80	80
8	4	Estonia	78.2	0.5	81.8	80.8	86.4	81.0	54.4	99.6	72.7	57.8	79.7	84.0	90	70
10	5	Denmark	77.8	-0.5	86.7	86.9	93.4	43.7	23.1	98.2	88.8	73.8	84.5	84.0	90	80
11	6	Iceland	77.4	0.3	87.0	72.6	90.6	72.4	46.2	97.6	83.6	62.0	79.4	86.8	80	70
12	7	Georgia	77.2	0.1	66.9	59.3	64.6	89.1	76.9	94.9	84.9	76.7	76.7	86.0	80	70
15	8	Lithuania	76.9	0.2	78.9	68.7	74.5	84.6	66.8	97.2	73.1	74.4	80.1	84.0	70	70
16	9	Netherlands	76.8	-0.2	88.9	72.8	90.6	51.7	47.7	95.3	80.5	60.1	80.4	84.0	90	80
17	10	Finland	76.1	0.4	91.9	82.2	97.2	68.0	14.3	91.4	85.8	50.5	83.3	84.0	85	80
18	11	Luxembourg	76.0	0.2	85.7	77.6	92.5	63.4	46.2	99.0	66.1	45.9	76.5	84.0	95	80
21	12	Sweden	74.7	-0.2	86.6	79.1	92.5	43.6	29.5	97.6	83.2	53.9	81.5	84.0	85	80
25	13	Austria	73.9	0.6	86.8	83.5	84.8	45.7	29.1	90.0	72.6	68.4	81.7	84.0	90	70
27	14	Czech Republic	73.8	-1.0	76.2	56.8	64.4	79.1	51.4	98.1	68.8	77.1	79.7	84.0	70	80
28	15	Norway	73.4	0	82.4	86.3	95.8	57.1	25.3	96.6	85.5	57.8	75.4	84.0	75	60
29	16	Germany	72.5	-1.0	78.8	69.8	81.5	60.4	40.3	92.8	82.4	53.0	77.2	84.0	80	70
30	17	Latvia	72.3	0.4	74.7	55.9	47.7	76.7	57.6	96.6	76.5	73.8	79.6	84.0	85	60
32	18	Armenia	71.9	1.3	57.3	55.3	45.0	87.1	81.3	84.3	81.9	74.5	76.9	73.8	75	70
33	19	Cyprus	71.4	1.3	78.5	57.9	65.0	80.2	52.1	82.0	76.1	60.5	85.0	84.0	75	60
35	20	Bulgaria	70.4	0.2	66.2	43.6	46.8	93.9	64.7	99.2	62.9	68.5	85.2	84.0	70	60
36	21	Malta	70.2	0.7	68.2	57.3	55.0	68.6	60.9	96.3	67.6	61.8	77.1	84.0	85	60
37	22	Belgium	70.1	1.2	84.0	70.2	81.3	46.5	18.4	78.7	80.1	61.1	82.0	84.0	85	70
38	23	Azerbaijan	70.1	0.8	67.9	55.8	46.8	88.1	65.2	99.4	80.5	65.9	73.2	68.0	70	60
39	24	Spain	69.9	3.0	76.4	65.4	70.3	61.7	48.1	69.8	66.3	57.9	83.5	84.0	85	70
41	25	Poland	69.7	0.6	63.3	48.9	65.0	73.9	48.1	94.6	61.6	66.1	80.8	84.0	80	70
43	26	Romania	69.5	-0.2	68.8	63.1	54.6	94.3	69.2	78.9	59.7	63.6	77.7	84.0	70	50
46	27	North Macedonia	68.6	-0.9	62.6	40.4	41.9	94.9	71.0	87.8	77.8	65.2	78.7	77.4	65	60
48	28	Slovenia	68.3	0.5	77.3	56.3	68.2	58.2	42.5	91.1	78.8	61.5	81.9	84.0	70	50
52	29	Portugal	67.5	0.5	74.1	68.5	68.2	60.0	42.4	78.2	75.9	44.1	85.0	84.0	70	60
54	30	Serbia	67.2	1.2	57.9	50.6	45.0	92.5	49.6	94.6	71.0	67.3	81.1	77.2	70	50
55	31	Hungary	67.2	0.8	65.6	52.4	48.7	83.6	35.0	83.3	59.9	64.8	78.8	84.0	80	70
58	32	Kosovo	66.5	-0.9	54.5	55.9	46.4	92.6	75.0	90.5	71.2	64.4	75.7	77.2	65	30
61	33	Slovakia	66.3	-0.5	71.5	44.4	48.8	78.4	47.0	93.4	55.6	52.2	74.8	84.0	75	70
64	34	France	65.7	-0.3	82.2	69.2	80.1	50.7	6.3	69.0	80.2	44.8	77.3	84.0	75	70
66	35	Albania	65.2	-1.7	46.1	22.8	40.6	89.0	74.6	86.6	66.1	51.6	82.0	82.8	70	70
68	36	Italy	64.9	1.1	75.7	62.3	63.7	58.1	28.9	73.0	68.1	50.5	84.2	84.0	80	50
76	37	Turkey	64.0	-0.4	61.5	58.6	45.4	73.2	64.5	75.8	68.5	48.8	65.4	76.0	70	60
79	38	Croatia	63.6	1.4	68.4	41.1	51.4	79.0	35.8	89.6	56.2	43.6	78.7	84.0	75	60

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
80	39	Montenegro	63.4	1.9	57.8	56.2	51.0	83.6	35.3	37.2	73.5	78.0	83.4	79.4	75	50
82	40	Bosnia and Herzegovina	62.9	0.3	44.1	33.7	42.4	93.8	49.5	97.1	48.2	67.8	84.1	69.2	65	60
85	41	Moldova	62.5	0.5	60.6	29.9	38.7	94.0	71.0	96.5	66.2	39.2	71.5	76.8	55	50
92	42	Russia	61.5	0.5	54.4	42.4	41.7	93.0	66.1	99.6	84.1	55.4	67.3	74.0	30	30
95	43	Belarus	61.0	-0.7	58.6	40.4	39.8	92.9	55.5	96.5	75.9	75.7	70.2	76.0	30	20
96	44	Greece	60.9	1.0	55.5	53.5	53.6	59.9	34.2	80.0	75.8	49.8	80.0	84.0	55	50
127	45	Ukraine	56.2	1.3	48.5	41.1	37.9	88.7	48.2	87.7	63.5	48.7	65.8	79.2	35	30
N/A	N/A	Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	85	80

Unfortunately, even if they were adopted, they would have little impact on the country's very high levels of government spending. Pension reform remains unresolved following months of opposition protests and strikes.

- **Germany** remains the most politically and economically influential nation in the EU. Its robust business environment should continue to attract the private investment needed for continued growth. Nevertheless, the score for the German economy also dropped in the 2021 *Index*, and it remains in the lower reaches of the “mostly free” ranks. Systemically high government spending as well as costly and rigid labor laws have stymied the potential for greater economic freedom. Unfortunately, government spending is likely to increase, not decrease, in the near future.

- After registering a slightly higher score, **Russia's** economy is ranked “moderately free” for the second year in a row. Ongoing Western economic sanctions have led to a brain drain and capital flight, however, and a subservient judiciary, rampant corruption, and links among bureaucrats and organized criminal groups continue to compromise government integrity. Large and corrupt state-owned institutions and an inefficient public sector dominate the economy. Russia's economy depends heavily on exports of oil and gas. In recent years, low oil prices, the financial burden of the Crimea annexation, and efforts to rearm the military have strained public finances.



**MIDDLE EAST
AND
NORTH AFRICA**

MIDDLE EAST AND NORTH AFRICA

Stretching from Morocco’s Atlantic coast across the Nile, Jordan, and Euphrates river valleys to Iranian and Yemeni beaches on the Persian Gulf and the Arabian Sea, the Middle East and North Africa (MENA) region remains at the crux of global politics. Although the countries of the region are successors to some of the world’s most ancient civilizations, relatively few are enjoying the benefits of economic freedom in the 21st century.

The demographic profiles of most of these countries, at once blessed and cursed by enormous mineral resources, tend to be distinguished by extreme concentrations of wealth and poverty. Most worrisome is the region’s ongoing notoriety as the world’s most acute hot spot for economic, political, and security vulnerabilities. This instability is illustrated by the fact that four of the six countries in the 2021 *Index* that cannot be graded or ranked because of the lack of reliable data are in the MENA region.

The region’s population-weighted average GDP per capita is the third highest among the

five *Index* global regions (approximately \$19,231 at purchasing power parity), although it fell substantially this year. Meanwhile, the regional population-weighted average rate of inflation shot up to 13.5 percent. In the past five years, average annual economic growth in the MENA region has softened to 2.4 percent. The region continues to suffer from high levels of unemployment (9.8 percent), particularly among the young, although that rate is unchanged from last year.

Many countries in the region have been grappling for more than a decade with social upheaval or outright conflict growing out of citizens’ demands for more freedom. Unfortunately, the lives of most people have yet to change for the better. This regional policy failure is most palpable in Iran, which registered the largest decline in economic freedom of any country in the region this year. Iran has descended into the lower reaches of the *Index*’s “repressed” category amid the authoritarian government’s ever-intensifying oppression of its citizens. Ironically, the Iranian regime’s most fervent regional political opponents—in Saudi Arabia and other Arab states—recorded sometimes sharply higher economic freedom scores in 2021.

While scores increased in only one of the region’s three economic freedom leaders (the United Arab Emirates), the region’s overall score improved, and eight of the 14 graded countries registered score increases. The grading of economic freedom for Iraq, Syria, Libya, and Yemen remains suspended because of ongoing violence and unrest.

Chart 1 shows the distribution of countries in the MENA region according to the five categories of economic freedom measured by the *Index*. The region has no economically “free” countries, and the United Arab Emirates, Israel, and Qatar are its only “mostly free” economies. The majority of the 14 countries in the region

**MIDDLE EAST/NORTH AFRICA:
QUICK FACTS**

TOTAL POPULATION: 450.5 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$19,231

1-YEAR GROWTH: 0.3%

5-YEAR AVERAGE ANNUAL GROWTH: 2.4%

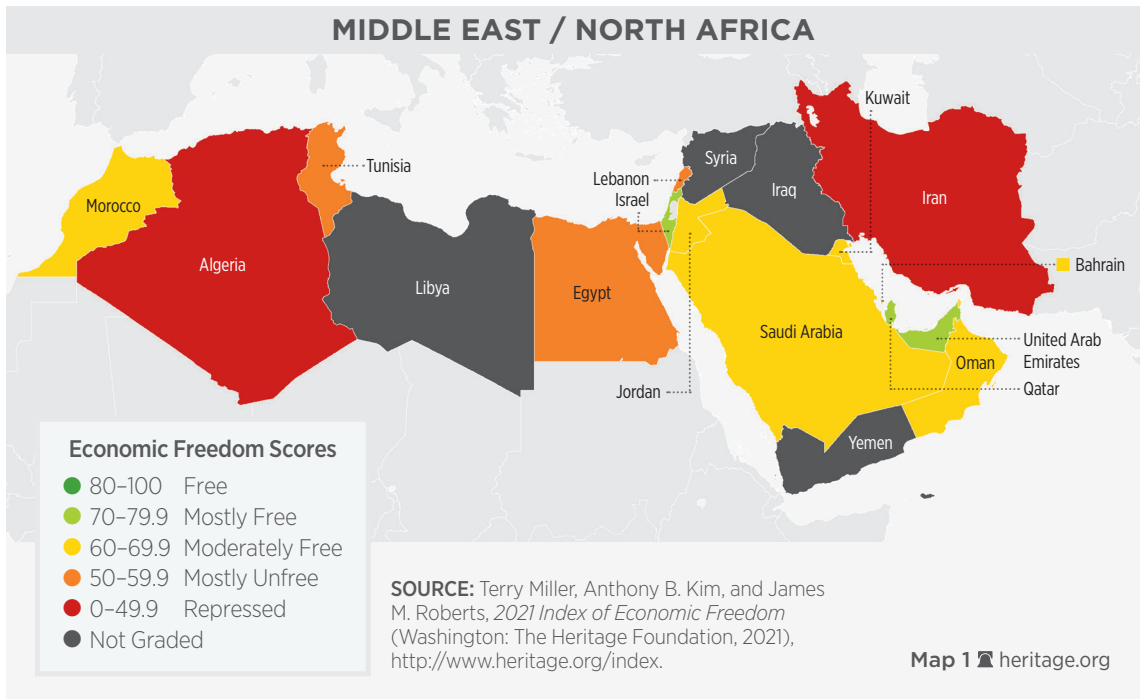
INFLATION: 13.5%

UNEMPLOYMENT RATE: 9.8%

PUBLIC DEBT: 57.4% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

 [heritage.org](http://www.heritage.org)



that are graded in the *Index* fall into the “moderately free” or “mostly unfree” categories, with Iran and Algeria categorized as “repressed.”

Structural and institutional problems abound, and private-sector growth in the region still lags far behind levels needed to provide enough job creation for proliferating populations. Despite exports of crude oil for energy generation, the region’s overall trade flows remain very low, reflecting a lack of economic dynamism and vitality. The MENA region’s lack of economic opportunities remains a serious problem, particularly for the younger working-age population whose average unemployment rate is nearly 30 percent. Social upheaval is the predictable result.

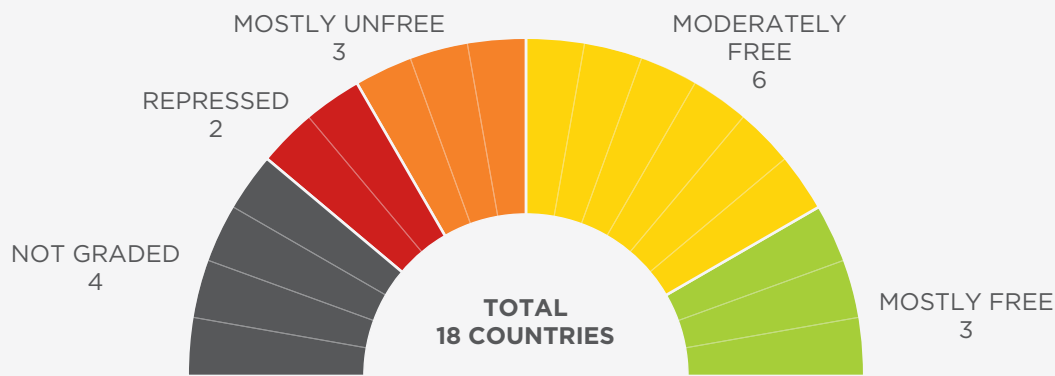
There is one *Index* indicator in which the MENA region remains the clear global leader: tax burden. (See Chart 2.) The region’s tax burden score beat the world average by more than eight points in 2021, a level reached because of the low income tax rates typical in the oil kingdoms. The region also scores above the world average in all three indicators related to the rule of law and in business freedom, monetary freedom, trade freedom, and financial freedom.

The MENA region is endowed with the world’s highest concentration of oil reserves, but that does not automatically translate into high levels of economic freedom. Even so, the positive relationship between high levels of economic freedom and high GDP per capita still holds true in the region, as illustrated by Chart 3. The ongoing transformation of relatively economically advanced and “mostly free” states such as the United Arab Emirates, Qatar, and Israel may yet show the way to broader-based economic growth, more political stability, and greater economic freedom in this region.

In the 2021 *Index*, the scores of eight countries in the MENA region improved, and the scores of five other graded countries declined, with one remaining unchanged. As shown in Chart 4, greater economic freedom is also strongly correlated across the region with overall human development as measured by the United Nations *Human Development Index*, which measures life expectancy, literacy, education, and standard of living.

The results of the 2021 *Index* reflect that the region’s underlying political and economic architecture, dominated by authoritarian

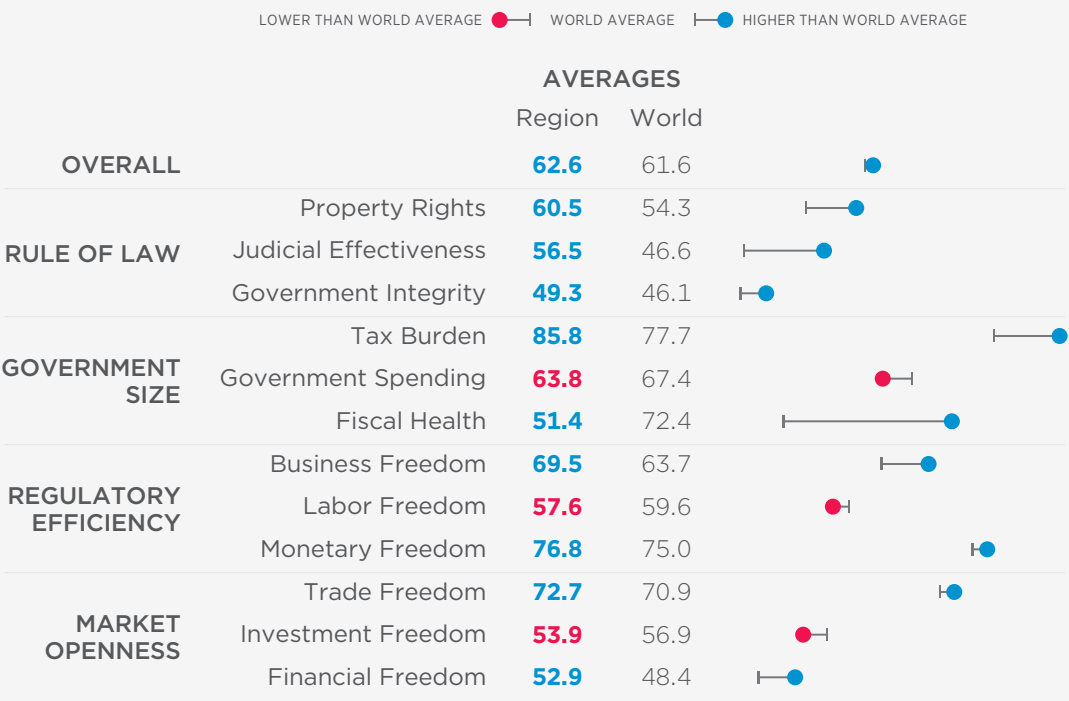
MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

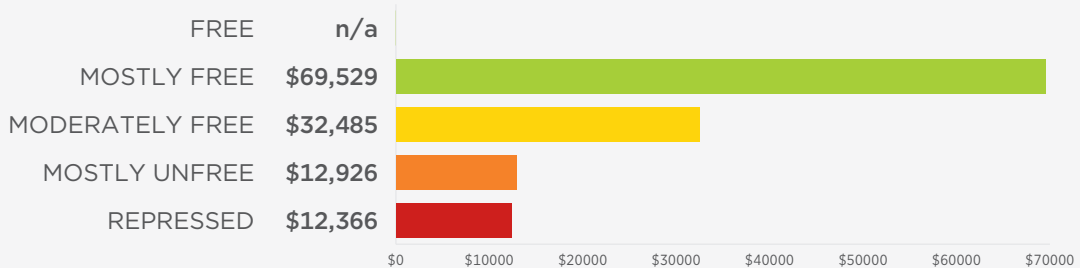
MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2 heritage.org

MIDDLE EAST/NORTH AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2019.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; World Bank, "GDP per Capita, PPP (Current International \$)," <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 14, 2020); and the Economist Intelligence Unit.

Chart 3  heritage.org

governments, continues to repress economic freedom a decade after the exhilarating promises of the Arab Spring. Costly subsidies to quell social and political unrest are still being funded by too many of the region's governments, even at the cost of heavy and unsustainable budget deficits.

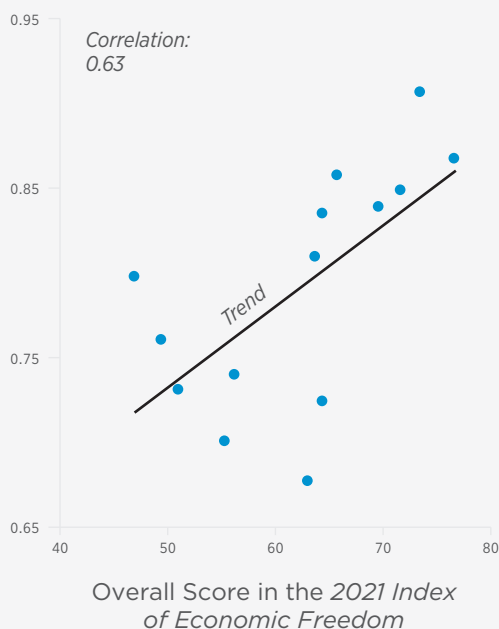
NOTABLE COUNTRIES

- **Israel's** economic freedom score dipped slightly in the 2021 *Index*, although the economy remained among the ranks of the "mostly free." In the years since the inception of the *Index* in 1995, government spending has been the indicator that has consistently hindered greater economic freedom in Israel. Spending cuts and other fiscal restraints would go a long way toward further liberating the private sector and encouraging even greater private investment. The economic competitiveness of the "Start-up Nation" has long been anchored in strong protection of property rights, efficient coordination of regulatory processes, and a sound judicial framework that sustains the rule of law. The achievement of more peaceful
- relations with some of Israel's neighbors through the signing of the Abraham Accords in 2020 can only work to strengthen the Israeli economy's attractiveness and dynamism.
- One of the region's most improved countries this year is **Bahrain**, where economic freedom has rebounded. The country is now poised to make it back into the ranks of the "mostly free." The principal obstacle facing the Bahraini economy is its massive debt. The *Index's* fiscal health indicator score for Bahrain is one of the lowest in the world.
- A decade-long slide ended in 2018, and **Algeria's** economic freedom has been on an upward trend since then. It remains repressed but is very close to the threshold for a higher ranking. To put the country solidly on the path to greater economic freedom, the government must strengthen the judicial system and other rule-of-law institutions. Greater openness and increased financial freedom would improve the investment climate.

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

Each circle represents a nation in the
Index of Economic Freedom

Human Development Index Score



NOTE: Based on the 14 countries in Middle East/North Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>, and United Nations Development Programme, *Human Development Report 2019*, <http://hdr.undp.org/sites/default/files/hdr2019.pdf> (accessed December 14, 2020).

Chart 4  heritage.org

- Economic freedom in **Egypt** was also higher in the 2021 *Index*, for the second year in a row. To maintain that momentum, and eventually escape the “mostly unfree” category in which it has been mired for over two decades, the government will need to focus on policy reforms to reduce public debt and upgrade institutional performance to strengthen the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.
- **Saudi Arabia’s** economic freedom rank and score increased markedly in the 2021 *Index* for the third year in a row. Although the Saudi economy remains in the “moderately free” category where it has been ranked for most of the past two decades, the government has greatly improved the kingdom’s fiscal health. It has a long way to go, however, to get excessive overspending and debt under control. Further liberalization of the investment regime and toughening of anticorruption efforts are also needed to increase economic freedom and diversify the economy.
- The **Jordanian** economy suffered another drop in overall score in the 2021 *Index* and remains ranked in the “moderately free” category. The biggest obstacles to greater economic freedom are poor fiscal health and relatively low scores for regulatory efficiency in the areas of business freedom and labor freedom. Regrettably, the budget deficit widened in 2020 as the government put efforts to consolidate public finances on the back burner.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
14	1	United Arab Emirates	76.9	0.7	80.8	81.1	66.0	100.0	73.0	98.5	80.0	81.6	80.6	81.4	40	60
26	2	Israel	73.8	-0.2	83.6	79.8	76.8	60.0	53.8	79.2	73.9	65.1	84.4	84.2	75	70
31	3	Qatar	72.0	-0.3	68.3	58.0	54.0	97.9	69.2	94.5	74.0	65.9	80.7	81.4	60	60
40	4	Bahrain	69.9	3.6	71.5	65.8	64.4	100.0	67.1	0.0	76.7	71.4	82.8	83.6	75	80
63	5	Saudi Arabia	66.0	3.6	68.7	76.7	53.2	99.1	62.9	31.0	83.5	63.3	82.3	75.8	45	50
69	6	Jordan	64.6	-1.4	66.2	60.3	51.0	84.7	73.3	45.5	58.9	52.8	82.0	71.0	70	60
71	7	Oman	64.6	1.0	68.7	66.3	66.0	97.7	39.2	12.2	79.2	61.0	85.8	73.6	65	60
74	8	Kuwait	64.1	0.9	57.4	52.6	47.5	97.7	21.4	99.7	66.0	62.2	73.6	75.8	55	60
81	9	Morocco	63.3	0	67.5	51.2	39.9	68.3	73.0	68.5	72.3	33.2	80.3	70.6	65	70
119	10	Tunisia	56.6	0.8	53.9	41.9	42.0	71.7	71.1	53.0	80.7	49.7	73.6	66.8	45	30
130	11	Egypt	55.7	1.7	51.2	54.0	37.0	86.9	73.1	6.0	62.7	51.4	64.3	67.0	65	50
154	12	Lebanon	51.4	-0.3	42.3	33.1	27.9	88.5	70.3	0.0	44.3	47.4	78.3	74.4	60	50
162	13	Algeria	49.7	2.8	34.0	41.6	32.7	67.2	55.4	49.1	63.5	51.3	84.3	57.4	30	30
168	14	Iran	47.2	-2.0	33.5	28.3	31.8	80.8	90.1	82.8	57.1	50.1	42.1	54.2	5	10
N/A	N/A	Iraq	N/A	N/A	44.8	11.0	22.0	N/A	65.3	94.7	51.7	45.6	77.0	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	16.5	19.7	21.0	N/A	0.0	19.9	38.4	55.3	69.7	N/A	5	N/A
N/A	N/A	Syria	N/A	N/A	42.5	19.7	25.9	N/A	N/A	N/A	49.7	57.8	60.6	47.0	0	N/A
N/A	N/A	Yemen	N/A	N/A	16.5	19.7	17.0	N/A	95.6	48.9	46.1	57.7	54.6	67.4	N/A	N/A



SUB-SAHARAN AFRICA

SUB-SAHARAN AFRICA

The Sub-Saharan region of Africa spans most of the world’s second-largest continent, traversing thousands of miles southward from the vast Sahara Desert to South Africa’s Cape of Good Hope and stretching from the Indian Ocean beaches of Mozambique to the North Atlantic coast of Senegal and Mauritania. In the 2021 *Index*, the scores for the 47 countries in the region that were graded remain in the lower categories of economic freedom. Nevertheless, the region’s overall economic freedom climbed again this year. When combined with stable economic growth, that steady performance could permit nations in the region to make the additional but politically painful institutional reforms that are needed to ensure long-term economic development.

As it stands, however, the region’s continuing underperformance reflects repeated failures to implement policy changes to improve the business and investment climate and strengthen the rule of law. The economic opportunities missed because of corruption and conflict represent a special tragedy for the

region’s huge population of young people, who lose developmental ground that is increasingly difficult to make up as such conditions persist.

Successful efforts at structural reform have been rare, and the modernization of infrastructure and institutions lags severely throughout most of Sub-Saharan Africa. Many countries in the region are overly dependent on exports of agricultural and mineral commodities that contribute little to sustained increases in productivity and broad-based job creation, and few have made any sustained progress toward economic diversification. The result is a deeply ingrained pattern of suboptimal and uneven growth that leaves a substantial portion of the population in many countries living at or near subsistence levels.

The population-weighted average GDP per capita for the region is the lowest for any of the five global regions in the 2021 *Index* (just \$3,998 at purchasing power parity). Unemployment rose a bit this year to 6.5 percent, and inflation is high at 8.6 percent. At 3.9 percent, Sub-Saharan Africa’s five-year average rate of economic growth is second only to that of the Asia-Pacific region, but economic development remains limited by underemployment and the region’s large informal sectors.

Chart 1 shows the distribution of countries in the Sub-Saharan African region by level of economic freedom. Unlike regions that benefit from a diverse range of competitive and innovative free-market economies, the distinctions among economies in Sub-Saharan Africa are defined primarily by the countries’ relative lack of economic freedom. There is not a single “free” economy in the region. Only Mauritius is counted in the ranks of the “mostly free,” and another seven countries are considered to have “moderately free” economies, but a clear majority of the 47 nations graded in the 2021 *Index* are ranked either “mostly unfree” or “repressed.” In fact, eight of the world’s 18 “repressed” economies—close to half—are in Sub-Saharan Africa.

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 1.02 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$3,998

1-YEAR GROWTH: 3.8%

**5-YEAR AVERAGE
ANNUAL GROWTH:** 3.9%

INFLATION: 8.6%*

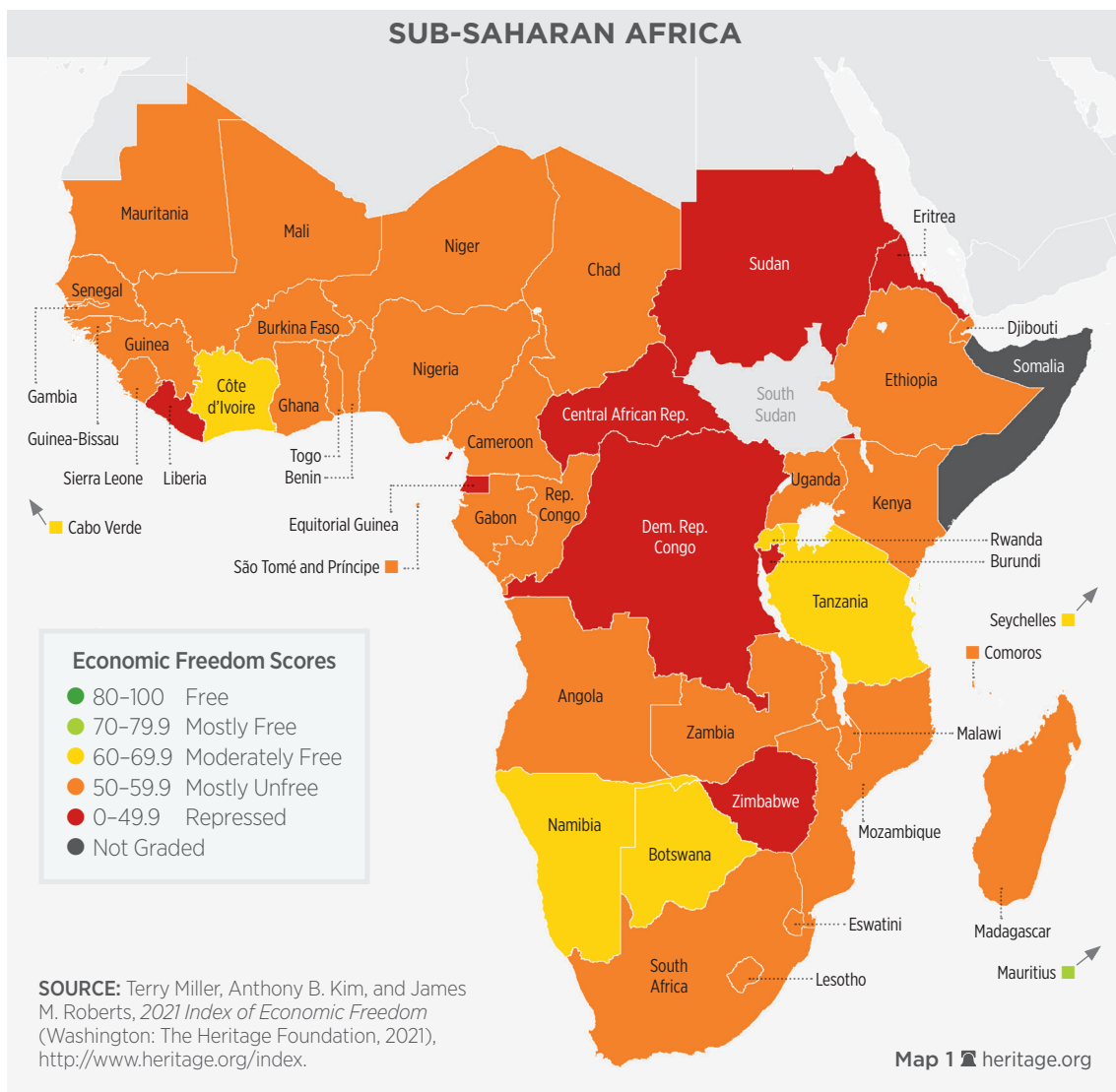
UNEMPLOYMENT RATE: 6.5%**

PUBLIC DEBT: 54.1% of GDP

* Excludes Zimbabwe ** Excludes Seychelles

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2021 *Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

 [heritage.org](http://www.heritage.org)



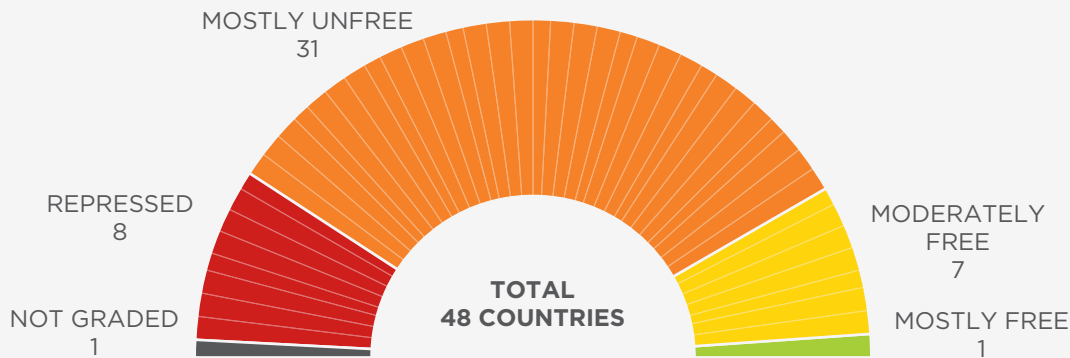
As shown in Chart 2, the only one of the 12 indicators in which the region scores higher than the world average is government spending. That is a hollow victory, however, because the score signals the inability of inadequately resourced governments in the region to perform the complicated tasks required to manage 21st century economies more than it does any particular efforts at spending restraint.

Another irony emerges from the region's relatively positive average tax burden score, which reflects the ineffective or corrupt administration of existing tax laws rather than any particular restraint in the desire to extract revenue

from the population. Because labor freedom is restricted in the formal labor markets, there is significant unreported informal economic activity in which workers enjoy no protections whatsoever. The 2021 *Index* scores also document the region's continuing lack of progress in improving the rule of law, regulatory efficiency, and open markets, thereby providing additional metrics that confirm how the region continues to lag behind the rest of the world.

Overall, the depressing landscape painted by the numbers in Chart 2 depicts a region dominated by dozens of nations with uneven economic playing fields that are further

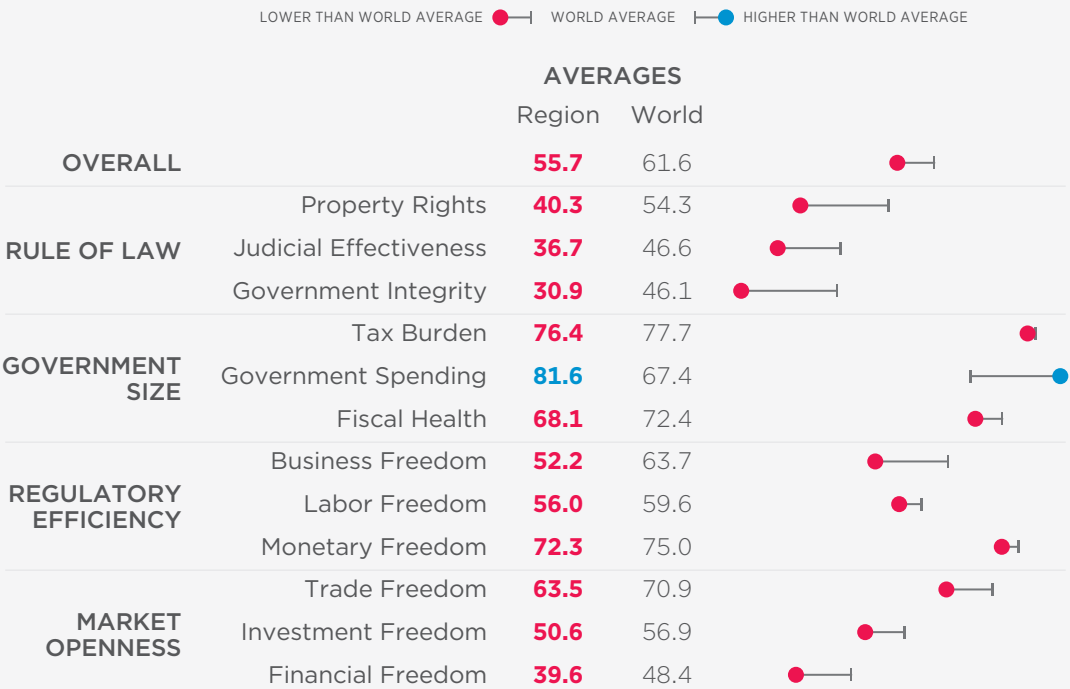
SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 1 heritage.org

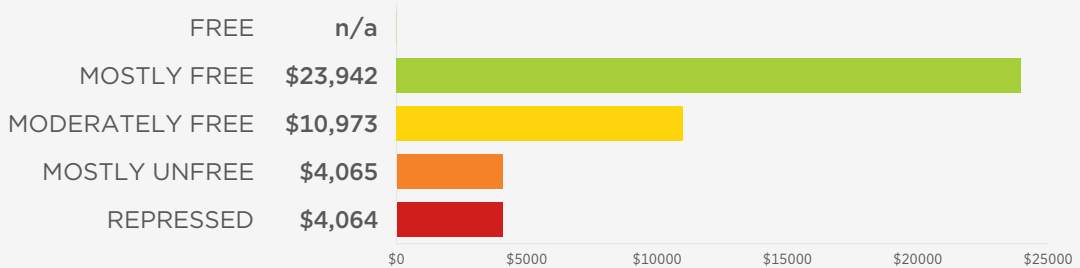
SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>.

Chart 2 heritage.org

SUB-SAHARAN AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2019.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>; World Bank, “GDP per Capita, PPP (Current International \$),” <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed December 14, 2020); and the Economist Intelligence Unit.

Chart 3 heritage.org

pockmarked by weak rule of law, inadequate protection of property rights, cronyism, and endemic corruption. The region’s scores on property rights, government integrity, and business freedom are all lower than world averages by 10 points or more.

The message of Chart 2 to the vast majority of citizens of Sub-Saharan Africa who lack political connections is that their prospects for a brighter future are severely limited absent improvements in economic freedom.

Although Chart 3 confirms that the strong relationship between high levels of economic freedom and high GDP per capita holds true even in Sub-Saharan Africa, the region’s deep economic distortions are also evident in the counterintuitively high average per capita GDP in the “repressed” category. That is because the high GDP of the small, profoundly repressive, and corrupt but oil-rich nation of Equatorial Guinea perversely skews upward the average GDP per capita for the region’s least economically free countries.

The scores of 26 countries in the Sub-Saharan Africa region improved, two were unchanged, and 19 declined in the 2021 *Index*, which resulted in a small 0.6 point increase in

the region’s overall economic freedom average score, although it remains in the “mostly unfree” category.

Perhaps the most tragic consequence of the dearth of economic freedom in Sub-Saharan Africa is its correlation (shown in Chart 4) with severe food shortages and poor nutrition, which in turn are directly and causally related to the region’s political instability, high infant mortality rates, disease outbreaks, childhood learning disabilities, and frequent famines. In the longer term, foreign aid from the West cannot solve the food security problem in Sub-Saharan Africa. The solution to that problem—and to many other challenges in the region—is more economic freedom.

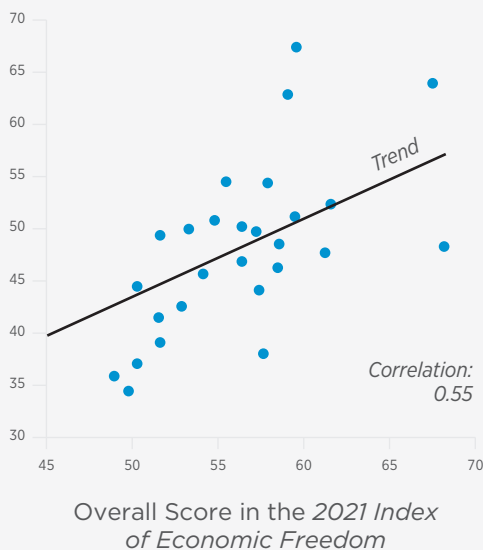
NOTABLE COUNTRIES

- **Mauritius** remained Sub-Saharan Africa’s most economically free nation in the 2021 *Index* and is the only one of the region’s 47 graded countries in the “mostly free” category this year. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the
Index of Economic Freedom

Global Food Security Index Score



NOTE: Based on the 28 countries in Sub-Saharan Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2021 Index of Economic Freedom* (Washington: The Heritage Foundation, 2021), <http://www.heritage.org/index>, and The Economist Intelligence Unit, *Global Food Security Index 2019*, <http://foodsecurityindex.eiu.com/> (accessed December 14, 2020).

Chart 4 heritage.org

considerable foreign investment and has one of the region's highest per capita GDPs. To make the last leap into the highest, “free” category, the government will need to redouble its efforts to correct its ongoing deficit in government integrity, which persists at a troubling level that is more typical of countries that are ranked much lower overall in economic freedom.

- The **Republic of the Congo** had the region's most improved overall score in the

2021 *Index*, gaining 8.9 points, just barely enough for the economy to escape from the lowest “repressed” category and join the ranks of the somewhat better “mostly unfree.” Congo is one of Sub-Saharan Africa's largest producers of oil, but it lacks the infrastructure needed to exploit its natural gas reserves and hydropower potential. Although Congo's economy moved up this year, it had been in the ranks of the economically repressed for a quarter of a century. The government remains under pressure from development banks and international donors to pursue economic and financial reforms aimed at achieving greater macroeconomic stability and debt sustainability and improving governance to achieve greater efficiency and transparency in the management of public resources.

- **Benin** reversed a downward slide in economic freedom in the 2021 *Index*, gaining 4.4 points and recording its highest overall score in two decades. Its score put the economy almost in the “moderately free” category, a distinction the country has not enjoyed since 2001. One of Africa's largest cotton producers, the former French colony nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade. The biggest barrier to Benin's entry into the ranks of the “moderately free” is the country's weak rule of law. The courts, police, property registries, and other institutions that maintain justice cannot be strengthened while the country accelerates its drift toward autocratic government.
- Economic freedom in **Togo** expanded again in the 2021 *Index*, gaining 3.4 points and moving from 140th to 113th in the rankings. Nevertheless, the economy remains “mostly unfree.” Although heavily dependent on commercial and subsistence agriculture, which employs about 60

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
13	1	Mauritius	77.0	2.1	78.4	73.6	55.0	91.6	78.0	73.5	83.7	74.6	77.4	88.0	80	70
47	2	Rwanda	68.3	-2.6	68.7	75.2	59.1	79.5	78.5	78.0	62.3	77.4	80.2	61.2	60	40
51	3	Botswana	67.6	-2.0	58.6	50.8	48.8	87.4	68.2	74.8	68.4	68.2	74.1	77.4	65	70
60	4	Seychelles	66.3	2.0	65.3	51.6	64.4	76.9	60.9	93.2	67.5	71.3	80.3	79.0	55	30
77	5	Cabo Verde	63.8	0.2	44.5	47.5	48.7	77.9	70.7	69.7	60.6	55.2	83.3	68.0	80	60
83	6	Namibia	62.6	1.7	57.1	63.6	47.4	67.5	57.4	53.7	65.6	85.2	77.2	71.2	65	40
91	7	Côte d'Ivoire	61.7	2.0	42.8	34.9	27.0	77.6	90.4	84.1	60.8	48.9	74.7	73.8	75	50
93	8	Tanzania	61.3	-0.4	41.3	40.2	34.5	80.7	91.8	90.8	45.7	67.7	72.9	64.4	55	50
99	9	South Africa	59.7	0.9	59.6	57.1	50.6	63.9	65.9	53.4	61.5	59.4	76.8	72.6	45	50
100	10	Benin	59.6	4.4	42.5	37.0	32.2	68.4	92.0	86.3	54.6	58.5	83.7	60.4	50	50
101	11	Ghana	59.2	-0.2	49.3	38.2	32.3	82.8	87.8	31.7	62.9	60.9	71.7	62.4	70	60
104	12	Gambia	58.8	2.5	41.8	44.3	35.2	76.9	84.1	54.5	56.0	67.4	63.2	66.6	65	50
105	13	Nigeria	58.7	1.5	36.8	38.7	23.5	84.9	95.3	59.9	60.0	84.4	68.0	68.4	45	40
106	14	Uganda	58.6	-0.9	44.8	36.5	25.0	73.2	91.6	63.2	44.9	83.2	78.9	67.4	55	40
110	15	Gabon	58.1	1.4	24.2	25.5	36.4	77.7	90.8	93.7	54.7	52.9	84.5	56.8	60	40
111	16	Senegal	58.0	0	50.3	37.8	43.6	72.4	84.2	72.2	53.5	36.6	79.0	66.4	60	40
112	17	Madagascar	57.7	-2.8	33.7	25.7	20.2	90.6	93.4	92.9	46.5	44.7	73.7	65.4	55	50
113	18	Togo	57.5	3.4	44.5	28.2	32.2	68.0	84.8	89.9	60.6	47.1	79.7	65.4	60	30
117	19	Niger	57.3	2.6	38.8	45.7	31.8	77.1	87.1	76.2	52.5	47.4	75.3	61.0	55	40
123	20	Guinea	56.5	0	32.2	33.4	22.0	69.7	92.5	95.3	47.1	58.6	70.5	66.4	50	40
124	21	Burkina Faso	56.5	-0.2	45.1	36.6	34.5	80.9	81.9	60.8	44.8	52.2	74.7	61.0	65	40
126	22	Djibouti	56.2	3.3	42.8	28.2	27.9	79.6	80.4	79.4	63.3	49.4	70.4	43.2	60	50
128	23	Mauritania	56.1	0.8	26.0	23.9	21.0	74.3	88.4	93.3	59.1	52.8	80.0	63.8	50	40
129	24	São Tomé and Príncipe	55.9	-0.3	36.8	23.3	39.5	88.4	79.7	74.6	62.8	43.2	67.0	65.2	60	30
132	25	Comoros	55.7	2.0	34.0	28.2	23.6	63.5	91.6	97.3	48.5	60.4	79.7	66.2	45	30
133	26	Mali	55.6	-0.3	34.5	21.2	23.6	69.0	85.3	81.3	46.5	53.5	83.7	64.0	65	40
137	27	Eswatini	55.1	-0.2	48.5	46.1	36.4	78.7	64.3	16.4	61.5	69.5	78.2	71.4	50	40
138	28	Kenya	54.9	-0.4	60.4	41.5	29.5	78.7	80.2	12.6	56.7	57.1	75.4	62.2	55	50
139	29	Guinea-Bissau	54.9	1.6	39.5	50.8	20.2	88.7	88.7	69.6	37.9	61.0	86.7	55.8	30	30
140	30	Angola	54.2	2.0	30.3	22.8	20.4	87.3	86.9	77.9	56.9	59.6	67.5	70.2	30	40
142	31	Lesotho	53.5	-1.0	41.6	60.5	32.2	71.5	22.2	67.2	55.3	58.8	75.8	62.2	55	40
144	32	Cameroon	53.4	-0.2	38.3	27.2	21.0	74.8	89.0	79.9	43.9	49.9	81.2	55.2	30	50
145	33	Malawi	53.0	0.2	46.1	42.1	26.8	79.0	72.3	25.4	42.1	63.6	70.5	68.2	50	50
150	34	Sierra Leone	51.7	3.7	42.3	45.7	30.5	86.7	85.9	39.7	49.6	30.1	65.1	64.6	60	20
151	35	Ethiopia	51.7	-1.9	23.2	33.8	31.5	78.2	91.9	79.6	47.5	57.4	60.6	61.4	35	20
153	36	Mozambique	51.6	1.1	29.5	26.9	23.8	74.8	71.4	62.3	55.2	42.0	77.1	70.8	35	50
156	37	Congo, Rep.	50.7	8.9	32.2	25.7	23.5	80.4	84.0	81.8	36.6	36.6	86.5	56.4	35	30
158	38	Chad	50.4	0.2	27.7	25.0	21.0	44.6	93.9	96.1	25.3	42.9	76.7	52.0	60	40

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2020	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
159	39	Zambia	50.4	-3.1	37.2	26.2	30.5	71.1	78.5	5.3	66.1	45.6	71.2	68.2	55	50
161	40	Burundi	49.9	0.9	28.0	32.1	27.0	77.1	79.3	32.2	51.8	67.3	74.7	49.8	50	30
163	41	Equatorial Guinea	49.2	0.9	27.8	15.4	17.0	75.2	90.0	96.1	36.4	34.4	79.4	48.8	40	30
164	42	Liberia	49.2	0.2	29.5	40.4	27.0	85.8	68.3	54.3	48.9	41.4	58.5	60.8	55	20
165	43	Congo, Dem. Rep.	49.0	-0.5	23.0	18.2	11.5	71.3	96.0	99.5	53.1	40.2	61.7	63.2	30	20
166	44	Central African Republic	48.8	-1.9	23.2	28.2	22.0	65.3	92.2	95.4	23.3	40.9	74.9	45.2	45	30
173	45	Eritrea	42.3	3.8	24.2	15.4	21.0	74.0	64.3	78.1	17.3	69.6	55.0	69.2	0	20
174	46	Zimbabwe	39.5	-3.6	32.6	32.0	21.3	63.4	89.4	58.8	41.5	44.1	0.0	56.0	25	10
175	47	Sudan	39.1	-5.9	32.6	19.7	20.2	84.9	91.9	0.0	50.8	60.4	39.2	45.0	5	20
N/A	N/A	Somalia	N/A	N/A	27.8	23.3	11.5	N/A	N/A	N/A	31.2	N/A	N/A	N/A	N/A	N/A

percent of the labor force, Togo has one of West Africa's few natural deep-water ports, and its secure territorial waters have become a relatively safe zone for international shippers. For the government to achieve its goal of exploiting its geographic advantage to establish the country as a regional financial and logistics hub would require massive economic freedom-friendly changes including reforms in the judicial system and a commitment to tackling the serious and long-standing problem of corruption.

- **South Africa's** economic freedom score and ranking improved in the 2021 *Index*, but the economy just missed making it back into the "moderately free" category from which it fell in 2019. There is significant political unrest because of corruption, and the government's continuing consideration of land reform measures that include expropriation without compensation sends disturbing messages to potential investors. To make the jump back

to greater economic freedom, the government would have to prioritize improvements in the judicial system and confront persistent labor market rigidities that trap more than one-third of workers in the informal economy.

- The political situation in **Sudan** remains chaotic, with ongoing protests that began in 2018 after decades of economic mismanagement and corruption had precipitated an economic crisis that featured inflation and food and water shortages. The Sudanese economy has suffered as a result, plunging further in the ranks of the "repressed" in the 2021 *Index* with a score that dropped more than any other in the region. If the interim government can achieve a modicum of political stability, it will need to focus on reforms to address serious shortcomings in fiscal health, investment freedom, and the three critical facets of the rule of law: property rights, judicial effectiveness, and government integrity to spur more rapid economic development.

THE COUNTRIES

AFGHANISTAN

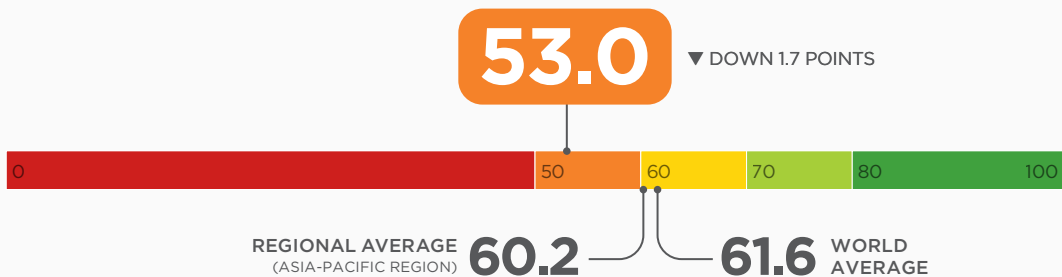
WORLD RANK: **146** | REGIONAL RANK: **33**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Afghanistan's economic freedom score is 53.0, making its economy the 146th freest in the 2021 *Index*. Its overall score has decreased by 1.7 points, primarily because of problems related to the rule of law. Afghanistan is ranked 33rd among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

After a modest increase in 2020, economic freedom in Afghanistan has slumped, and the economy is more firmly entrenched in the ranks of the mostly unfree. Economic growth remains impeded by the dangerous security environment and unstable political situation. Insecurity has also suppressed business freedom and investment freedom. To reverse course, Afghanistan needs stability, security, and stronger rule-of-law institutions.

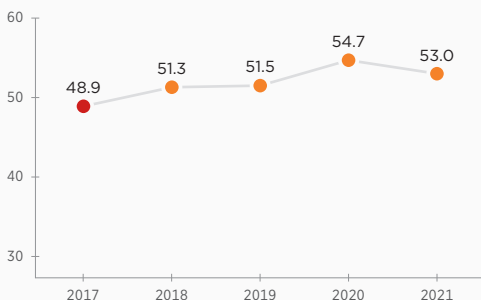
IMPACT OF COVID-19: As of December 1, 2020, 1,797 deaths had been attributed to the pandemic in Afghanistan, and the economy was forecast to contract by 5.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2017): +4.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38.0 million

GDP (PPP):
\$76.6 billion
3.0% growth in 2019
5-year compound
annual growth 2.3%
\$2,294 per capita

UNEMPLOYMENT:
11.1%

INFLATION (CPI):
2.3%

FDI INFLOW:
\$38.5 million

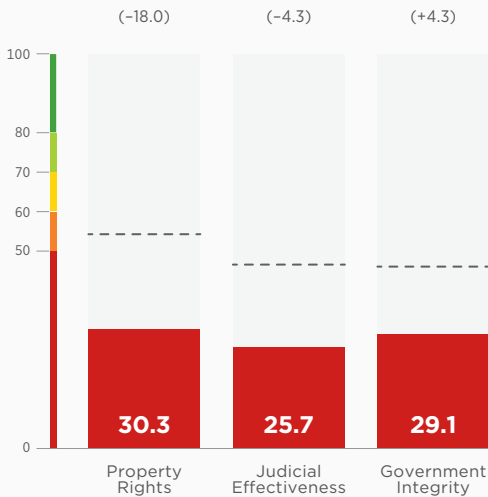
PUBLIC DEBT: 7.3%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: President Ashraf Ghani Ahmadzai was reelected in 2019 after defeating Chief Executive Abdullah in an election marred by low turnout because of Taliban violence and controversial results that led to both candidates declaring victory. After much political wrangling, Ghani and Abdullah agreed on a power-sharing deal in which Ghani remains president, Abdullah leads future peace talks with the Taliban, and members of Abdullah's team are included in Ghani's cabinet. International military and economic assistance accounted for an estimated 19.37 percent of gross national income in 2017, and the country's living standards are among the lowest in the world. Legal exports include table grapes and raisins, but the economy remains heavily dependent on the illicit cultivation of opium.

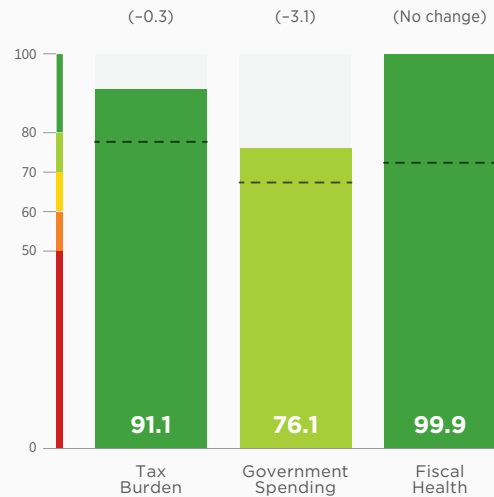
12 ECONOMIC FREEDOMS | AFGHANISTAN

RULE OF LAW



The majority of real property owners have only customary title. Surveys are rare. Overall, the weakness of property rights protection is due in part to the lack of comprehensive land titling and to slow-moving commercial courts. The judicial system operates haphazardly through a mix of legal codes overseen by inadequately trained judges and local elders. Corruption permeates society and hampers economic development. Reforms to reduce corruption remain stalled.

GOVERNMENT SIZE



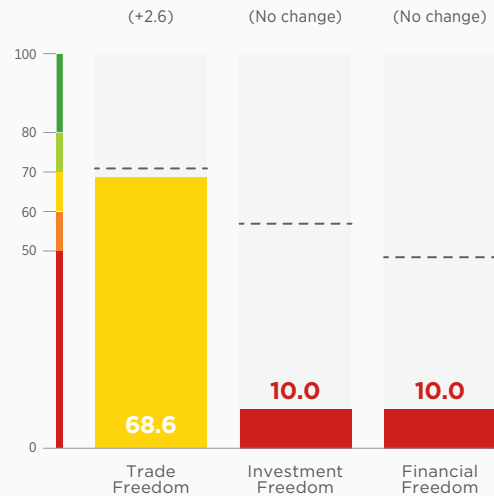
The top individual income tax rate is 20 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 9.3 percent of total domestic income. Government spending has amounted to 28.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.04 percent of GDP. Public debt is equivalent to 7.3 percent of GDP. Linger security challenges continue to be a source of fiscal vulnerability.

REGULATORY EFFICIENCY



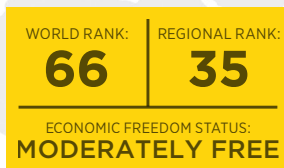
The costs involved in starting a business, dealing with construction permits, and obtaining electricity have all increased, diminishing business freedom. Labor freedom has decreased relative to the rest of the world. Job creation has been anemic. There is an acute shortage of skilled labor. The government has limited influence on monetary policy because of the severely underdeveloped financial system.

OPEN MARKETS



Afghanistan has two preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 22 nontariff measures are in effect. Foreign investment in some sectors is restricted, and security obstacles limit investment inflows. Enforcement of regulations governing the financial system is ineffective. The central bank is focused on achieving price stability, and there have been no liquidity pressures in the banking sector.

ALBANIA

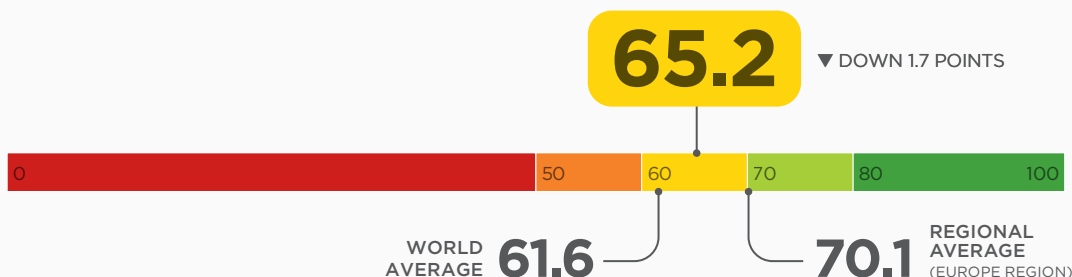


Albania's economic freedom score is 65.2, making its economy the 66th freest in the 2021 *Index*. Its overall score has decreased by 1.7 points, primarily because of declines in **property rights** and **judicial effectiveness**. Albania is ranked 35th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Albania's economic freedom reached a high-water mark in 2020 but has declined this year, stalling progress in catching up to the European average. However, the government has managed to maintain control of the budget deficit and public debt. To advance its candidacy for EU accession, Albania needs to strengthen rule-of-law institutions and improve its scores for property rights, judicial effectiveness, and government integrity.

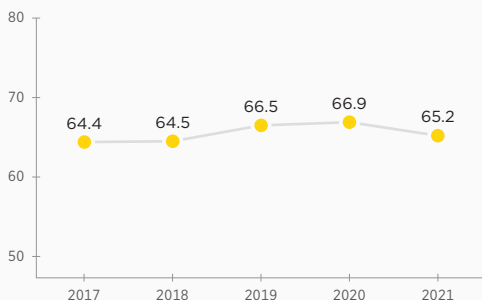
IMPACT OF COVID-19: As of December 1, 2020, 822 deaths had been attributed to the pandemic in Albania, and the economy was forecast to contract by 7.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +15.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.9 million

GDP (PPP):
\$39.8 billion
2.2% growth in 2019
5-year compound annual growth 3.1%
\$14,495 per capita

UNEMPLOYMENT:
12.3%

INFLATION (CPI):
1.4%

FDI INFLOW:
\$1.3 billion

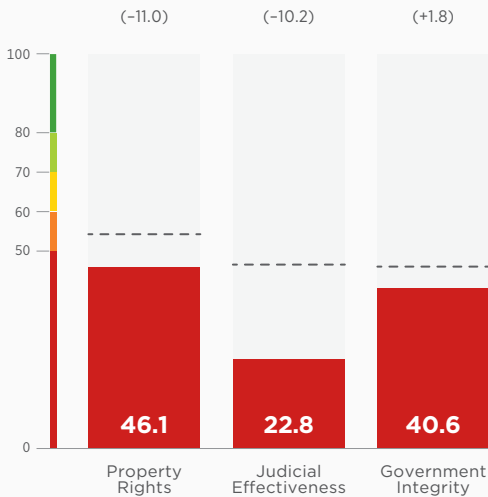
PUBLIC DEBT:
68.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Balkan nation of Albania transitioned from Communist rule to multiparty democracy in 1991. Edi Rama became prime minister in 2013, and his Socialist Party won a parliamentary majority in 2017. Accusations of corruption and fraud led many opposition lawmakers to resign from the Parliament. President Ilir Meta survived potential impeachment after attempting to cancel municipal elections, citing the lack of opposition. In April, the EU agreed to open negotiations on Albanian accession that had been delayed because of concerns about corruption and rule of law. Agriculture dominates the economy and employs about half of the workforce, but services and tourism are increasingly important. With high unemployment, sluggish growth, and weak infrastructure, Albania remains one of Europe's poorest countries.

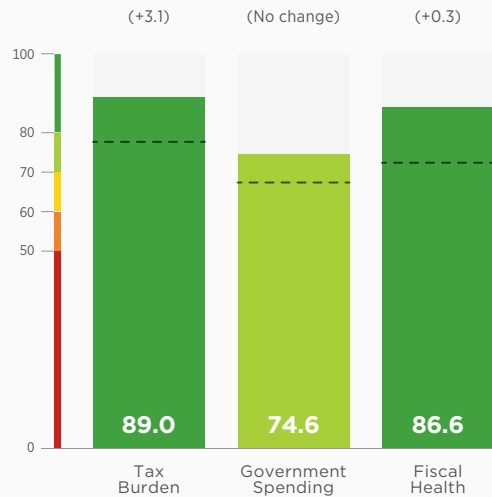
12 ECONOMIC FREEDOMS | ALBANIA

RULE OF LAW



Targeted assistance from international donors has improved property registration, but the register remains incomplete. Cumbersome procedures are subject to bribery. Protection and enforcement of property rights remain weak. The independent judiciary is subject to political pressure, intimidation, and limited resources. More than half of judicial or prosecutorial candidates are dismissed because of mob ties or unexplained wealth. Public administration is inefficient, incompetent, and corrupt.

GOVERNMENT SIZE



The top individual income tax rate is 23 percent, and the top corporate tax rate is 15 percent. The overall tax burden equals 18.6 percent of total domestic income. Government spending has amounted to 29.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 68.8 percent of GDP.

REGULATORY EFFICIENCY



A new technological system for monitoring power outages and the restoration of electrical power has improved the reliability of electricity. The implementation and enforcement of labor laws are inconsistent. Reforms to reduce subsidies for the state-owned electricity utility and other state-owned enterprises have yet to be implemented, and the increasing reliance on public-private partnerships raises the potential for state influence in certain markets.

OPEN MARKETS



Albania has four preferential trade agreements in force. The trade-weighted average tariff rate is 3.6 percent, and 196 non-tariff measures are in effect. Openness to foreign investment is generally above average, but investment laws lack transparency. The financial system remains relatively well developed and stable. The banking sector is liquid and well capitalized, but the share of nonperforming loans has been high.

ALGERIA

Algeria's economic freedom score is 49.7, making its economy the 162nd freest in the 2021 *Index*. Its overall score has increased by 2.8 points, primarily because of an improvement in **fiscal health**. Algeria is ranked 13th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

After a decade-long slide, Algeria's economic freedom score turned upward this year. It remains repressed but is very close to the threshold for a higher ranking. To put the country on the path to greater economic freedom, the government needs to strengthen the judicial system and other rule-of-law institutions. Greater openness and increased financial freedom would improve the investment climate.

IMPACT OF COVID-19: As of December 1, 2020, 2,447 deaths had been attributed to the pandemic in Algeria, and the economy was forecast to contract by 5.5 percent for the year.

WORLD RANK:

162

REGIONAL RANK:

13

ECONOMIC FREEDOM STATUS:

REPRESSED

ECONOMIC FREEDOM SCORE

49.7

▲ UP 2.8 POINTS



WORLD
AVERAGE

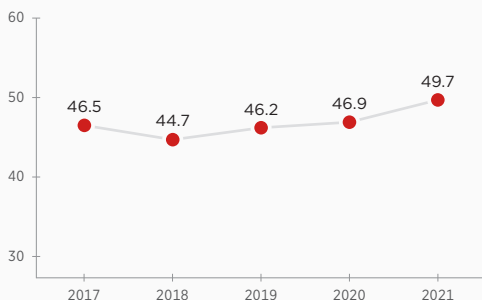
61.6

62.6

REGIONAL AVERAGE
(MIDDLE EAST/
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
43.1 million

GDP (PPP):
\$668.8 billion
0.7% growth in 2019
5-year compound
annual growth 2.1%
\$11,820 per capita

UNEMPLOYMENT:
11.7%

INFLATION (CPI):
2.0%

FDI INFLOW:
\$1.4 billion

PUBLIC DEBT:
46.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The National Liberation Front has dominated politics in Algeria ever since the country's independence from France in 1962. President Abdelaziz Bouteflika was forced out of office in April 2019 after 20 years in power, and Abdelkader Bensalah was named interim president. Abdelmadjid Tebboune was elected president on December 12, 2019. Political stability has been eroded by widespread popular disillusionment with the political system and by Algeria's weak economy. Since 2015, Algeria has pursued an import substitution policy, adopting protectionist measures to encourage domestic production. Algeria is the world's seventh-largest exporter of natural gas. Oil and gas account for almost 95 percent of export revenues and more than 30 percent of GDP.

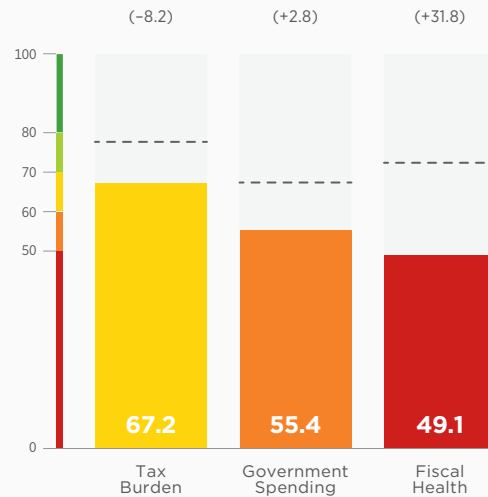
12 ECONOMIC FREEDOMS | ALGERIA

RULE OF LAW



The government controls most real property in Algeria, and unclear titles and conflicting ownership claims make the purchase of private real estate difficult. Although secured interests in property are generally recognized and enforceable, court proceedings can be lengthy, and the results can be unpredictable. The judiciary is generally weak, slow, and subject to political pressure. Cronyism and corruption plague the business and public sectors, especially in energy.

GOVERNMENT SIZE



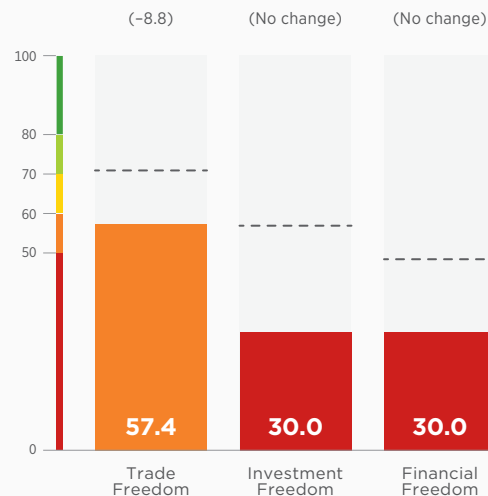
The top individual income tax rate is 35 percent, and the top corporate tax rate is 26 percent. The overall tax burden equals 37.2 percent of total domestic income. Government spending has amounted to 38.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 46.3 percent of GDP.

REGULATORY EFFICIENCY



Starting a business, dealing with construction permits, and obtaining electricity connections have all become cheaper, but interruptions of electricity occur with slightly greater frequency. The value added per worker has risen, increasing labor freedom. The government, facing a steep budget deficit caused by lower oil prices, sharply reduced fuel subsidies in 2020.

OPEN MARKETS



Algeria has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.8 percent, and layers of nontariff barriers are in place. Foreign investors are generally limited to minority status, and restrictions on foreign ownership still limit much-needed investment dynamism. Capital markets are underdeveloped, and the financial sector remains dominated by public banks. In 2020, the central bank lowered the reserve requirement ratio.

ANGOLA

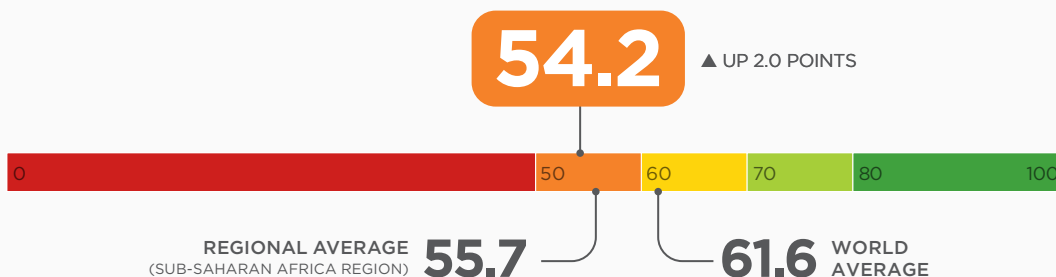
WORLD RANK: **140** REGIONAL RANK: **30**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Angola's economic freedom score is 54.2, making its economy the 140th freest in the 2021 *Index*. Its overall score has increased by 2.0 points, primarily because of an improvement in **judicial effectiveness**. Angola is ranked 30th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

This year, Angola made further progress, reinforcing its escape from the ranks of the repressed in 2019. However, economic growth has stagnated in the past five years, and the country's economic prospects remain poor. Burdensome regulations, restrictions, and weak institutions are barriers to entry both for informal workers and for international investors. To achieve greater economic freedom, the government also needs to strengthen the rule of law.

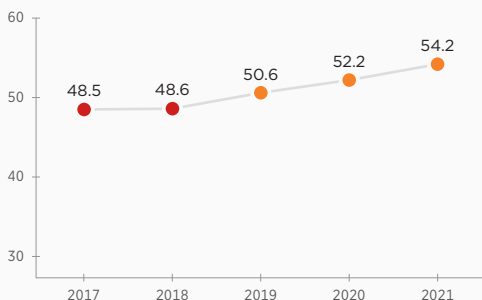
IMPACT OF COVID-19: As of December 1, 2020, 350 deaths had been attributed to the pandemic in Angola, and the economy was forecast to contract by 4.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +26.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
31.8 million

GDP (PPP):
\$200.8 billion
-1.5% growth in 2019
5-year compound
annual growth
-0.9%
\$6,930 per capita

UNEMPLOYMENT:
6.9%

INFLATION (CPI):
17.1%

FDI INFLOW:
-\$4,098.5 million

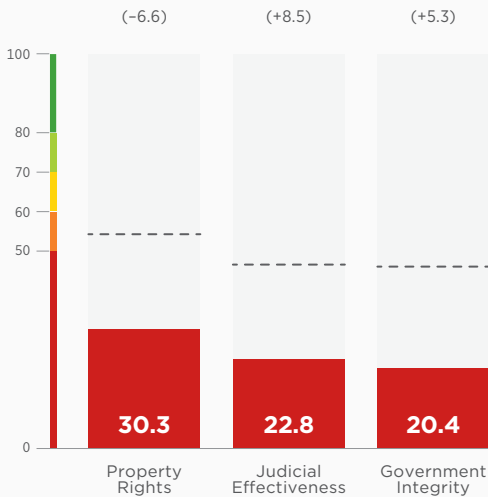
PUBLIC DEBT:
109.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: When President José Eduardo dos Santos stepped down in 2017 after 38 years in power, former Defense Minister João Manuel Gonçalves Lourenço from dos Santos's ruling Popular Movement for the Liberation of Angola was elected to succeed him. Lourenço quickly moved to terminate the dos Santos family's control of the Sonangol state oil company and Angola's sovereign wealth fund. Angola is one of Africa's largest oil producers, but because of production problems and the long global oil price slump, exports of crude oil have fallen to their lowest level in more than a decade. Despite the country's oil, diamonds, hydroelectric potential, and rich agricultural land, most Angolans remain poor and dependent on subsistence farming.

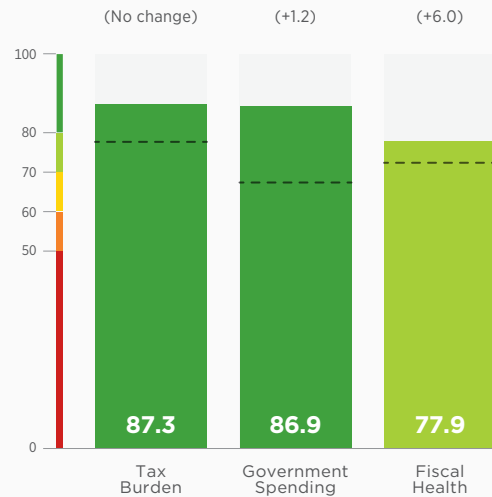
12 ECONOMIC FREEDOMS | ANGOLA

RULE OF LAW



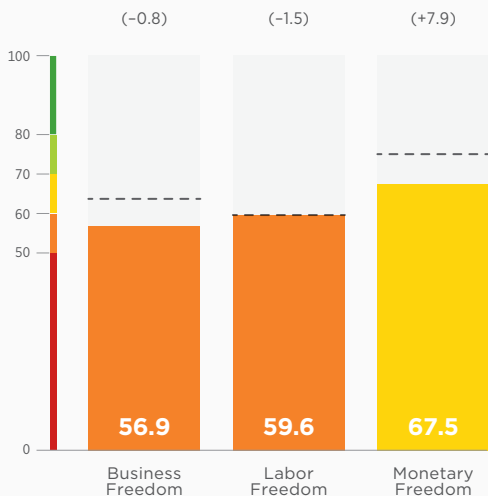
All land belongs to the state, which also reserves the right to expropriate land from any settlers, often without compensation. Protection of real property rights is weakened by difficulties involved in competing land claims, land grabbing, and the lack of reliable government records. Corruption and political pressure undermine the inefficient judiciary's independence. Corruption, patronage, and bribery are entrenched in nearly all segments of public and private life.

GOVERNMENT SIZE



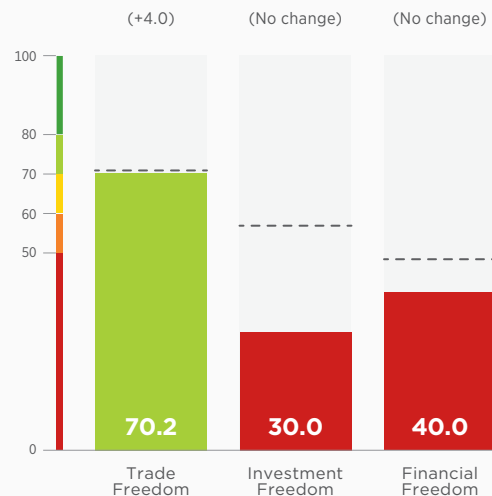
The top individual income tax rate is 17 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 9.2 percent of total domestic income. Government spending has amounted to 20.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 109.8 percent of GDP.

REGULATORY EFFICIENCY



Electricity outages have become more common and tend to last longer. The cost of starting a business has decreased. Most people work in subsistence agriculture, but Angola still imports over half of its food. The value added per worker relative to the minimum wage has declined. As a result of lower world oil prices and a consequent drop in state oil revenues, the government ended fuel subsidies in March 2020.

OPEN MARKETS



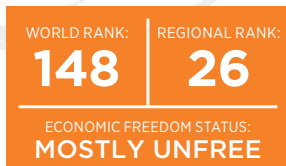
Angola has two preferential trade agreements in force. The trade-weighted average tariff rate is 7.4 percent, and nontariff measures further undermine trade flows. Government-maintained sectoral restrictions on foreign ownership continue to limit foreign investment. Access to credit remains difficult despite some progress, and the equity market is underdeveloped. In 2020, the central bank introduced an electronic platform for foreign exchange transactions.

ARGENTINA

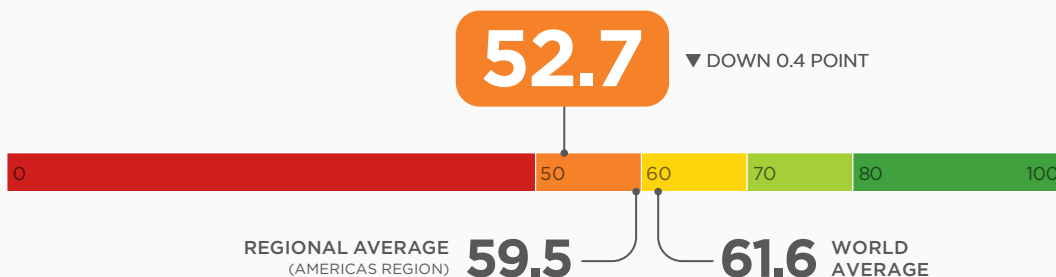
Argentina's economic freedom score is 52.7, making its economy the 148th freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **monetary freedom**. Argentina is ranked 26th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Economic freedom in Argentina has begun to sink back toward the repressed category where it was mired until 2017. The new government's agenda, intended to reverse many of the reforms made by the previous center-right administration, includes import and currency controls, expropriation of firms in key sectors, and new subsidies. Those policies will likely degrade economic freedom in several areas.

IMPACT OF COVID-19: As of December 1, 2020, 38,928 deaths had been attributed to the pandemic in Argentina, and the economy was forecast to contract by 11.8 percent for the year.

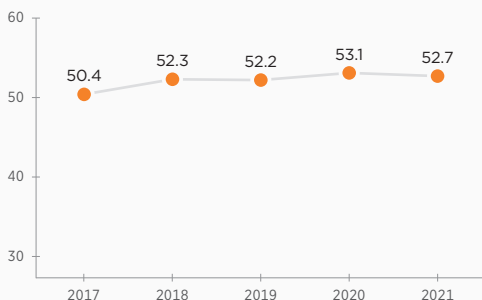


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -15.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
44.9 million

GDP (PPP):
\$911.6 billion
-2.2% growth in 2019
5-year compound
annual growth -0.3%
\$22,947 per capita

UNEMPLOYMENT:
9.8%

INFLATION (CPI):
53.5%

FDI INFLOW:
\$6.2 billion

PUBLIC DEBT:
88.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Argentina, once one of the world's wealthiest nations, is South America's second-largest country. It has vast agricultural and mineral resources and a highly educated population, but it also has a long history of political and economic instability. Peronist President Alberto Fernández and Vice President Cristina Fernández de Kirchner, Fernández's predecessor as president, began their four-year terms in December 2019 and control both chambers of Congress. In 2020, the government struck a preliminary deal with bondholders to resolve the most recent of its nine sovereign debt defaults. Popular disillusionment remains widespread because of Argentina's weak economy and public debt crisis. A key witness and a prosecutor involved in an investigation of Kirchner have died under suspicious circumstances.

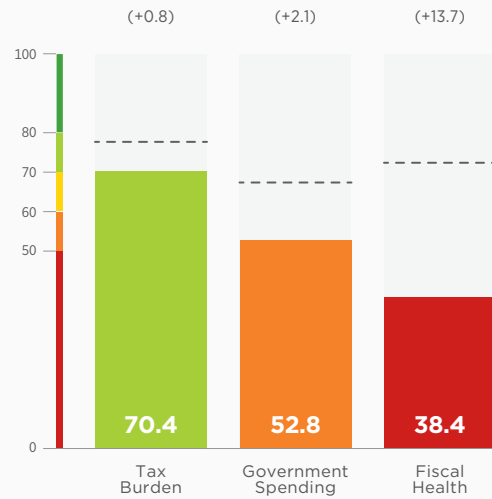
12 ECONOMIC FREEDOMS | ARGENTINA

RULE OF LAW



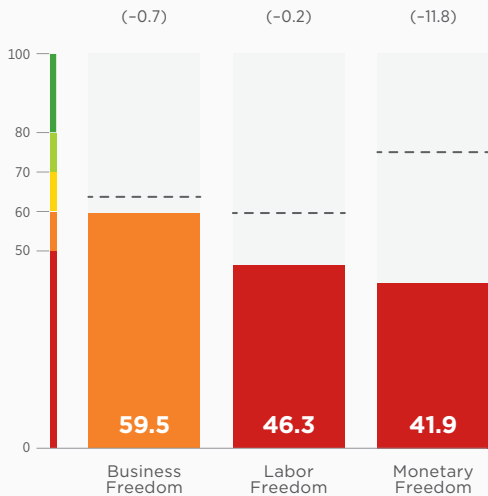
In 2020, facing crushing debt and a cash crunch, the government tried to expropriate a leading privately owned grain exporter, calling into question whether secured interests in real property will be enforced, but it dropped the plan after an intense backlash. The judicial system is plagued by inefficiencies and delays and is susceptible to political manipulation, particularly at lower levels. Corruption scandals are common, and prominent members of the political class, including former presidents, have been charged with malfeasance.

GOVERNMENT SIZE



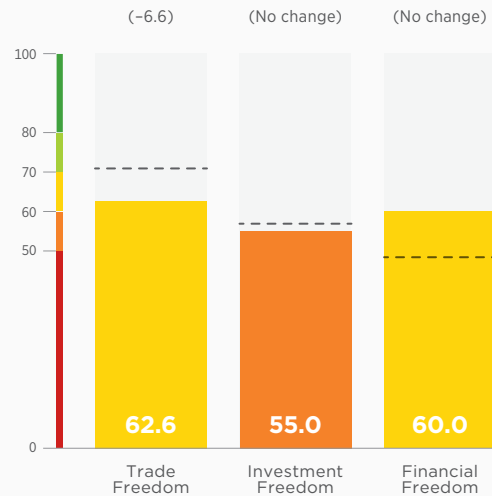
The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added, wealth, and financial transactions taxes. The overall tax burden equals 28.9 percent of total domestic income. Government spending has amounted to 39.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 88.7 percent of GDP.

REGULATORY EFFICIENCY



Starting a business has been made more complicated and more time-consuming. Dealing with construction permits has become more expensive. Power outages are more common. Argentina is notorious for the rigidity of its labor laws. With the economy mired in one of South America's worst recessions, Argentina's traditionally high inflation rate was set to exceed 40 percent in 2020 as state subsidies increased.

OPEN MARKETS



Argentina has eight preferential trade agreements in force. The trade-weighted average tariff rate is 13.7 percent, and 144 nontariff measures are in effect. The state's heavy involvement in the economy slows the investment approval process. Introduction of a bill to encourage foreign investment in the energy sector has been postponed. In the financial sector, government policies limiting financial account transactions have been in place since August 2019.

ARMENIA

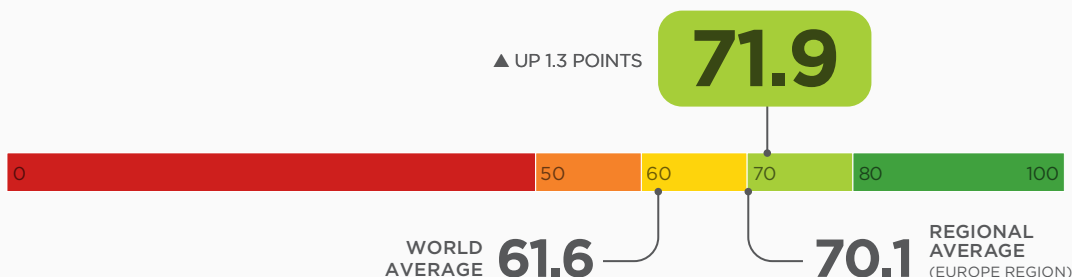


Armenia's economic freedom score is 71.9, making its economy the 32nd freest in the 2021 *Index*. Its overall score has increased by 1.3 points, primarily because of an improvement in **fiscal health**. Armenia is ranked 18th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Economic freedom in Armenia has hovered between moderately free and mostly free for many years. GDP growth during the reporting period has continued to be strong. To institutionalize higher levels of economic freedom more firmly, the government needs to maintain its focus on improving judicial effectiveness and government integrity. Stronger rule of law would also have a positive impact on investment freedom.

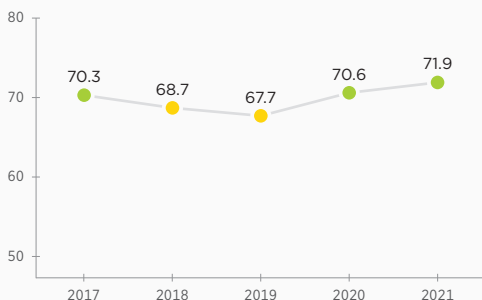
IMPACT OF COVID-19: As of December 1, 2020, 2,193 deaths had been attributed to the pandemic in Armenia, and the economy was forecast to contract by 4.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +29.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.0 million

GDP (PPP):
\$33.4 billion
7.6% growth in 2019
5-year compound
annual growth 4.8%
\$14,220 per capita

UNEMPLOYMENT:
17.0%

INFLATION (CPI):
1.4%

FDI INFLOW:
\$254.5 million

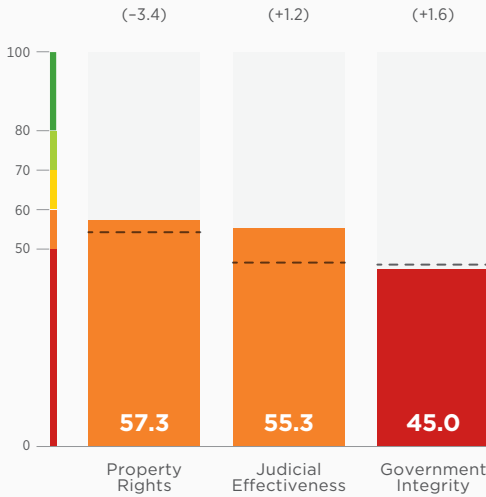
PUBLIC DEBT:
53.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Armenia was a Soviet republic until independence in 1991. In 2018, massive protests against corruption led to the election of a reform-minded government headed by Prime Minister Nikol Pashinyan with the support of a sizeable parliamentary majority. Nevertheless, corruption remains a persistent problem. Armenia's decades-long occupation of parts of Azerbaijani territory ended after more than six weeks of heavy fighting in 2020 when both sides agreed to a Russian-backed peace plan. The economy relies on manufacturing, services, remittances, and agriculture. Russia is Armenia's principal export market, and Armenia joined Russia's Eurasian Economic Union in 2015. It also signed a Comprehensive and Enhanced Partnership Agreement with the European Union in 2017. The government relies heavily on loans from Russia and international financial institutions.

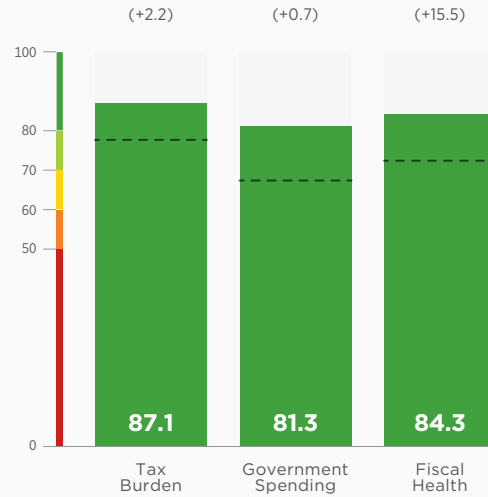
12 ECONOMIC FREEDOMS | ARMENIA

RULE OF LAW



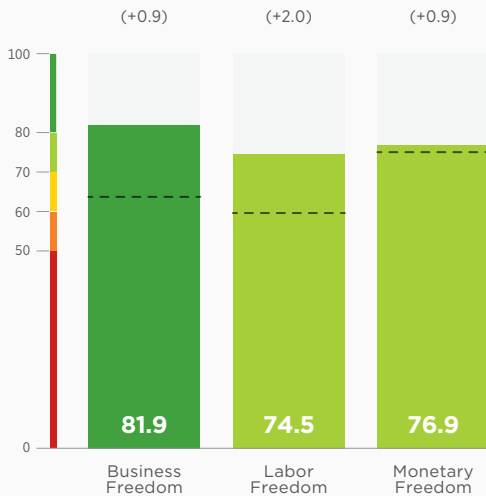
Armenian law protects secured interests in property, both personal and real, and provides a basic framework for secured lending. Title registration is supported effectively. Courts face systemic political influence, and judicial institutions are undermined by corruption. Corruption is pervasive, is not regularly prosecuted, and has been aggravated by Russia's consolidation of its influence over Armenia's economy and regional security.

GOVERNMENT SIZE



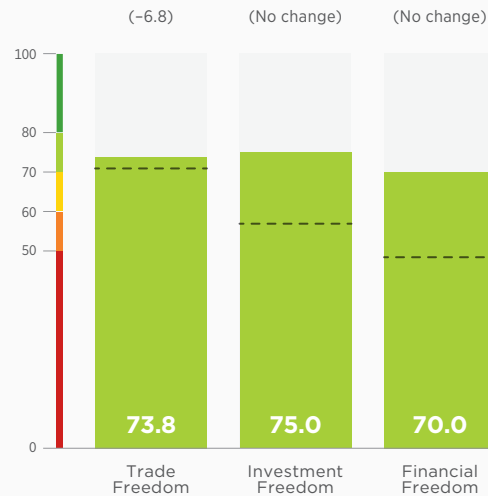
The top individual income tax rate is 23 percent, and the top corporate tax rate is 18 percent. The overall tax burden equals 20.9 percent of total domestic income. Government spending has amounted to 25.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 53.4 percent of GDP.

REGULATORY EFFICIENCY



Armenia has increased minority shareholder protections by increasing shareholders' rights and shareholders' say in corporate decisions. Transparency has been added to ownership and control structures. Value added per worker has improved. The government continues to subsidize electricity, and the IMF has found that lack of transparency in reporting public-sector spending may be masking the true extent of subsidies to other state-owned enterprises.

OPEN MARKETS



Armenia has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 5.6 percent, and 10 nontariff measures are in effect. Foreign investment in various sectors remains regulated. The overall financial sector, not fully developed and subject to state control, is dominated by fairly well-capitalized banks. In the wake of the ongoing pandemic, no capital-control measures have been implemented.

WORLD RANK:

3

REGIONAL RANK:

3

ECONOMIC FREEDOM STATUS:

FREE

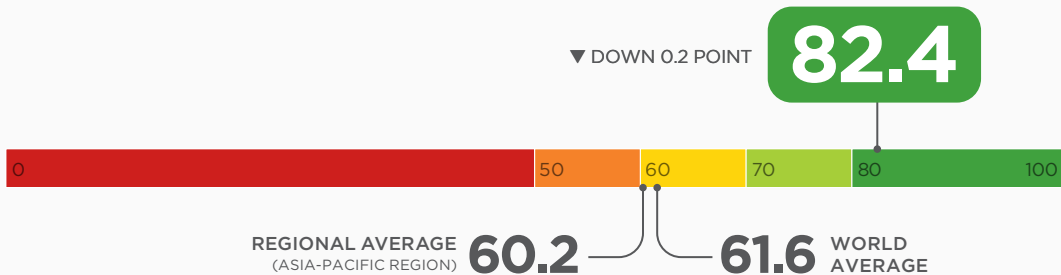
AUSTRALIA

Australia's economic freedom score is 82.4, making its economy the 3rd freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in the score for **government spending**. Australia is ranked 3rd among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Australia has been a leader in economic freedom ever since the inception of the *Index* in 1995, and its economy has been in the highest (free) category for the past 15 years. The country's scores on the three rule-of-law indicators (property rights, judicial effectiveness, and government integrity) are among the highest in the world.

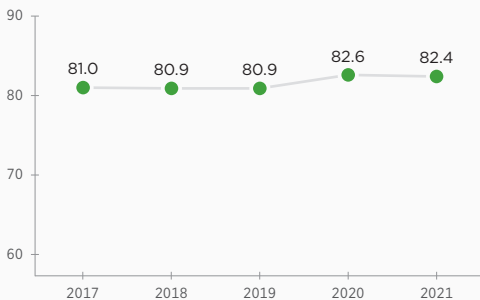
IMPACT OF COVID-19: As of December 1, 2020, 908 deaths had been attributed to the pandemic in Australia, and the economy was forecast to contract by 4.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.4 million

GDP (PPP):
\$1.4 trillion
1.8% growth in 2019
5-year compound
annual growth 2.4%
\$53,320 per capita

UNEMPLOYMENT:
5.3%

INFLATION (CPI):
1.6%

FDI INFLOW:
\$36.2 billion

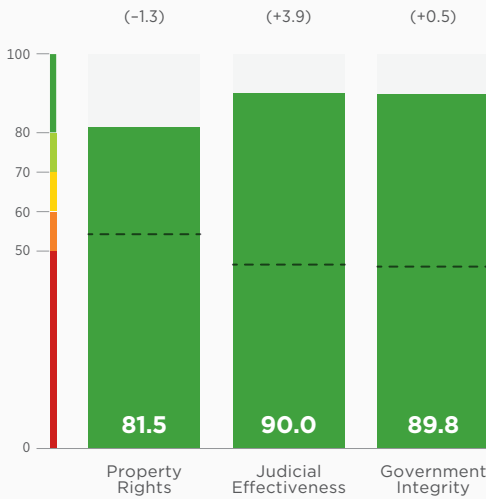
PUBLIC DEBT:
45.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Australia is one of the wealthiest Asia-Pacific nations and has enjoyed more than two decades of economic expansion. After Prime Minister Malcolm Turnbull resigned his seat in 2018, Scott Morrison formed a Liberal Party minority government and went on to win an upset victory in May 2019 parliamentary elections. Australia is internationally competitive in financial and insurance services, technologies, and high-value-added manufactured goods. Mining and agriculture are important export sectors. Australia's 15 free-trade agreements include FTAs with the U.S., China, Japan, South Korea, and the Association of Southeast Asian Nations. Negotiations on similar agreements are ongoing with the European Union and expected to begin with the United Kingdom now that it has left the EU.

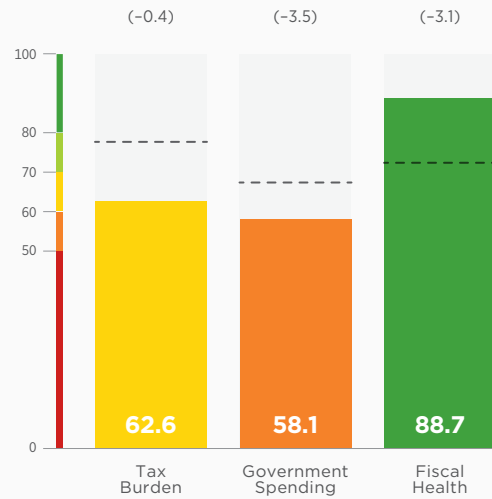
12 ECONOMIC FREEDOMS | AUSTRALIA

RULE OF LAW



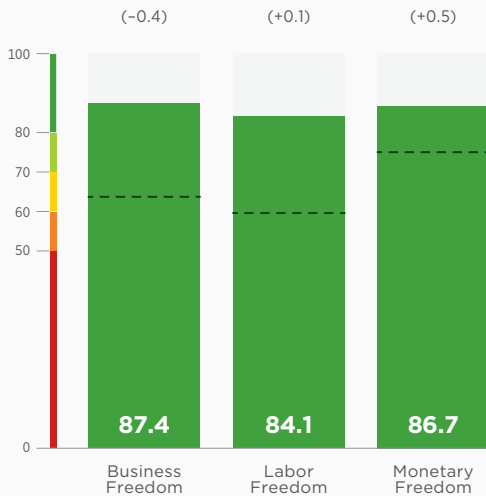
Strong legal frameworks protect property rights, and a robust rule of law mitigates corruption. Expropriation is highly unusual, and enforcement of contracts is reliable. Australia's stable political environment supports transparent and well-established political processes, a strong legal system, competent governance, and an independent bureaucracy. The judicial system operates independently and impartially. The government enforces laws against bribery and corruption effectively.

GOVERNMENT SIZE



The top individual income tax rate is 45 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 28.5 percent of total domestic income. Government spending has amounted to 37.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 45.0 percent of GDP.

REGULATORY EFFICIENCY



Access to credit has been improved, but property registration has become more time-consuming and expensive. Immigration, traditionally an important source of skilled labor, has largely been shut down because of COVID-19. A rise in inflation in 2020 was driven in part by higher food prices, reflecting the tail end of supply shortages caused by the drought and destruction of crops as a result of bushfires in late 2019 and early 2020.

OPEN MARKETS



Australia has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 2.6 percent, and 332 nontariff measures are in effect. Government policies do not significantly interfere with foreign investment. The competitive financial sector is well developed, and all banks are privately owned. The exchange rate has been allowed to adjust flexibly to absorb economic shocks caused by the pandemic.

AUSTRIA



WORLD RANK:

25

REGIONAL RANK:

13

ECONOMIC FREEDOM STATUS:

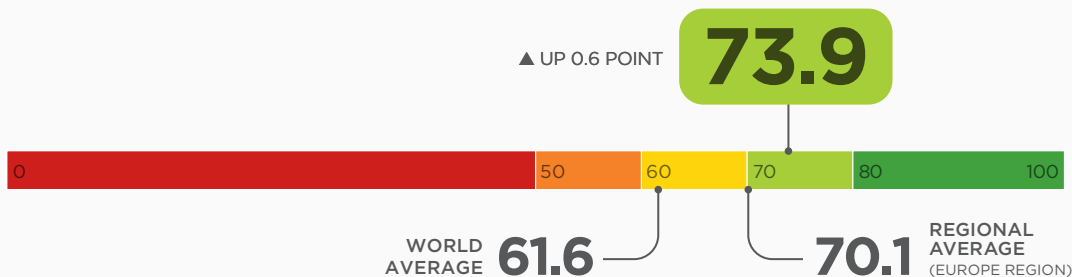
MOSTLY FREE

Austria's economic freedom score is 73.9, making its economy the 25th freest in the 2021 *Index*. Its overall score has increased by 0.6 point, primarily because of an improvement in **judicial effectiveness**. Austria is ranked 13th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Austria's economic freedom scores have remained at the low end of the mostly free category for 15 years, primarily because of a consistently high tax burden and high government spending. In fact, the *Index* indicator score on the latter is one of the world's worst (29.1 out of 100). For Austria to rise higher in the rankings, the government would need to prioritize a reduction in government spending.

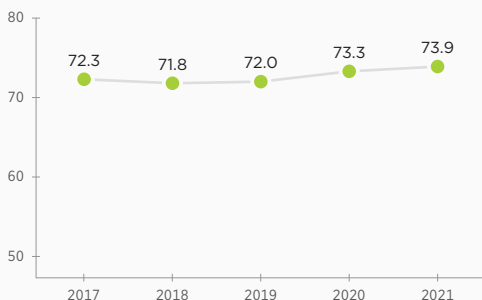
IMPACT OF COVID-19: As of December 1, 2020, 3,325 deaths had been attributed to the pandemic in Austria, and the economy was forecast to contract by 6.7 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.9 million

GDP (PPP):
\$476.8 billion
1.6% growth in 2019
5-year compound
annual growth 1.9%
\$59,111 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
1.5%

FDI INFLOW:
\$4.6 billion

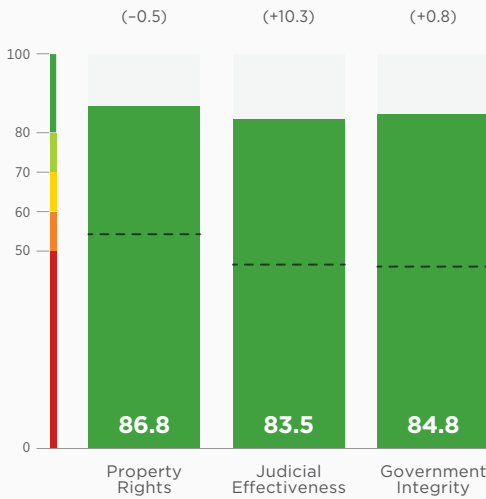
PUBLIC DEBT:
70.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Austria regained full sovereignty from the World War II victors in 1955. Alexander Van der Bellen, a Green Party member running as an independent, was elected to the largely ceremonial presidency in 2016. Chancellor Sebastian Kurz's conservative People's Party (OVP) gained seats in September 2019 snap elections but fell short of a majority. The OVP formed a coalition government with the Austrian Green Party in January 2020. Austria has large services and industrial sectors and a small, highly developed agricultural sector. The government is pursuing significant upgrades to its telecommunications infrastructure with the goal of achieving nationwide 5G coverage by 2025. Challenges include assimilation of migrants and strains on labor markets and public finances caused by the aging of the population.

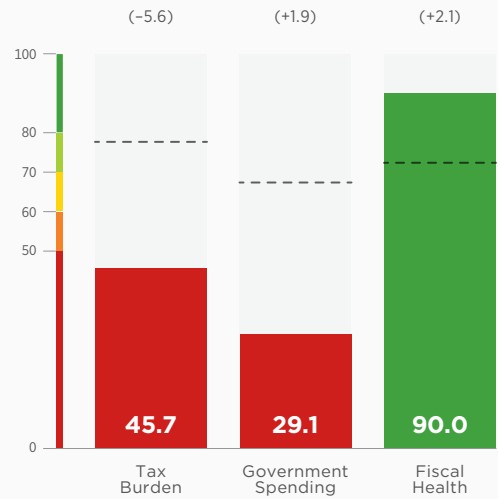
12 ECONOMIC FREEDOMS | AUSTRIA

RULE OF LAW



The legal system provides an effective means for protecting the property and contractual rights of both nationals and foreigners. The land registry is reliable and accessible to the public. The investment climate benefits from stability and the strong rule of law. The judiciary is independent and operates without political influence or interference. Austria was ranked the 12th least corrupt nation out of 180 countries in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



The top individual income tax rate is 55 percent, and the top corporate tax rate is 25 percent. High social security contributions are shared by employers and employees. The overall tax burden equals 42.2 percent of total domestic income. Government spending has amounted to 48.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.02 percent of GDP. Public debt is equivalent to 70.8 percent of GDP.

REGULATORY EFFICIENCY



Both the price of electricity and the cost of resolving insolvency have increased. Terms of employment are tightly regulated. Non-wage labor costs are high. Austria has a small but highly developed agricultural sector and a large services sector. To maintain high prices for farmers, the government subsidizes surplus agricultural exports. Subsidies for the purchase of electric vehicles remain in place.

OPEN MARKETS



As a member of the EU, Austria has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, and 639 EU-mandated nontariff measures are in force. In general, government policies do not interfere significantly with foreign investment. The relatively well-capitalized banking sector is dominated by five large banking groups and offers a wide range of financial services.

WORLD RANK:

38

REGIONAL RANK:

23

ECONOMIC FREEDOM STATUS:

MOSTLY FREE

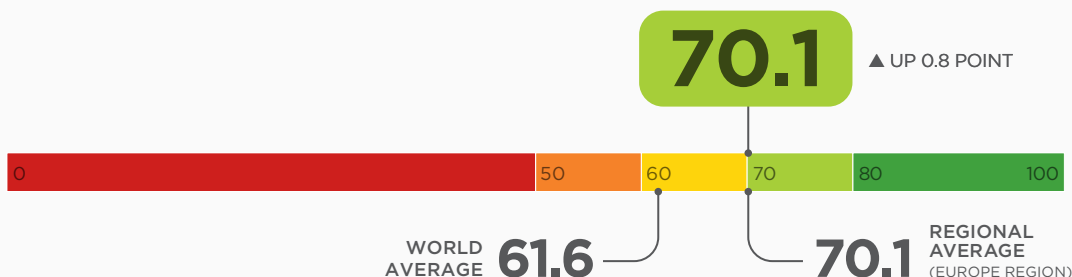
AZERBAIJAN

Azerbaijan's economic freedom score is 70.1, making its economy the 38th freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in **government integrity**. Azerbaijan is ranked 23rd among 45 countries in the Europe region, and its overall score is equal to the regional average but above the world average.

The economy of Azerbaijan continues to benefit from greater economic freedom. The country's overall score in 2021 crossed the threshold into the mostly free category. To maintain that status, the government will need to build on progress it made this year on the three *Index* rule-of-law indicators: property rights, judicial effectiveness, and government integrity.

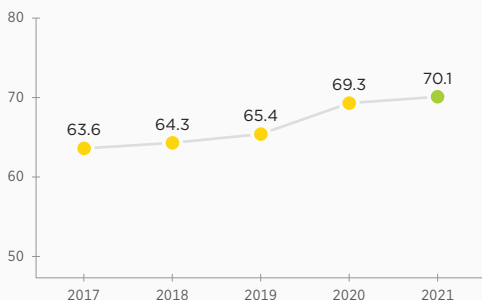
IMPACT OF COVID-19: As of December 1, 2020, 1,433 deaths had been attributed to the pandemic in Azerbaijan, and the economy was forecast to contract by 4.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +40.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.0 million

GDP (PPP):
\$187.3 billion
2.3% growth in 2019
5-year compound
annual growth 0.4%
\$15,001 per capita

UNEMPLOYMENT:
5.5%

INFLATION (CPI):
2.6%

FDI INFLOW:
\$1.5 billion

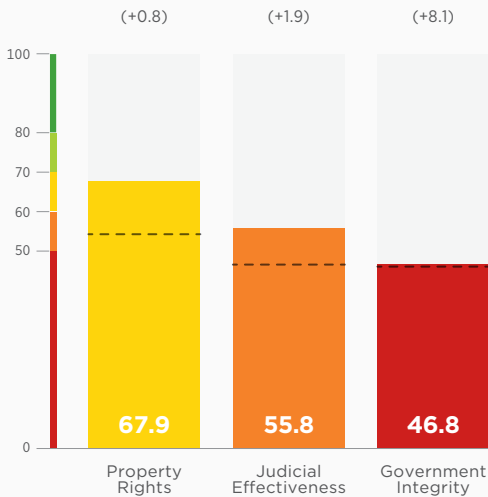
PUBLIC DEBT:
18.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: President Ilham Aliyev was elected to a fourth term in 2018 amid allegations of electoral fraud. His father, Heydar, ruled Azerbaijan as a Soviet republic and later as an independent country until his death in 2003, when his son succeeded him. Armenia's decades-long occupation of parts of Azerbaijani territory ended after more than six weeks of heavy fighting in 2020 when both sides agreed to a Russian-backed peace plan. Efforts to boost Azerbaijan's energy production are underway. Construction of the Southern Gas Corridor, which will increase gas exports, is nearing completion. Some non-energy segments of the economy, such as agriculture, logistics, and information technology, require more development.

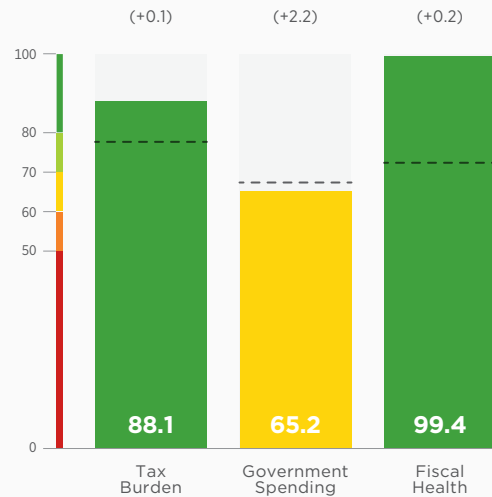
12 ECONOMIC FREEDOMS | AZERBAIJAN

RULE OF LAW



Reforms related to registering property, obtaining credit, protecting minority investors, and enforcing contracts were implemented in 2019, but state-backed real estate projects entailing forced evictions, unlawful expropriations, and demolitions without notice impede property rights. The judiciary is corrupt and subservient to the executive, and courts lack political independence. Despite progress in such sectors as public services delivery, traffic police, and public education, corruption remains pervasive.

GOVERNMENT SIZE



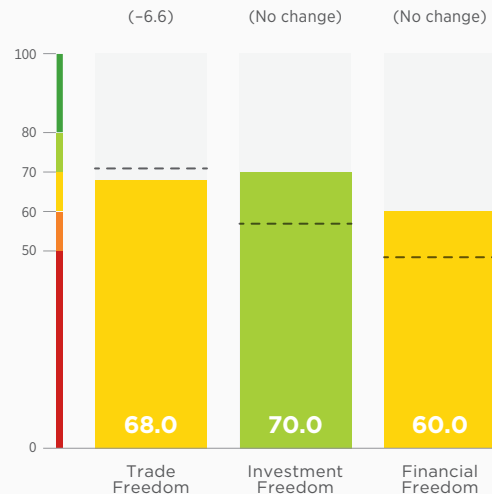
The top individual income tax rate is 25 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 13.0 percent of total domestic income. Government spending has amounted to 34.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 4.2 percent of GDP. Public debt is equivalent to 18.0 percent of GDP.

REGULATORY EFFICIENCY



The business and labor environments have deteriorated slightly with a new labor tax contribution and less efficient insolvency procedures. The value added per worker has decreased. Ongoing subsidies for such goods as alcohol, drugs, energy, food and other agricultural products, and electricity create price distortions in the economy.

OPEN MARKETS



Azerbaijan has five preferential trade agreements in force. The trade-weighted average tariff rate is 8.5 percent, and nontariff barriers impede some transactions. Azerbaijan is not yet a member of the World Trade Organization. The country has gradually been moving toward greater diversification of its economy. The financial sector is stable but dominated by state-owned banks. No restrictive measures have been introduced in the capital market.

THE BAHAMAS

The Bahamas' economic freedom score is 64.6, making its economy the 70th freest in the 2021 *Index*. Its overall score has increased by 0.1 point, primarily because of an improvement in **fiscal health**. The Bahamas is ranked 13th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

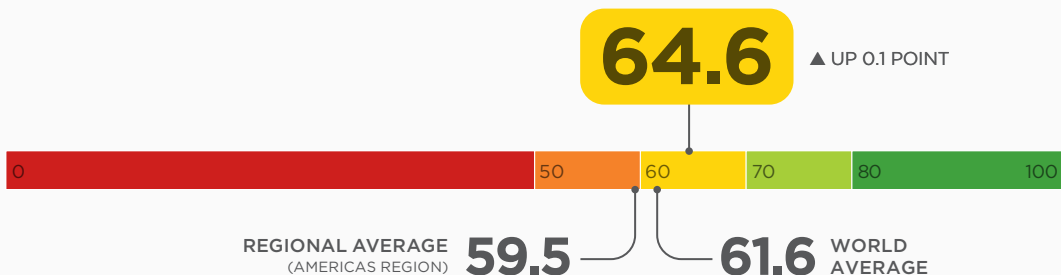
In terms of economic freedom, the Bahamas remains entrenched in the ranks of the moderately free where it has been since last making it into the mostly free category in 2016. The lower Bahamian scores in the ensuing years are due to problems in trade freedom, property rights, and government integrity. Enhanced openness and stronger rule of law are needed to improve overall economic freedom.

IMPACT OF COVID-19: As of December 1, 2020, 163 deaths had been attributed to the pandemic in the Bahamas, and the economy was forecast to contract by 14.8 percent for the year.

WORLD RANK: **70** | REGIONAL RANK: **13**

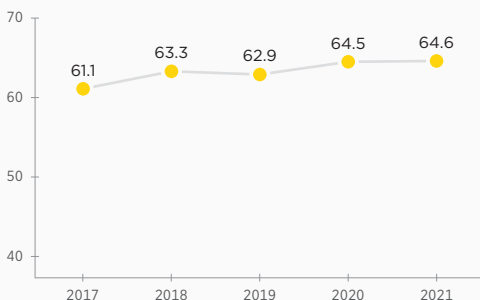
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -7.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$12.8 billion
1.8% growth in 2019
5-year compound annual growth 0.9%
\$37,266 per capita

UNEMPLOYMENT:
10.4%

INFLATION (CPI):
1.3%

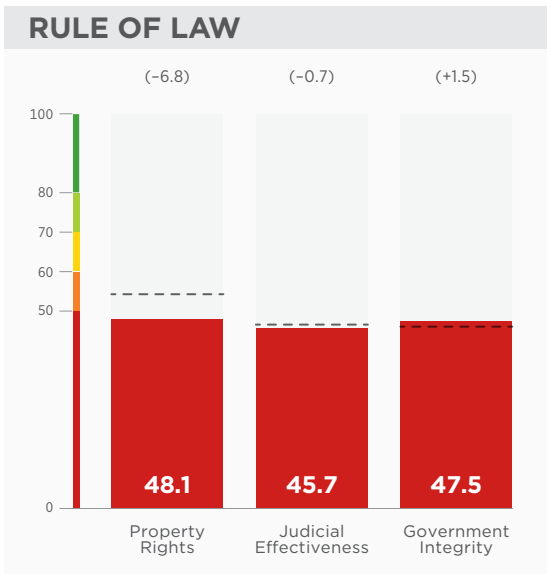
FDI INFLOW:
\$636.7 million

PUBLIC DEBT:
63.3% of GDP (2018)

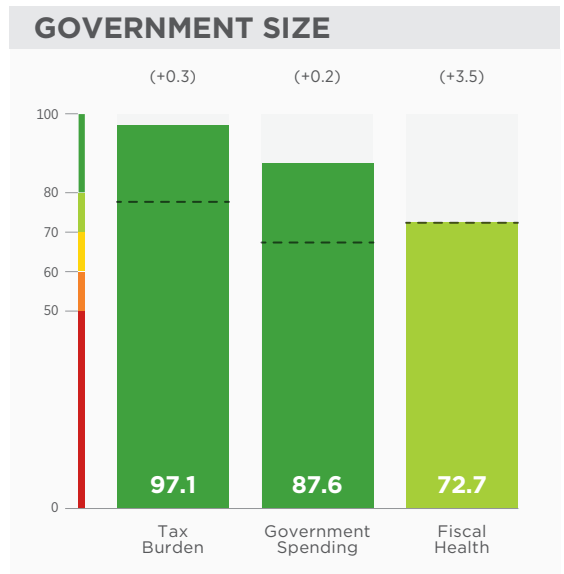
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Hubert Minnis of the Free National Movement was elected to serve as prime minister in 2017 and faces high levels of public debt, low levels of economic growth, and rising levels of unemployment. The Bahamas is still recovering from a September 2019 Category 5 hurricane, which caused an estimated \$3.4 billion in damage. The resulting decline in tourism revenue, which normally accounts for more than 60 percent of GDP, has delayed rebuilding efforts. Financial services are also important. How to replace the tariff revenues that could be lost if the Bahamas joined the World Trade Organization is the subject of an ongoing debate. Proximity to the U.S. makes the Bahamas a transshipment point for illegal drugs and human trafficking.

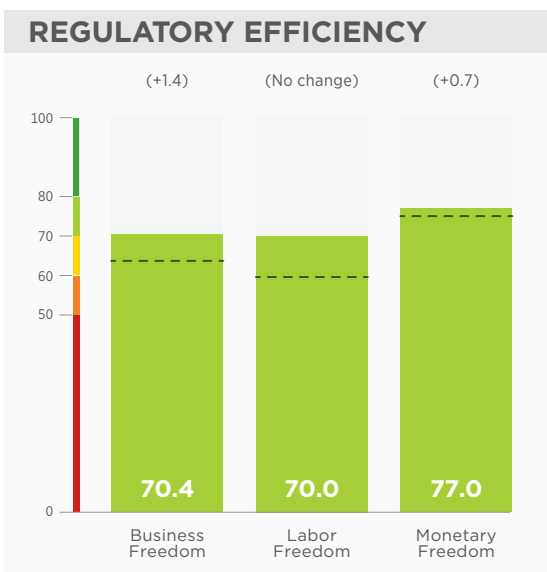
12 ECONOMIC FREEDOMS | THE BAHAMAS



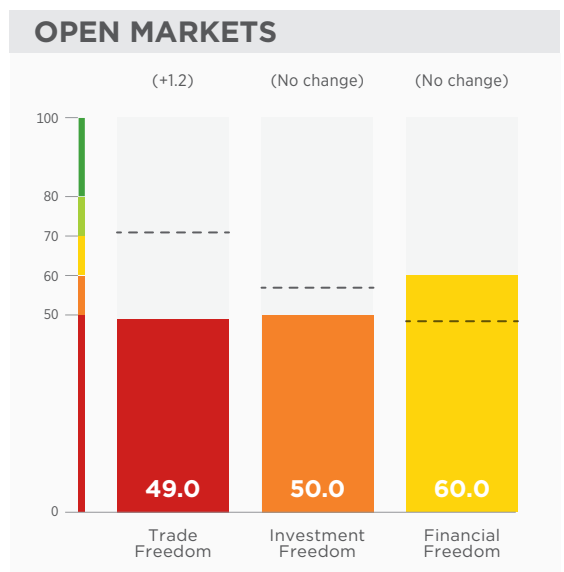
The Bahamas' ranking for ease of property registration in the World Bank's 2020 *Doing Business* report was among the worst in the world given the steps, time, and cost involved in the process. The judiciary is independent and based on British common law. Allegations of government interference in the judicial process are rare. Laws to combat corruption by public officials have been applied inconsistently.



The government imposes national insurance, property, and stamp taxes but no income, corporate income, capital gains, or wealth taxes. The overall tax burden equals 17.0 percent of total domestic income. Government spending has amounted to 20.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 63.3 percent of GDP.



Minority owners are benefitting from new rules requiring the disclosure of conflicts of interest. The business registration fee has been abolished. Labor relations, however, have become more strained. The government announced new subsidies in 2020, amounting to 0.6 percent of GDP, on top of existing subsidies.



The Bahamas has two preferential trade agreements in force. The trade-weighted average tariff rate is 18.0 percent, and nontariff measures further impede trade flows. New foreign investment is subject to a lengthy review process. The financial sector, the second most important contributor to the economy, is fairly competitive. In 2020, the central banks eased the ceiling on foreign exchange transactions for commercial banks.

BAHRAIN

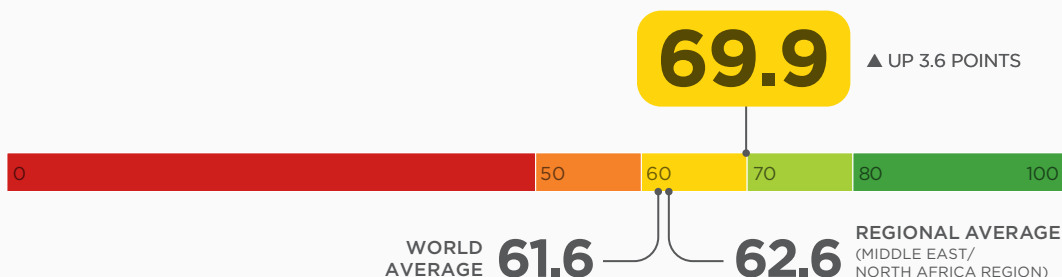
Bahrain's economic freedom score is 69.9, making its economy the 40th freest in the 2021 *Index*. Its overall score has increased by 3.6 points, primarily because of an improvement in **judicial effectiveness**. Bahrain is ranked 4th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

After five years in the moderately free category, Bahrain's economic freedom score has rebounded, and the country is now poised to make it back over the threshold into the ranks of the mostly free. The principal obstacle facing the country is its massive debt. The fiscal health indicator score for Bahrain is one of the lowest in the world.

IMPACT OF COVID-19: As of December 1, 2020, 341 deaths had been attributed to the pandemic in Bahrain, and the economy was forecast to contract by 4.9 percent for the year.

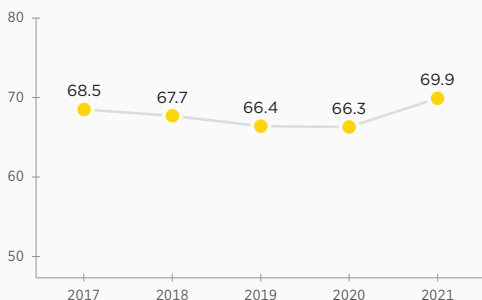


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.6 million

GDP (PPP):
\$76.9 billion
1.8% growth in 2019
5-year compound annual growth 2.8%
\$46,892 per capita

UNEMPLOYMENT:
0.7%

INFLATION (CPI):
1.0%

FDI INFLOW:
\$941.8 million

PUBLIC DEBT:
103.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Ruled since the 18th century by the Al-Khalifa family, initially as a British protectorate, Bahrain gained independence in 1971 and became a constitutional monarchy in 2002. Domestic unrest in 2011, spearheaded by Shia political activists demanding a new constitution and greater political power, led to a crackdown supported by Gulf Cooperation Council security forces. Adoption of key reforms by the crown prince eventually eased tensions, but some opposition parties were banned in 2018. Oil revenues support 85 percent of the government budget. Bahrain is a banking and financial services hub and the regional home for many multinational firms. A peace agreement with Israel signed in September 2020 should clear the way for normalization of trade, investment, technological cooperation, and tourism between the two countries.

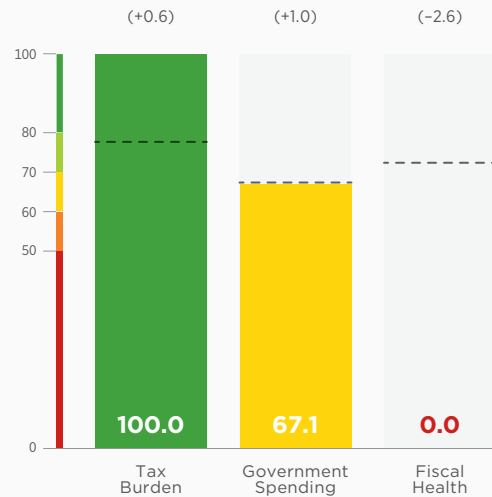
12 ECONOMIC FREEDOMS | BAHRAIN

RULE OF LAW



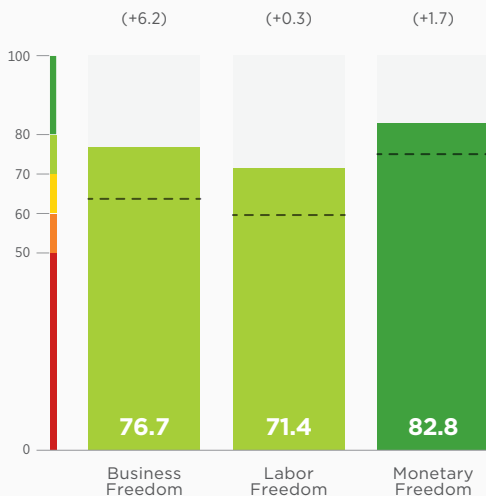
Property rights are generally respected, and expropriation is rare. Most land has a clear title. The Al-Khalifa royal family appoints all judges, and the judicial system is seen as corrupt, with outcomes often depending on one's connections. Enforcement of anticorruption laws is weak. High-ranking officials or members of the royal family who are suspected of corruption are rarely punished.

GOVERNMENT SIZE



Bahrain imposes no taxes on personal income. Most companies are not subject to a corporate tax, but a 46 percent tax is levied on oil companies. The overall tax burden equals 1.1 percent of total domestic income. Government spending has amounted to 33.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 12.3 percent of GDP. Public debt is equivalent to 103.9 percent of GDP.

REGULATORY EFFICIENCY



The processes for dealing with construction permits, obtaining electricity and credit, registering property, enforcing contracts, and resolving insolvency have been improved. Minority owners of businesses have gained protections as well. Labor courts are inefficient and largely ineffective. The government continues to fund its cumbersome and expensive but politically popular subsidy system.

OPEN MARKETS



Bahrain has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and nine nontariff measures are in effect. The overall investment framework is generally positive and remains transparent. Foreign and domestic investors have access to a wide range of financial services. The banking sector remains well capitalized. Over 80 percent of adult Bahrainis have access to an account with a formal banking institution.

BANGLADESH

WORLD RANK: **120** | REGIONAL RANK: **25**

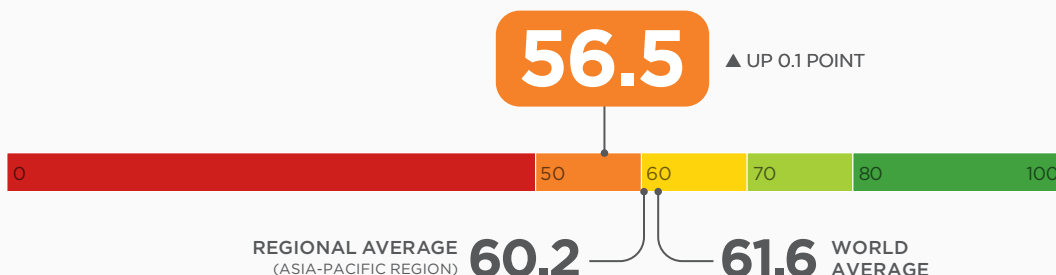
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Bangladesh's economic freedom score is 56.5, making its economy the 120th freest in the 2021 *Index*. Its overall score has increased by 0.1 point, primarily because of an improvement in the **tax burden** score. Bangladesh is ranked 25th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Bangladesh has made slow but steady progress toward greater economic freedom over the past decade. While the economy remains in the mostly unfree category, the control of government spending and debt has been a positive achievement. Additional improvements in judicial effectiveness and government integrity would strengthen the rule of law, and opening the banking sector to foreign competition would further benefit the country.

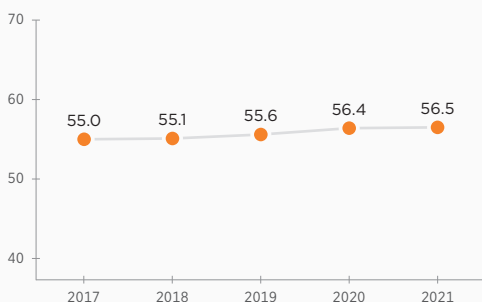
IMPACT OF COVID-19: As of December 1, 2020, 6,675 deaths had been attributed to the pandemic in Bangladesh, and economic growth was forecast to decline to 3.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +15.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
163.0 million

GDP (PPP):
\$838.6 billion
7.9% growth in 2019
5-year compound
annual growth 7.5%
\$4,951 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
5.7%

FDI INFLOW:
\$1.6 billion

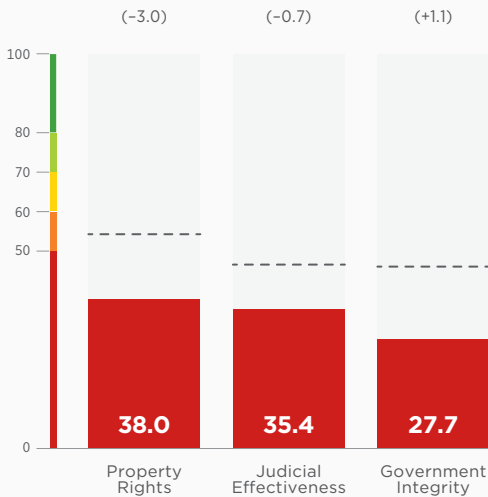
PUBLIC DEBT:
35.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Bangladesh is a large Muslim-majority democracy that shares borders with India and Burma. The British partition of India in 1947 resulted in the creation of West Pakistan and, in the Muslim-majority areas of Bengal east of India, East Pakistan. Following a brutal conflict for independence from West Pakistan, East Pakistan, aided by India, declared itself the independent state of Bangladesh in 1971. Two political parties have alternated in power for decades. Prime Minister Sheikh Hasina of the Awami League secured her third consecutive term with a landslide victory in December 2018 elections. The opposition Bangladesh Nationalist Party won only seven seats. Despite political instability and poor economic freedom indicators, economic growth has been robust, led by garment exports.

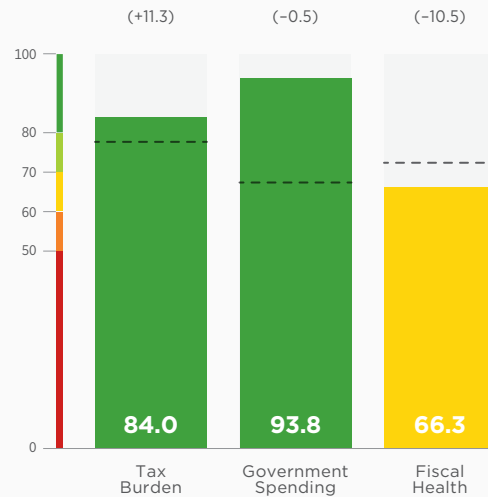
12 ECONOMIC FREEDOMS | BANGLADESH

RULE OF LAW



Property rights are enforced unevenly. Poor record-keeping systems can complicate land and property transactions. The weak judiciary is slow and lacks independence. Procedures for the enforcement of contracts and settlement of disputes are inefficient. Endemic corruption and criminality, weak rule of law, limited bureaucratic transparency, and political polarization undermine government accountability and remain serious impediments to progress.

GOVERNMENT SIZE



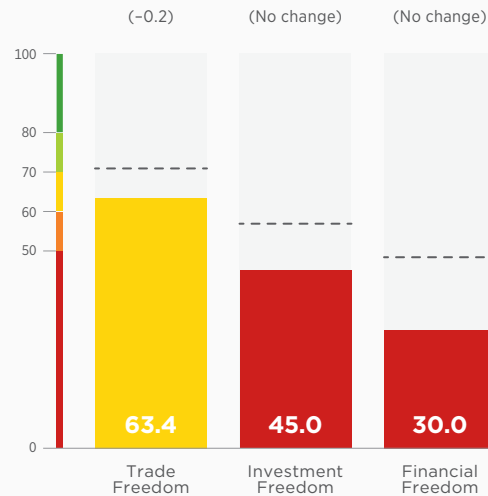
The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 8.8 percent of total domestic income. Government spending has amounted to 14.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 35.7 percent of GDP.

REGULATORY EFFICIENCY



Several fees paid when starting a business have been reduced or eliminated, and getting electricity is now less time-consuming and less expensive. Access to credit information has also improved. Labor laws are enforced inconsistently. Informally employed workers vastly outnumber the formally employed. The government maintains significant subsidies for energy and agricultural products.

OPEN MARKETS



Bangladesh has five preferential trade agreements in force. The trade-weighted average tariff rate is 10.8 percent, and layers of nontariff barriers continue to impede dynamic flows of trade. The government has taken steps to reduce bureaucratic barriers to investment, but progress has been slow overall. The financial sector is dominated by banks and is characterized by state ownership and considerable state interference.

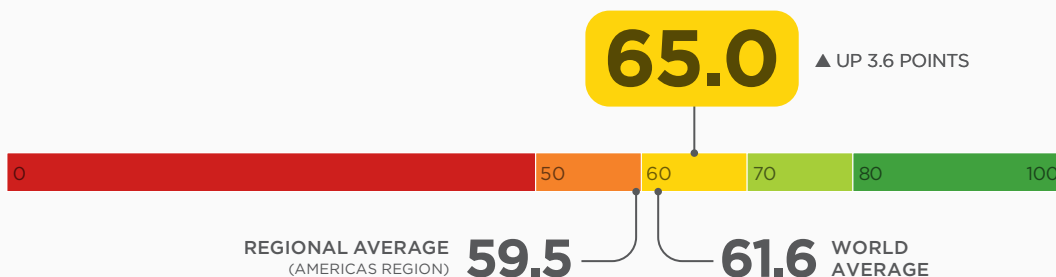
BARBADOS

Barbados's economic freedom score is 65.0, making its economy the 67th freest in the 2021 *Index*. Its overall score has increased by 3.6 points, primarily because of an improvement in **fiscal health**. Barbados is ranked 12th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

In 2021, the economic freedom score for Barbados climbed higher in the moderately free category. The main reason for the improvement was better management of debt by the government. Scores for the judicial effectiveness and tax burden indicators also improved. Reduction of the country's extremely large public debt is a significant step toward the restoration of investor confidence.

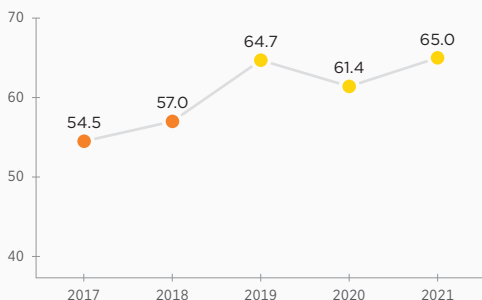
IMPACT OF COVID-19: As of December 1, 2020, seven deaths had been attributed to the pandemic in Barbados, and the economy was forecast to contract by 11.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +2.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.3 million

GDP (PPP):
\$5.4 billion
-0.1% growth
in 2019
5-year compound
annual growth 0.9%
\$16,287 per capita

UNEMPLOYMENT:
10.3%

INFLATION (CPI):
4.1%

FDI INFLOW:
\$215.4 million

PUBLIC DEBT:
119.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Independent from the United Kingdom since 1966, Barbados is a stable parliamentary constitutional monarchy. Prime Minister Mia Mottley, the country's first female leader, was elected to a five-year term in 2018, and her center-left Barbados Labor Party controls all 30 parliamentary seats. Against the backdrop of high public debt and unemployment, Mottley faces the challenge of enacting structural fiscal reforms. Barbados is a middle-income country with a diversified economy that, built on tourism and offshore banking, generates one of the Caribbean's highest per capita incomes. Tourism has rebounded, but serious challenges to medium-term economic growth remain. In 2020, Mottley announced that Barbados will leave the British Commonwealth of Nations and become an independent republic by its 55th anniversary in 2021.

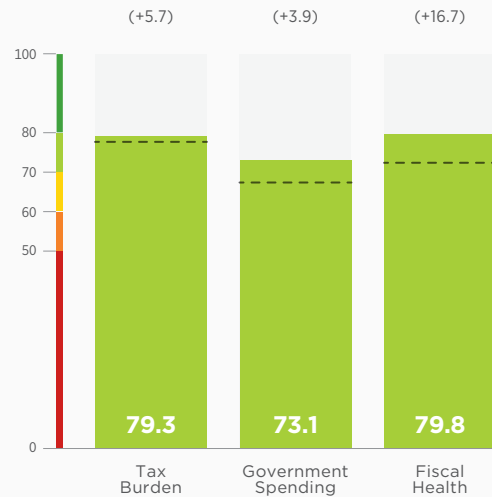
12 ECONOMIC FREEDOMS | BARBADOS

RULE OF LAW



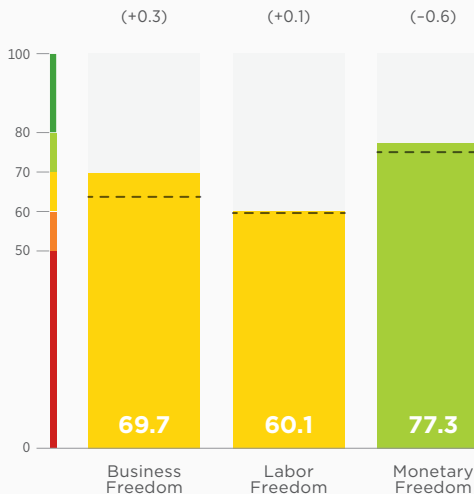
Property registration in Barbados is time-consuming and expensive. Civil law protects physical property and mortgage claims. The court system is based on British common law and is generally unbiased and efficient. Protection of property rights is strong, and the rule of law is respected, but the government has failed to implement key anticorruption measures and has been unable to combat money laundering and terrorist financing.

GOVERNMENT SIZE



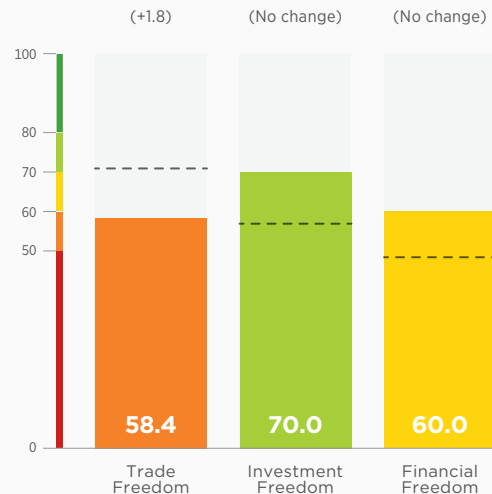
The top individual income tax rate has been cut to 28.5 percent as of January 1, 2020, and the top corporate tax rate is 5.5 percent. The overall tax burden equals 35.0 percent of total domestic income. Government spending has amounted to 29.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.4 percent of GDP. Public debt is equivalent to 119.5 percent of GDP.

REGULATORY EFFICIENCY



A new law makes enforcement of contracts more reliable. Getting electricity has also become faster. Registration of property, however, has become more time-consuming. An oversized framework of labor laws interferes with labor freedom. The government has introduced a significant agricultural subsidy program to enhance the island's food security.

OPEN MARKETS



Barbados has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.3 percent, and 128 nontariff measures are in effect. There are no limits on foreign investment and ownership, but some sectors, such as telecommunications, utilities, and banking, require a government license. The banking sector provides a wide range of services for investors, but capital markets are not fully developed.

BELARUS

WORLD RANK:

95

REGIONAL RANK:

43

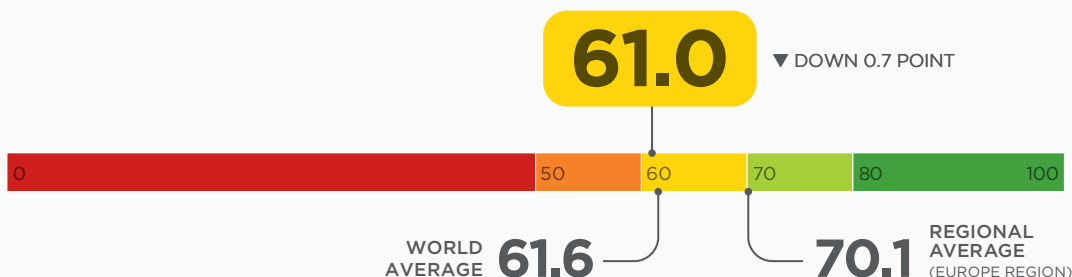
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Belarus's economic freedom score is 61.0, making its economy the 95th freest in the 2021 *Index*. Its overall score has decreased by 0.7 point, primarily because of a decline in **judicial effectiveness**. Belarus is ranked 43rd among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Perhaps reflecting the country's ongoing political problems, Belarus's economic freedom fell back from last year's high, and barely maintained its position in the moderately free category. In addition to weaknesses in the judicial system, relatively low scores on the property rights and government integrity indicators illustrate the need for the government to take additional steps to strengthen the rule of law.

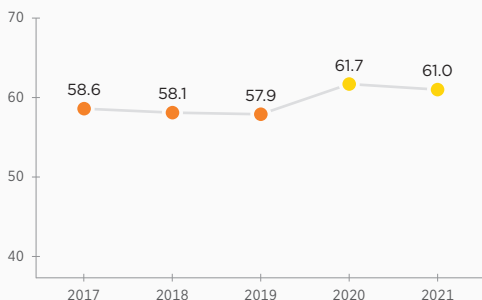
IMPACT OF COVID-19: As of December 1, 2020, 1,166 deaths had been attributed to the pandemic in Belarus, and the economy was forecast to contract by 3.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +20.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.5 million

GDP (PPP):
\$195.1 billion
1.2% growth in 2019
5-year compound
annual growth 0.1%
\$19,943 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
5.6%

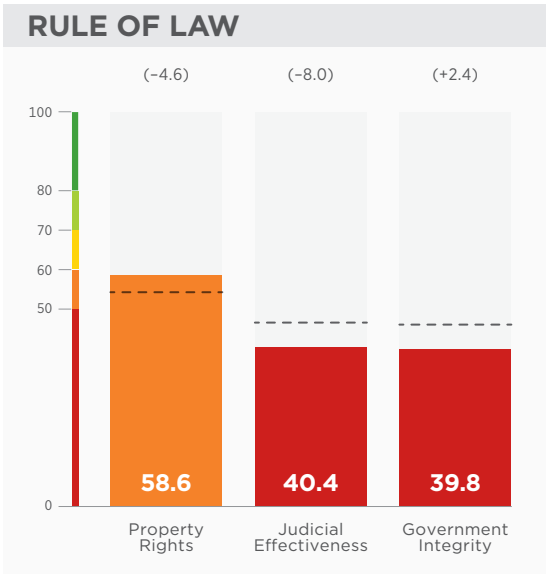
FDI INFLOW:
\$1.3 billion

PUBLIC DEBT:
41.9% of GDP

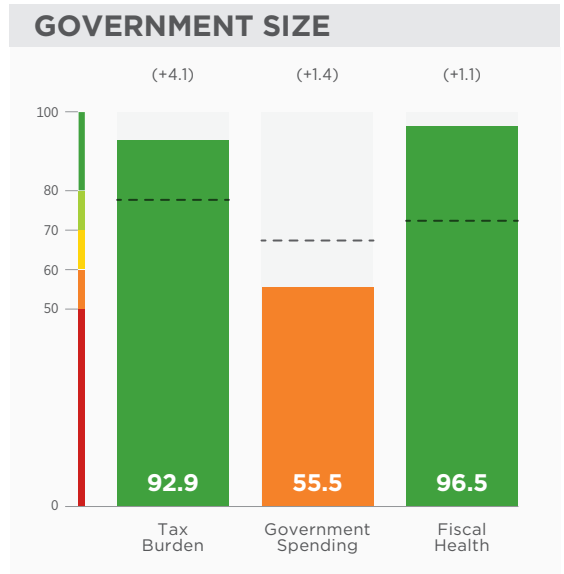
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: President Alexander Lukashenko, in power since 1994, controls all branches of government in this former Soviet republic, which has one of Europe's worst human rights records. After Lukashenko won reelection again in the 2020 presidential election, which international observers viewed as rigged, protestors called for him to resign in favor of the main opposition candidate, Sviatlana Tsikhanouskaya. Industries and state-controlled agriculture are not competitive. New non-Russian foreign investment has essentially disappeared in recent years, largely because of Belarus's unfavorable investment climate. Belarus is heavily dependent on Russia for its energy supplies and joined the Russia-backed Eurasian Economic Union in 2015.

12 ECONOMIC FREEDOMS | BELARUS



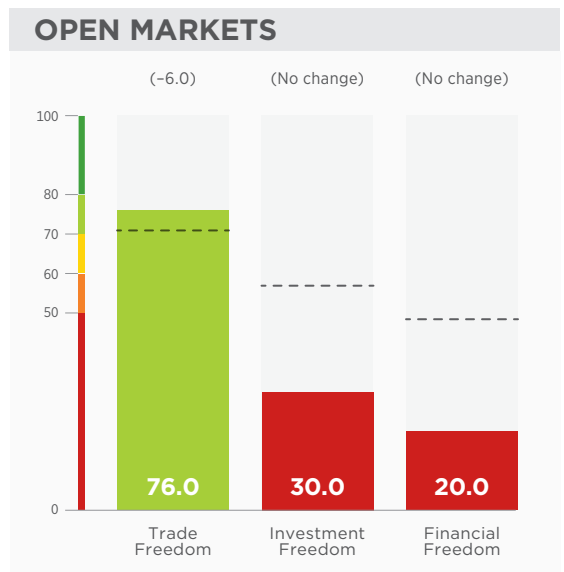
Mortgages and liens are available, and the property registry system is reliable. Enforcement of property rights by the weak judiciary, however, is uncertain. Courts are subservient to the president, who appoints Supreme Court justices with the approval of the rubber-stamp parliament. The state controls 70 percent of the economy, feeding widespread corruption. Lack of transparency encourages graft.



The top individual income tax rate is 13 percent, and the top corporate tax rate is 18 percent. The overall tax burden equals 14.7 percent of total domestic income. Government spending has amounted to 38.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 41.9 percent of GDP.



New secrecy in disclosing a related party transaction to the public, regulators, or the stock exchange is hurting business freedom, but the value added per worker relative to the minimum wage has improved. There is uncertainty about whether the generous Russian energy subsidies that have helped the Lukashenko government remain in power will continue in light of the country's ongoing political turmoil.



Belarus has seven preferential trade agreements in force. The trade-weighted average tariff rate is 4.5 percent, but various nontariff barriers continue to restrict trade flows. Belarus is not a member of the World Trade Organization. Extensive state ownership and government control severely limit investment and financial activity. Key sectors, including banking and finance, are primarily or exclusively state-run.

BELGIUM

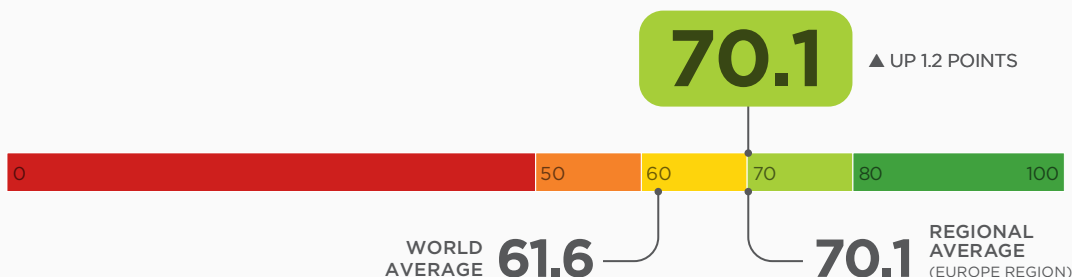


Belgium's economic freedom score is 70.1, making its economy the 37th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an improvement in **judicial effectiveness**. Belgium is ranked 22nd among 45 countries in the Europe region, and its overall score is equal to the regional average but above the world average.

Economic freedom in Belgium moved higher in 2021, and the economy is now back in the mostly free category from which it fell in 2012. The overriding reason the Belgian economy remains stuck in the moderately free category is chronically high and unsustainable government spending. Efforts to boost job creation, strengthen competitiveness, and consolidate public finances would be encouraged by fiscal restraint.

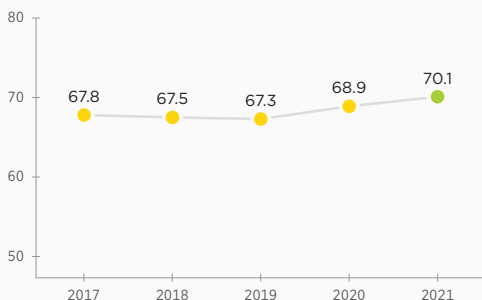
IMPACT OF COVID-19: As of December 1, 2020, 16,786 deaths had been attributed to the pandemic in Belgium, and the economy was forecast to contract by 8.3 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +4.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.5 million

GDP (PPP):
\$572.9 billion
1.4% growth in 2019
5-year compound
annual growth 1.7%
\$54,545 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
1.2%

FDI INFLOW:
\$9.7 billion

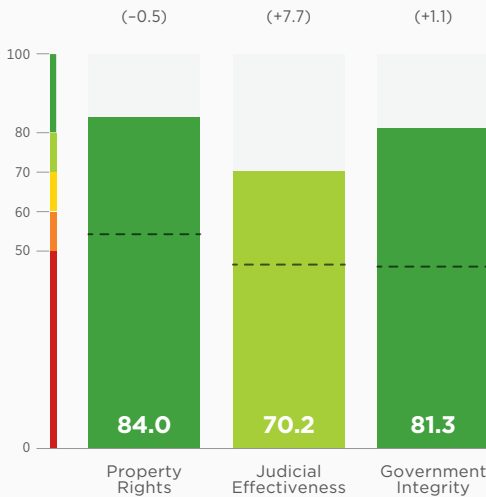
PUBLIC DEBT:
99.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Belgium is a federal state with three culturally distinct regions: Flanders, Wallonia, and the capital city of Brussels, which hosts the headquarters of NATO and the European Union. In the May 2019 federal elections, the center-right New Flemish Alliance won the most seats in a fractured parliament but failed to win a majority. Efforts to form a coalition have proved unsuccessful, and Sophie Wilmès, Belgium's first female prime minister, has led a caretaker government since October 2019. Neighboring countries have a strong political and economic impact on Belgium. The services sector accounts for a large portion of GDP in the export-driven economy. Belgium boasts a dense network of rails and roadways and Europe's second-busiest port, Antwerp.

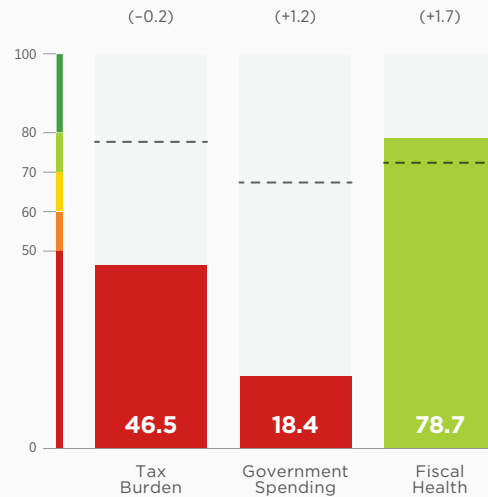
12 ECONOMIC FREEDOMS | BELGIUM

RULE OF LAW



Protection of property rights is reliable, but property registration is cumbersome, and enforcement of intellectual property rights can be protracted. The judiciary is independent both by law and in practice, and court rulings are duly enforced by other state entities. Although corruption is relatively rare, journalists reported in late 2019 that a high-level government official was under investigation for corruption involving bribery and money laundering.

GOVERNMENT SIZE



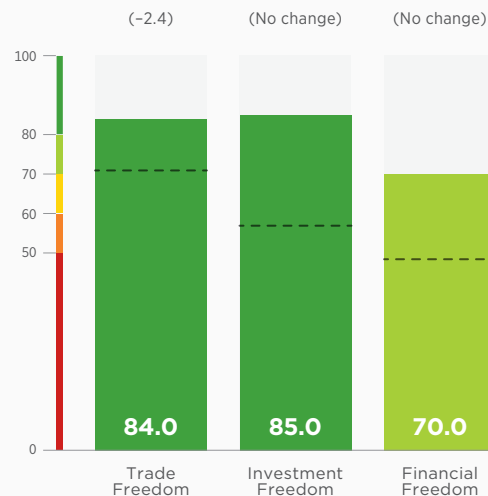
The top individual income tax rate is 50 percent, and the top corporate tax rate is 29 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 44.9 percent of total domestic income. Government spending has amounted to 52.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 99.0 percent of GDP.

REGULATORY EFFICIENCY



Cuts in the rate that employers pay for social security contributions and increases in the notional interest rate deduction have enhanced business freedom. The paid-in minimum capital requirement when starting a business has been eliminated. Employee severance costs are high, however, and the economy has to fund a wide range of subsidies at the local, regional, national, and EU levels. The government has instituted numerous pandemic-related fiscal stimulus measures and subsidies.

OPEN MARKETS



As a member of the EU, Belgium has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Foreign and domestic investors are treated equally. The financial system remains vibrant and generally free from government involvement. No restrictive measures have been implemented in the banking sector over the past year.

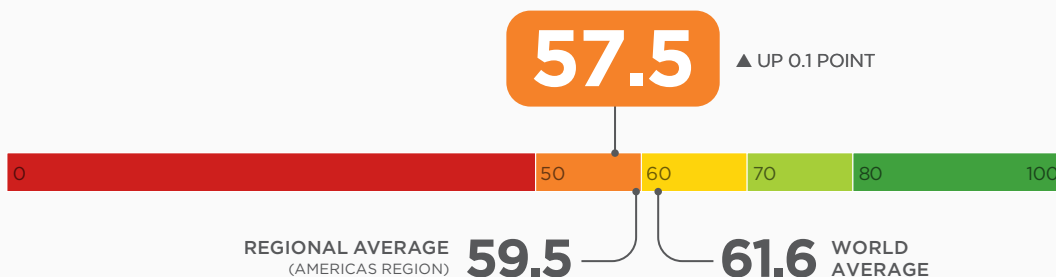
BELIZE

Belize's economic freedom score is 57.5, making its economy the 114th freest in the 2021 *Index*. Its overall score has increased by 0.1 point, primarily because of an improvement in **fiscal health**. Belize is ranked 21st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

The Belizean economy remains stuck in the mostly unfree category for the ninth year in a row after having enjoyed more than a decade in the ranks of the moderately free. The biggest obstacles to greater economic freedom in Belize stem from chronic problems related to corruption and the weak rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 148 deaths had been attributed to the pandemic in Belize, and the economy was forecast to contract by 16.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$3.4 billion
0.3% growth in 2019
5-year compound
annual growth 1.4%
\$7,295 per capita

UNEMPLOYMENT:
6.4%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$102.9 million

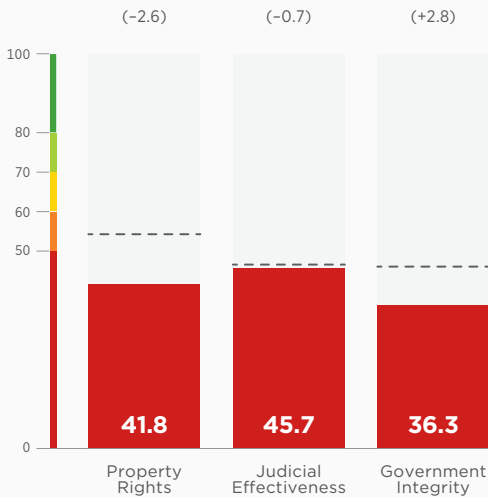
PUBLIC DEBT:
96.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former colony of British Honduras gained independence in 1981. The economy relies primarily on tourism and exports of marine products, citrus, sugar, and bananas. Fluctuating agricultural commodity prices complicate policymaking. Elected in 2008, Prime Minister Dean Barrow of the conservative United Democratic Party finished his third and last consecutive four-year term in 2020. In November elections, the opposition People's United Party won a parliamentary majority, and party leader Johnny Briceño was sworn in as prime minister on November 12. Against the backdrop of declining tourism receipts, the Central Bank of Belize has begun to offer its first U.S. dollar-denominated Treasury notes to raise capital for its foreign reserves. Violent crime remains a problem.

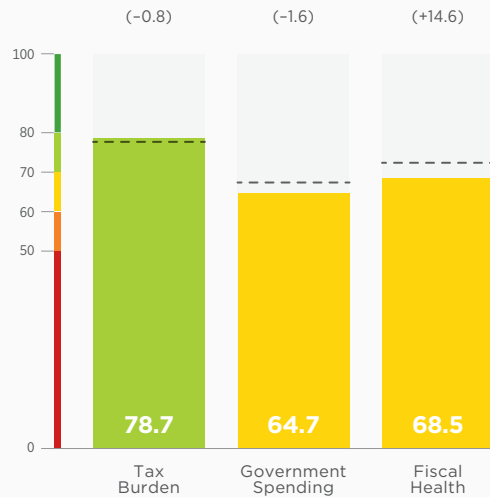
12 ECONOMIC FREEDOMS | BELIZE

RULE OF LAW



The law protects property rights and interests, but enforcement can be uneven. The judiciary lacks resources but is generally independent. Because of its geographical location, porous borders, poverty, and limited material and personnel resources, Belize is vulnerable to illicit trafficking, illegal migration, transnational criminal organizations, and corruption. Transparency International does not include Belize in its annual *Corruption Perceptions Index*.

GOVERNMENT SIZE



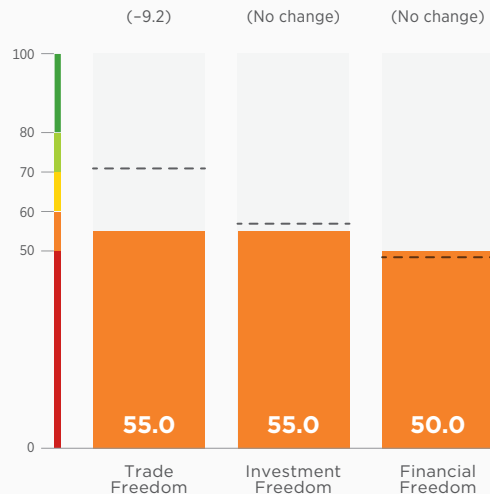
The top income and corporate tax rates are 25 percent; petroleum profits are taxed at a rate of 40 percent. Other taxes include a goods and services tax and a stamp duty. The overall tax burden equals 29.7 percent of total domestic income. Government spending has amounted to 34.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 96.7 percent of GDP.

REGULATORY EFFICIENCY



Belize has lost a little ground in business freedom compared to other countries, although electricity can now be obtained more quickly. Unemployment was already rising before the advent of the COVID-19 pandemic. The government maintains price controls on basic foods (such as rice, sugar, bread, and flour) as well as butane gas and all utilities.

OPEN MARKETS



Belize has two preferential trade agreements in force. The trade-weighted average tariff rate is 17.5 percent, and two nontariff measures are in effect. Bureaucratic barriers may discourage foreign investment. The state influences credit allocation through quasi-government banks. The financial sector is small, and capital markets are not fully developed. In 2020, the central bank reduced the statutory cash reserve requirement to facilitate credit flows.

BENIN

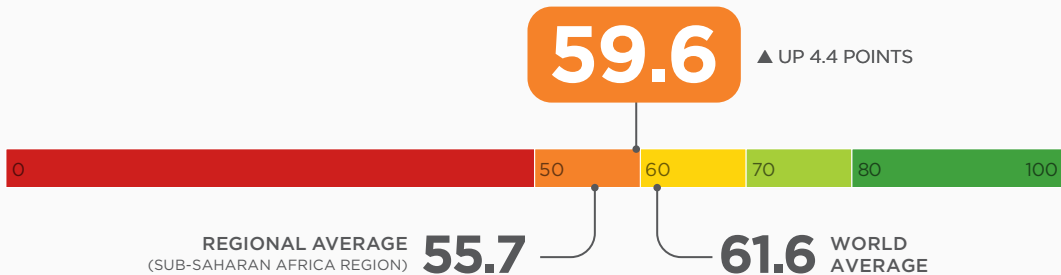
Benin's economic freedom score is 59.6, making its economy the 100th freest in the 2021 *Index*. Its overall score has increased by 4.4 points, primarily because of a dramatic improvement in **fiscal health**. Benin is ranked 10th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

In the 2021 *Index*, Benin has reversed a downward slide in economic freedom, achieving its highest score in two decades. The economy is poised to enter the ranks of the moderately free, a distinction the country has not enjoyed since 2001. The biggest threat to achievement of that goal is weak rule-of-law institutions, which will not be helped by the increasing drift toward autocratic government.

IMPACT OF COVID-19: As of December 1, 2020, 43 deaths had been attributed to the pandemic in Benin, and economic growth was forecast to decline to 2.0 percent for the year.

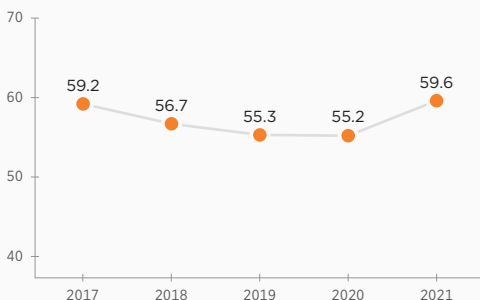
WORLD RANK: **100** | REGIONAL RANK: **10**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.8 million

GDP (PPP):
\$40.6 billion
6.4% growth in 2019
5-year compound annual growth 4.8%
\$3,424 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
-0.9%

FDI INFLOW:
\$230.2 million

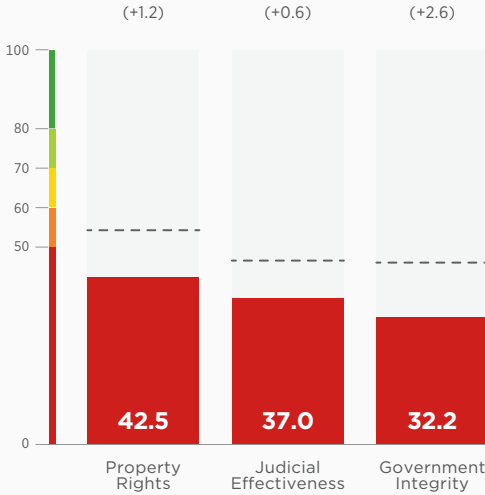
PUBLIC DEBT:
39.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: One of Africa's largest cotton producers, the former French colony of Benin nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade. Wealthy businessman Patrice Talon was elected to a five-year presidential term in 2016 on a clean-government platform, but critics have accused him of various power grabs since taking office. Under a new electoral code, only the two political parties that support Talon were permitted to contest the 2019 parliamentary elections, which were marked by low turnout. Government efforts to increase power generation capacity should stimulate economic growth. Expansion of the privately managed port of Cotonou, which accounts for approximately 60 percent of GDP, will further encourage growth by increasing port services to regional neighbors.

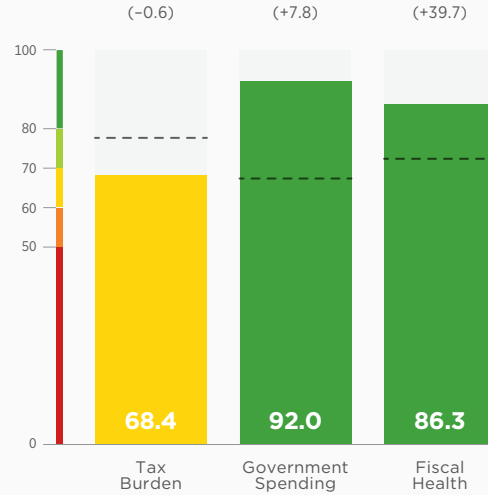
12 ECONOMIC FREEDOMS | BENIN

RULE OF LAW



Property rights are recognized and enforced, but property registration remains difficult, and enforcement of contracts is uneven. Disputes over land ownership account for roughly 80 percent of the cases seen by Beninese tribunals. The judiciary has demonstrated some independence, but the courts are inefficient and susceptible to corruption. The fact that corrupt officials rarely face prosecution contributes to a culture of impunity.

GOVERNMENT SIZE



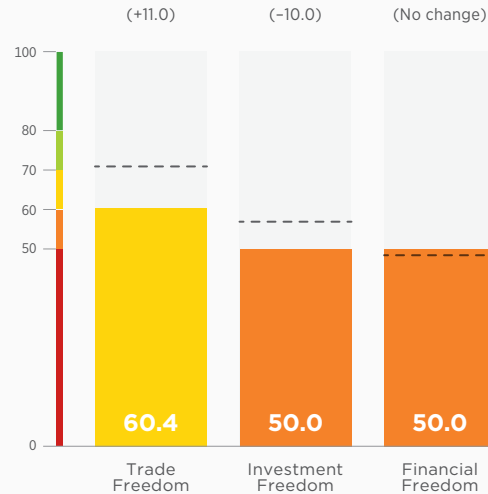
The top individual income tax rate is 45 percent, and the top corporate tax rate is 30 percent (45 percent for oil companies). Other taxes include a value-added tax. The overall tax burden equals 15.4 percent of total domestic income. Government spending has amounted to 16.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 39.4 percent of GDP.

REGULATORY EFFICIENCY



A new procedure has been added when dealing with construction permits, and the process is now more expensive. Benin has abolished limits on the length of fixed-term contracts. In addition to the distorting economic effect of subsidized fuels from Nigeria, subsidies to weak and inefficient state-owned enterprises continue to be a burden on the government budget.

OPEN MARKETS



Benin has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.3 percent, and one nontariff measure is in effect. Dynamic flows of foreign investment are constrained by persistent policy and institutional weaknesses. Despite the development of microfinance institutions, overall access to credit remains low. Less than half of adult Beninese have access to an account with a formal banking institution.

BHUTAN

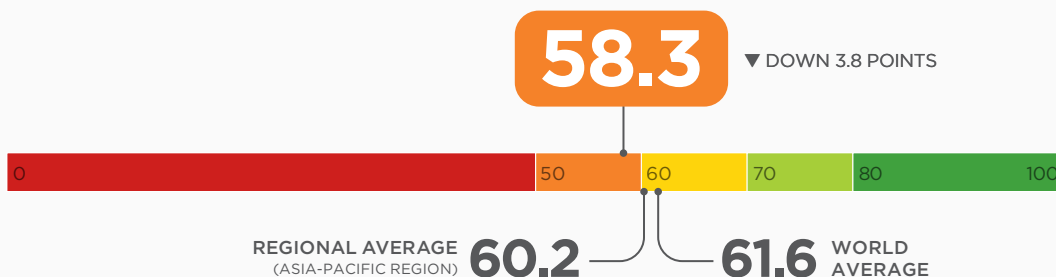
WORLD RANK: **109** | REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Bhutan's economic freedom score is 58.3, making its economy the 109th freest in the 2021 *Index*. Its overall score has decreased by 3.8 points, primarily because of a decline in **trade freedom**. Bhutan is ranked 22nd among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

After only three years in the moderately free category, Bhutan's economy fell back into the ranks of the mostly unfree this year. To increase economic freedom and stimulate the economy, the government needs to remove tariffs and other restrictions on trade and liberalize the investment code and banking rules. Improvements in judicial effectiveness and government integrity would also encourage confidence among investors.

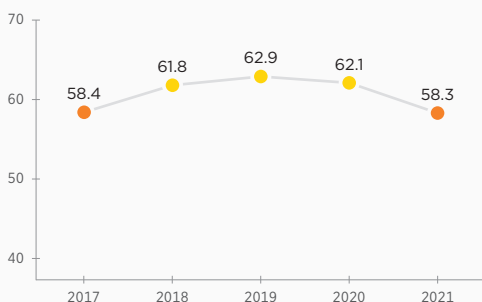
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Bhutan, but economic growth was forecast to decline to 0.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +0.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$7.9 billion
5.3% growth in 2019
5-year compound
annual growth 5.8%
\$12,390 per capita

UNEMPLOYMENT:
2.3%

INFLATION (CPI):
2.6%

FDI INFLOW:
\$7.2 million

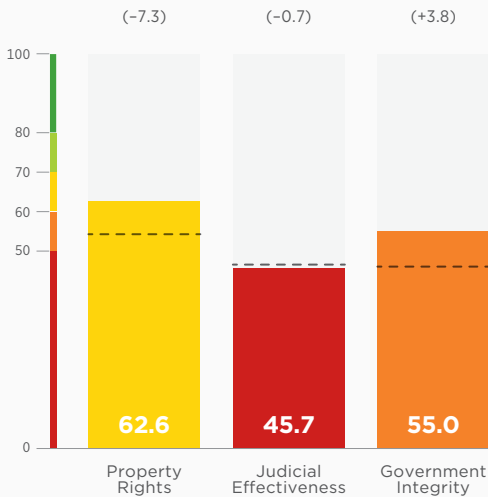
PUBLIC DEBT:
110.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The small Himalayan kingdom of Bhutan transitioned from absolute monarchy to constitutional parliamentary democracy in 2008. Former Prime Minister Tshering Tobgay's People's Democratic Party, which won a majority in the National Assembly in 2013, lost unexpectedly to Lotay Tshering's Bhutan United Party in 2018 elections. Bhutan has one of the world's smallest and least-developed economies. Even into the late 20th century, the landlocked country was largely agrarian with few roads, little electricity, and no modern hospitals. Recent interregional economic cooperation that includes growing trade with Bangladesh and India is stimulating economic growth. Connections to global markets are limited and dominated by exports of hydropower to India. Those exports could increase if chronic construction delays were resolved.

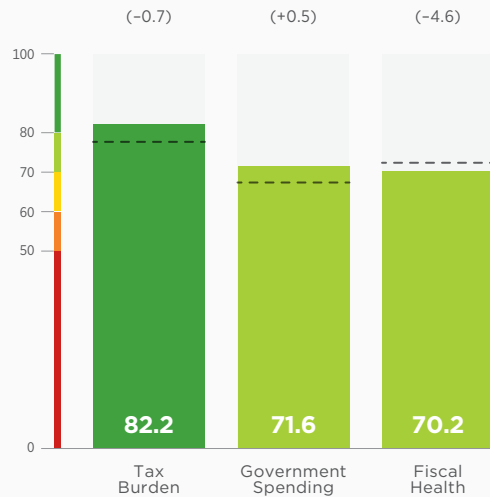
12 ECONOMIC FREEDOMS | BHUTAN

RULE OF LAW



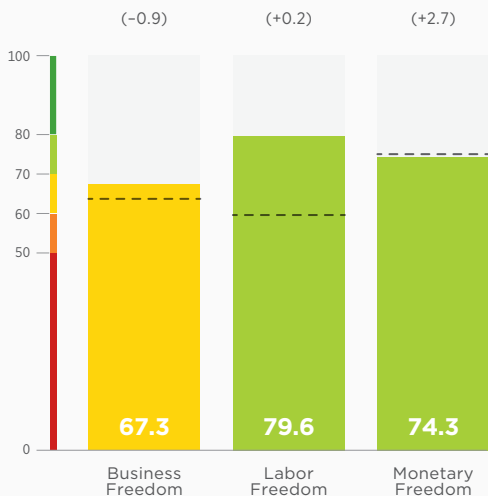
Although individuals generally have the right to own property and establish businesses, the registration of property or new businesses can be cumbersome. Judicial independence is respected, but court rulings are often inconsistent. In general, criminal penalties for corruption by officials are implemented effectively. However, nepotism and favoritism in public procurement and government employment remain problems.

GOVERNMENT SIZE



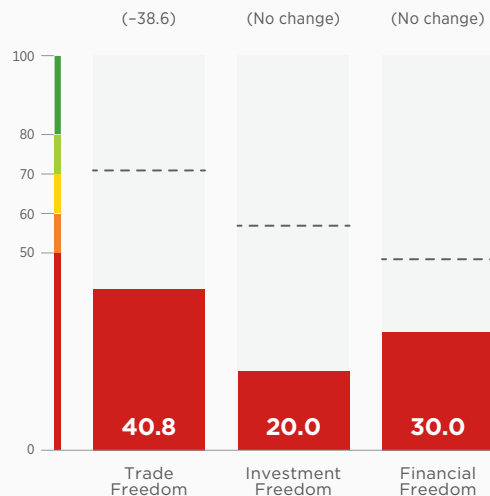
The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include property and excise taxes. The overall tax burden equals 16.0 percent of total domestic income. Government spending has amounted to 30.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 110.0 percent of GDP.

REGULATORY EFFICIENCY



The cost of starting a business and the price of electricity have increased slightly. The majority of Bhutan's people work in hydropower, agriculture, or forestry. The value added per worker relative to the minimum wage has increased. The state maintains significant financial and commercial controls, and Bhutan is the largest recipient of Indian foreign aid, especially through the co-financing of numerous hydropower projects.

OPEN MARKETS



Bhutan has three preferential trade agreements in force. The simple average tariff rate is 22.1 percent. Layers of nontariff barriers significantly impede dynamic flows of trade. Bhutan is not a member of the World Trade Organization. The underdeveloped investment framework and restrictions on foreign ownership limit opportunities to attract foreign investment. Access to credit is difficult, and the financial sector is rudimentary.

BOLIVIA

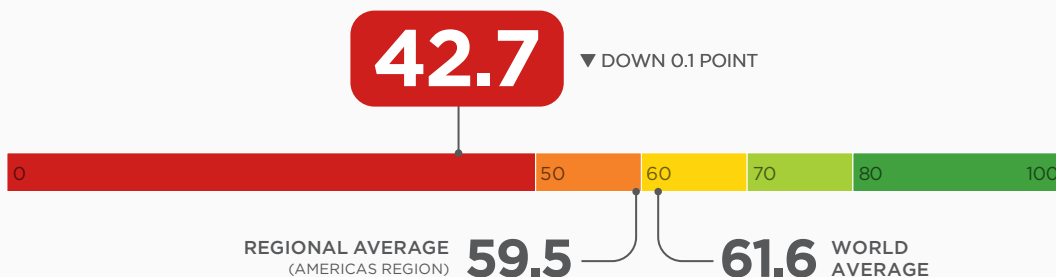
Bolivia's economic freedom score is 42.7, making its economy the 172nd freest in the 2021 *Index*. Its overall score has decreased by 0.1 point, primarily because of a decline in **trade freedom**. Bolivia is ranked 30th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Bolivia's economy still suffers from the pernicious impact of Chavista socialism, which sank it to the "repressed" category where it has languished for nearly a decade. The single-party authoritarianism of the Morales regime had a particularly devastating impact on six of the 12 *Index* indicators: property rights, judicial effectiveness, government integrity, fiscal health, investment freedom, and financial freedom. The climb back to economic freedom will be a steep one.

IMPACT OF COVID-19: As of December 1, 2020, 8,963 deaths had been attributed to the pandemic in Bolivia, and the economy was forecast to contract by 7.9 percent for the year.

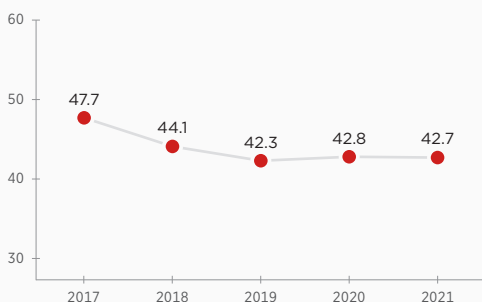


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -14.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.5 million

GDP (PPP):
\$93.4 billion
2.8% growth in 2019
5-year compound
annual growth 4.1%
\$9,086 per capita

UNEMPLOYMENT:
3.5%

INFLATION (CPI):
1.8%

FDI INFLOW:
-\$159.5 million

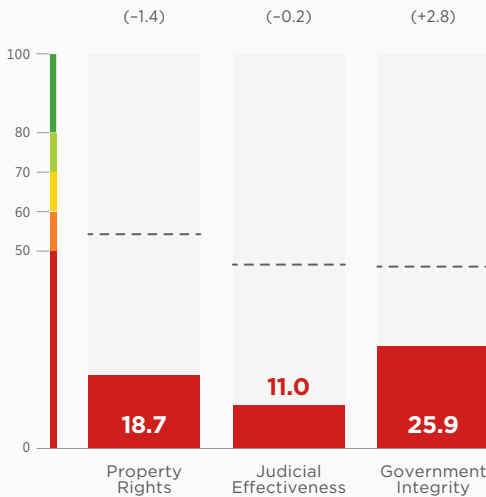
PUBLIC DEBT:
57.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Exports of natural gas to Brazil and Argentina have supported the Bolivian economy in recent years, but the country is still characterized by deeply rooted poverty, social unrest, and illegal drug activity. Political turmoil following the attempt by leftist former President Evo Morales to steal reelection in 2019 has subsided to some extent. Jeanine Añez of the Movimiento Demócrata Social party became interim president in November 2019. Elections in October 2020 resulted in the return to power of Evo Morales's MAS party, headed by new President Luis Arce. Prolonged pre-election political uncertainty caused Bolivia's sovereign credit rating to be downgraded and led to civil unrest. The combination of lower hydrocarbons output and global price fluctuations has led to reduced GDP growth. According to the World Bank, about 35 percent of Bolivians live in poverty.

12 ECONOMIC FREEDOMS | BOLIVIA

RULE OF LAW



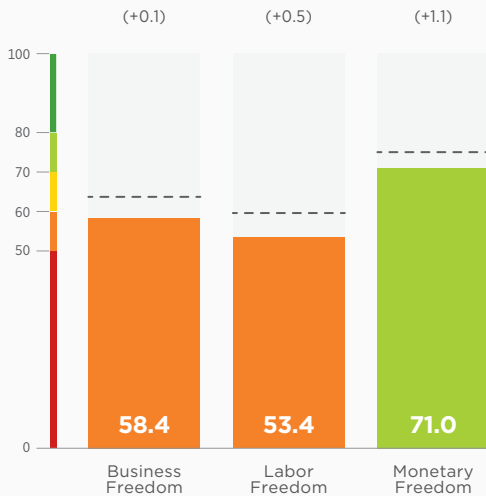
Property rights are legally protected, but weak enforcement of contracts and poor procedures for resolving insolvency are common. Although Bolivia is a party to the major intellectual property rights conventions, the government fails to provide adequate protections and dispute settlements for violations of intellectual property rights. Corruption is pervasive in the politicized and overburdened judiciary, law enforcement, and extractive industries.

GOVERNMENT SIZE



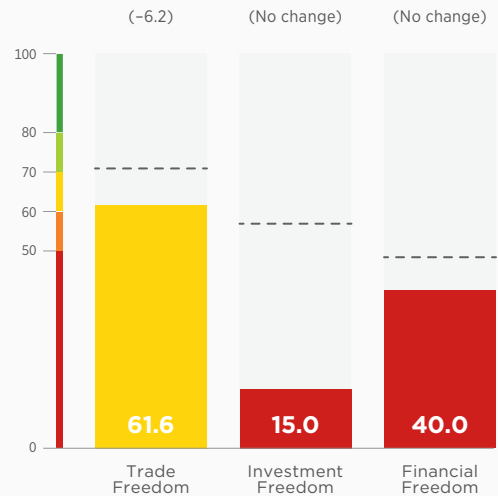
The top individual income tax rate is 13 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 26.0 percent of total domestic income. Government spending has amounted to 37.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.7 percent of GDP. Public debt is equivalent to 57.5 percent of GDP.

REGULATORY EFFICIENCY



Overall business freedom remains mostly unchanged and at a low level. Starting a business is now less expensive, and obtaining electricity is slightly less time-consuming. The labor code is outdated and burdensome. The government continues to fund very heavy energy subsidies while also subsidizing agribusinesses and maintaining controls on the prices of such products as sugar, maize, and bread.

OPEN MARKETS



Bolivia has four preferential trade agreements in force. The trade-weighted average tariff rate is 9.2 percent, and four nontariff measures are in force. The government prioritizes domestic investment over foreign investment. The financial sector is vulnerable to state interference. In 2020, the central bank injected more than \$500 million into the banking sector by purchasing bonds from the pension funds in an effort to increase liquidity.

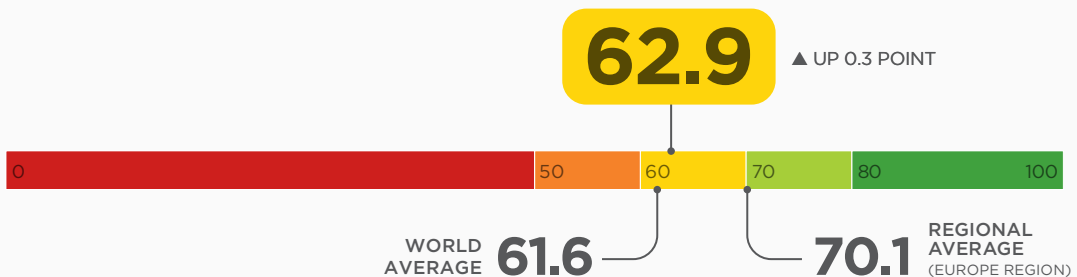
BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina's economic freedom score is 62.9, making its economy the 82nd freest in the 2021 *Index*. Its overall score has increased by 0.3 point, primarily because of an improvement in the **tax burden** score. Bosnia and Herzegovina is ranked 40th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Bosnia and Herzegovina's economy remains moderately free for the fifth year in a row. The main impediment to greater economic freedom remains very poor performance on the rule-of-law indicators: property rights, judicial effectiveness, and government integrity. Adoption of policies to improve business freedom is likewise necessary but will require better cooperation between the country's separate political entities.

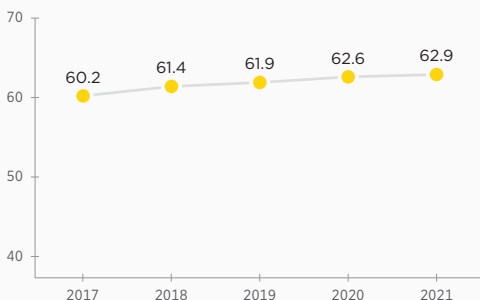
IMPACT OF COVID-19: As of December 1, 2020, 2,727 deaths had been attributed to the pandemic in Bosnia and Herzegovina, and the economy was forecast to contract by 6.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +33.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.3 million

GDP (PPP):
\$49.7 billion
2.7% growth in 2019
5-year compound annual growth 3.1%
\$15,792 per capita

UNEMPLOYMENT:
18.4%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$528.4 million

PUBLIC DEBT:
38.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The 1995 Dayton Agreement finalized Bosnia and Herzegovina's independence. Two separate entities, the Republika Srpska (Serbian) and Federation of Bosnia and Herzegovina (Muslim/Croat), exist under a loose central government. Disagreement among Bosnia's triumvirate presidency resulted in a 14-month delay in the formation of a government following elections in October 2018. The slow pace of reform has delayed accession to the EU. The economy relies heavily on exports of metals, energy, textiles, and furniture as well as on remittances, foreign aid, and Chinese infrastructure investment, particularly in the energy sector. The impact of ongoing migrant arrivals continues to strain resources. Additional challenges include high unemployment and the resilience of the country's nascent tourism industry.

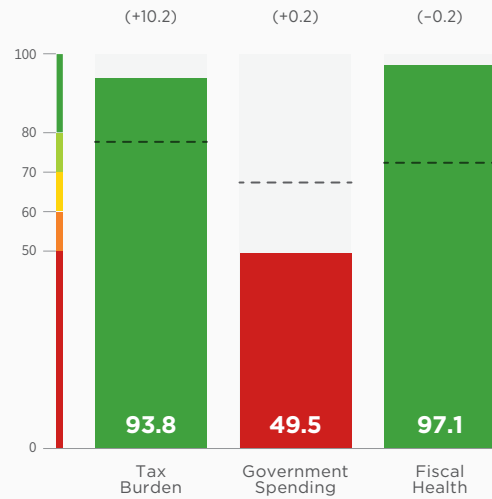
12 ECONOMIC FREEDOMS | BOSNIA AND HERZEGOVINA

RULE OF LAW



The difficulty of registering real property is generally acknowledged to be a significant barrier to the development of property and mortgage markets. A significant portion of real property lacks a clear title, and property registries are largely unreliable. The judiciary remains susceptible to political influence, and the backlog of cases is large. Legislation designed to combat corruption, which remains widespread and systemic, is poorly enforced.

GOVERNMENT SIZE



The top income and corporate tax rates are 10 percent, but various governing entities have different tax policies. The overall tax burden equals 20.4 percent of total domestic income. Government spending has amounted to 41.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.9 percent of GDP. Public debt is equivalent to 38.0 percent of GDP.

REGULATORY EFFICIENCY



Starting a business, getting electricity, and dealing with construction permits have become less costly. However, the recovery rate when resolving insolvency has increased. Complex labor and pension laws cause many employers to underreport the size of their workforces. Heavy subsidies to state-owned enterprises, which have assets equal to one year of GDP, have been a drain on the budget.

OPEN MARKETS



Bosnia and Herzegovina has four preferential trade agreements in force. The trade-weighted average tariff rate is 7.9 percent, and significant nontariff barriers further restrict trade flows. Bosnia and Herzegovina is not a member of the World Trade Organization. Complex legal and regulatory frameworks limit new foreign investment. The banking sector, dominated by foreign banks, remains stable, but the number of nonperforming loans is sizable.

BOTSWANA

WORLD RANK:

51

REGIONAL RANK:

3

ECONOMIC FREEDOM STATUS:

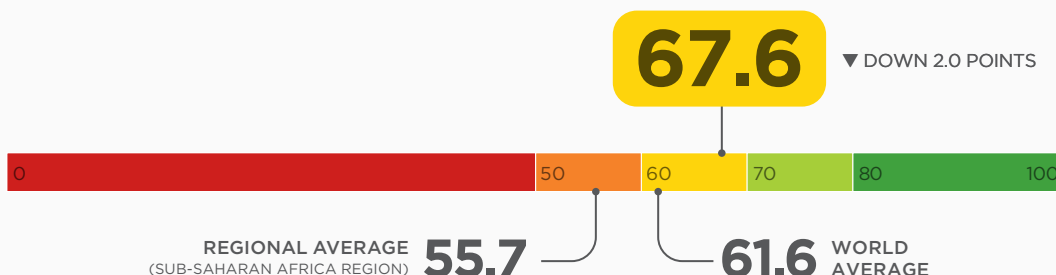
MODERATELY FREE

Botswana's economic freedom score is 67.6, making its economy the 51st freest in the 2021 *Index*. Its overall score has decreased by 2.0 points, primarily because of a decline in **fiscal health**. Botswana is ranked 3rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Botswana's recent slippage in economic freedom accelerated this year. To return to the ranks of the mostly free, the government will have to strengthen institutions to improve scores on the *Index* rule-of-law indicators: property rights, judicial effectiveness, and government integrity. It will also have to curb ongoing deficit spending that is starting to build debt.

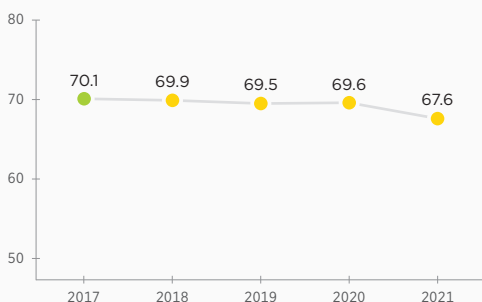
IMPACT OF COVID-19: As of December 1, 2020, 34 deaths had been attributed to the pandemic in Botswana, and the economy was forecast to contract by 9.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +10.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:

2.3 million

GDP (PPP):

\$43.9 billion
3.0% growth in 2019
5-year compound
annual growth 2.6%
\$18,503 per capita

UNEMPLOYMENT:

18.2%

INFLATION (CPI):

2.8%

FDI INFLOW:

\$260.9 million

PUBLIC DEBT:

14.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Sparsely populated Botswana has a land area that is larger than Spain and dominated by the vast Kalahari Desert. The Botswana Democratic Party (BDP) has governed this multiparty democracy since independence from the United Kingdom in 1966. Despite a challenge from a party led by former President Ian Khama and other opposition groups, the BDP expanded its share of the vote in the October 2019 elections, securing the continued tenure of President Mokgweetsi Masisi. Risks to political stability remain low. Botswana has abundant diamonds and other natural resources, a market-oriented economy, and one of Africa's highest sovereign credit ratings. Ecotourism in the country's extensive nature preserves is helping to diversify the economy.

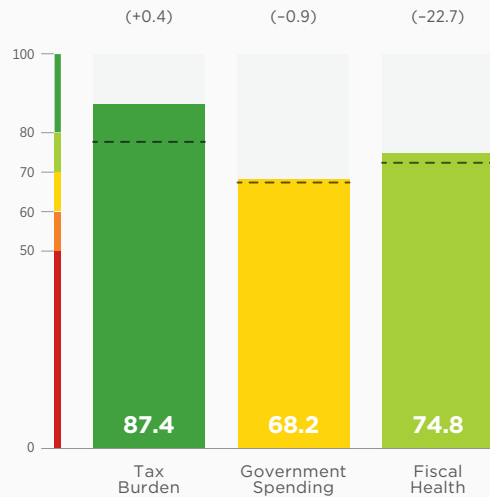
12 ECONOMIC FREEDOMS | BOTSWANA

RULE OF LAW



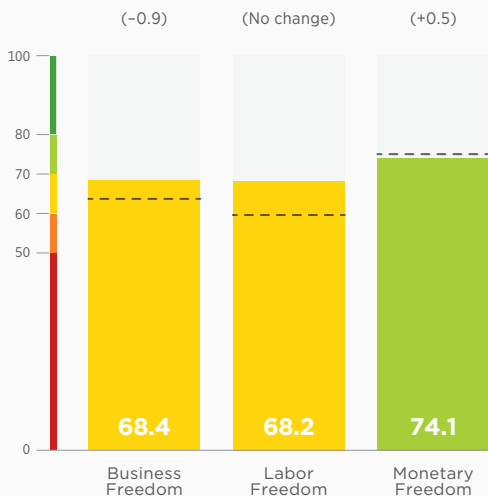
Botswana's legal protections for property rights are generally sound and enforced in practice. Tribal land represents 70 percent of the country's territory. Courts enforce commercial contracts. The judiciary is generally independent and free from interference. Botswana remains Africa's least corrupt country, but officials tasked with enforcing anticorruption statutes lack adequate training and resources.

GOVERNMENT SIZE



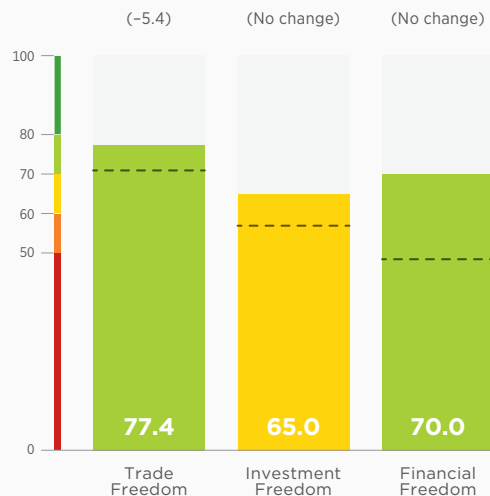
The top individual income tax rate is 25 percent, and the top corporate tax rate is 22 percent. Other taxes include property, inheritance, and value-added taxes. The overall tax burden equals 12.2 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.9 percent of GDP. Public debt is equivalent to 14.5 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has contracted, partly because dealing with construction permits requires more procedures than it previously did. Low labor productivity contributes to high unemployment. The economy is subject to global downturns in the market for diamonds. Tourism-related services employ many Botswana. In response to a severe drought in 2019, the government expanded its program of subsidies to the agricultural sector.

OPEN MARKETS



Botswana has five preferential trade agreements in force. The trade-weighted average tariff rate is 6.3 percent, and 44 nontariff measures are in effect. Foreign investment in some sectors is restricted. Generally adhering to global standards in the transparency of banking supervision, the financial sector provides considerable access to credit. In 2020, the central bank eased rules to meet capital requirements and introduced measures to increase liquidity.

BRAZIL

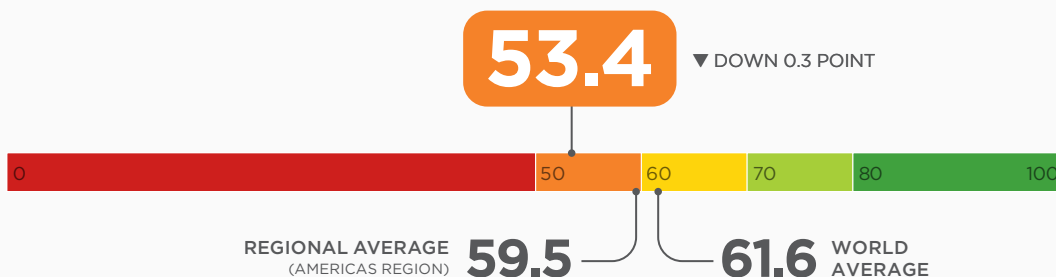
Brazil's economic freedom score is 53.4, making its economy the 143rd freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **trade freedom**. Brazil is ranked 24th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Brazil has given up some of the gains in economic freedom it achieved in 2020, resuming its decline in the ranks of the mostly unfree. In addition to reining in the budget deficits that are driving up debt and have led to one of the world's lowest fiscal health scores, the government must improve in the areas of judicial effectiveness and government integrity if it hopes to get back on the path to greater economic freedom.

IMPACT OF COVID-19: As of December 1, 2020, 173,817 deaths had been attributed to the pandemic in Brazil, and the economy was forecast to contract by 5.8 percent for the year.

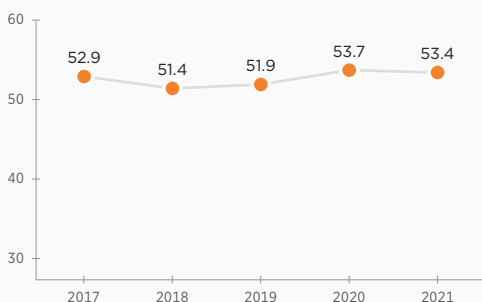
WORLD RANK: **143** | REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
211.0 million

GDP (PPP):
\$3.5 trillion
1.1% growth in 2019
5-year compound
annual growth -0.6%
\$15,259 per capita

UNEMPLOYMENT:
12.1%

INFLATION (CPI):
3.7%

FDI INFLOW:
\$72.0 billion

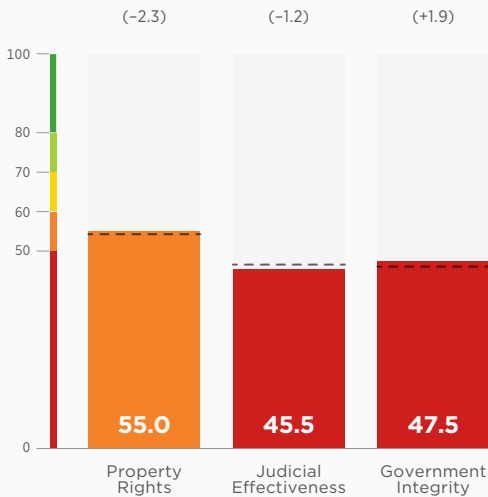
PUBLIC DEBT:
89.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Brazil, the world's fifth-largest country, has a mostly coastal population of more than 200 million and is dominated geographically by the Amazon River and the world's largest rain forest. In 2018, after a long period of political chaos prompted by massive public corruption scandals and economic crises, voters elected Jair Bolsonaro of the Social Liberal Party to serve as president. Bolsonaro has generally pursued a free-market agenda, including an overhauling of the public pension system and privatization of government assets. However, his fractious relationships with many parties in Congress could delay enactment of his proposal to reform Brazil's complex tax system, which is one of the most burdensome among emerging economies, consuming about 33 percent of gross domestic product.

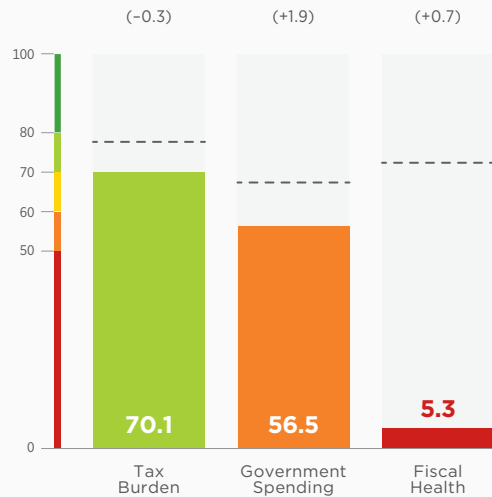
12 ECONOMIC FREEDOMS | BRAZIL

RULE OF LAW



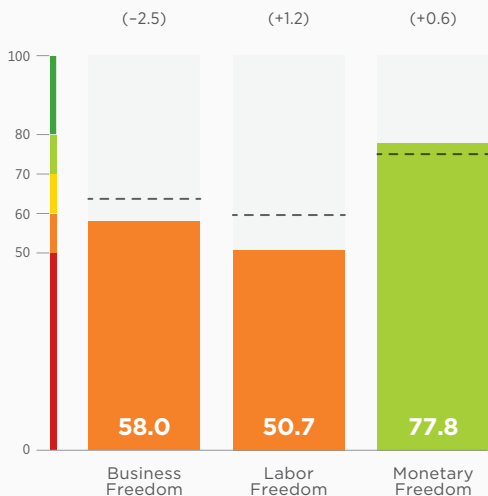
Property rights are generally enforced, but the mortgage registration system is uneven. The judiciary, though largely independent, is overburdened, inefficient, and often subject to intimidation and other external influences, especially in rural areas. A politicized Supreme Court has launched numerous investigations based on allegations of wrongdoing by the Bolsonaro government. Corruption and graft remain endemic, especially among elected officials.

GOVERNMENT SIZE



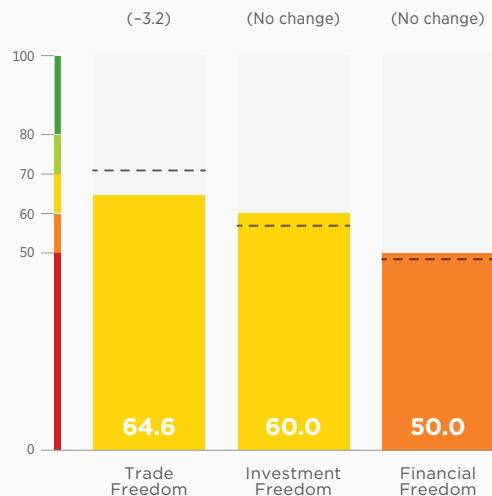
The top individual income tax rate is 27.5 percent, and the top corporate tax rate is 34 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 32.9 percent of total domestic income. Government spending has amounted to 38.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.0 percent of GDP. Public debt is equivalent to 89.5 percent of GDP.

REGULATORY EFFICIENCY



Obtaining electricity has become more expensive and complicated. It also takes longer to obtain a connection. The cost of dealing with construction permits has increased. Reforming Brazil's onerous labor laws is one of the Bolsonaro government's objectives. The government provides massive subsidies for the production of sugar and other agricultural products in addition to subsidies for hundreds of state-owned enterprises.

OPEN MARKETS



Brazil has nine preferential trade agreements in force. The trade-weighted average tariff rate is 10.2 percent, and 643 nontariff measures are in effect. Bureaucratic hurdles limit foreign investment. The financial sector is competitive, but government involvement remains considerable, and public banks account for more than 50 percent of loans to the private sector. The central bank has intervened in the foreign exchange market since February 2020.

BRUNEI DARUSSALAM

WORLD RANK: **57** | REGIONAL RANK: **11**

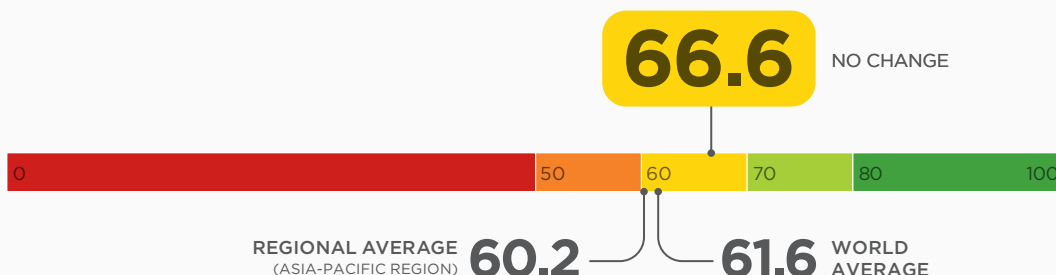
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Brunei Darussalam's economic freedom score is 66.6, making its economy the 57th freest in the 2021 *Index*. Its overall score is unchanged, with an improvement in the **government spending** score partially offsetting a decline in **property rights**. Brunei Darussalam is ranked 11th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Although economic freedom has declined slightly in Brunei over the past five years, the country's economy remains firmly in the moderately free category. The major factor holding back Brunei in the *Index of Economic Freedom* continues to be its very low score on the fiscal health indicator. The government should continue to expand the financial sector by establishing a bond market and stock exchange.

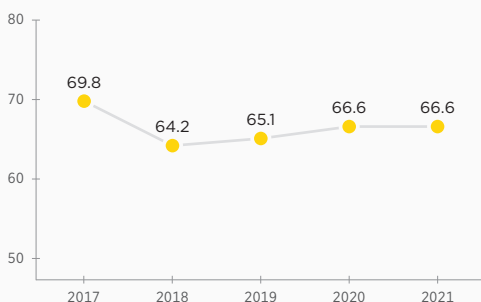
IMPACT OF COVID-19: As of December 1, 2020, three deaths had been attributed to the pandemic in Brunei Darussalam, and economic growth was forecast to decline to 0.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2014): -2.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$36.6 billion
3.9% growth in 2019
5-year compound
annual growth 0.5%
\$64,673 per capita

UNEMPLOYMENT:
9.1%

INFLATION (CPI):
-0.5%

FDI INFLOW:
\$274.6 million

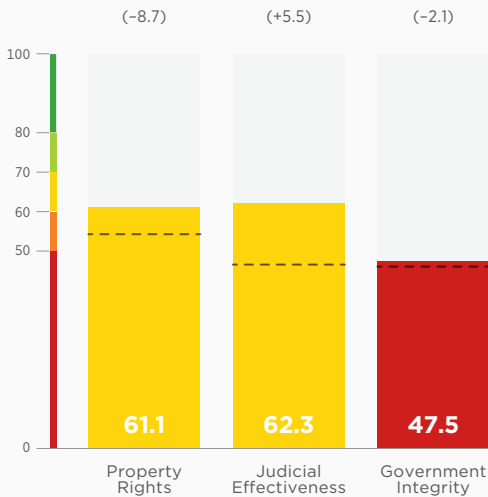
PUBLIC DEBT: 2.5%
of GDP (2018)

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Brunei consists of two enclaves surrounded by Malaysia on the northern coast of Borneo. The sultan serves as prime minister, minister of defense, foreign minister, and minister of finance and appoints several advisory councils including a Legislative Council and Privy Council. The sultan's 2019 decision to implement certain provisions of Sharia (Islamic) law was met with international condemnation. Oil and gas production, which provides 90 percent of government revenue and 90 percent of exports while generating few jobs, accounts for more than half of GDP. Most people work directly for the government. Economic growth has stagnated because of lower global oil prices and OPEC production caps. Brunei has little manufacturing capacity and imports most of its manufactured goods and food.

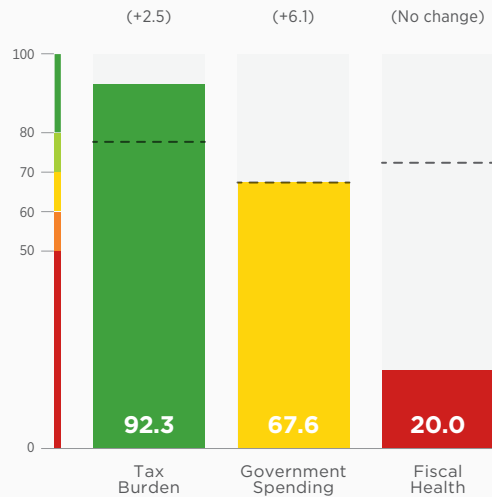
12 ECONOMIC FREEDOMS | BRUNEI DARUSSALAM

RULE OF LAW



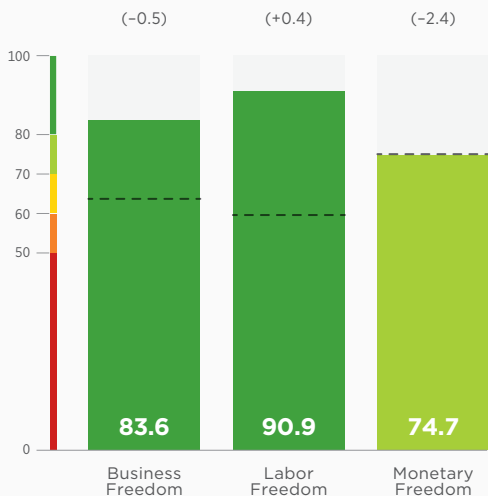
Although property registration has improved, protections for private property are not strong. Only citizens may purchase land. The constitution does not provide for an independent judiciary, but the court system operates without government interference in practice. Brunei is one of the world's last remaining autocracies, and the sultan wields nearly absolute power. The level and extent of corruption are relatively low.

GOVERNMENT SIZE



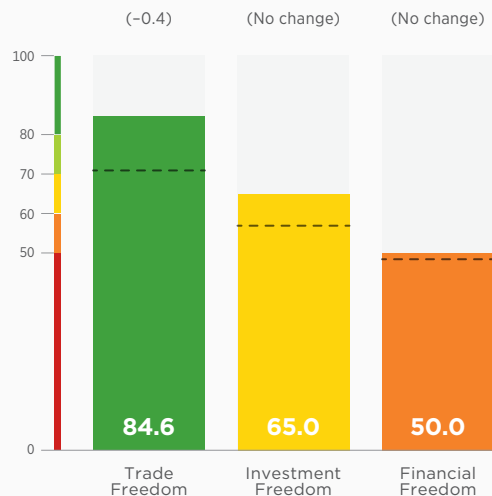
Brunei has no personal income tax. The top corporate tax rate is 18.5 percent for most companies and 55 percent for oil and gas companies. The overall tax burden equals 20.6 percent of total domestic income. Government spending has amounted to 32.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.2 percent of GDP. Public debt is equivalent to 2.5 percent of GDP.

REGULATORY EFFICIENCY



Business freedom is largely unchanged from last year. The labor force speaks English and is well-educated. Brunei has made progress in promoting growth led by the private sector, but more can be done. The government continues to provide heavy subsidies for such basic goods and services as fuel, power, food, health care, and education.

OPEN MARKETS



Brunei Darussalam has eight preferential trade agreements in force, and its trade-weighted average tariff rate is 0.2 percent. One formal nontariff measure is in place, but other impediments to trade flows persist. State-owned enterprises distort the economy, and foreign ownership of land is restricted. The small financial sector remains dominated by banks. Islamic financial services have grown in recent years.

BULGARIA

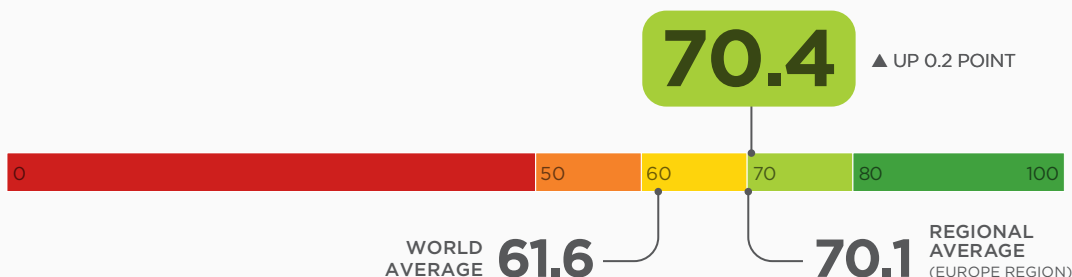


Bulgaria's economic freedom score is 70.4, making its economy the 35th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in the **tax burden** score. Bulgaria is ranked 20th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Bulgaria made it over the threshold into the ranks of the mostly free in 2020 for the first time since 1995. This year, it is barely clinging to that status. For the Bulgarian economy to move higher in the mostly free category, the government will have to implement reforms that address the additional deficiencies that are reflected in the country's still-low scores for judicial effectiveness and government integrity.

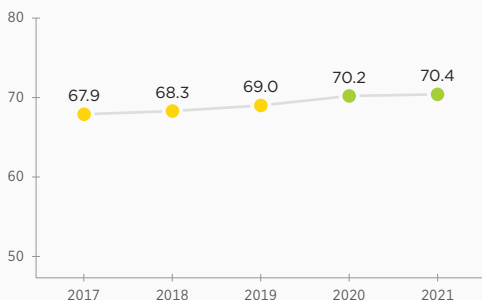
IMPACT OF COVID-19: As of December 1, 2020, 4,188 deaths had been attributed to the pandemic in Bulgaria, and the economy was forecast to contract by 4.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +20.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.0 million

GDP (PPP):
\$170.9 billion
3.4% growth in 2019
5-year compound
annual growth 3.6%
\$24,561 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
2.5%

FDI INFLOW:
\$1.2 billion

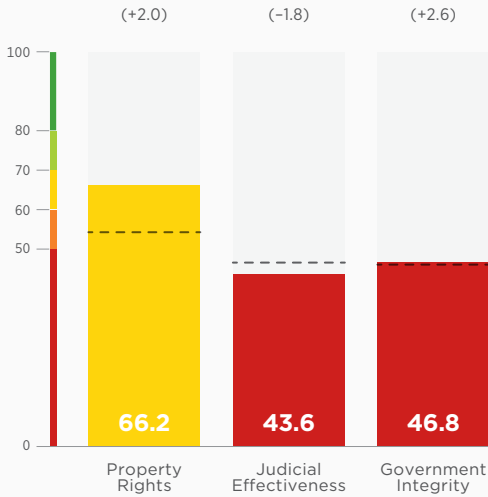
PUBLIC DEBT:
20.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Communist domination of the former People's Republic of Bulgaria ended in 1990. The country joined NATO in 2004 and the European Union in 2007. Three-time Prime Minister Boyko Borissov of the center-right GERB party leads a United Patriots coalition, supported by three nationalist parties. A series of corruption scandals has weakened the government and led to massive protests. Pro-Russian independent Rumen Radev won the largely ceremonial presidency in 2016. Tourism, information technology and telecommunications, agriculture, pharmaceuticals, and textiles are leading industries. Bulgaria remains outside the Schengen Area, but recent steps have brought it closer to qualifying for membership in the eurozone. Heavily dependent on Russian gas, Bulgaria is seeking a link to the new Turkish Stream pipeline.

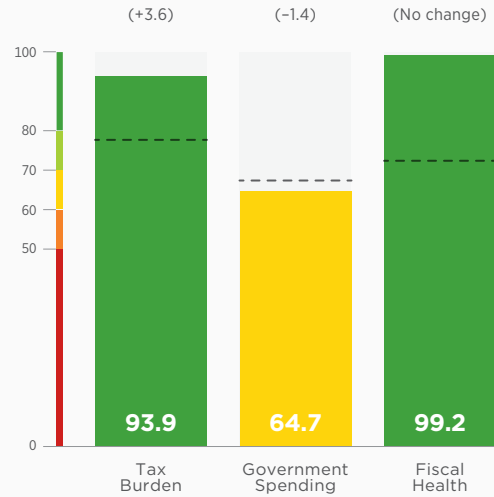
12 ECONOMIC FREEDOMS | BULGARIA

RULE OF LAW



Despite a generally supportive legal and regulatory framework, property rights are not well protected in practice. The judiciary remains one of Bulgaria's least trusted institutions, and allegations of nepotism, corruption, and undue political and business influence are widespread. Higher-level corruption, particularly in public procurement and the use of EU funds, is likewise widespread.

GOVERNMENT SIZE



The individual income and corporate tax rates are a flat 10 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 34.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.01 percent of GDP. Public debt is equivalent to 20.4 percent of GDP.

REGULATORY EFFICIENCY



Costs associated with starting a business, dealing with construction permits, and obtaining electricity connections are now lower. Resolution of insolvency has become slightly more efficient. The contribution period required for an employee to qualify for unemployment protection has been extended. Bulgaria is receiving subsidies from the EU for agriculture and numerous other economic sectors.

OPEN MARKETS



As a member of the EU, Bulgaria has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Bulgaria has an additional 116 country-specific nontariff barriers. Generally, foreign and domestic investors are treated equally under the law. Several measures to support financial-sector liquidity were introduced in 2020.

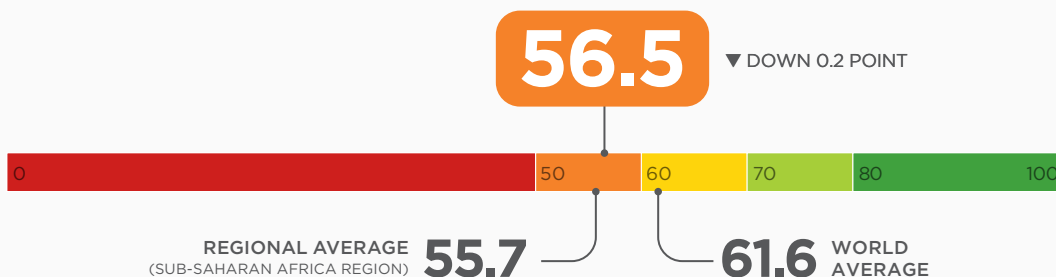
BURKINA FASO

Burkina Faso's economic freedom score is 56.5, making its economy the 124th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **monetary freedom**. Burkina Faso is ranked 21st among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Burkina Faso remained among the ranks of the mostly unfree in 2021, three years after the economy had briefly touched the moderately free category in 2018. For the country to reverse course and head toward greater economic freedom, the government will have to implement deep, broad, and well-institutionalized reforms to improve scores for property rights, judicial effectiveness, and government integrity.

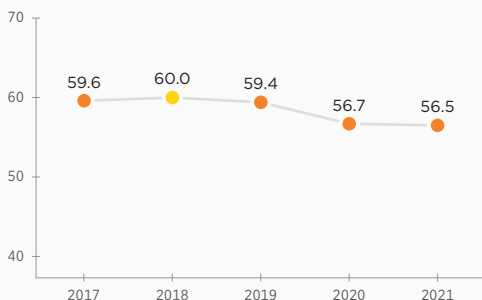
IMPACT OF COVID-19: As of December 1, 2020, 68 deaths had been attributed to the pandemic in Burkina Faso, and the economy was forecast to contract by 2.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +7.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
20.3 million

GDP (PPP):
\$47.3 billion
5.7% growth in 2019
5-year compound
annual growth 5.7%
\$2,280 per capita

UNEMPLOYMENT:
6.3%

INFLATION (CPI):
-3.2%

FDI INFLOW:
\$208.0 million

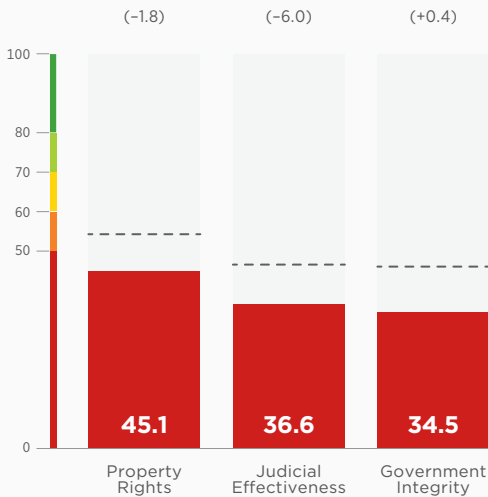
PUBLIC DEBT:
40.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former French colony of Burkina Faso is one of the world's poorest countries. After popular protests forced President Blaise Compaoré from office in 2014, Roch Marc Christian Kaboré of the People's Movement for Progress was elected to a five-year term as president in 2015. He won reelection in 2020, but his party failed to gain a parliamentary majority. The country has been experiencing a surge in terrorist attacks that have spawned ethnic and sectarian strife. About 90 percent of the population is engaged in subsistence farming, and cotton is the principal cash crop. Literacy rates are well below the regional average. Other challenges include political insecurity in neighboring Mali, unreliable energy supplies, and poor transportation links.

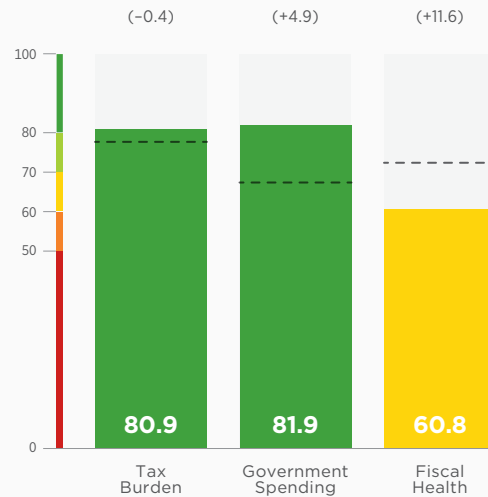
12 ECONOMIC FREEDOMS | BURKINA FASO

RULE OF LAW



Protection of private property is weak. Struggling with contradictions between statutory land tenure systems and local informal land control, the government has been trying to issue titles recognizing land ownership rights. The inefficient judiciary is formally independent but historically has been subject to executive influence and corruption. Corruption is widespread and particularly affects the police force. Anticorruption laws and bodies are generally ineffective.

GOVERNMENT SIZE



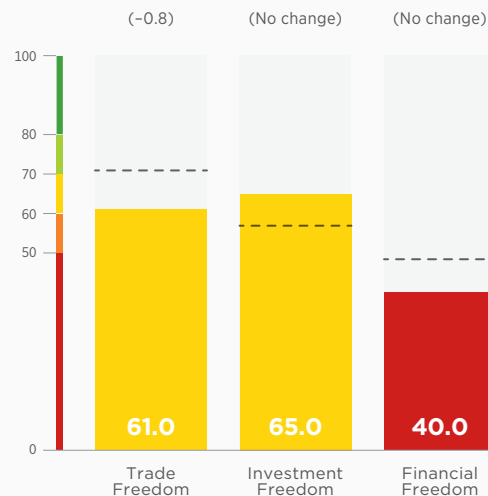
The top individual income tax rate is 27.5 percent, and the top corporate tax rate is 28 percent. The overall tax burden equals 19.3 percent of total domestic income. Government spending has amounted to 24.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 40.0 percent of GDP.

REGULATORY EFFICIENCY



Business start-up costs have risen slightly, and the cost of dealing with construction permits is also higher. The recovery rate when resolving insolvency has dropped. The labor code makes reducing the size of a workforce an onerous process. Child labor remains a problem. The government has increased expensive state subsidies to support cotton production.

OPEN MARKETS



Burkina Faso has two preferential trade agreements in force, and its trade-weighted average tariff rate is 9.5 percent. Nontariff barriers are considerable, and foreign investment remains hindered by bureaucracy. The government has pursued banking liberalization and restructuring, limiting its direct participation, but financial firms still lack the capacity to provide a full range of modern services.

BURMA

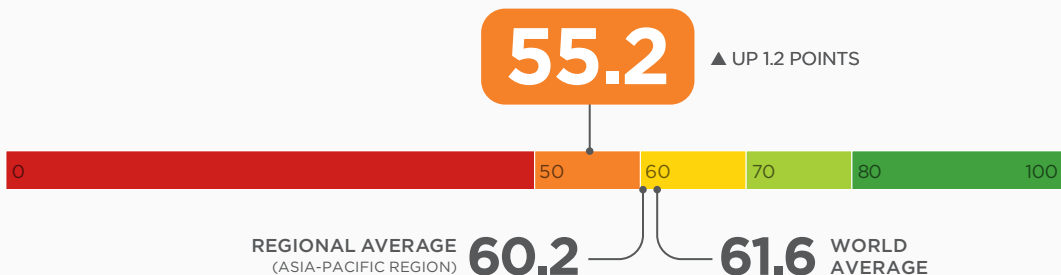
Burma's economic freedom score is 55.2, making its economy the 135th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an improvement in **business freedom**. Burma is ranked 30th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Burma's economy has been trending upward over the past decade. To continue that progress, the government will need to implement deep, broad, and well-institutionalized reforms that dramatically improve respect for property rights, judicial effectiveness, and government integrity. Additional reforms to improve aspects of investment freedom and financial freedom are also needed.

IMPACT OF COVID-19: As of December 1, 2020, 1,972 deaths had been attributed to the pandemic in Burma, and economic growth was forecast to decline to 2.0 percent for the year.

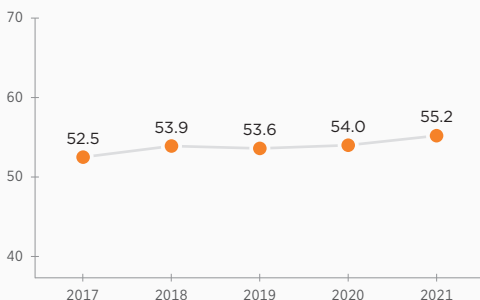
WORLD RANK: **135** | REGIONAL RANK: **30**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
54.0 million

GDP (PPP):
\$357.3 billion
6.5% growth in 2019
5-year compound
annual growth 6.5%
\$5,355 per capita

UNEMPLOYMENT:
1.6%

INFLATION (CPI):
8.6%

FDI INFLOW:
\$2.8 billion

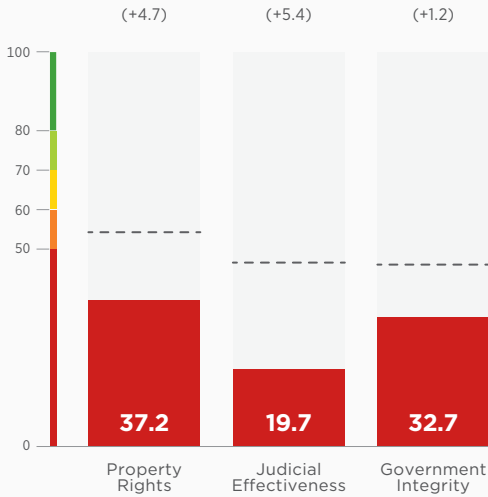
PUBLIC DEBT:
38.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Despite some efforts at democratization in recent years, the military remains the dominant force in Burmese politics, and it reimposed military rule in early 2021, arresting civilian officials as well as National League for Democracy (NLD) leader Aung San Suu Kyi, whose party had won a decisive victory in November 2020 general elections. Burma has received international censure for its treatment of the Rohingya and other ethnic minorities. Wages in Burma remain low compared with wages elsewhere in Asia, and more than 25 percent of the population lives in poverty.

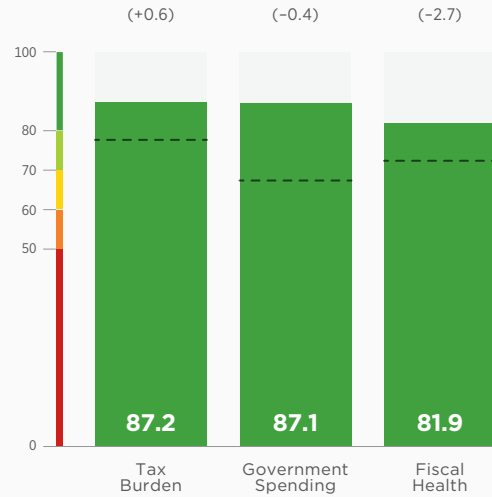
12 ECONOMIC FREEDOMS | BURMA

RULE OF LAW



Contentious disputes over land grabbing continued in 2019. Ownership of land is sometimes not well established, particularly after a half-century of military expropriations. The judiciary is not independent, and courts at times fail to rule impartially. Graft is deeply rooted in Burma, and despite government initiatives aimed at curbing it, official corruption remains rampant at both the national and local levels.

GOVERNMENT SIZE



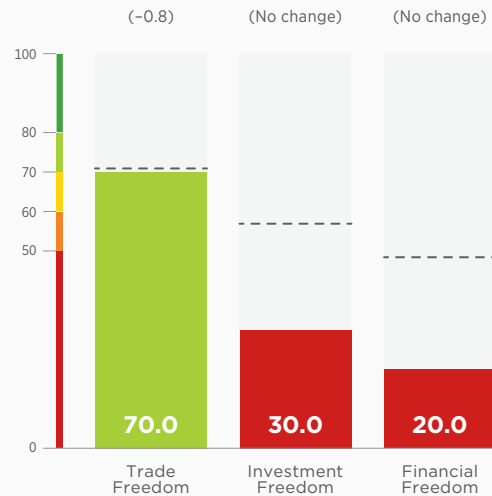
The top individual income and corporate tax rates are 25 percent. Other taxes include commercial and capital gains taxes. The overall tax burden equals 5.9 percent of total domestic income. Government spending has amounted to 20.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 38.2 percent of GDP.

REGULATORY EFFICIENCY



The process for starting a business has been simplified, and incorporation fees have been reduced. The law now requires more corporate transparency, greater disclosure of company transactions, and increased director liability. The value added per worker relative to the minimum wage has improved. Electricity tariffs have been raised, as have fuel prices, to reduce the heavy costs of those previous subsidies.

OPEN MARKETS



Burma has seven preferential trade agreements in force. The trade-weighted average tariff rate is 5.0 percent. Burma has one formal nontariff measure in force, and other barriers to trade persist. Numerous state-owned enterprises distort the economy, undermining foreign and domestic investment in the private sector. About 30 percent of adult Burmese have access to an account with a formal banking institution.

BURUNDI

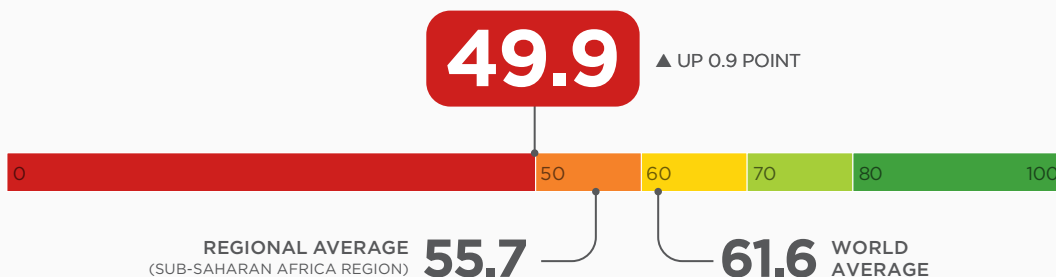
Burundi's economic freedom score is 49.9, making its economy the 161st freest in the 2021 *Index*. Its overall score has increased by 0.9 point, primarily because of an improvement in **fiscal health**. Burundi is ranked 40th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Although economic freedom in Burundi increased slightly in 2021, the economy remains in the repressed category. For Burundi's economy to climb out of the ranks of the repressed, the government will have to implement deep, broad, and well-institutionalized reforms that dramatically improve its scores for property rights, judicial effectiveness, and government integrity. Fiscal reforms to lower debt and improvements in the business climate are also needed.

IMPACT OF COVID-19: As of December 1, 2020, one death had been attributed to the pandemic in Burundi, and the economy was forecast to contract by 3.2 percent for the year.

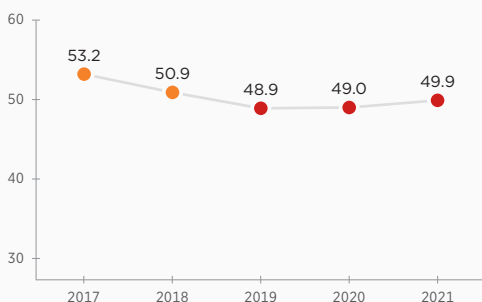
WORLD RANK: **161** | REGIONAL RANK: **40**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.5 million

GDP (PPP):
\$8.7 billion
1.8% growth in 2019
5-year compound
annual growth -0.1%
\$783 per capita

UNEMPLOYMENT:
1.4%

INFLATION (CPI):
-0.7%

FDI INFLOW:
\$1.0 million

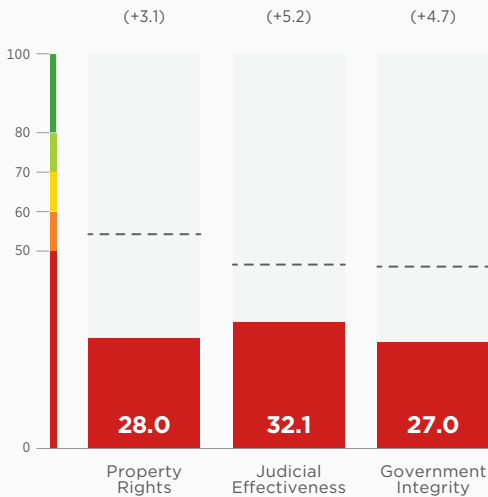
PUBLIC DEBT:
60.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Burundi has had a turbulent history since gaining independence from Belgium in 1962: Its first democratically elected president, for example, was assassinated in 1993 after only 100 days in office. Sidestepping the two-term constitutional limit, President Pierre Nkurunziza was elected to a third term in 2015, and hundreds of Burundians were killed in the resulting unrest. The government used violence and intimidation to ensure passage of a 2018 referendum that further centralized presidential power. Nkurunziza's hand-picked successor, Evariste Ndayishimiye, won the presidency in May 2020 elections that the opposition denounced as fraudulent. He took office after Nkurunziza died of COVID-19 in June. Subsistence agriculture dominates the economy, and well over half of the population lives below the poverty line.

12 ECONOMIC FREEDOMS | BURUNDI

RULE OF LAW



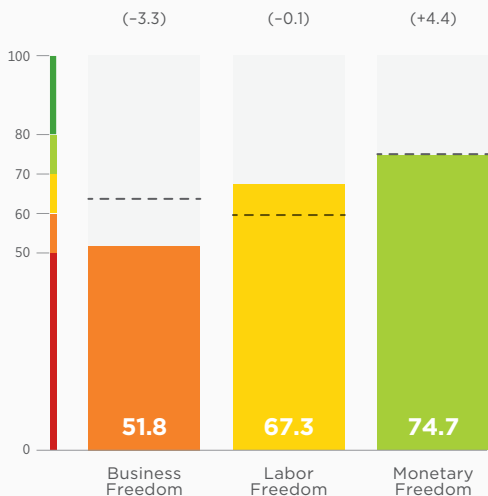
Historically, land titling in Burundi involves a lengthy, opaque, and centralized process. Private property is vulnerable to government expropriation and armed banditry, and property registration is difficult. The judiciary is nominally independent but lacks capacity. Judges are subject to political pressure. Burundi remains one of sub-Saharan Africa's most corrupt countries. Corruption has been reported in the award of licenses and concessions and among customs officials.

GOVERNMENT SIZE



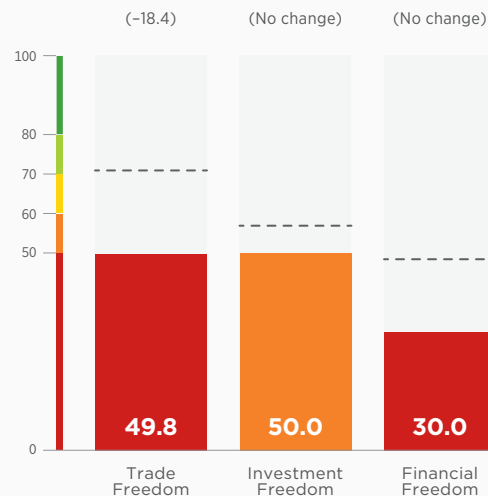
The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 12.9 percent of total domestic income. Government spending has amounted to 26.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.1 percent of GDP. Public debt is equivalent to 60.7 percent of GDP.

REGULATORY EFFICIENCY



Burundi has lost ground in business freedom. The costs of starting a business, dealing with permits, and obtaining electricity have risen. In general, little recovery is possible in insolvency cases. Skilled labor is scarce, and only a minority of workers enjoy formal employment. Labor statistics are not tracked well. Subsidies and rationing of fuel and electricity persist, and state-owned enterprises and agriculture-support programs influence other prices.

OPEN MARKETS



Burundi has two preferential trade agreements in force. The trade-weighted average tariff rate is 15.1 percent, and three nontariff measures are in effect. Bureaucratic barriers, exacerbated by the opaque investment framework, limit foreign and domestic investment. The financial system remains underdeveloped. Banks continue to increase their domestic assets, and there are microfinance institutions, but overall access to credit remains limited.

CABO VERDE



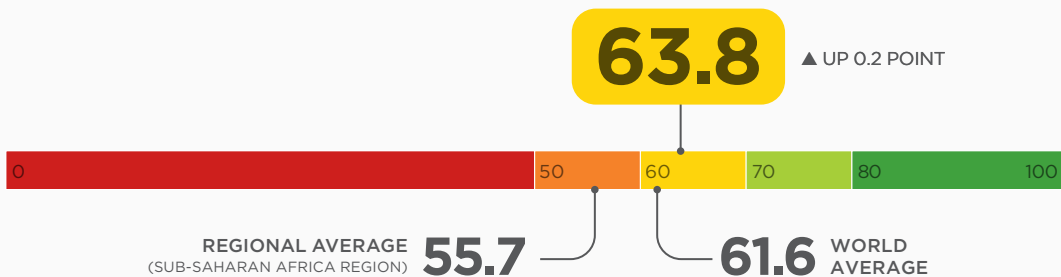
WORLD RANK: **77**
REGIONAL RANK: **5**
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Cabo Verde's economic freedom score is 63.8, making its economy the 77th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **fiscal health**. Cabo Verde is ranked 5th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Cabo Verde's economic freedom score has changed very little from last year. The economy remains in the ranks of the moderately free. To achieve greater economic freedom and remain a leader in sub-Saharan Africa, the government needs to strengthen the rule of law by implementing further institutional reforms to bolster property rights, judicial effectiveness, and government integrity.

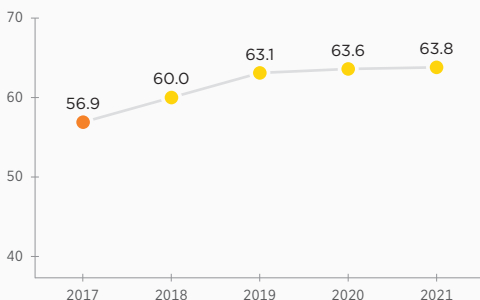
IMPACT OF COVID-19: As of December 1, 2020, 106 deaths had been attributed to the pandemic in Cabo Verde, and the economy was forecast to contract by 6.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +14.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$4.3 billion
5.5% growth in 2019
5-year compound
annual growth 4.0%
\$7,469 per capita

UNEMPLOYMENT:
12.3%

INFLATION (CPI):
1.1%

FDI INFLOW:
\$104.0 million

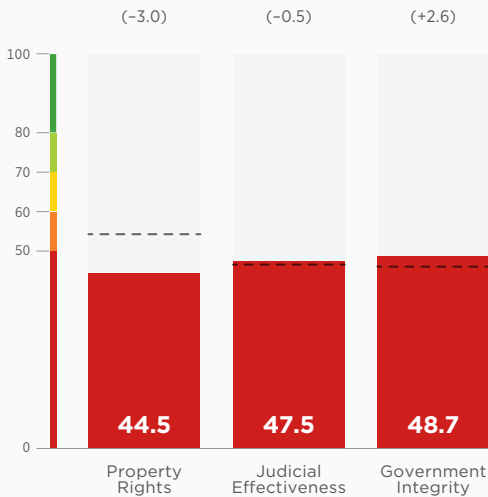
PUBLIC DEBT:
124.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Colonized by the Portuguese in the 15th century, Cabo Verde has few natural resources but has managed to become a trading center and is now a stable, multiparty parliamentary democracy. President Jorge Carlos Fonseca of the Movement for Democracy was elected to a second five-year term by a wide margin in 2016. Cabo Verde's economy relies on services, which account for about 75 percent of GDP. Tourism and emigrants' remittances are important. Foreign aid finances the country's traditionally high trade deficit. The government wants to generate all energy through renewables by 2025. China invests heavily in Cabo Verde as part of its One Belt, One Road initiative.

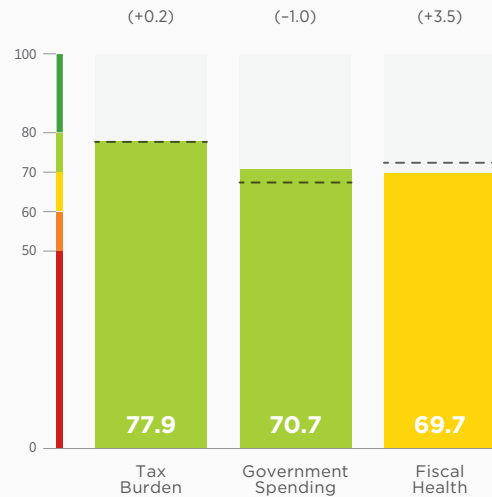
12 ECONOMIC FREEDOMS | CABO VERDE

RULE OF LAW



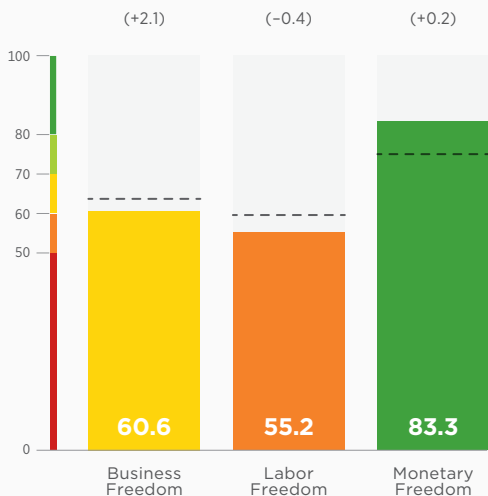
Although enforcement is hampered by legal and bureaucratic inefficiency, property rights are generally respected. Completion of a land information database and registration reforms will likely strengthen secured interests in chattel and real property. The judiciary is independent, but the courts are overburdened and understaffed. Cabo Verde is rated sub-Saharan Africa's least corrupt country in Transparency International's *Corruption Perceptions Index*.

GOVERNMENT SIZE



The top individual income tax rate is 35 percent, and the top corporate tax rate is 24 percent. Other taxes include a value-added tax. The overall tax burden equals 20.1 percent of total domestic income. Government spending has amounted to 31.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 124.2 percent of GDP.

REGULATORY EFFICIENCY



Issuing municipal licenses before inspections has made it easier to start a business. Investments in georeferencing and the geographic information system database make it easier to deal with construction permits. Labor laws are antiquated and enforced inconsistently. The market determines most prices, but planned privatizations of several state-owned and loss-making enterprises, including the electricity company, have been delayed.

OPEN MARKETS



Cabo Verde has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.0 percent, and four nontariff measures are in effect. The law generally treats foreign and domestic investors equally. The number of non-performing loans in the banking system has decreased. Credit is generally allocated on market terms. The central bank has taken various measures to increase liquidity in the banking system since March 2020.

CAMBODIA

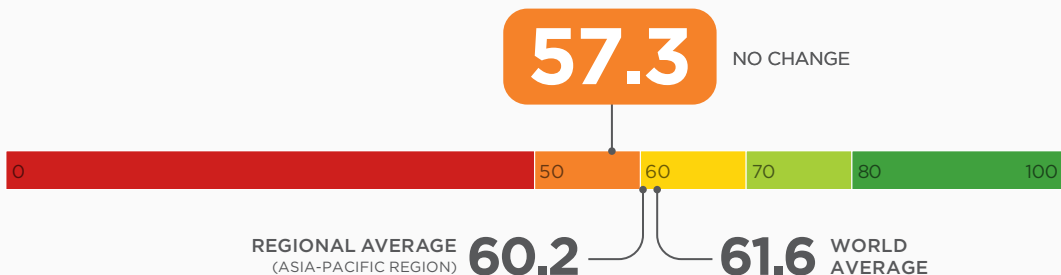
Cambodia's economic freedom score is 57.3, making its economy the 118th freest in the 2021 *Index*. Its overall score is unchanged, with a decline in **judicial effectiveness** partially offset by an improvement in **fiscal health**. Cambodia is ranked 24th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The trajectory of economic freedom in Cambodia, which has been in decline since 2017, has failed to reverse course, and the economy is still considered mostly unfree. In addition to improving the regulatory environment to enhance business freedom, sustained growth over the long term will require implementation of deep, broad, and well-institutionalized reforms to improve scores for judicial effectiveness and government integrity, as well as improved property rights.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Cambodia, but the economy was forecast to contract by 2.8 percent for the year.

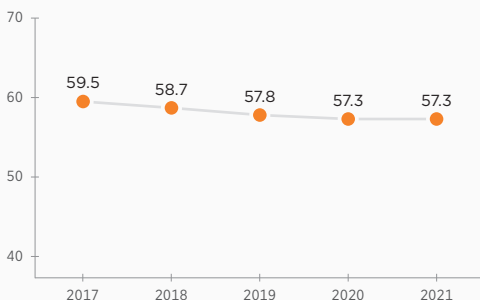
WORLD RANK: **118** REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.5 million

GDP (PPP):
\$77.0 billion
7.0% growth in 2019
5-year compound
annual growth 7.1%
\$4,571 per capita

UNEMPLOYMENT:
0.7%

INFLATION (CPI):
2.4%

FDI INFLOW:
\$3.7 billion

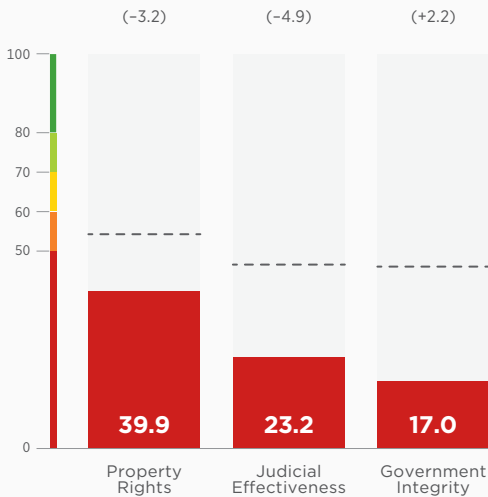
PUBLIC DEBT:
28.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Former Khmer Rouge member and now Prime Minister Hun Sen has ruled Cambodia since 1985. In 2017, his Cambodian People's Party executed an unprecedented crackdown against the opposition Cambodia National Rescue Party (CNRP) in the lead-up to local elections, and the CNRP was later banned and dissolved by the Cambodian Supreme Court. Elections in 2018 confirmed Cambodia's status as a one-party state. The economy remains heavily dependent on tourism revenues and garment exports. More than half of the labor force is engaged in subsistence farming, and Cambodia remains one of Asia's poorest countries. The European Union, Cambodia's largest export market, partially suspended Cambodia's preferential trade treatment in 2020 because of the government's violations of human rights, including the 2017 crackdown.

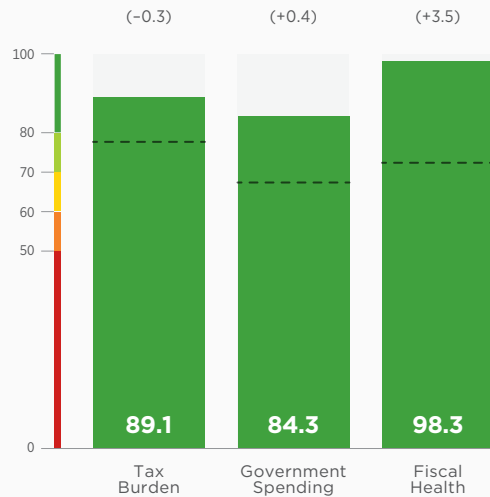
12 ECONOMIC FREEDOMS | CAMBODIA

RULE OF LAW



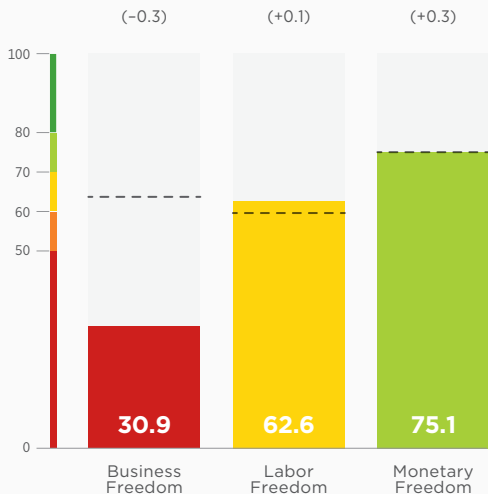
Land rights are a contentious issue in Cambodia. Because of official policies and social upheaval during the Khmer Rouge era in the 1970s, most property holders do not have legal titles. The judiciary is characterized by corruption and a lack of independence. Judges have facilitated the government's targeting of opposition politicians. Anticorruption laws are poorly enforced, and corruption is pervasive in public procurement and tax administration.

GOVERNMENT SIZE



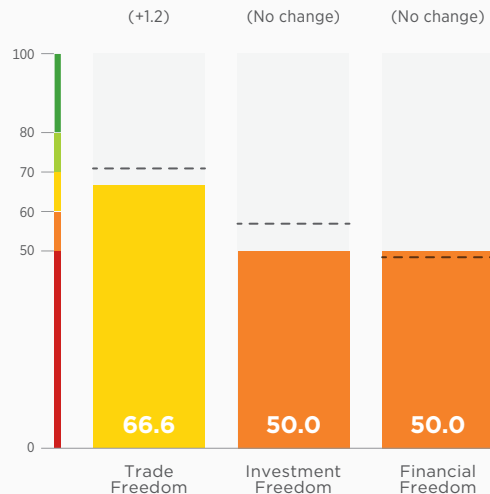
The top individual income and corporate tax rates are 20 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 17.1 percent of total domestic income. Government spending has amounted to 22.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.1 percent of GDP. Public debt is equivalent to 28.5 percent of GDP.

REGULATORY EFFICIENCY



Starting a business has become more expensive because of cost increases associated with business registration at the Ministry of Labor and Vocational Training. The government has been in discussions with businesses and labor unions about making the labor law more business friendly. Large and growing subsidies for public-private partnerships and state-owned enterprises are a growing threat to fiscal stability.

OPEN MARKETS



Cambodia has six preferential trade agreements in force, and its trade-weighted average tariff rate is 9.2 percent. One formal nontariff measure is in effect, but other impediments to trade flows persist. 100 percent foreign ownership of companies is permitted, but the lack of transparency in approval processes undermines inflows of new foreign investment. Banking has become more market-oriented, and credit is increasingly available to the private sector.

CAMEROON

Cameroon's economic freedom score is 53.4, making its economy the 144th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **property rights**. Cameroon is ranked 32nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

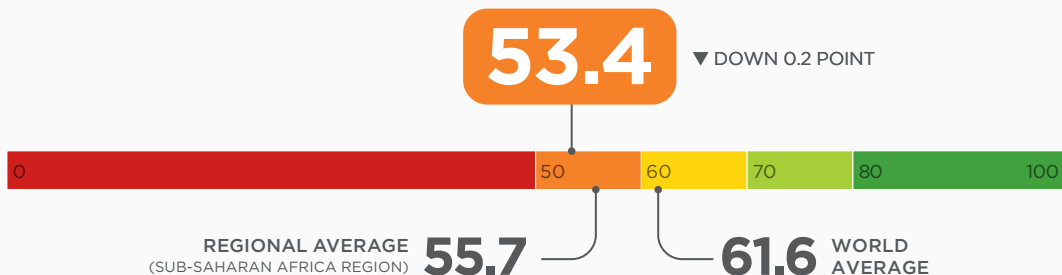
Cameroon's economy continues to occupy the lower reaches of the mostly unfree ranks where it has been since the inception of the *Index* in 1995. To increase economic freedom in Cameroon and lay the foundation for a stronger, more broad-based domestic economy, the government needs to refocus on improving its performance on the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 441 deaths had been attributed to the pandemic in Cameroon, and the economy was forecast to contract by 2.8 percent for the year.

WORLD RANK: **144** REGIONAL RANK: **32**

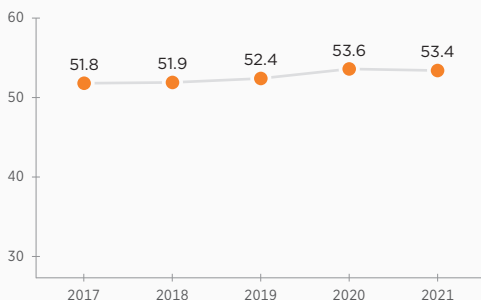
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.9 million

GDP (PPP):
\$100.6 billion
3.7% growth in 2019
5-year compound
annual growth 4.3%
\$3,804 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
2.5%

FDI INFLOW:
\$781.6 million

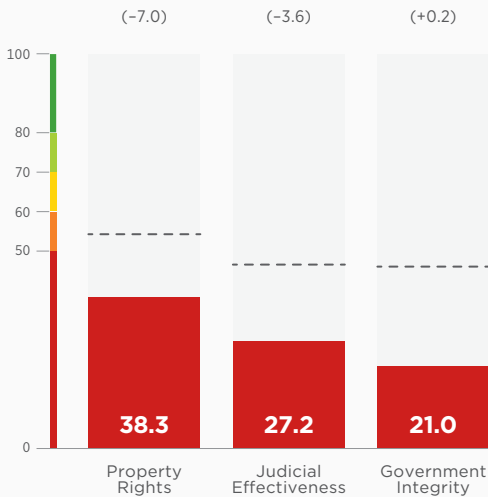
PUBLIC DEBT:
40.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Former French and British colonies merged in the 1960s to form Cameroon. Paul Biya, now 87 years old and Africa's second-longest-ruling head of state, abolished term limits in 2008 and went on to win seven-year terms as president in 2011 and again in 2018 in elections that were marred by irregularities. Tensions between the Anglophone minority and the central government erupted into violence with both sides reportedly committing atrocities. The Islamist terrorist group Boko Haram frequently attacks across Cameroon's 1,230-mile border with Nigeria. The economy depends on oil, which accounts for about 40 percent of export earnings. Cameroon is building Central Africa's only deep-sea port in Kribi, financed primarily by China's Export-Import Bank, and is expanding hydropower generation.

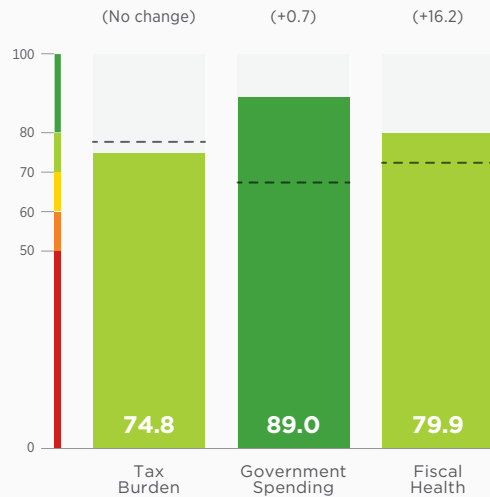
12 ECONOMIC FREEDOMS | CAMEROON

RULE OF LAW



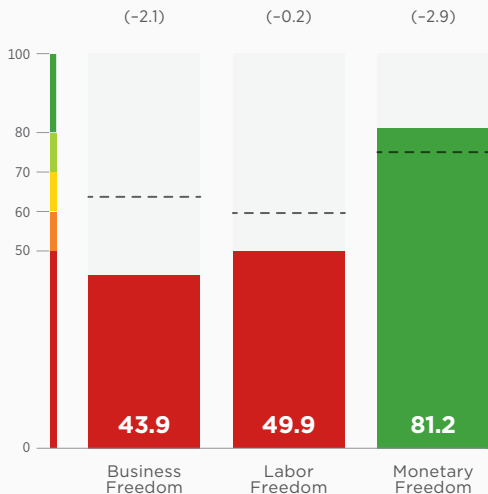
Property rights are recognized by law, but the weak judiciary makes enforcement sporadic, and land disputes are common. The inefficient judicial system is subordinate to the justice ministry, and political influence and corruption weaken courts. Corruption and cronyism are systemic, and demands for bribes are commonplace, from gaining school admission to fixing traffic infractions. Revenues from oil and minerals extractions are not publicly reported.

GOVERNMENT SIZE



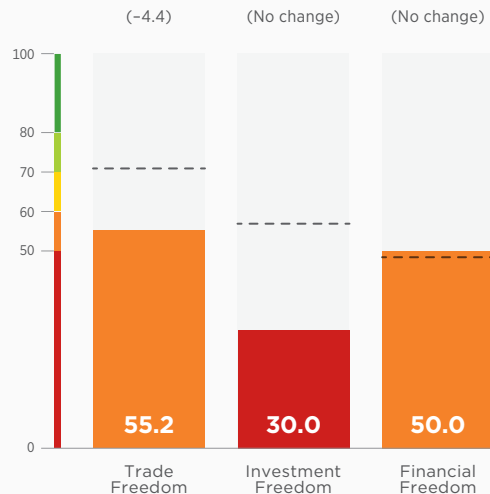
The top individual income tax rate is 35 percent, and the top corporate tax rate is 33 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 14.4 percent of total domestic income. Government spending has amounted to 19.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 40.9 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has become more complicated and expensive. Informality in labor arrangements is widespread, and no new labor laws or regulations have been introduced recently. Government price controls for food and other consumer goods and subsidies for electricity, retail gasoline, diesel, and liquefied natural gas continue to strain the federal budget.

OPEN MARKETS



Cameroon has three preferential trade agreements in force. The trade-weighted average tariff rate is 14.9 percent, and layers of nontariff measures hold back more dynamic trade flows. The investment code includes several general minimum requirements and local content rules. The cost of financing remains high, and access to credit remains limited in rural areas. There is a wide network of microfinance institutions.

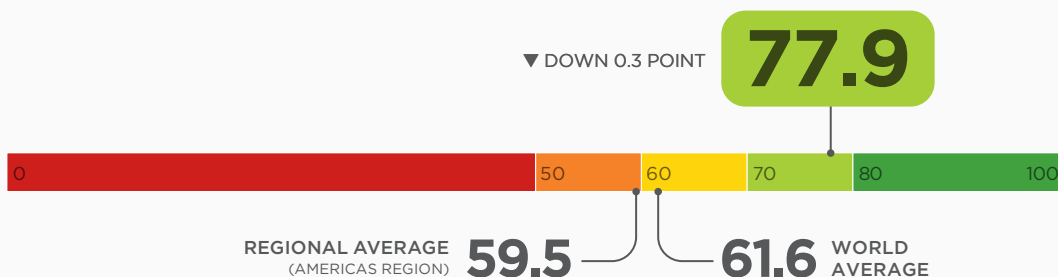
CANADA

Canada's economic freedom score is 77.9, making its economy the 9th freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **property rights**. Canada is ranked 1st among 32 countries in the Americas region, and its overall score is above the regional and world averages.

This year, Canada's economy remains in the ranks of the mostly free where it has been since it fell from the free category in 2015. The easiest way for the government to improve economic freedom would be to reduce government spending and thereby raise the very low score for that *Index* indicator. Reforming labor laws to create a more flexible labor market would increase labor freedom.

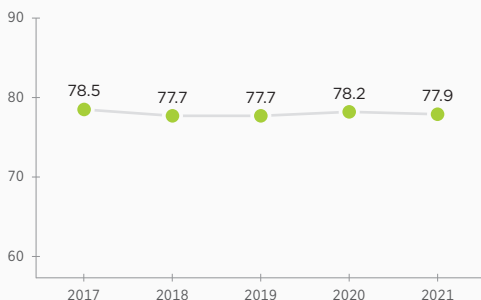
IMPACT OF COVID-19: As of December 1, 2020, 12,229 deaths had been attributed to the pandemic in Canada, and the economy was forecast to contract by 7.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
37.6 million

GDP (PPP):
\$1.9 trillion
1.6% growth in 2019
5-year compound
annual growth 1.7%
\$51,342 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
1.9%

FDI INFLOW:
\$50.3 billion

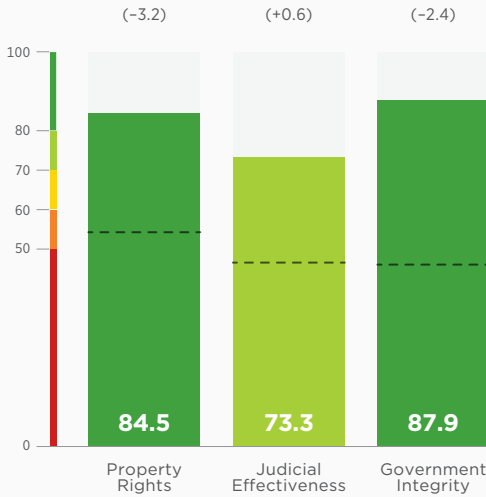
PUBLIC DEBT:
88.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Canada is the world's second-largest country by land area and has its 10th-largest economy. Prime Minister Justin Trudeau's Liberal Party managed to win a second term in office in October 2019 national elections despite a corruption scandal that tarnished Trudeau's political brand. Although he remains in power, Trudeau was forced to form an inherently unstable minority government that could fall well before the next election, which is scheduled to be held 2023. Canada's market-oriented economic system closely resembles that of the U.S. Leading sectors include automotive and other manufactures, forest products, minerals, and petroleum. About three-quarters of Canada's exports are to the United States, so the new U.S.-Mexico-Canada Agreement that entered into force on July 1, 2020, is vital to Canada's continued economic well-being.

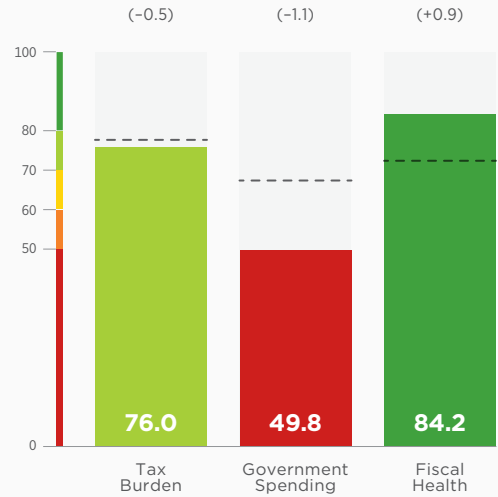
12 ECONOMIC FREEDOMS | CANADA

RULE OF LAW



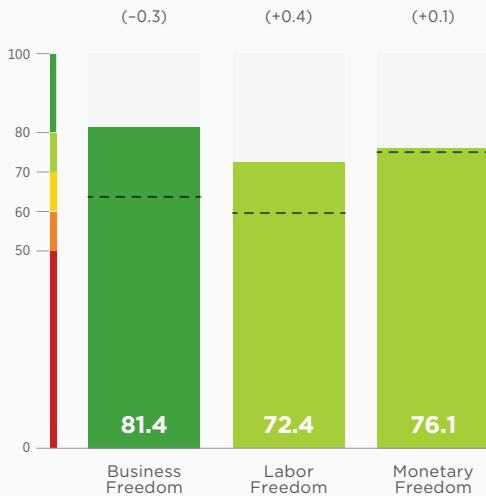
Property rights are generally well protected by law and through the enforcement of contracts. Expropriation is highly unusual. The judiciary is independent, and courts are considered procedurally competent, fair, and reliable. Canada's reputation for clean government with little corruption was tainted by scandal in 2020 when a government education contract kickback scheme was alleged to have involved members of the prime minister's family.

GOVERNMENT SIZE



The top individual income tax rate is 33 percent, and the top corporate tax rate is 15 percent. Other taxes include value-added and property taxes. The overall tax burden equals 33.0 percent of total domestic income. Government spending has amounted to 40.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.3 percent of GDP. Public debt is equivalent to 88.6 percent of GDP.

REGULATORY EFFICIENCY



Business freedom in Canada is relatively unchanged and remains at a high level. However, the recovery rate during insolvency procedures has declined slightly. Labor laws vary by jurisdiction. There is a shortage of skilled trade professionals. In addition to subsidizing health care, the government funds large subsidies for a wide range of business sectors including energy and agriculture.

OPEN MARKETS



Canada has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 3.1 percent, and 459 nontariff measures are in effect. Foreign investment in some sectors, including aviation and telecommunications, is capped by the government. The banking sector, dominated by six major banks, remains sound. A wide range of nonbank financial companies operate in a prudent regulatory environment.

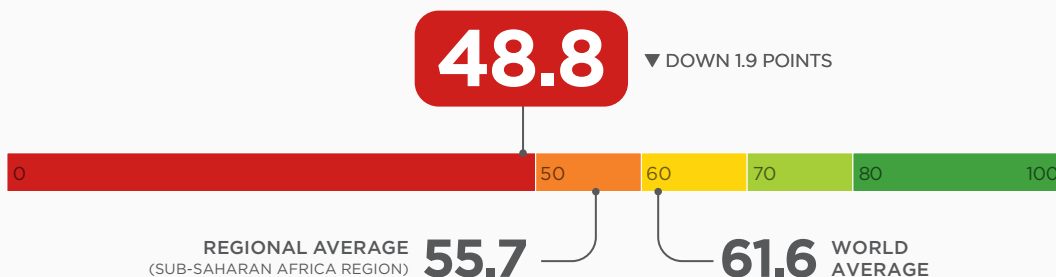
CENTRAL AFRICAN REPUBLIC

The Central African Republic's economic freedom score is 48.8, making its economy the 166th freest in the 2021 *Index*. Its overall score has decreased by 1.9 points, primarily because of a decline in **property rights**. The Central African Republic is ranked 44th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Economic freedom in the Central African Republic has continued to decline. Considered moderately free in 2003, the country since then has been ranked more typically as mostly unfree or repressed. The Central African Republic is one of the world's poorest countries. If political stability could be achieved, the government could prioritize improvements in business freedom and the rule of law.

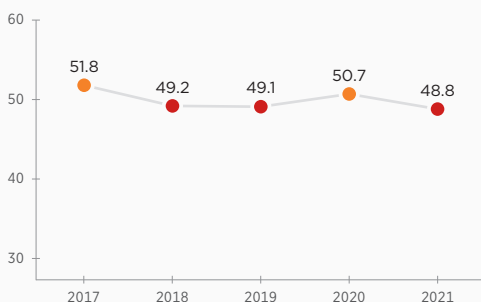
IMPACT OF COVID-19: As of December 1, 2020, 63 deaths had been attributed to the pandemic in the Central African Republic, and the economy was forecast to contract by 1.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): -11.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.7 million

GDP (PPP):
\$4.2 billion
3.0% growth in 2019
5-year compound
annual growth 4.1%
\$984 per capita

UNEMPLOYMENT:
3.7%

INFLATION (CPI):
2.7%

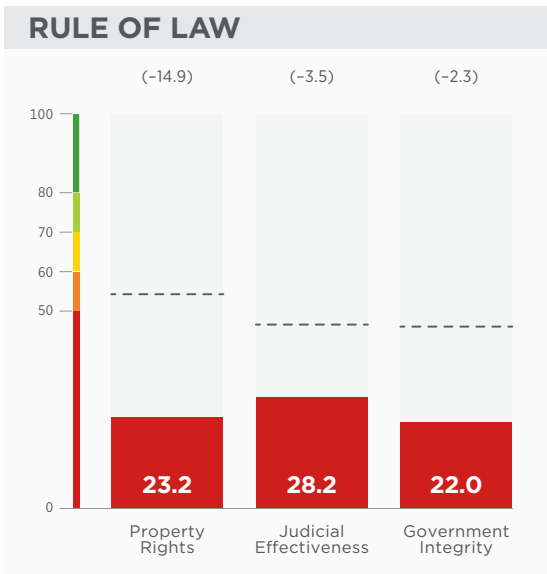
FDI INFLOW:
\$25.6 million

PUBLIC DEBT:
47.8% of GDP

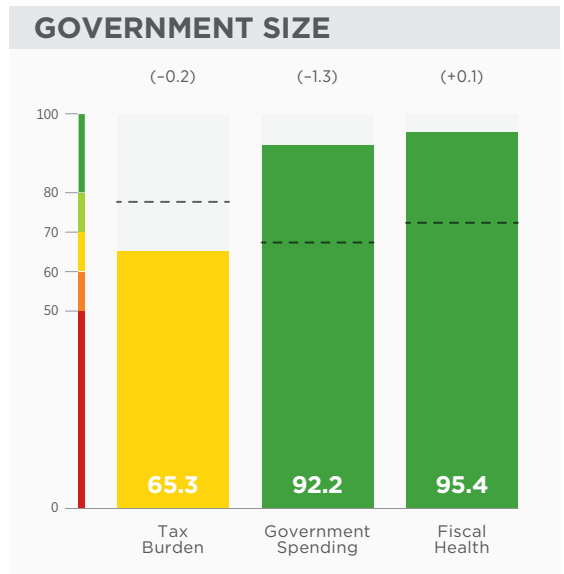
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A former French colony, the Central African Republic became independent in 1960. In 1993, after more than 30 years of mostly incompetent and frequently brutal military regimes, a democracy was established. It ended in 2003 with a military coup led by François Bozizé, who was later elected president. In 2013, mostly Muslim Séléka rebels led by Michel Djotodia overthrew Bozizé. Subsequent sectarian violence precipitated French military intervention and the deployment of U.N. peacekeepers. Djotodia stepped down in 2014, and former Prime Minister Faustin-Archange Touadéra was elected president in 2016 and won reelection in December 2020. Militia violence continues to fuel population displacement and hunger. The CAR has abundant timber, gold, diamonds, and uranium.

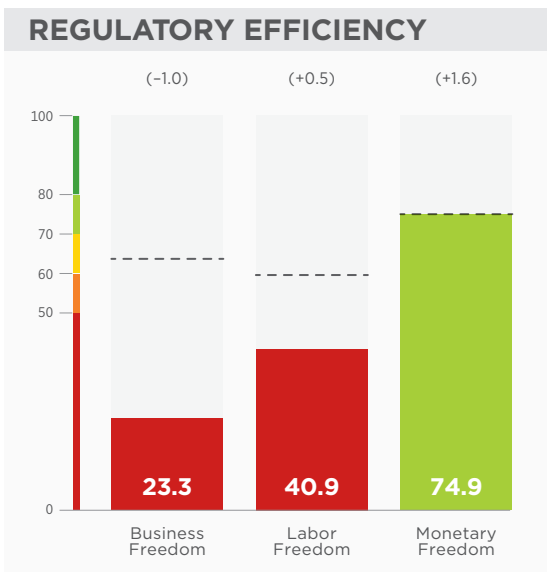
12 ECONOMIC FREEDOMS | CENTRAL AFRICAN REPUBLIC



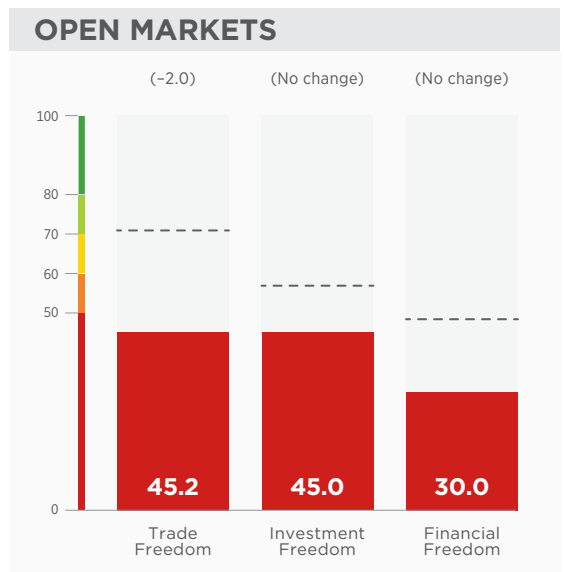
Protection of property rights is weak. Businesses and homes are regularly looted or extorted by armed militants, who enter homes without judicial authorization, seize and damage property without due process, and evict persons from their places of residence in the capital city of Bangui and throughout the countryside. Courts are inefficient and politicized and do not enforce their rulings. Corruption and nepotism remain pervasive.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 8.6 percent of total domestic income. Government spending has amounted to 16.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 47.8 percent of GDP.



The cost of construction permitting has increased. Bankruptcy generally leads to a total loss of assets. From 2000 to 2019, men's labor force participation was relatively stable, but women's declined. Government distortions of the economy through subsidies and price controls are aggravated by increasing political instability that undermines the basic functioning of state institutions.



The Central African Republic has one preferential trade agreement in force. The trade-weighted average tariff rate is 17.4 percent. Persistent nontariff barriers and impediments to investment are exacerbated by political instability. The financial system is underdeveloped, and access to financing for businesses remains very limited. Less than 20 percent of adult Central Africans have access to an account with a formal banking institution.

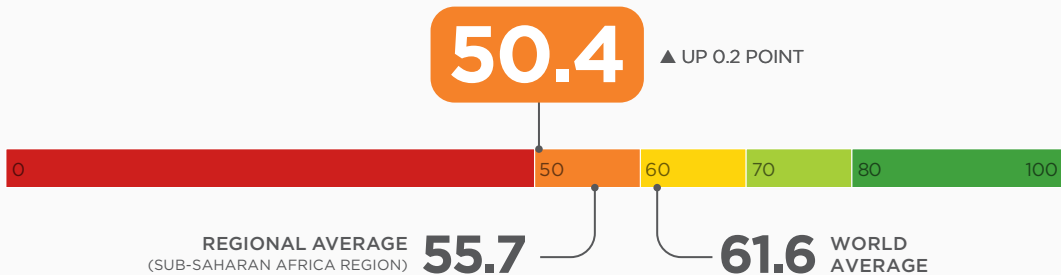
CHAD

Chad's economic freedom score is 50.4, making its economy the 158th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **government integrity**. Chad is ranked 38th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Chad's economy has vacillated between mostly unfree and repressed for more than two decades. This year, it barely clung to the mostly unfree category. Chad is one of the world's 25 poorest countries according to IMF data. Desperately needed major reforms to improve business freedom, property rights, judicial effectiveness, and the integrity of government seem unlikely to occur under the present government.

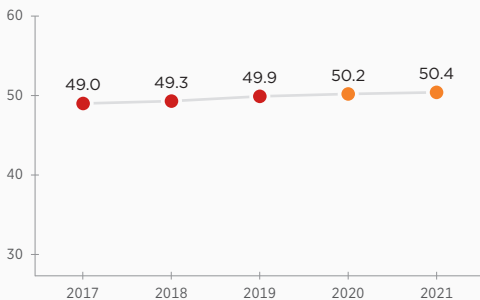
IMPACT OF COVID-19: As of December 1, 2020, 102 deaths had been attributed to the pandemic in Chad, and the economy was forecast to contract by 0.7 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +5.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
15.9 million

GDP (PPP):
\$31.9 billion
3.0% growth in 2019
5-year compound
annual growth
-0.2%
\$1,645 per capita

UNEMPLOYMENT:
1.9%

INFLATION (CPI):
-1.0%

FDI INFLOW:
\$566.6 million

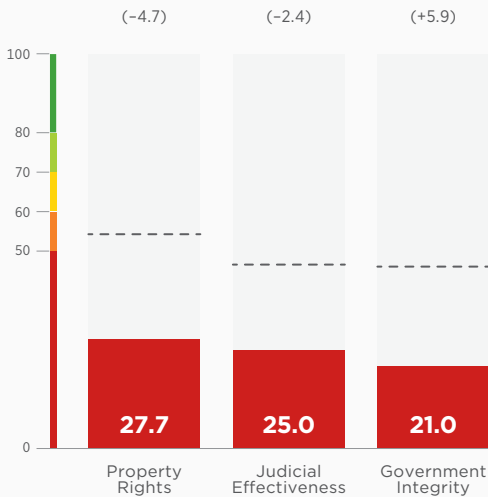
PUBLIC DEBT:
44.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A former French colony, Chad endured three decades of civil war and invasions before the restoration of peace in 1990. A rebellion in the northern part of the country flares up sporadically, and Chad remains at war with the Islamist terrorist group Boko Haram, which is based in neighboring Nigeria. President Idriss Déby seized power in 1990 and won a fifth term in 2016, touching off large protests. In 2018, a new constitution expanded presidential power and restored non-retroactive term limits, clearing the way for Déby to retain power until 2033. Landlocked Chad pays dearly for imported goods, and oil accounts for approximately 60 percent of export revenues. Cotton, cattle, livestock, and gum arabic account for the bulk of nonoil exports.

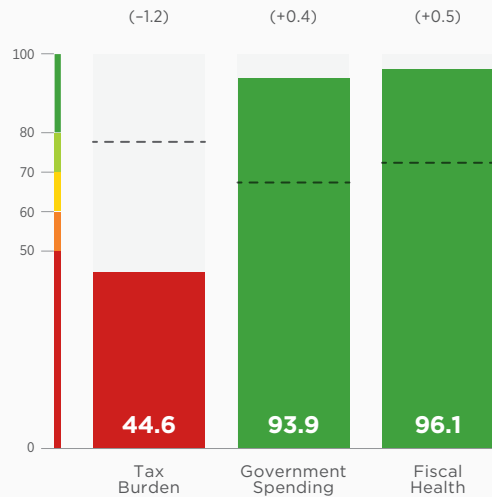
12 ECONOMIC FREEDOMS | CHAD

RULE OF LAW



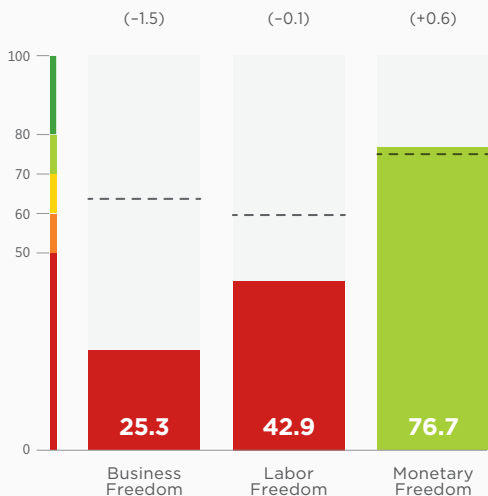
Although the Civil Code protects real property rights, enforcement is difficult because most landowners lack a title or a deed for their property, and the cost of property registration is high. The rule of law is weak. The judiciary lacks real independence and is subject to executive influence. Corruption, bribery, and nepotism are endemic and pervasive, especially in government procurement, customs, and tax collection.

GOVERNMENT SIZE



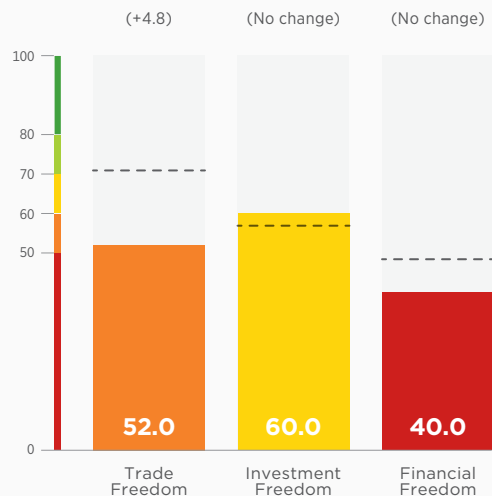
The top individual income tax rate is 60 percent, and the top corporate tax rate is 45 percent. The overall tax burden equals 13.3 percent of total domestic income. Government spending has amounted to 14.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.5 percent of GDP. Public debt is equivalent to 44.2 percent of GDP.

REGULATORY EFFICIENCY



Chad has lost ground in business freedom compared to other countries and has one of the world's lowest business freedom scores. Child labor is a persistent problem, and 80 percent of labor occurs informally. The government maintains subsidies to inefficient state-owned enterprises, and the country's economy remains distorted by heavily subsidized oil.

OPEN MARKETS



Chad has one preferential trade agreement in force. The trade-weighted average tariff rate is 14.0 percent, and nontariff barriers further impede trade. Openness to foreign investment remains severely constrained by institutional weakness. The high cost of credit and scarce access to financing deter private-sector development. A large part of the population remains outside of the formal banking sector.

WORLD RANK: REGIONAL RANK:

19

2

ECONOMIC FREEDOM STATUS:
MOSTLY FREE

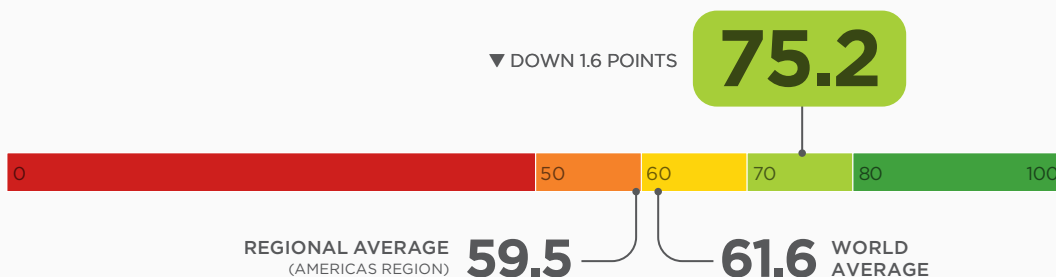
CHILE

Chile's economic freedom score is 75.2, making its economy the 19th freest in the 2021 *Index*. Its overall score has decreased by 1.6 points, primarily because of a decline in **investment freedom**. Chile is ranked 2nd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Economic freedom in Chile has generally declined since 2013 when the economy was on the verge of joining the ranks of the free. This year, it is even more firmly planted in the mostly free category. The biggest threats to future economic freedom in Chile could emerge from adoption of a new constitution that could mandate higher taxation, higher government spending, and other laws that would have a negative impact on *Index* indicators.

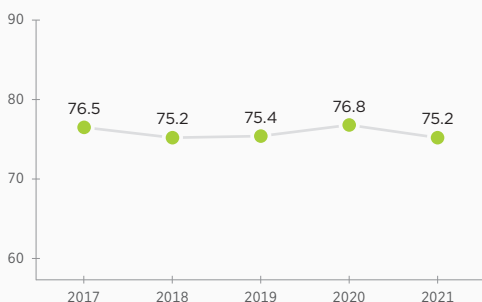
IMPACT OF COVID-19: As of December 1, 2020, 15,430 deaths had been attributed to the pandemic in Chile, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.0 million

GDP (PPP):
\$495.2 billion
1.1% growth in 2019
5-year compound
annual growth 2.1%
\$25,155 per capita

UNEMPLOYMENT:
7.1%

INFLATION (CPI):
2.3%

FDI INFLOW:
\$11.4 billion

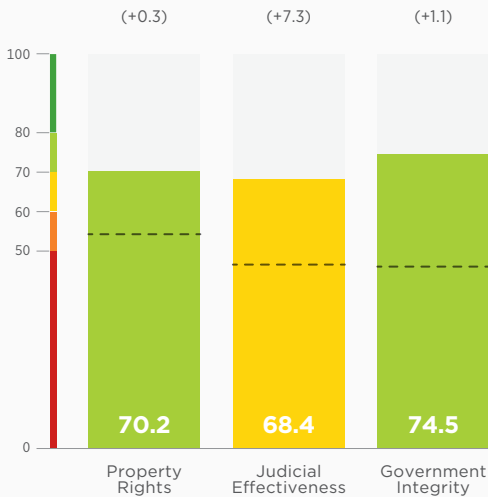
PUBLIC DEBT:
27.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Chile is the world's leading producer of copper, and growth in GDP is driven by exports of minerals, wood, fruit, seafood, and wine. In office since 2017, center-right President Sebastián Piñera faces stiff resistance from the left-leaning parties that control Congress. Five months of violent protests late in 2019 and early in 2020 led to the deaths of more than 30 people. The widespread turmoil, which generated calls for the state to broaden the social safety net, has had a negative impact on economic growth. In an October 2020 referendum, nearly 80 percent of voters approved a proposal to rewrite or abandon Chile's current constitution.

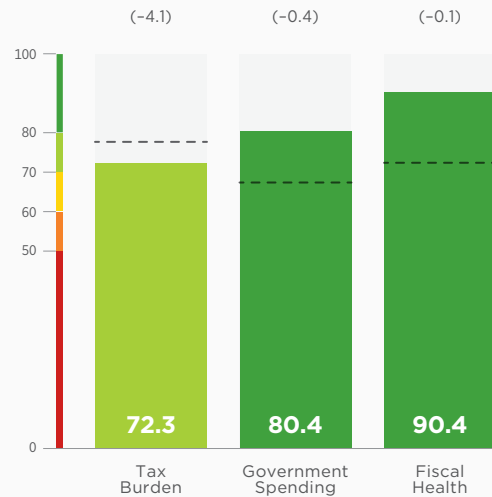
12 ECONOMIC FREEDOMS | CHILE

RULE OF LAW



Secured interests in real property are recognized and generally enforced, and expropriation is rare. There is a recognized and generally reliable system for recording mortgages and other forms of liens. The judiciary is independent, and the courts are generally competent in their enforcement of property and contractual rights and free from political interference. Chile remains South America's second least corrupt country after Uruguay.

GOVERNMENT SIZE



The top individual income tax rate has been increased to 40 percent, and the top corporate tax rate is 27 percent. The overall tax burden equals 21.1 percent of total domestic income. Government spending has amounted to 25.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 27.9 percent of GDP.

REGULATORY EFFICIENCY



The business regulatory environment remains mostly free, and online registration has eased the business start-up process. The labor force participation rate has increased over the past year. Government-funded subsidies that are routinely provided in Chile's annual budgets include support for small and medium-size enterprises and housing payments.

OPEN MARKETS



Chile has 29 preferential trade agreements in force. The trade-weighted average tariff rate is 6.0 percent, and 106 nontariff measures are in effect. Market-oriented policies, facilitated by a sound and transparent investment framework, have attracted significant foreign investment. The relatively competitive financial sector is open and resilient, offering a wide range of services. The exchange rate has been allowed to adjust flexibly without intervention.

CHINA

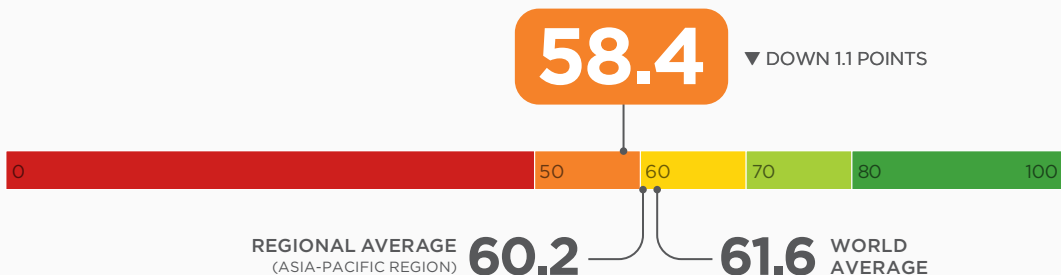
China's economic freedom score is 58.4, making its economy the 107th freest in the 2021 *Index*. Its overall score has decreased by 1.1 points, primarily because of a decline in **fiscal health**. China is ranked 20th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

China remains a mostly unfree economy. The modest improvements in its economic freedom score in recent years have resulted mostly from gains in the property rights, judicial effectiveness, and business freedom indicators. Overall, the economic freedom that does exist in China continues to lack depth and breadth, and the government needs to ensure that business-friendly policy changes are understood and implemented nationwide, not just in Beijing or the major commercial centers.

IMPACT OF COVID-19: As of December 1, 2020, 4,743 deaths had been attributed to the pandemic in China, and economic growth was forecast to decline to 1.9 percent for the year.

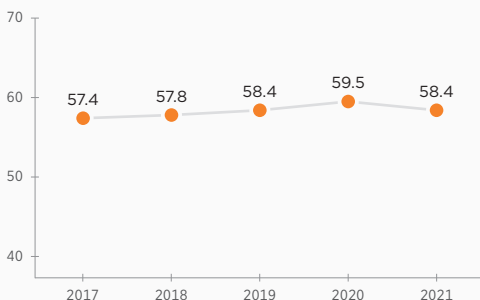
WORLD RANK: **107** | REGIONAL RANK: **20**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 billion

GDP (PPP):
\$27.3 trillion
6.1% growth in 2019
5-year compound
annual growth 6.7%
\$16,785 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
2.9%

FDI INFLOW:
\$141.2 billion

PUBLIC DEBT:
54.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Xi Jinping, who succeeded Hu Jintao as president in 2013, has centralized his authority, ousted internal political enemies, and backed authoritarian policies to tighten control of civil society. China has one of the world's largest economies and is the world's biggest exporter, but its per capita income is below the global average. A slowdown in economic growth that may be more severe than is officially acknowledged poses serious challenges both for the government and for Xi's ideological economic framework. China's relations with the U.S. and its allies have worsened since the start of the ongoing trade war and particularly since the advent of COVID-19. Other issues such as restrictions on Hong Kong's autonomy, the persecution of China's Uighur minority, and Beijing's cyberwarfare activities have led to a broad decline in trust and continue to destabilize global relationships.

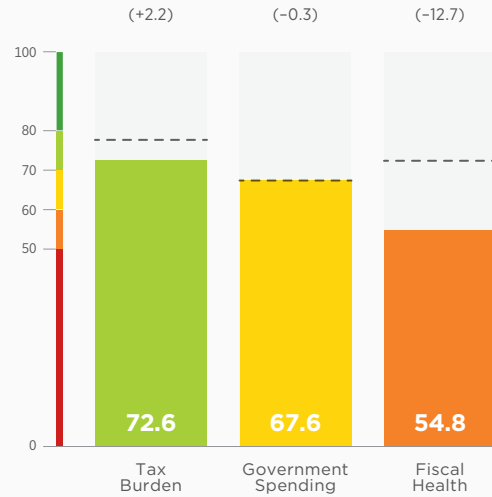
12 ECONOMIC FREEDOMS | CHINA

RULE OF LAW



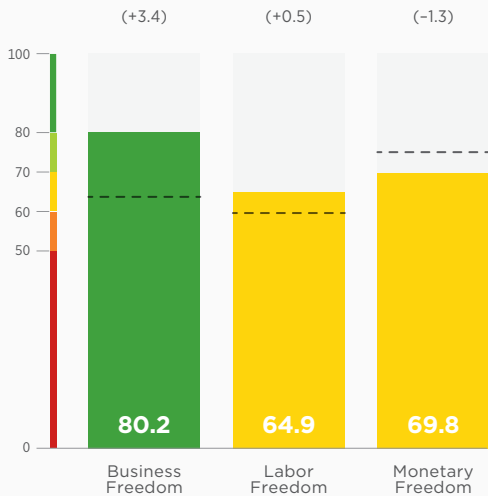
Protection of property rights remains weak. All land in China is owned either by the state or by rural collectives. Land seizures are common. Theft of foreign-owned intellectual property is widespread. The Communist Party dominates the subservient judicial system. Corruption remains endemic at all levels of government, and anecdotal information suggests that the government's crackdown on corruption is applied inconsistently and discretionarily.

GOVERNMENT SIZE



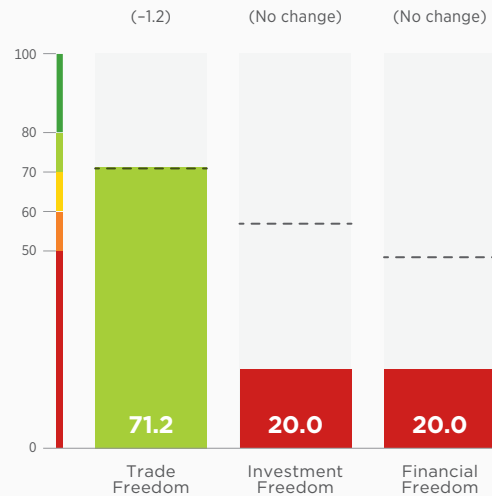
The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and real estate taxes. The overall tax burden equals 9.4 percent of total domestic income. Government spending has amounted to 32.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.0 percent of GDP. Public debt is equivalent to 54.4 percent of GDP.

REGULATORY EFFICIENCY



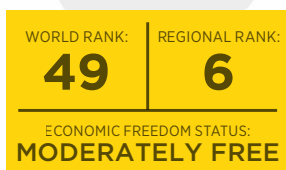
Fewer steps are now required to start a business or obtain electricity. Minority shareholder protections have increased on paper but are less certain in practice. China's labor and social insurance laws are hard to navigate. The government maintains an extensive system of subsidies for numerous inefficient state-owned enterprises and controls the prices of essential goods and services.

OPEN MARKETS



China has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 4.4 percent, and 397 nontariff measures are in effect. The National People's Congress has passed new laws replacing previous codes governing foreign investment, but China's protectionist foreign investment approval system remains restrictive and lacks transparency. The government continues to maintain its tight grip on the financial system.

COLOMBIA

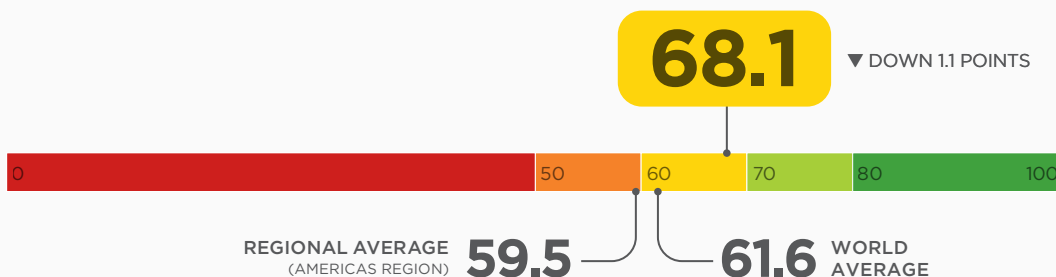


Colombia's economic freedom score is 68.1, making its economy the 49th freest in the 2021 *Index*. Its overall score has decreased by 1.1 points, primarily because of a decline in the **government spending** score. Colombia is ranked 6th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Colombia sank further in the moderately free category this year. Declines in the government spending and fiscal health indicators contradict the government's stated commitment to making budgetary reforms. Although additional constitutional and judicial changes are intended to improve judicial effectiveness and government integrity, rising political polarization has slowed the pace of reform.

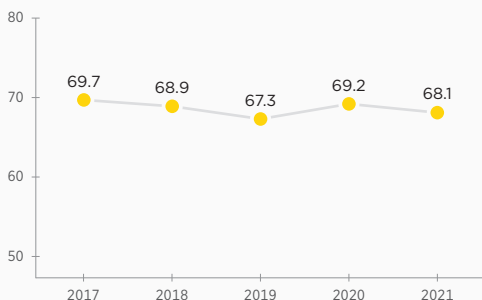
IMPACT OF COVID-19: As of December 1, 2020, 36,934 deaths had been attributed to the pandemic in Colombia, and the economy was forecast to contract by 8.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
50.3 million

GDP (PPP):
\$785.8 billion
3.3% growth in 2019
5-year compound
annual growth 2.4%
\$15,644 per capita

UNEMPLOYMENT:
9.7%

INFLATION (CPI):
3.5%

FDI INFLOW:
\$14.5 billion

PUBLIC DEBT:
52.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Colombia is South America's oldest democracy and fourth-largest economy. Center-right president Iván Duque began his four-year term in 2018 and has pursued a reformist agenda. The Duque administration has been challenged by fluctuating approval ratings, antigovernment social unrest, and an opposition-controlled Congress that includes nonelected members of the former Revolutionary Armed Forces of Colombia (FARC) narco-terrorist group. Because of the previous administration's flawed peace deal, Colombia remains the world's top producer and exporter of cocaine. Although Colombia is not a member of China's One Belt, One Road initiative, a Chinese state-owned consortium is building its largest infrastructure project. Colombia is a founding member of the Pacific Alliance and has free-trade agreements with the U.S. and many other nations.

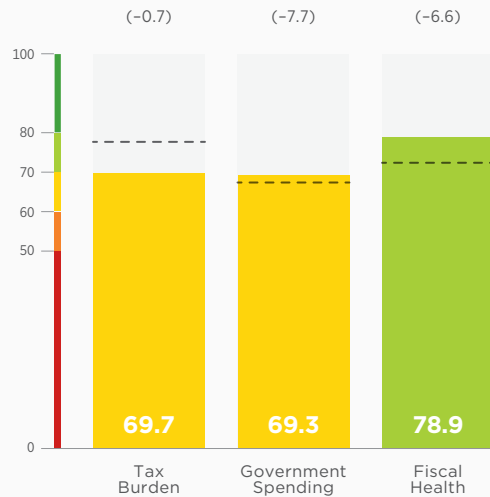
12 ECONOMIC FREEDOMS | COLOMBIA

RULE OF LAW



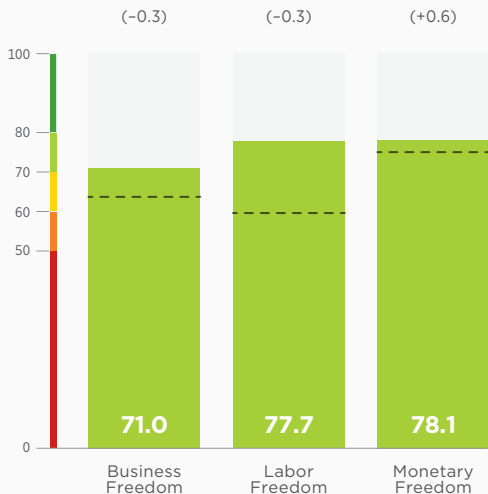
Property rights are usually recognized and protected. The judicial system is generally regarded as competent, fair, and reliable, although corruption, bribery, influence peddling, and abuse of privileged information persist. Violence and corruption engendered by drug trafficking continue to erode institutions at multiple levels of public administration. Corruption scandals involving the Catholic Church, the military, and the police have weakened trust in traditional institutions.

GOVERNMENT SIZE



The top individual income tax rate is 39 percent, and the top corporate tax rate has been cut to 32 percent. Other taxes include value-added and financial transactions taxes. The overall tax burden equals 22.0 percent of total domestic income. Government spending has amounted to 32.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 52.9 percent of GDP.

REGULATORY EFFICIENCY



Minor incremental improvements in some business freedom metrics have not been enough to keep Colombia from losing ground in business freedom compared to other countries. Labor force participation decreased from 2018 to 2019. The government has provided billions in subsidies to producers of electrical energy, liquefied petroleum gas, and natural gas in 2020.

OPEN MARKETS



Colombia has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 6.5 percent, and 153 nontariff measures are in effect. Foreign investment in some sectors is subject to investment registration and concession agreements with the government. Foreign investors may own 100 percent of financial institutions. Credit is generally allocated on market terms. Measures to boost liquidity in the financial sector were adopted in 2020.

COMOROS

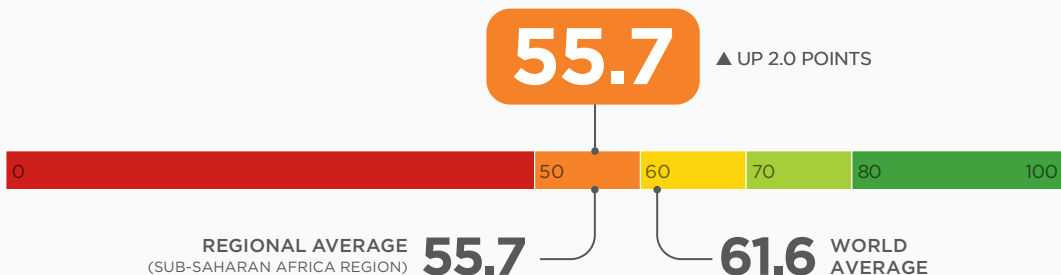
Comoros's economic freedom score is 55.7, making its economy the 132nd freest in the 2021 *Index*. Its overall score has increased by 2.0 points, primarily because of an improvement in the **government spending** score. Comoros is ranked 25th among 47 countries in the Sub-Saharan Africa region, and its overall score is equal to the regional average but below the world average.

Economic freedom in Comoros has recovered ground this year and is now within striking distance of its all-time-high score. To reach that goal, the government will have to address the severe institutional deficiencies reflected in its very low scores for property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, seven deaths had been attributed to the pandemic in Comoros, and the economy was forecast to contract by 1.8 percent for the year.

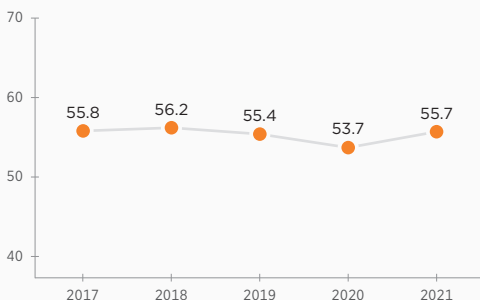
WORLD RANK: **132** REGIONAL RANK: **25**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +12.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$2.5 billion
1.9% growth in 2019
5-year compound
annual growth 2.9%
\$3,209 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
3.3%

FDI INFLOW:
\$7.9 million

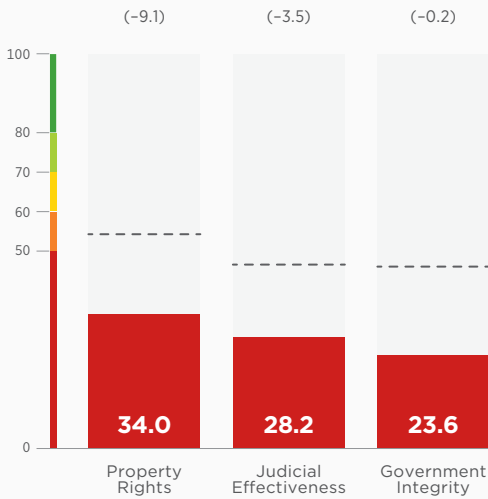
PUBLIC DEBT:
23.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The three-island Union of the Comoros has experienced more than 20 attempted coups since gaining independence in 1975; the most recent such attempt was in 2013. The two smaller islands seceded in 1997 but returned in 2001. In 2018, former coup leader turned President Azali Assoumani cracked down on the opposition and won a referendum that centralized executive power. He was reelected in 2019 in an election that was discredited by international observers. As a former colony, Comoros prioritizes its aid and trade relations with France, and the French Treasury guarantees the Comorian franc. Comoros is a leading producer of ylang-ylang perfume essence, cloves, and vanilla. In 2018, it became a full member of the Southern African Development Community.

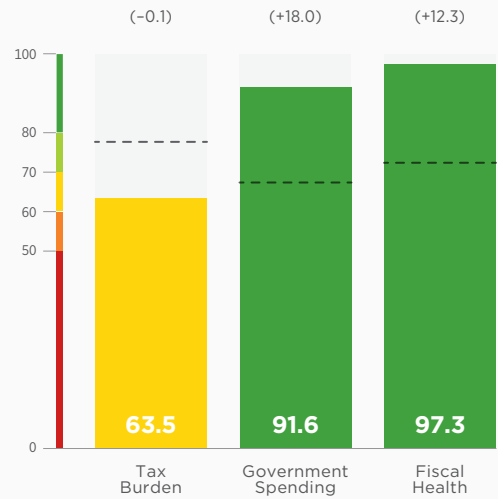
12 ECONOMIC FREEDOMS | COMOROS

RULE OF LAW



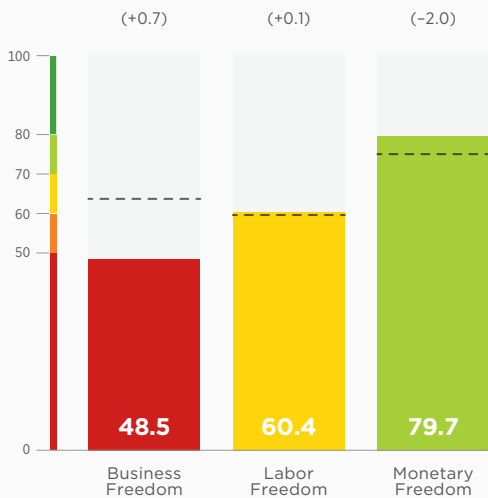
Property rights are not well protected, and contracts are weakly enforced. The judicial system, based on both the French legal code and Sharia (Islamic) law, is weak and subject to political influence. Corruption is reported at all levels of the nontransparent government and is driven in part by the presence of international criminal networks and in part by internal political disputes and competition over resources by the three island administrations.

GOVERNMENT SIZE



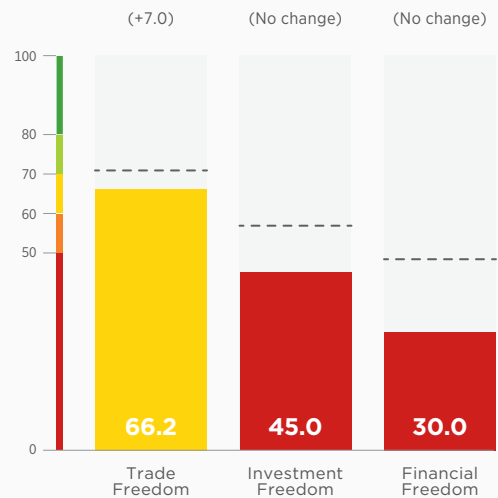
The top individual income tax rate is 30 percent, and the top corporate tax rate is 50 percent. Other taxes include value-added and insurance taxes. The overall tax burden equals 15.7 percent of total domestic income. Government spending has amounted to 16.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 23.8 percent of GDP.

REGULATORY EFFICIENCY



Costs associated with starting a business and getting an electricity connection have declined but are still very high compared to most countries. The majority of the labor force is employed in agriculture. The government has subsidized imported food since the weather-related crop losses and damage to infrastructure that occurred in 2019. Subsidies to the state-owned power and water companies increased in 2020, and price controls were imposed for certain foods and medicines.

OPEN MARKETS



Comoros has one preferential trade agreement in force. The trade-weighted average tariff rate is 6.9 percent, and nontariff barriers further impede trade. Comoros is not a member of the World Trade Organization. Foreign and domestic investors are generally treated equally under the law. The small financial sector still lacks adequate regulation or supervision, and many people are without bank accounts and rely on informal lending.

DEMOCRATIC REPUBLIC OF CONGO

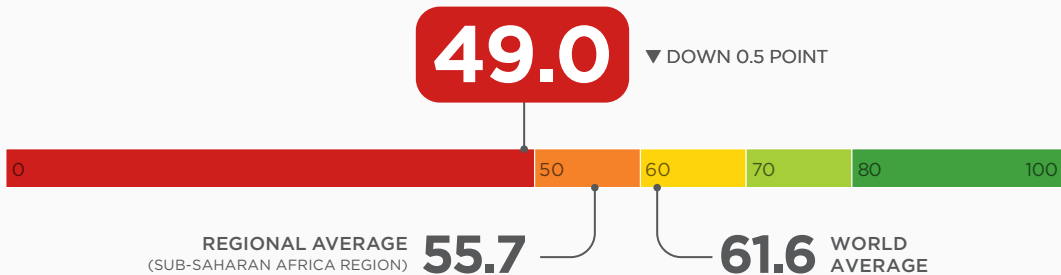
The Democratic Republic of the Congo's economic freedom score is 49.0, making its economy the 165th freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in **judicial effectiveness**. The Democratic Republic of the Congo is ranked 43rd among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Economic freedom in the DRC generally improved from the resumption of scoring in 2009 until 2018. Since then, scores have declined, and the economy is in the repressed category for the second year in a row. For sustained economic growth, the government needs to prioritize reforms to improve the investment climate as well as to make substantial gains in the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 335 deaths had been attributed to the pandemic in the Democratic Republic of the Congo, and the economy was forecast to contract by 2.2 percent for the year.

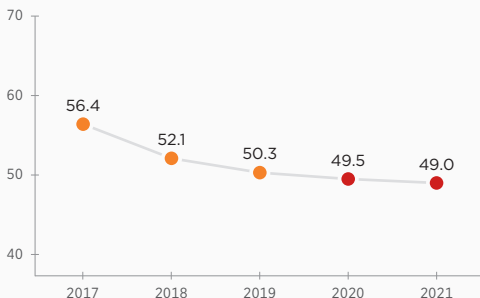
WORLD RANK: **165** REGIONAL RANK: **43**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
86.8 million

GDP (PPP):
\$83.2 billion
4.4% growth in 2019
5-year compound
annual growth 4.6%
\$1,143 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
4.8%

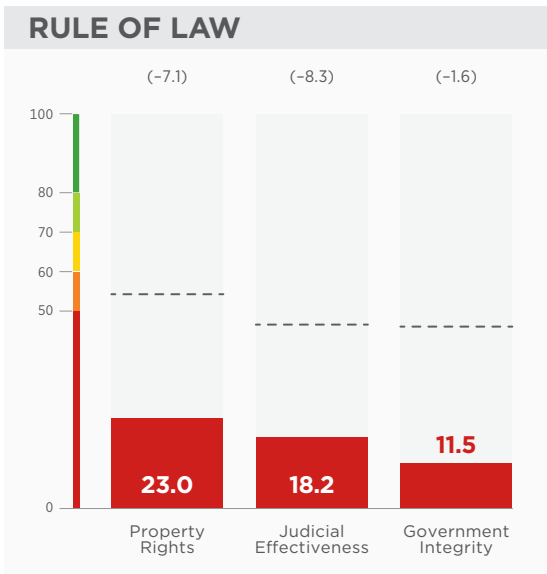
FDI INFLOW:
\$1.5 billion

PUBLIC DEBT:
14.7% of GDP

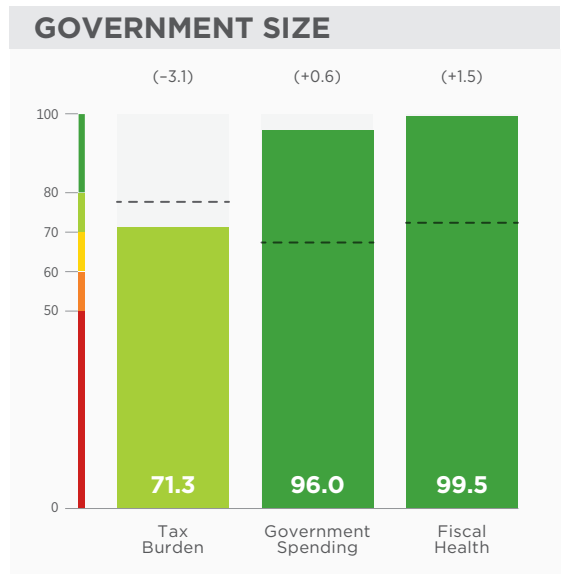
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In 2006, Joseph Kabila won the Democratic Republic of the Congo's first multiparty election in 40 years. He finally left the presidency under international pressure in 2019. Félix Tshisekedi was declared the winner of the 2019 presidential election, most likely due to a corrupt bargain with Kabila, who maintains influence as head of the majority party in parliament. Militia groups are active throughout the country. The DRC's immense natural resource wealth (estimated at \$24 trillion) includes large deposits of rare earth minerals used in many high-technology products. The DRC is Africa's largest producer of copper and the world's largest producer of cobalt, but its political instability and high inflation discourage international investors. The country is also among the world's least developed.

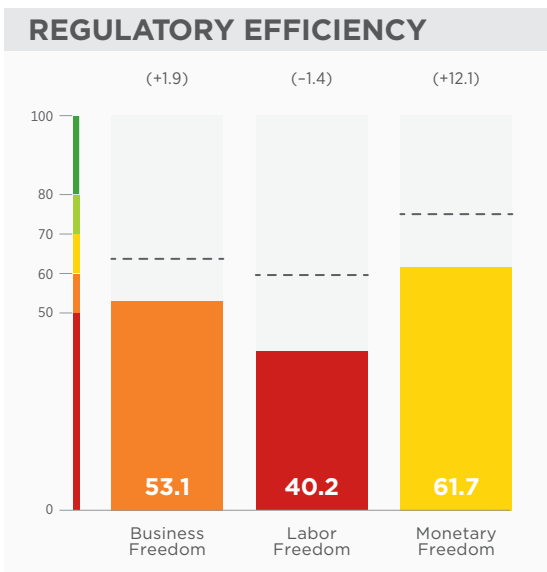
12 ECONOMIC FREEDOMS | DEMOCRATIC REPUBLIC OF CONGO



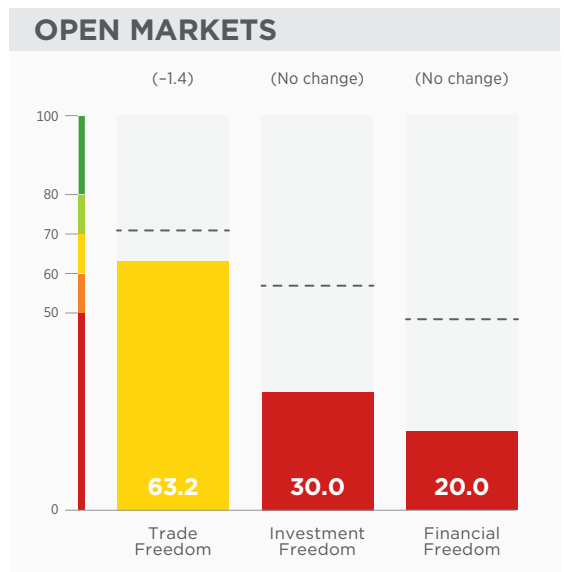
Although the constitution protects ownership of private property, enforcement is lacking, and armed groups and government soldiers have seized private property and destroyed homes in conflict zones. Apart from a few reasonably well-functioning commercial courts, the judicial system is weak, unreliable, and corrupt. Endemic corruption in the government, security forces, and mineral extraction industries undermines the provision of basic public services.



The top individual income tax rate has been increased to 40 percent, and the top corporate tax rate has been cut to 35 percent. The overall tax burden equals 6.6 percent of total domestic income. Government spending has amounted to 11.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 14.7 percent of GDP.



Lower business incorporation fees have reduced the cost of starting a business. Nonetheless, the business environment remains very challenging. The labor code is rarely enforced, and forced labor has been a concern. The heavily subsidized and loss-making state-owned SNEL power utility produces nearly all of the country's electricity, but only about 10 percent of the population has access to it.



The Democratic Republic of the Congo has one preferential trade agreement in force, and its simple average tariff rate is 10.9 percent. One formal nontariff measure is in place, but other barriers to dynamic trade flows persist. The government screens and regulates foreign investment. The financial system is underdeveloped, and access to financing for businesses remains very limited.

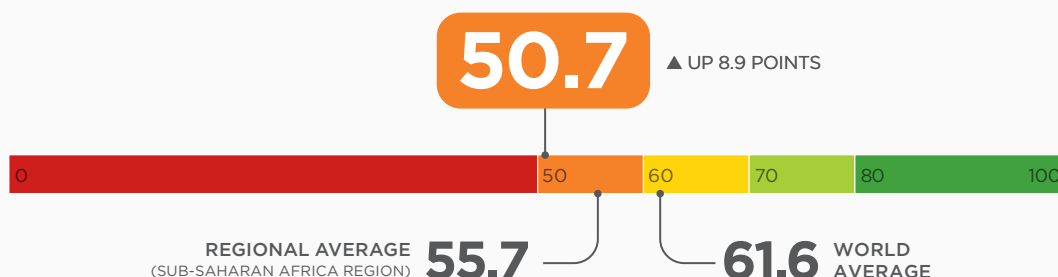
REPUBLIC OF CONGO

The Republic of the Congo's economic freedom score is 50.7, making its economy the 156th freest in the 2021 *Index*. Its overall score has increased by 8.9 points, primarily because of a huge improvement in **fiscal health**. The Republic of the Congo is ranked 37th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Although Congo's economy moved up this year, it had been in the ranks of the economically repressed for nearly a quarter of a century. The government remains under pressure from development banks and international donors to pursue economic and financial reforms aimed at achieving greater macroeconomic stability and debt sustainability and improving governance to achieve greater efficiency and transparency in the management of public resources.

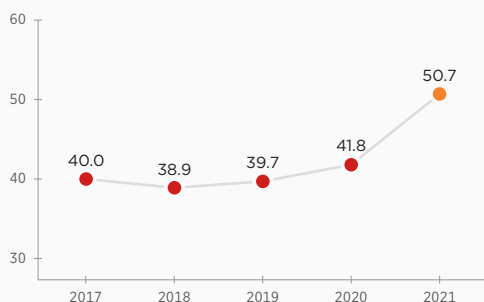
IMPACT OF COVID-19: As of December 1, 2020, 94 deaths had been attributed to the pandemic in the Republic of the Congo, and the economy was forecast to contract by 7.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.4 million

GDP (PPP):
\$31.2 billion
-0.9% growth in 2019
5-year compound
annual growth -0.3%
\$3,435 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$3.4 billion

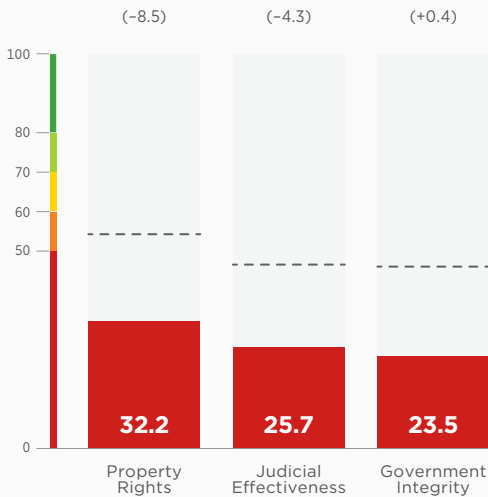
PUBLIC DEBT:
95.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Republic of the Congo became independent from France in 1960. Denis Sassou-Nguesso seized power in 1979 and ruled as chief of state until 1992, when he allowed a multiparty election to be conducted and was defeated. He seized power again following a 1997 civil war and then won flawed elections in 2002, 2009, and 2016. A referendum approved in 2015 modified the constitutional limits so that Sassou-Nguesso could run again. Congo is one of sub-Saharan Africa's largest producers of oil, but it lacks the infrastructure needed to exploit its natural gas reserves and hydropower potential. Congo shipped its first exports of iron ore in 2019.

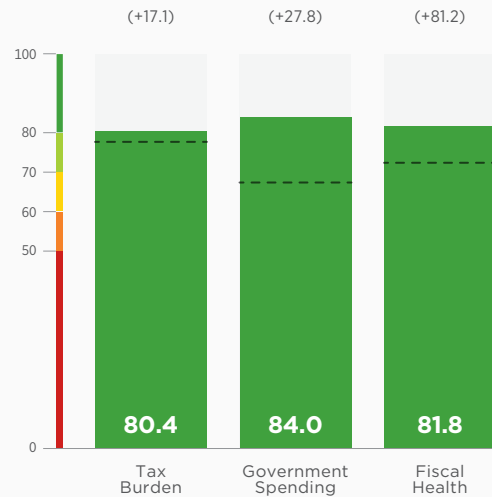
12 ECONOMIC FREEDOMS | REPUBLIC OF CONGO

RULE OF LAW



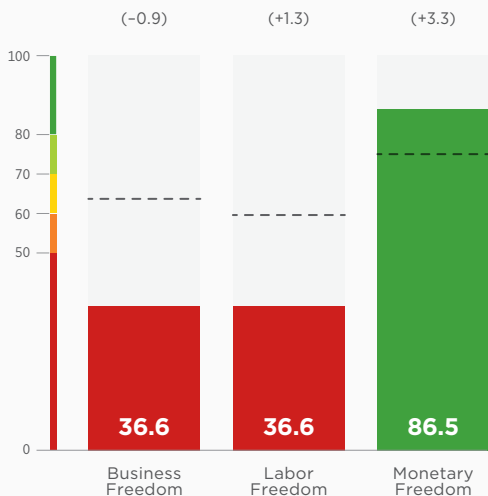
Property rights are codified in law, but complaints about the government's administration of real property transactions are widespread. The judiciary, independent in principle, is crippled by institutional weaknesses and extremely vulnerable to political influence. Corruption remains pervasive, and government operations are opaque. "Informal" tax collectors regularly solicit bribes. The president's family and advisers effectively control the state oil company without meaningful accountability.

GOVERNMENT SIZE



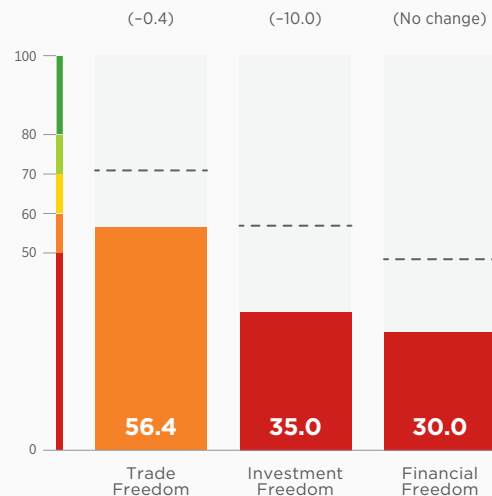
The top individual income tax rate is 30 percent, and the top corporate tax rate is also 30 percent. The overall tax burden equals 12.5 percent of total domestic income. Government spending has amounted to 23.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.7 percent of GDP. Public debt is equivalent to 95.3 percent of GDP.

REGULATORY EFFICIENCY



The number of procedures required to obtain a construction permit has increased, as have the costs, although access to credit has improved. Problems involving the government's compensation of civil servants have led to strikes among doctors, nurses, teachers, and others. The economy was hit hard by the fall in world oil prices, and the subsequent decline in oil revenues forced the government to reduce subsidies.

OPEN MARKETS



The Republic of the Congo has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.8 percent, and nontariff barriers persist. Poor economic management aggravated by political instability has constrained the growth of much-needed domestic and foreign investment, trapping much of the population in an environment characterized by a persistent shortage of opportunity. Companies have very limited access to financial services.

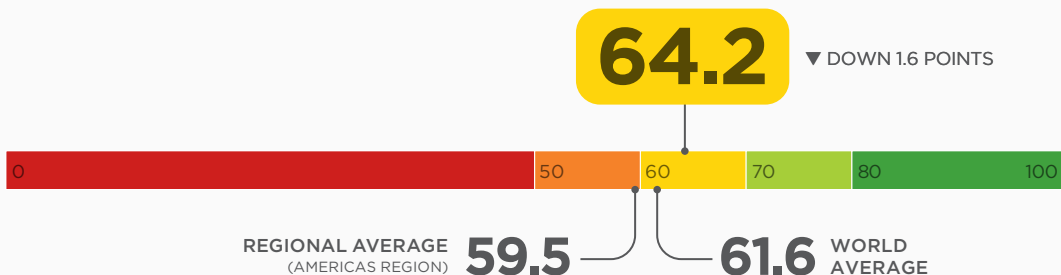
COSTA RICA

Costa Rica's economic freedom score is 64.2, making its economy the 72nd freest in the 2021 *Index*. Its overall score has decreased by 1.6 points, primarily because of a decline in **fiscal health**. Costa Rica is ranked 14th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Costa Rica's economy has been trapped in the mid-range of the moderately free category since the inception of the *Index* in 1995. To begin a sustained trajectory toward greater freedom and prosperity, the government, while continuing its broadly orthodox economic policies, will need to find the will to undertake politically difficult reforms to liberalize labor policies and reduce budget deficits.

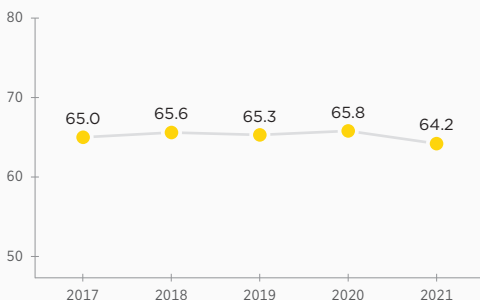
IMPACT OF COVID-19: As of December 1, 2020, 1,731 deaths had been attributed to the pandemic in Costa Rica, and the economy was forecast to contract by 5.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.0 million

GDP (PPP):
\$92.1 billion
2.1% growth in 2019
5-year compound
annual growth 3.3%
\$20,434 per capita

UNEMPLOYMENT:
11.9%

INFLATION (CPI):
2.1%

FDI INFLOW:
\$2.5 billion

PUBLIC DEBT:
73.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The most prosperous of the Central American Common Market's five countries, Costa Rica has a long history of democratic stability and one of Latin America's highest levels of foreign direct investment per capita. Carlos Alvarado of the center-left Citizen Action Party was sworn in as president in 2018. Alvarado and senior administration officials are under investigation for allegedly unlawful data collection. Nearly half of working Costa Ricans are employed in the informal market. Costa Rica is one of three Central American countries to join China's One Belt, One Road initiative. When it has completed all of the requirements of its accession process, begun in 2015, Costa Rica will become the first Central American member of the OECD.

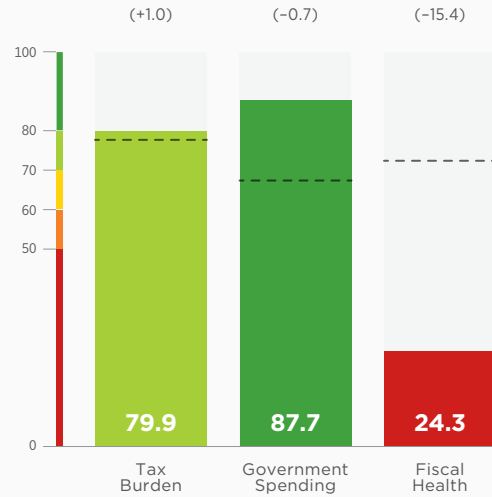
12 ECONOMIC FREEDOMS | COSTA RICA

RULE OF LAW



Property rights are generally protected. Secured interests in both chattel and real property are recognized and enforced. Land registries are at times incomplete or even contradictory. The courts are independent and impartial, and their authority is respected. Laws against corruption are generally well enforced, but transnational organizations are able to exploit weak enforcement of laws against money-laundering and other financial crimes.

GOVERNMENT SIZE



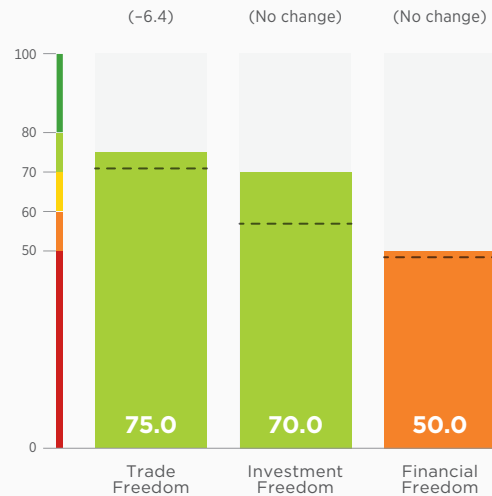
The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 22.0 percent of total domestic income. Government spending has amounted to 20.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 73.9 percent of GDP.

REGULATORY EFFICIENCY



A more reliable supply of electricity with faster connections has improved the business environment, but not enough to improve Costa Rica's business freedom relative to that of other countries. The labor force grew in 2019, but unemployment also increased. The government subsidizes hydroelectric power generated by the state-owned electric utility and funds large subsidies for the agricultural sector.

OPEN MARKETS



Costa Rica has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 5.0 percent, and 64 nontariff measures are in effect. The government restricts investment in some sectors. The financial sector functions relatively well. In response to the pandemic, the central bank reduced the preferential interest rates that state-owned banks charge to firms across all sectors and eased regulations on the restructuring of loans.

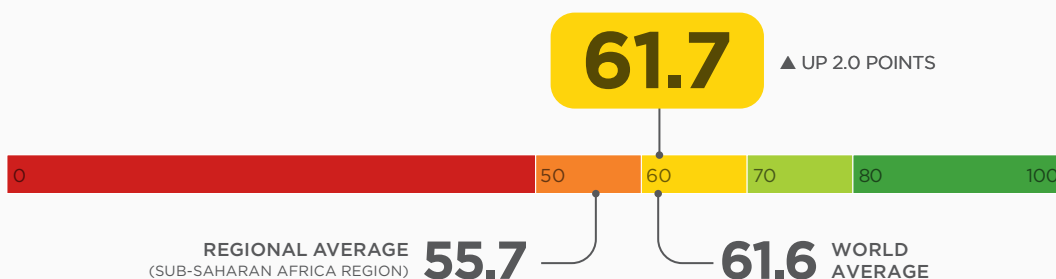
CÔTE D'IVOIRE

Côte d'Ivoire's economic freedom score is 61.7, making its economy the 91st freest in the 2021 *Index*. Its overall score has increased by 2.0 points, primarily because of an improvement in **fiscal health**. Côte d'Ivoire is ranked 7th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

This year, Côte d'Ivoire's economy returned to the ranks of the moderately free where it had been for four of the preceding five years. The government is pursuing pro-market reforms to streamline bureaucratic procedures, simplify corporate taxes, support small and medium-size enterprises, and shrink the informal economy (over 40 percent of GDP). To succeed, these reforms must be accompanied by reduced corruption and reforms in the judicial system.

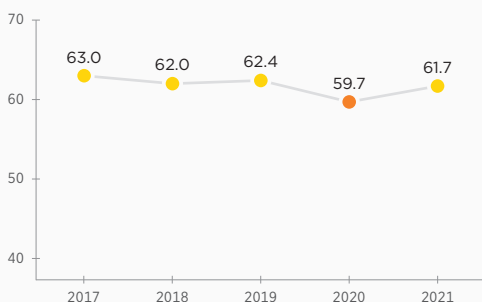
IMPACT OF COVID-19: As of December 1, 2020, 132 deaths had been attributed to the pandemic in Côte d'Ivoire, and economic growth was forecast to decline to 1.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.7 million

GDP (PPP):
\$158.3 billion
6.9% growth in 2019
5-year compound
annual growth 7.4%
\$5,455 per capita

UNEMPLOYMENT:
3.3%

INFLATION (CPI):
0.8%

FDI INFLOW:
\$1.0 billion

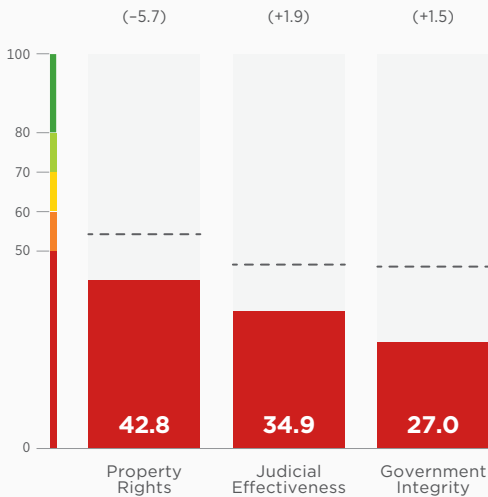
PUBLIC DEBT:
37.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Following independence in 1960, cocoa and cashew exports made Côte d'Ivoire West Africa's second-largest economy, but prosperity did not prevent political turmoil. The North-South civil war ended in 2007, but the U.N. and France had to intervene three years later to ensure that the internationally recognized winner of the 2010 election, Alassane Ouattara, was able to take office. After his hand-picked successor died in July 2020, Ouattara announced that he would seek a third term, which he won with 95 percent of the vote in an election marred by violence. Pro-business reforms and strong private investment in such areas as agriculture, agribusiness, mining, light manufacturing, housing, and services have driven robust economic growth in recent years. Côte d'Ivoire joined the Asian Infrastructure Investment Bank in 2019.

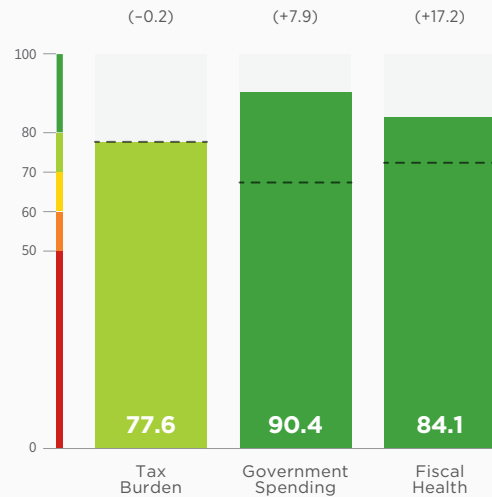
12 ECONOMIC FREEDOMS | CÔTE D'IVOIRE

RULE OF LAW



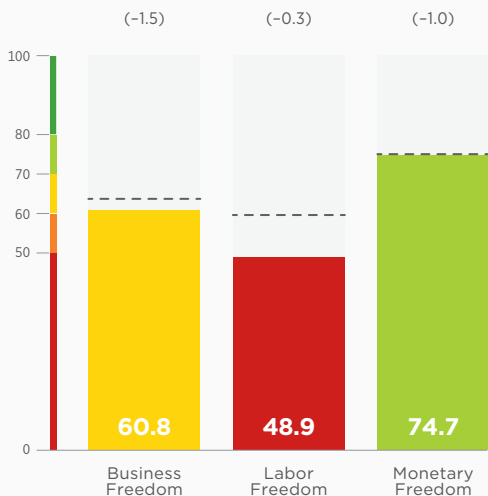
The right to own and transfer private property is guaranteed, but laws regarding rural land tenure make it prohibitively difficult to do so. Contracts are enforced. The judiciary is ostensibly independent, but judges can be subject to political or financial influence and sometimes fail to base decisions on legal or contractual merits. Corruption in many forms is deeply ingrained in both the public and private sectors.

GOVERNMENT SIZE



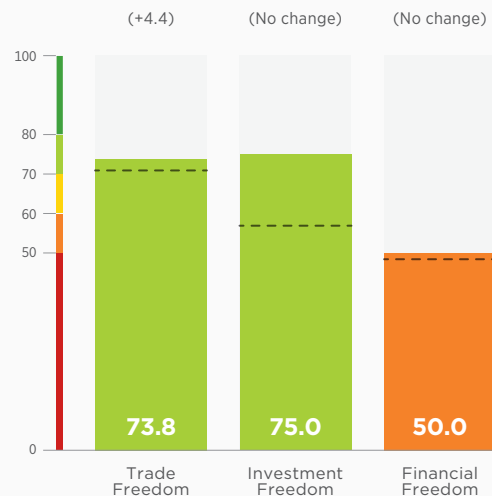
The top individual income tax rate is 36 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 17.9 percent of total domestic income. Government spending has amounted to 17.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 37.8 percent of GDP.

REGULATORY EFFICIENCY



The cost of obtaining electricity has increased, and the recovery rate when resolving insolvency has declined slightly. Child labor is still a problem, and 85 percent of Côte d'Ivoire's workers are employed informally. The government funds numerous agricultural subsidies and maintains price controls in the gas, power, and water sectors.

OPEN MARKETS



Côte d'Ivoire has three preferential trade agreements in force. The trade-weighted average tariff rate is 8.1 percent, and 15 nontariff measures are in effect. In most sectors, there are no laws that limit foreign investment. The number of bank branches has more than doubled to approximately 700 over the past decade. Credit allocation is based on market terms and has increased to support the private sector and economic development.

CROATIA



WORLD RANK:

79

REGIONAL RANK:

38

ECONOMIC FREEDOM STATUS:

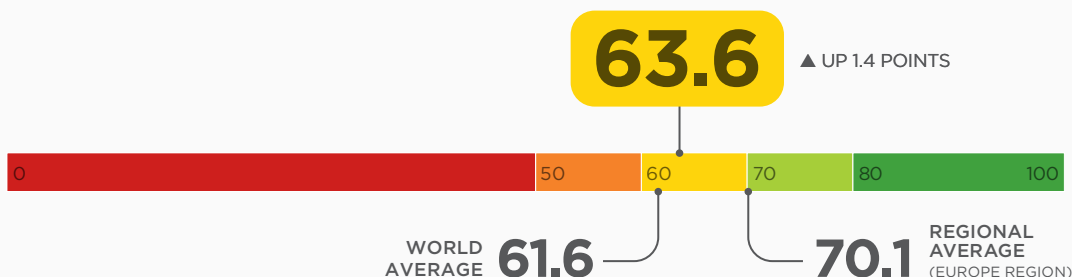
MODERATELY FREE

Croatia's economic freedom score is 63.6, making its economy the 79th freest in the 2021 *Index*. Its overall score has increased by 1.4 points, primarily because of an improvement in the **tax burden** score. Croatia is ranked 38th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Again in 2021, Croatia's economy moved a little higher in the moderately free category and set a new record high for its economic freedom. For further progress, the government needs to accelerate implementation of its long-delayed structural reform package so that it can sell off burdensome state companies and reduce government spending. Further improvements are also needed in the judicial system and labor laws.

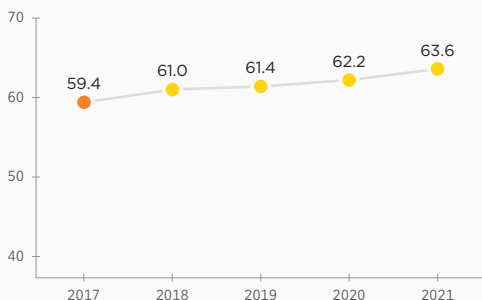
IMPACT OF COVID-19: As of December 1, 2020, 1,861 deaths had been attributed to the pandemic in Croatia, and the economy was forecast to contract by 9.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +15.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.1 million

GDP (PPP):
\$112.6 billion
2.9% growth in 2019
5-year compound
annual growth 2.9%
\$29,973 per capita

UNEMPLOYMENT:
6.9%

INFLATION (CPI):
0.8%

FDI INFLOW:
\$1.4 billion

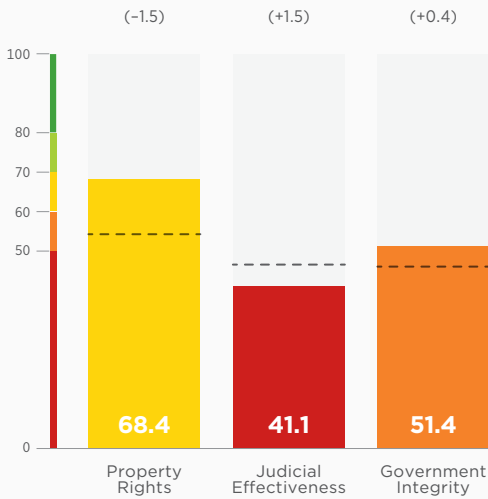
PUBLIC DEBT:
72.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Croatia's declaration of independence in 1991 contributed to the breakup of Yugoslavia along ethnic and religious lines. Croatia joined NATO in 2009 and the European Union in 2013. Prime Minister Andrej Plenkovic's center-right Croatian Democratic Union (HDZ) won the most seats in July 2020 elections and formed a coalition with the liberal Croatian People's Party, the People's Party-Reformists, and representatives of national minorities. The coalition seeks to increase the minimum wage and invest in Croatia's health care system while also cutting taxes. Shipbuilding and tourism are major industries. A weak export base, emigration, labor shortages, and the slow pace of privatization remain significant challenges. A new liquid natural gas import terminal at Krk Island should be operational in 2021.

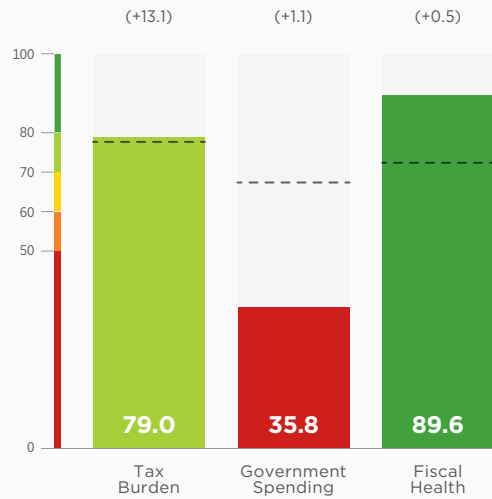
12 ECONOMIC FREEDOMS | CROATIA

RULE OF LAW



Private property rights are well established, but conflicting claims and legal ambiguity can cloud some title cases. Judicial independence is generally respected. Although reforms are underway, investors often face problems connected with lengthy court procedures, contract enforcement, and judicial efficiency. Transparency International reports that public-sector corruption in Croatia is perceived as widespread and getting worse.

GOVERNMENT SIZE



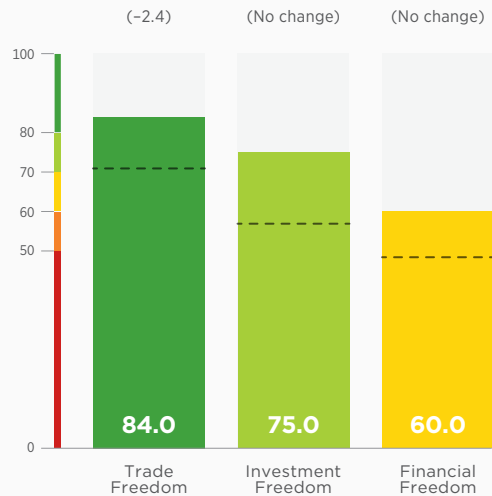
The top individual income tax rate has been reduced to 36 percent, and the top corporate tax rate is 18 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 22.0 percent of total domestic income. Government spending has amounted to 46.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.3 percent of GDP. Public debt is equivalent to 72.0 percent of GDP.

REGULATORY EFFICIENCY



Director signatures for company registration are no longer required, and both the paid-in minimum capital requirement and the water contribution for building a warehouse have been reduced. Compared to most of the rest of Europe, the hiring or firing of employees is costly. The government has made little progress in reducing subsidies and privatizing loss-making state-owned enterprises.

OPEN MARKETS



As a member of the EU, Croatia has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Croatia has an additional eight country-specific nontariff barriers. Foreign investment faces no restrictive screening. Financial markets are open to foreign investment, and foreign-owned banks dominate the banking sector.

CUBA

WORLD RANK: **176** | REGIONAL RANK: **31**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Cuba's economic freedom score is 28.1, making its economy the 176th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an improvement in the **government integrity** score. Cuba is ranked 31st among 32 countries in the Americas region, and its overall score is well below the regional and world averages.

The Cuban economy has been at the bottom of the repressed category since the inception of the *Index* in 1995. Only two of Cuba's 12 *Index* indicators have scores above 50. Sharp reductions in economic growth due to tougher U.S. sanctions and economic collapse in client state Venezuela have forced the Castro regime to backtrack on a set of very timid measures that were aimed at partial liberalization.

IMPACT OF COVID-19: As of December 1, 2020, 136 deaths had been attributed to the pandemic in Cuba. No current projection for the potential impact on economic growth is available.

ECONOMIC FREEDOM SCORE

28.1

▲ UP 1.2 POINTS



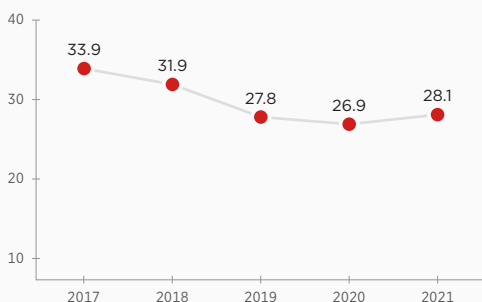
REGIONAL AVERAGE
(AMERICAS REGION)

59.5

61.6 WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.3 million

GDP (PPP):
\$159.4 billion
0.5% growth in 2019
5-year compound
annual growth 1.8%
\$14,080 per capita

UNEMPLOYMENT:
1.6%

INFLATION (CPI):
5.6%

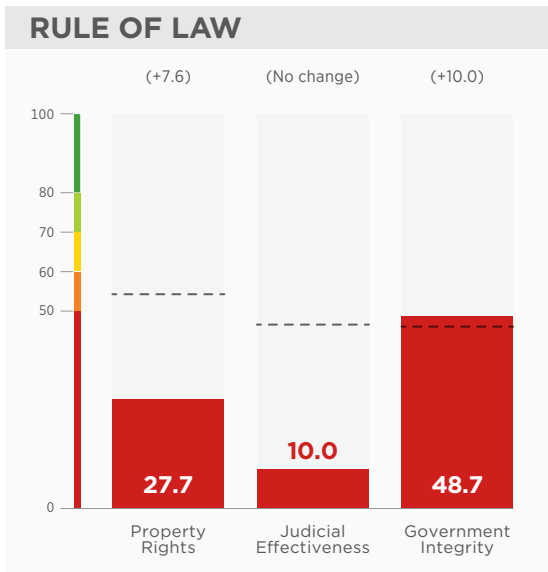
FDI INFLOW: n/a

PUBLIC DEBT:
51.9% of GDP

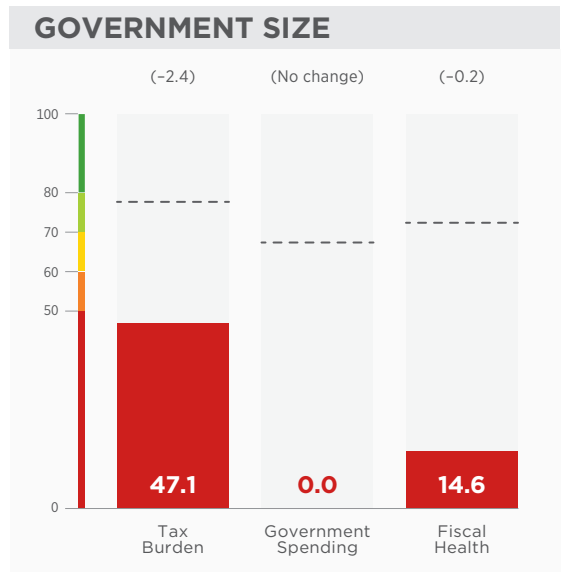
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Cuba has been governed by the Western Hemisphere's longest-ruling Communist dictatorship since 1959. After Raúl Castro stepped down as president, Miguel Díaz-Canel was selected as a figurehead ruler in 2018, but Castro retains the real power as head of the Communist Party and the armed forces, which control much of the economy. Under a government-run medical export scheme, Cuban health care professionals are sent throughout Africa and Latin America, and Havana seizes most of their salaries as a source of hard currency revenue. Cuba's sizable security and intelligence presence in Venezuela continues to undergird the regime of Nicolás Maduro. The deterioration of Venezuela's oil sector has led to shortages of fuel and electricity in Cuba.

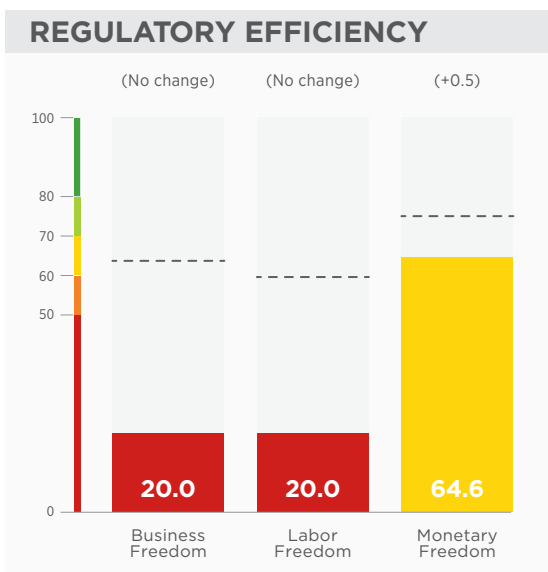
12 ECONOMIC FREEDOMS | CUBA



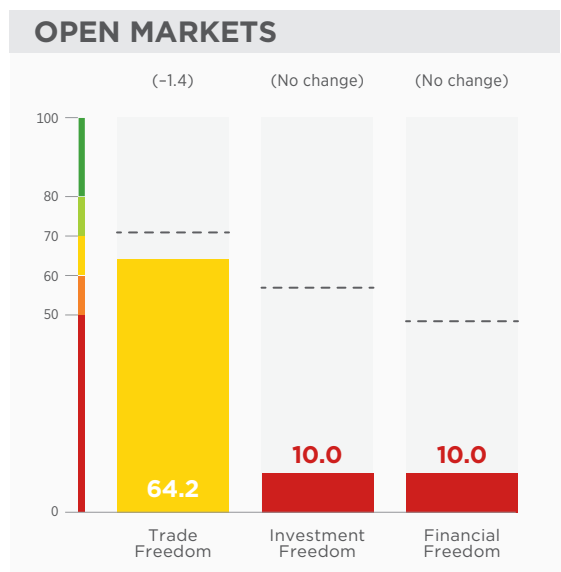
Although a 2019 constitution recognizes private property in theory, the state owns most means of production. There is practically no separation between the judiciary, the National Assembly, and the Communist Party, which can appoint or remove judges at any time. Corruption is a serious problem that remains unaddressed. Widespread illegality permeates both Cuba's limited private enterprises and the vast state-controlled economy.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 43.5 percent of total domestic income. Government spending has amounted to 64.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.7 percent of GDP. Public debt is equivalent to 51.9 percent of GDP.



Some retail self-employment is now allowed, and some state-sector jobs have been cut. More than 500,000 *cuentapropistas* or entrepreneurs are currently registered as self-employed. Continuing tough U.S. sanctions and reduced shipments of subsidized energy from bankrupt Venezuela have reduced the money available to the government to fund subsidies and have forced the widespread rationing of goods.



Cuba has four preferential trade agreements in force. The trade-weighted average tariff rate is 7.9 percent, and 50 nontariff measures are in effect. State-owned enterprises significantly distort the economy. Access to credit for private-sector activity is severely impeded by the shallow financial market. Despite a decade of incremental changes, the state remains firmly in control.

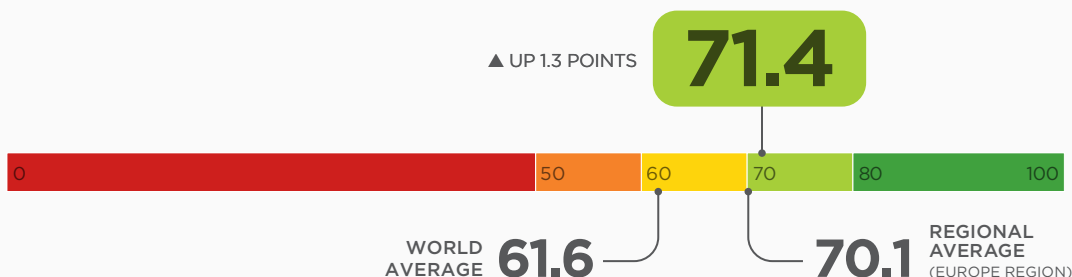
CYPRUS

Cyprus's economic freedom score is 71.4, making its economy the 33rd freest in the 2021 *Index*. Its overall score has increased by 1.3 points, primarily because of improvements in **judicial effectiveness** and **government integrity**. Cyprus is ranked 19th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

This year, economic freedom in Cyprus advanced a bit higher in the mostly free category, which the country regained in 2020 for the first time since 2012. Perennial problems with judicial effectiveness and government spending have held back the Cypriot economy. Additional reforms are needed to improve the speed and efficiency of the judicial system.

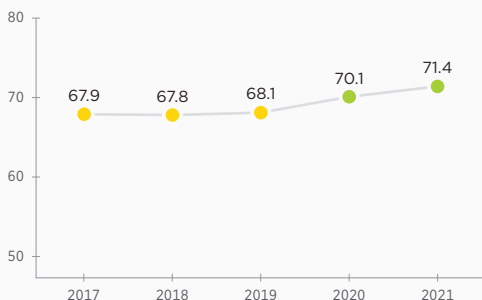
IMPACT OF COVID-19: As of December 1, 2020, 49 deaths had been attributed to the pandemic in Cyprus, and the economy was forecast to contract by 6.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +3.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.2 million

GDP (PPP):
\$36.9 billion
3.2% growth in 2019
5-year compound
annual growth 4.4%
\$41,254 per capita

UNEMPLOYMENT:
7.3%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$24.2 billion

PUBLIC DEBT:
94.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Cyprus gained independence from the United Kingdom in 1960. Tensions between the Greek majority and the Turkish minority led to repeated episodes of violence, and a U.N. buffer zone has separated the Greek Cypriot Republic of Cyprus from the Turkish Republic of Northern Cyprus since 1974. The Republic of Cyprus joined the European Union in 2004. U.N.-brokered reunification talks collapsed in 2017 and, despite informal talks, have yet to resume. Disputes over offshore hydrocarbon resources remain heated, and tensions have flared up several times during the past year. Center-right Cyprus President Nicos Anastasiades won a second five-year term in 2018. Services such as tourism, finance, shipping, and real estate account for more than 80 percent of GDP.

12 ECONOMIC FREEDOMS | CYPRUS

RULE OF LAW



Although property rights are generally respected in Cyprus, property registration and the enforcement of contracts are not efficient. In the Republic of Cyprus, an independent and impartial judiciary that operates under British traditions and upholds due process retains high levels of public trust, but long court delays tend to undermine that trust. Corruption, patronage, and a lack of transparency continue to flourish in the Turkish-controlled area.

GOVERNMENT SIZE



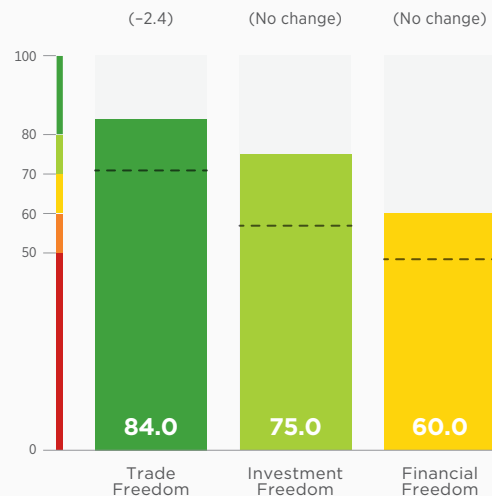
The top individual income tax rate is 35 percent, and the top corporate tax rate is 12.5 percent. The overall tax burden equals 24.5 percent of total domestic income. Government spending has amounted to 40.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.01 percent of GDP. Public debt is equivalent to 94.9 percent of GDP.

REGULATORY EFFICIENCY



A reduction in the cost of registering a company has made starting a business less expensive, and the costs of running a business have been reduced in other ways as well. Nonetheless, Cyprus has registered a small retrenchment in business freedom relative to other countries. The labor force participation rate rose in 2019. The government funds a wide variety of subsidies across the entire economy.

OPEN MARKETS



As a member of the EU, Cyprus has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Cyprus has an additional nine country-specific nontariff barriers. There is no restrictive screening of foreign investment. Financial markets are small, and the evolving banking sector has regained stability in recent years.

CZECH REPUBLIC



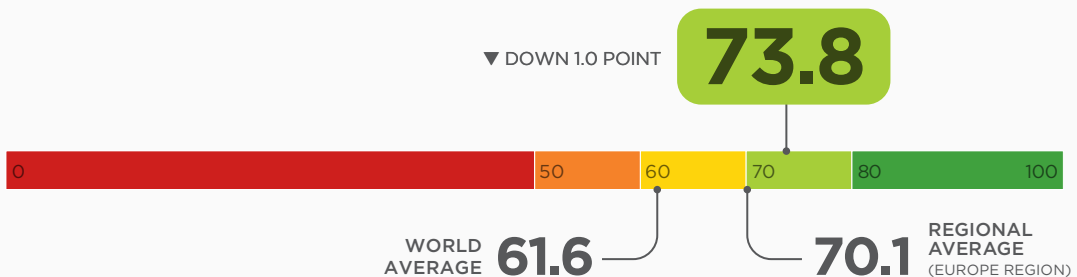
WORLD RANK:	REGIONAL RANK:
27	14
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

The Czech Republic's economic freedom score is 73.8, making its economy the 27th freest in the 2021 *Index*. Its overall score has decreased by 1.0 point, primarily because of a decline in the **investment freedom** score. The Czech Republic is ranked 14th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Economic freedom suffered a slight setback in the Czech Republic in 2021, although the economy remains firmly ensconced in the mostly free category where it has been since 2013. The further expansion of economic freedom will require reductions in government spending and concentrated reforms to improve the complex and sometimes slow judicial system.

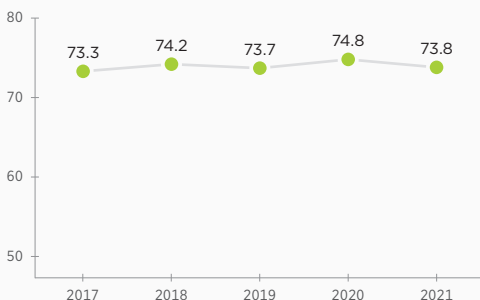
IMPACT OF COVID-19: As of December 1, 2020, 8,407 deaths had been attributed to the pandemic in the Czech Republic, and the economy was forecast to contract by 6.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$413.0 billion
2.6% growth in 2019
5-year compound
annual growth 3.5%
\$42,576 per capita

UNEMPLOYMENT:
1.9%

INFLATION (CPI):
2.9%

FDI INFLOW:
\$7.6 billion

PUBLIC DEBT:
30.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The “Velvet Revolution” ended Czechoslovakia’s Communist dictatorship in 1989, and the Czech Republic became independent from Slovakia in 1993. President Miloš Zeman of the center-left Czech Social Democrat Party won a second term in 2018. Billionaire Prime Minister and former Finance Minister Andrej Babis of the populist ANO movement formed a fragile minority coalition government in 2018 with the Social Democrats but relies on the support of the Communist Party. Although Babis is the subject of ongoing conflict-of-interest and fraud investigations, and despite associated and frequent public protests, ANO remains popular. The automotive industry, accounting for a quarter of exports, has helped to power recent economic growth. Ties with China have cooled demonstrably after a series of disputes.

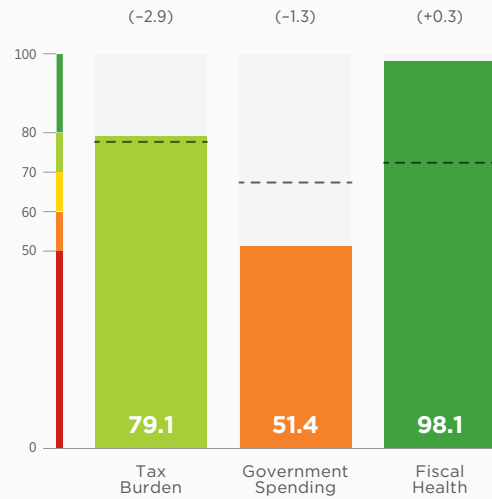
12 ECONOMIC FREEDOMS | CZECH REPUBLIC

RULE OF LAW



Property rights are relatively well protected, and contracts are generally secure. Almost all land in the Czech Republic has clear title. The judiciary's independence is largely respected, although its complexity has led to slow delivery of judgments. Institutions have generally been responsive to corruption allegations and scandals. The EU is investigating allegations that the billionaire prime minister's businesses benefit from EU funds.

GOVERNMENT SIZE



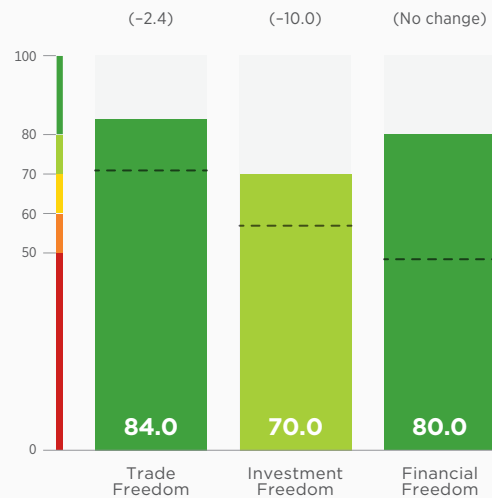
The top individual income tax rate has been increased to 22 percent, and the standard corporate tax rate is 19 percent. The overall tax burden equals 35.3 percent of total domestic income. Government spending has amounted to 40.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.9 percent of GDP. Public debt is equivalent to 30.8 percent of GDP.

REGULATORY EFFICIENCY



The processes involved in starting a business and paying taxes have become more complicated. During 2019, the unemployment rate dipped below 3 percent (the lowest rate in the EU) as the Czech Republic dealt with labor shortages, including shortages in the vital automotive sector. The government increased agricultural subsidies in 2020.

OPEN MARKETS



As a member of the EU, the Czech Republic has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. The Czech Republic has an additional 116 country-specific nontariff barriers. The government has reduced bureaucratic barriers to investment. The financial sector remains resilient. Banks are well capitalized and stable.

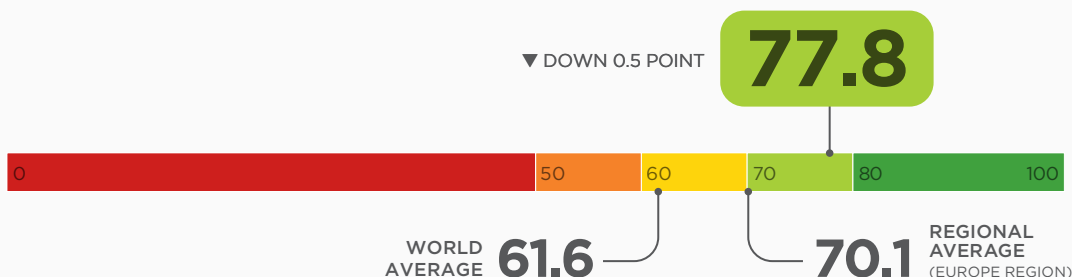
DENMARK

Denmark's economic freedom score is 77.8, making its economy the 10th freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in **labor freedom**. Denmark is ranked 5th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Were it not for its history of very low scores for tax burden and government spending, Denmark's economy would be rated as free. Instead, it remains in the mostly free category for the 20th year in a row. Unfortunately, the direction in which the government is going—toward much heavier spending funded by higher taxes—is the opposite of what is needed for greater economic freedom.

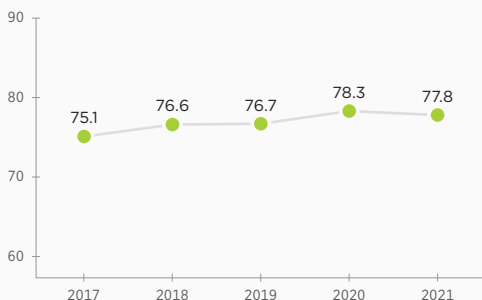
IMPACT OF COVID-19: As of December 1, 2020, 846 deaths had been attributed to the pandemic in Denmark, and the economy was forecast to contract by 4.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.8 million

GDP (PPP):
\$319.5 billion
2.4% growth in 2019
5-year compound
annual growth 2.5%
\$59,830 per capita

UNEMPLOYMENT:
4.9%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$930.2 million

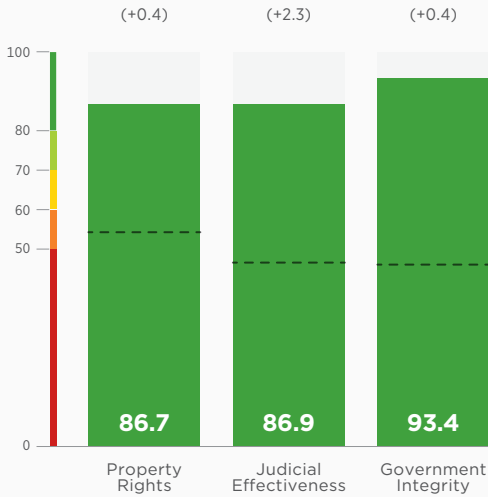
PUBLIC DEBT:
30.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: With a modern economy that is well integrated into the global marketplace, Denmark has been a member of the European Union since 1973. Mette Frederiksen of the center-left Social Democratic Party became the country's youngest prime minister after forming a one-party minority government in June 2019. To pass legislation, she will rely on support from three leftist parties: the Socialist People's Party, the Red-Green Alliance, and the Social-Liberal Party. The government has introduced ambitious greenhouse gas targets and is seeking new CO2 emissions taxes. The economy depends heavily on foreign trade, and the private sector includes many small and medium-size companies with world-leading firms in pharmaceuticals, maritime shipping, and processed foods. Danish regulatory hurdles have helped to slow Nord Stream II construction.

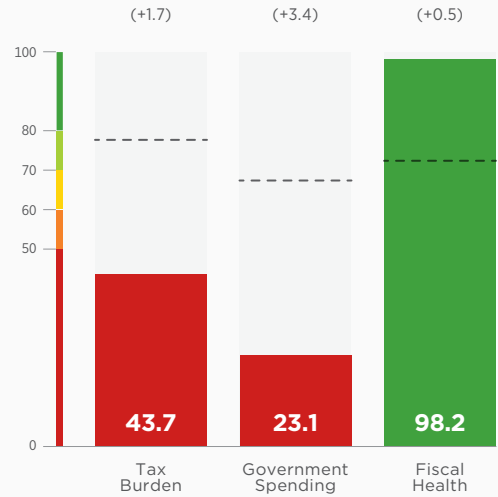
12 ECONOMIC FREEDOMS | DENMARK

RULE OF LAW



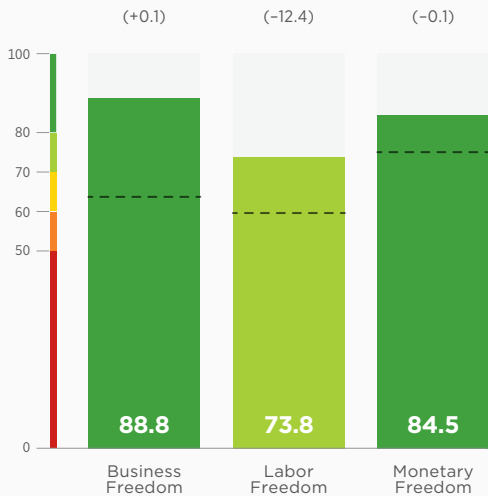
Protection of property rights is strongly enforced, and a trustworthy, independent, and fair judicial system is institutionalized throughout the economy. Intellectual property rights are respected, and enforcement is consistent with world standards. Denmark enjoys a reputation as one of the world's least corrupt nations and was ranked 1st out of 180 countries in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



The top individual income tax rate is 56 percent, and the top corporate tax rate is 22 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 44.9 percent of total domestic income. Government spending has amounted to 50.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.5 percent of GDP. Public debt is equivalent to 30.3 percent of GDP.

REGULATORY EFFICIENCY



Construction permits are now less costly, and the paid-in minimum capital requirement to start a business has been reduced. Women's labor force participation is among the highest in the world. Relations between labor and management focus on communication rather than confrontation, reducing the resort to strikes. The government increased subsidies for health care, education, and the welfare system in the 2020 budget.

OPEN MARKETS



As a member of the EU, Denmark has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Denmark has an additional 15 country-specific nontariff barriers. Openness to foreign investment is well institutionalized. The banking sector has undergone restructuring, and the overall financial system remains stable.

DJIBOUTI



WORLD RANK:

126

REGIONAL RANK:

22

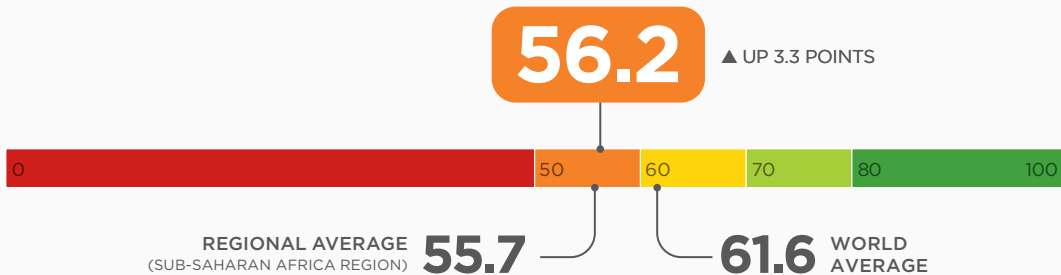
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Djibouti's economic freedom score is 56.2, making its economy the 126th freest in the 2021 *Index*. Its overall score has increased by 3.3 points, primarily because of an improvement in **fiscal health**. Djibouti is ranked 22nd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Djibouti's economy solidified its ranking in the mostly unfree category in 2021. Despite a large jump in the fiscal health score, however, Djibouti remains heavily indebted to China. Another ongoing threat to greater economic freedom is the country's weak rule of law. The government will have to implement deep, broad, and well-institutionalized reforms to improve scores for property rights, judicial effectiveness, and government integrity.

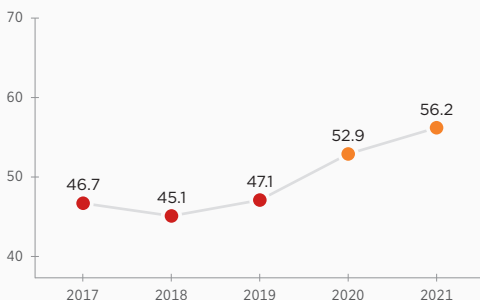
IMPACT OF COVID-19: As of December 1, 2020, 61 deaths had been attributed to the pandemic in Djibouti, and the economy was forecast to contract by 1.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.0 million

GDP (PPP):
\$6.3 billion
7.5% growth in 2019
5-year compound annual growth 7.1%
\$5,748 per capita

UNEMPLOYMENT:
10.3%

INFLATION (CPI):
3.3%

FDI INFLOW:
\$181.9 million

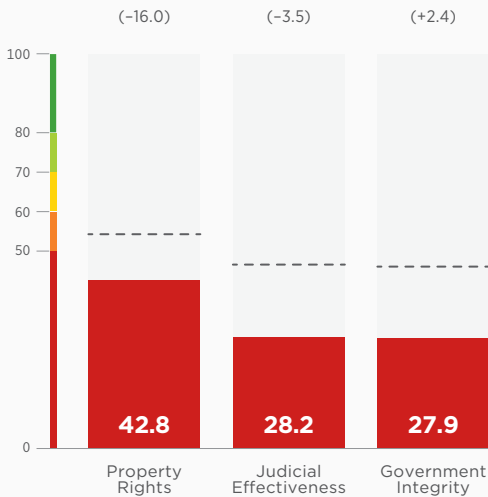
PUBLIC DEBT:
66.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The French Territory of the Afars and the Issas became Djibouti in 1977. President Ismael Omar Guelleh won a fourth five-year term in 2016 after the parliament eliminated a constitutional two-term limit. Djibouti is home to the only permanent U.S. military base in Africa and also hosts bases maintained by China, France, Italy, and Japan. Its services-based economy depends on commerce related to Djibouti's strategic location at the mouth of the Red Sea, which makes its railway and deep-water port facilities key assets. In 2018, Djibouti launched Africa's biggest free-trade zone, which will be managed by Chinese companies. In 2019, a court ordered Djibouti to compensate a Dubai-based company for unilaterally terminating the company's lease to operate a container terminal.

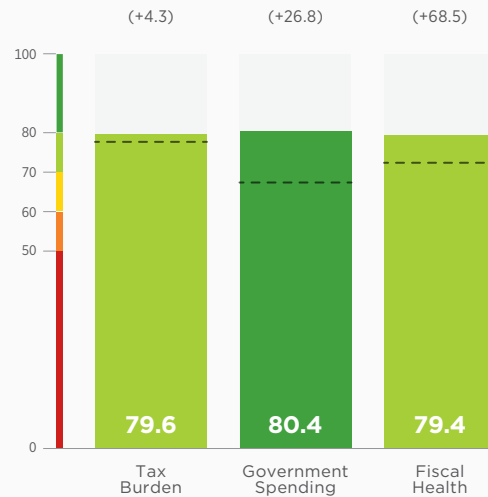
12 ECONOMIC FREEDOMS | DJIBOUTI

RULE OF LAW



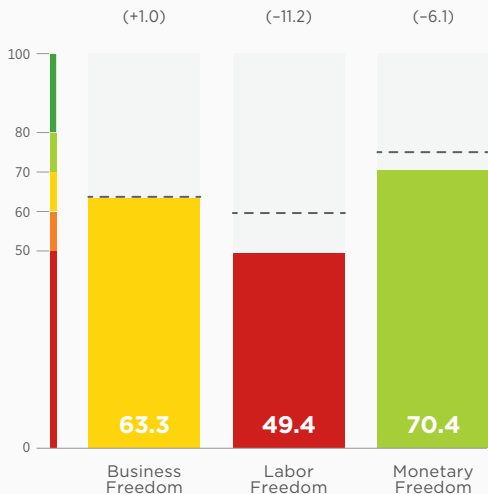
Djibouti's scores for property registration and enforcement of contracts were below the regional averages in the World Bank's 2020 *Doing Business* survey. Courts are subject to political manipulation and are slow and vulnerable to corruption. Sharia (Islamic) law prevails in family matters. The presidency dominates all aspects of administration and operates in an opaque manner. There are no conflict-of-interest regulations.

GOVERNMENT SIZE



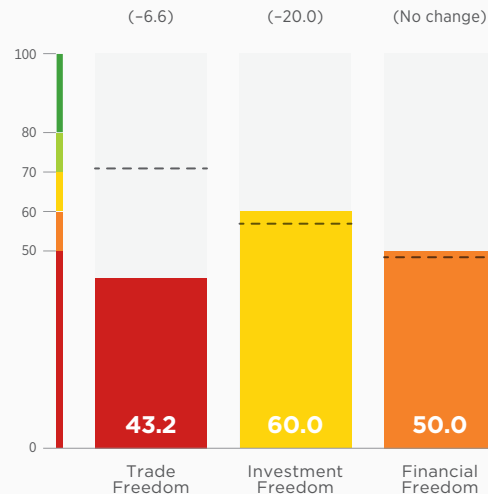
The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include property and excise taxes. The overall tax burden equals 22.7 percent of total domestic income. Government spending has amounted to 25.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.7 percent of GDP. Public debt is equivalent to 66.5 percent of GDP.

REGULATORY EFFICIENCY



Business freedom in Djibouti has improved for five consecutive years. The government recently made the resolution of insolvency easier by improving court processes and facilitating the start of proceedings. Corporate transparency has improved. Djibouti's new minimum wage of 35,000 francs (\$198 USD) per month is now in effect. The government increased subsidies for food and health care in 2020.

OPEN MARKETS



Djibouti has no preferential trade agreements in force. The simple average tariff rate is 20.9 percent, and nontariff barriers further undermine the benefits of trade. State-owned enterprises distort the economy, preventing dynamic private investment from taking place. Credit is generally allocated on market terms, but credit for entrepreneurial activity is still limited by high costs and the lack of access to the full range of financing instruments.

DOMINICA

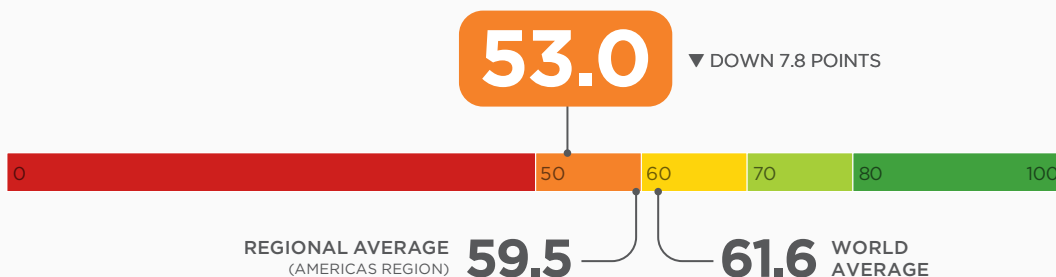
Dominica's economic freedom score is 53.0, making its economy the 147th freest in the 2021 *Index*. Its overall score has decreased by 7.8 points, primarily because of a large decline in **fiscal health**. Dominica is ranked 25th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Dominica's economy fell deeply into the mostly unfree category this year—the first time it has not been scored as moderately free since 2009 when *Index* scoring of the country began. The decline resulted primarily from a vastly expanded budget deficit and higher debt, much of it related to hurricane recovery. To get back on track, the government needs urgently to get spending and borrowing under control.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Dominica, but the economy was forecast to contract by 8.8 percent for the year.

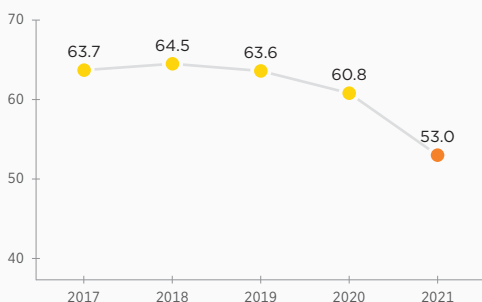
WORLD RANK: **147** REGIONAL RANK: **25**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -9.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.8 billion
9.2% growth in 2019
5-year compound
annual growth 0.0%
\$12,659 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
1.6%

FDI INFLOW:
\$32.6 million

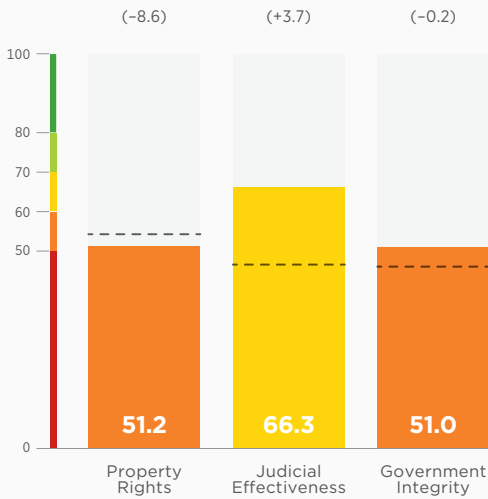
PUBLIC DEBT:
83.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A small and mountainous island in the Lesser Antilles, Dominica is a member of the Organization of Eastern Caribbean States (OECS). Prime Minister Roosevelt Skerrit of the Dominica Labour Party (DLP) has been in office since 2004 and was elected for a fifth consecutive term in December 2019. The DLP also has an absolute majority in parliament. Hurricane Maria destroyed nearly 90 percent of the island's buildings in 2017, and the cost of reconstruction continues to strain public resources. Electricity and water service has returned to much of the island. Dominica offers the Caribbean's cheapest citizenship-by-investment program, but the government has stepped up efforts to prevent use of the program to evade taxes.

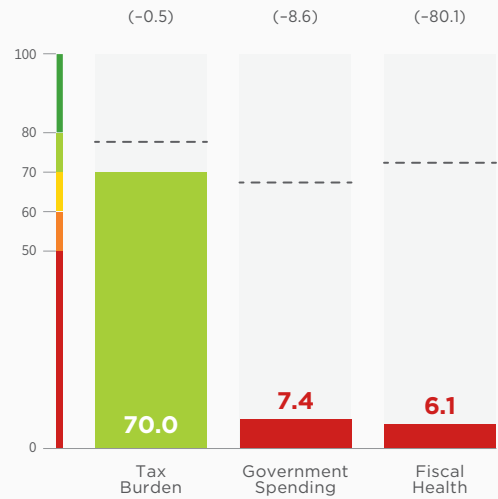
12 ECONOMIC FREEDOMS | DOMINICA

RULE OF LAW



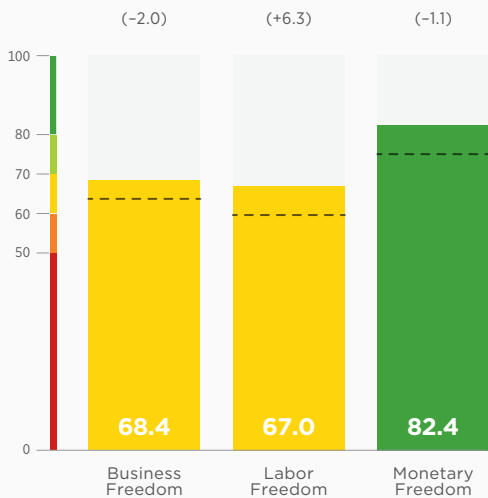
Even though civil law protects physical property and mortgage claims, Dominica ranks near the bottom of the 2020 World Bank *Doing Business* survey with respect to property registration. The judiciary is independent and based on English common law. Anticorruption statutes are implemented effectively, but there are credible reports that the government's Citizenship by Investment program is susceptible to abuse by criminal actors.

GOVERNMENT SIZE



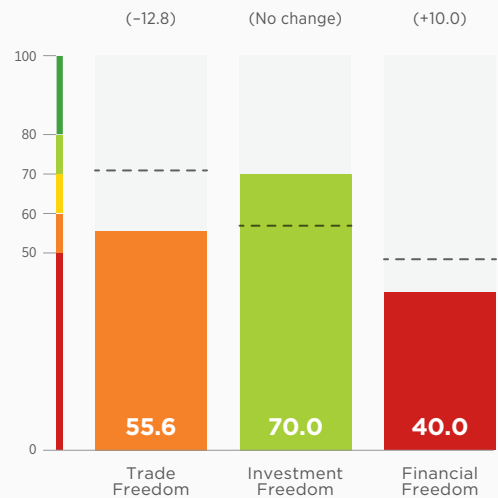
The top individual income tax rate is 35 percent, and the top corporate tax rate has been cut to 25 percent. Other taxes include a value-added tax. The overall tax burden equals 33.9 percent of total domestic income. Government spending has amounted to 55.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.5 percent of GDP. Public debt is equivalent to 83.3 percent of GDP.

REGULATORY EFFICIENCY



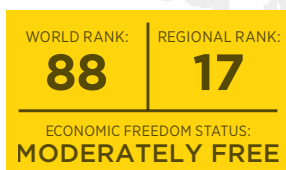
Dominica has lost ground in business freedom, and the cost of starting a business has increased. Labor laws are generally not restrictive. The economy, once driven primarily by bananas, has been led more by tourism in recent years. Employers are free to determine whom to hire. Government expenditures to repair hurricane damage to state-owned electricity, water, and sanitation infrastructure continued to outpace revenues in 2019 and 2020.

OPEN MARKETS



Dominica has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.7 percent, and two nontariff measures are in effect. Foreign investment may be screened by the government. Several investment-facilitating measures that allow foreign investors to repatriate all profits and dividends have been implemented. The financial sector remains underdeveloped, but the banking system is stable and growing, albeit gradually.

DOMINICAN REPUBLIC

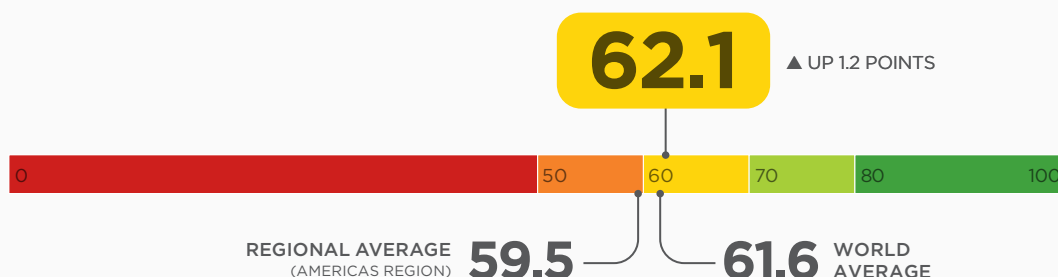


The Dominican Republic's economic freedom score is 62.1, making its economy the 88th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an improvement in **judicial effectiveness**. The Dominican Republic is ranked 17th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Economic freedom continues to languish in the Dominican Republic with the economy stuck at the bottom of the moderately free category. In addition to continuing efforts to strengthen the rule of law, the government should redouble its efforts to create a more welcoming business climate for international investors, banks, and traders. Increased freedom for the Dominican people would boost development efforts.

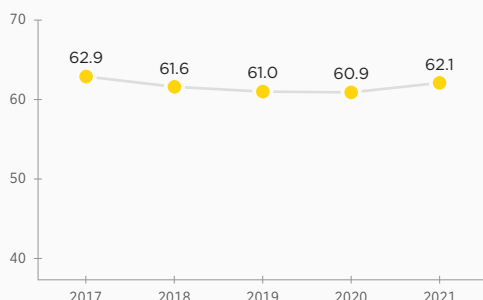
IMPACT OF COVID-19: As of December 1, 2020, 2,333 deaths had been attributed to the pandemic in the Dominican Republic, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$199.4 billion
5.1% growth in 2019
5-year compound annual growth 6.1%
\$19,182 per capita

UNEMPLOYMENT:
5.9%

INFLATION (CPI):
1.8%

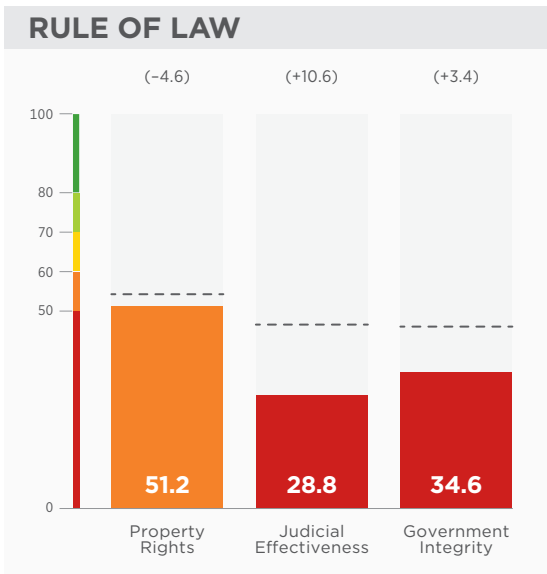
FDI INFLOW:
\$3.0 billion

PUBLIC DEBT:
53.6% of GDP

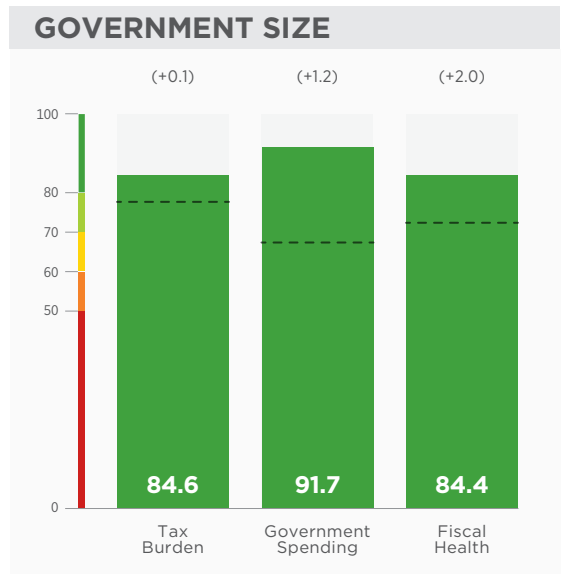
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Dominican Republic occupies the more verdant and arable eastern two-thirds of the Caribbean island of Hispaniola. President Luis Abinader of the center-left Partido Revolucionario Moderno (PRM) was elected in July 2020 by voters who hoped that he would be able to change the country's pervasive culture of corruption. Abinader's election ended the centrist Dominican Liberation Party's 16 years in power as well as its congressional majority. Fiscal and electricity reforms are still pending in the government's national development strategy with the self-imposed deadline of 2030. Recently established diplomatic and commercial relations with China have encouraged Chinese state-owned investment and financing. The island remains a major transshipment point for drugs bound for the United States and Europe.

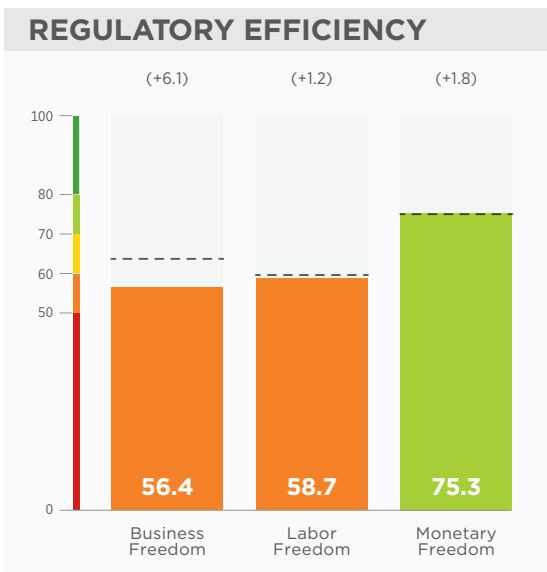
12 ECONOMIC FREEDOMS | DOMINICAN REPUBLIC



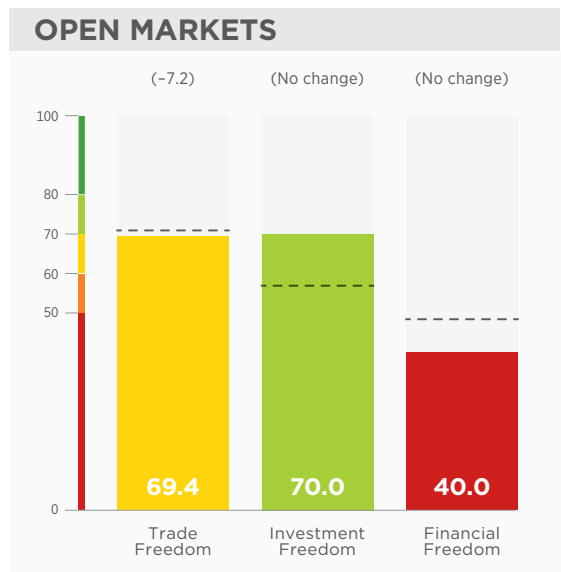
The property registration system for recording titles, mortgages, liens, easements, and encumbrances is reliable, although some titles have proved to be fraudulent. There are numerous instances of expropriation and disputes over property. The judiciary is susceptible to political pressure. Corruption remains a serious systemic problem at all levels of the government, the judiciary, and security forces and in the private sector as well.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 13.8 percent of total domestic income. Government spending has amounted to 16.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 53.6 percent of GDP.



The Dominican Republic has improved its business freedom, reversing the downward trend of recent years, by reducing the paid-in minimum capital requirement to start a business and lowering the costs of dealing with construction permits and getting electricity. The labor force participation rate rose in 2019. Reforms in the state-dominated electricity sector, long a drag on public finances and competitiveness, were delayed once again in 2020.



The Dominican Republic has four preferential trade agreements in force. The trade-weighted average tariff rate is 7.8 percent, and 88 nontariff measures are in effect. In general, the government does not discriminate against or screen foreign investment. The financial sector has been growing, and the stock market continues to expand. About 60 percent of adult Dominicans have access to an account with a formal banking institution.

ECUADOR

WORLD RANK: **149** | REGIONAL RANK: **27**

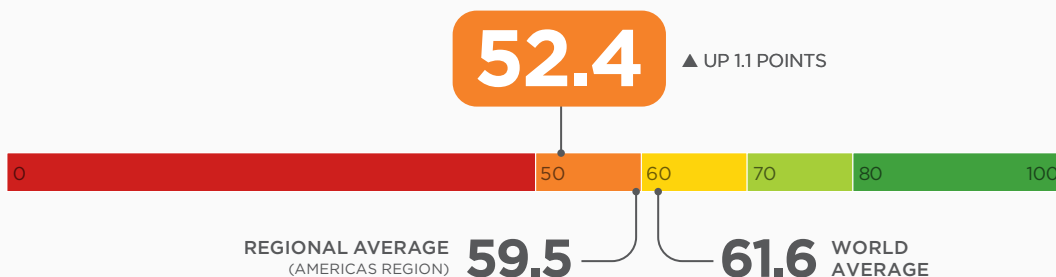
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Ecuador's economic freedom score is 52.4, making its economy the 149th freest in the 2021 *Index*. Its overall score has increased by 1.1 points, primarily because of an improvement in **fiscal health**. Ecuador is ranked 27th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Economic freedom has improved in Ecuador for two years in a row. The economy has climbed a little higher in the mostly unfree category, although there is a long road ahead. To continue this upward trajectory, the government should prioritize the strengthening of the country's weak rule-of-law indicators: property rights, judicial effectiveness, and government integrity.

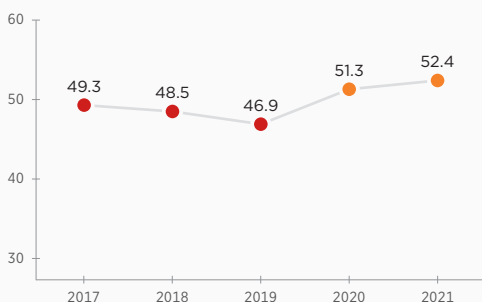
IMPACT OF COVID-19: As of December 1, 2020, 13,501 deaths had been attributed to the pandemic in Ecuador, and the economy was forecast to contract by 11.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.4 million

GDP (PPP):
\$203.6 billion
0.1% growth in 2019
5-year compound
annual growth 0.5%
\$11,847 per capita

UNEMPLOYMENT:
4.0%

INFLATION (CPI):
0.3%

FDI INFLOW:
\$966.2 million

PUBLIC DEBT:
49.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The “Republic of the Equator” initially gained independence from Spain in 1830. President Lenín Moreno of the center-left Alianza Pais party was elected to a four-year term in 2017. Moreno upended his leftist predecessor’s socialist legacy by adopting a moderate economic and foreign policy agenda, implementing reforms to promote foreign trade and reduce public spending, but violent protests by leftist groups forced the government to retain costly fuel subsidies. The world’s largest banana exporter, Ecuador also remains a major transit country for narco-trafficking. Its dollarized economy is substantially dependent on petroleum, which accounts for more than half of export earnings and approximately 25 percent of public-sector revenues. Budget deficits have been funded by Chinese debt.

12 ECONOMIC FREEDOMS | ECUADOR

RULE OF LAW



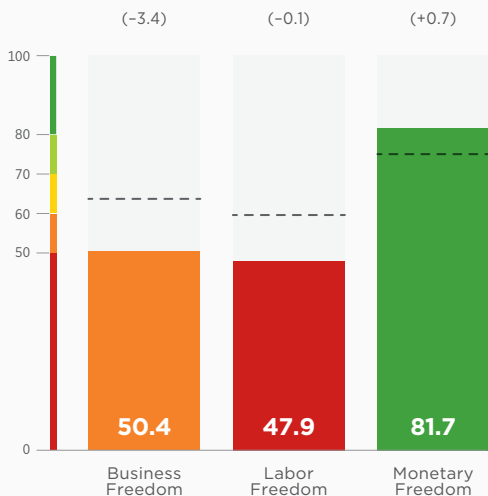
Corruption undermines the protection of property rights and enforcement of contracts. The independence of the judiciary has become stronger in recent years despite ongoing systemic weaknesses. In late 2019, a court upheld the conviction of a former vice president involved in the Odebrecht scandal. Corruption remains pervasive, but Ecuador's score and ranking were nevertheless significantly improved in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



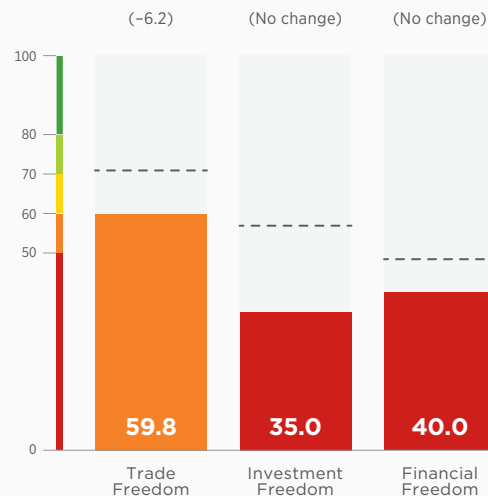
The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 20.9 percent of total domestic income. Government spending has amounted to 37.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 49.6 percent of GDP.

REGULATORY EFFICIENCY



Ecuador's business freedom has declined to levels near those of repressed economies. Increased business start-up costs make entrepreneurship difficult. The National Wages Council and Ministry of Labor Relations set private-sector minimum compensation levels annually. To help reduce its debt-to-GDP ratio, the government is gradually lowering expensive fuel subsidies and reducing other untargted subsidies.

OPEN MARKETS



Ecuador has six preferential trade agreements in force. The trade-weighted average tariff rate is 10.1 percent, and 281 non-tariff measures are in effect. The overall investment climate remains uncertain. The underdeveloped and state-controlled financial sector limits access to credit. About 50 percent of adult Ecuadorians have access to an account with a formal banking institution.

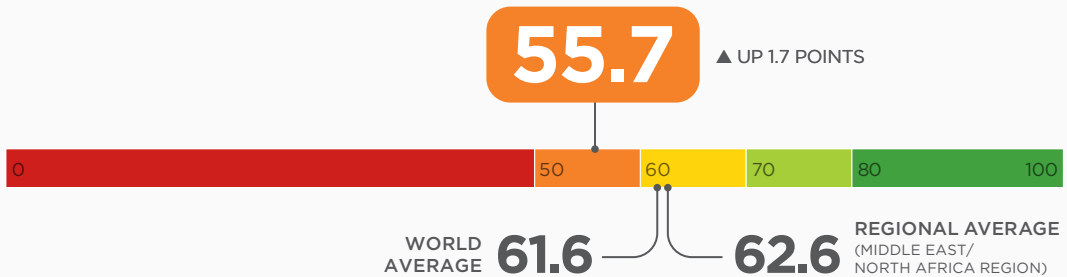
EGYPT

Egypt's economic freedom score is 55.7, making its economy the 130th freest in the 2021 *Index*. Its overall score has increased by 1.7 points, with improvements in 9 of the 12 categories of economic freedom. Egypt is ranked 11th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Although the Egyptian economy has been in the mostly unfree category since the inception of the *Index* in 1995, the country improved its economic freedom score this year for the third year in a row. To maintain that momentum, the government should pursue policy reforms to reduce public debt and upgrade institutional performance to strengthen the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.

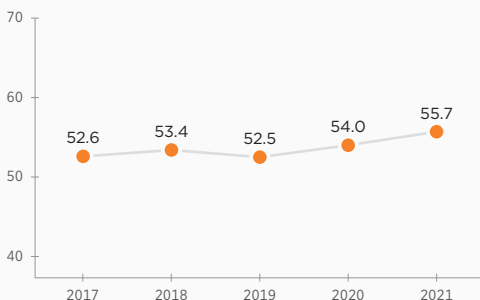
IMPACT OF COVID-19: As of December 1, 2020, 6,666 deaths had been attributed to the pandemic in Egypt, and economic growth was forecast to decline to 3.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +10.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
100.4 million

GDP (PPP):
\$1.4 trillion
5.6% growth in 2019
5-year compound annual growth 4.7%
\$12,251 per capita

UNEMPLOYMENT:
10.8%

INFLATION (CPI):
13.9%

FDI INFLOW:
\$9.0 billion

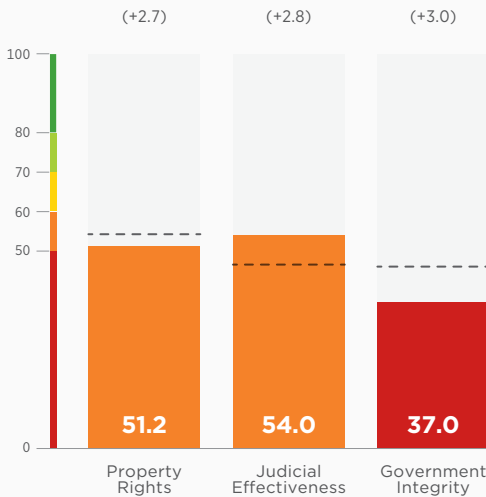
PUBLIC DEBT:
83.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After the army deposed longtime President Hosni Mubarak in 2011 amid the Arab Spring protests, the ensuing political instability ultimately led the army to oust Mubarak's elected but increasingly unpopular successor, Mohamed Morsi of the Muslim Brotherhood. Under a new constitution, President Abdel Fattah el-Sisi was elected to a four-year term in 2014 and reelected in 2018. Constitutional amendments approved in April 2019 strengthened presidential authority and could permit el-Sisi to rule until 2030. Most economic activity takes place in the highly fertile Nile Valley. Despite sporadic terrorist attacks, the vital tourism industry has rebounded, but Egypt remains dependent on aid from Saudi Arabia and international financial institutions.

12 ECONOMIC FREEDOMS | EGYPT

RULE OF LAW



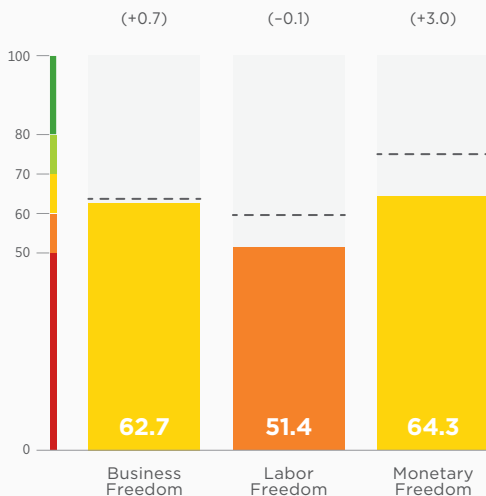
Property rights are recognized, but real estate laws are complex, titles to real property can be difficult to establish, and enforcement may be delayed. Although the judiciary is proud of its independence and enjoys a high level of public trust, the executive branch exerts influence on courts that have been politicized under the authoritarian government. Corruption is pervasive at all levels of government.

GOVERNMENT SIZE



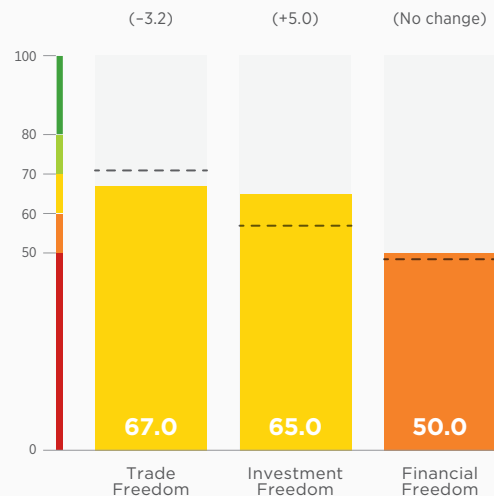
The top individual income tax rate is 22.5 percent. The top standard corporate tax rate is also 22.5 percent, but companies in the oil and gas sector are subject to a rate of 40.55 percent. The overall tax burden equals 17.1 percent of total domestic income. Government spending has amounted to 29.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.1 percent of GDP. Public debt is equivalent to 83.8 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has been facilitated by abolition of the mandate to obtain a certificate of non-confusion (of the company name) when starting a business and by improving one-stop-shop efficiency. The electricity supply has become more reliable. Labor force participation has declined. Removal of most subsidies for petroleum products ensures that retail fuel prices remain at cost-recovery levels.

OPEN MARKETS



Egypt has nine preferential trade agreements in force. The trade-weighted average tariff rate is 9.0 percent, and 157 non-tariff measures are in effect. A recently adopted investment code consolidated investment-related rules, but investment in several sectors remains restricted. The banking sector is well capitalized and stable, with local banks attaining continued profitability and rating upgrades. The vibrant credit market is open to foreigners.

EL SALVADOR

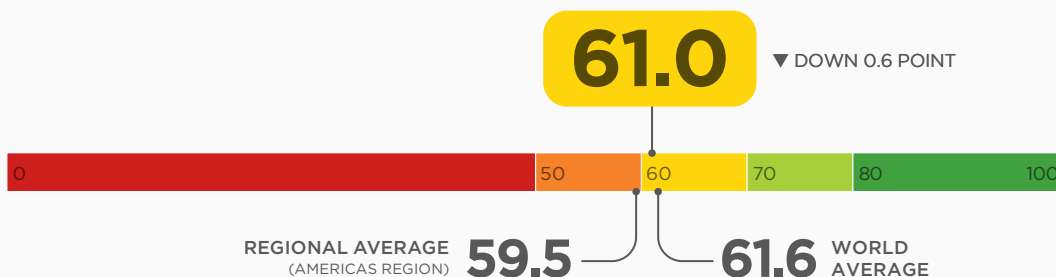
El Salvador's economic freedom score is 61.0, making its economy the 94th freest in the 2021 *Index*. Its overall score has decreased by 0.6 point, primarily because of a decline in **trade freedom**. El Salvador is ranked 18th among 32 countries in the Americas region, and its overall score is above the regional average but below the world average.

The economy of El Salvador lost further ground this year in the moderately free category and is at risk of dropping into the ranks of the mostly unfree. To return to an upward trajectory, the government will need to focus on institutional reforms to strengthen judicial effectiveness and government integrity and also take steps to improve the regulatory environment to enhance business freedom and labor freedom.

IMPACT OF COVID-19: As of December 1, 2020, 1,120 deaths had been attributed to the pandemic in El Salvador, and the economy was forecast to contract by 9.0 percent for the year.

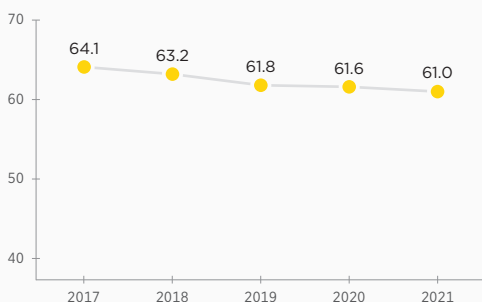
WORLD RANK:	REGIONAL RANK:
94	18
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.5 million

GDP (PPP):
\$55.6 billion
2.4% growth in 2019
5-year compound
annual growth 2.4%
\$9,140 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
0.1%

FDI INFLOW:
\$662.2 million

PUBLIC DEBT:
69.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After its 12-year civil war ended in 1992, El Salvador enjoyed strong export-led economic growth under pro-market, center-right National Republican Alliance (ARENA) presidents until the leftist and statist Farabundo Martí National Liberation Front (FMLN) took power for a decade in 2009. Nayib Bukele, who began a five-year term as president in June 2019, pledged to improve El Salvador's investment climate to satisfy foreign investors concerned about bureaucracy, corruption, and the politicized legal system. However, his contentious relationship with the opposition-controlled Congress and often-questionable use of executive orders could undermine his reform agenda. Remittances account for nearly one-fifth of GDP. El Salvador's location in Central America's isthmus makes it a key transshipment point for drug trafficking.

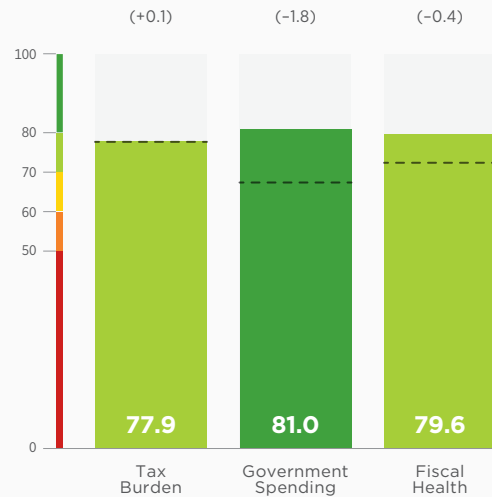
12 ECONOMIC FREEDOMS | EL SALVADOR

RULE OF LAW



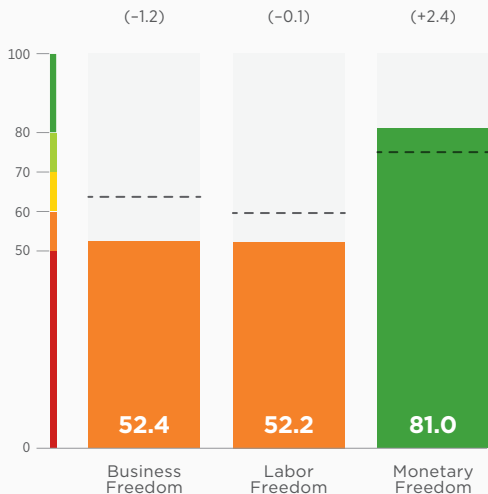
Although private property, both non-real estate and real estate, is recognized and protected by law in El Salvador, enforcement efforts to protect property rights are uneven. Mortgages and real property liens exist. The judicial system is slow and costly. Corruption scandals are common at the federal legislative and judicial levels and at the municipal level. Three of the past four presidents have been indicted for corruption.

GOVERNMENT SIZE



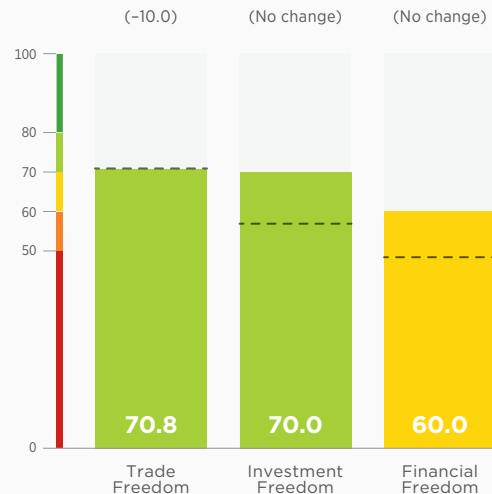
The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 25.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 69.0 percent of GDP.

REGULATORY EFFICIENCY



The cost of dealing with construction permits has increased, as has the time required to obtain an electricity connection. Labor laws dictate many heavy-handed government regulations, and they are enforced erratically. The government's 2020 budget included the extension of ongoing subsidies for electricity, liquid petroleum gas, and natural gas.

OPEN MARKETS



El Salvador has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 7.1 percent, and eight nontariff measures are in effect. In general, foreign and domestic investors are treated equally, and there is no screening of foreign investment. Banking is highly concentrated, and four private banks account for over 70 percent of total assets. Foreign banks can offer all of the services that are offered by domestic banks.

EQUATORIAL GUINEA

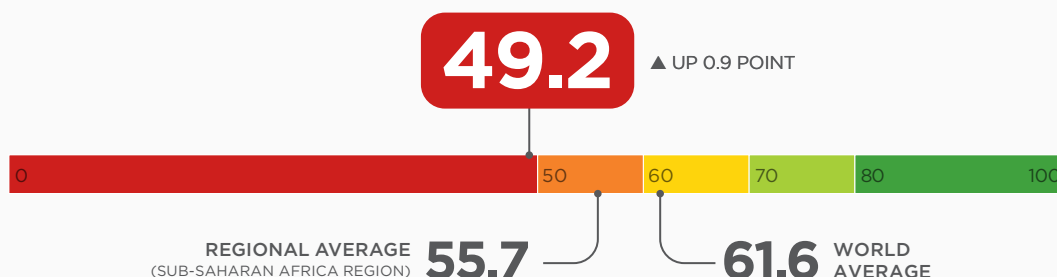
Equatorial Guinea's economic freedom score is 49.2, making its economy the 163rd freest in the 2021 *Index*. Its overall score has increased by 0.9 point, primarily because of an improvement in **fiscal health**. Equatorial Guinea is ranked 41st among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Equatorial Guinea remained repressed this year. To establish the basic conditions required for greater economic freedom, the government would need to adopt policy reforms to improve the regulatory environment while also implementing deep, broad, and well-institutionalized reforms to improve property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 85 deaths had been attributed to the pandemic in Equatorial Guinea, and the economy was forecast to contract by 6.0 percent for the year.

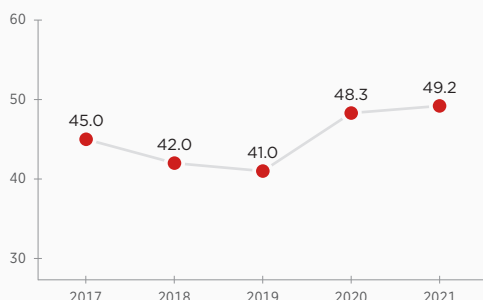


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +4.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$28.2 billion
-6.1% growth in 2019
5-year compound annual growth -7.1%
\$19,327 per capita

UNEMPLOYMENT:
6.4%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$452.3 million

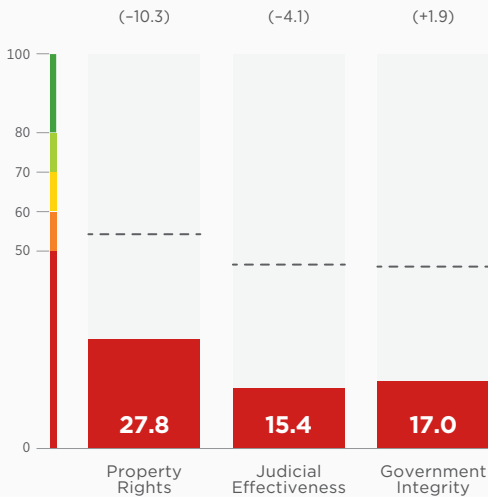
PUBLIC DEBT:
43.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Equatorial Guinea gained independence from Spain in 1968. President Teodoro Obiang, currently Africa's longest-serving leader, seized power in a 1979 coup and won reelection to another seven-year term in 2016 with 93 percent of the vote. The opposition protested the result as fraudulent. The ruling party controls 99 of 100 parliamentary seats. In 2018, the Supreme Court approved the dissolution of the main opposition party and 30-year prison sentences for nearly two dozen opposition members. Obiang later declared a total amnesty for political prisoners. Equatorial Guinea was once one of Africa's fastest-growing economies and sub-Saharan Africa's third-largest oil producer, but its economy is now in decline because of corruption, falling oil revenues, and lack of diversification.

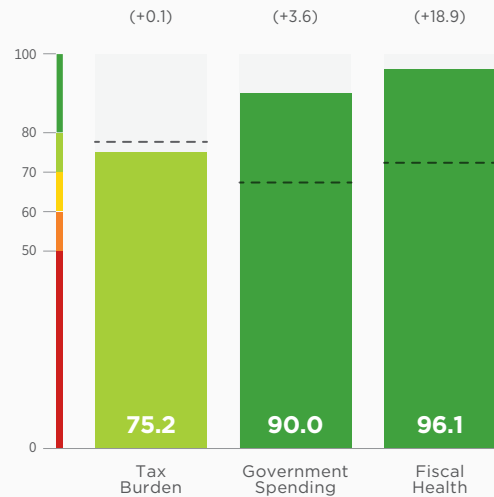
12 ECONOMIC FREEDOMS | EQUATORIAL GUINEA

RULE OF LAW



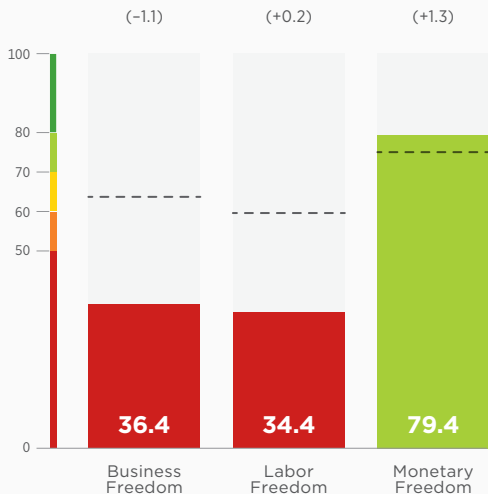
Property rights are enforced selectively, and the government can seize land with very little if any due process. The judicial system is not independent, as the president is also the chief magistrate. Graft and nepotism are rampant. Money laundering occurs often through cross-border currency transactions and illegal international cash transfers. The government has not yet ratified the United Nations Convention Against Corruption.

GOVERNMENT SIZE



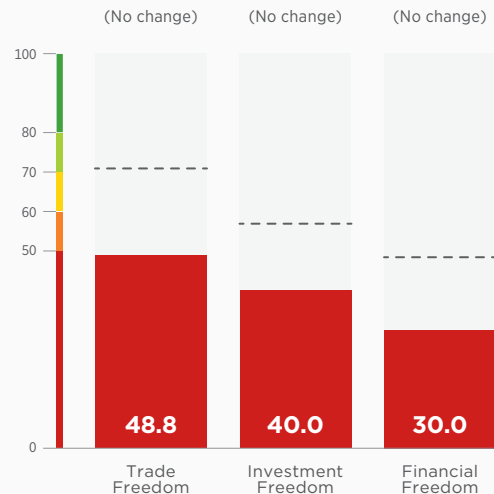
The top personal income and corporate tax rates are 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 5.9 percent of total domestic income. Government spending has amounted to 18.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.1 percent of GDP. Public debt is equivalent to 43.9 percent of GDP.

REGULATORY EFFICIENCY



The costs associated with getting electricity have recently become higher, as has the paid-in minimum capital requirement needed to start a business. Publicly published labor laws are applied inconsistently. Taking advantage of lower world oil prices, the government is committed to reducing costly fuel subsidies.

OPEN MARKETS



Equatorial Guinea has one preferential trade agreement in force. Its most recent publicly available average tariff rate is 15.6 percent. Equatorial Guinea is not a member of the World Trade Organization. Onerous regulations, exacerbated by other institutional shortcomings, impede trade and foreign investment flows. High credit costs limit access to financing. The government controls long-term lending through the state-owned development bank.

ERITREA

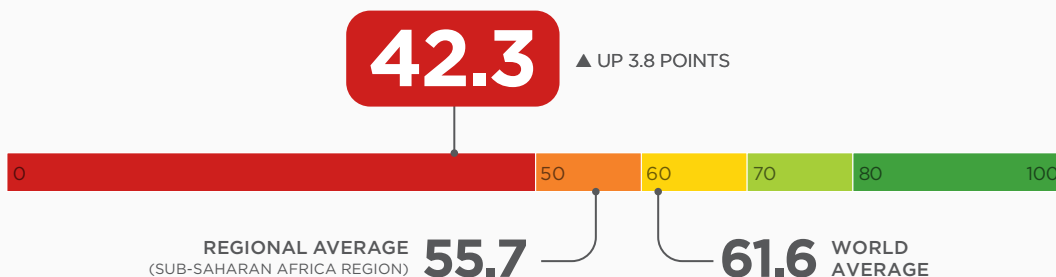
WORLD RANK: **173** REGIONAL RANK: **45**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Eritrea's economic freedom score is 42.3, making its economy the 173rd freest in the 2021 *Index*. Its overall score has increased by 3.8 points, primarily because of an improvement in **fiscal health**. Eritrea is ranked 45th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Index grading of Eritrea began in 2009, and this is only the fourth year that its economy has scored higher than 40. Eritrea remains one of the world's least developed countries, and the majority of its people depend on subsistence agriculture for their livelihoods. Perhaps a future Eritrean government will pursue the broad reforms needed to transform the country into a market-based economy.

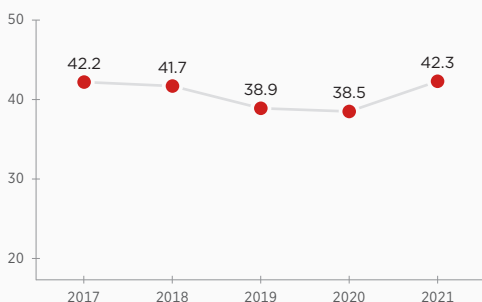
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Eritrea, but the economy was forecast to contract by 0.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +3.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.5 million

GDP (PPP):
\$6.6 billion
3.8% growth in 2019
5-year compound
annual growth -1.3%
\$1,710 per capita

UNEMPLOYMENT:
5.1%

INFLATION (CPI):
-16.4%

FDI INFLOW:
\$67.1 million

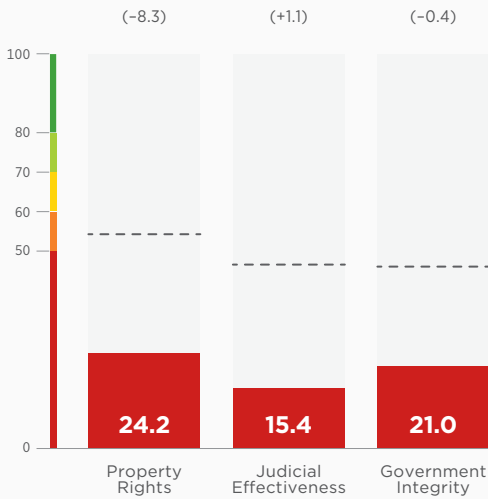
PUBLIC DEBT:
265.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Ethiopia's annexation of Eritrea in 1962 sparked a violent 30-year struggle for independence that ended in 1991 with Eritrean rebels defeating government forces. The autocratic and repressive rule of Isaias Afewerki has created a rigidly militarized society. Mandatory conscription can be for indefinite periods. Eritrea and Ethiopia normalized relations in 2018, but Eritrea again closed its border posts with Ethiopia in 2019. The U.N. lifted the arms embargo on Eritrea in 2018 after concluding that Eritrea was no longer supplying weapons to the terrorist group al-Shabaab. The government has expanded military-owned and party-owned businesses in pursuing the president's development agenda. Copper and gold are important exports, but military spending drains resources needed for the construction of public infrastructure.

12 ECONOMIC FREEDOMS | ERITREA

RULE OF LAW



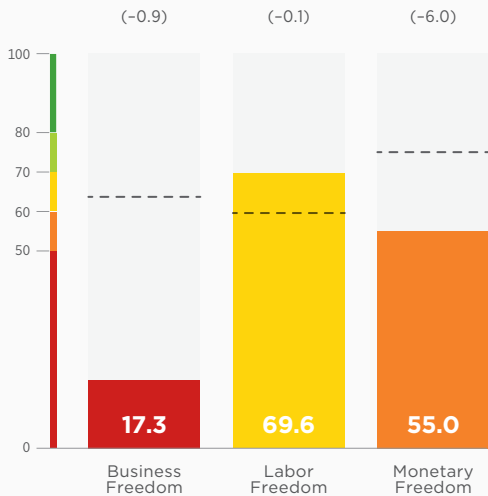
All land is considered state-owned, and property rights are nearly nonexistent. The small amount of private property that does exist can be expropriated without due process or compensation. The politicized judiciary is understaffed, underfunded, and unprofessional. The autocratic one-party state, widely considered to be one of the world's most repressive, is controlled by the president and his inner circle. Corruption is a major problem.

GOVERNMENT SIZE



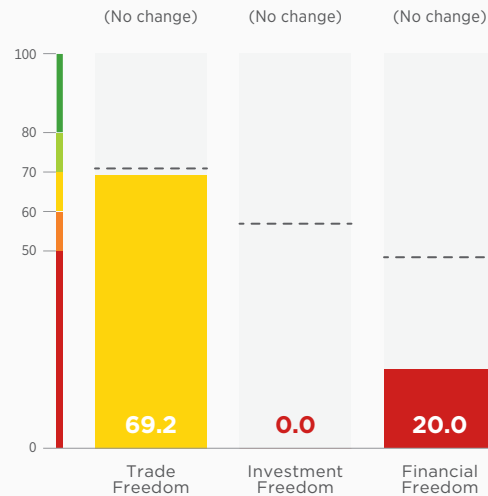
The top individual income tax rate is 30 percent, and the top corporate tax rate is also 30 percent. The overall tax burden equals 28.2 percent of total domestic income. Government spending has amounted to 34.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 265.8 percent of GDP.

REGULATORY EFFICIENCY



Eritrea has the second-worst business freedom score of any country and failed to make any progress during the year. Because few sizable private businesses exist, employment opportunities are limited. Reliable economic and labor statistics are difficult or impossible to find. Monetary stability is weak, and subsidies and price controls continue to be used widely in the command economy.

OPEN MARKETS



Eritrea has one preferential trade agreement in force. The country's most recent publicly available average tariff rate is 5.4 percent, but layers of nontariff barriers severely hamper trade flows. Eritrea is not a member of the World Trade Organization. Foreign investment in several sectors is restricted, and state-owned enterprises distort markets. The financial system remains very underdeveloped, and there are no effective capital markets.

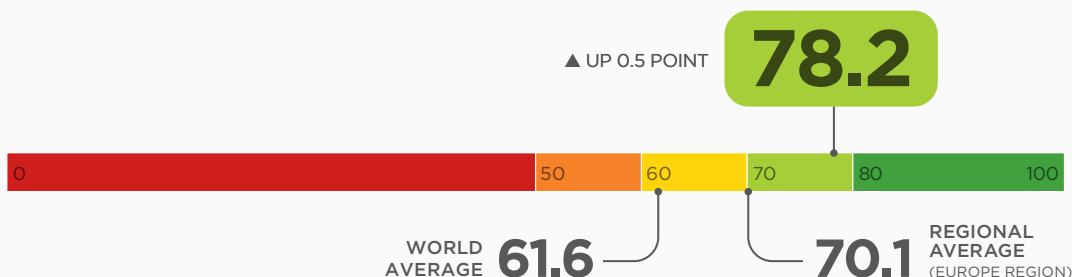
ESTONIA

Estonia's economic freedom score is 78.2, making its economy the 8th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **judicial effectiveness**. Estonia is ranked 4th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The economy of Estonia remains in the mostly free category where it has been since 2001. The biggest obstacles to the country's ascendance to the exclusive ranks of the free are its relatively low scores on the *Index* indicators for government spending and labor freedom. Reforms that address high levels of government spending and lingering rigidities in labor regulations would promote investment and improve productivity.

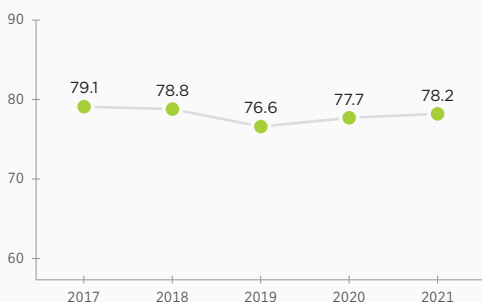
IMPACT OF COVID-19: As of December 1, 2020, 121 deaths had been attributed to the pandemic in Estonia, and the economy was forecast to contract by 5.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$47.8 billion
4.3% growth in 2019
5-year compound
annual growth 3.9%
\$38,811 per capita

UNEMPLOYMENT:
5.1%

INFLATION (CPI):
2.3%

FDI INFLOW:
\$3.0 billion

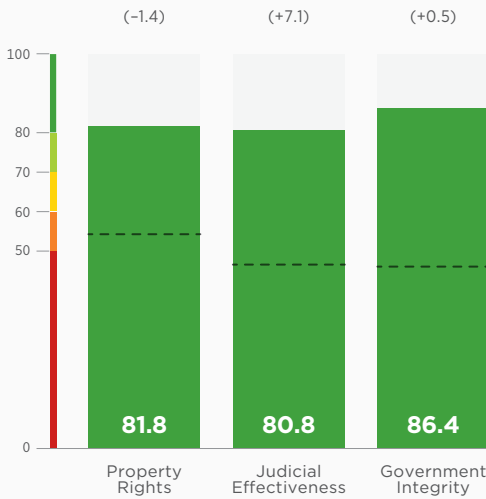
PUBLIC DEBT: 8.4%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Estonia has been independent since 1991 and has become a stable multiparty democracy. It joined NATO and the European Union in 2004 and the Organisation for Economic Co-operation and Development in 2010. In 2010, it also became the first former Soviet state to adopt the euro. The center-right, pro-market Reform Party won the most seats in March 2019 elections but failed to form a coalition. Jüri Ratas, leader of the left-leaning Centre Party, remained prime minister, leading a coalition with the nationalist Conservative People's Party of Estonia and the center-right Isamaa. The economy relies on robust electronics and telecommunications sectors and strong regional trade ties. Security concerns related to Chinese involvement led to the scrapping of a planned Baltic Sea tunnel.

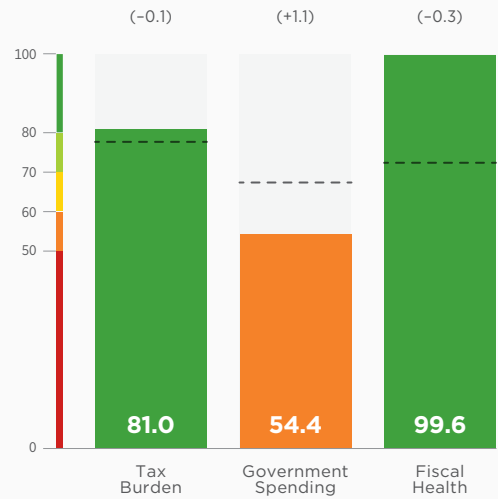
12 ECONOMIC FREEDOMS | ESTONIA

RULE OF LAW



Property rights and contracts are recognized, secure, and well enforced. Expropriations in the public interest are permitted, and compensation is provided based on market value. Commercial codes are applied consistently. The judiciary is independent and well insulated from political influence. Effective mechanisms exist to investigate and punish abuse and incidents of official corruption, which are isolated. Corruption is still a problem in some areas of the private sector.

GOVERNMENT SIZE



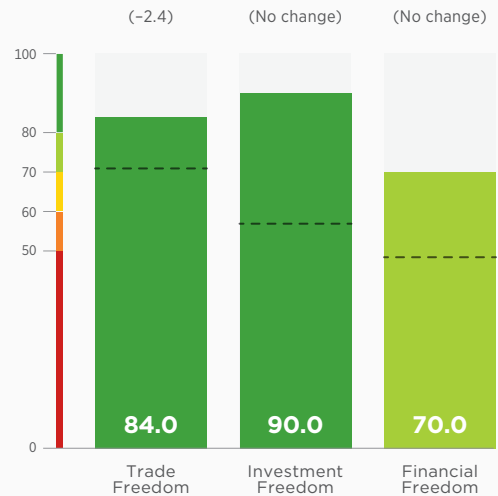
The top personal income and corporate tax rates are 20 percent. Undistributed profits are not taxed. Other taxes include value-added and excise taxes. The overall tax burden equals 33.2 percent of total domestic income. Government spending has amounted to 39.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.4 percent of GDP. Public debt is equivalent to 8.4 percent of GDP.

REGULATORY EFFICIENCY



Estonia's business freedom has declined slightly this year, primarily because of a lower recovery rate when resolving insolvency. Strict government enforcement of intrusive labor laws limits labor freedom. The government is trying to improve the targeting of subsidies for education, health care, and energy, the cost of which is equivalent to 0.4 percent of GDP in the 2020 budget.

OPEN MARKETS



As a member of the EU, Estonia has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Estonia has an additional six country-specific nontariff barriers. The economy has long benefited from openness to foreign investment, facilitated by a transparent investment regime. The financial sector remains stable and continues to expand.

ESWATINI

WORLD RANK: **137** REGIONAL RANK: **27**

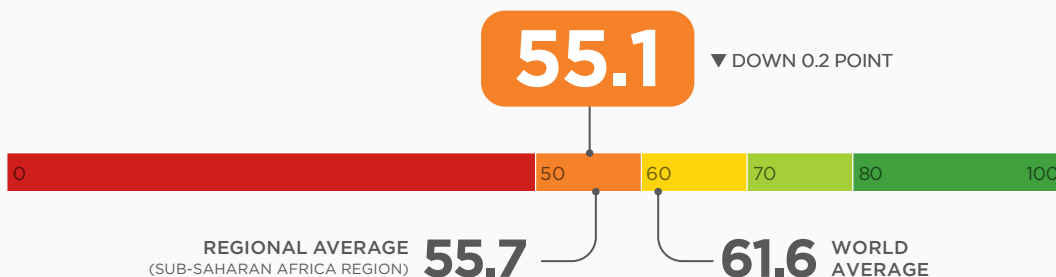
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Eswatini's economic freedom score is 55.1, making its economy the 137th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **trade freedom**. Eswatini is ranked 27th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Eswatini remains in the mostly economically unfree category for the fourth year in a row. The economy has suffered from high levels of public debt and the accumulation of domestic arrears to the private sector, which negatively affects the fiscal health indicator. With policymaking ultimately in the hands of the king, significant economic reform appears to be unlikely.

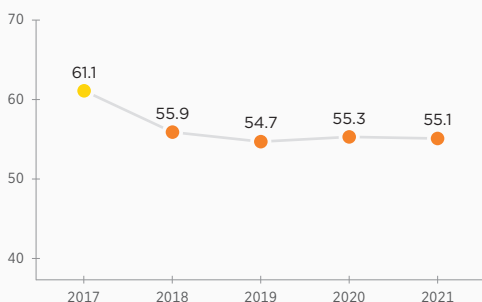
IMPACT OF COVID-19: As of December 1, 2020, 122 deaths had been attributed to the pandemic in Eswatini, and the economy was forecast to contract by 3.5 percent for the year.

ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.1 million

GDP (PPP):
\$12.4 billion
1.0% growth in 2019
5-year compound
annual growth 1.8%
\$9,048 per capita

UNEMPLOYMENT:
22.1%

INFLATION (CPI):
2.6%

FDI INFLOW:
\$130.2 million

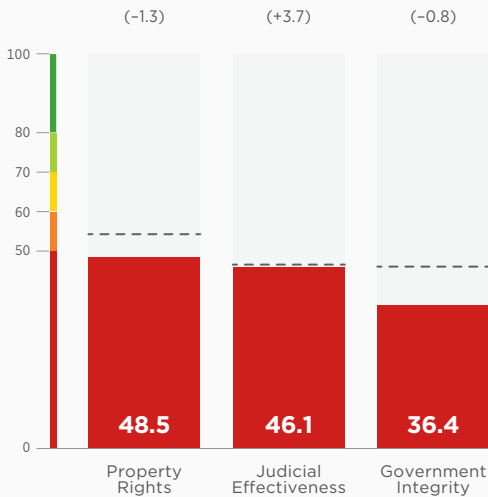
PUBLIC DEBT:
42.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Eswatini (formerly Swaziland) gained independence from the United Kingdom in 1968. King Mswati III, who changed the country's name in 2018, holds absolute power. Political parties are banned, and human rights groups accuse the government of imprisoning journalists and pro-democracy activists. Chiefs loyal to the king pick parliamentary candidates, and international observers declared that the 2018 elections were not credible. Eswatini has the world's highest HIV/AIDS rate, although the rate of new infections has declined. The country depends on South Africa for the vast majority of its trade. Approximately 70 percent of the population works in subsistence agriculture, and unemployment is high. Manufacturing was diversified in the 1980s and 1990s but has grown little in the past decade.

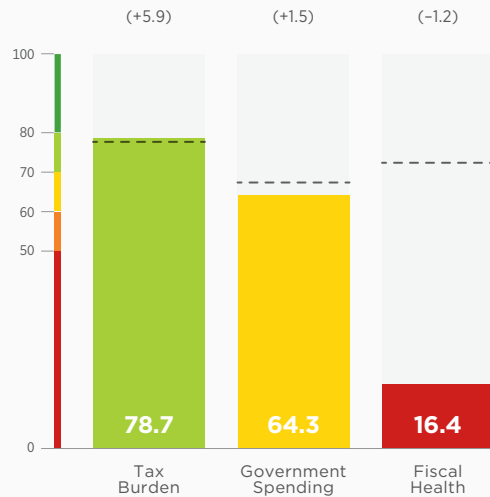
12 ECONOMIC FREEDOMS | ESWATINI

RULE OF LAW



The right to own property is protected by law; most Swazis, however, reside on Swazi Nation Land that is not covered by this constitutional protection. The constitution provides for an independent judiciary, but the king's absolute power to appoint judges limits judicial independence. Corruption is a major problem. The legal and regulatory environments are underdeveloped, opaque, and inconsistent.

GOVERNMENT SIZE



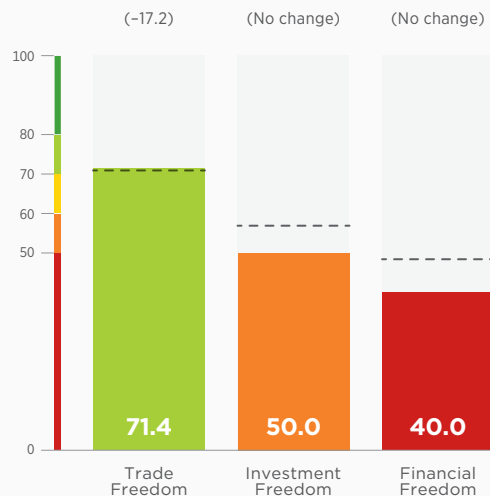
The top individual income tax rate is 33 percent, and the top corporate tax rate is 27.5 percent. The overall tax burden equals 17.0 percent of total domestic income. Government spending has amounted to 34.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.7 percent of GDP. Public debt is equivalent to 42.5 percent of GDP.

REGULATORY EFFICIENCY



Eswatini's business freedom can again be characterized as moderately free after two years in a lower category. The country has made it easier to register a new business, has increased the transparency of construction permits, and has made getting electricity less time-consuming. The value added per worker relative to the minimum wage has increased. The government subsidizes the information technology, education, agriculture, health, tourism, water, transport, and energy sectors.

OPEN MARKETS



Eswatini has six preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and one official nontariff measure is in place. However, nontariff barriers continue to deter the development of more dynamic trade activity. Foreign investment is screened, and state-owned enterprises distort the economy. Overall supervision of the banking sector is weak, and the sector remains subject to government influence.

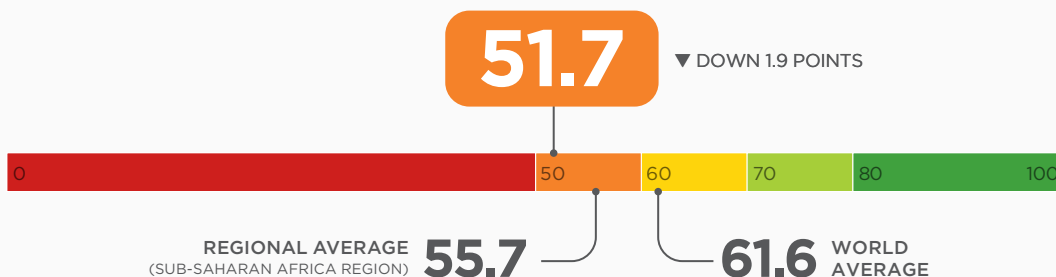
ETHIOPIA

Ethiopia's economic freedom score is 51.7, making its economy the 151st freest in the 2021 *Index*. Its overall score has decreased by 1.9 points, primarily because of declines in **property rights** and **judicial effectiveness**. Ethiopia is ranked 35th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

This year marked a dramatic reversal of the Ethiopian economy's slow climb in the ranks of the mostly unfree. The rule of law, especially property rights, suffered from increased political instability and land disputes. For Ethiopia to achieve greater economic freedom, the government will have to revitalize its multiparty democracy and strengthen institutions that respect human rights and the administration of justice.

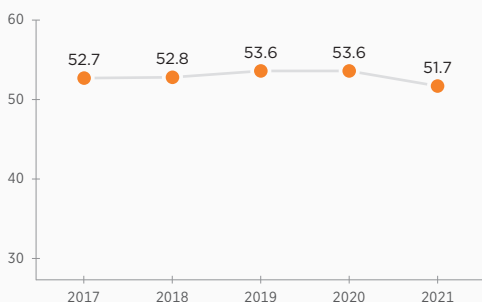
IMPACT OF COVID-19: As of December 1, 2020, 1,709 deaths had been attributed to the pandemic in Ethiopia, and economic growth was forecast to decline to 1.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
112.1 million

GDP (PPP):
\$243.6 billion
9.0% growth in 2019
5-year compound
annual growth 9.1%
\$2,312 per capita

UNEMPLOYMENT:
2.1%

INFLATION (CPI):
15.8%

FDI INFLOW:
\$2.5 billion

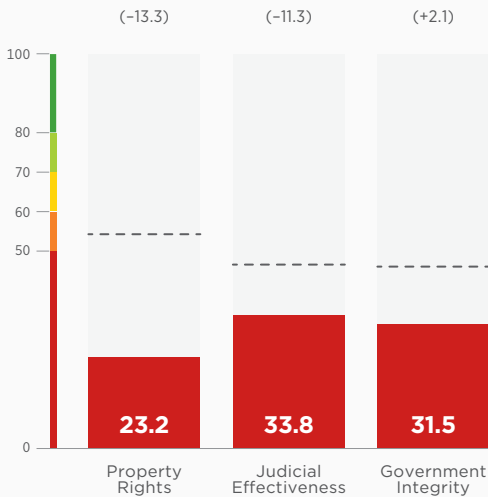
PUBLIC DEBT:
57.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A military junta deposed Emperor Haile Selassie in 1974 and established a socialist state. The Ethiopian People's Revolutionary Democratic Front overthrew the junta in 1991, replacing it with a repressive one-party system. Protests by Ethiopia's marginalized Oromo tribe in 2018 led to the surprise rise to power of Prime Minister Abiy Ahmed, who launched an ambitious reform agenda. In 2019, most of the ruling coalition merged to become the Prosperity Party. Abiy's regime must contend with ethnic violence and secessionist sentiment in parts of Ethiopia, and parliamentary elections have been postponed until after the COVID-19 pandemic has been contained. The agriculture-based economy's strong growth has reduced poverty, but high unemployment, severe poverty, and a large debt burden remain persistent challenges.

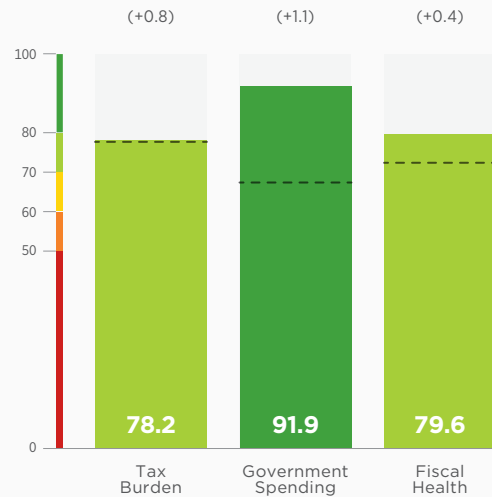
12 ECONOMIC FREEDOMS | ETHIOPIA

RULE OF LAW



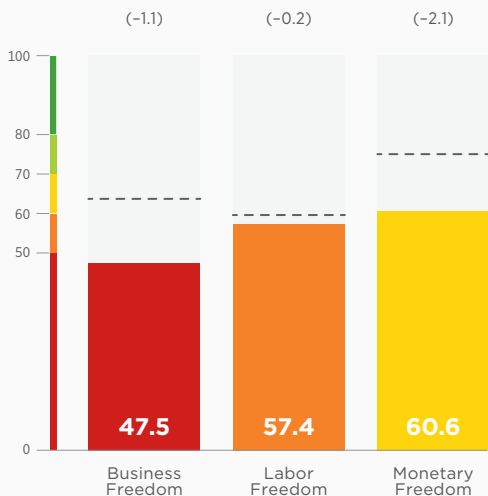
Ownership of land remains in the hands of the state with use rights granted to landholders. The judiciary is officially independent, but its judgments rarely deviate from government policy. Government officials and state institutions reportedly enjoy preferential access to credit, land leases, and jobs. The prime minister's anticorruption task force may have contributed to Ethiopia's improved performance in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



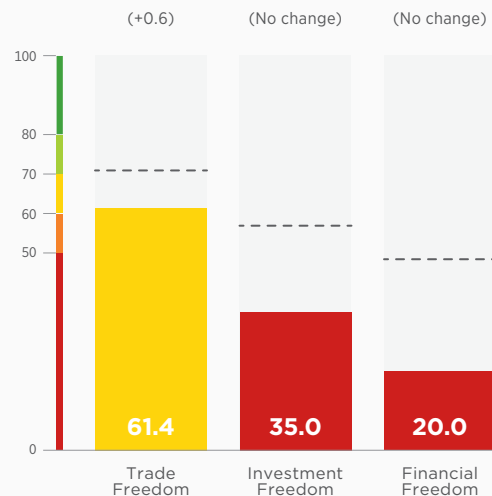
The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 7.5 percent of total domestic income. Government spending has amounted to 16.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 57.6 percent of GDP.

REGULATORY EFFICIENCY



Ethiopia's business environment has become even more repressed. Dealing with construction permits has become more complicated and now takes longer as well. Aside from agriculture, the largest employer is the government. The government is partially privatizing the state-owned airline and has begun to open the state-subsidized electricity sector to private companies.

OPEN MARKETS



Ethiopia has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.8 percent, and nontariff barriers further undermine the freedom to trade. Ethiopia is not a member of the World Trade Organization. The state has allowed the private sector to participate in banking but restricts foreign ownership. Less than 40 percent of adult Ethiopians have access to an account with a formal banking institution.

FIJI

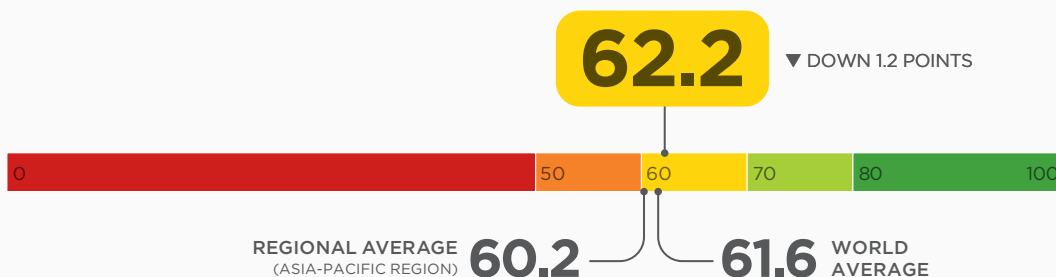
Fiji's economic freedom score is 62.2, making its economy the 87th freest in the 2021 *Index*. Its overall score has decreased by 1.2 points, primarily because of a decline in **fiscal health**. Fiji is ranked 15th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

This year, the Fijian economy clung to its ranking in the moderately free category for the fifth year in a row. To return to a positive trajectory for greater economic freedom, the government needs to rein in spending, improve judicial effectiveness, curb corruption, and prioritize policies to ease investment restrictions and privatize state-owned enterprises.

IMPACT OF COVID-19: As of December 1, 2020, two deaths had been attributed to the pandemic in Fiji, and the economy was forecast to contract by 21.0 percent for the year.

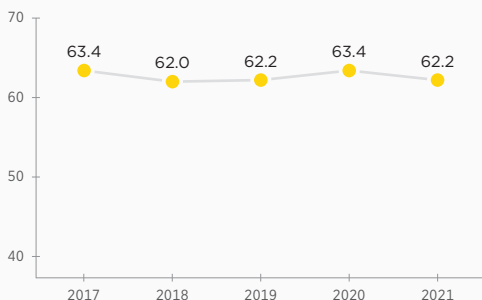


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$10.6 billion
0.5% growth in 2019
5-year compound
annual growth 3.3%
\$14,428 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.9%

FDI INFLOW:
\$321.3 million

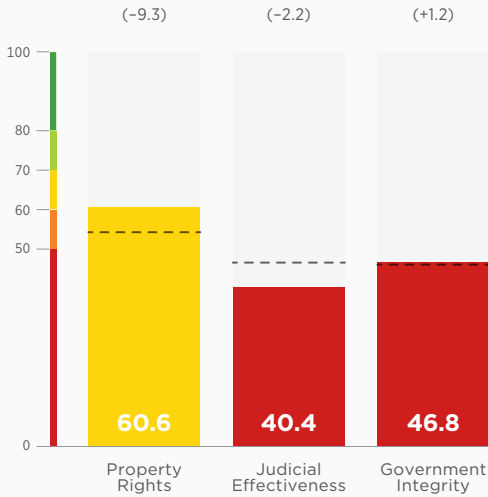
PUBLIC DEBT:
48.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British colony of Fiji gained independence in 1970. Military strongman Frank Bainimarama, who has ruled this Pacific Island nation continuously since a December 2006 coup, maintained control of the government in the November 2018 general election. Although a reduced parliamentary majority for the ruling Fiji First Party could lead to greater oversight of government decision-making, no significant policy changes are expected. There is a long history of ethnic tension between the indigenous, mostly Christian population and a large minority of Hindu and Muslim Indo-Fijians. Fiji's economy relies heavily on tourism, remittances, and the sugar industry. The government's principal priority is infrastructure construction with a particular focus on the energy sector.

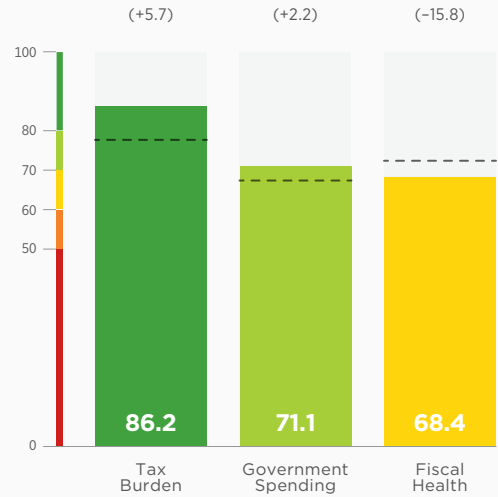
12 ECONOMIC FREEDOMS | FIJI

RULE OF LAW



Private property rights are respected, but enforcement is uncertain. Obtaining land titles is difficult, time-consuming, and complicated by issues related to the titling of customary lands. The judiciary is constitutionally independent but subject to executive influence. The constitution itself restricts the jurisdiction of the courts. Given Fiji's relatively small population and circles of power, the effectiveness of safeguards against corruption is limited.

GOVERNMENT SIZE



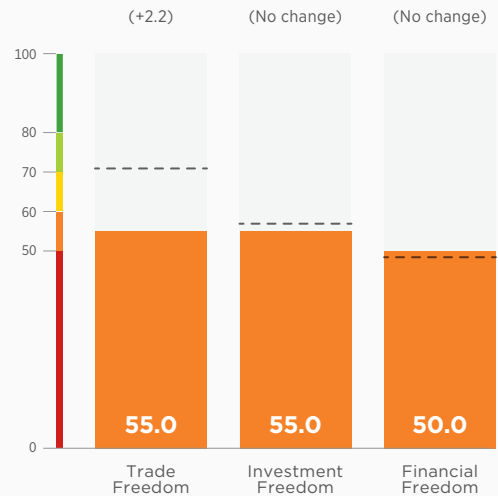
The top individual income tax rate has been cut to 20 percent, and the top corporate tax rate is also 20 percent. Other taxes include value-added and land sales taxes. The overall tax burden equals 24.2 percent of total domestic income. Government spending has amounted to 31.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 48.8 percent of GDP.

REGULATORY EFFICIENCY



The business environment in Fiji has been moderately free since 2013 but is suffering in comparison to those of other countries where business environments are improving. Labor force participation increased in 2019, and tourism and overseas remittances continue to drive the economy. The government subsidizes the state-owned electricity and water companies.

OPEN MARKETS



Fiji has four preferential trade agreements in force. The trade-weighted average tariff rate is 15.0 percent, and numerous nontariff barriers hinder trade flows. Foreign investment is screened, and investment in land remains restricted. State-owned enterprises distort the economy. The government has withdrawn from commercial banking, and foreign participation has gradually been growing. Foreign exchange controls have been eased.

FINLAND

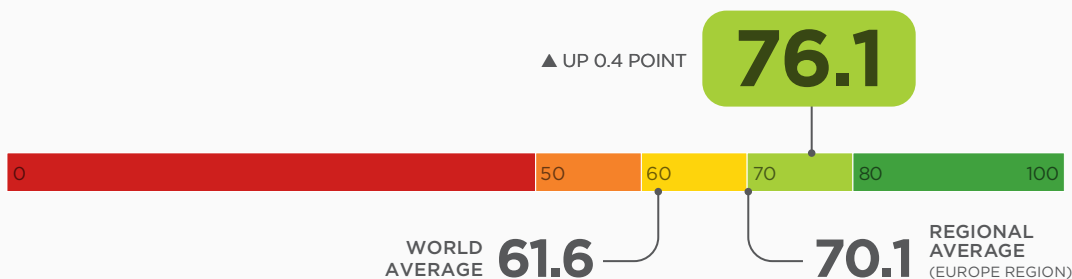


Finland's economic freedom score is 76.1, making its economy the 17th freest in the 2021 *Index*. Its overall score has increased by 0.4 point, primarily because of an improvement in the **government spending** score. Finland is ranked 10th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Finnish economy continues to benefit from high levels of economic freedom. For Finland to move up in the mostly free ranks, the government needs to roll back its ambitious plans to expand spending on infrastructure, education, health care, and welfare services and then make further cuts. It also needs to reform the labor code to make it more market friendly and reduce taxes.

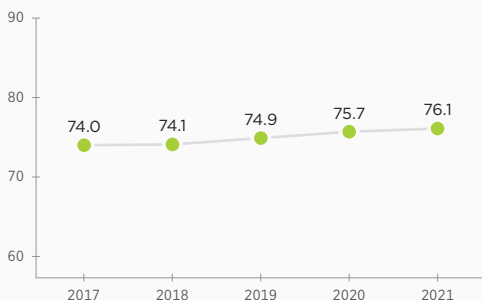
IMPACT OF COVID-19: As of December 1, 2020, 399 deaths had been attributed to the pandemic in Finland, and the economy was forecast to contract by 4.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +12.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$265.9 billion
1.0% growth in 2019
5-year compound
annual growth 1.8%
\$51,324 per capita

UNEMPLOYMENT:
6.6%

INFLATION (CPI):
1.1%

FDI INFLOW:
\$8.2 billion

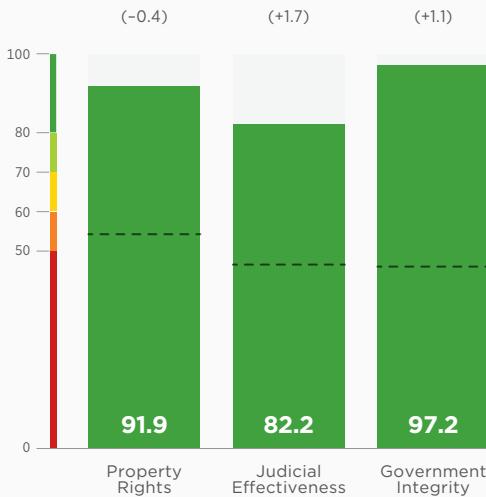
PUBLIC DEBT:
59.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Formerly part of Sweden and later of the Russian Empire, Finland gained independence in 1917, joined the European Union in 1995, and adopted the euro in 1999. In December 2019, Sanna Marin of the Social Democratic Party of Finland became the world's youngest prime minister, taking over from Antti Rinne, who resigned because of controversy surrounding his handling of a postal strike. Prime Minister Marin heads a center-left coalition with the Centre Party, the Green League, the Left Alliance, and the Swedish People's Party of Finland. President Sauli Niinistö of the National Coalition Party won a second term in 2018. The export-led economy is centered on manufacturing, principally in the wood, metals, telecommunications, and electronics industries.

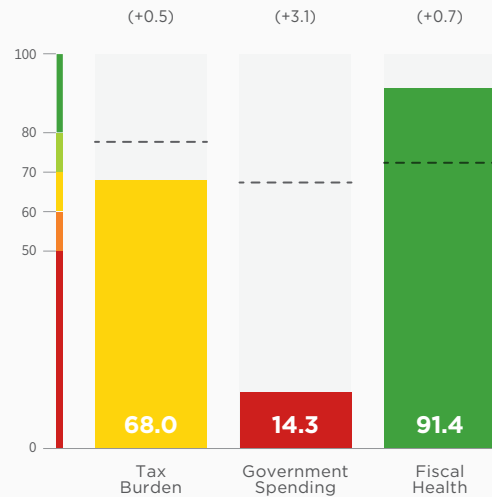
12 ECONOMIC FREEDOMS | FINLAND

RULE OF LAW



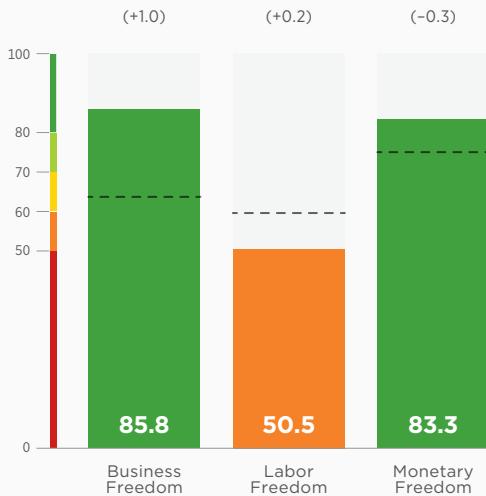
Finland maintains one of the world's strongest regimes for the protection of property rights and adheres to many international agreements that are intended to protect intellectual property. Contractual agreements are strictly honored. The quality of the judiciary is generally high. Corruption is not a significant problem in Finland, which was ranked 3rd out of 180 countries surveyed in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



The top individual income tax rate is 31.25 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and capital income taxes. The overall tax burden equals 42.7 percent of total domestic income. Government spending has amounted to 53.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 59.7 percent of GDP.

REGULATORY EFFICIENCY



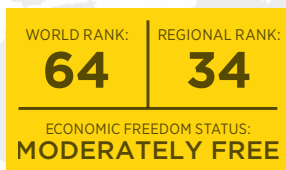
Business freedoms are well enshrined in Finland, and the government has reduced the fee and processing time for online business registrations, making it easier to start a business. However, labor laws are rigid, and their administration is characterized by excessive red tape. The government continues to subsidize development of the renewable fuels sector.

OPEN MARKETS



As a member of the EU, Finland has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Finland has an additional nine country-specific nontariff barriers. A sound and transparent investment framework facilitates both foreign and domestic investment. The efficiently regulated financial sector provides a wide range of services.

FRANCE

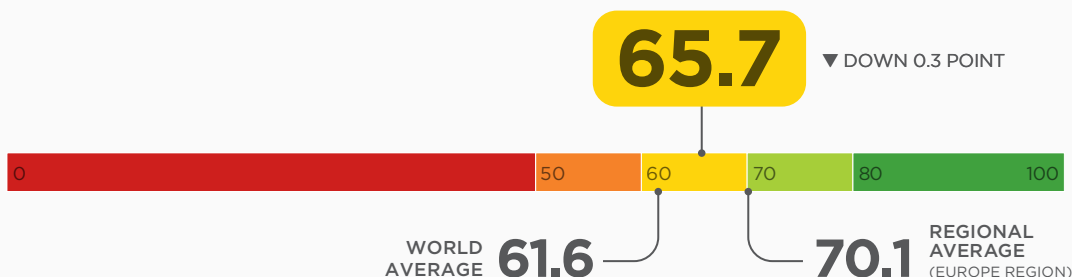


France's economic freedom score is 65.7, making its economy the 64th freest in the 2021 *Index*. Its overall score has decreased by 0.3 point because of a decline in **property rights** and other scores. France is ranked 34th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

This year, the French economy remains in the moderately free category where it has been since 2004. The government has pushed a series of reforms to reduce unemployment, improve the investment climate, and increase competitiveness. Unfortunately, even if they were adopted, they would have little impact on the country's very high levels of government spending.

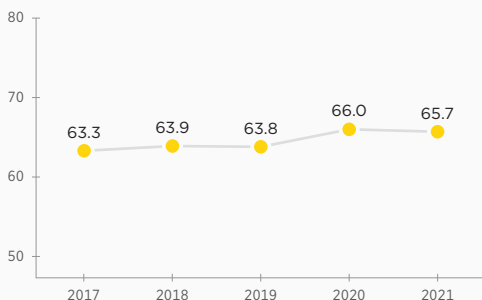
IMPACT OF COVID-19: As of December 1, 2020, 52,821 deaths had been attributed to the pandemic in France, and the economy was forecast to contract by 9.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
67.1 million

GDP (PPP):
\$3.1 trillion
1.3% growth in 2019
5-year compound
annual growth 1.5%
\$49,435 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
1.3%

FDI INFLOW:
\$34.0 billion

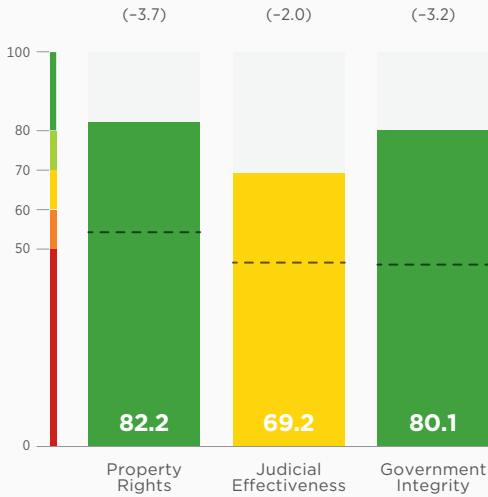
PUBLIC DEBT:
98.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: France is one of the world's most modern countries and sees itself as a leader among European nations. President Emmanuel Macron of the center-left La République en Marche (REM) was elected in 2017 but remains unpopular. His REM performed poorly in 2020 municipal elections. Macron's coalition won a majority of parliamentary seats in 2017, but the July 2020 resignation of popular Prime Minister Édouard Philippe's government posed a political challenge. Pension reform remains unresolved following months of opposition protests and strikes. France's diversified economy is led by tourism, manufacturing, and pharmaceuticals. The government has partially or fully privatized many large companies but maintains a strong presence in such sectors as power, public transport, and defense.

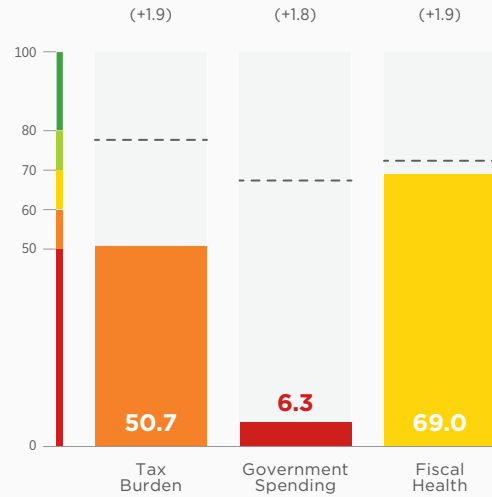
12 ECONOMIC FREEDOMS | FRANCE

RULE OF LAW



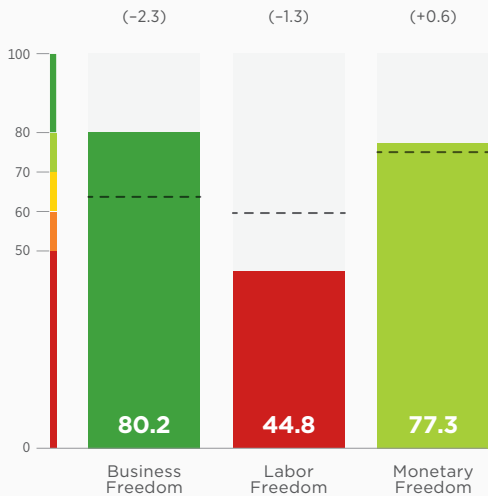
Property rights and enforcement of contracts are secure, but real estate regulation is complex and inefficient. Robust laws protect intellectual property rights. An independent judiciary and the rule of law are firmly established. Even though the government actively promotes a strong anticorruption legal framework, corruption remains a problem in procurement in such sectors as public works, defense, and wherever else business and politics overlap.

GOVERNMENT SIZE



The top individual income tax rate is 45 percent, and the top corporate tax rate has been cut to 28 percent. Other taxes include a value-added tax. The overall tax burden equals 46.1 percent of total domestic income. Government spending has amounted to 55.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.7 percent of GDP. Public debt is equivalent to 98.5 percent of GDP.

REGULATORY EFFICIENCY



France's reputation as a country that respects the prerogatives of business owners is still well deserved, but the time it takes to start a business and to handle construction permits has increased. Powerful labor unions and France's Yellow Vest movement have slowed efforts to enact labor reform. The government's efforts to slim down the large and heavily subsidized public sector have progressed slowly.

OPEN MARKETS



As a member of the EU, France has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. France has an additional 29 country-specific nontariff barriers. Investment in some sectors is restricted, and a new decree in 2020 expanded the list of strategic sectors. The financial sector is modern and mostly in private hands.

GABON

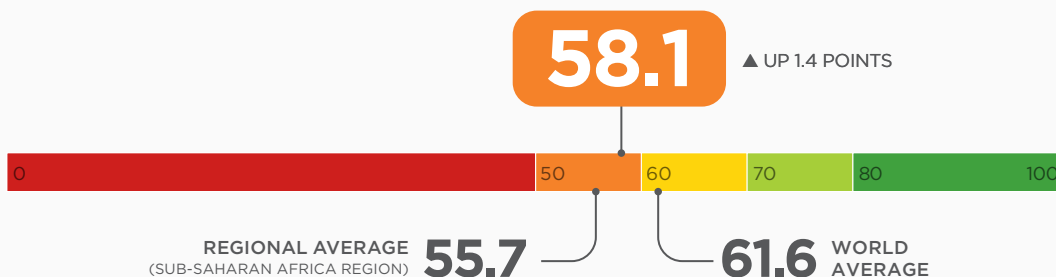
Gabon's economic freedom score is 58.1, making its economy the 110th freest in the 2021 *Index*. Its overall score has increased by 1.4 points, primarily because of an improvement in **monetary freedom**. Gabon is ranked 15th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

With the exception of 1999, Gabon's economy has been in the mostly unfree category since the inception of the *Index* in 1995. The ruling elite is sustained by oil-sector revenues that, although much reduced this year, give them little incentive to undertake regulatory and institutional reforms that might improve the rule of law, the business climate, or labor freedom.

IMPACT OF COVID-19: As of December 1, 2020, 60 deaths had been attributed to the pandemic in Gabon, and the economy was forecast to contract by 2.7 percent for the year.

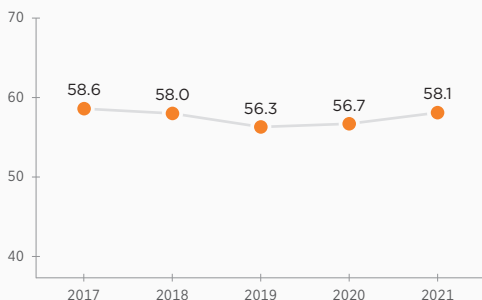


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.2 million

GDP (PPP):
\$39.8 billion
3.4% growth in 2019
5-year compound annual growth 2.1%
\$15,486 per capita

UNEMPLOYMENT:
20.0%

INFLATION (CPI):
2.0%

FDI INFLOW:
\$1.6 billion

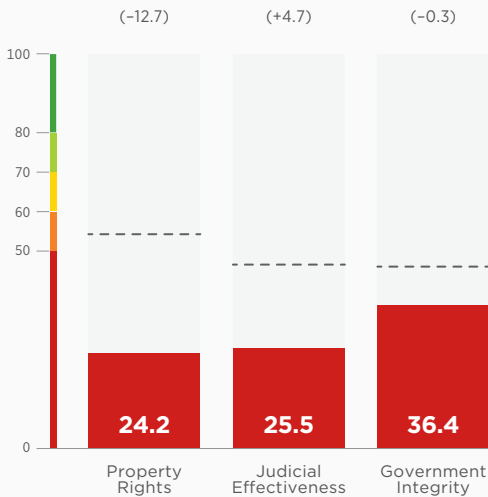
PUBLIC DEBT:
56.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Gabon gained independence from France in 1960 and was ruled by Omar Bongo for more than 40 years until his son, Ali Bongo Ondimba, became president in 2009. Opposition leaders accused the Bongo family of electoral fraud to ensure dynastic succession. Bongo secured his second seven-year term in disputed 2016 elections. Despite an apparent stroke in 2018, he continues to govern, and his ruling party won a strong majority in the 2018 legislative elections. Poor fiscal management and overreliance on oil have stifled the economy. Power cuts and water shortages are frequent. Gabon has one of Africa's highest average incomes per capita, but oil wealth is held by only a few, and most Gabonese live in poverty.

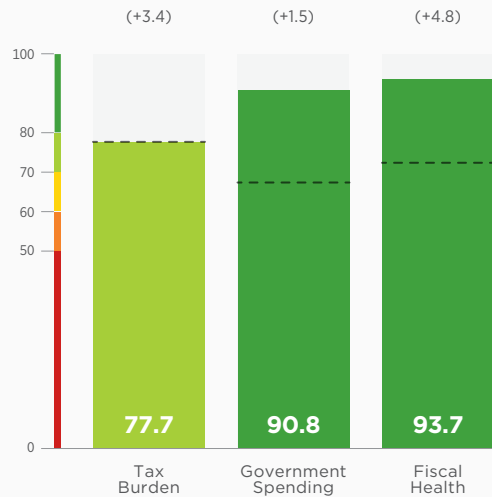
12 ECONOMIC FREEDOMS | GABON

RULE OF LAW



Although secured interests in property are recognized and the recording system is relatively reliable, enforcement of property rights and contracts is weak, and property registration is difficult. The judiciary is inefficient and subordinate to the president. The law is not applied consistently, and bureaucratic delays often undermine the delivery of justice. Dispute resolution takes an average of nearly three years. Anticorruption laws are not enforced, and bribery is widespread in commerce, in business, and particularly in the energy sector.

GOVERNMENT SIZE



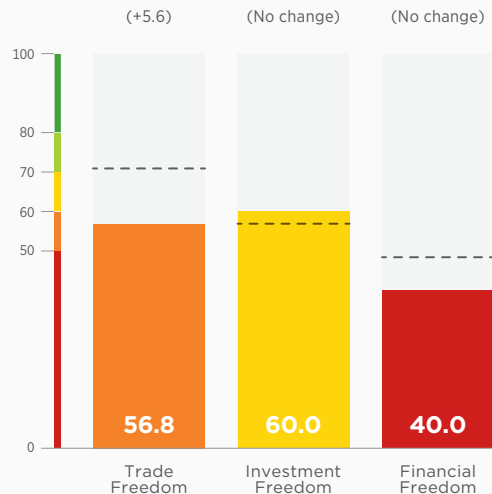
The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 10.2 percent of total domestic income. Government spending has amounted to 17.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.01 percent of GDP. Public debt is equivalent to 56.2 percent of GDP.

REGULATORY EFFICIENCY



Introduction of a fast-track business registration process at the one-stop shop has reduced the time needed to start a business, and abolition of municipal stamps to apply for a construction permit has made that process simpler. Data on the labor force and unemployment are not systematically recorded. The collapse of global oil prices has had the positive consequence of forcing cuts in government subsidies.

OPEN MARKETS



Gabon has one preferential trade agreement in force. The trade-weighted average tariff rate is 14.1 percent, and two nontariff measures are in effect. The government screens foreign investment, and investment is discouraged by inefficient regulations. The underdeveloped financial sector remains under state control. Credit costs are high, and access to financing is scarce.

THE GAMBIA



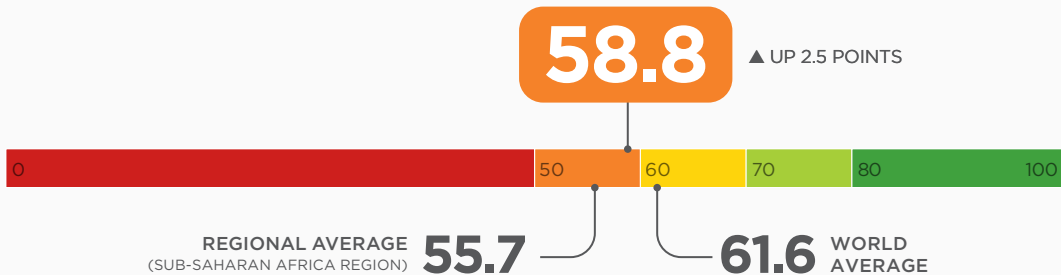
WORLD RANK: **104** | REGIONAL RANK: **12**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

The Gambia's economic freedom score is 58.8, making its economy the 104th freest in the 2021 *Index*. Its overall score has increased by 2.5 points, primarily because of an improvement in **fiscal health**. The Gambia is ranked 12th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Notwithstanding an improvement this year, the Gambian economy has been mostly unfree since the beginning of its *Index* scoring in 1997. The government has pursued policies to restrain spending and borrowing and to manage state-owned enterprises more efficiently. To expand economic freedom significantly, however, the government will need to focus intensively on measures to strengthen the rule of law.

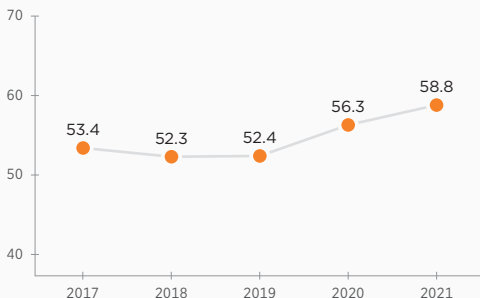
IMPACT OF COVID-19: As of December 1, 2020, 123 deaths had been attributed to the pandemic in The Gambia, and the economy was forecast to contract by 1.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +5.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.3 million

GDP (PPP):
\$6.4 billion
6.0% growth in 2019
5-year compound
annual growth 4.7%
\$2,298 per capita

UNEMPLOYMENT:
9.1%

INFLATION (CPI):
7.1%

FDI INFLOW:
\$32.3 million

PUBLIC DEBT:
76.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Gambia gained independence from the United Kingdom in 1965. Dictator Yahya Jammeh took power in 1994, and after Adama Barrow defeated him in the 2016 presidential election, he refused to step down until regional countries intervened militarily to force him from office. Political tensions rose after Barrow decided to serve his full term until 2021, breaking a pledge to leave after serving for three years. The new government is courting Chinese investment and has signed a duty-free trade agreement with China. The Gambia is surrounded geographically by Senegal, and revenue depends heavily on exports of peanuts, leaving the economy vulnerable to price fluctuations and market shocks.

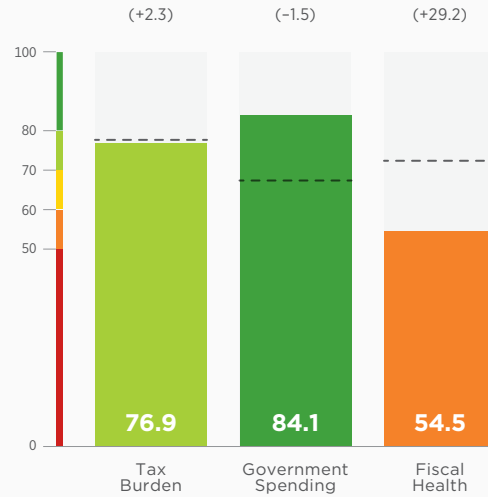
12 ECONOMIC FREEDOMS | THE GAMBIA

RULE OF LAW



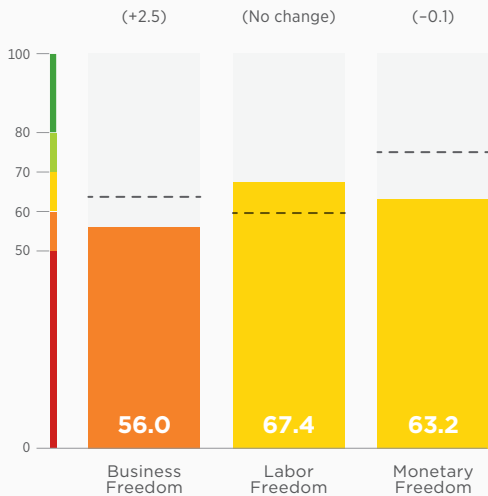
Despite laws that protect property rights and interests, enforcement is weak. Multiple overlapping land tenure systems are complex and contentious, causing inadequate enforcement of titles. Although the judiciary has suffered from executive interference, the Barrow administration has taken some steps to restore judicial independence. The judicial system recognizes both customary and Sharia (Islamic) law. Anticorruption laws are ineffective.

GOVERNMENT SIZE



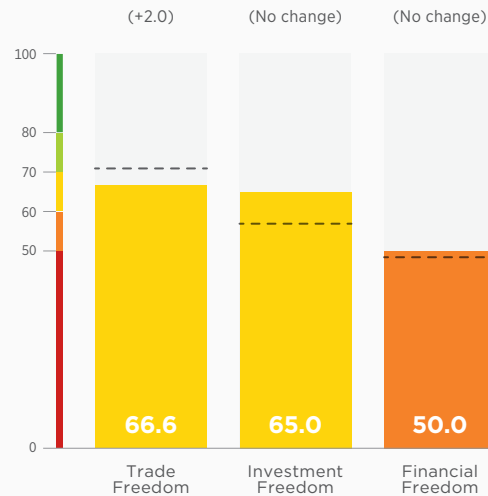
The top individual income tax rate is 35 percent, and the top corporate tax rate is 31 percent. Other taxes include capital gains and sales taxes. The overall tax burden equals 11.1 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 76.6 percent of GDP.

REGULATORY EFFICIENCY



Starting a business has been made simpler and less expensive. The labor market is not well developed, and the International Labor Organization has voiced concerns about child sex trafficking. The government administers price controls on staple foods and essential non-food items while also subsidizing the highly indebted and state-owned water and electricity services.

OPEN MARKETS



The Gambia has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.7 percent, and one formal nontariff measure is in effect. Other nontariff barriers deter trade flows. Foreign and domestic investors are generally treated equally under the law. Credit to the private sector has increased, but the overall banking and financial system remains underdeveloped. There is no stock exchange.

GEORGIA

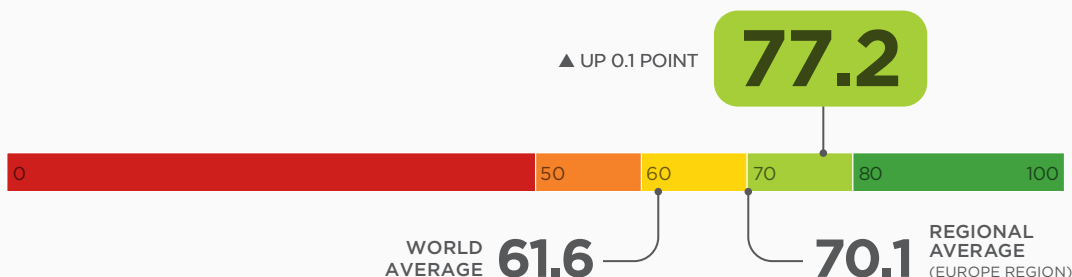


Georgia's economic freedom score is 77.2, making its economy the 12th freest in the 2021 *Index*. Its overall score has increased by 0.1 point, primarily because of an improvement in the **government spending** score. Georgia is ranked 7th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Georgian economy suffered only a small setback this year in its long progression to the upper ranks of the mostly free category. Multi-year reforms to reduce corruption, cut regulation, and simplify taxes have led to upward movement in all aspects of economic freedom. Achieving a top-10 ranking, however, will require even more intensive efforts to improve perceptions of government integrity and judicial effectiveness.

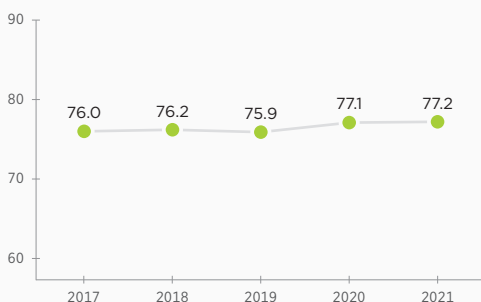
IMPACT OF COVID-19: As of December 1, 2020, 1,303 deaths had been attributed to the pandemic in Georgia, and the economy was forecast to contract by 5.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +33.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.7 million

GDP (PPP):
\$47.9 billion
5.1% growth in 2019
5-year compound
annual growth 4.2%
\$15,637 per capita

UNEMPLOYMENT:
14.4%

INFLATION (CPI):
4.9%

FDI INFLOW:
\$1.3 billion

PUBLIC DEBT: 41.1%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Georgia was forcibly incorporated into the Soviet Union in 1921 and regained its independence in 1991. Russia invaded Georgia in 2008 and continues to occupy the South Ossetia and Abkhazia regions, which account for approximately 20 percent of Georgia's territory. Weeks of protests in mid-2019 highlighted continuing Georgia-Russia tensions. Georgian Dream continues to be the country's ruling party, but Mamuka Bakhtadze was replaced as prime minister in September 2019 by controversial Minister of Internal Affairs Giorgi Gakharia, whose resignation had been demanded during the protests. Georgia's economy was improving noticeably until the onset of the COVID-19 pandemic. Agriculture and related industries employ over half of the workforce. Georgia remains an official aspirant for NATO membership.

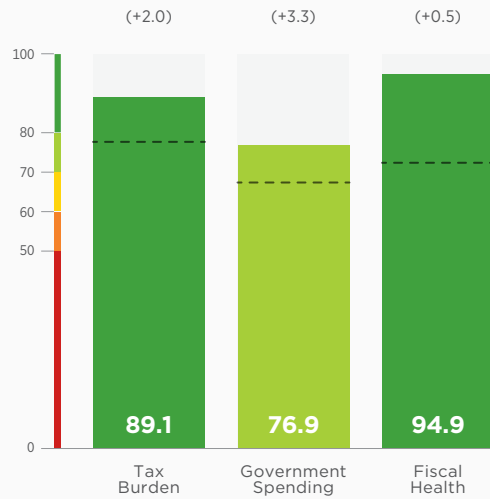
12 ECONOMIC FREEDOMS | GEORGIA

RULE OF LAW



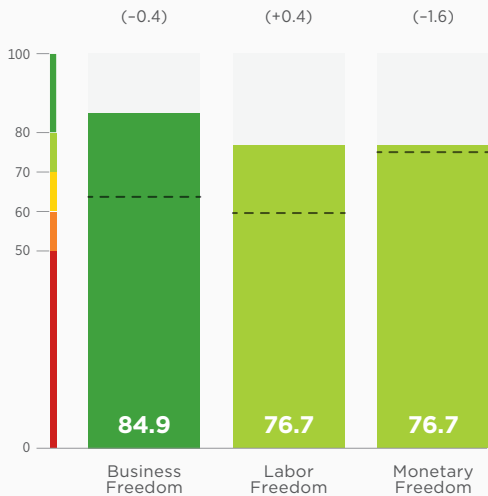
Property rights are recognized, and the government has streamlined property registration. However, enforcement is weak, and unclear or unregistered titling can hamper investment. Judicial reforms are ongoing, but interference in the courts by the executive and legislative branches remains a problem. Although the government has made progress in fighting petty corruption, high-level corruption persists among public officials.

GOVERNMENT SIZE



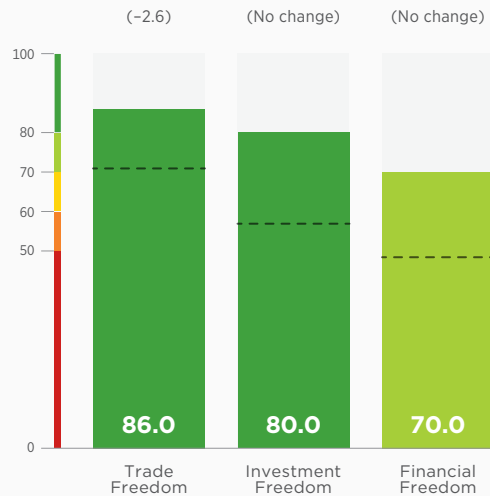
The flat individual income tax rate is 20 percent, and the flat corporate tax rate is 15 percent. Other taxes include a value-added tax. There are no payroll or capital gains taxes. The overall tax burden equals 21.7 percent of total domestic income. Government spending has amounted to 27.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 41.1 percent of GDP.

REGULATORY EFFICIENCY



Georgia does a good job of not getting in the way of business owners and is one of the world's most business-friendly countries. Labor force participation increased in 2019, and labor costs are low. According to the International Energy Agency, the government needs to phase out implicit subsidies and cross-subsidies in the electricity and gas sectors.

OPEN MARKETS



Georgia has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 66 non tariff measures are in effect. There are some restrictions on foreign ownership of agricultural land. With the banking sector growing, access to financing has improved. Capital markets continue to evolve, but the stock exchange remains small. In 2020, the central bank took several measures to support banking-sector capital and liquidity.

GERMANY

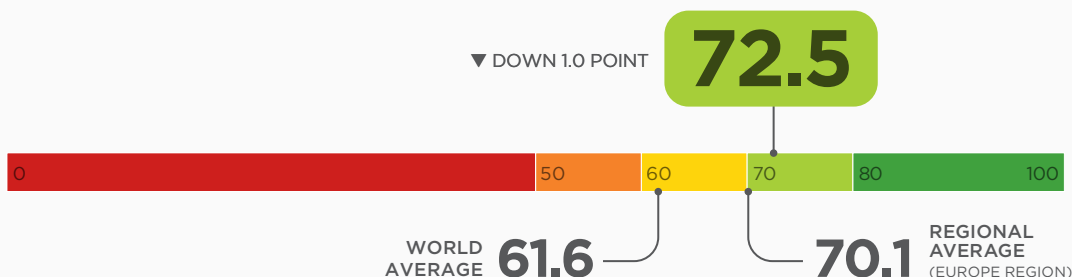


Germany's economic freedom score is 72.5, making its economy the 29th freest in the 2021 *Index*. Its overall score has decreased by 1.0 point, primarily because of a decline in **judicial effectiveness**. Germany is ranked 16th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The German economy remains in the lower reaches of the mostly free ranks again this year. The potential for greater economic freedom is stymied by systemically high government spending as well as costly and rigid labor laws. Unfortunately, government spending is likely to increase rather than decrease in the near future.

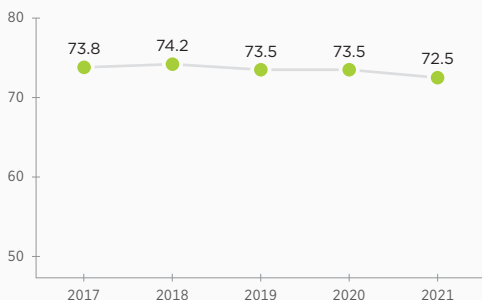
IMPACT OF COVID-19: As of December 1, 2020, 17,177 deaths had been attributed to the pandemic in Germany, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
83.1 million

GDP (PPP):
\$4.4 trillion
0.6% growth in 2019
5-year compound
annual growth 1.7%
\$56,052 per capita

UNEMPLOYMENT:
3.0%

INFLATION (CPI):
1.3%

FDI INFLOW:
\$36.4 billion

PUBLIC DEBT:
59.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Germany remains the European Union's most politically and economically influential member nation. Chancellor Angela Merkel, in office since 2005, secured a fourth term in 2018 when her centrist Christian Democratic Union and Christian Social Union (CDU/CSU) formed a tenuous coalition with the Social Democratic Party. The stakes are high in any effort to succeed Merkel because CDU/CSU remains by far the most popular party ahead of the 2021 elections. Germany's solid economy, the world's fourth largest and Europe's largest, is based on exports of high-quality manufactured goods. Germany has come under fire from other European countries and the United States for its low level of defense spending and its construction of a second natural gas pipeline link with Russia.

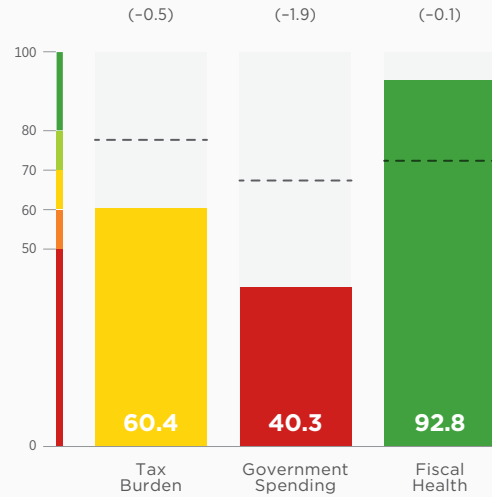
12 ECONOMIC FREEDOMS | GERMANY

RULE OF LAW



Secured interests in property, both chattel and real, are recognized and enforced for both German citizens and foreigners. Germany also boasts a robust regime to protect intellectual property rights. The judiciary is independent, and the rule of law is well established. Cases of public corruption (e.g., allegations of irregularities in the construction and defense sectors) are rare, and corrupt acts are typically prosecuted and punished.

GOVERNMENT SIZE



The top individual income tax rate is 47.5 percent, and the federal corporate tax rate is 15.8 percent (effectively above 30 percent with other taxes). The overall tax burden equals 38.2 percent of total domestic income. Government spending has amounted to 44.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.5 percent of GDP. Public debt is equivalent to 59.8 percent of GDP.

REGULATORY EFFICIENCY



Germany has maintained its high level of business freedom, although the asset recovery rate when resolving insolvency has declined slightly. The labor force is highly skilled, but low fertility and a large increase in net immigration pose demographic challenges. German labor laws complicate the hiring and dismissing of employees. The government budgeted 1 percent of GDP in 2020 for subsidies aimed mostly at the renewable energy sector.

OPEN MARKETS



As a member of the EU, Germany has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Germany has two additional country-specific nontariff barriers. Openness to global commerce supports long-term competitiveness and investment. The well-functioning and modern financial sector offers a full range of services.

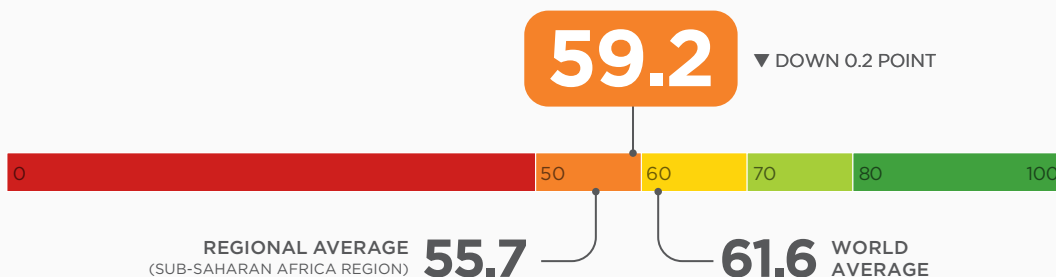
GHANA

Ghana's economic freedom score is 59.2, making its economy the 101st freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **judicial effectiveness**. Ghana is ranked 11th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Ghanaian economy remains in the mostly unfree category for the fifth year in a row. For Ghana to return to an upward trajectory toward greater economic freedom, the government would have to strengthen fiscal health and prioritize further improvements in the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.

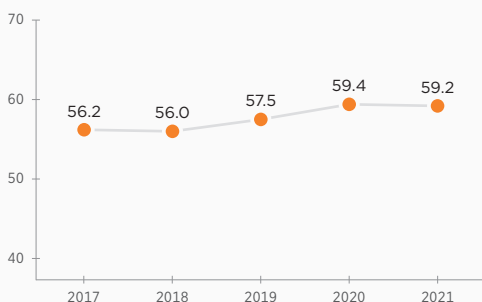
IMPACT OF COVID-19: As of December 1, 2020, 323 deaths had been attributed to the pandemic in Ghana, and economic growth was forecast to decline to 0.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
30.4 million

GDP (PPP):
\$204.8 billion
6.1% growth in 2019
5-year compound
annual growth 5.2%
\$5,637 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
7.2%

FDI INFLOW:
\$2.3 billion

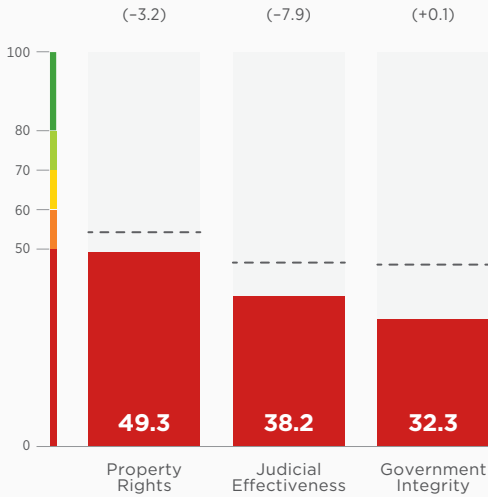
PUBLIC DEBT:
63.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Formed from the British colony of Gold Coast and the Togoland trust territory in 1957, Ghana became the first sub-Saharan country to gain its independence. It has been a stable democracy since 1992. In 2016, President John Dramani Mahama of the National Democratic Congress lost his bid for reelection to Nana Akufo-Addo of the New Patriotic Party. The two were scheduled to face each other again in December 2020 elections. The long-running and escalating conflict between farmers and herders in Ghana's North mirrors a trend in other parts of West Africa. Ghana is Africa's second-biggest producer of gold and second-largest producer of cocoa in addition to being rich in diamonds and oil.

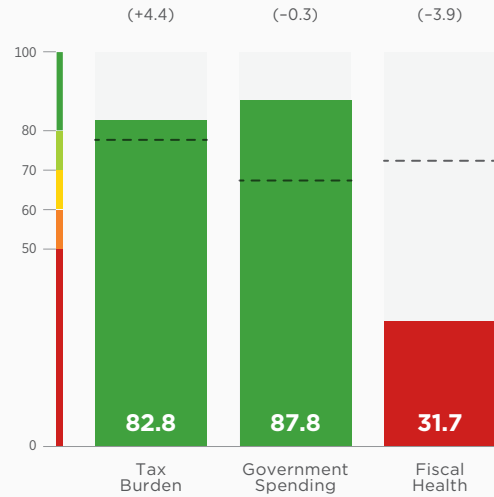
12 ECONOMIC FREEDOMS | GHANA

RULE OF LAW



Property rights are recognized and enforced, but the process for getting clear title to land is often difficult, complicated, and lengthy. Scarce resources compromise and delay the judicial process, and poorly paid judges can be tempted by bribes and are vulnerable to political pressure. Notwithstanding a robust anticorruption legal framework, enforcement remains a major challenge. Corruption is pervasive in government institutions.

GOVERNMENT SIZE



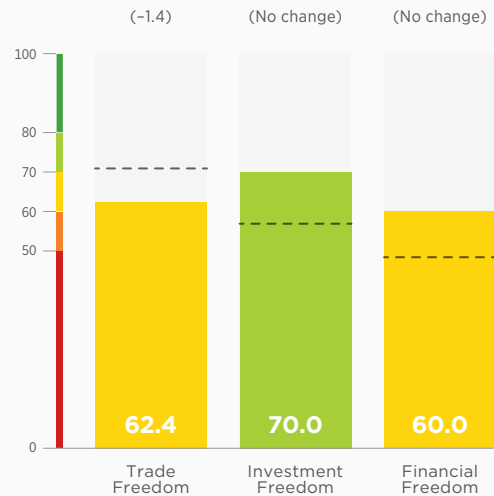
The top individual income tax rate has been cut to 30 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 20.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.1 percent of GDP. Public debt is equivalent to 63.2 percent of GDP.

REGULATORY EFFICIENCY



The review process for getting electricity has been streamlined, and equipment needed for new electricity connections is now more readily available. Labor force participation and value added per worker have increased. The state-owned Electricity Company of Ghana (ECG) provides subsidies. The partial privatization of ECG was reversed by the government in late 2019.

OPEN MARKETS



Ghana has three preferential trade agreements in force. The trade-weighted average tariff rate is 11.3 percent, and five nontariff measures are in effect. Ghana is more open to foreign investment and ownership than some other sub-Saharan African countries are, but investment in some sectors is restricted. The financial system has undergone restructuring, and the supervisory framework is relatively strong. Bank credit to the private sector has increased.

GREECE

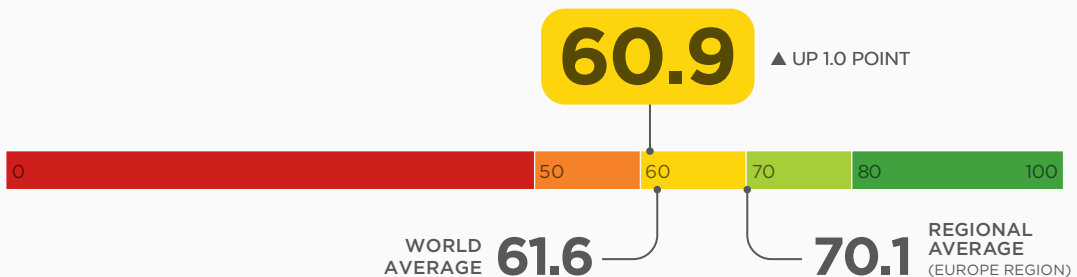
Greece's economic freedom score is 60.9, making its economy the 96th freest in the 2021 *Index*. Its overall score has increased by 1.0 point, primarily because of an improvement in **judicial effectiveness**. Greece is ranked 44th among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Greece's economy has returned to the ranks of the moderately free for the first time in a decade. To build on this progress toward greater economic freedom, however, the government will have to reduce spending, strengthen rule-of-law institutions, combat public and private corruption effectively, and improve financial freedom and investment freedom.

IMPACT OF COVID-19: As of December 1, 2020, 2,517 deaths had been attributed to the pandemic in Greece, and the economy was forecast to contract by 9.5 percent for the year.

WORLD RANK: **96**
REGIONAL RANK: **44**
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$323.7 billion
1.9% growth in 2019
5-year compound annual growth 0.9%
\$31,399 per capita

UNEMPLOYMENT:
17.2%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$4.6 billion

PUBLIC DEBT:
179.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Independent from the Ottoman Empire since 1830, Greece joined NATO in 1952 and the European Union in 1981 and entered the eurozone in 2002. Prime Minister Kyriakos Mitsotakis led his center-right New Democracy party to a comfortable victory over the left-wing Syriza party in a July 2019 snap election. In 2018, Greece exited from an eight-year bailout program conditioned on economic reforms and deeply unpopular austerity measures. Tourism, which saw a precipitous drop in 2020, and shipping are Greece's most important industries. Unemployment and public debt remain high. Significant Chinese investment includes a controlling stake in the port of Piraeus. Disagreements with Turkey regarding overlapping claims to hydrocarbon resources in the Mediterranean remain potentially combustible.

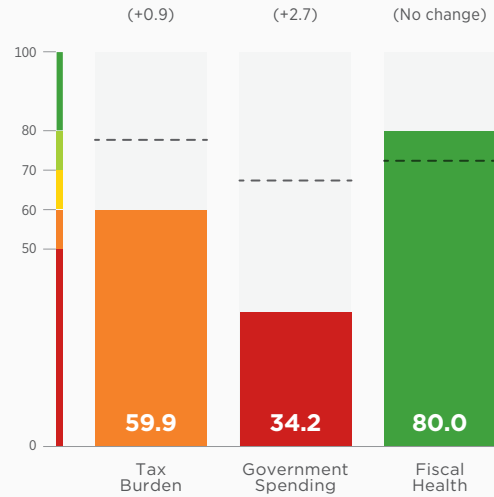
12 ECONOMIC FREEDOMS | GREECE

RULE OF LAW



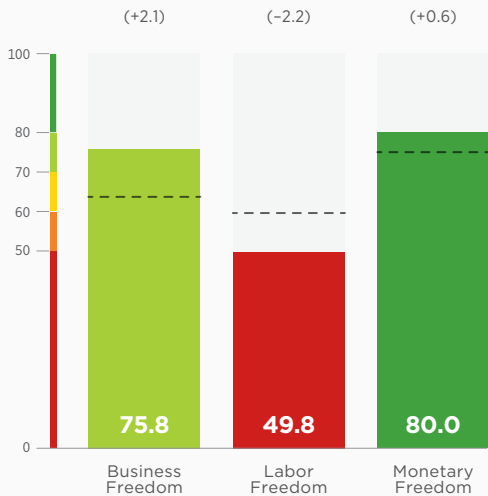
The law affords protection for property rights, but bureaucratic delays in the judicial system weaken enforcement. Implementation of an electronic land registry is behind schedule. Although independent, the judiciary is inefficient, slow, and understaffed. The vast majority of Greeks perceive high levels of corruption in the public sector and tax evasion in the private sector, and corruption in general is seen as the main obstacle to economic recovery.

GOVERNMENT SIZE



The top individual income tax rate is 44 percent, and the top corporate tax rate is 24 percent. The overall tax burden equals 38.7 percent of total domestic income. Government spending has amounted to 46.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.8 percent of GDP. Public debt is equivalent to 179.2 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has improved. The time it takes to register a company with the commercial registry has been reduced, and the requirement to obtain a tax clearance has been abolished. However, both labor force participation and value added per worker have decreased. The government budget for 2020 included 1 percent of GDP for subsidies of all kinds.

OPEN MARKETS



As a member of the EU, Greece has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Foreign and domestic investors are generally treated equally, but bureaucratic barriers undermine investment. The financial system has regained stability, but the level of nonperforming loans in the banking sector remains high.

GUATEMALA



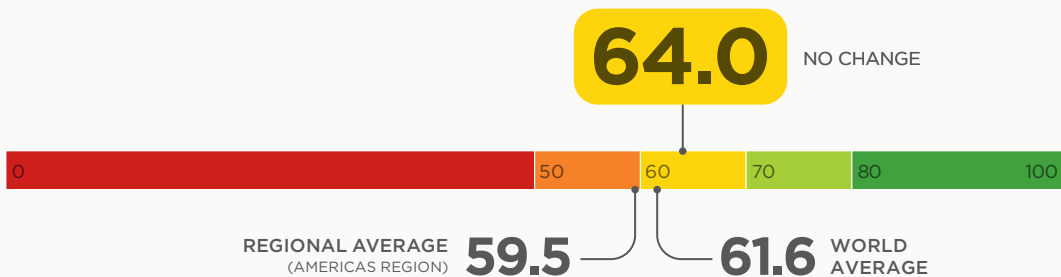
WORLD RANK: **75**
REGIONAL RANK: **15**
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Guatemala's economic freedom score is 64.0, making its economy the 75th freest in the 2021 *Index*. Its overall score is unchanged, with an improvement in the **tax burden** score offset by declines in **trade freedom** and other scores. Guatemala is ranked 15th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Guatemalan economy remains in the moderately free category where it has been for more than a decade. To achieve greater economic freedom, the government would have to implement a deep, broad-based, and comprehensive set of reforms to strengthen its rule-of-law institutions. Their relative ineffectiveness is reflected in low *Index* scores for the property rights, judicial effectiveness, and government integrity indicators.

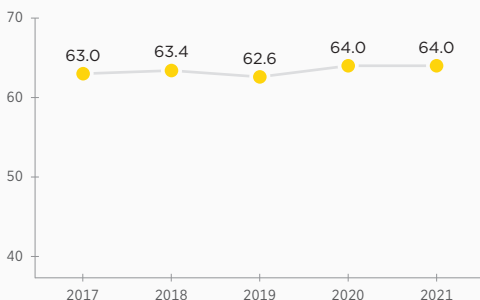
IMPACT OF COVID-19: As of December 1, 2020, 4,178 deaths had been attributed to the pandemic in Guatemala, and the economy was forecast to contract by 2.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.6 million

GDP (PPP):
\$152.8 billion
3.6% growth in 2019
5-year compound
annual growth 3.3%
\$8,996 per capita

UNEMPLOYMENT:
2.5%

INFLATION (CPI):
3.7%

FDI INFLOW:
\$998.2 million

PUBLIC DEBT:
34.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After a multi-decade guerrilla war that killed more than 200,000 people ended in 1996, macroeconomic and political reforms attracted foreign investment in Guatemala. Alejandro Giammattei of the center-right Vamos party began his four-year term in January 2020. Giammattei's economic growth agenda is focused on market-based policies, expanding cross-border trade with neighboring Mexico, and overcoming his predecessor's corrupt legacy. Guatemala suffers from a lack of inclusive economic growth, and job creation is needed to forestall emigration pressures. Remittances are nearly 14 percent of GDP. More than half of the population lives in poverty, and 50 percent of children under five years of age are chronically malnourished. Gang violence and drug trafficking continue to impede economic development.

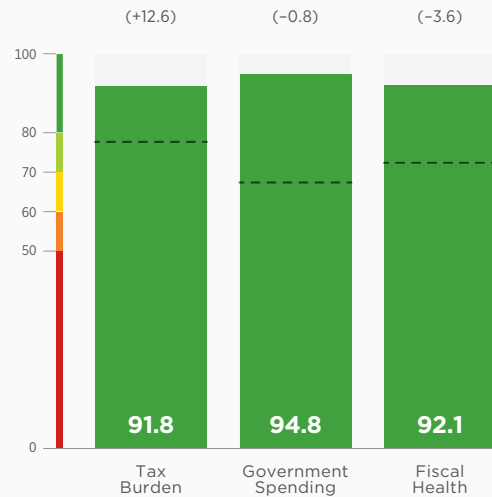
12 ECONOMIC FREEDOMS | GUATEMALA

RULE OF LAW



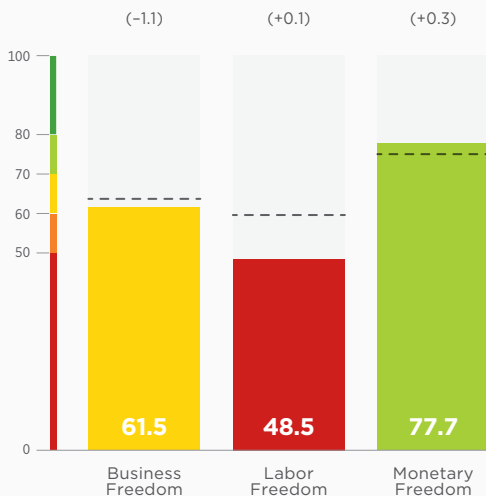
Although property rights are defined by statute, their protection is inadequate. Defects in titles and ownership gaps in the public record can lead to conflicting claims of land ownership, especially in rural areas. The judiciary is hobbled by corruption, inefficiency, capacity shortages, and the intimidation of judges and prosecutors. Corruption, which is often linked to narco-trafficking and organized crime, remains a serious problem.

GOVERNMENT SIZE



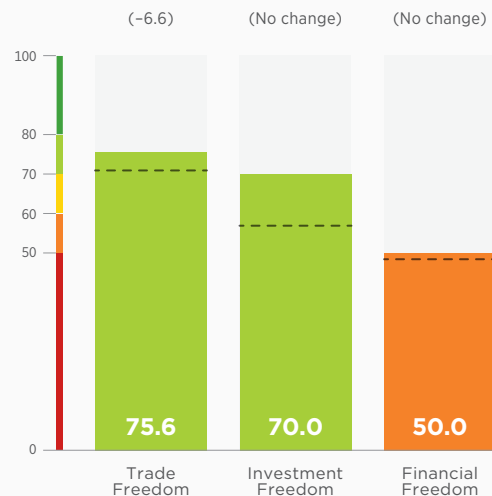
The top individual income tax rate is 7 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and real estate taxes. The overall tax burden equals 12.2 percent of total domestic income. Government spending has amounted to 13.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.9 percent of GDP. Public debt is equivalent to 34.7 percent of GDP.

REGULATORY EFFICIENCY



Guatemala has lost ground in business freedom as other countries, on average, have outpaced it in implementing business-friendly reforms. Over two and a third times more people work in the informal sector than in the formal sector. Remittances from Guatemala's large expatriate community in the U.S. are the largest in Central America. The state heavily subsidizes electricity.

OPEN MARKETS



Guatemala has nine preferential trade agreements in force. The trade-weighted average tariff rate is 4.7 percent, and 30 nontariff measures are in effect. No impediments to the formation of joint ventures or the purchase of local companies by foreign investors are in force, but inefficient regulatory systems discourage investment. The banking sector is relatively stable. The overall financial sector is underdeveloped, and a modern capital market is largely absent.

GUINEA

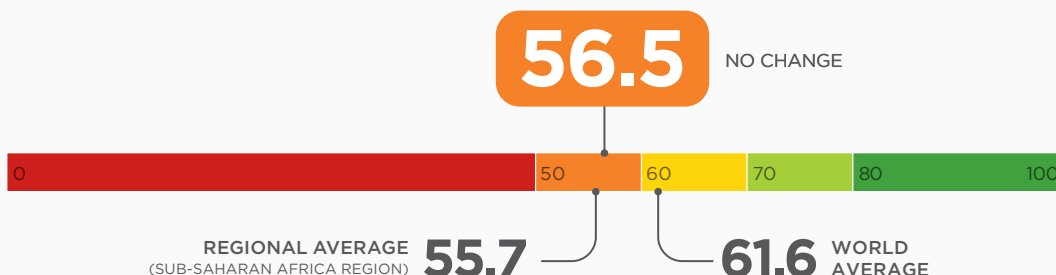
Guinea's economic freedom score is 56.5, making its economy the 123rd freest in the 2021 *Index*. Its overall score is unchanged, with a decline in **business freedom** offset by improvements in **trade freedom** and other scores. Guinea is ranked 20th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

With a few exceptions, the Guinean economy has been in the mostly unfree category since the inception of the *Index* in 1995. Guinea is one of the world's poorest countries, and growth is hindered by political instability. If the government wants to move toward greater economic freedom, it will have to start with a serious effort to address corruption and improve the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 76 deaths had been attributed to the pandemic in Guinea, and economic growth was forecast to decline to 1.4 percent for the year.

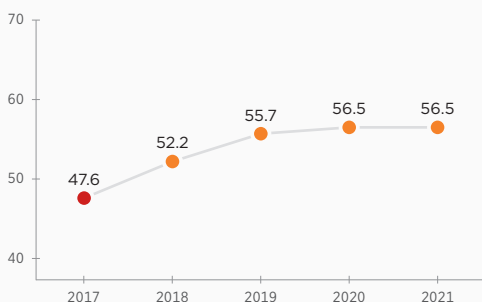
WORLD RANK: **123**
REGIONAL RANK: **20**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -2.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
12.8 million

GDP (PPP):
\$33.4 billion
5.6% growth in 2019
5-year compound
annual growth 7.4%
\$2,670 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
9.5%

FDI INFLOW:
\$44.8 million

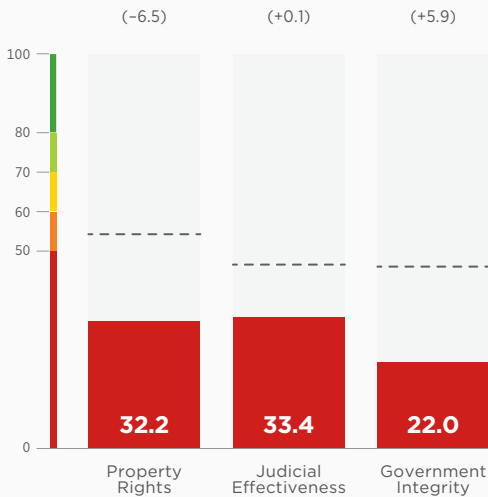
PUBLIC DEBT:
34.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In 2010, Alpha Condé won Guinea's first presidential election since independence from France in 1958, but it was an election marred by irregularities and political violence. Condé easily won a second term in 2015 after the opposition boycotted the elections. A 2020 constitutional referendum cleared the way for him to seek a third term, which he won in October elections, the aftermath of which was marred by violence and arrests of opposition party leaders. Condé's maneuvers to remain in power have led to periodic protests in which hundreds of Guineans have been killed over the years. Guinea has huge bauxite reserves and large deposits of iron ore, gold, and diamonds. Despite this great mineral wealth, however, many Guineans live in poverty.

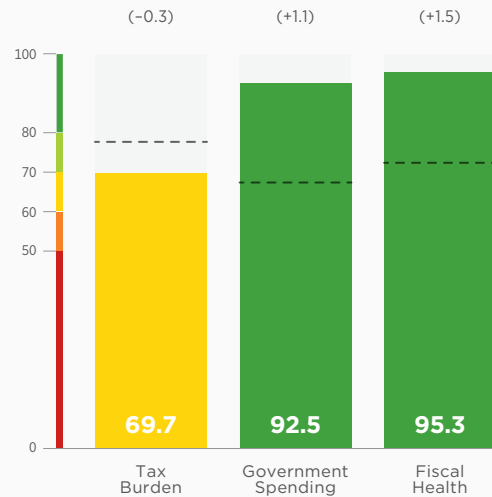
12 ECONOMIC FREEDOMS | GUINEA

RULE OF LAW



The Land Tenure Code of 1996 provides a legal base for documentation of property ownership, but enforcement of those rights depends on a corrupt and inefficient legal and administrative system. The same piece of land can have several overlapping deeds. The judiciary lacks independence and is underfunded and inefficient. There is a pervasive culture of impunity and corruption within public institutions.

GOVERNMENT SIZE



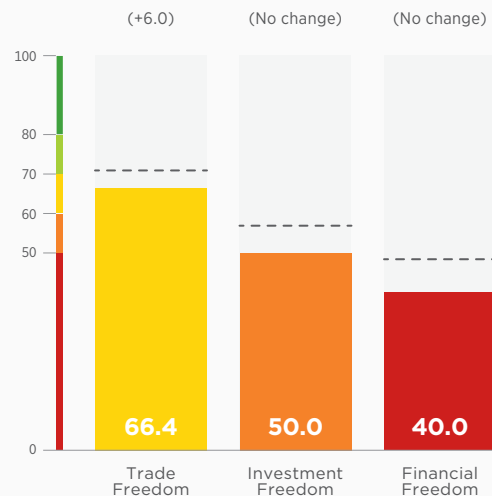
The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 14.3 percent of total domestic income. Government spending has amounted to 15.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 34.5 percent of GDP.

REGULATORY EFFICIENCY



Guinea's business freedom has deteriorated as dealing with construction permits has become more complicated and costly. Electricity connections are now more expensive as a percentage of per capita income. The low level of labor freedom has improved slightly, but only relative to other countries. Guinea maintains some state-owned enterprises for public utilities (water and electricity), but the government has reduced their subsidies.

OPEN MARKETS



Guinea has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and nontariff barriers discourage more dynamic trade. The judicial and regulatory systems may impede foreign investment. The underdeveloped financial sector continues to provide a very limited range of services. Many people still rely on informal lending and have no bank accounts.

GUINEA-BISSAU



WORLD RANK:

139

REGIONAL RANK:

29

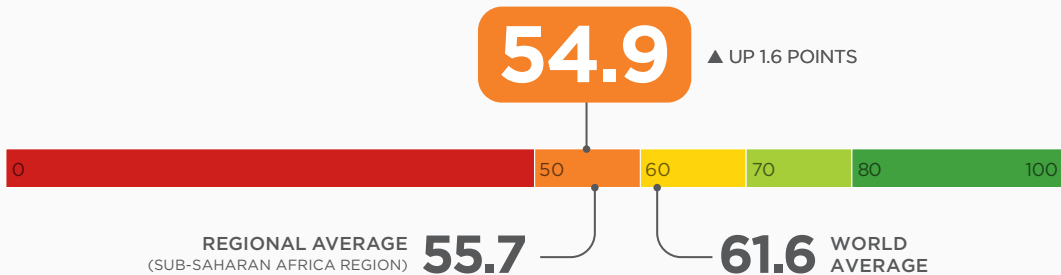
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Guinea-Bissau's economic freedom score is 54.9, making its economy the 139th freest in the 2021 *Index*. Its overall score has increased by 1.6 points, primarily because of an improvement in **trade freedom**. Guinea-Bissau is ranked 29th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Guinea-Bissau has been at the lower end of the mostly free category since 2012 when it escaped the ranks of the repressed. Guinea-Bissau is one of the world's poorest countries. Weak rule of law, other institutional failings, and endemic corruption have permitted illegal activity to flourish. Power struggles appear to take precedence over policy improvement.

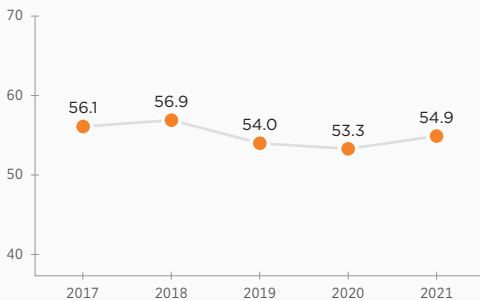
IMPACT OF COVID-19: As of December 1, 2020, 44 deaths had been attributed to the pandemic in Guinea-Bissau, and the economy was forecast to contract by 2.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +21.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.9 million

GDP (PPP):
\$3.7 billion
4.6% growth in 2019
5-year compound
annual growth 4.9%
\$2,072 per capita

UNEMPLOYMENT:
2.5%

INFLATION (CPI):
0.2%

FDI INFLOW:
\$30.6 million

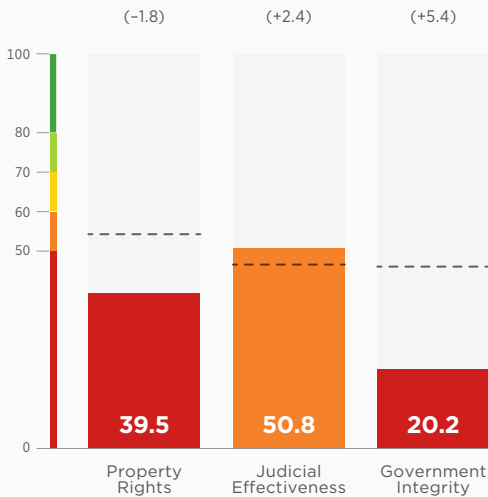
PUBLIC DEBT:
65.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Conflict has wracked Guinea-Bissau almost continuously since independence from Portugal in 1974. A contested presidential election in late 2019 plunged the country into crisis. Two competing governments were formed, and after months of unrest during which a number of former senior ruling party officials temporarily fled the country and the military briefly took control of some government buildings, Umaro Sissoco Embaló, a former prime minister and general, was confirmed as the sole president. Guinea-Bissau is highly dependent on subsistence agriculture, the export of cashew nuts, and foreign assistance, which normally accounts for approximately 80 percent of its budget. The incomes of approximately two-thirds of the population are below the extreme-poverty line.

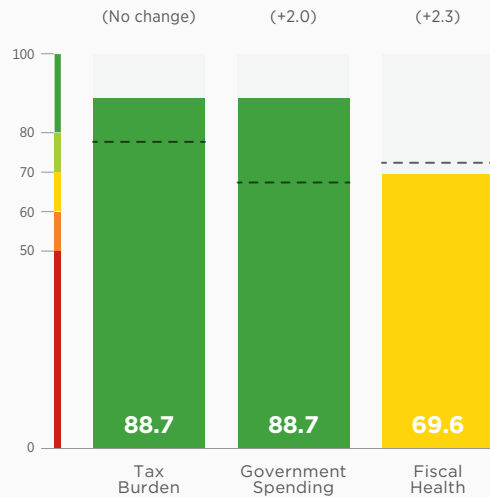
12 ECONOMIC FREEDOMS | GUINEA-BISSAU

RULE OF LAW



Because the legal system is weak and painfully slow, protection of property rights is generally poor, and enforcement of contracts can be difficult. The judiciary has little independence and is barely operational. Judges are poorly trained and inadequately and irregularly paid. Corruption is pervasive, including among senior government figures. Many officials are suspected of facilitating the country's status as a transit hub for cocaine trafficking from South America to Europe.

GOVERNMENT SIZE



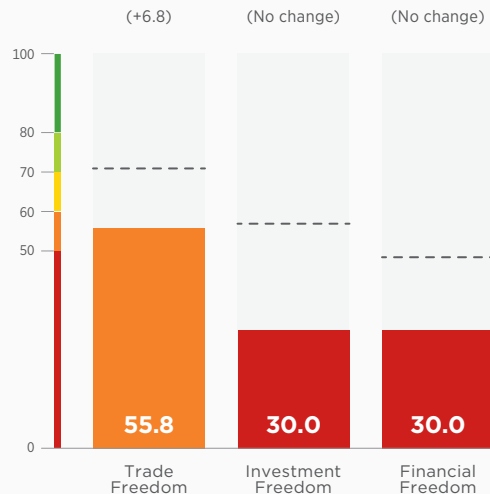
The top individual income tax rate is 20 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 10.3 percent of total domestic income. Government spending has amounted to 19.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 65.0 percent of GDP.

REGULATORY EFFICIENCY



Guinea-Bissau's poor business environment continues to deteriorate. The country scores very poorly in entry costs needed to start a business, which are the equivalent of approximately 89 percent of per capita income. Guinea-Bissau's labor force participation rate was lower in 2019. The government has made efforts to reduce subsidies on fuel and has raised electricity rates.

OPEN MARKETS



Guinea-Bissau has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and nontariff barriers continue to impede trade. The law treats foreign and domestic investment equally, but government openness to foreign investment is below average. High credit costs and scarce access to financing hinder entrepreneurial activity, although bank credits to the private sector have increased.

GUYANA

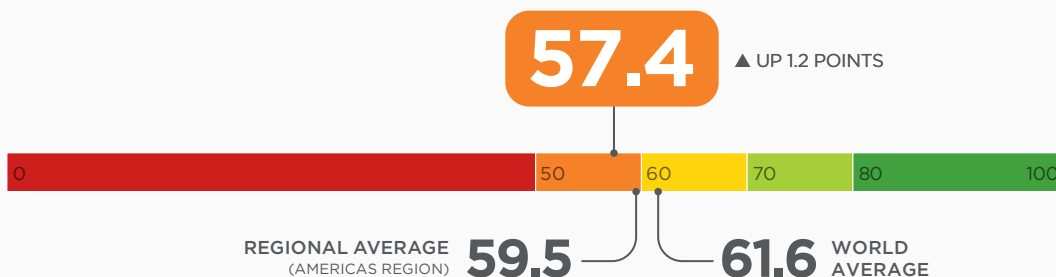
WORLD RANK: **116** | REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Guyana's economic freedom score is 57.4, making its economy the 116th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an increase in the **government spending** score. Guyana is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Although Guyana's economy has been considered mostly unfree since 2012, its rise within that category this year is welcome. Unfortunately, the government plans to use its huge new inflow of oil revenues to return to a state-led development model that will create a plethora of opportunities for corruption and could further weaken the rule of law, especially judicial effectiveness and government integrity.

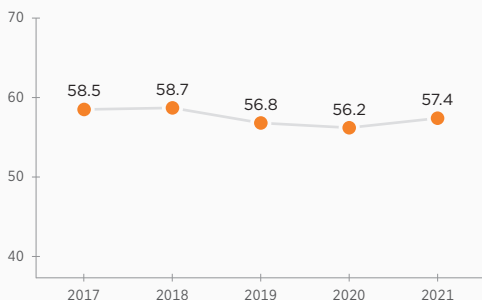
IMPACT OF COVID-19: As of December 1, 2020, 151 deaths had been attributed to the pandemic in Guyana. The economy, bolstered by new oil revenue, was forecast to expand by 26.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +11.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$7.1 billion
4.7% growth in 2019
5-year compound
annual growth 3.5%
\$10,105 per capita

UNEMPLOYMENT:
11.9%

INFLATION (CPI):
2.1%

FDI INFLOW:
\$1.7 billion

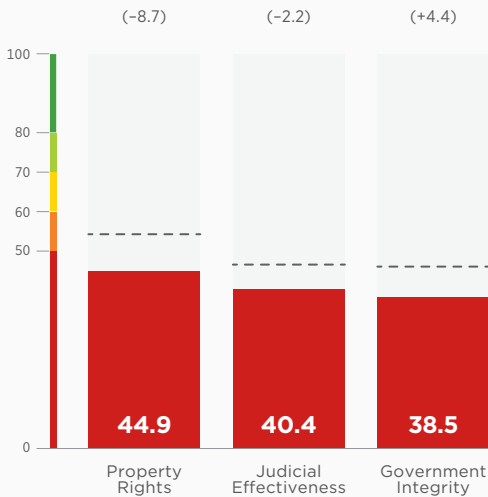
PUBLIC DEBT:
32.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After former slaves in British Guyana settled in urban areas, indentured servants from India were recruited to work on plantations. Guyana's ethno-cultural divide has led to a history of political turmoil and electoral violence that stretches back to its independence from the United Kingdom in 1966. After a five-month standoff following disputed elections required a recount and international pressure for the sitting government to step aside, Irfaan Ali of the leftist People's Progressive Party/Civic became president in August 2020. Petroleum production from recently discovered offshore oilfields has transformed Guyana's economy and is expected to raise GDP substantially by 2021. Venezuela claims more than two-thirds of Guyana's territory and has pursued annexation unsuccessfully in international courts.

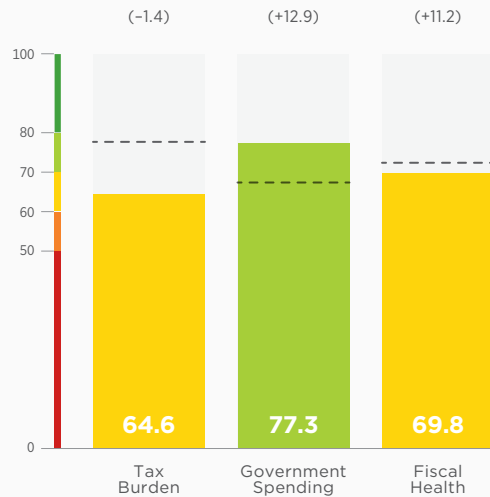
12 ECONOMIC FREEDOMS | GUYANA

RULE OF LAW



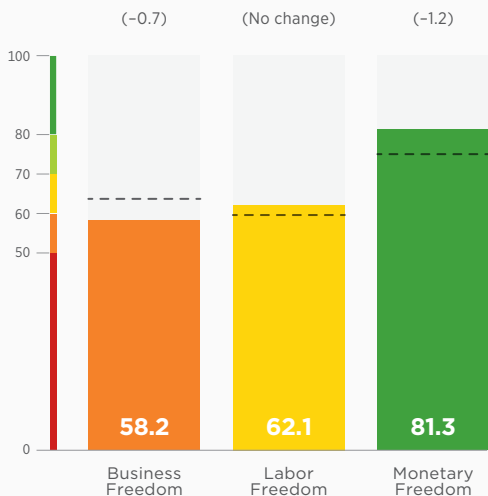
Protection of property rights is weakened by an overly bureaucratic and complex system with overlapping, competing, and nontransparent regulations. The judiciary is undermined by personnel shortages. Courts are slow and ineffective in enforcing contracts or resolving disputes. Officials at times appear to engage in corrupt practices with impunity. Concerns about inefficiencies and corruption in the awarding of contracts are widespread.

GOVERNMENT SIZE



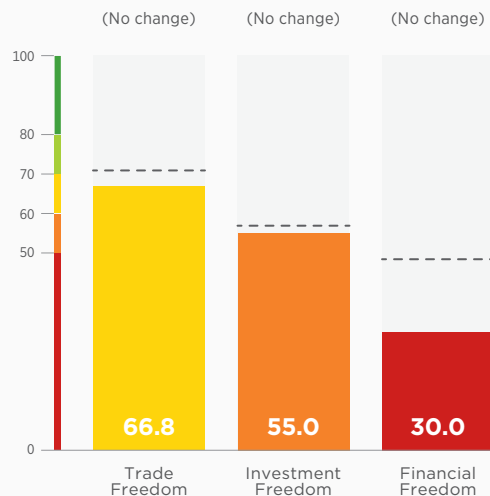
The top individual income tax rate is 33.3 percent, and the top corporate tax rate is 40 percent. The overall tax burden equals 28.8 percent of total domestic income. Government spending has amounted to 27.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 32.7 percent of GDP.

REGULATORY EFFICIENCY



Guyana has lost ground in business freedom as procedures for dealing with construction permits have become more onerous and electricity connections have become more expensive. Approximately 50 percent of the labor force holds informal jobs. The government plans to use oil revenue to fund a vast expansion of its state-run enterprises; huge new subsidies were granted to the state-owned sugar company in 2020.

OPEN MARKETS



Guyana has three preferential trade agreements in force. The trade-weighted average tariff rate is 6.6 percent, and 32 non-tariff measures are in effect. In general, foreign and domestic investors are treated equally under the law. The financial sector is underdeveloped, and limited access to financing impedes the long-term growth of entrepreneurial activity. In 2020, the central bank extended a moratorium permitting banks to defer repayments.

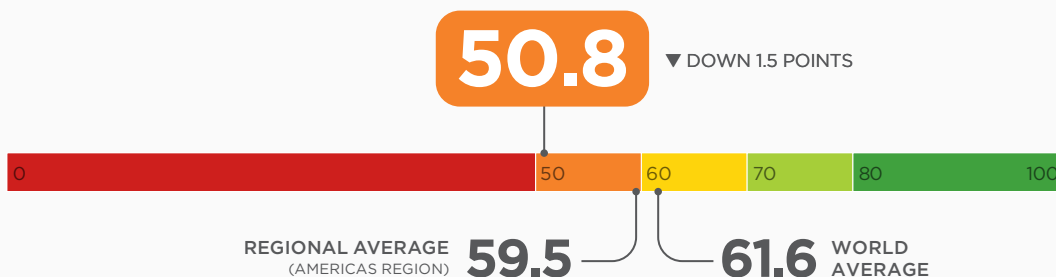
HAITI

Haiti's economic freedom score is 50.8, making its economy the 155th freest in the 2021 *Index*. Its overall score has decreased by 1.5 points, primarily because of a decline in **judicial effectiveness**. Haiti is ranked 28th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

The Haitian economy has very nearly dropped back into the repressed category from which it had emerged only in 2018. GDP continues to register very weak growth. Years of political volatility and weak governance have severely undermined better performance on such *Index* indicators as financial freedom, business freedom, property rights, judicial effectiveness, and government integrity.

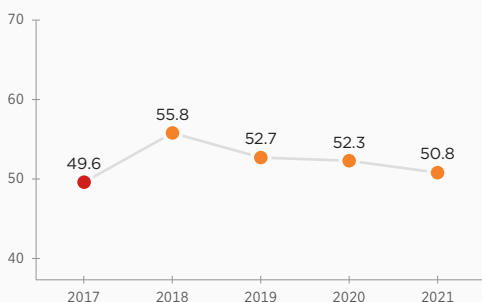
IMPACT OF COVID-19: As of December 1, 2020, 233 deaths had been attributed to the pandemic in Haiti, and the economy was forecast to contract by 4.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.3 million

GDP (PPP):
\$20.8 billion
-1.2% growth in 2019
5-year compound
annual growth 0.8%
\$1,801 per capita

UNEMPLOYMENT:
13.8%

INFLATION (CPI):
17.3%

FDI INFLOW:
\$75.0 million

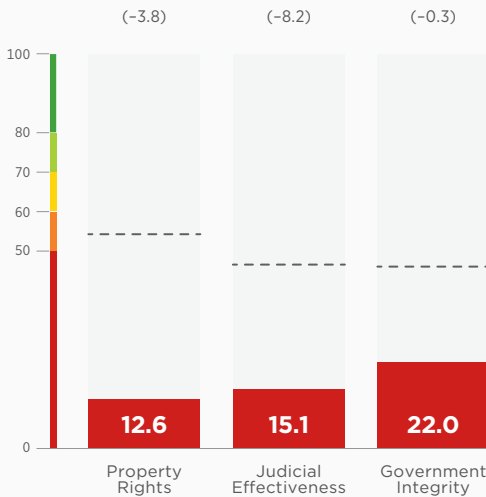
PUBLIC DEBT:
47.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Western Hemisphere's poorest country, Haiti is plagued by widespread corruption, gang violence, drug trafficking, and organized crime. Jovenel Moïse of the right-wing Parti Haïtien Tèt Kale (PHTK) began his five-year term in 2017. Legislative elections have been postponed indefinitely, and Moïse has governed by executive decree in the absence of parliamentary government. Moïse's planned constitutional reforms will give him increasingly authoritarian control despite his unpopularity. Violent antigovernment protests, sparked by the stagnant economy and Moïse's alleged involvement in the embezzlement of up to \$2 billion from Venezuela's now-defunct PetroCaribe program, are ongoing. Reconstruction from storm damage remains a major challenge. One-quarter of Haiti's people live in extreme poverty.

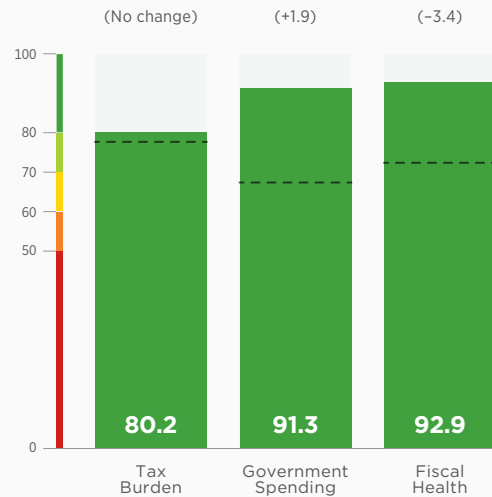
12 ECONOMIC FREEDOMS | HAITI

RULE OF LAW



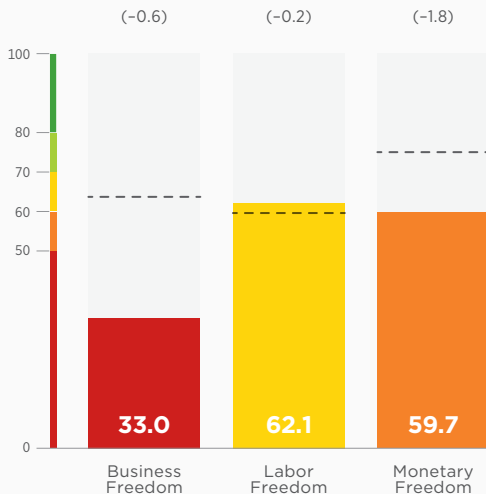
Property interests are recognized by law, but any protection of them is difficult to obtain in practice. There is no comprehensive civil registry for real property, and legitimate property titles are often either nonexistent or in dispute. The judiciary is poorly resourced and susceptible to political pressure and corruption. Haiti was ranked 168th out of 180 countries worldwide in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



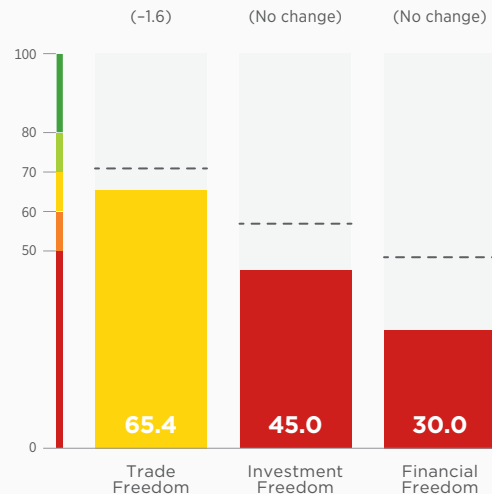
The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax. The overall tax burden equals 13.3 percent of total domestic income. Government spending has amounted to 17.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.3 percent of GDP. Public debt is equivalent to 47.7 percent of GDP.

REGULATORY EFFICIENCY



Haiti's business freedom has failed to improve for four consecutive years. Starting a business is prohibitively expensive and time-consuming, and the high cost of construction permits is discouraging. The Ministry of Labor and Social Affairs is said to be revising the labor code. Because of a political backlash, the government backed away from a gradual elimination of subsidies, particularly in the energy sector.

OPEN MARKETS



Haiti has one preferential trade agreement in force. The trade-weighted average tariff rate is 7.3 percent, and one formal nontariff measure is in effect. However, other barriers to trade freedom are extensive. Bureaucratic impediments, worsened by institutional shortcomings, discourage foreign investment. The strained financial infrastructure remains fragile. Many economic transactions are conducted outside of the formal banking sector.

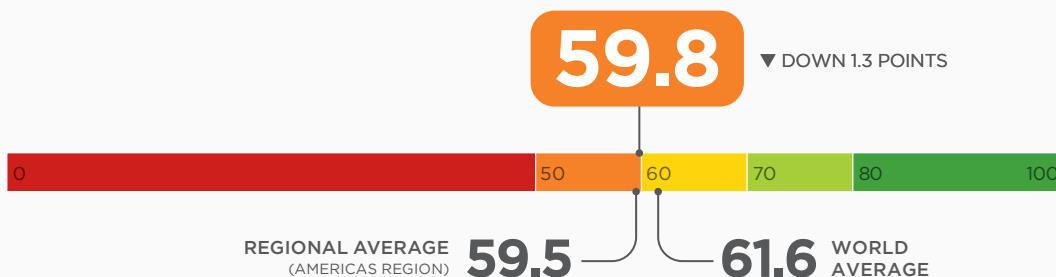
HONDURAS

Honduras's economic freedom score is 59.8, making its economy the 98th freest in the 2021 *Index*. Its overall score has decreased by 1.3 points, primarily because of declines in **business freedom** and **trade freedom**. Honduras is ranked 19th among 32 countries in the Americas region, and its overall score is above the regional average but below the world average.

The Honduran economy has dropped back into the mostly unfree category after just three years in the ranks of the moderately free. To return to an upward trajectory toward greater economic freedom, the government would have to prioritize improvements in labor freedom and business freedom in addition to reducing corruption and improving the effectiveness of the judiciary.

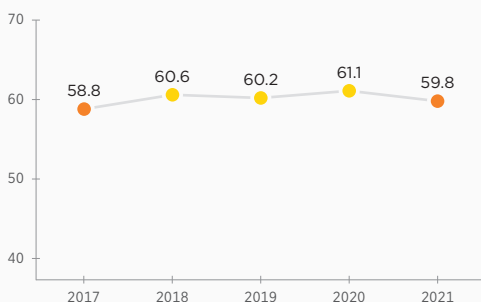
IMPACT OF COVID-19: As of December 1, 2020, 2,918 deaths had been attributed to the pandemic in Honduras, and the economy was forecast to contract by 6.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.7 million

GDP (PPP):
\$51.4 billion
2.7% growth in 2019
5-year compound
annual growth 3.8%
\$5,965 per capita

UNEMPLOYMENT:
5.4%

INFLATION (CPI):
4.4%

FDI INFLOW:
\$498.1 million

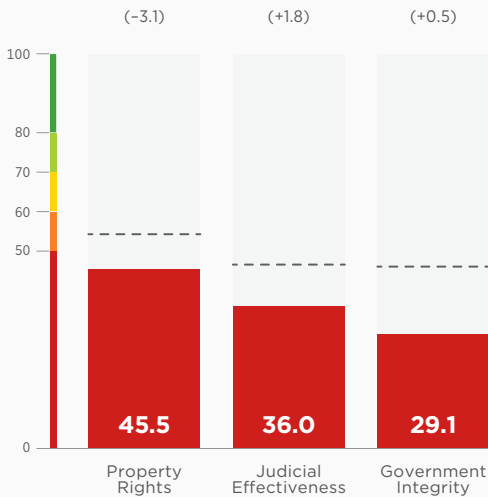
PUBLIC DEBT:
40.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Honduras is Central America's second-poorest country and has one of the world's highest homicide rates. Gangs and transnational criminal networks prey on communities, often in collusion with authorities. President Juan Orlando Hernández of the center-right National Party was reelected in 2017 amid allegations of fraud. A series of high-level corruption scandals, including the conviction of Hernández's brother in the U.S. for narco-trafficking, have undermined the president's credibility. The country's location leaves it vulnerable to narco-trafficking. High unemployment, violence, and lack of opportunity continue to encourage emigration. Historically dependent on exports of bananas and coffee, Honduras has diversified its export base to include apparel and automobile wire harnesses. Remittances account for more than one-fifth of GDP.

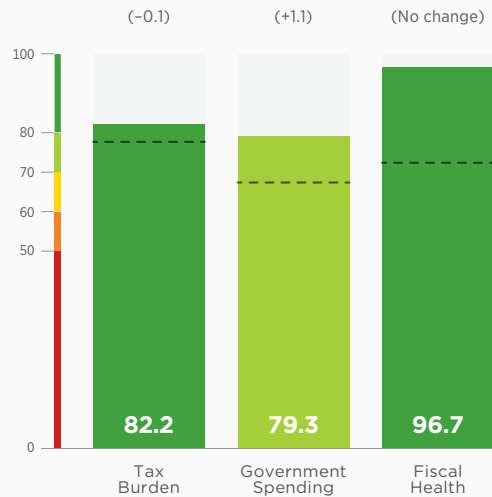
12 ECONOMIC FREEDOMS | HONDURAS

RULE OF LAW



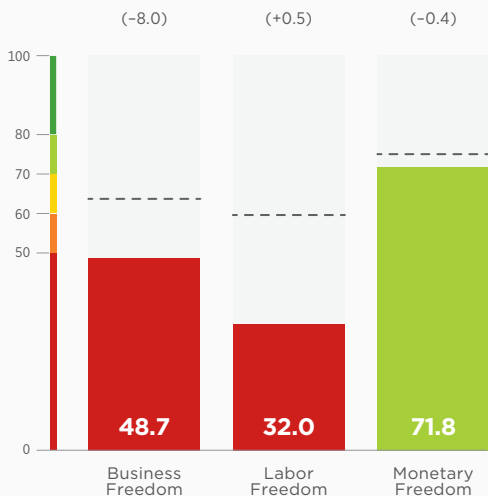
About four-fifths of privately held land in Honduras is either untitled or improperly titled. Because the judicial system is weak and politicized, it often takes years to resolve title disputes. Corruption, often related to organized crime, is pervasive in government procurement, the issuance of permits, customs, real estate transactions, and the regulatory system. Honduras has one of the world's highest murder rates.

GOVERNMENT SIZE



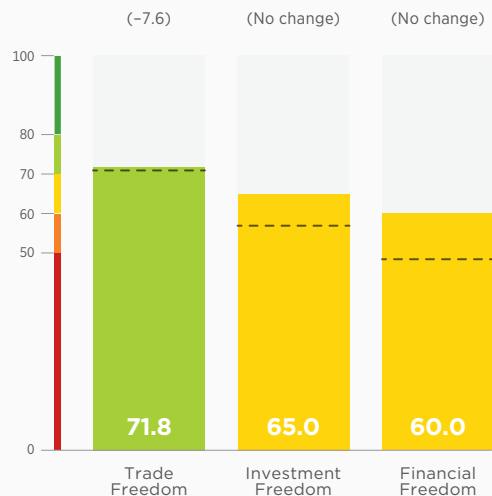
The top individual income and corporate tax rates are 25 percent. Other taxes include a value-added tax. The overall tax burden equals 23.1 percent of total domestic income. Government spending has amounted to 26.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.04 percent of GDP. Public debt is equivalent to 40.6 percent of GDP.

REGULATORY EFFICIENCY



Business freedom in Honduras has dropped significantly as the time needed to start a business and deal with construction permits has increased. Complicated and erratically enforced labor laws stifle labor freedom. The government maintains price controls for basic food items, fuel, water, telecommunications, and ports and often imposes temporary price controls on other basic goods.

OPEN MARKETS



Honduras has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 6.6 percent. Additional barriers impede imports of certain agricultural goods. The regulatory systems may impede foreign investment. The financial sector remains relatively stable and continues to expand. About 50 percent of adult Hondurans have access to an account with a formal banking institution.

HUNGARY

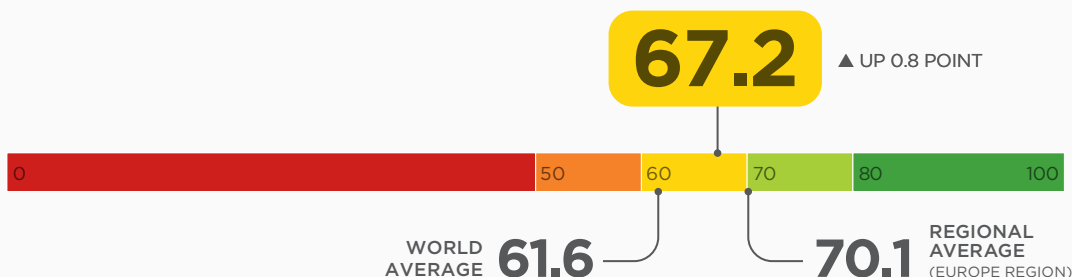


Hungary's economic freedom score is 67.2, making its economy the 55th freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in **judicial effectiveness**. Hungary is ranked 31st among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Hungarian economy has been in the upper ranks of the moderately free for more than a decade. To make the jump to the mostly free category, the government would have to continue the effort it began in its 2020 budget to rein in spending. Improvements in judicial effectiveness and government integrity would also be necessary.

IMPACT OF COVID-19: As of December 1, 2020, 4,977 deaths had been attributed to the pandemic in Hungary, and the economy was forecast to contract by 6.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.8 million

GDP (PPP):
\$335.8 billion
4.9% growth in 2019
5-year compound
annual growth 4.1%
\$33,979 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
3.4%

FDI INFLOW:
\$5.2 billion

PUBLIC DEBT:
66.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Once part of the Austro-Hungarian Empire, Hungary emerged from 45 years of Communist rule to become fully independent in 1990. It joined NATO in 1999 and became a member of the European Union in 2004. Prime Minister Viktor Orbán, in office since 2010, won reelection to a third term in 2018. His center-right Fidesz-Hungarian Civic Alliance won two-thirds of the seats in parliament. Orbán's government has clashed repeatedly with the European Union, particularly over migration issues and accusations of government encroachment on independent media. Tourism and a robust automotive manufacturing sector have led to years of strong growth. The government's more nationalist and populist approach to economic management has set Hungary somewhat apart from its neighbors.

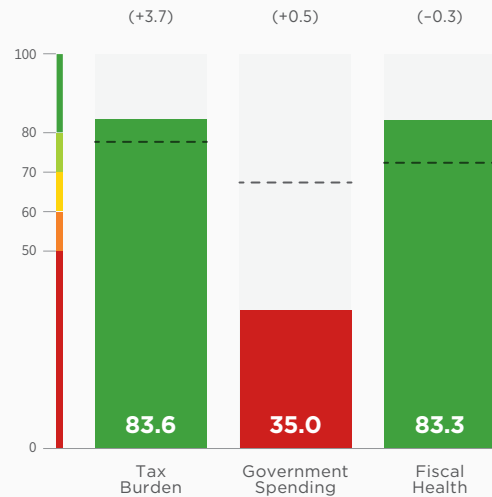
12 ECONOMIC FREEDOMS | HUNGARY

RULE OF LAW



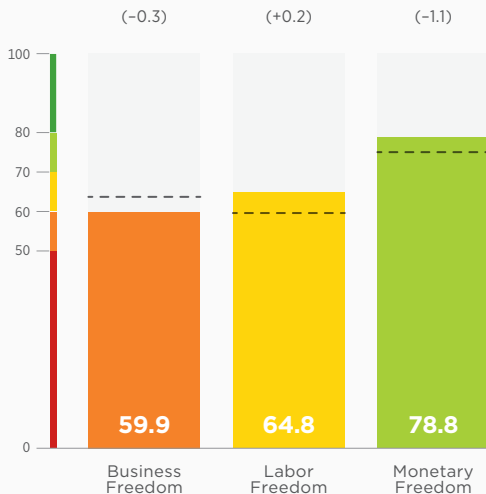
All citizens have the right to own property and establish private businesses. Hungary maintains a reliable land registry. Several current and former judges have voiced concerns about growing political influence on the court system, calling into question the independence of the judiciary. The public procurement process lacks transparency and accountability, and the implementation of anticorruption laws can be uneven.

GOVERNMENT SIZE



The flat individual income tax rate is 15 percent, and the flat corporate tax rate is 9 percent. There are special taxes on banks, financial firms, and companies in the energy sector. The overall tax burden equals 36.6 percent of total domestic income. Government spending has amounted to 46.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 66.3 percent of GDP.

REGULATORY EFFICIENCY



Hungary's business freedom is little changed, although its relative business freedom score is down slightly because the situation in many other countries around the world has improved. In 2020, special labor courts were dissolved, potentially increasing the even-handedness of labor case adjudication. Most prices in Hungary are set by the market, but prices in such sectors as pharmaceuticals, telecommunications, and electricity are administered.

OPEN MARKETS



As a member of the EU, Hungary has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Hungary has an additional 95 country-specific nontariff barriers. Foreign investment remains generally free from government involvement. No restrictive measures have been implemented in the financial sector over the past year.

ICELAND



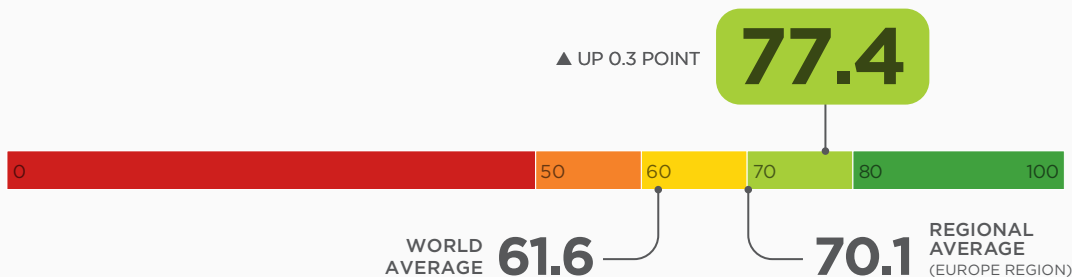
WORLD RANK:	REGIONAL RANK:
11	6
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

Iceland's economic freedom score is 77.4, making its economy the 11th freest in the 2021 *Index*. Its overall score has increased by 0.3 point, primarily because of an improvement in **judicial effectiveness**. Iceland is ranked 6th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Iceland continued its climb up the ranks of the mostly free this year, but progress slowed. For the economy to advance to the free category, the government would have to address its weakest-performing *Index* indicator: government spending. Unfortunately, the exact opposite is happening. The budget is increasing, in part because of a continuing emphasis on funding carbon-neutral programs.

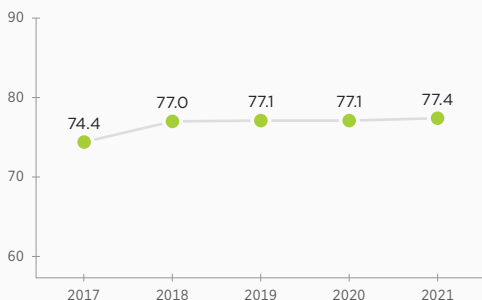
IMPACT OF COVID-19: As of December 1, 2020, 27 deaths had been attributed to the pandemic in Iceland, and the economy was forecast to contract by 7.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +6.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$20.0 billion
1.9% growth in 2019
5-year compound
annual growth 4.3%
\$60,061 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
3.0%

FDI INFLOW:
-\$240.9 million

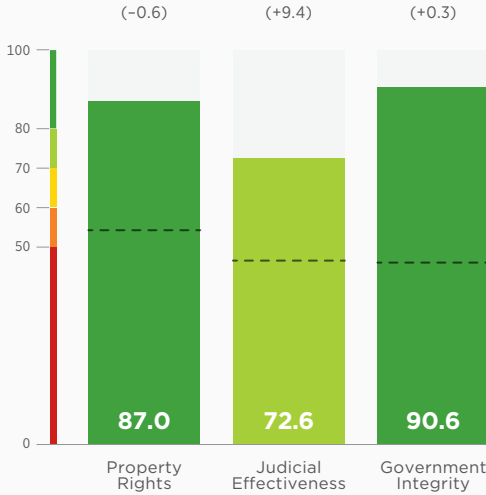
PUBLIC DEBT:
34.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Iceland is one of the world's oldest democracies. Katrin Jakobsdottir of the Left-Green Movement became the country's sixth prime minister since 2009 after forming a coalition with the center-right Independence Party and the populist Progressive Party in 2017. Independent Guðni Jóhannesson, a historian, was reelected to the largely ceremonial presidency in June 2020. Iceland's economy has been adversely affected by the contraction of its tourism industry, which began in 2019. WOW Air went bankrupt in March 2019, and the coronavirus pandemic has left privately owned Icelandair fighting for survival. Although Iceland officially withdrew its application for membership in the European Union in 2015, it enjoys free trade and movement of capital, labor, goods, and services with the EU.

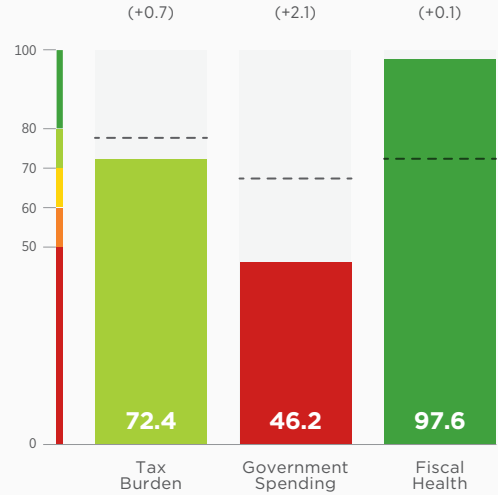
12 ECONOMIC FREEDOMS | ICELAND

RULE OF LAW



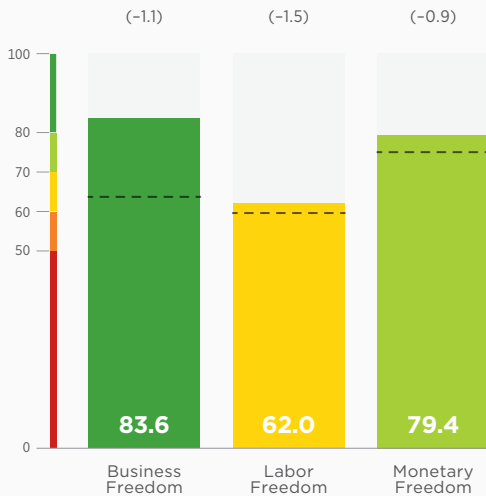
Property rights are generally enforced in Iceland. Although registration is easy, real property rights are mostly reserved to Icelandic citizens. Iceland has a solid legal institutional framework to enforce the protection of intellectual property. The judiciary is independent, and accountability and transparency are well institutionalized. Corruption is well controlled. Iceland was ranked 11 out of 180 economies in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



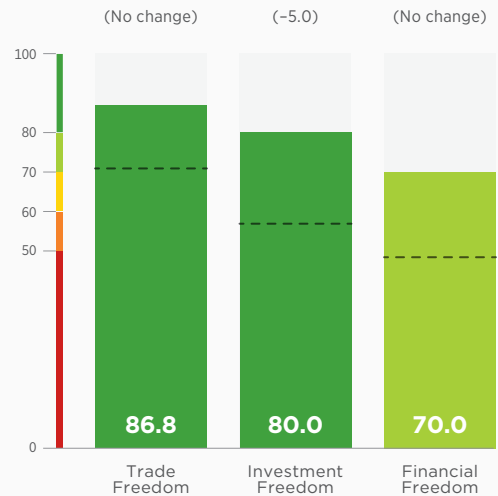
The top individual income tax rate is 31.8 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 36.7 percent of total domestic income. Government spending has amounted to 42.4 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.1 percent of GDP. Public debt is equivalent to 34.5 percent of GDP.

REGULATORY EFFICIENCY



Transparent regulations allow efficient business formation and operation. The costs of starting a business, dealing with construction permits, and obtaining electricity were slightly higher this year. Labor force participation and the value added per worker relative to the minimum wage both decreased. Government funding for a number of subsidy and grant programs related to climate change and the environment, including electric vehicles, is increasing.

OPEN MARKETS



Iceland has 31 preferential trade agreements in force. The trade-weighted average tariff rate is 1.6 percent, and 89 nontariff measures are in effect. Transparent and efficient regulations, applied evenly in most cases, encourage investment. With capital controls removed, the financial sector has regained stability. A range of commercial banking services are available. No restrictive measures were implemented in the banking sector in 2020.

INDIA

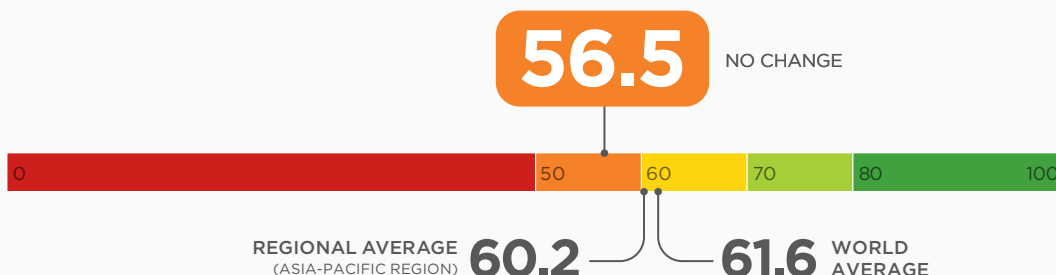
WORLD RANK: **121** | REGIONAL RANK: **26**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

India's economic freedom score is 56.5, making its economy the 121st freest in the 2021 *Index*. Its overall score is unchanged, with an improvement in **business freedom** offset by declines in **judicial effectiveness** and other scores. India is ranked 26th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Again this year, the Indian economy remains in the mid-range of the mostly unfree category. A move toward greater economic freedom would require substantial and broad-based reforms. In addition to taking steps to improve fiscal health and strengthen the rule of law, the government would need to increase financial freedom and reform the tax code, the investment regime, and the labor code.

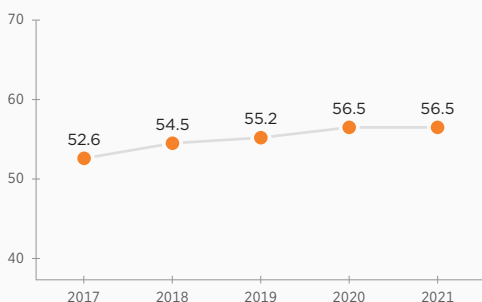
IMPACT OF COVID-19: As of December 1, 2020, 137,621 deaths had been attributed to the pandemic in India, and the economy was forecast to contract by 10.3 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +11.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 billion

GDP (PPP):
\$11.0 trillion
4.2% growth in 2019
5-year compound
annual growth 6.7%
\$7,034 per capita

UNEMPLOYMENT:
5.4%

INFLATION (CPI):
4.5%

FDI INFLOW:
\$50.6 billion

PUBLIC DEBT:
71.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: India is a stable democracy. Its people are 80 percent Hindu, but it is also home to one of the world's largest Muslim populations. Prime Minister Narendra Modi, leader of the Bharatiya Janata Party (BJP), took office in 2014 and reinvigorated India's foreign policy to balance China's growing influence in South Asia and the Indian Ocean. Modi promised sweeping economic reforms, but results have been modest. Elections in 2019 resulted in a landslide victory for Modi's BJP. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, and a wide range of modern industries. Capitalizing on its large and well-educated English-speaking population, India has become a major exporter of information technology services, business outsourcing services, and software workers.

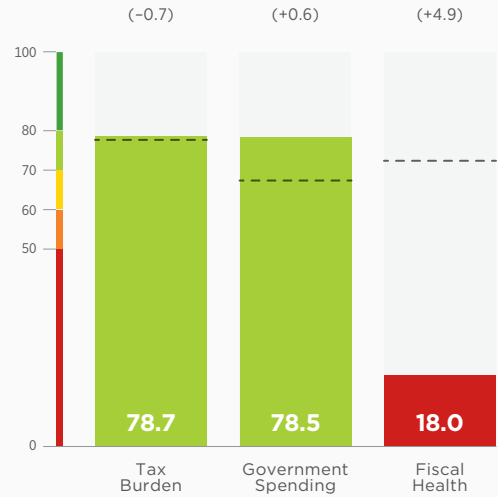
12 ECONOMIC FREEDOMS | INDIA

RULE OF LAW



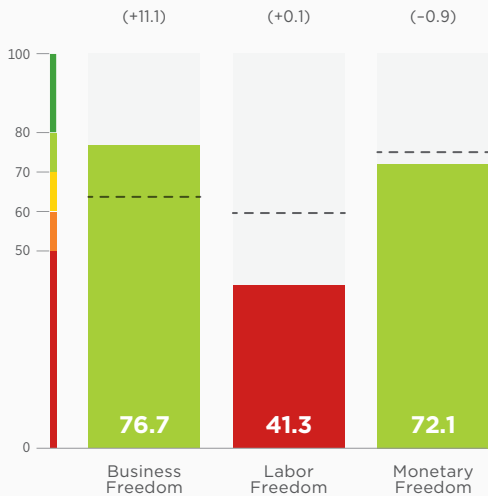
Although property rights are enforced in metropolitan areas, land titles in some other urban and rural areas are unclear. The judiciary is independent, but Indian courts are understaffed and lack the technology necessary to clear an enormous backlog. Large-scale political corruption scandals have repeatedly exposed bribery and other malfeasance, and there is little evidence to suggest that anticorruption laws are effective.

GOVERNMENT SIZE



The top individual income tax rate is 30.9 percent, and the top corporate tax rate is 32.4 percent. Other taxes include a goods and services tax. The overall tax burden equals 11.2 percent of total domestic income. Government spending has amounted to 26.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.7 percent of GDP. Public debt is equivalent to 71.9 percent of GDP.

REGULATORY EFFICIENCY



The abolition of several filing fees in Delhi and Mumbai has made starting a business less expensive. Efforts to streamline the construction permitting process and lower the price of construction and building permits have also increased business freedom. Labor unrest is common. The government's 2020 budget increased subsidies for fuels, liquid petroleum gas, and fertilizers.

OPEN MARKETS



India has 16 preferential trade agreements in force. The trade-weighted average tariff rate is 10.3 percent, and 357 nontariff measures are in effect. Foreign investment is screened, but ownership restrictions in some sectors have been reduced. The government has recapitalized state-owned banks, but the number of their nonperforming loans remains high. In 2020, measures were introduced to promote credit flows to small and medium-size enterprises.

INDONESIA

WORLD RANK: **56** | REGIONAL RANK: **10**

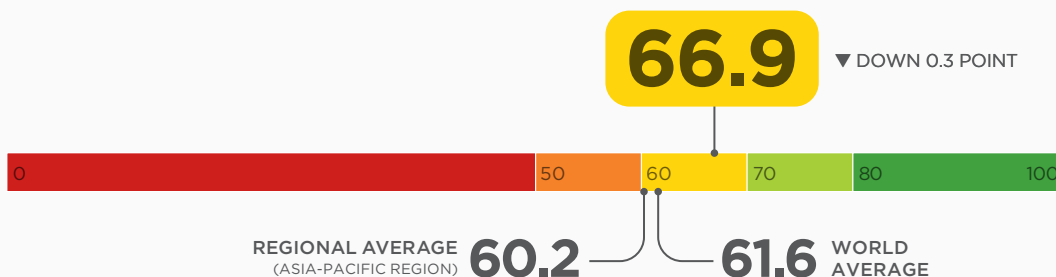
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Indonesia's economic freedom score is 66.9, making its economy the 56th freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **judicial effectiveness**. Indonesia is ranked 10th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The Indonesian economy, which had been climbing steadily higher in the ranks of the moderately free since 2017, has suffered a setback. To get back on the path to greater economic freedom, the government needs to implement effective measures to reduce corruption, strengthen the judiciary, modernize and simplify investment regulations, and increase labor market flexibility.

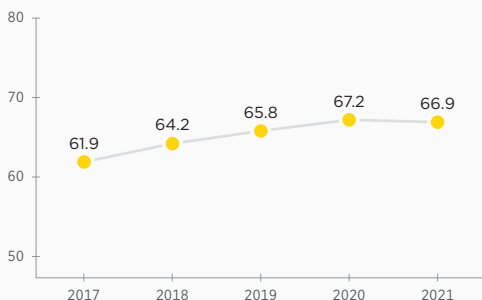
IMPACT OF COVID-19: As of December 1, 2020, 17,081 deaths had been attributed to the pandemic in Indonesia, and the economy was forecast to contract by 1.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
270.6 million

GDP (PPP):
\$3.7 trillion
5.0% growth in 2019
5-year compound
annual growth 5.0%
\$12,302 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
2.8%

FDI INFLOW:
\$23.4 billion

PUBLIC DEBT:
30.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Indonesia is the world's most populous Muslim-majority country. Since 1998, when long-serving authoritarian ruler General Suharto stepped down, Indonesia's now-267 million people have enjoyed a wide range of political freedoms, and participation in the political process is high. Joko Widodo, former businessman and governor of Jakarta, won a five-year presidential term in 2014 and was reelected in 2019. Indonesia is Southeast Asia's largest economy. Key exports include mineral fuels, animal and vegetable fat, electrical machinery, rubber, machinery, and mechanical appliance parts. Continued improvements in infrastructure should help to reduce high transport and logistical costs. Indonesia's significant untapped maritime resources could facilitate future development, but barriers to international trade and investment undermine prospects for growth.

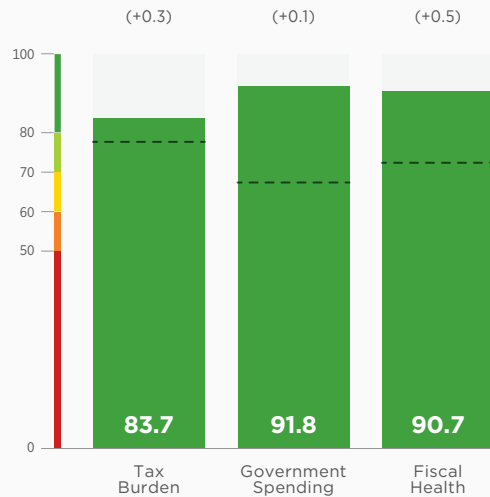
12 ECONOMIC FREEDOMS | INDONESIA

RULE OF LAW



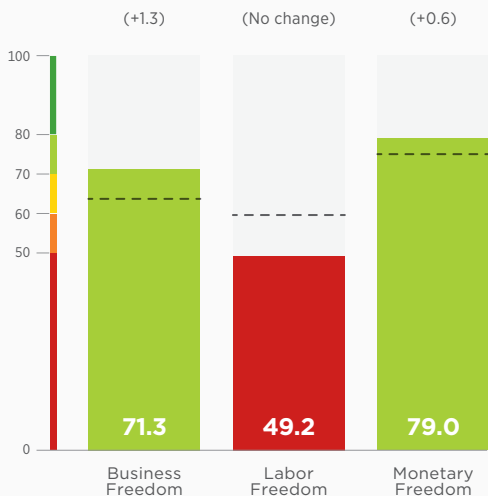
Property rights are generally respected, but enforcement is uneven, and registration of property is sometimes difficult. Indonesia has lacked clear land titles for decades. The judiciary is independent, but the court system remains plagued by corruption and other weaknesses. Corruption is endemic at all levels of government and law enforcement, and anticorruption laws are resisted even within the government.

GOVERNMENT SIZE



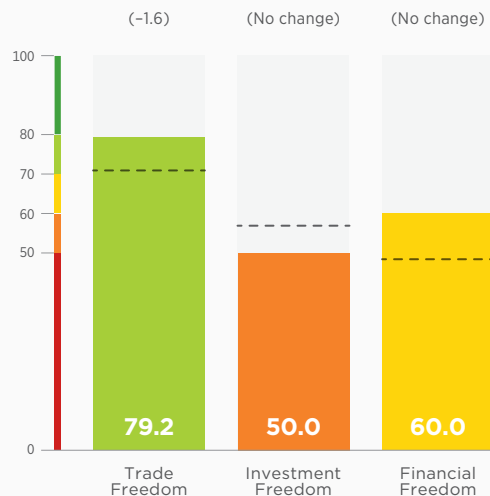
The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include property and value-added taxes. The overall tax burden equals 10.2 percent of total domestic income. Government spending has amounted to 16.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 30.4 percent of GDP.

REGULATORY EFFICIENCY



An online platform for business licensing in Jakarta helps business freedom, and electricity has become more reliable in Surabaya. A plan to reform rigid labor laws was overtaken by the pandemic. The government has launched a plan to privatize some of its 118 state-owned enterprises, many of which are unprofitable, inefficient, and increasingly expensive to subsidize.

OPEN MARKETS



Indonesia has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 5.4 percent, and 123 nontariff measures are in effect. The reform-minded government has moved to dismantle some of the previously imposed barriers to foreign investment. Overall, the financial system's efficiency has increased. The state still owns several banks. Bank ownership is limited to no more than 40 percent per single shareholder.

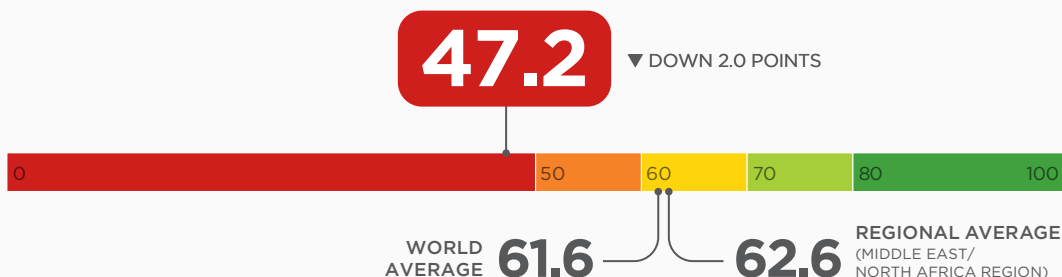
IRAN

Iran's economic freedom score is 47.2, making its economy the 168th freest in the 2021 *Index*. Its overall score has decreased by 2.0 points, primarily because of a decline in **judicial effectiveness**. Iran is ranked last among 14 countries in the Middle East and North Africa region, and its overall score is well below the regional and world averages.

The Iranian economy remains in the ranks of the repressed where it has been for all but four years since 1996 when it was first included in the *Index*. The government and powerful interest groups that dominate the economy and are mostly linked to the security and religious establishments are largely opposed to economic liberalization and reengagement with international businesses.

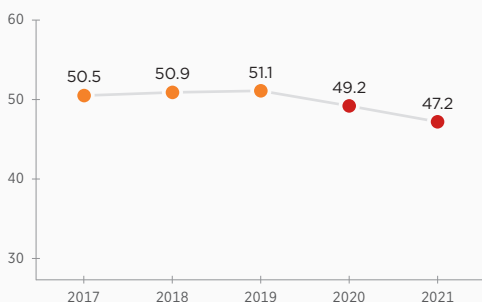
IMPACT OF COVID-19: As of December 1, 2020, 48,628 deaths had been attributed to the pandemic in Iran, and the economy was forecast to contract by 5.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +11.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
82.9 million

GDP (PPP):
\$1.5 trillion
-7.6% growth
in 2019
5-year compound
annual growth 0.3%
\$12,912 per capita

UNEMPLOYMENT:
11.4%

INFLATION (CPI):
41.1%

FDI INFLOW:
\$1.5 billion

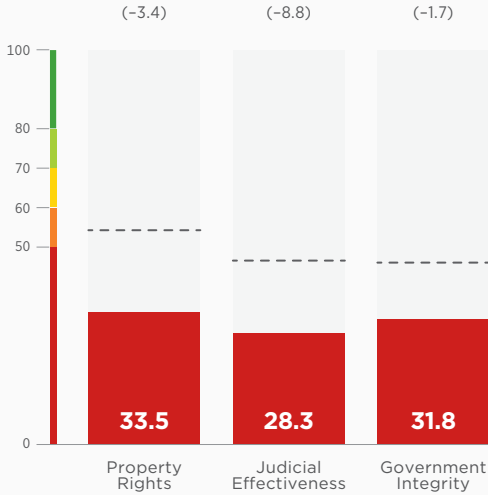
PUBLIC DEBT:
29.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Iran's economy, one of the Middle East's most advanced before 1979, has been plagued since then by mismanagement, international sanctions, and pervasive graft under a repressive Islamic government that is dominated by Shiite religious authorities. President Hassan Rouhani, reelected in 2017, has reportedly tried to steer a more pragmatic path, but Supreme Leader Ayatollah Ali Khamenei continues to promote radical policies. Iran has the world's second-largest reserves of natural gas and fourth-largest reserves of crude oil. Although the 2015 nuclear agreement briefly allowed Tehran to expand oil exports, attract greater foreign investment, and increase trade, U.S. sanctions imposed after Washington withdrew from the agreement in May 2018 have slashed Iran's oil exports and pushed the country into a deepening recession.

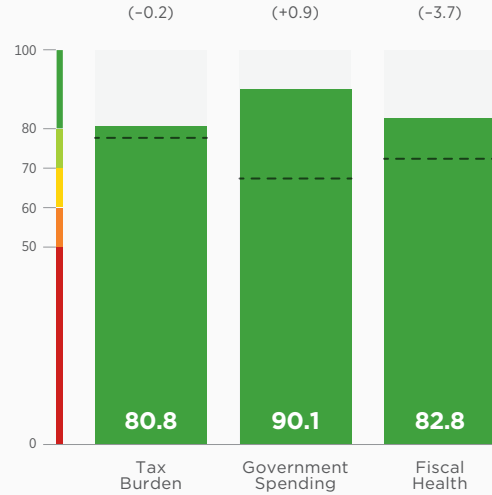
12 ECONOMIC FREEDOMS | IRAN

RULE OF LAW



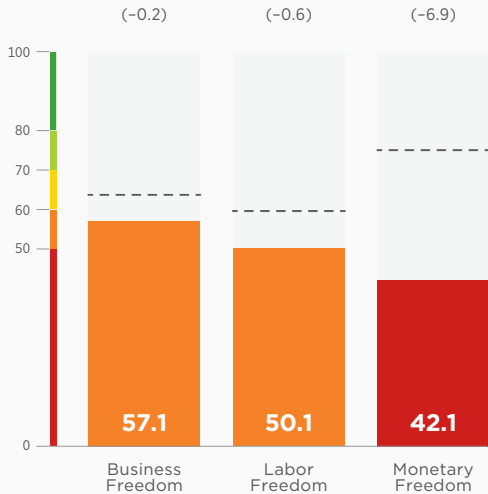
Property rights are recognized under Iran's civil code, but the code also allows the government to confiscate the property of ethnic and religious minorities. The judicial system is not independent of the supreme leader and is used routinely to silence critics and charge political opponents with "economic" crimes. Corruption is endemic. Criminal penalties for corruption exist, but the government applies them subjectively.

GOVERNMENT SIZE



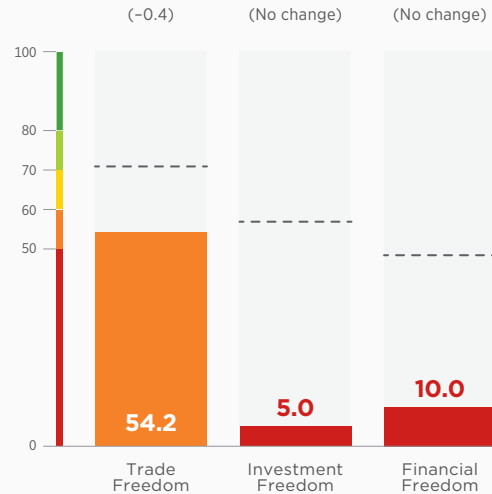
The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include inheritance and real estate taxes. The overall tax burden equals 8.4 percent of total domestic income. Government spending has amounted to 18.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 29.7 percent of GDP.

REGULATORY EFFICIENCY



Government ownership and indirect control of companies in Iran crowds out the private sector. Labor force participation is low. In 2020, with the economy under extreme duress as a result of renewed U.S. sanctions and lower oil prices, the government was forced to make significant reductions in subsidy programs.

OPEN MARKETS



Iran has three preferential trade agreements in force. The trade-weighted average tariff rate is 15.4 percent. Iran is not a member of the World Trade Organization. The intrusive state continues to hold back economic development, undermining trade and investment flows. Government controls limit access to financing for businesses. State-owned commercial banks and specialized financial institutions account for a majority of banking-sector assets.

IRAQ

Iraq is not ranked in the 2021 *Index* because of the continuing lack of reliable data. Insurgent groups threaten the rule of law to a sizable extent in many areas, and the risk to law-abiding citizens making investment and economic decisions in those places is large. The outlook is uncertain and depends on whether the government can tamp down social unrest and prevent the resurgence of influence by the Islamic State.

To establish the basis for economic freedom, the government's economic policy priorities should include reining in fiscal spending, curbing corruption, improving fiscal management, and strengthening the financial sector. The key to Iraq's long-term economic development will be a strengthened investment climate to bolster private-sector engagement, which in turn will require an improved security environment and restoration of the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 12,306 deaths had been attributed to the pandemic in Iraq, and the economy was forecast to contract by 12.1 percent for the year.

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



WORLD
AVERAGE

61.6

62.6

REGIONAL AVERAGE
(MIDDLE EAST/
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
39.3 million

GDP (PPP):
\$708.3 billion
3.9% growth in 2019
5-year compound
annual growth 3.7%
\$11,332 per capita

UNEMPLOYMENT:
12.8%

INFLATION (CPI):
-0.2%

FDI INFLOW:
-\$3,075.6 million

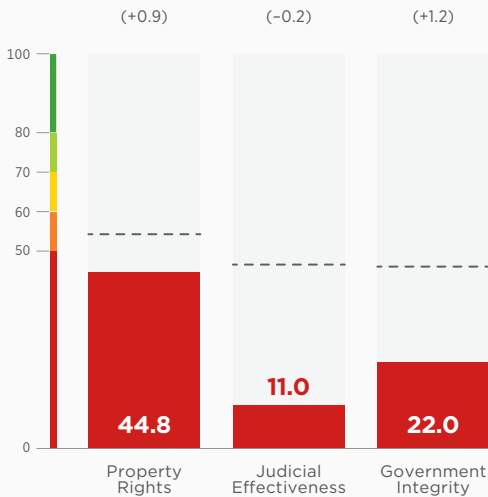
PUBLIC DEBT:
51.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Iraq is slowly recovering from the traumatic war against the Islamic State, which seized large swaths of territory in western Iraq in 2014 and continues to pose a terrorist threat. Antigovernment protests led to the resignation of Prime Minister Adil Abdul-Mahdi and the appointment of Mustafa al-Kadhimi as the new prime minister on April 9, 2020. Although early elections have been promised, the next election is scheduled for 2022. Iraq's state-dominated economy is led by the oil sector, which provides approximately 85 percent of government revenue. The war against the Islamic State imposed a high cost on the economy, which also has been hurt by rampant corruption, sluggish oil prices, and war-related damage to infrastructure.

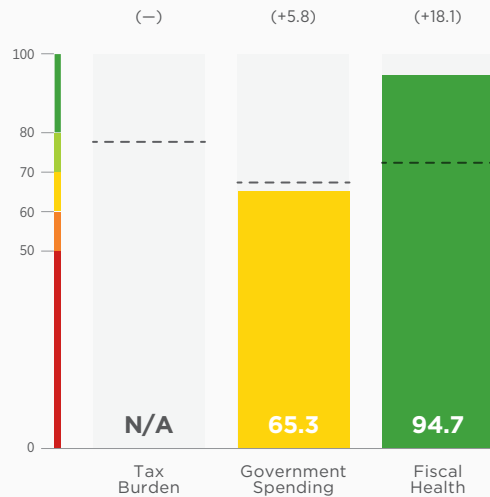
12 ECONOMIC FREEDOMS | IRAQ

RULE OF LAW



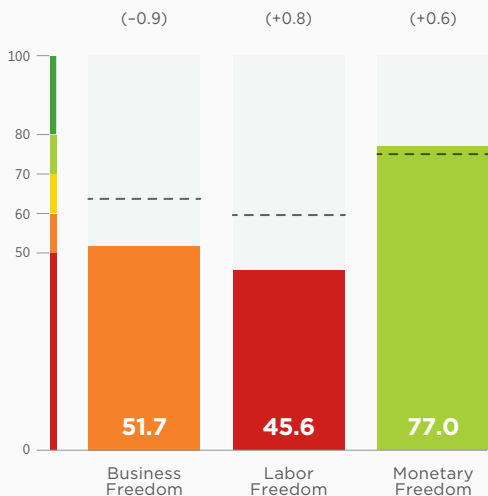
Corruption and conflict undermine the protection of property rights. The politicized and corrupt judiciary is weakened by constant executive interference, tribal and religious forces, and bureaucratic bottlenecks. Deeply institutionalized corruption obstructs economic development and foreign direct investment. Anticorruption efforts are met with resistance and threats. Bribery, money-laundering, nepotism, and misappropriation of public funds are commonplace.

GOVERNMENT SIZE



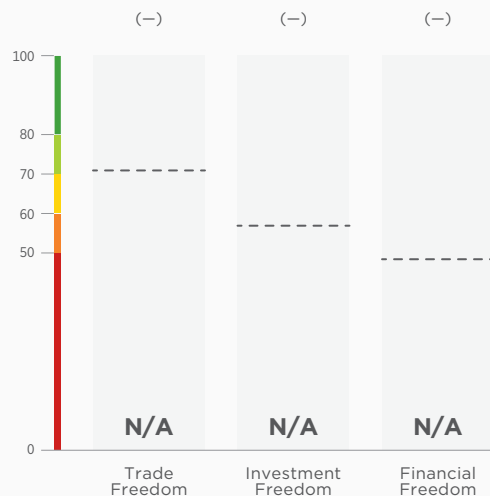
The top individual income tax rate is 15 percent, and the top corporate tax rate is 15 percent. The overall tax burden equals 2.0 percent of total domestic income. Government spending has amounted to 34.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.8 percent of GDP. Public debt is equivalent to 51.4 percent of GDP.

REGULATORY EFFICIENCY



Resurgent extremist groups in some regions pose a threat to businesses. Entrants to the labor market face limited opportunities for employment. Iraq's 2020 budget accounted for over 40 percent of GDP and included a wide variety of subsidies, including subsidies to unproductive and overpaid state industries.

OPEN MARKETS



Iraq is not a member of the World Trade Organization. Security challenges and institutional shortcomings continue to deter foreign trade and investment. Numerous state-owned enterprises distort the economy. Iraq's cash-based economy lacks the infrastructure of a fully functioning financial system. Despite some progress, the banking regulation frameworks have not been strengthened enough to deepen financial intermediation.

IRELAND



WORLD RANK:

5

REGIONAL RANK:

2

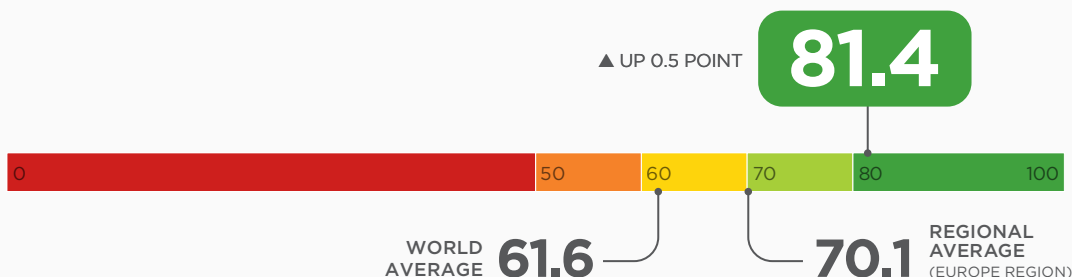
ECONOMIC FREEDOM STATUS:
FREE

Ireland's economic freedom score is 81.4, making its economy the 5th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **judicial effectiveness**. Ireland is ranked 2nd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Irish economy has maintained its standing among the ranks of the economically free. Further reforms aimed at improving the quality of judicial processes and fully privatizing the banking sector would help to solidify Ireland's status as a free economy. As the EU transitions after Brexit, the government should also consider additional measures to sustain the openness of trade and investment flows.

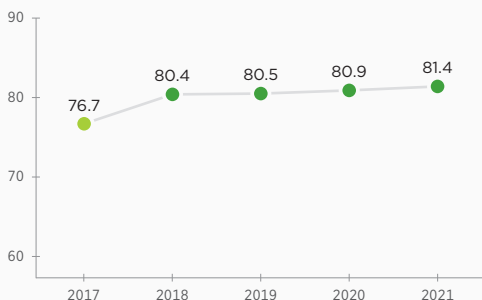
IMPACT OF COVID-19: As of December 1, 2020, 2,069 deaths had been attributed to the pandemic in Ireland, and the economy was forecast to contract by 3.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$417.9 billion
5.5% growth in 2019
5-year compound
annual growth 10.2%
\$88,241 per capita

UNEMPLOYMENT:
4.9%

INFLATION (CPI):
0.9%

FDI INFLOW:
\$78.2 billion

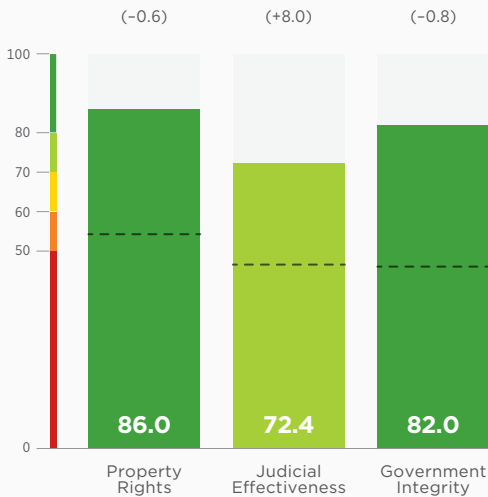
PUBLIC DEBT:
58.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The February 2020 general election produced a fractured legislature; conservative Fianna Fáil (FF) outpolled surging leftist Sinn Féin and the center-right Fine Gael (FG) party of outgoing Taoiseach (Prime Minister) Leo Varadkar. Micheál Martin of FF became Taoiseach in June, leading a coalition with FG and the Green Party and with FF and FG governing together for the first time. Under the agreement, Leo Varadkar will return as Taoiseach in December 2022. The small, modern, and trade-dependent economy has performed extraordinarily well for decades and was among the first in the European Union to recover from the 2008 financial crisis. Foreign multinationals dominate the export sector, led by machinery and equipment, computers, chemicals, medical devices, pharmaceuticals, foodstuffs, and animal products.

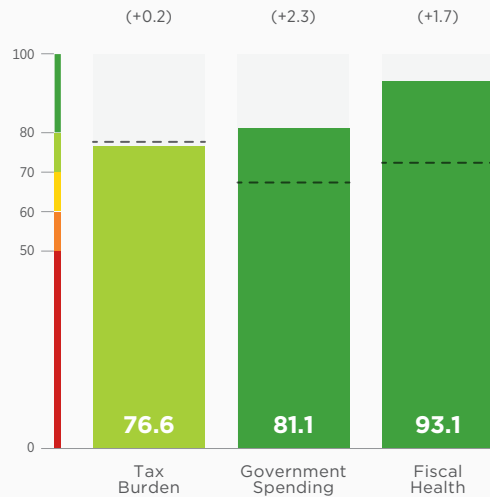
12 ECONOMIC FREEDOMS | IRELAND

RULE OF LAW



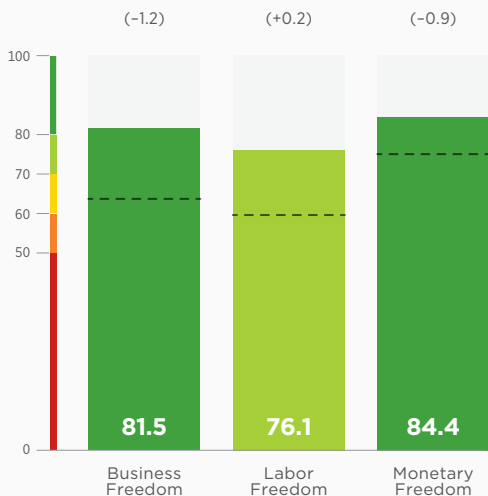
Property rights are well protected, and secured interests in property, both chattel and real estate, are recognized and enforced. Contracts are secure, and expropriation is rare. Ireland's legal system is based on common law, and the judiciary is independent. Outright public corruption is rare and is investigated and prosecuted. Legislation strengthening regulation of post-government service lobbying was introduced in 2020.

GOVERNMENT SIZE



The top individual income tax rate is 41 percent, and the top corporate tax rate is 12.5 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 22.3 percent of total domestic income. Government spending has amounted to 25.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.02 percent of GDP. Public debt is equivalent to 58.6 percent of GDP.

REGULATORY EFFICIENCY



An increase in the stamp duty on nonresidential property transfers has raised the cost of property registration. Dealing with construction permits has also become slightly more expensive. Labor markets are sparsely regulated, and labor relations are cooperative. Funding for subsidies in the government's 2020 budget is equivalent to 0.4 percent of GDP.

OPEN MARKETS



As a member of the EU, Ireland has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. A commitment to facilitation of global investment flows is well institutionalized. Recapitalization and restructuring have restored financial-sector stability. Banks continue to divest their relatively numerous nonperforming loans.

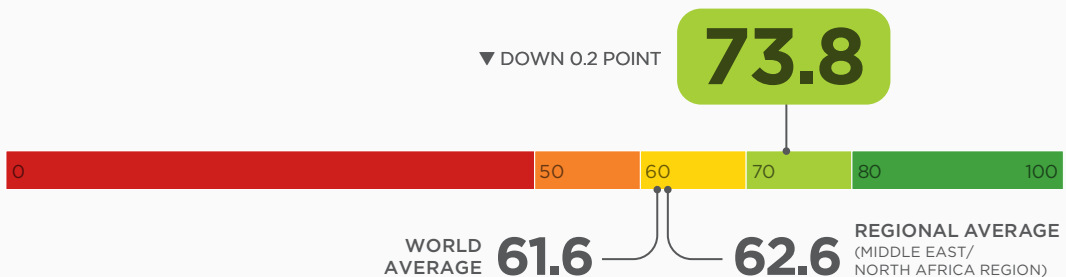
ISRAEL

Israel's economic freedom score is 73.8, making its economy the 26th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **fiscal health**. Israel is ranked 2nd among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The Israeli economy has maintained its ranking in the mostly free category this year. Since the inception of the *Index* in 1995, government spending has been the indicator that has consistently hindered greater economic freedom in the country. Spending cuts and other fiscal restraints would go a long way toward further liberating the private sector and encouraging even greater private investment.

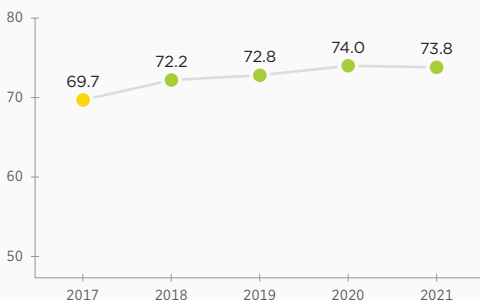
IMPACT OF COVID-19: As of December 1, 2020, 2,877 deaths had been attributed to the pandemic in Israel, and the economy was forecast to contract by 5.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.1 million

GDP (PPP):
\$354.9 billion
3.5% growth in 2019
5-year compound
annual growth 3.4%
\$42,194 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
0.8%

FDI INFLOW:
\$18.2 billion

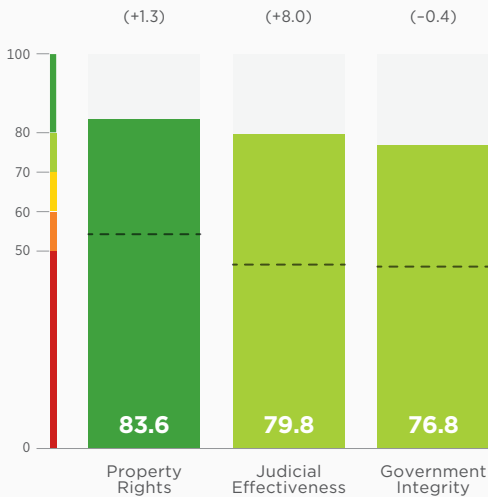
PUBLIC DEBT:
61.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Israel won its war for independence in 1948, and its vibrant democracy remains unique in the region. Benjamin Netanyahu and Benny Gantz will each serve as prime minister for 18 months in a three-year unity government formed after 2019's stalemated elections. Israel's thriving high-technology sector attracts considerable foreign investment, and large offshore deposits of natural gas have improved its energy security and balance-of-payments prospects. Despite the 2006 war against Hezbollah in Lebanon, frequent military campaigns against Hamas in Gaza, and the constant threat of terrorism, Israel's modern market economy is fundamentally sound and dynamic. Agreements signed by Israel in 2020 with Bahrain, the United Arab Emirates, Morocco, and Sudan should help normalize relationships and clear the way for greater trade, investment, tourism, and technological and strategic cooperation in the region.

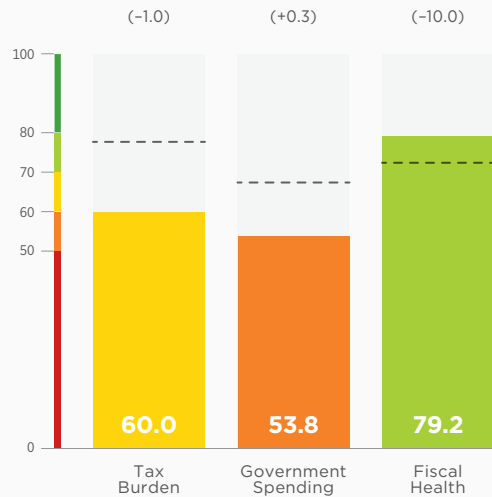
12 ECONOMIC FREEDOMS | ISRAEL

RULE OF LAW



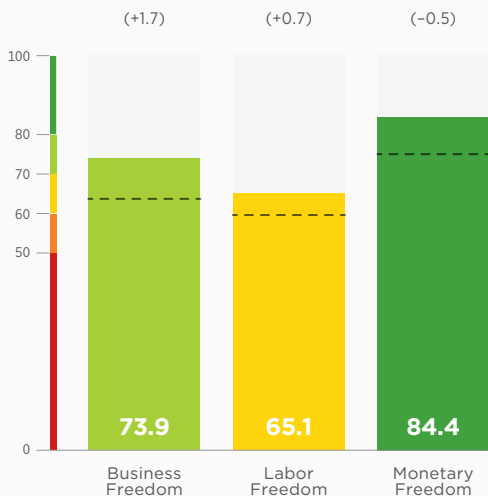
Property rights are recognized and protected, and contracts are enforced, but property registration and titling procedures are cumbersome. Israel's modern judicial system is independent and based on British common law. Bribery and other forms of corruption are illegal. A strong societal intolerance of graft undergirds the effectiveness of anticorruption laws and provides a strong foundation for economic freedom.

GOVERNMENT SIZE



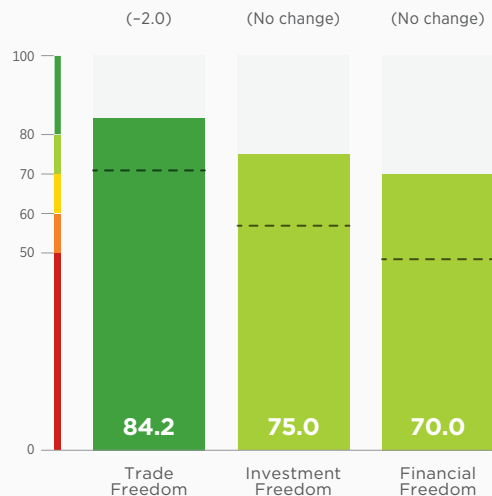
The top individual income tax rate is 50 percent (including a surtax), and the top corporate tax rate is 23 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 31.1 percent of total domestic income. Government spending has amounted to 39.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 61.4 percent of GDP.

REGULATORY EFFICIENCY



Israel now allows businesses to register for the corporate tax and value-added tax jointly. A well-educated labor force helps to boost productivity. The government offers subsidies to foreign investors, and populist-leaning price controls have been in place for many years for basic foods, medicines, gasoline, and basic banking services.

OPEN MARKETS



Israel has eight preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, and 92 non-tariff measures are in effect. Economic competitiveness has been facilitated by a general openness to foreign investment. Banking remains concentrated, but commercial banks offer a range of financial services that support the private sector. The adoption of lower capital reserve requirements in 2020 eased financial conditions for banks.

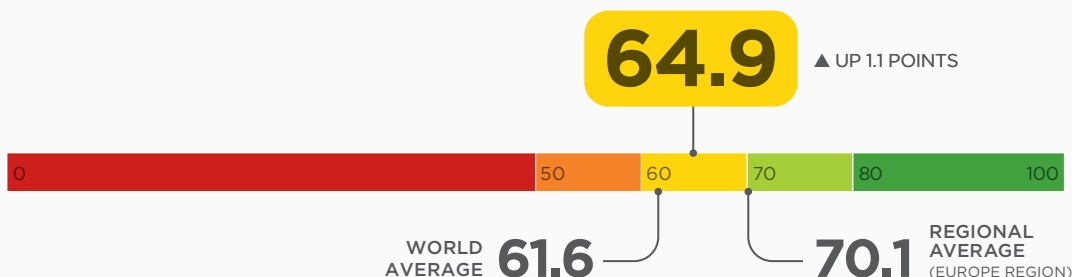
ITALY

Italy's economic freedom score is 64.9, making its economy the 68th freest in the 2021 *Index*. Its overall score has increased by 1.1 points, primarily because of an improvement in **judicial effectiveness**. Italy is ranked 36th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Italian economy has been in the moderately free category in most years since the inception of the *Index* in 1995, dragged down by one consistently very low-scoring indicator: government spending. The vast majority of that spending consists of politically motivated funding of programs that do little to increase the overall performance of the country's economy.

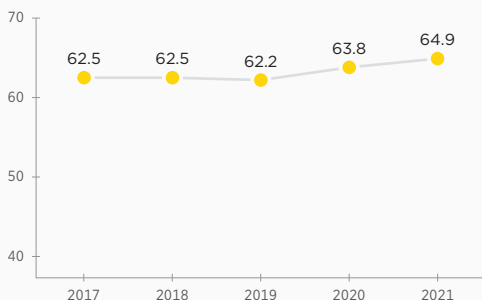
IMPACT OF COVID-19: As of December 1, 2020, 56,361 deaths had been attributed to the pandemic in Italy, and the economy was forecast to contract by 10.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
60.3 million

GDP (PPP):
\$2.5 trillion
0.3% growth in 2019
5-year compound
annual growth 1.0%
\$44,197 per capita

UNEMPLOYMENT:
9.9%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$26.6 billion

PUBLIC DEBT:
134.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Italy is a charter member of NATO and the European Union. Prime Minister Giuseppe Conte has led a coalition government comprising the populist Five Star Movement and the center-left Democratic Party since September 2019. The Five Star Movement's former coalition partner, Lega, favors strict controls on immigration and remains the most politically popular party. Italy is expected to be a chief beneficiary of the EU's coronavirus recovery fund. Italy's diversified economy is bifurcated between the highly developed industrial North, dominated by private companies, and a less-developed, highly subsidized agricultural South where unemployment is higher. Tourism accounts for 13 percent of GDP, and its current struggles are an economic albatross. Migration, which remains the most highly charged political issue, surged in 2020.

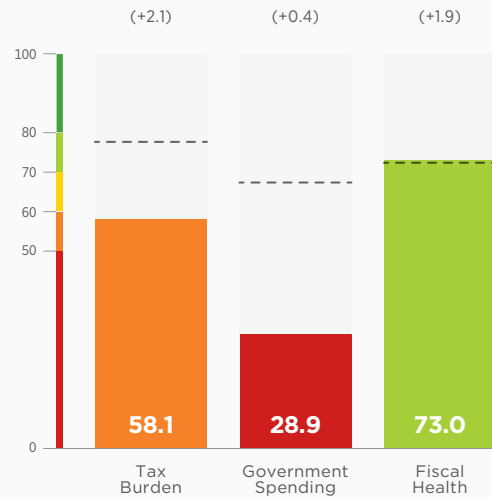
12 ECONOMIC FREEDOMS | ITALY

RULE OF LAW



Property rights and contracts are secure, but delays in court procedures undermine enforcement. The legal system is cumbersome and vulnerable to political interference. A bloated and self-interested bureaucracy slows efforts to enforce anticorruption laws. Corruption and organized crime remain significant impediments to investment and economic growth in parts of Italy despite efforts by successive governments to reduce risks.

GOVERNMENT SIZE



The top individual income tax rate is 43 percent, and the top standard corporate tax rate is 24 percent, with qualifying banks and financial institutions taxed at 27.5 percent. The overall tax burden equals 42.1 percent of total domestic income. Government spending has amounted to 48.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 134.8 percent of GDP.

REGULATORY EFFICIENCY



Processes for starting a business and obtaining construction permits have become more complicated and lengthy. Amended regulations regarding fixed-term contracts have reduced labor freedom. The government allows most prices to be set by the market except for electricity, transportation, pharmaceuticals, telecommunications, water, and gas networks. Funding for subsidies in the government's 2020 budget is equivalent to 1.4 percent of GDP.

OPEN MARKETS



As a member of the EU, Italy has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. There is no general screening of foreign investment, and most sectors of the economy are open. The financial sector remains stable. Bank recapitalization has been underway, but nonperforming loans remain problematic.

JAMAICA

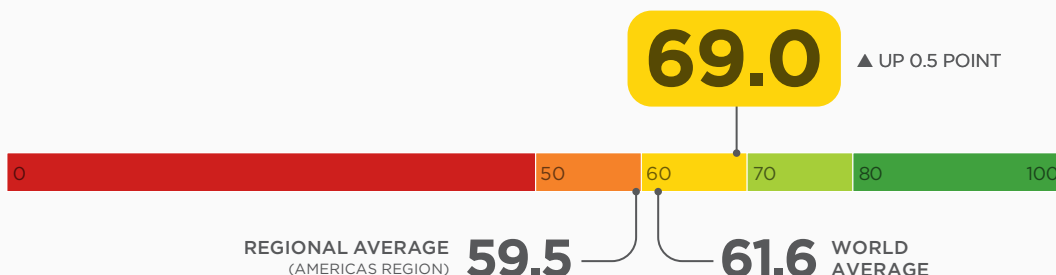
Jamaica's economic freedom score is 69.0, making its economy the 45th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **judicial effectiveness**. Jamaica is ranked 5th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Jamaica's economy remains in the moderately free category where it has been since the inception of the *Index* in 1995. Progress toward greater economic freedom would require clear government action to strengthen financial freedom, reform and update the judicial system, and pursue a vigorous anticorruption agenda.

IMPACT OF COVID-19: As of December 1, 2020, 258 deaths had been attributed to the pandemic in Jamaica, and the economy was forecast to contract by 8.6 percent for the year.

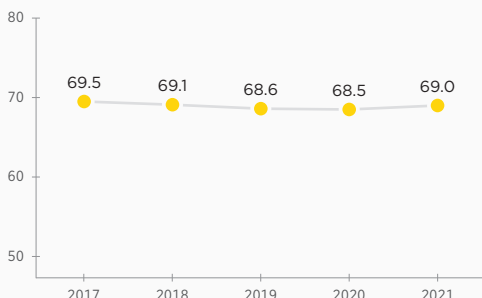


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.9 million

GDP (PPP):
\$27.9 billion
1.0% growth in 2019
5-year compound annual growth 1.2%
\$10,166 per capita

UNEMPLOYMENT:
8.0%

INFLATION (CPI):
3.9%

FDI INFLOW:
\$665.4 million

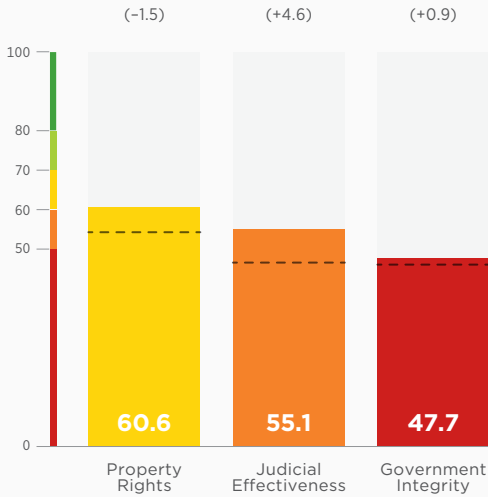
PUBLIC DEBT:
91.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: English planters seized Jamaica from Spain in 1655 and established a plantation economy based on slave labor. The island gained independence from the United Kingdom in 1962. In August 2020, incumbent Prime Minister Andrew Holness was elected to his third nonconsecutive term in early elections, and his center-left Jamaica Labour Party won 49 of 63 parliamentary seats. The international Financial Action Task Force placed Jamaica on a small list of countries requiring increased oversight to fix weaknesses in its anti-money laundering and anti-terrorism financing capabilities. Long-standing recurrent violence among powerful organized crime networks that are involved in illicit drug and arms trafficking (and are also affiliated with major political parties) is an ongoing problem.

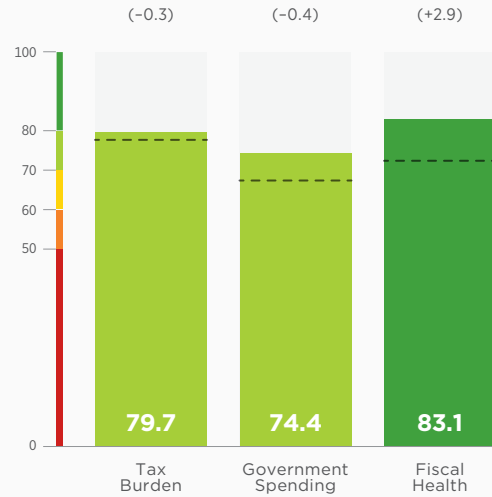
12 ECONOMIC FREEDOMS | JAMAICA

RULE OF LAW



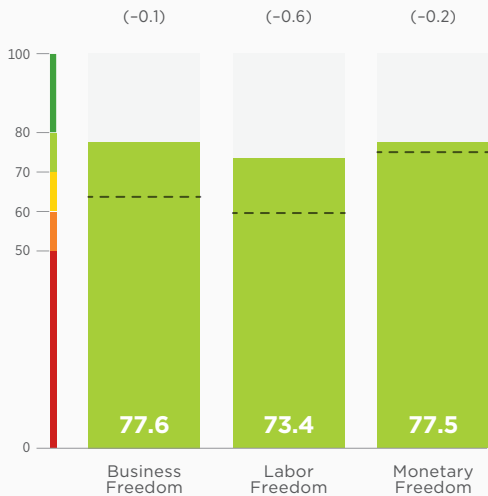
Secured interests in property are enforced, but bureaucratic delays make the registration of property difficult. Nearly 20 percent of Jamaica's people live as squatters, mostly on public lands. The judicial system is fair, but its inefficiency and large backlog of cases weaken the rule of law. Corruption, often linked to organized crime, is one of the root causes of Jamaica's high crime rate and economic stagnation.

GOVERNMENT SIZE



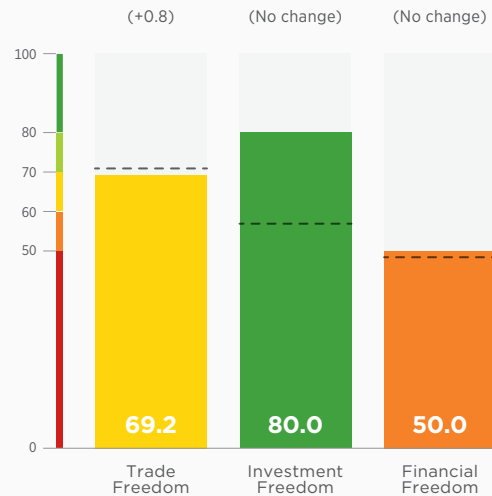
The top individual income and corporate tax rates are 25 percent. Other taxes include property transfer and general consumption taxes. The overall tax burden equals 27.9 percent of total domestic income. Government spending has amounted to 29.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.6 percent of GDP. Public debt is equivalent to 91.9 percent of GDP.

REGULATORY EFFICIENCY



The entry costs of starting a business in Jamaica are low, and the process generally takes only two days. The labor force participation rate declined in 2019. Tourism accounts for about 20 percent of GDP, and remittances account for approximately 14 percent of GDP. The government continues to subsidize medications and health care through the National Health Fund and regulates utility prices for water, electricity, and telecommunications services.

OPEN MARKETS



Jamaica has two preferential trade agreements in force. The trade-weighted average tariff rate is 10.4 percent, and five nontariff measures are in effect. Jamaica is relatively open to foreign investment, but state-owned enterprises distort the economy. High financing costs hamper private-sector growth. About 80 percent of adult Jamaicans have an account with a formal banking institution.

JAPAN

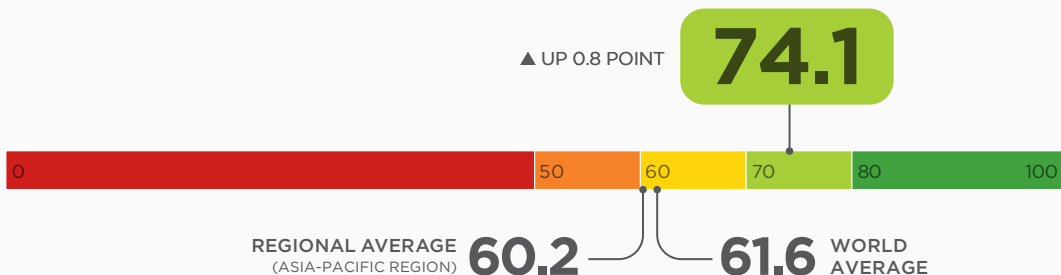
Japan's economic freedom score is 74.1, making its economy the 23rd freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in **fiscal health**. Japan is ranked 6th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Japan's economy again occupies a perch in the middle ranks of the mostly free category. As has been the case since the inception of the *Index* in 1995, the main indicator holding the country back from greater economic freedom is government spending. Unfortunately, spending climbed once again (by more than 1 percent) in the 2020 budget.

IMPACT OF COVID-19: As of December 1, 2020, 2,109 deaths had been attributed to the pandemic in Japan, and the economy was forecast to contract by 5.3 percent for the year.

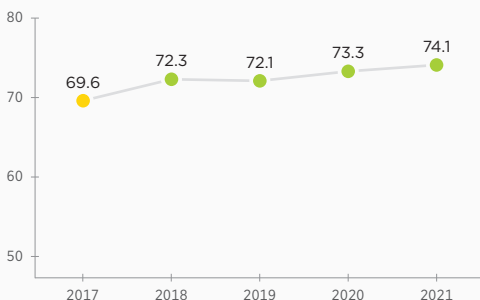


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
126.3 million

GDP (PPP):
\$5.7 trillion
0.7% growth in 2019
5-year compound
annual growth 1.0%
\$43,236 per capita

UNEMPLOYMENT:
2.3%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$14.6 billion

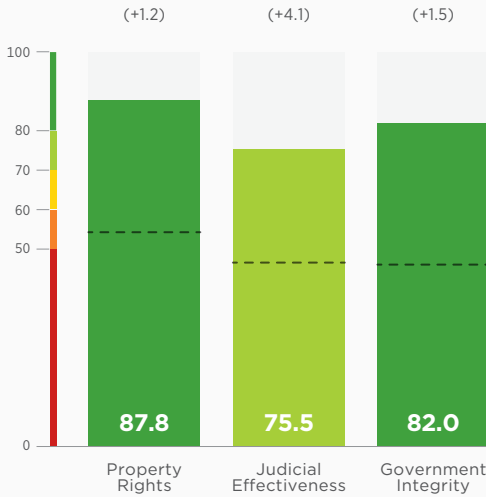
PUBLIC DEBT:
237.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Japan has long been a global economic power. In September 2020, Shinzo Abe resigned as prime minister, having set a record as the longest-serving Japanese leader. Former Chief Cabinet Secretary Yoshihide Suga was elected to succeed Abe and serve the remainder of his term. Japan was scheduled to hold a general election in or before October 2021. Suga campaigned on maintaining Abe's policies, including his signature "Abenomics" of progressive fiscal policy, loose monetary policy, and a variety of structural reforms. Suga's economic priority will be mitigating the economic costs of the COVID-19 crisis. The public wants deeper reforms to remedy Japan's endemic economic problems but fears the upheaval that such measures could cause.

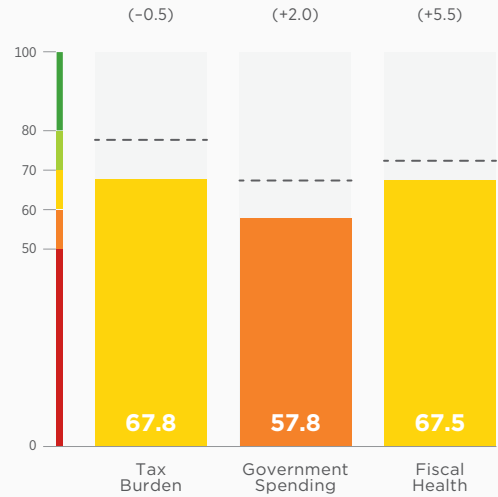
12 ECONOMIC FREEDOMS | JAPAN

RULE OF LAW



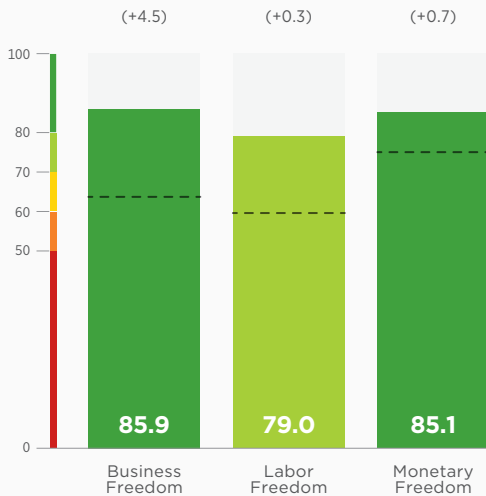
Japan's judiciary is independent and fair, enforces contracts effectively, and provides protection for real and intellectual property. Levels of corruption are low, but close relationships among companies, politicians, and government agencies foster an inwardly cooperative business climate conducive to favoritism. The traditional practice of *amakudari* (granting retired government officials top positions within Japanese companies) is common in some sectors.

GOVERNMENT SIZE



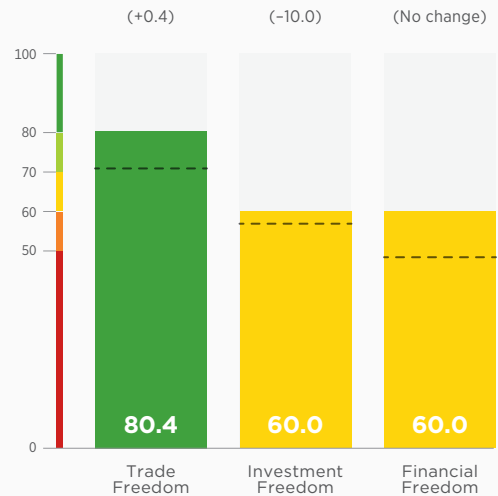
The top individual income tax rate is 40.8 percent, and the top corporate tax rate is 23.9 percent, which local taxes and an enterprise tax can increase significantly. The overall tax burden equals 31.4 percent of total domestic income. Government spending has amounted to 37.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 237.4 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits and getting electricity are now less time-consuming. Legislation has revised the Women's Empowerment Law, expanded reporting requirements, and added required disclosures. In 2019, government agriculture subsidies reached almost \$48 billion; the state also funds many subsidies, tax credits, and other incentives to attract foreign investment.

OPEN MARKETS



Japan has 17 preferential trade agreements in force. The trade-weighted average tariff rate is 2.3 percent, and 393 nontariff measures are in effect. The government screens foreign investment in some sectors. The financial sector is competitive, but state involvement persists. The government has expanded the volume of concessional loans, which are interest free without collateral, primarily for small and medium-size firms affected by the pandemic.

JORDAN

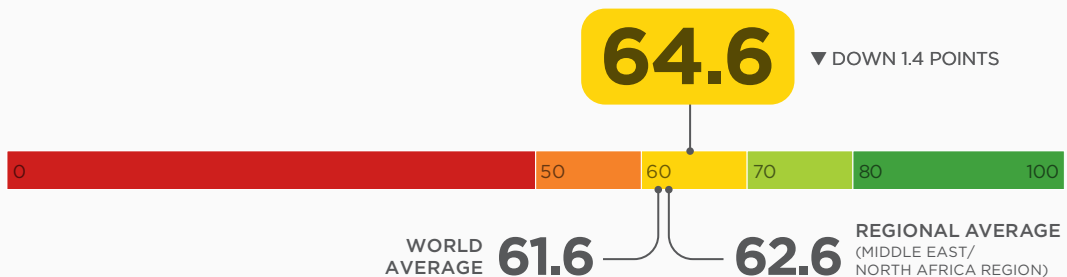
Jordan's economic freedom score is 64.6, making its economy the 69th freest in the 2021 *Index*. Its overall score has decreased by 1.4 points, primarily because of declines in **fiscal health** and **trade freedom**. Jordan is ranked 6th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Jordan's economy is ranked in the moderately free category again this year. The biggest obstacles to greater economic freedom are poor fiscal health and relatively low scores on such rule-of-law indicators as property rights and (especially) government integrity. Regrettably, the budget deficit widened in 2020 as the government put efforts to consolidate public finances on the back burner.

IMPACT OF COVID-19: As of December 1, 2020, 2,802 deaths had been attributed to the pandemic in Jordan, and the economy was forecast to contract by 5.0 percent for the year.

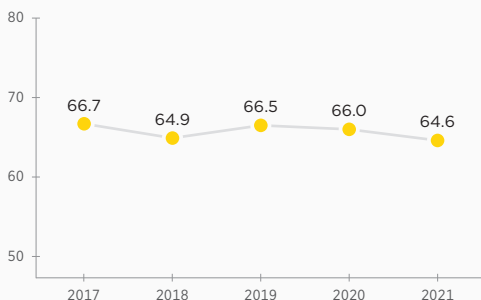


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.1 million

GDP (PPP):
\$96.3 billion
2.0% growth in 2019
5-year compound annual growth 2.1%
\$10,317 per capita

UNEMPLOYMENT:
14.7%

INFLATION (CPI):
0.3%

FDI INFLOW:
\$915.8 million

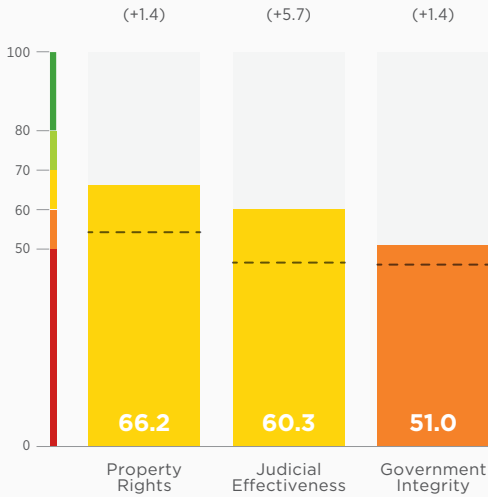
PUBLIC DEBT:
93.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Independent from the United Kingdom since 1946, the Hashemite Kingdom of Jordan is a constitutional monarchy with relatively few natural resources. King Abdullah II assumed the throne in 1999 with an ambitious reform agenda. The economy, one of the region's smallest, is supported by foreign loans, international aid, and remittances from expatriate workers. In 2000, Jordan joined the World Trade Organization and signed a free-trade agreement with the United States. Omar al-Razzaz, appointed by the king to serve as prime minister in 2018 to defuse popular protests over higher taxes, has pushed for IMF-backed structural and debt reforms. Ongoing conflicts in Iraq and Syria have severely disrupted Jordan's economy and regional trade, and more than 1.3 million Syrian and Iraqi refugees have strained its limited resources.

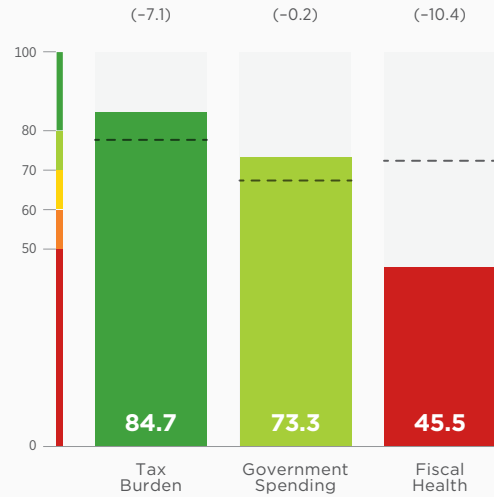
12 ECONOMIC FREEDOMS | JORDAN

RULE OF LAW



Jordan's legal system facilitates the protection of property rights, and all land plots are titled and registered. The judiciary is generally independent, but the king has ultimate authority. A large case backlog delays justice. The use of family, business, and other connections to advance business and individual interests is endemic in Jordan. Enforcement of anticorruption laws is undermined by a lack of genuinely independent institutions.

GOVERNMENT SIZE



The top individual income tax rate has been increased to 30 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 15.1 percent of total domestic income. Government spending has amounted to 29.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.8 percent of GDP. Public debt is equivalent to 93.2 percent of GDP.

REGULATORY EFFICIENCY



Jordan has fallen below a score of 60 in business freedom for only the second time in 13 years as other countries have outpaced it in adopting reforms. In 2019, the government offered cash to companies that replace foreign labor with Jordanian staff and increased the number of professions closed to non-Jordanians from 11 to 28. In 2020, the government renewed its commitment to better targeting of electricity subsidies.

OPEN MARKETS



Jordan has seven preferential trade agreements in force. The trade-weighted average tariff rate is 9.5 percent, and 19 nontariff measures are in effect. In general, foreign and local investors are treated equally under the law. Banking regulations generally conform to international standards. In 2020, the central bank increased the financial system's liquidity and allowed banks to postpone loan repayments in sectors affected by COVID-19.

KAZAKHSTAN

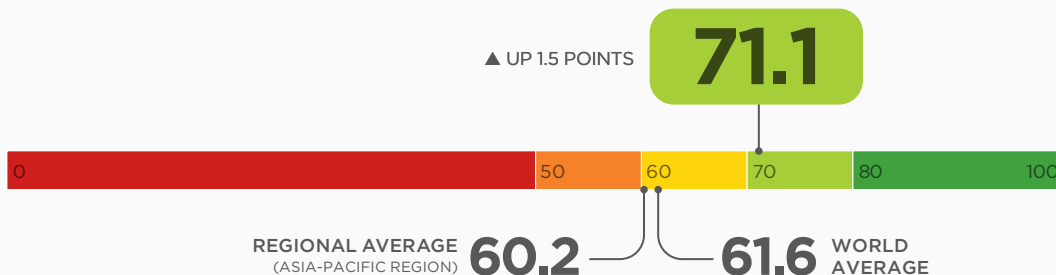
Kazakhstan's economic freedom score is 71.1, making its economy the 34th freest in the 2021 *Index*. Its overall score has increased by 1.5 points, primarily because of an improvement in **fiscal health**. Kazakhstan is ranked 8th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

For the first time since the beginning of its *Index* scoring in 1998, Kazakhstan's economy has joined the ranks of the mostly free. To remain there and to achieve its goal of eventual diversification away from reliance on hydrocarbon production, the government will need to identify and remedy weaknesses in government integrity, investment freedom, business freedom, and financial freedom.

IMPACT OF COVID-19: As of December 1, 2020, 2,434 deaths had been attributed to the pandemic in Kazakhstan, and the economy was forecast to contract by 2.7 percent for the year.

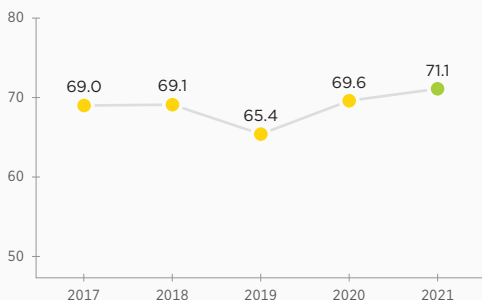


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +29.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.5 million

GDP (PPP):
\$541.0 billion
4.5% growth in 2019
5-year compound
annual growth 3.0%
\$27,444 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
5.2%

FDI INFLOW:
\$3.1 billion

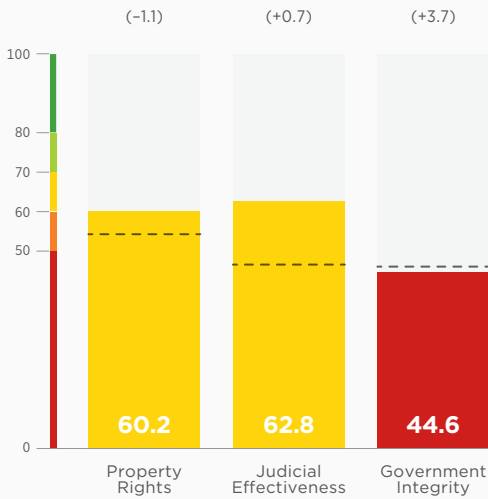
PUBLIC DEBT:
20.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A vast semiarid steppe, Kazakhstan was once the second-largest Soviet republic behind Russia. President Nursultan Nazarbayev, whose rule lasted nearly 30 years, resigned in March 2019. Kassym-Jomart Tokayev won the snap presidential election in June 2019. Over the past several years, Kazakhstan has been transitioning from the Cyrillic alphabet to the Latin alphabet. Oil production is booming, primarily because of a nearly \$37 billion expansion of the Tengiz oil field. Kazakhstan's vast hydrocarbon and mineral reserves, especially in the Caspian Basin, form the backbone of its economy. The country is the world's largest producer of uranium and has a large agricultural sector that features live-stock and grain.

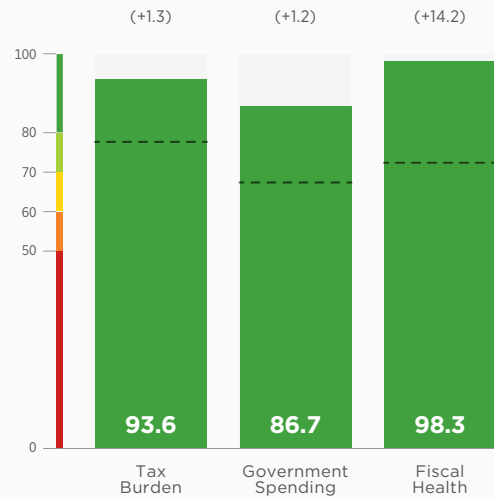
12 ECONOMIC FREEDOMS | KAZAKHSTAN

RULE OF LAW



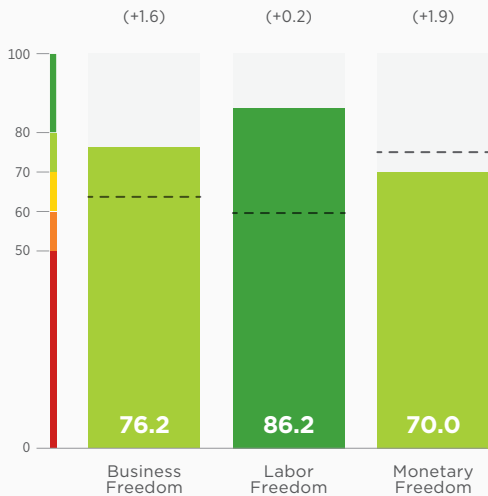
Although property rights generally are not protected consistently, the World Bank's *Doing Business* report ranks Kazakhstan 25th out of 190 countries for ease of property registration. In recent years, the government has expropriated the properties of numerous Protestant churches. The judicial system is subject to political influence. There are allegations of corruption in nearly every economic sector, including extractive industries, infrastructure projects, state procurement, and the banking sector.

GOVERNMENT SIZE



The flat personal income tax rate is 10 percent, and the standard corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 11.7 percent of total domestic income. Government spending has amounted to 21.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.8 percent of GDP. Public debt is equivalent to 20.2 percent of GDP.

REGULATORY EFFICIENCY



Companies can now register for the value-added tax at the time of incorporation. Bankruptcy proceedings now require a vote by all creditors on any rehabilitation plan. The law does not limit the ability of employers to dismiss workers for economic reasons. The government subsidizes a wide range of economic sectors, including agriculture, energy, and transportation.

OPEN MARKETS



Kazakhstan has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 5.2 percent, and 35 nontariff measures are in effect. Foreign investment in some sectors is restricted, and state-owned enterprises distort the economy. The financial sector is relatively stable but subject to state influence. About 70 percent of adults have access to an account with a formal banking institution. Nonperforming loans are a problem.

KENYA

Kenya's economic freedom score is 54.9, making its economy the 138th freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **judicial effectiveness**. Kenya is ranked 28th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

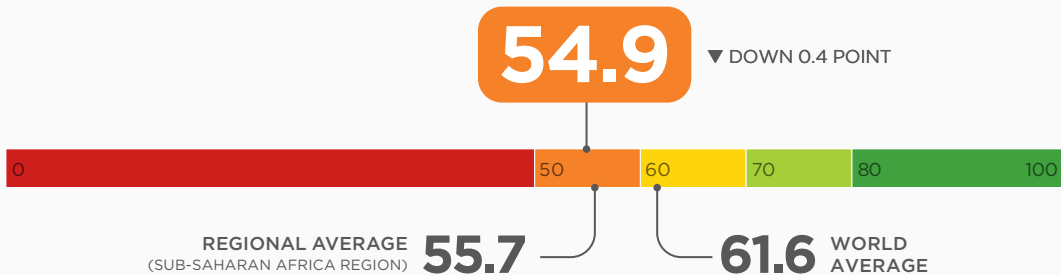
Kenya's economy has been ranked mostly unfree since 1997. Major obstacles to greater economic freedom include a lack of judicial effectiveness, poor government integrity, and grave problems with fiscal health. The government hopes to achieve more rapid economic growth through trade liberalization. However, policy implementation remains vulnerable to such risks as drought, lack of security, corruption, and political squabbling.

IMPACT OF COVID-19: As of December 1, 2020, 1,474 deaths had been attributed to the pandemic in Kenya, and economic growth was forecast to decline to 1.0 percent for the year.

WORLD RANK: **138** REGIONAL RANK: **28**

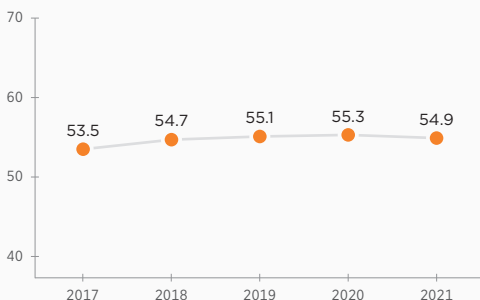
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
52.6 million

GDP (PPP):
\$191.2 billion
5.6% growth in 2019
5-year compound
annual growth 5.7%
\$4,509 per capita

UNEMPLOYMENT:
2.6%

INFLATION (CPI):
5.2%

FDI INFLOW:
\$1.3 billion

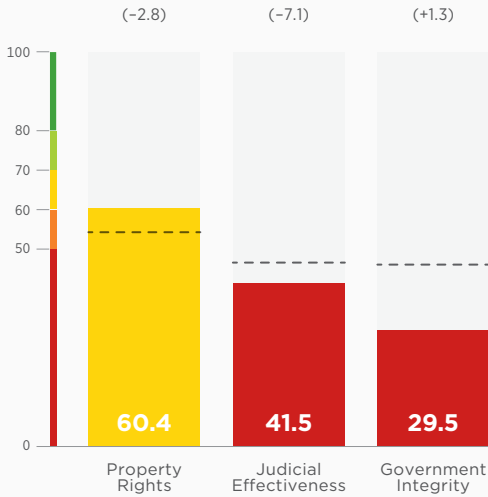
PUBLIC DEBT:
60.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Kenya achieved independence from Britain in 1963, but true political liberalization did not begin until the early 1990s. In 2013, Uhuru Kenyatta, the son of Kenya's inaugural president, won the first presidential election conducted under a new 2010 constitution. Kenyatta won reelection in an October 2017 revote after the Supreme Court annulled his victory in the initial vote. In 2018, Kenyatta appeared to reconcile with Raila Odinga, his opponent in the contested election. Tensions within the ruling Jubilee Party have increased because of a growing rift between Kenyatta and William Ruto, his deputy and presumed heir apparent. Kenya is East Africa's economic, financial, and transport hub, and its real GDP growth has been robust in recent years.

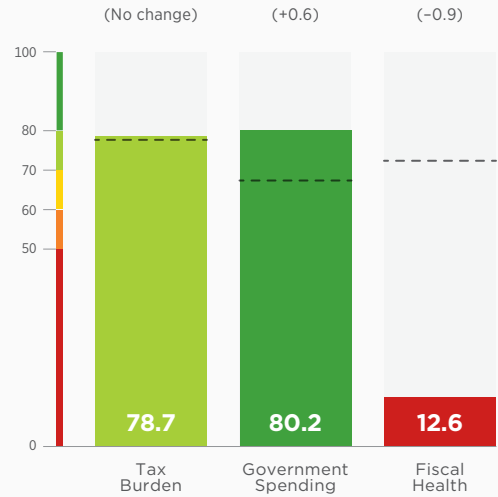
12 ECONOMIC FREEDOMS | KENYA

RULE OF LAW



The land titling process remains difficult. Titles are not secure, and 70 percent of land is untitled. Property rights are poorly enforced. The judiciary, although generally independent, impartial, and free from corruption, is undermined by weak institutional capacity. Corruption is pervasive and entrenched. Anticorruption reforms have had limited success. Transparency International's 2019 *Corruption Perceptions Index* ranked Kenya 137th out of 180 countries analyzed.

GOVERNMENT SIZE



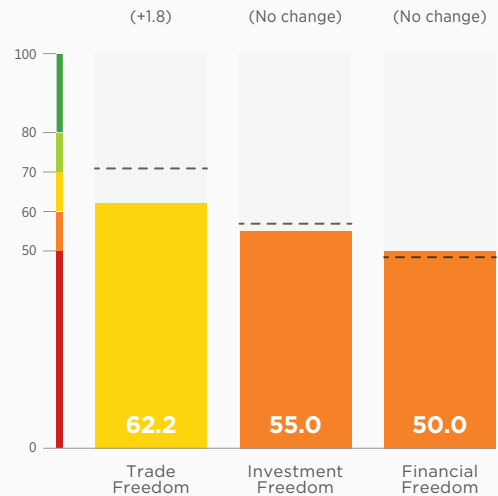
The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax. The overall tax burden equals 18.2 percent of total domestic income. Government spending has amounted to 25.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.7 percent of GDP. Public debt is equivalent to 60.8 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has been made more transparent with online building permit requirements and reduced fees. Kenya has also improved the reliability of the electricity supply and made it easier to resolve insolvency. The labor force participation rate has improved. The government continues to regulate prices through subsidies (for example, for electricity and maize) and through agricultural marketing boards and state-owned enterprises.

OPEN MARKETS



Kenya has two preferential trade agreements in force. The trade-weighted average tariff rate is 11.4 percent, and 53 nontariff measures are in effect. Foreign ownership in some sectors is restricted, and state-owned enterprises undermine more dynamic private-sector development. The growing financial sector has become more open to competition, and its overall stability is relatively well maintained.

KIRIBATI

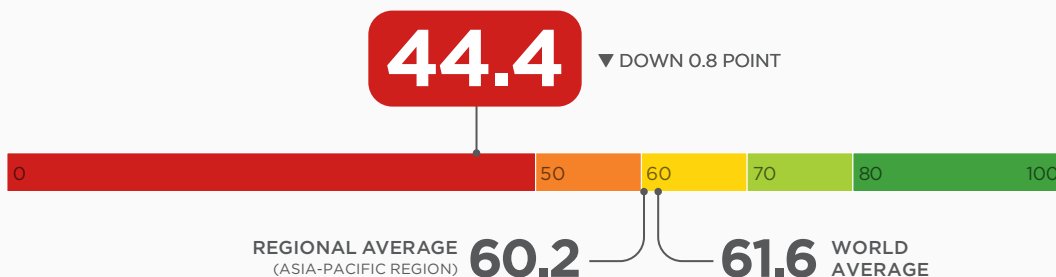
WORLD RANK: **171** | REGIONAL RANK: **39**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Kiribati's economic freedom score is 44.4, making its economy the 171st freest in the 2021 *Index*. Its overall score has decreased by 0.8 point, primarily because of a decline in **business freedom**. Kiribati is ranked 39th among 40 countries in the Asia-Pacific region, and its overall score is well below the regional and world averages.

The economy of Kiribati generally has been considered repressed ever since the beginning of its *Index* grading in 2009. A shortage of skilled workers, weak infrastructure, and remoteness from international markets constrain greater development and economic freedom in Kiribati. The public sector dominates the economy, burdening it with excessive regulation and inefficient state-owned enterprises. The financial sector remains underdeveloped.

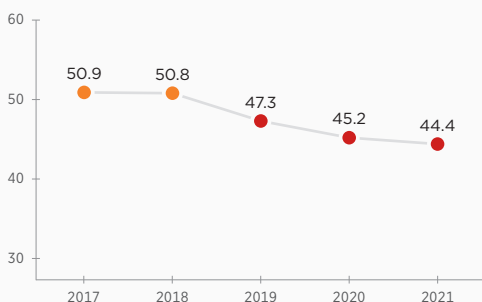
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Kiribati, but the economy was forecast to contract by 1.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.3 billion
2.3% growth in 2019
5-year compound
annual growth 4.2%
\$2,369 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
-1.9%

FDI INFLOW:
\$0.5 million

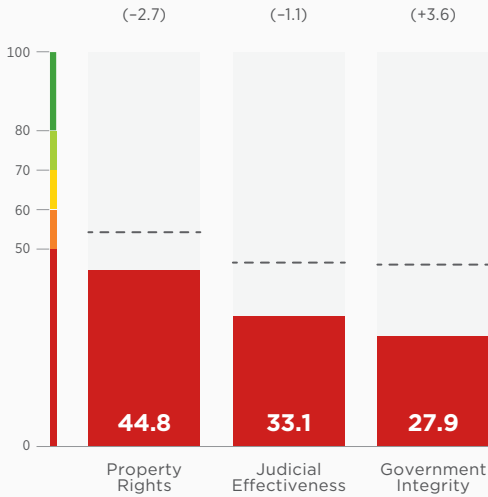
PUBLIC DEBT: 23.0%
of GDP (est.)

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Comprised of 33 scattered coral atolls, Kiribati has few natural resources and is one of the least-developed Pacific Island countries. Kiribati gained independence from the United Kingdom in 1979, and its government functions democratically. Taneti Maamau of the Tobwaan Kiribati Party, who was elected president in 2016 after 12 years of rule by Anote Tong of the Boutokaan Te Koaua, was reelected in 2020. Economic activity once was centered on the mining of phosphates, but those deposits have been exhausted. A \$722 million fund created with mining revenues continues to provide significant budget support. Kiribati relies on foreign assistance, emigrants' remittances, fishing, coconut exports, and tourism. Crippling algae in the corals are a serious threat to the fishing industry.

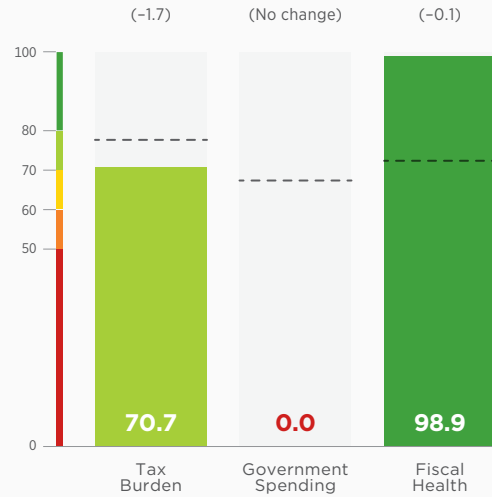
12 ECONOMIC FREEDOMS | KIRIBATI

RULE OF LAW



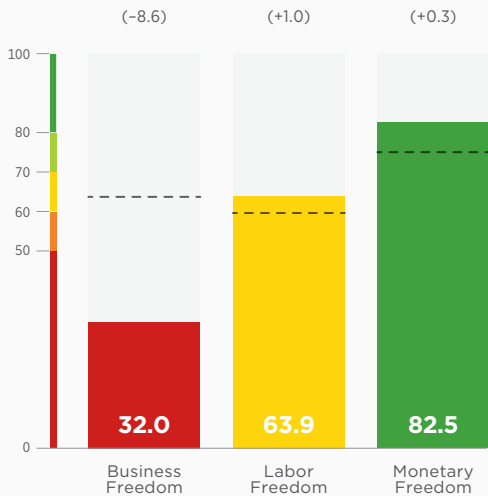
Property rights are weak. The judicial system, modeled on English common law, provides adequate due process rights, but the rule of law remains uneven across the country. Contracts are weakly enforced, and courts are relatively inexperienced in commercial litigation. Official corruption, nepotism, and other abuses of privilege are serious problems. The government's implementation of anticorruption measures is inadequately resourced and ineffective.

GOVERNMENT SIZE



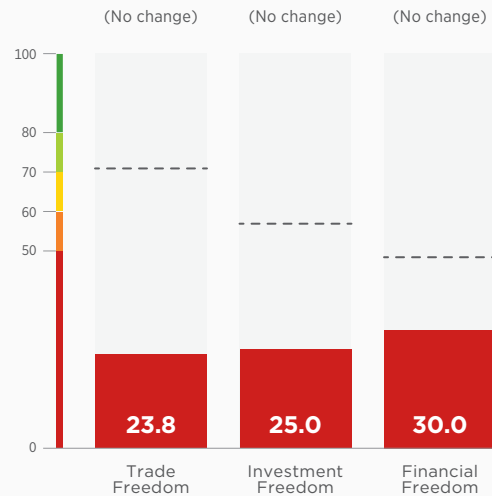
The top individual income and corporate tax rates are 35 percent. Taxation remains inconsistent and poorly administered across the economy. The overall tax burden equals 22.0 percent of total domestic income. Government spending has amounted to 119.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 6.4 percent of GDP. Public debt is equivalent to an estimated 23.0 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has declined sharply in Kiribati. Dealing with construction permits is now more complicated, expensive, and time-consuming. However, the value added per worker relative to the minimum wage has improved. Kiribati's monetary instability is mitigated by its use of the Australian dollar, but the government funds price-distorting subsidies for some agricultural products.

OPEN MARKETS



Kiribati has two preferential trade agreements in force. The trade-weighted average tariff rate is 28.1 percent, and non-tariff barriers persist. Kiribati is not a member of the World Trade Organization. Much-needed investment continues to be undermined by inefficient state-owned enterprises and regulations that hinder private-sector development. High credit costs impede development of the private sector.

NORTH KOREA

North Korea's economic freedom score is 5.2, making its economy the least free in the 2021 *Index*. Its overall score has increased by 1.0 point, primarily because of an improvement in the **property rights** score. North Korea is ranked last among 40 countries in the Asia-Pacific region, and its overall score is well below the regional and world averages.

The economy of North Korea is severely repressed and has been the lowest-ranked in the world every year since the inception of the *Index* in 1995. Chronic structural problems beset one of the world's most centrally commanded and least open economies. In a country that lacks even the most basic policy infrastructure of a free-market economy, individuals and businesses lack any economic freedom whatsoever, both in principle and in practice.

IMPACT OF COVID-19: As of December 1, 2020, no reliable information was available on the number of deaths from the pandemic in North Korea.

WORLD RANK: **178** | REGIONAL RANK: **40**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE

5.2

▲ UP 1.0 POINT



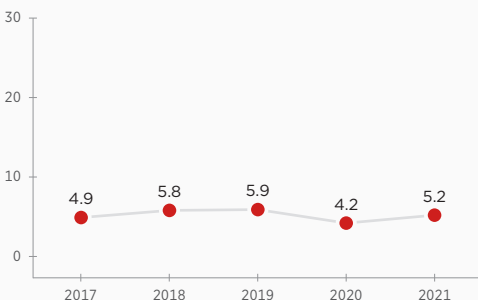
REGIONAL AVERAGE
(ASIA-PACIFIC REGION)

60.2

61.6 WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.7 million

GDP (PPP):
\$40.0 billion
2.3% growth in 2019
5-year compound
annual growth -0.5%
\$1,700 per capita
(2015 est.)

UNEMPLOYMENT:
25.6% (2013 est.)

INFLATION (CPI):
n/a

FDI INFLOW:
\$25.8 million

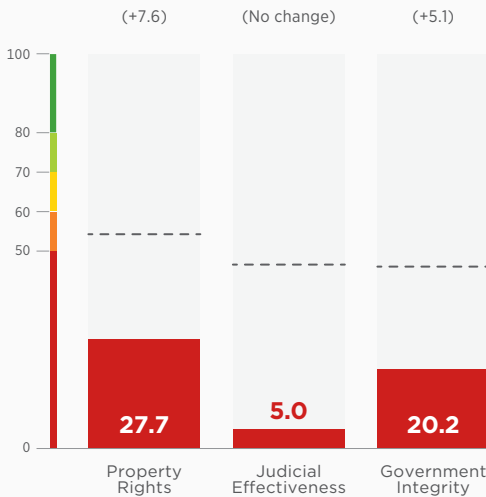
PUBLIC DEBT: n/a

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Founding President Kim Il-sung's family has ruled the Democratic People's Republic of Korea with an iron fist since 1948. After years of self-imposed national isolation, Kim Il-sung's grandson, Kim Jong-un, burst onto the international diplomatic stage in 2018, initiating summits with South Korea, China, and the United States. Kim's offer to discuss denuclearization raised hopes for a long-sought diplomatic solution, but those hopes were dashed when Pyongyang made it clear that it refuses to disarm unilaterally as required under U.N. resolutions. Despite repeated attempts at engagement, there has been no progress toward denuclearization. After decades of economic mismanagement and resource misallocation, the DPRK has faced chronic food shortages since the mid-1990s.

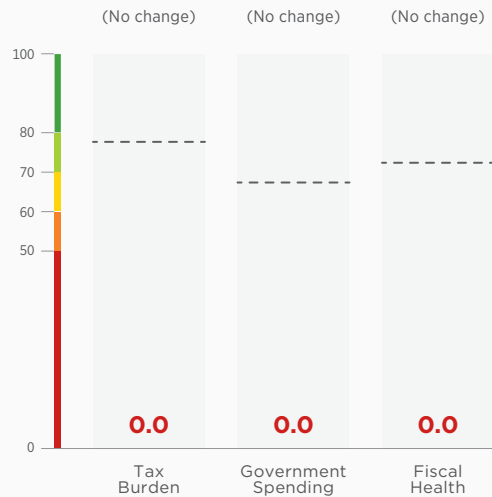
12 ECONOMIC FREEDOMS | NORTH KOREA

RULE OF LAW



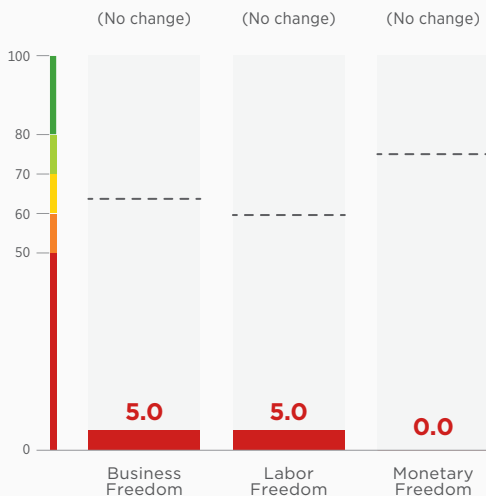
Almost all property belongs to the state. Government control extends even to chattel property. There is no functioning judiciary, and the rule of law is weak. Corruption and bribery are rampant throughout the government, and state institutions are opaque. The ruling Workers' Party, the Korean People's Army, and members of the cabinet run all companies earning foreign exchange.

GOVERNMENT SIZE



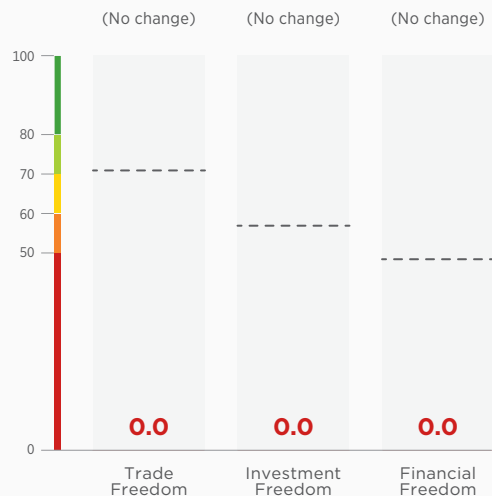
There is no effective tax system, and the government operates more like a large conglomerate than a traditional government. Resource flows to and from enterprises and individuals are controlled directly rather than through neutral fiscal policy. The military regime has tolerated limited private entrepreneurship in order to boost government revenue. The state controls production levels, and state-owned industries account for nearly all GDP.

REGULATORY EFFICIENCY



Entrepreneurial activity is given a low priority and can be seen as a threat to political control. The labor market lacks opportunity to such an extent that the risk of starvation is a legitimate concern. North Korea's monetary regime is completely controlled, leading to price distortions, and China continues its extensive subsidies of the country's food and energy.

OPEN MARKETS



Trade and investment flows are controlled by the government and affected by multilateral economic sanctions. The regime may be attempting to start modest economic opening by encouraging limited foreign direct investment, but the dominant influence of the military establishment makes any meaningful near-term change unlikely. Access to financing is very limited and constrained by the repressive and firmly state-controlled economic system.

SOUTH KOREA

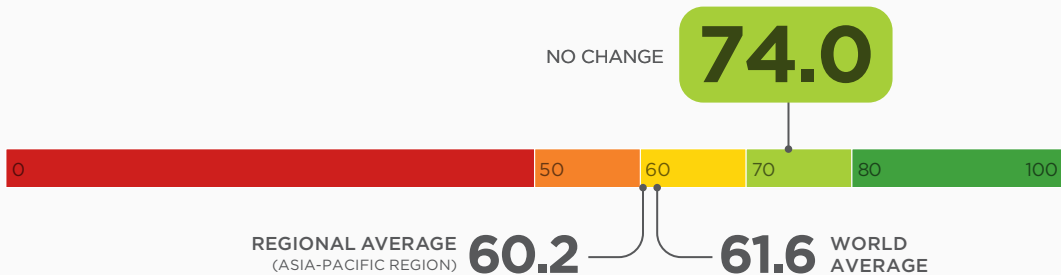
South Korea's economic freedom score is 74.0, making its economy the 24th freest in the 2021 *Index*. Its overall score is unchanged, with an improvement in the **government spending** score offset by declines in **investment freedom** and **financial freedom**. South Korea is ranked 7th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

South Korea's economy continues to maintain its ranking among the mostly free countries. A well-educated labor force and high capacity for innovation have helped companies to capitalize on the country's participation in the global trading system. A sound legal framework is in place, but lingering corruption continues to undermine equity and trust in government. Improvements in judicial effectiveness and government integrity would increase economic freedom and spur growth.

IMPACT OF COVID-19: As of December 1, 2020, 526 deaths had been attributed to the pandemic in South Korea, and the economy was forecast to contract by 1.9 percent for the year.

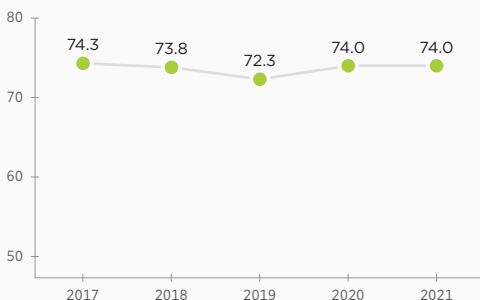


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
51.7 million

GDP (PPP):
\$2.3 trillion
2.0% growth in 2019
5-year compound
annual growth 2.7%
\$43,029 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
0.4%

FDI INFLOW:
\$10.6 billion

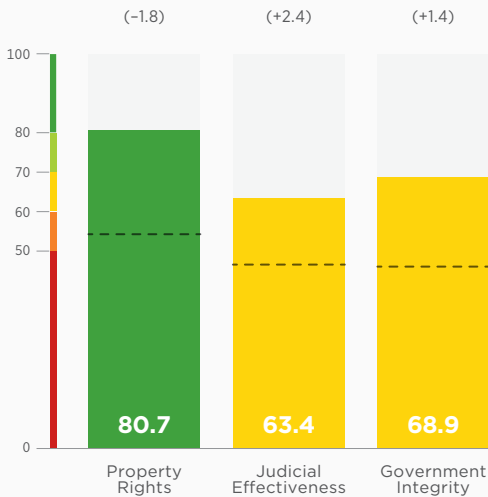
PUBLIC DEBT:
40.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Since his election in 2017, progressive President Moon Jae-in has sought to reduce tensions and improve relations with North Korea by offering economic benefits that include massive infrastructure projects. All economic activity with Pyongyang, however, is constrained by international sanctions, and North Korea subsequently dismissed Seoul's diplomatic endeavors, even rejecting humanitarian assistance. After decades of rapid economic growth and global integration, South Korea has become a high-technology, industrialized, \$2 trillion economy led by such sectors as electronics, telecommunications, automobile production, chemicals, shipbuilding, and steel. Nevertheless, the country faces daunting challenges that include an aging population, low worker productivity, and the need to implement a structural shift away from overreliance on an export-led growth model and expansionary fiscal policy.

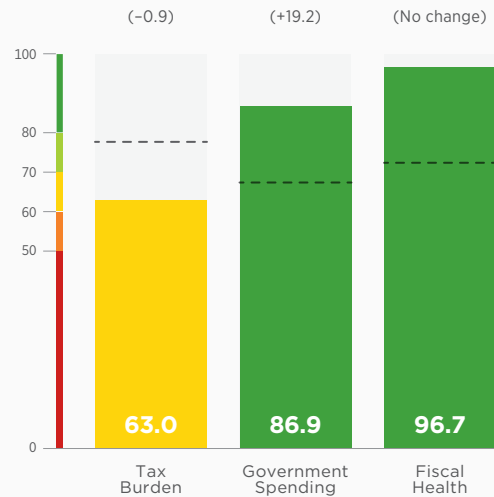
12 ECONOMIC FREEDOMS | SOUTH KOREA

RULE OF LAW



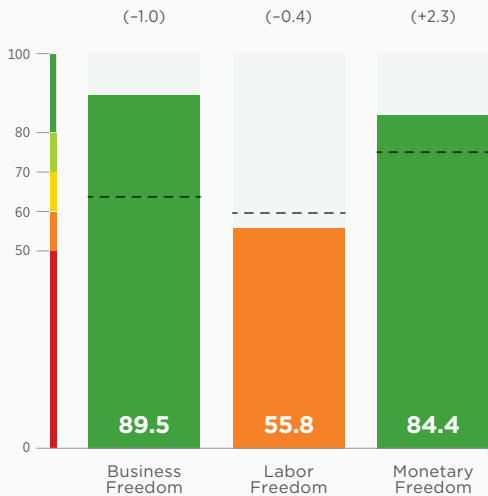
Property rights and interests are enforced, and the courts manage a reliable system for the registration of mortgages and liens. The judiciary is generally considered to be independent, and efforts are being made to ensure that the judicial process is fairer and more reliable. Despite government anticorruption efforts, bribery, influence peddling, nepotism, and extortion persist in politics, business, and everyday life.

GOVERNMENT SIZE



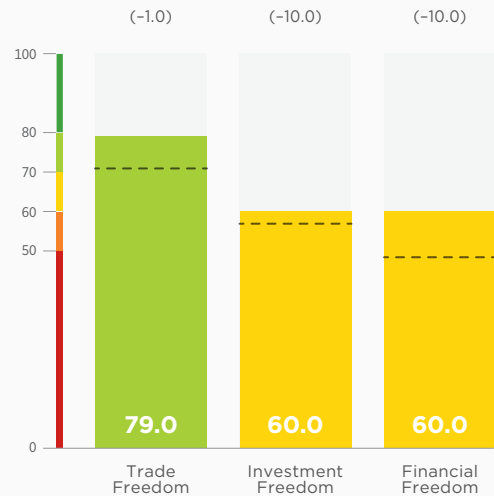
The top personal income tax rate is 42 percent, and the top corporate tax rate is 25 percent. Both rates are subject to a 10 percent surtax. The overall tax burden equals 28.4 percent of total domestic income. Government spending has amounted to 20.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.9 percent of GDP. Public debt is equivalent to 40.7 percent of GDP.

REGULATORY EFFICIENCY



Business freedom is well established in South Korea. However, the number of procedures and days it takes to start a business has risen. The Moon administration has initialized a mandatory 52-hour workweek, adding rigidity to an already inflexible labor market. In its 2020 budget, the government maintained a variety of green subsidies including subsidies for electric vehicles.

OPEN MARKETS



South Korea has 18 preferential trade agreements in force. The trade-weighted average tariff rate is 8.0 percent, and 435 nontariff measures are in effect. Foreign investment in some sectors remains restricted, and policy reforms are needed to facilitate greater investment inflows. The financial sector is competitive, but business start-ups still struggle to obtain financing. Interventionist policies have increased, undermining the potential for growth.

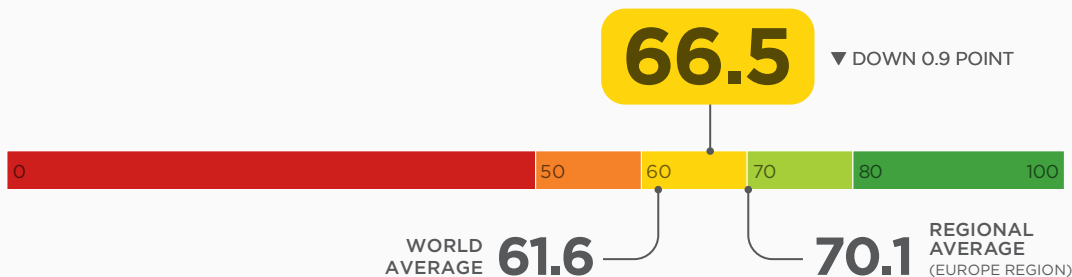
KOSOVO

Kosovo's economic freedom score is 66.5, making its economy the 58th freest in the 2021 *Index*. Its overall score has decreased by 0.9 point, primarily because of a decline in **property rights**. Kosovo is ranked 32nd among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Kosovo's economy has been in the ranks of the moderately free since the beginning of its *Index* grading in 2016. Economic freedom is stymied by political instability, corruption, an unreliable energy supply, a large informal economy, unresolved property disputes, and a tenuous rule of law that is reflected in low *Index* scores for property rights, judicial effectiveness, and government integrity.

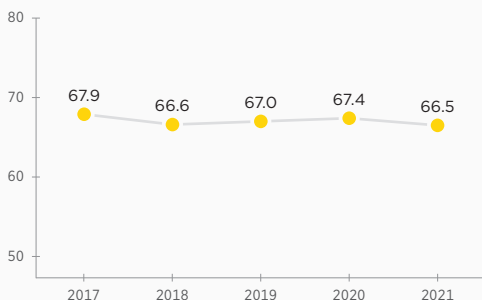
IMPACT OF COVID-19: As of December 1, 2020, 1,026 deaths had been attributed to the pandemic in Kosovo, and the economy was forecast to contract by 7.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2016): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.8 million

GDP (PPP):
\$22.1 billion
4.0% growth in 2019
5-year compound
annual growth 4.0%
\$11,839 per capita

UNEMPLOYMENT:
25.9%

INFLATION (CPI):
2.7%

FDI INFLOW:
\$304.2 million

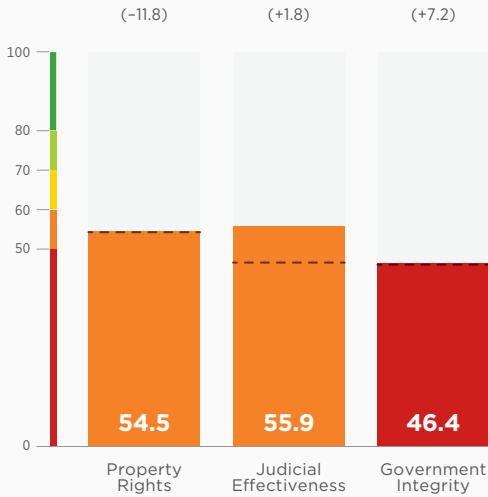
PUBLIC DEBT: 17.5%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Kosovo gained independence from Serbia in 2008, and most members of the European Union have recognized its sovereignty. Nevertheless, NATO still maintains a peacekeeping force in the country. In June 2020, President Hashim Thaci was indicted for war crimes; he maintains that he is innocent of the charges. Avdullah Hoti of the center-right Democratic League of Kosovo (LDK) became prime minister in June, ending months of political uncertainty following the collapse of former Prime Minister Albin Kurtis's government in March. Dialogue on normalizing relations with Serbia has restarted. Despite having made some progress in transitioning to a market-based economy with macroeconomic stability, Kosovo is still highly dependent on remittances and financial and technical assistance from Western donors and the diaspora.

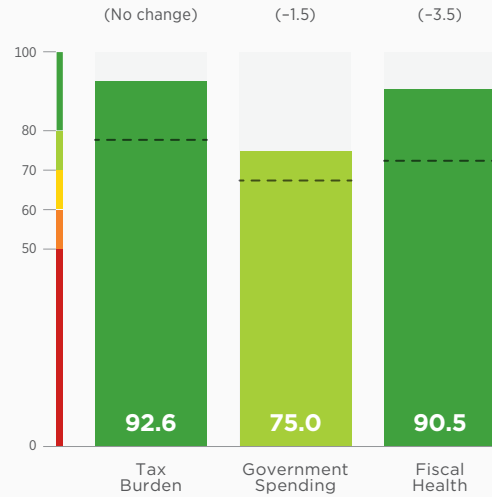
12 ECONOMIC FREEDOMS | KOSOVO

RULE OF LAW



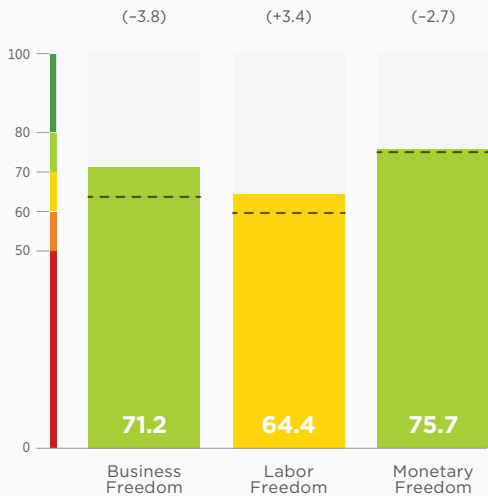
Property rights are enforced, but there are numerous land title disputes between Kosovar Albanians and the Serb minority. The judiciary is influenced by the executive, the court system is backlogged with property-related cases, and some judges lack sufficient subject-matter expertise to handle complex economic issues effectively. The consequent weak rule of law fails to constrain endemic corruption at all levels of government.

GOVERNMENT SIZE



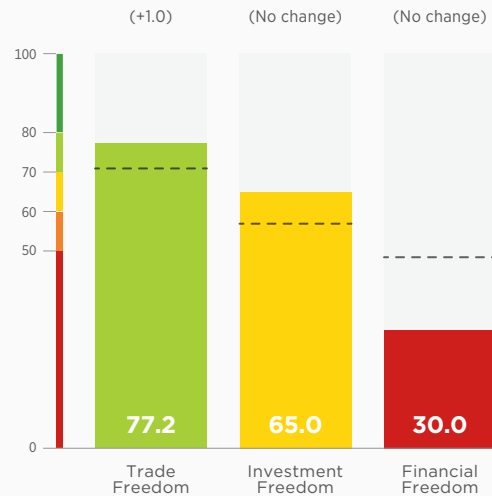
The top personal income and corporate tax rates are 10 percent. Other taxes include value-added and property taxes. The overall tax burden equals 23.3 percent of total domestic income. Government spending has amounted to 28.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 17.5 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business and obtaining electricity have risen, and processes related to construction permits are now more complicated, take longer, and cost more. The majority of agriculture, construction, and retail businesses operate informally. Large agricultural and energy-related subsidies continue, and the government supports money-losing state-owned enterprises.

OPEN MARKETS



Kosovo has one preferential trade agreement in force. The trade-weighted average tariff rate is 3.9 percent. Efforts to dismantle lingering nontariff barriers continue. In general, foreign and domestic investors are treated equally under the law. State-owned enterprises distort the economy. The financial system is dominated by banking and continues to evolve. In 2020, several temporary measures were taken to ease the immediate financial impact of the pandemic.

KUWAIT

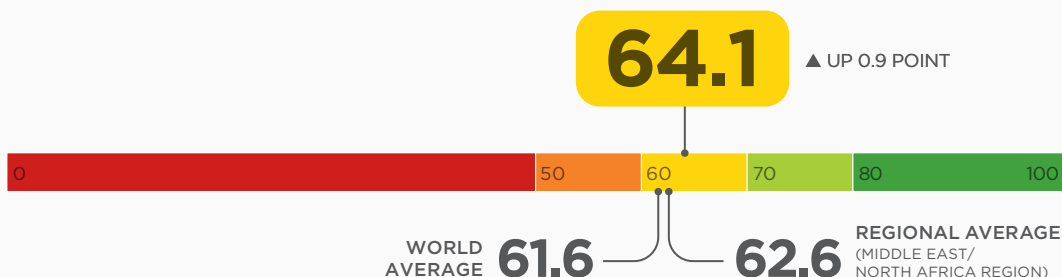
Kuwait's economic freedom score is 64.1, making its economy the 74th freest in the 2021 *Index*. Its overall score has increased by 0.9 point, primarily because of an improvement in **judicial effectiveness**. Kuwait is ranked 8th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The Kuwaiti economy has been in the moderately free category since the beginning of its *Index* scoring in 1996. To expand economic freedom, the government would have to rein in government spending and make significant reforms to strengthen the rule of law, curb corruption, and reduce the bloated and inefficient bureaucracy. Efforts to improve the relatively poor business and investment climate are needed as well.

IMPACT OF COVID-19: As of December 1, 2020, 881 deaths had been attributed to the pandemic in Kuwait, and the economy was forecast to contract by 8.1 percent for the year.

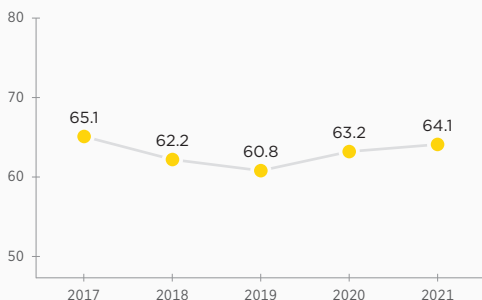


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -2.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.2 million

GDP (PPP):
\$308.7 billion
0.7% growth in 2019
5-year compound
annual growth 0.2%
\$51,912 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
1.1%

FDI INFLOW:
\$104.4 million

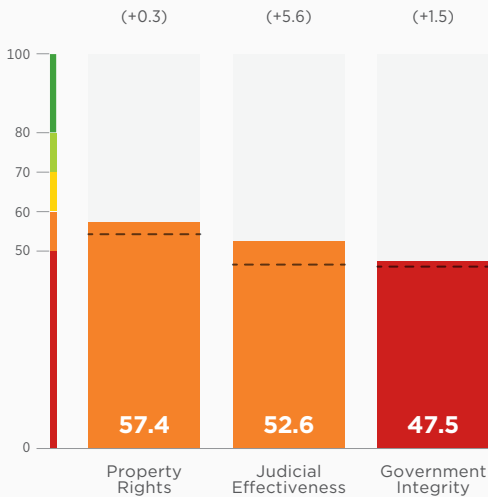
PUBLIC DEBT: 11.6%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British protectorate of Kuwait is a constitutional monarchy and has been ruled by the al-Sabah dynasty since the 18th century. Emir Sabah al-Ahmad al-Jabr al-Sabah's repression of growing opposition from Islamists and tribal populists since 2012 has led to protests. In the 2020 elections, 24 of the National Assembly's 50 seats went to candidates belonging to or leaning toward the opposition, up from 16 in the 2016 elections; 31 of the candidates (none of whom are women) are new to the assembly. This big change could encourage new efforts to implement economic reforms. Kuwait controls approximately 6 percent of the world's oil reserves. Oil and gas account for nearly 60 percent of GDP and about 92 percent of export revenues. The government saves at least 10 percent of revenue annually to cushion itself against the possible impact of lower oil prices.

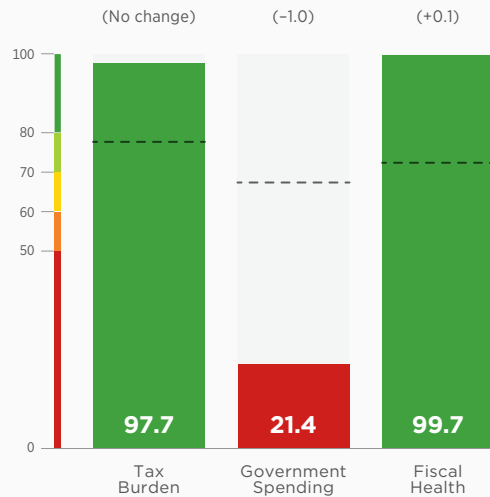
12 ECONOMIC FREEDOMS | KUWAIT

RULE OF LAW



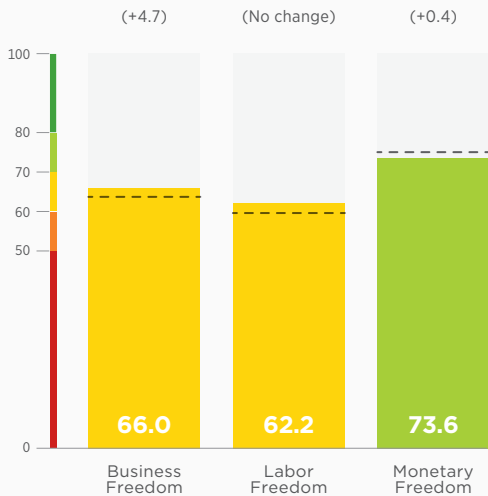
The state controls most of Kuwait's land. However, because of a weak titling and registration system, the government is not fully aware of what it owns, and this contributes to a misallocation of resources. In general, citizens of non-Gulf Cooperation Council countries may not own land. The legal system is poorly developed, and the emir appoints all judges. Corruption is pervasive, especially among the ruling elites.

GOVERNMENT SIZE



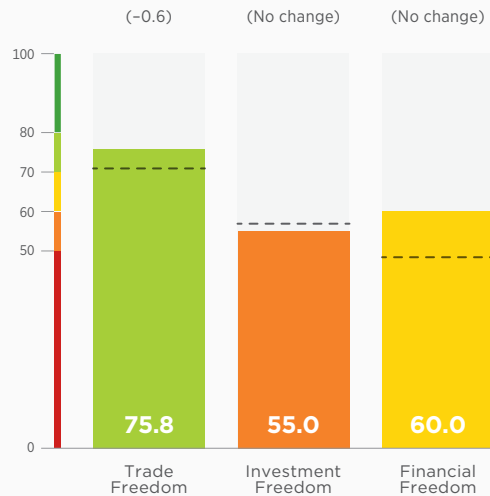
Individual income is not taxed. Foreign-owned firms and joint ventures are the only businesses that are subject to the flat 15 percent corporate income tax. The overall tax burden equals 1.4 percent of total domestic income. Government spending has amounted to 51.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 6.7 percent of GDP. Public debt is equivalent to 11.6 percent of GDP.

REGULATORY EFFICIENCY



Kuwait has eliminated redundant procedures involved in obtaining a commercial license and has simplified online company registration. Getting electricity is now easier. Many Kuwaiti nationals are reluctant to take private-sector jobs, preferring to work for the government. Instead of reducing very high subsidies, the government is likely to maintain them through deficit spending.

OPEN MARKETS



Kuwait has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.6 percent, and 55 nontariff measures are in effect. The economy benefits from openness to foreign investment, although some sectors are not open. A modern financial regulatory system facilitates and welcomes portfolio investment. The banking sector remains well capitalized, and a more dynamic capital market is evolving.

KYRGYZ REPUBLIC

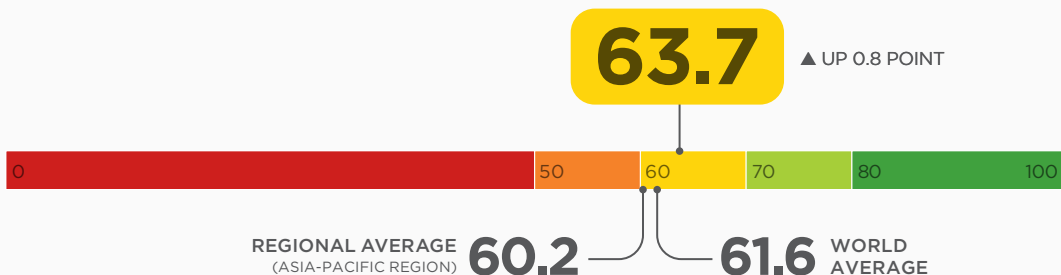
The Kyrgyz Republic's economic freedom score is 63.7, making its economy the 78th freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in **fiscal health**. The Kyrgyz Republic is ranked 13th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The economy of the Kyrgyz Republic is ranked among the moderately free for the fifth year in a row. To achieve greater economic freedom, the government would have to move aggressively to tackle ongoing and endemic corruption. Deep structural and institutional reforms are needed to strengthen protection of property rights, improve judicial effectiveness, and reduce excessive government spending.

IMPACT OF COVID-19: As of December 1, 2020, 1,275 deaths had been attributed to the pandemic in the Kyrgyz Republic, and the economy was forecast to contract by 12.0 percent for the year.

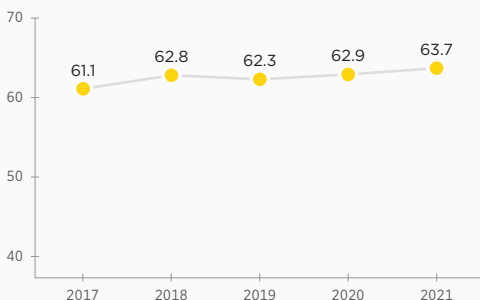


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +11.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.5 million

GDP (PPP):
\$26.1 billion
4.5% growth in 2019
5-year compound
annual growth 4.2%
\$5,471 per capita

UNEMPLOYMENT:
6.3%

INFLATION (CPI):
1.1%

FDI INFLOW:
\$208.6 million

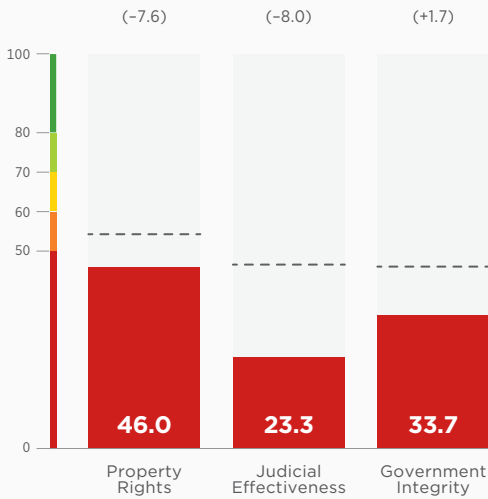
PUBLIC DEBT:
54.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Kyrgyzstan is a former Soviet republic that since independence has been plagued by weak governance, organized crime, and corruption. Former Prime Minister and ruling Social-Democratic Party of Kyrgyzstan member Sooronbai Jeenbekov defeated former President Almazbek Atambayev in 2017 elections that were the most competitive in the country's history. The influx of Chinese workers, nontransparent Chinese loans and investment, and government contracts won by Chinese firms have bred voter resentment and political instability. Kyrgyzstan is a member of the Russia-backed Eurasian Economic Union. Its economy is heavily dependent on gold exports and remittances from Kyrgyzstani migrants working in Russia and Kazakhstan. Cotton, wool, and meat are the main agricultural products, but only cotton is exported in any quantity.

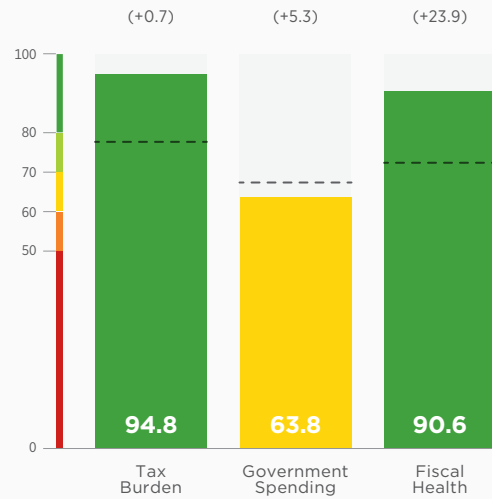
12 ECONOMIC FREEDOMS | KYRGYZ REPUBLIC

RULE OF LAW



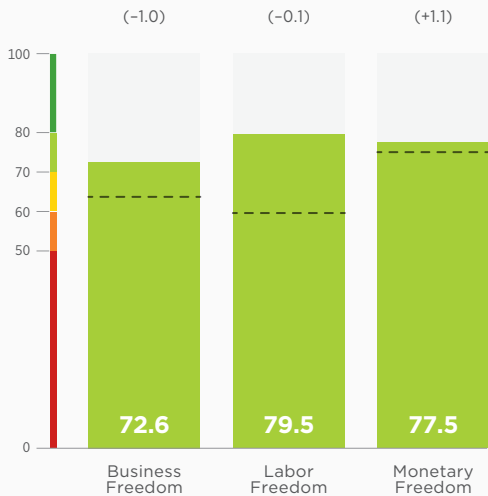
Kyrgyzstan has among the best-developed property rights laws in Central Asia, and the land registration system has been improved. The executive branch dominates the judiciary, and corruption among judges is widespread. Corruption remains a serious problem at all levels of Kyrgyz society and in all sectors of the economy. Government efforts to combat public corruption have been ineffective.

GOVERNMENT SIZE



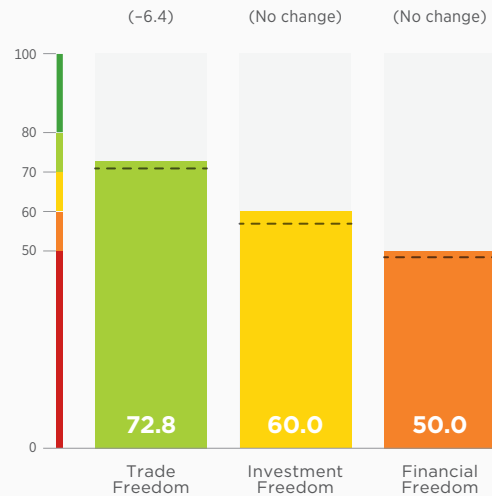
The personal income and corporate tax rates are a flat 10 percent. Taxation remains erratic and poorly administered. The overall tax burden equals 18.0 percent of total domestic income. Government spending has amounted to 34.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.5 percent of GDP. Public debt is equivalent to 54.1 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits now takes longer and costs more, but getting electricity now takes less time and costs less. Resolution of insolvency is faster, and the recovery rate has increased. Employers are free to adjust their workforces, including hiring and firing workers without restrictions. According to the International Monetary Fund, government energy subsidies amount to 2 percent of GDP. The government also subsidizes state-owned enterprises.

OPEN MARKETS



The Kyrgyz Republic has nine preferential trade agreements in force. The trade-weighted average tariff rate is 6.1 percent, and 18 nontariff measures are in effect. The overall investment climate is subject to considerable risk and uncertainty. The financial sector, dominated by banking, is underdeveloped and lacks an effective regulatory infrastructure. Credit costs remain high. In 2020, measures were taken to increase liquidity in the financial system.

LAOS

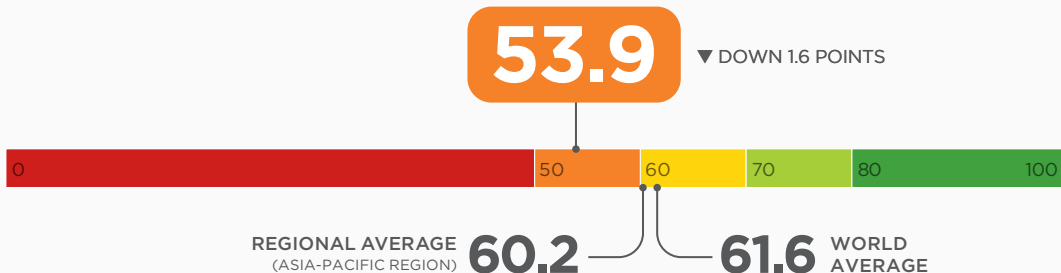
Laos's economic freedom score is 53.9, making its economy the 141st freest in the 2021 *Index*. Its overall score has decreased by 1.6 points, primarily because of a decline in **trade freedom**. Laos is ranked 32nd among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Laotian economy remains mostly unfree this year. Greater economic freedom in Laos will be impossible until the government curbs corruption and significantly improves the protection of property rights, judicial effectiveness, and government integrity. Also needed are reforms to facilitate business freedom, investment freedom, and financial freedom.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Laos, but economic growth was forecast to fall to 0.2 percent for the year.

WORLD RANK: **141**
REGIONAL RANK: **32**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +15.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.2 million

GDP (PPP):
\$57.1 billion
4.7% growth in 2019
5-year compound annual growth 6.4%
\$8,151 per capita

UNEMPLOYMENT:
0.6%

INFLATION (CPI):
3.3%

FDI INFLOW:
\$557.2 million

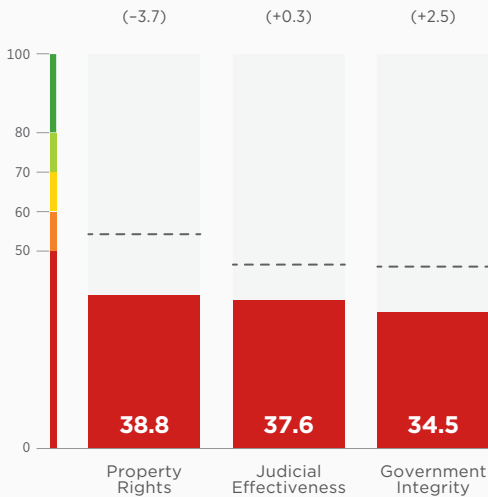
PUBLIC DEBT:
60.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Laos is a one-party state. In the early years of its rule, the Communist government that took power in 1975 destroyed the economy. Minimal liberalization, begun in 1986, has yielded some progress, but civil liberties remain heavily restricted. In 2016, the National Assembly elected 79-year-old Bounnhang Vorachith to a five-year term as President of Laos and General Secretary of the Lao People's Revolutionary Party. According to the World Bank, Laos has one of the highest poverty rates in Southeast Asia. Approximately 80 percent of the rural population works in subsistence farming. The economy relies heavily on exports of such natural resources as copper, gold, and timber.

12 ECONOMIC FREEDOMS | LAOS

RULE OF LAW



By law, the state owns all land. Protection of property rights is weak, titles are unclear, and some areas practice communal titling. The judicial system is inefficient, underdeveloped, corrupt, and controlled by the ruling party. Corruption and graft are serious problems among government officials in Laos. The government has developed several anticorruption laws, but enforcement remains weak.

GOVERNMENT SIZE



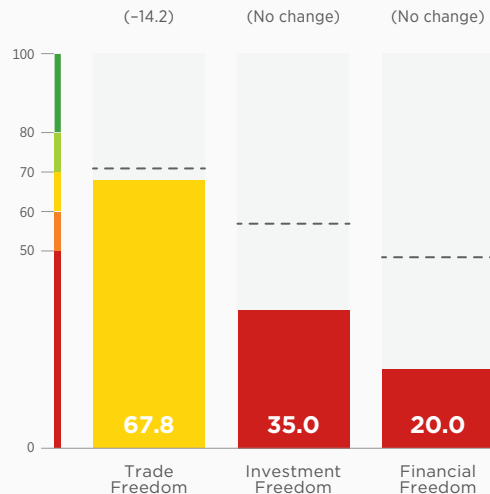
The top personal and corporate income tax rates are 24 percent. Other taxes include an excise tax. The overall tax burden equals 11.5 percent of total domestic income. Government spending has amounted to 20.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 60.6 percent of GDP.

REGULATORY EFFICIENCY



The Village Chief Authority no longer requires proof of business location for registration of businesses, and applying for electricity has become less time-consuming. The power supply is also more reliable. Employment contracts are required by law but seldom used. The government influences many prices through subsidies and state-owned enterprises to advance its socialist “state-managed market-orientated economy.”

OPEN MARKETS



Laos has eight preferential trade agreements in force. The trade-weighted average tariff rate is 8.6 percent, and 12 nontariff measures are in effect. State-owned enterprises distort the economy, and layers of government restrictions hinder more dynamic foreign investment. The financial sector is subject to state involvement and undermined by politically connected vested interests. About 30 percent of adult Laotians have formal banking accounts.

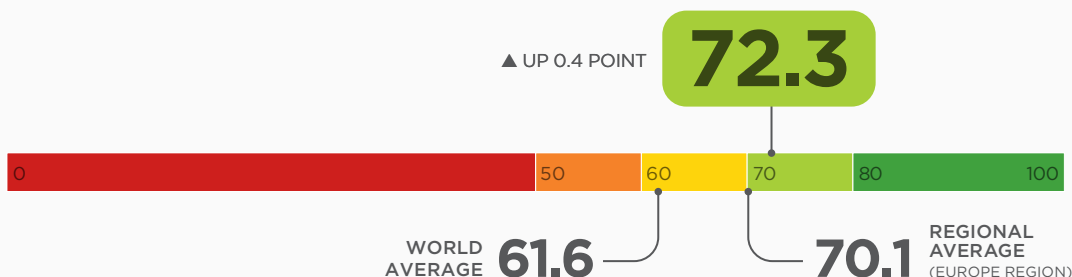
LATVIA

Latvia's economic freedom score is 72.3, making its economy the 30th freest in the 2021 *Index*. Its overall score has increased by 0.4 point because of improvements in **judicial effectiveness** and other factors. Latvia is ranked 17th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Latvian economy has retained its mostly free rank for the fifth year in a row. To expand economic freedom further, the government needs to strengthen the judiciary, rededicate itself to curbing corruption, and continue to make reforms in banking oversight as it deals with the effects of several major money-laundering scandals in the financial sector.

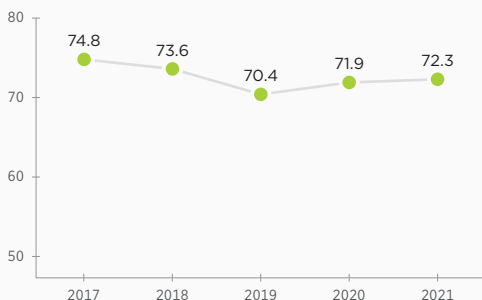
IMPACT OF COVID-19: As of December 1, 2020, 210 deaths had been attributed to the pandemic in Latvia, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +17.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.9 million

GDP (PPP):
\$59.5 billion
2.2% growth in 2019
5-year compound
annual growth 3.1%
\$32,204 per capita

UNEMPLOYMENT:
6.5%

INFLATION (CPI):
2.7%

FDI INFLOW:
\$789.2 million

PUBLIC DEBT:
36.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Latvia regained its independence from the Soviet Union in 1991, joined the European Union and NATO in 2004, and joined the eurozone in 2014. Despite the fact that his center-right New Unity party holds the fewest seats in parliament, Arturs Krišjānis Kariņš became prime minister in January 2019. He heads a five-party coalition that excludes only the Union of Greens and Farmers and the pro-Russian Harmony party. Latvia's small, open economy relies heavily on exports. Transit services are highly developed, as are timber and wood processing, agriculture and food products, and the machinery manufacturing and electronics industries. Corruption remains a serious concern as evidenced by a recent series of high-profile bribery and money-laundering scandals.

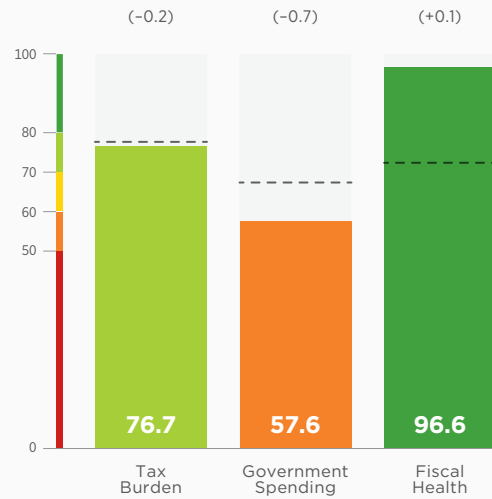
12 ECONOMIC FREEDOMS | LATVIA

RULE OF LAW



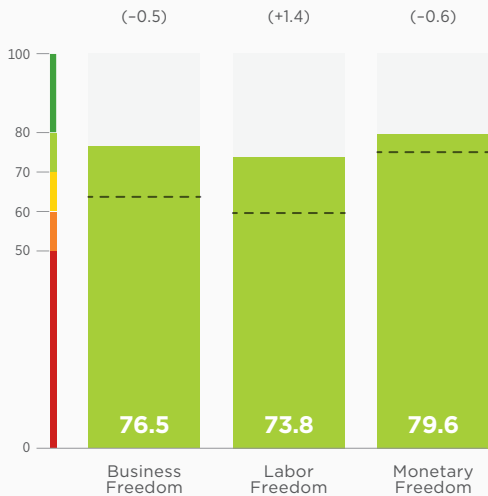
Latvia recognizes the full spectrum of property rights, including mortgages and liens. There are few problems with unclear legal titles, and property registration is efficient. The judiciary is independent but widely regarded as subject to political influence. There are reports of corruption and lack of transparency in public procurement. The government is trying to strengthen anticorruption enforcement and improve the functioning of its Anti-Corruption Bureau.

GOVERNMENT SIZE



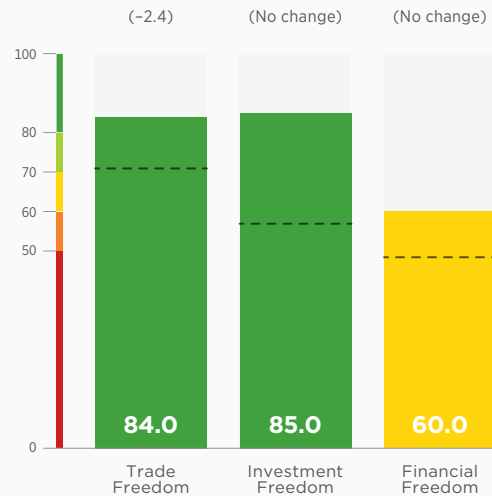
The top individual income tax rate is 31.4 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 30.7 percent of total domestic income. Government spending has amounted to 37.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 36.8 percent of GDP.

REGULATORY EFFICIENCY



Latvia's business freedom score, a relative indicator, has declined slightly, not because of changes in Latvia's own business environment but because of improvements in other countries. Labor force participation and the value added per worker relative to the minimum wage have increased, improving labor freedom. The government provides subsidies for electricity, heating, agriculture, transportation, and other sectors.

OPEN MARKETS



As a member of the EU, Latvia has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Latvia has an additional four country-specific nontariff barriers. The overall investment regulatory framework is relatively efficient. In general, rules regarding foreign investment are not burdensome. The financial sector has regained stability.

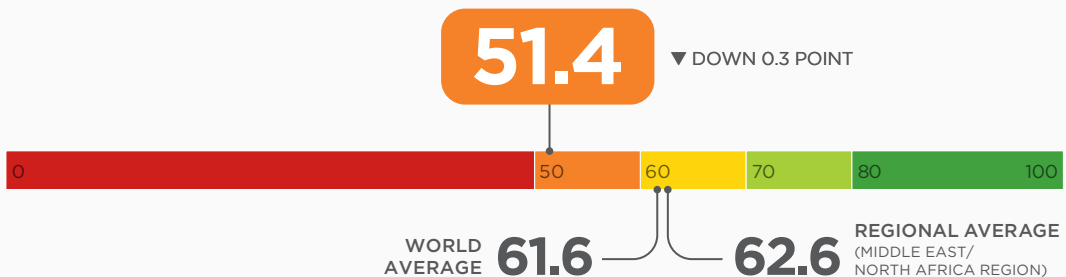
LEBANON

Lebanon's economic freedom score is 51.4, making its economy the 154th freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **trade freedom**. Lebanon is ranked 12th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

The Lebanese economy is rated mostly unfree for the ninth year in a row. Lebanon's already feeble political institutions were further weakened in 2020. They have been unable to address the deep structural issues that severely compromise the rule of law and have blocked improvements in fiscal management. Without fundamental reforms, economic freedom in Lebanon cannot move forward.

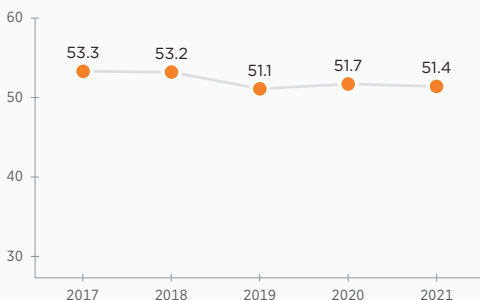
IMPACT OF COVID-19: As of December 1, 2020, 1,033 deaths had been attributed to the pandemic in Lebanon, and the economy was forecast to contract by 25.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -11.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.9 million

GDP (PPP):
\$84.3 billion
-6.5% growth
in 2019
5-year compound
annual growth -1.2%
\$15,327 per capita

UNEMPLOYMENT:
6.2%

INFLATION (CPI):
2.9%

FDI INFLOW:
\$2.1 billion

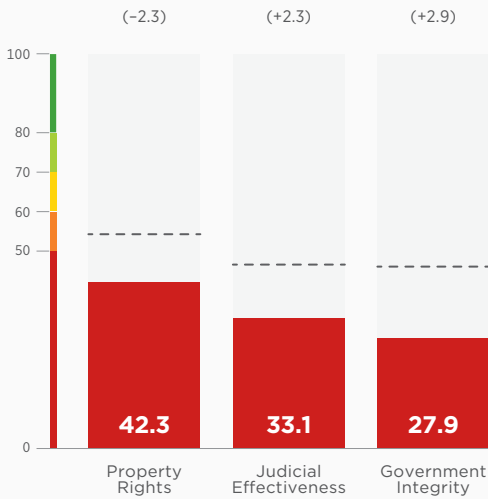
PUBLIC DEBT:
179.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A once-prosperous leading regional center for finance and trade, Lebanon has been severely damaged in recent decades by political turmoil. Since 1975, the country has been destabilized by civil war, Syrian occupation, and clashes between Israel and Hezbollah, the Iran-backed Shia Islamist movement. Syria's army withdrew in 2005 after its government was implicated in the assassination of Lebanese Prime Minister Rafiq al-Hariri. Sectarian tensions have hindered political cooperation. Elections in 2018 left Hezbollah's coalition with a majority of parliamentary seats and Prime Minister Saad al-Hariri's Sunni-dominated Future Movement party with substantial losses. Hariri's resignation in October 2019 led to the appointment of Hassan Diab as prime minister. Diab resigned in August 2020 following the Beirut port explosion, bringing Hariri back to power.

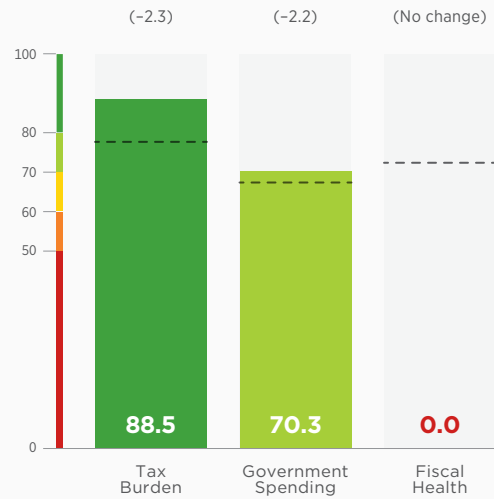
12 ECONOMIC FREEDOMS | LEBANON

RULE OF LAW



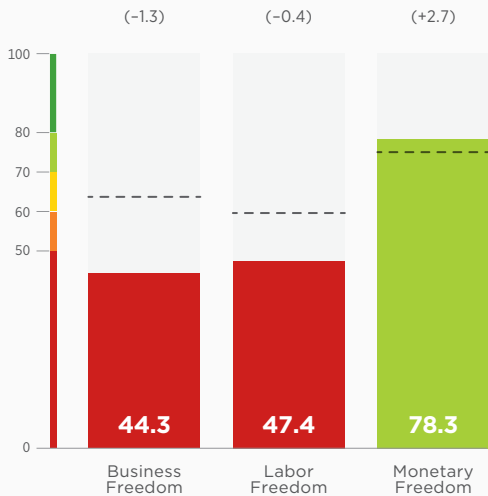
The law protects real private property, but political instability has weakened enforcement. Land grabs by powerful groups can occur with impunity. The nominally independent judiciary is susceptible to political pressures. The courts are ineffective and struggle to enforce judgments. Corruption is reportedly pervasive in government contracts (primarily in procurement and public works) as well as taxation, elections, judicial rulings, and real estate registration.

GOVERNMENT SIZE



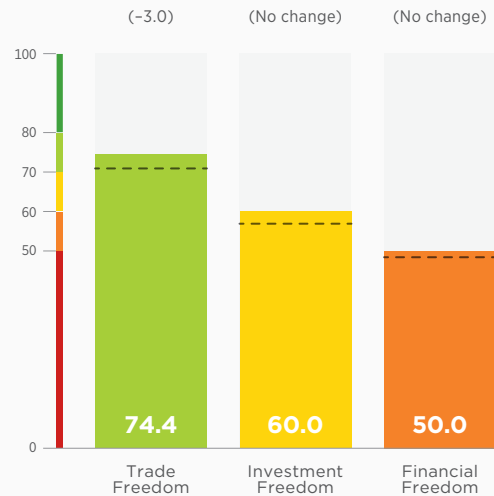
The top individual income tax rate has been increased to 25 percent, and the top corporate tax rate is 17 percent. The overall tax burden equals 15.3 percent of total domestic income. Government spending has amounted to 31.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.2 percent of GDP. Public debt is equivalent to 179.8 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business and dealing with construction permits have increased, and the recovery rate when resolving insolvency is now lower. The 1946 labor law limits the workweek to 48 hours but does not apply to agricultural and domestic workers. Inflation has spiked sharply in recent months. The government has worked to improve the targeting of electricity subsidies.

OPEN MARKETS



Lebanon has three preferential trade agreements in force. The trade-weighted average tariff rate is 5.3 percent, but poor regulatory systems discourage dynamic trade and investment flows. Lebanon is not a member of the World Trade Organization. Lebanon's financial sector used to be a regional hub, but ongoing political insecurity has subjected it to a high degree of uncertainty and strain.

LESOTHO

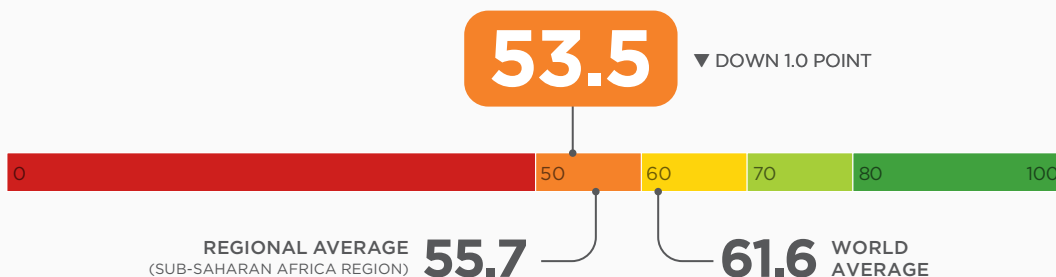
WORLD RANK: **142** REGIONAL RANK: **31**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Lesotho's economic freedom score is 53.5, making its economy the 142nd freest in the 2021 *Index*. Its overall score has decreased by 1.0 point, primarily because of a decline in **trade freedom**. Lesotho is ranked 31st among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Although the economy of Lesotho had been climbing higher in the mostly unfree category, it has suffered a setback this year. To expand economic freedom, the government will need to redouble its efforts to fight corruption and take other meaningful steps to improve the business and investment climates. Poor fiscal management is of particular concern.

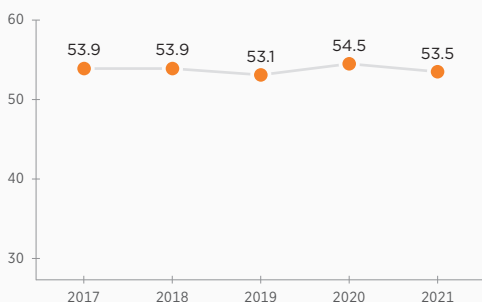
IMPACT OF COVID-19: As of December 1, 2020, 44 deaths had been attributed to the pandemic in Lesotho, and the economy was forecast to contract by 4.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +6.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$6.9 billion
1.2% growth in 2019
5-year compound
annual growth 1.5%
\$2,882 per capita

UNEMPLOYMENT:
23.4%

INFLATION (CPI):
5.2%

FDI INFLOW:
\$117.6 million

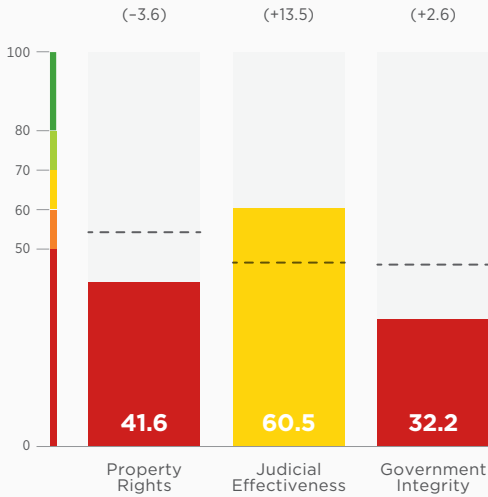
PUBLIC DEBT:
54.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Landlocked within a mountainous area of South Africa, Basutoland was renamed the Kingdom of Lesotho upon independence from the United Kingdom in 1966. It is a parliamentary constitutional monarchy, currently headed by King Letsie III. In 2020, Finance Minister Moeketsi Majoro replaced Prime Minister Thomas Thabane, who resigned after being implicated in the murder of his ex-wife. Lesotho's narrow economic base consists of textile manufacturing, agriculture, diamond mining, remittances from Basothos working in South Africa, and regional customs revenue. About three-fourths of the population is engaged in animal herding and subsistence agriculture. A large dam and tunnel infrastructure project will divert water to South Africa and provide money and hydropower to Lesotho.

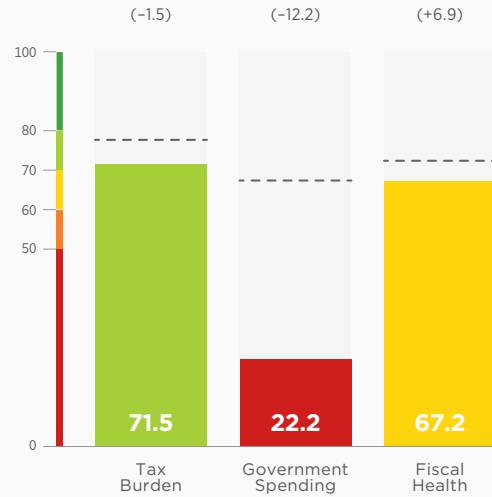
12 ECONOMIC FREEDOMS | LESOTHO

RULE OF LAW



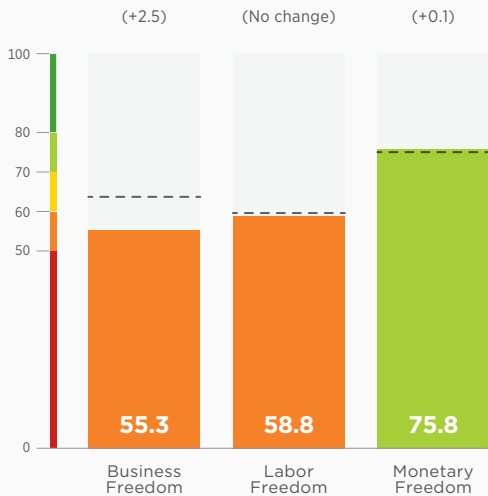
Property rights are protected by law, but enforcement is inconsistent. Expropriation is unlikely. The judiciary is relatively independent but politicized, inefficient, slow, and chronically underfunded. Official corruption and impunity remain problems in all sectors of government and public services. The management of state revenues is not transparent. The anticorruption agency lacks full prosecutorial powers and faces capacity and funding challenges.

GOVERNMENT SIZE



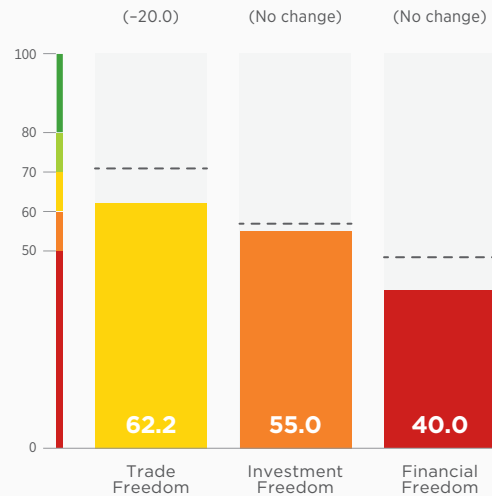
The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 31.6 percent of total domestic income. Government spending has amounted to 50.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 54.4 percent of GDP.

REGULATORY EFFICIENCY



Lesotho has made starting a business easier by removing the requirement for a health certificate and the requirement for inspection of the premises for all businesses. The labor force participation rate rose in 2019. Monetary stability is affected by the South African rand, and the government maintains food subsidies and influences other prices through state-owned enterprises.

OPEN MARKETS



Lesotho has six preferential trade agreements in force. The trade-weighted average tariff rate is 11.4 percent. Customs procedures are gradually improving, but other nontariff barriers persist. Private-sector investment remains limited. Facilitation of economic diversification is stymied by political considerations, and investment inflows remain constrained. The high cost of credit hinders the development of a vibrant private sector.

LIBERIA

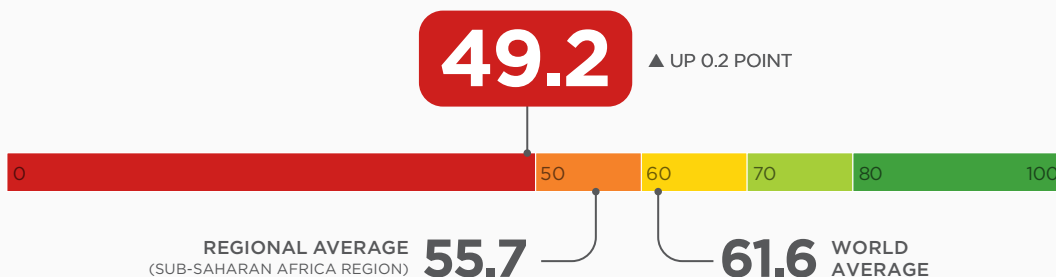
Liberia's economic freedom score is 49.2, making its economy the 164th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of improvements in **government integrity** and **labor freedom**. Liberia is ranked 42nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The Liberian economy remains in the repressed category for a third year, having fallen from the ranks of the mostly unfree in 2019. To make the jump over that hurdle, the government would have to implement deep and comprehensive reforms to strengthen the rule of law as measured by the *Index* scoring indicators for property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 83 deaths had been attributed to the pandemic in Liberia, and the economy was forecast to contract by 3.0 percent for the year.

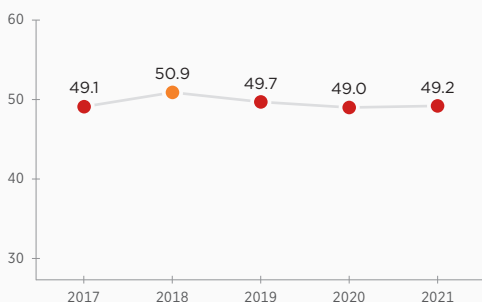
WORLD RANK: **164**
REGIONAL RANK: **42**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$6.3 billion
-2.5% growth
in 2019
5-year compound
annual growth -0.1%
\$1,487 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
27.0%

FDI INFLOW:
\$137.8 million

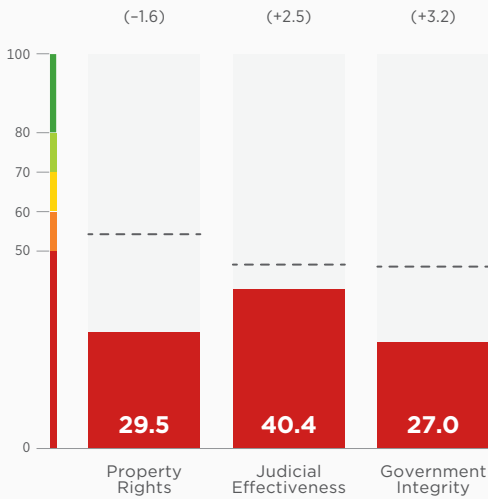
PUBLIC DEBT:
46.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Settled in the 18th century by freed slaves, predominantly from the United States, Liberia enjoyed relative peace until a long and bloody civil war that ended in 1995. Rebel leader Charles Taylor was forced to step down as president in 2003 and was later convicted of war crimes. Ellen Johnson Sirleaf became president in 2006 and stabilized the country during her two terms. Former soccer star George Weah won an election in 2017 that was marred by allegations of fraud. A protest group, the Council of Patriots, has periodically mobilized street demonstrations against Weah, decrying corruption and economic underperformance. Although Liberia is rich in natural resources, including rubber, mineral resources, and iron ore, poverty is widespread.

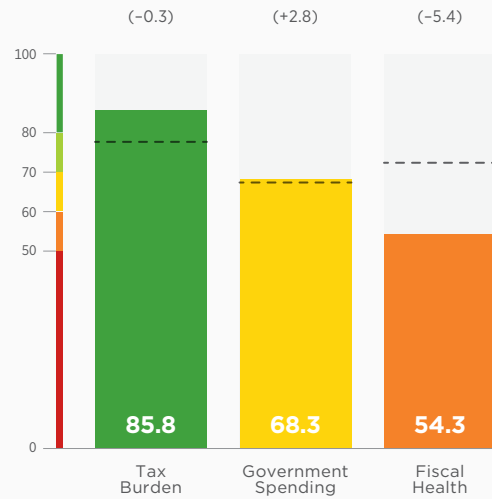
12 ECONOMIC FREEDOMS | LIBERIA

RULE OF LAW



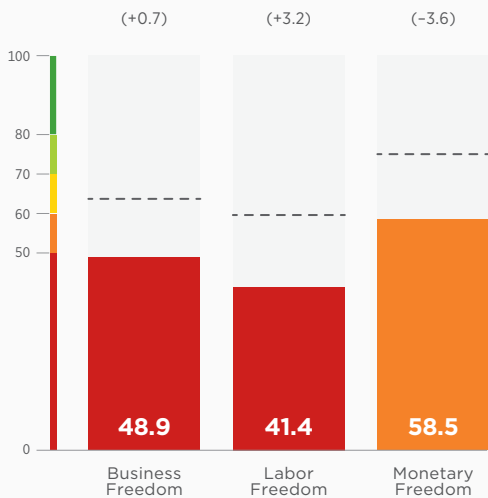
Property rights are not strongly protected, and the process for enforcement of contracts is lengthy. Less than 20 percent of land is registered. Conflicting land ownership records are common. Rule of law is uneven. The judiciary is independent but weak and inadequately resourced. The government functions poorly because of inadequate administrative capacity, a precarious physical security environment, and pervasive corruption.

GOVERNMENT SIZE



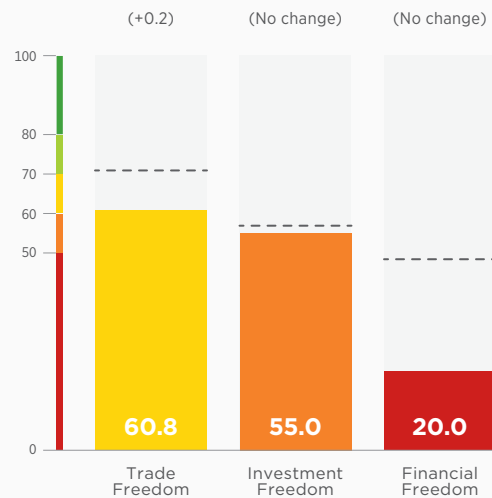
The top individual income and corporate tax rates are 25 percent. Other taxes include property and goods and services taxes. The overall tax burden equals 12.9 percent of total domestic income. Government spending has amounted to 32.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 46.2 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business, obtaining electricity, and dealing with construction permits have decreased, but the business climate remains tainted by corruption. The labor force participation rate climbed in 2019. The Liberian government influences the prices of many basic goods, and there are no plans for privatization of state-owned enterprises.

OPEN MARKETS



Liberia has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and three nontariff measures are in effect. Some nontariff barriers have been dismantled, but a lack of transparency persists. Foreign investment in several sectors is restricted, and foreign investors may not own land. The overall financial system is underdeveloped, and much of the population remains outside of the formal banking sector.

LIBYA

Libya is not ranked in the 2021 *Index of Economic Freedom* because of the lack of reliable data. Official government reporting of economic data is insufficient, and data reported by many of the international organizations on which *Index* grading depends are incomplete.

Libya's two major political factions appear to be headed toward a cease-fire and elections in 2021 despite ongoing political instability, security threats and military conflict, capital flight, oil production problems, and low global oil prices. These problems present extreme challenges to any government seeking to implement a coherent policy to enforce the rule of law and reform the state-dominated economy.

IMPACT OF COVID-19: As of December 1, 2020, 1,196 deaths had been attributed to the pandemic in Libya, and the economy was forecast to contract by 66.7 percent for the year.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**
ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



WORLD
AVERAGE

61.6

62.6

REGIONAL AVERAGE
(MIDDLE EAST/
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.8 million

GDP (PPP):
\$83.5 billion
9.9% growth in 2019
5-year compound
annual growth 14.3%
\$15,803 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
4.6%

FDI INFLOW: n/a

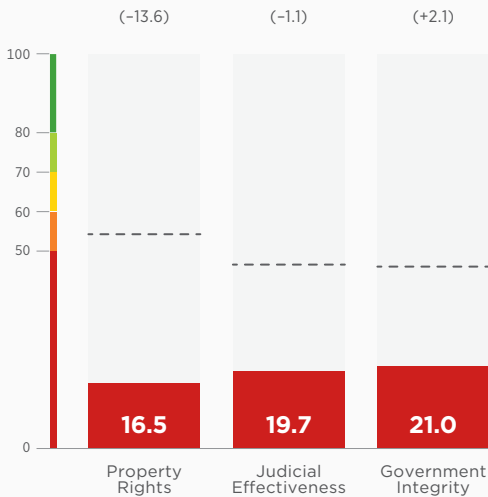
PUBLIC DEBT: 5.6%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Muammar Qadhafi seized power in 1969 and ruled as a dictator until he was overthrown and executed in 2011. Since then, bitter factional infighting has polarized Libyans along political, ethnic, tribal, and regional lines. In 2016, the U.N. brokered the establishment of a national unity government to replace two rival administrations, but unification of the country has not progressed since then to any significant degree. During 2019 and 2020, foreign intervention and the rebel campaign of military commander Khalifa Haftar have deepened the crisis. Oil and natural gas dominate the economy and provide almost all export revenues. Various militias, including the Islamic State in 2018, have attacked oil fields and seized oil infrastructure, threatening government control of oil and gas revenues.

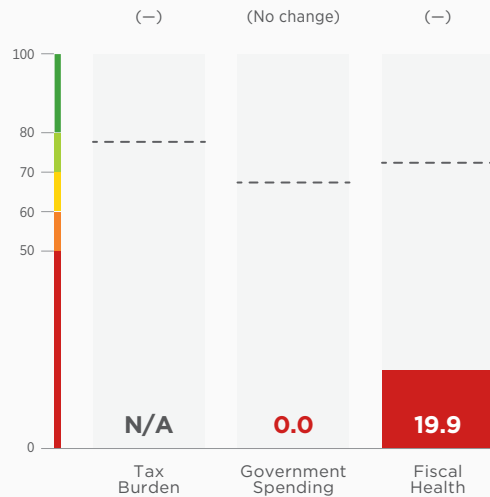
12 ECONOMIC FREEDOMS | LIBYA

RULE OF LAW



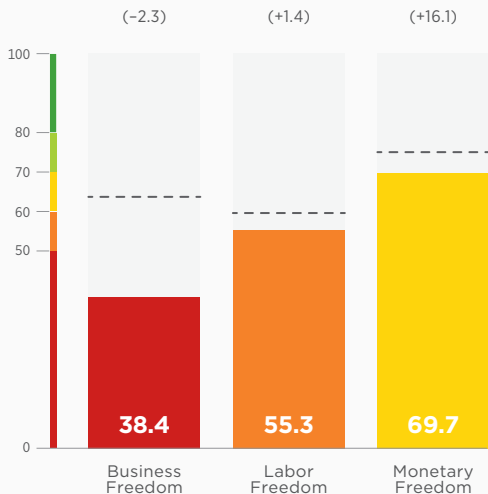
Although Libyans may legally own property and start businesses, property rights are not protected, and contracts are not enforced. The government's elimination of property rights in 1978 has greatly complicated recent efforts to prove clear title to property throughout the country. Without a permanent constitution, the role of the judiciary remains unclear. Corruption is pervasive, and a general lack of security hinders reforms.

GOVERNMENT SIZE



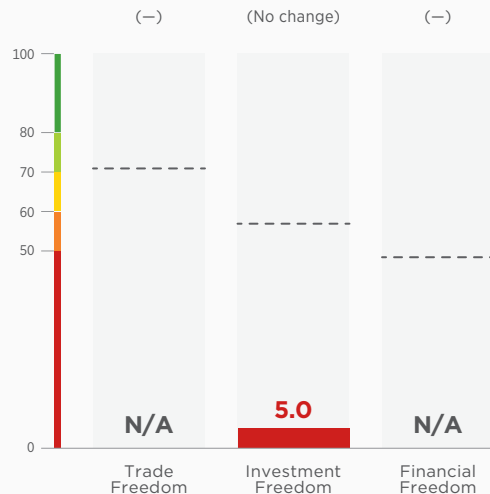
The top individual income tax rate is 10 percent, and the top corporate tax rate is 20 percent. In practice, however, the effective enforcement of taxation has been impeded by political and economic instability in recent years. Government spending has amounted to 94.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 11.6 percent of GDP. Public debt is equivalent to 5.6 percent of GDP.

REGULATORY EFFICIENCY



The entry costs of starting a business and the cost of obtaining electricity have increased. The government does not enforce laws against forced labor effectively. Only 4 percent of the labor force works in the private sector. According to the African Development Bank, government subsidies for food, health, energy, and education accounted for 18.2 percent of the budget in calendar year 2019.

OPEN MARKETS



The combined value of exports and imports is equal to about 110 percent of Libya's GDP. Political instability, exacerbated by lingering security threats, is a serious impediment to foreign trade and investment. The financial infrastructure has been significantly degraded by unstable political and economic conditions. Limited access to financing severely impedes any meaningful private business development.

LIECHTENSTEIN

Liechtenstein is not graded in the 2021 *Index of Economic Freedom* because of the lack of adequate specific data concerning the country's economy. Liechtenstein is closely interlocked with Switzerland and shares the Swiss currency, the Swiss franc.

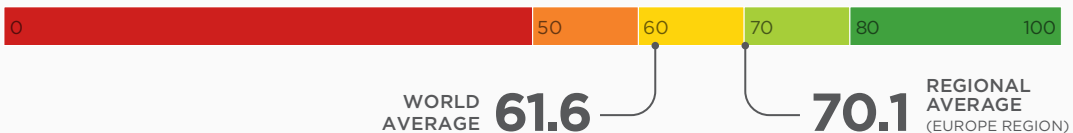
Flexibility and openness to global commerce have been the cornerstones of Liechtenstein's modern and widely diversified economy. Minimal barriers to trade and investment foster vibrant economic activity, and a straightforward, transparent, and streamlined regulatory system supports an innovative entrepreneurial sector. Banking has benefited from Liechtenstein's high levels of political and social stability and its sound and transparent judicial system.

IMPACT OF COVID-19: As of December 1, 2020, 16 deaths had been attributed to the pandemic in Liechtenstein, and the International Monetary Fund had not forecast whether the economy would expand or contract for the year.

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38,019

GDP (PPP): n/a
n/a growth in 2019
5-year compound
annual growth n/a
n/a per capita

UNEMPLOYMENT:
1.7% (2018)

INFLATION (CPI):
0.9% (2018)

FDI INFLOW: n/a

PUBLIC DEBT: n/a

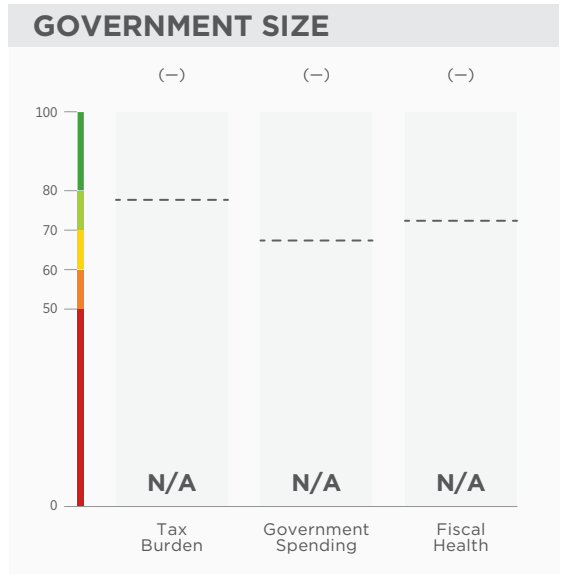
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Liechtenstein celebrated its 300th anniversary in 2019. It is a member of the European Free Trade Association, the Schengen Area, and the European Economic Area. Prince Hans-Adam II is the principality's head of state, but his son, Prince Alois, wields considerable power as regent and can dismiss the government and veto bills. Prime Minister Adrian Hasler's center-right Progressive Citizens' Party won a reduced share of the vote in 2017 parliamentary elections but still captured the most seats. Traditions of strict bank secrecy have helped financial institutions to attract funds as well as interest from block chain and cryptocurrency businesses. The government has signed an agreement with the European Union to allow automatic exchanges of financial account information. In 2018, Liechtenstein and Switzerland entered into a similar agreement to exchange tax information.

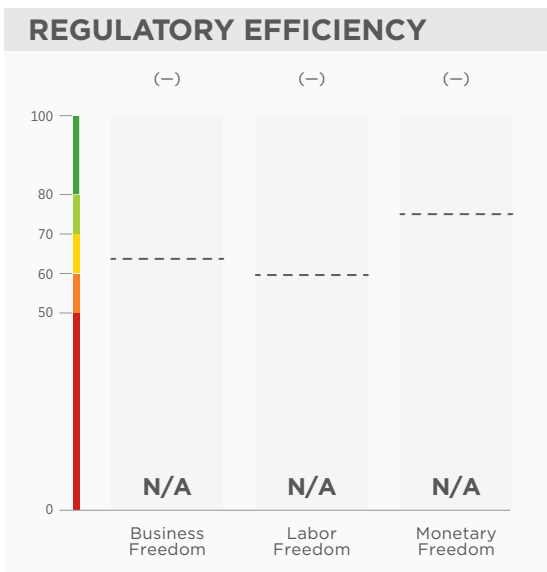
12 ECONOMIC FREEDOMS | LIECHTENSTEIN



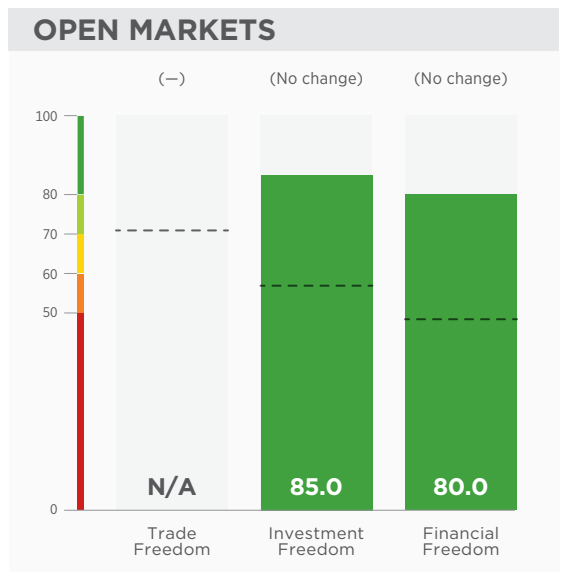
Property rights and contracts are secure. Despite the appointment of judges by the hereditary monarch, the constitutionally independent judiciary is impartial. Liechtenstein is largely free of corruption, and the government enforces anticorruption laws effectively. Although the country is a leading offshore tax haven and traditionally has maintained tight bank secrecy laws, the government has made efforts to increase transparency in banking.



Liechtenstein imposes low taxes. The national personal income tax rates comprise eight tax bands with a maximum rate of 8 percent. Other taxes include a state tax and a municipal tax that varies. The corporate tax rate is a flat 12.5 percent. The standard value-added tax rate is 7.7 percent. Although the fiscal system lacks transparency, government fiscal management has been relatively sound.



Liechtenstein's business climate is largely identical to Switzerland's because of Liechtenstein's integration into the Swiss economy. The free-enterprise economy is affluent, and the financial services sector is thriving. About 54 percent of the workforce commutes from Austria, Germany, or Switzerland. Liechtenstein has a *de facto* monetary union with Switzerland but has no say in determining the Swiss National Bank's monetary policies.



Minimal barriers to trade and investment foster vibrant economic activity. The combined value of exports and imports is equal to about 125 percent of Liechtenstein's GDP. The average applied tariff rate is 2.0 percent, and nontariff barriers are relatively minimal. Foreign and domestic investors are generally treated equally. Banking benefits from the country's high degree of political stability and its sound and transparent judicial system.

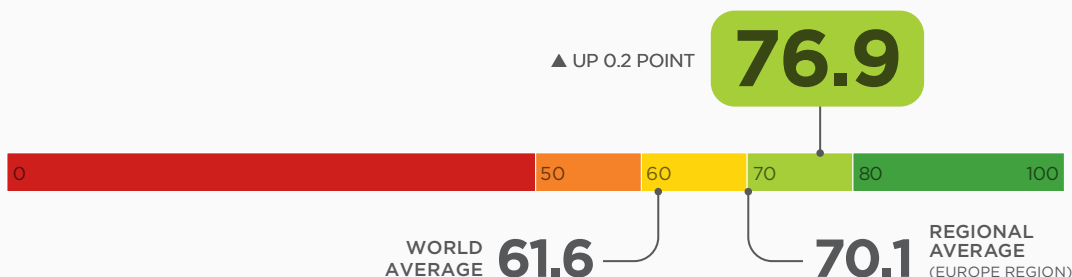
LITHUANIA

Lithuania's economic freedom score is 76.9, making its economy the 15th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **government integrity**. Lithuania is ranked 8th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Lithuanian economy remains in the upper reaches of the mostly free category. For the country to enter the ranks of the economically free, the government would have to focus more intently on efforts to reform and strengthen the independence of the judiciary and undertake a comprehensive and sustained campaign to fight corruption.

IMPACT OF COVID-19: As of December 1, 2020, 519 deaths had been attributed to the pandemic in Lithuania, and the economy was forecast to contract by 1.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +27.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$103.0 billion
3.9% growth in 2019
5-year compound
annual growth 3.3%
\$38,214 per capita

UNEMPLOYMENT:
6.4%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$975.2 million

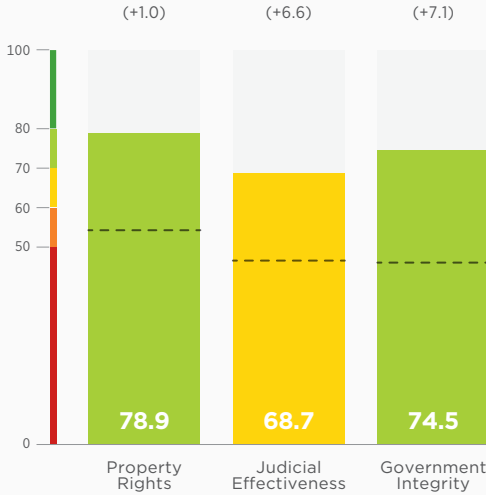
PUBLIC DEBT:
37.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Lithuania regained independence in 1991, joined the European Union in 2004, and joined the Organisation for Economic Co-operation and Development in 2018. Political independent Gitanas Nausėda was elected president in May 2019. Prime Minister Saulius Skvernelis of the centrist Lithuanian Peasants and Green Union, who has been in office since 2016, heads a coalition government with the center-left Lithuanian Social Democratic Labor Party, Order and Justice (TT), and the LLRA-KŠS party. The privatization of most state-owned enterprises helped to encourage years of growth, but youth emigration remains a problem. In July, Lithuania issued Europe's first state-backed digital collector coin. Lithuania's offshore liquefied natural gas terminal at Klaipėda has helped to diversify the country's energy imports.

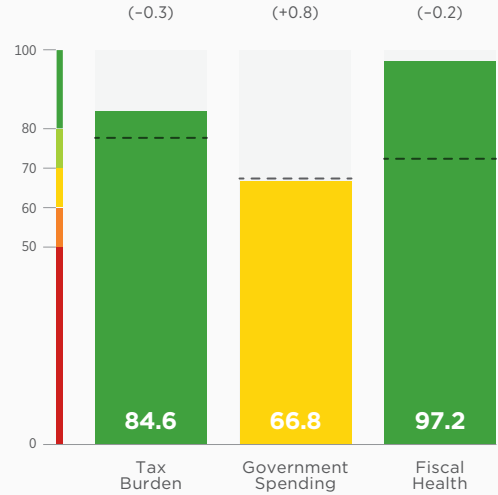
12 ECONOMIC FREEDOMS | LITHUANIA

RULE OF LAW



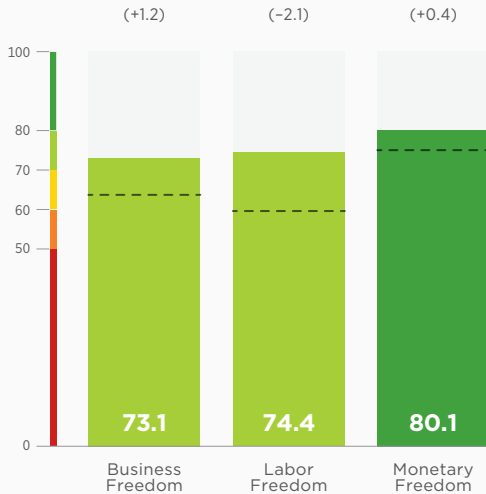
Lithuanian law respects and protects property rights. Enforcement of intellectual property rights has improved significantly in recent years. The judiciary is separate and independent but susceptible to influence by the executive and powerful business interests. Reforms are underway to improve the efficiency and timeliness of court decisions. Transparency International ranked Lithuania 35th out of 180 countries in its 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



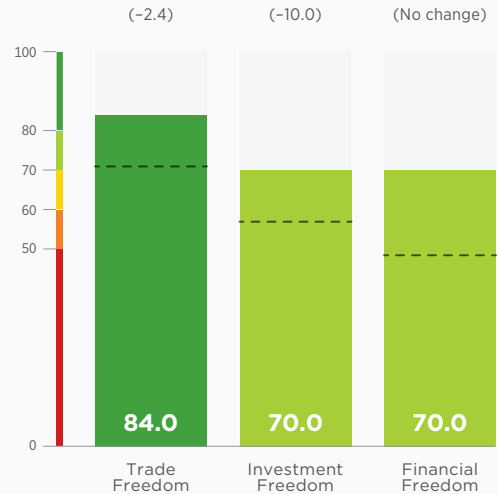
The top individual income tax rate is 20 percent, and the top corporate tax rate is 15 percent. Other taxes include inheritance and value-added taxes. The overall tax burden equals 30.3 percent of total domestic income. Government spending has amounted to 33.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.5 percent of GDP. Public debt is equivalent to 37.7 percent of GDP.

REGULATORY EFFICIENCY



Lithuania has launched an integrated digital application that makes it easier to obtain electricity and reduces the cost of new electricity connections. The value added per worker relative to the minimum wage has decreased. In 2020, the European Union approved a budget with higher agricultural subsidies for Lithuania and direct payments to Lithuanian farmers.

OPEN MARKETS



As a member of the EU, Lithuania has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Lithuania has an additional seven country-specific nontariff barriers. The relatively sound regulatory framework facilitates foreign investment flows. The financial sector offers a full range of services, and the banking system is stable.

LUXEMBOURG

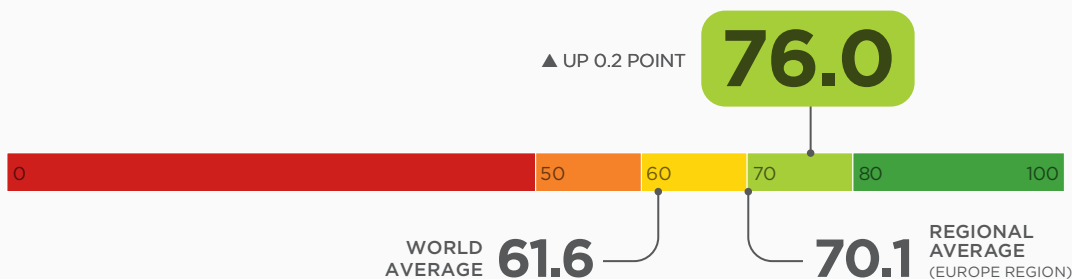


Luxembourg's economic freedom score is 76.0, making its economy the 18th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **judicial effectiveness**. Luxembourg is ranked 11th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Luxembourg's economy remains in the mostly free category where it has been for more than two decades. Greater economic freedom continues to be impeded by the unsustainably high rate of government spending. Unfortunately, spending in 2020 was on track to exceed spending in 2019, again putting off a reckoning with looming demands on the pension and health care funds from the country's aging population.

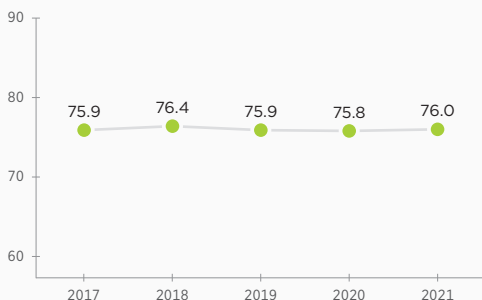
IMPACT OF COVID-19: As of December 1, 2020, 330 deaths had been attributed to the pandemic in Luxembourg, and the economy was forecast to contract by 5.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +3.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$68.8 billion
2.3% growth in 2019
5-year compound annual growth 3.2%
\$121,293 per capita

UNEMPLOYMENT:
5.4%

INFLATION (CPI):
1.7%

FDI INFLOW:
~\$11,420.8 million

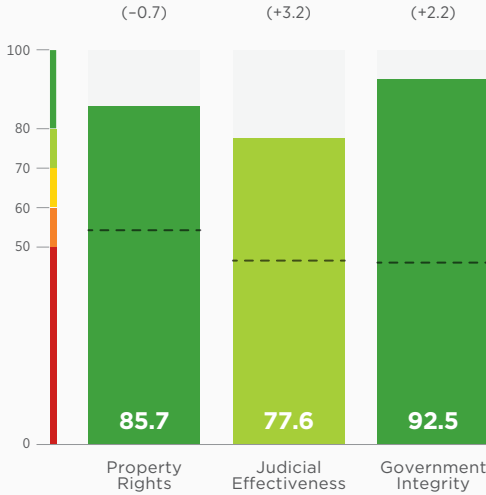
PUBLIC DEBT:
22.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A founding member of the European Union in 1957 and the eurozone in 1999, the small Grand Duchy of Luxembourg continues to promote European integration. Democratic Party Prime Minister Xavier Bettel leads a three-party left-leaning coalition. Luxembourg enjoys high levels of prosperity; the recession provoked by the economic crisis in 2009, for example, was its first recession in 60 years. During the 20th century, Luxembourg evolved into a mixed manufacturing and services economy with a strong financial services sector that accounts for 25 percent of GDP. With its low energy costs, reliable electricity grid, stable governance, and a growing data-storage sector, the country is attracting interest as a hub for the 21st century information economy.

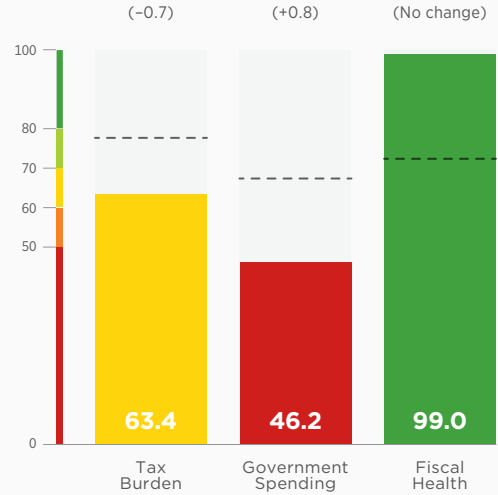
12 ECONOMIC FREEDOMS | LUXEMBOURG

RULE OF LAW



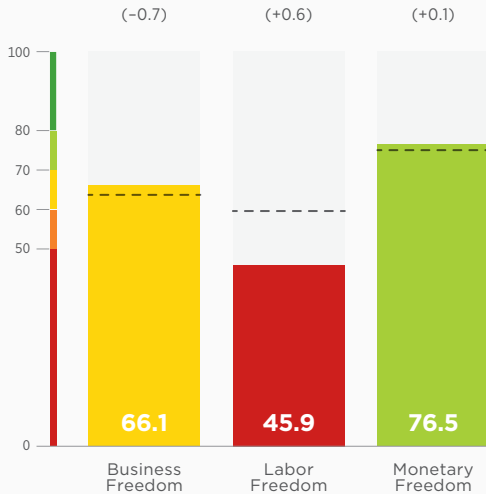
The legal system protects and facilitates the acquisition and disposition of all property rights. A land registry cadaster records ownership of land and buildings. The open and transparent economy has no restrictions on foreign ownership. Contracts are secure. The judiciary is independent, albeit slow, and a well-functioning legal framework strongly supports the rule of law. Laws, regulations, and penalties are enforced impartially to combat corruption.

GOVERNMENT SIZE



The top individual income tax rate is 42 percent, and the top corporate tax rate has been reduced to 17 percent. The overall tax burden equals 40.1 percent of total domestic income. Government spending has amounted to 42.4 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.2 percent of GDP. Public debt is equivalent to 22.0 percent of GDP.

REGULATORY EFFICIENCY



The freedom to start, operate, and close a business is well protected, and business freedom has changed little over the past year. Luxembourg recently changed the amount of paid annual leave that some workers receive. Monetary stability has been well maintained, but subsidies included in the government budget for 2020 are equivalent to about 1.2 percent of GDP.

OPEN MARKETS



As a member of the EU, Luxembourg has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Overall investment activity is sustained by the solid institutional foundations of an open-market system. The sophisticated financial sector is well capitalized and competitive.

MADAGASCAR

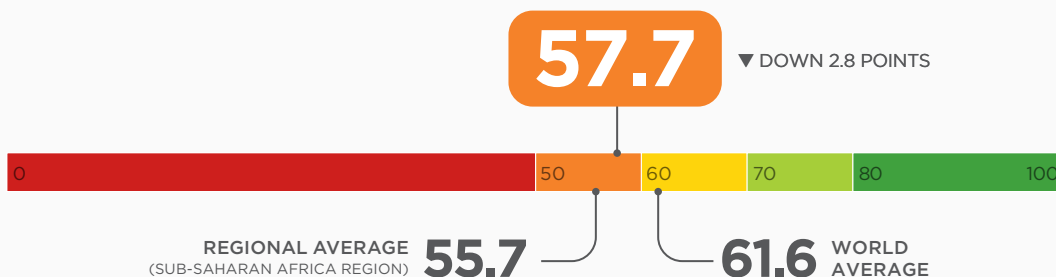
WORLD RANK: **112**
REGIONAL RANK: **17**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Madagascar's economic freedom score is 57.7, making its economy the 112th freest in the 2021 *Index*. Its overall score has decreased by 2.8 points, primarily because of a decline in **judicial effectiveness**. Madagascar is ranked 17th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

This year, Madagascar's economy sank back into the ranks of the mostly unfree, which is not encouraging for a country that is among the poorest in the world. To achieve greater economic freedom, the government would have to reduce the fiscal risks of its state-owned electricity and water utilities, strengthen the rule of law, make the labor market more flexible, and establish political stability.

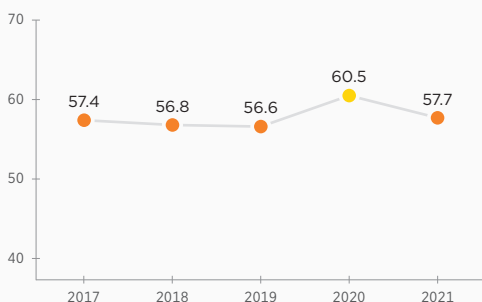
IMPACT OF COVID-19: As of December 1, 2020, 251 deaths had been attributed to the pandemic in Madagascar, and the economy was forecast to contract by 3.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
27.0 million

GDP (PPP):
\$52.9 billion
4.8% growth in 2019
5-year compound
annual growth 4.1%
\$1,714 per capita

UNEMPLOYMENT:
1.8%

INFLATION (CPI):
5.6%

FDI INFLOW:
\$227.3 million

PUBLIC DEBT:
38.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Madagascar, a former French colony, has been rocked by military coups, political violence, and corruption for decades. In 2014, after years of instability, Hery Rajaonarimampianina was elected president, and international donor assistance was resumed. In 2018, protests against proposed changes in the election law forced the prime minister to resign. Andry Rajoelina, a former president installed by a coup, reclaimed the presidency in a December 2018 runoff election, and his ruling coalition gained a majority in May 2019 legislative elections. Madagascar produces 80 percent of the world's natural vanilla. Agriculture, forestry, and fishing are economic mainstays. Interruptions in the power supply caused by deficient infrastructure and natural disasters like cyclones are frequent.

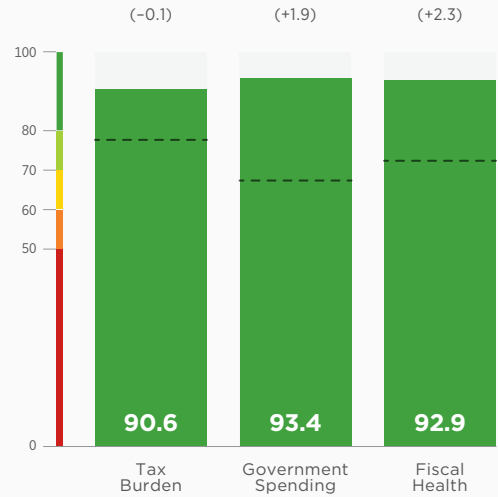
12 ECONOMIC FREEDOMS | MADAGASCAR

RULE OF LAW



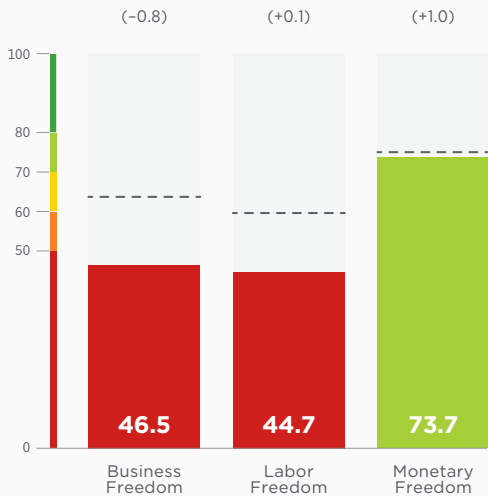
Madagascar has continued French colonial land tenure policies with presumed state ownership of all land and central government control of all land titles. The judiciary is subject to executive influence and corrupt, slow, and inefficient. High levels of corruption exist in nearly all sectors including the police, tax authorities, customs, land administration, trade, mining, industry, environment, education, and health care.

GOVERNMENT SIZE



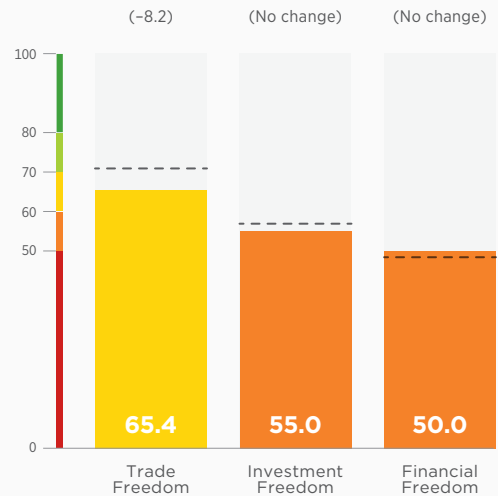
The top individual income and corporate tax rates are 20 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 11.9 percent of total domestic income. Government spending has amounted to 14.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 38.4 percent of GDP.

REGULATORY EFFICIENCY



Business freedom remains significantly repressed. Construction permitting has become more complex and expensive. Few reliable labor statistics are available. The worst forms of child labor persist, and many workers experience very poor working conditions. According to the IMF, no fuel subsidies have been paid by the government since implementation of the revised fuel price structure in June 2019.

OPEN MARKETS



Madagascar has one preferential trade agreement in force. The trade-weighted average tariff rate is 9.8 percent, and 14 nontariff measures are in effect. Judicial and regulatory barriers deter foreign investment. State-owned enterprises distort the economy. Less than 20 percent of adult Malagasies have access to an account with a formal banking institution. In 2020, mandatory deposit limits were eased to encourage banks to defer delayed loan payments.

MALAWI

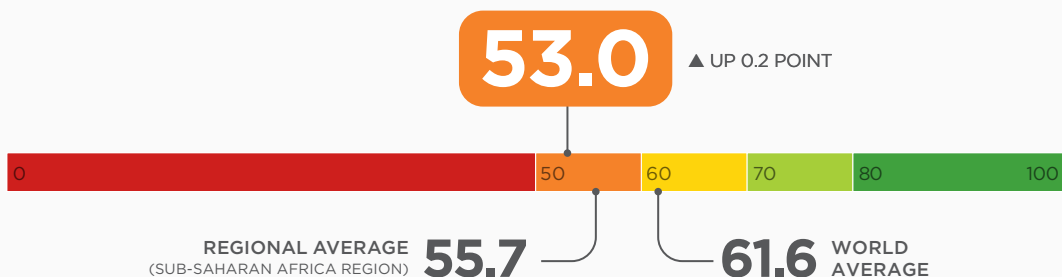
WORLD RANK: **145**
REGIONAL RANK: **33**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Malawi's economic freedom score is 53.0, making its economy the 145th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **property rights**. Malawi is ranked 33rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Malawi has been in the mostly unfree category since the inception of the *Index* in 1995. The achievement of greater economic freedom has been impeded by several factors: fiscal mismanagement; ineffective rule of law, including inadequate protection of property rights and major problems in the judicial system; and endemic corruption in the public and private sectors.

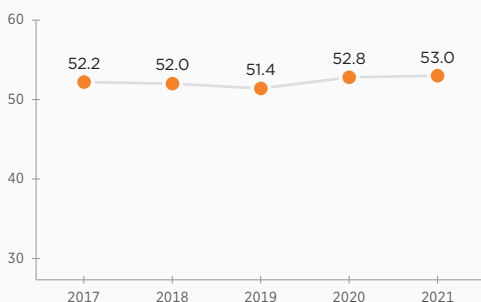
IMPACT OF COVID-19: As of December 1, 2020, 185 deaths had been attributed to the pandemic in Malawi, and economic growth was forecast to decline to 0.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.6 million

GDP (PPP):
\$25.2 billion
4.5% growth in 2019
5-year compound
annual growth 3.4%
\$1,104 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
9.4%

FDI INFLOW:
\$97.9 million

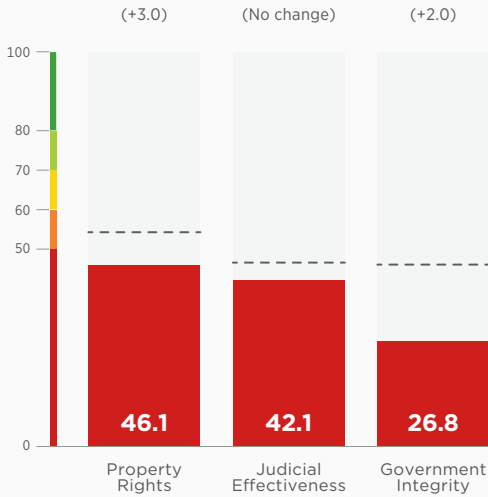
PUBLIC DEBT:
67.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Malawi achieved independence from the United Kingdom in 1964 and was ruled as a one-party state by Dr. Hastings Kamuzu Banda for 30 years. Arthur Peter Mutharika, brother of former President Bingu wa Mutharika, won the presidency in 2014 in elections of questionable legitimacy. The constitutional court overturned his reelection in 2019, citing large-scale irregularities, and Lazarus Chakwera won the subsequent rerun of the election in June 2020. More than half of the population lives below the poverty line, dependent primarily on subsistence agriculture. Tobacco, tea, and sugar are important exports. A long-running border dispute with Tanzania centers on Lake Malawi and its potentially large oil and gas reserves.

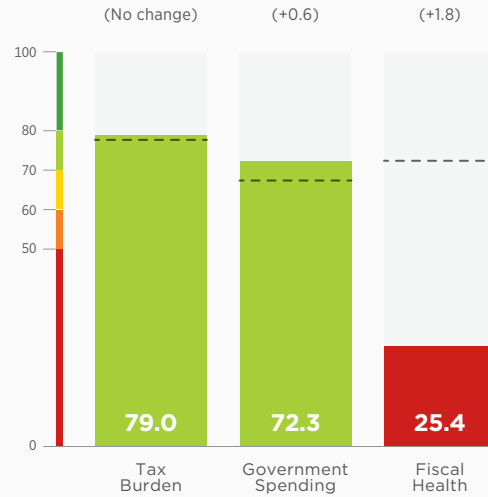
12 ECONOMIC FREEDOMS | MALAWI

RULE OF LAW



Because of corruption, property rights and interests are poorly respected. Record-keeping for the registration of land ownership is centralized and inefficient. Although the high judiciary is reputable and independent, the overall system is inefficient and weakened by poor record-keeping; a shortage of judges, attorneys, and trained personnel; heavy caseloads; and lack of resources. Corruption is widespread in the public and private sectors.

GOVERNMENT SIZE



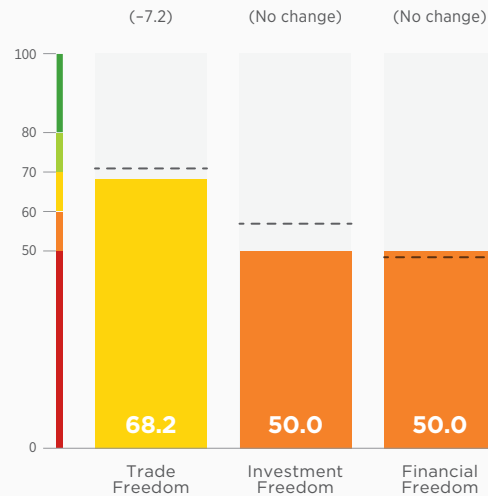
The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 17.4 percent of total domestic income. Government spending has amounted to 30.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 67.7 percent of GDP.

REGULATORY EFFICIENCY



Starting a business and dealing with construction permits in Malawi have become less costly, but both remain expensive relative to the average country in this year's *Index*. The value added per worker relative to the minimum wage has increased. According to the IMF, government expenditures for subsidies and other transfers in 2018–2019 amounted to 4 percent of GDP.

OPEN MARKETS



Malawi has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.4 percent. The lack of transparency, often worsened by bureaucratic delays, is a considerable impediment to foreign trade and investment. Poor access to finance still hampers more dynamic foreign investment inflows and private-sector development. Around 35 percent of adult Malawians have access to an account with a formal banking institution.

MALAYSIA

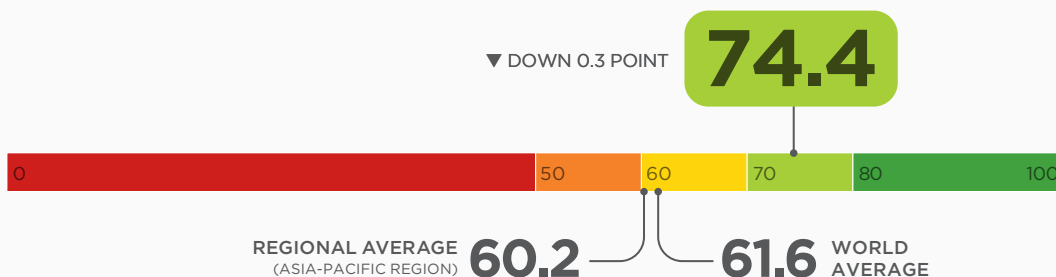
Malaysia's economic freedom score is 74.4, making its economy the 22nd freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **judicial effectiveness**. Malaysia is ranked 5th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The Malaysian economy maintained its ranking in the mostly free category this year. The government began to implement a multi-year anticorruption plan in 2019, and the genuine enhancement of economic freedom will require a concentrated campaign to end such practices as bribery, extortion, nepotism, cronyism, patronage, embezzlement, and graft. The financial sector, although large, lags in development behind the major Asian financial centers.

IMPACT OF COVID-19: As of December 1, 2020, 363 deaths had been attributed to the pandemic in Malaysia, and the economy was forecast to contract by 6.0 percent for the year.

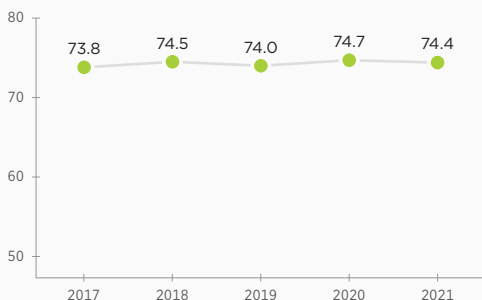
WORLD RANK:	REGIONAL RANK:
22	5
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
31.9 million

GDP (PPP):
\$1.1 trillion
4.3% growth in 2019
5-year compound
annual growth 4.9%
\$29,526 per capita

UNEMPLOYMENT:
3.3%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$7.7 billion

PUBLIC DEBT:
57.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In the 2018 elections, the opposition Pakatan Harapan coalition defeated the long-ruling Barisan Nasional, bringing 94-year-old Prime Minister Mahathir Bin Mohamad back to office for a second time. Running on his economic record, he crafted a winning political coalition in the wake of a massive scandal involving the state-run development board. Former Deputy Prime Minister Anwar Ibrahim was expected to succeed Mahathir, but the coalition fell apart. The result was a political crisis in which Mahathir resigned and was replaced by former United Malays National Organisation Deputy Chairman and former Pakatan Harapan member Muhyiddin Yassin. A snap election was expected in late 2020 or early 2021. Malaysia's leading exports include consumer electronics, petroleum, chemicals, and palm oil.

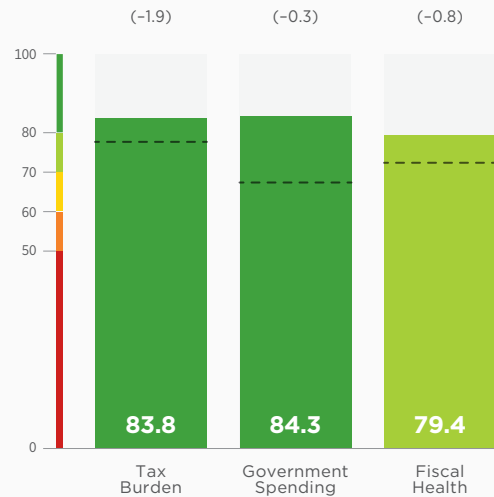
12 ECONOMIC FREEDOMS | MALAYSIA

RULE OF LAW



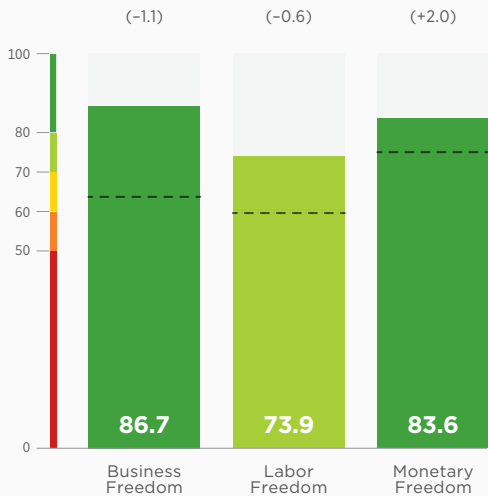
The law strongly protects owners of real property. Established protocols ensure the integrity of the property registration and titling systems. The judiciary is nominally independent but strongly influenced by the executive. A multi-year National Anti-Corruption Plan resulted from the multibillion-dollar IMalaysia Development Berhad (IMDB) embezzlement scandal. It remains to be seen how robustly the plan will be implemented.

GOVERNMENT SIZE



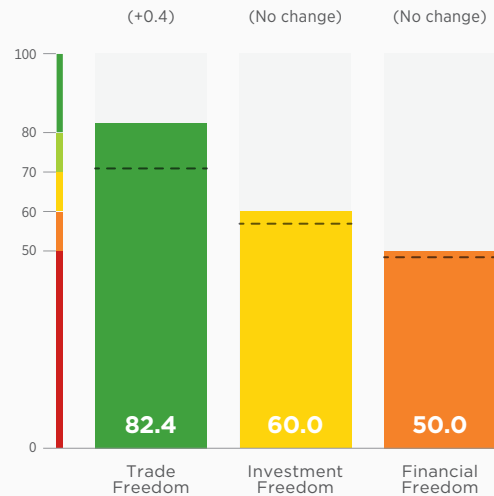
The top individual income tax rate has been increased to 30 percent, and the top corporate tax rate has been cut to 24 percent. The overall tax burden equals 12.0 percent of total domestic income. Government spending has amounted to 22.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.0 percent of GDP. Public debt is equivalent to 57.2 percent of GDP.

REGULATORY EFFICIENCY



The time it takes start a business has increased, and Malaysia has lost ground in business freedom in comparison to other countries. In addition, the labor force participation rate has decreased. The government continues to target its fuel subsidy program narrowly and efficiently.

OPEN MARKETS



Malaysia has 14 preferential trade agreements in force. The trade-weighted average tariff rate is 3.8 percent, and 70 nontariff measures are in effect. The government has taken steps to liberalize foreign investment policies, but there still are local equity participation requirements in some sectors. Regulatory adjustments in the financial sector include the easing of limits on foreign ownership in financial subsectors.

MALDIVES

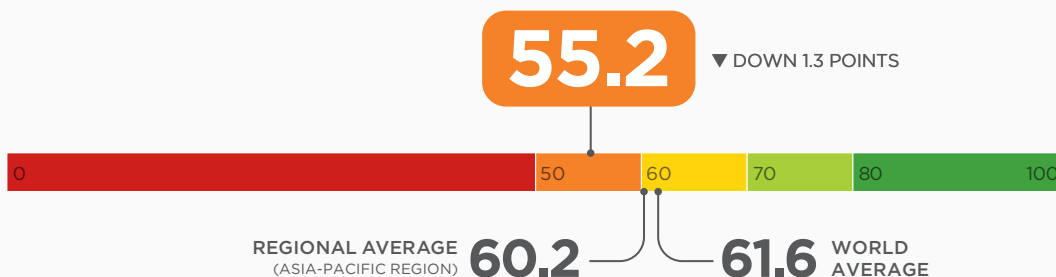
WORLD RANK: **136**
REGIONAL RANK: **31**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

The Maldives' economic freedom score is 55.2, making its economy the 136th freest in the 2021 *Index*. Its overall score has decreased by 1.3 points, primarily because of a decline in **fiscal health**. The Maldives is ranked 31st among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of the Maldives has declined further in the ranks of the mostly unfree. Impediments to greater economic freedom include inadequate rule of law (property rights, judicial effectiveness, and government integrity); poor fiscal health; and a general lack of investment freedom and financial freedom. Much needed are efforts to reduce debt, tackle corruption, rectify human rights abuses, and reform the judiciary.

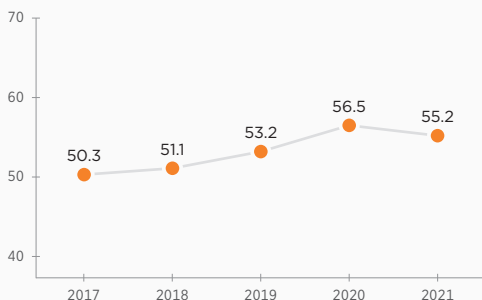
IMPACT OF COVID-19: As of December 1, 2020, 47 deaths had been attributed to the pandemic in the Maldives, and the economy was forecast to contract by 18.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +3.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$8.5 billion
5.7% growth in 2019
5-year compound
annual growth 5.7%
\$19,698 per capita

UNEMPLOYMENT:
6.1%

INFLATION (CPI):
1.3%

FDI INFLOW:
\$564.6 million

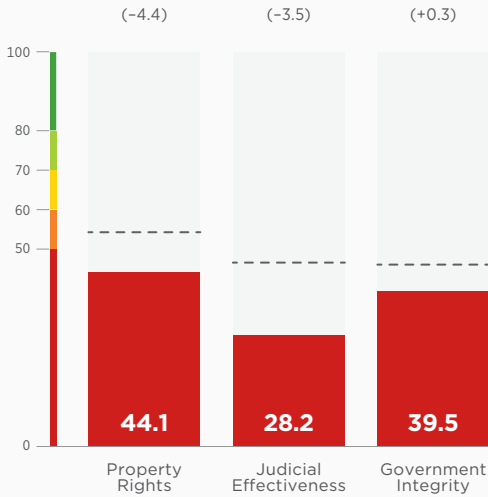
PUBLIC DEBT:
76.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Muslim-majority Maldives archipelago lies southwest of India in the Arabian Sea. Ibrahim Mohamed Solih handily defeated incumbent President Abdulla Yameen in the 2018 elections with a surprising 58 percent of the vote. Solih's Maldivian Democratic Party also won the most seats during the April 2019 parliamentary elections. In 2015, Yameen's government sentenced Solih's close friend, former President Mohamed Nasheed, to a long prison term on dubious charges. Political tensions increased when Yameen took actions that appeared to weaken democratic institutions, curtail civil liberties, and tilt the country away from India and toward China, from which he borrowed heavily. Driven by the rapid growth of its tourism and fisheries sectors, the Maldives has become a middle-income country.

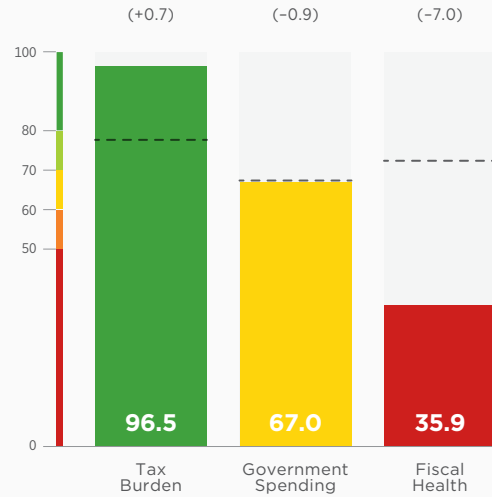
12 ECONOMIC FREEDOMS | MALDIVES

RULE OF LAW



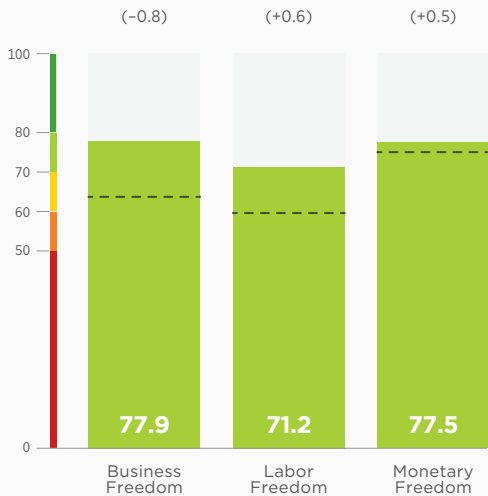
Property rights are generally weak. The government owns most of the land, which it leases to private owners or developers. The semi-independent judiciary is politicized, inadequate, and subject to external influence. An estimated 25 percent of judges have criminal records. Corruption is endemic at all levels of government. The enforcement of laws remains inconsistent and targets political opposition. Some whistleblowers have been jailed.

GOVERNMENT SIZE



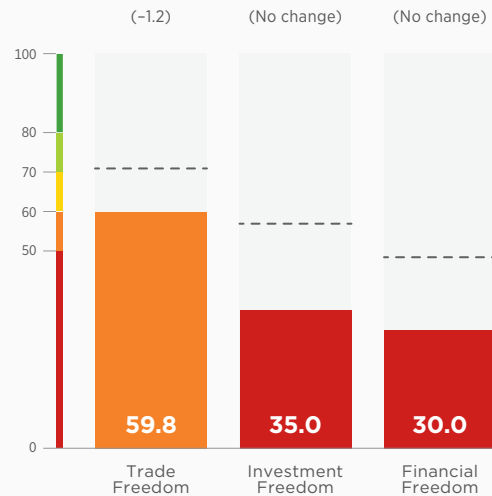
The Maldives government levies no personal income or corporate tax. Bank profits are subject to a profits tax. The overall tax burden equals 18.7 percent of total domestic income. Government spending has amounted to 33.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 76.8 percent of GDP.

REGULATORY EFFICIENCY



Starting a new business, including the paid-in minimum capital requirement and the cost of obtaining electricity, has become more expensive. The recovery rate when resolving insolvency has fallen. In 2019, the International Labor Organization asked the government to do more to eliminate child labor. According to the finance ministry, the total amount for grants, contributions, and subsidies was 46.3 percent higher in the 2020 national budget than it was in 2019.

OPEN MARKETS



The Maldives has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.6 percent, and nontariff barriers persist. A new foreign investment code that still excludes several sectors from foreign participation and ownership was adopted in 2020. The shallow financial sector is dominated by banking. Costly credit and limited access to financial services impede development of a vibrant private sector.

MALI

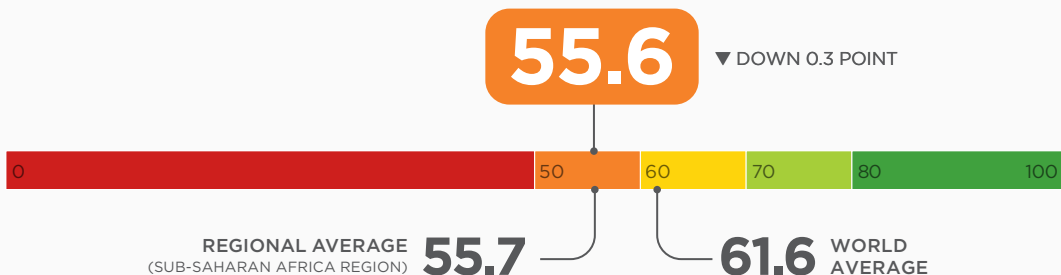
Mali's economic freedom score is 55.6, making its economy the 133rd freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **judicial effectiveness**. Mali is ranked 26th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Mali has been mostly unfree for nearly two decades. The country's lack of effective rule-of-law institutions presents an almost overwhelming impediment to development. In the absence of property rights protection or an honest and transparent judicial system, and with a seeming cultural tolerance for corruption, it is virtually impossible to achieve greater economic freedom.

IMPACT OF COVID-19: As of December 1, 2020, 160 deaths had been attributed to the pandemic in Mali, and the economy was forecast to contract by 2.0 percent for the year.

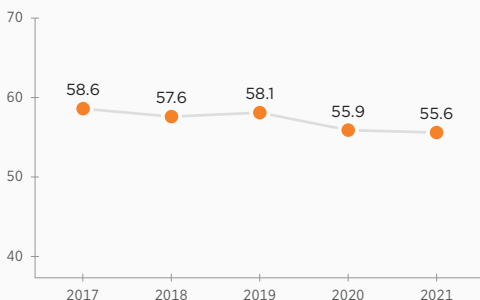
WORLD RANK: **133**
REGIONAL RANK: **26**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.7 million

GDP (PPP):
\$47.4 billion
5.1% growth in 2019
5-year compound
annual growth 5.6%
\$2,424 per capita

UNEMPLOYMENT:
7.2%

INFLATION (CPI):
-0.6%

FDI INFLOW:
\$493.8 million

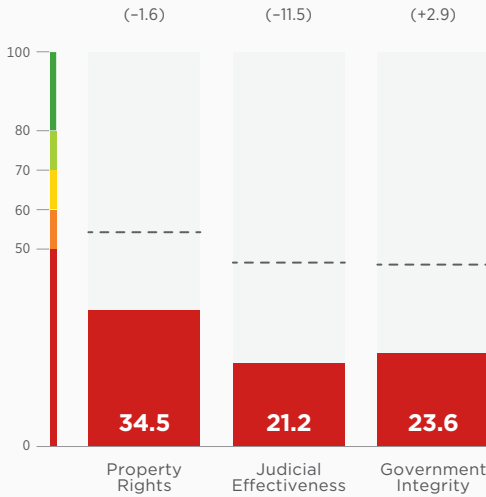
PUBLIC DEBT:
40.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After decades of French colonial rule and a brief federation with Senegal, the Republic of Mali was established in 1960. Following a 2012 military coup, Tuareg separatists and militants linked to al-Qaeda took control of northern Mali, prompting a French military intervention. Terrorist attacks and tribal violence are common in central and northern Mali. Ibrahim Boubacar Keita easily won a second five-year term in a low-turnout 2018 vote amid allegations of fraud. Political turmoil escalated after a court overturned some 2020 legislative election results that were unfavorable to the ruling party, and the large-scale protests that followed were brutally suppressed. One of the world's 25 poorest countries, Mali depends on gold mining and agricultural exports.

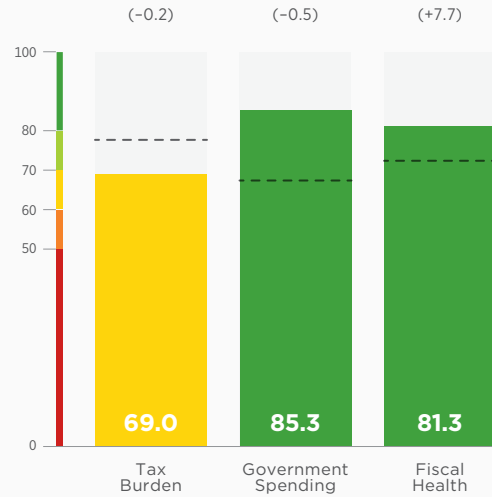
12 ECONOMIC FREEDOMS | MALI

RULE OF LAW



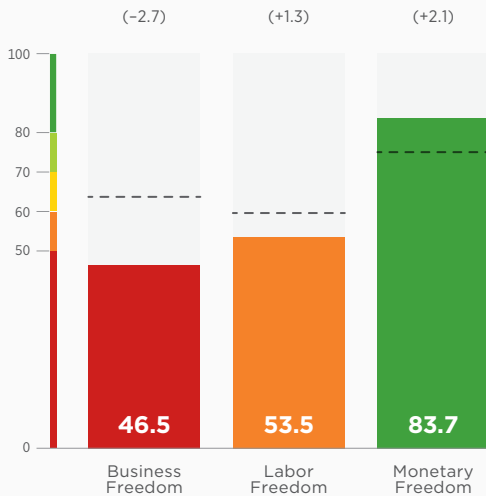
The protection of property rights is inadequate. Mali currently lacks a nationwide land registry. The judicial system is nominally independent but in practice is inefficient and vulnerable to political influence. The mayor of Bamako was arrested on charges of corruption in October 2019, and corruption remains widespread in the public sector. Bribery and embezzlement of public funds are common, and impunity for corrupt officials is the norm.

GOVERNMENT SIZE



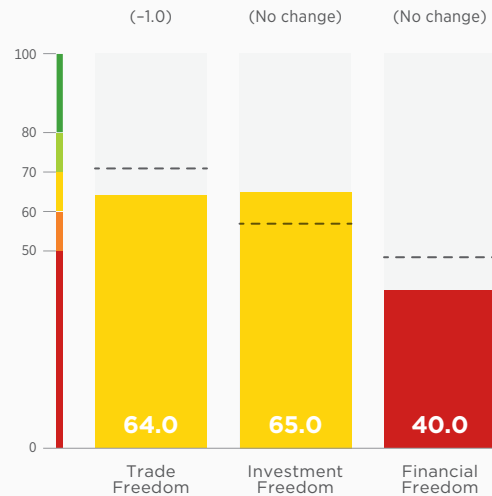
The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 16.7 percent of total domestic income. Government spending has amounted to 22.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 40.5 percent of GDP.

REGULATORY EFFICIENCY



A new tax called the solidarity contribution that is levied at a rate of 0.5 percent on business turnover has made an already hazardous landscape for private businesses still more difficult to navigate. Forced labor and the worst forms of child labor are rampant, and labor rights are not respected. According to the IMF, government subsidies are often poorly targeted and benefit mainly the wealthiest Malians living in urban centers.

OPEN MARKETS



Mali has two preferential trade agreements in force. The trade-weighted average tariff rate is 10.5 percent, and 20 non-tariff measures are in effect. The government is encouraging economic diversification and broader economic development, but progress is limited by inadequate financial infrastructure and the fragile security situation. The high cost of credit in the underdeveloped financial sector deters entrepreneurial growth.

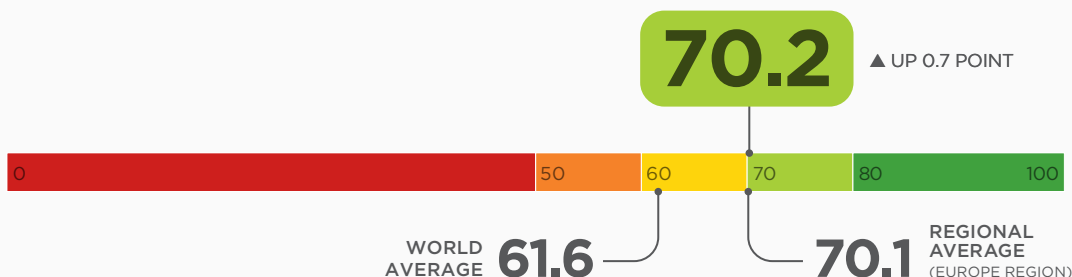
MALTA

Malta's economic freedom score is 70.2, making its economy the 36th freest in the 2021 *Index*. Its overall score has increased by 0.7 point, primarily because of an improvement in **judicial effectiveness**. Malta is ranked 21st among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Malta's economy has crossed the threshold into the ranks of the mostly free. To sustain that progress, the government will need to fight corruption more aggressively, further reform the labor code and the judicial system, and prioritize spending cuts and pension and health care reform, as entitlements continue to pressure public finances.

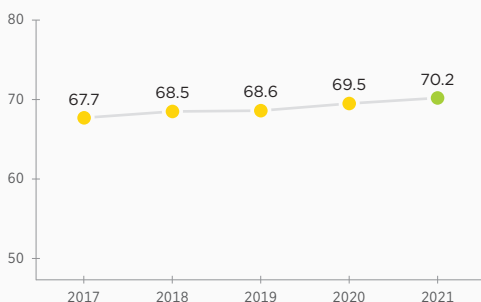
IMPACT OF COVID-19: As of December 1, 2020, 141 deaths had been attributed to the pandemic in Malta, and the economy was forecast to contract by 7.9 percent for the year.

ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$23.0 billion
4.4% growth in 2019
5-year compound
annual growth 7.0%
\$45,652 per capita

UNEMPLOYMENT:
3.5%

INFLATION (CPI):
1.5%

FDI INFLOW:
\$3.6 billion

PUBLIC DEBT:
42.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Malta joined the European Union in 2004 and the eurozone in 2008. Prime Minister Robert Abela of the center-left Labour Party took office in January following the resignation of his predecessor, Joseph Muscat, after months of protests occasioned by Muscat's handling of questions about the murder of an investigative journalist. With few natural resources, the tiny island nation imports most of its food, most of its fresh water, and all of its energy. The government maintains a sprawling socialist bureaucracy that oversees heavy entitlement spending. The economy depends on tourism, trade, and manufacturing. Well-trained workers, low labor costs, and EU membership attract foreign investment. Challenges include substantial immigration from politically unstable North African neighbors.

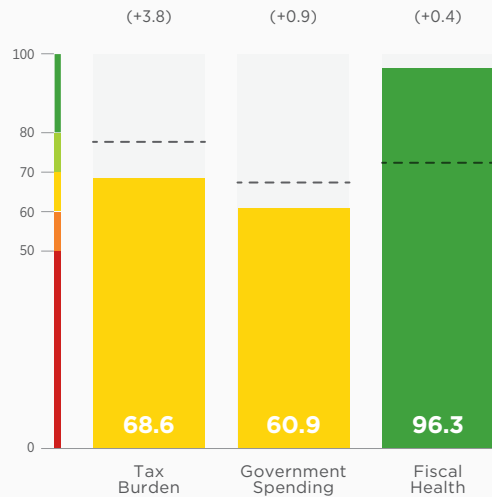
12 ECONOMIC FREEDOMS | MALTA

RULE OF LAW



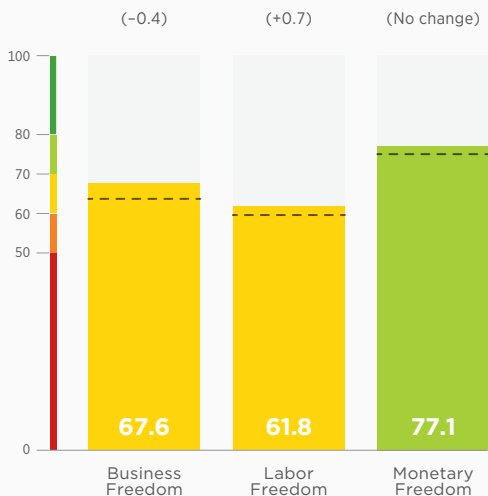
Property rights are protected, and expropriation is unlikely, but foreigners do not have full rights to buy property. The judiciary is independent both constitutionally and in practice. Public-sector corruption, including bribery of public officials, is not a significant problem. The investigation into the 2017 murder of anticorruption journalist Daphne Caruana Galizia continued in 2020.

GOVERNMENT SIZE



The top individual income and corporate tax rates are 35 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 26.2 percent of total domestic income. Government spending has amounted to 36.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.2 percent of GDP. Public debt is equivalent to 42.8 percent of GDP.

REGULATORY EFFICIENCY



Implementing an online one-stop shop for a variety of business registration and tax requirements and increasing the reliability of the power supply were not enough to keep Malta from losing business freedom points when compared to other countries. Labor costs are relatively low. Subsidies in the government's 2020 budget amounted to 1.2 percent of GDP.

OPEN MARKETS



As a member of the EU, Malta has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. The financial market is small but sound and has become more open to competition. Over 90 percent of adult Maltese have access to an account with a formal banking institution.

MAURITANIA



WORLD RANK:

128

REGIONAL RANK:

23

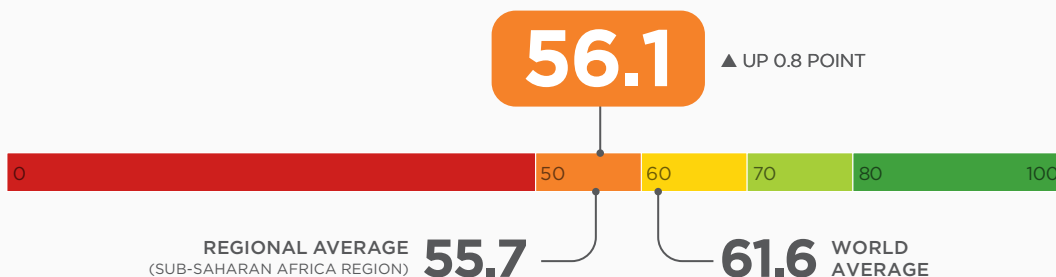
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Mauritania's economic freedom score is 56.1, making its economy the 128th freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in the **government spending** score. Mauritania is ranked 23rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Mauritania's economy has been mostly unfree for nearly two decades. To improve economic freedom, the government will have to strengthen the protection of property rights, implement major reforms in the judicial system's institutions, and take a tougher and more consistent stance against public corruption in all its forms. More democratic and stable rule of law would also increase investment freedom and financial freedom.

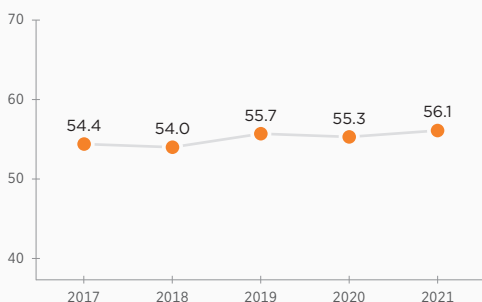
IMPACT OF COVID-19: As of December 1, 2020, 177 deaths had been attributed to the pandemic in Mauritania, and the economy was forecast to contract by 3.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.5 million

GDP (PPP):
\$25.5 billion
5.9% growth in 2019
5-year compound
annual growth 3.6%
\$5,412 per capita

UNEMPLOYMENT:
9.6%

INFLATION (CPI):
2.3%

FDI INFLOW:
\$885.3 million

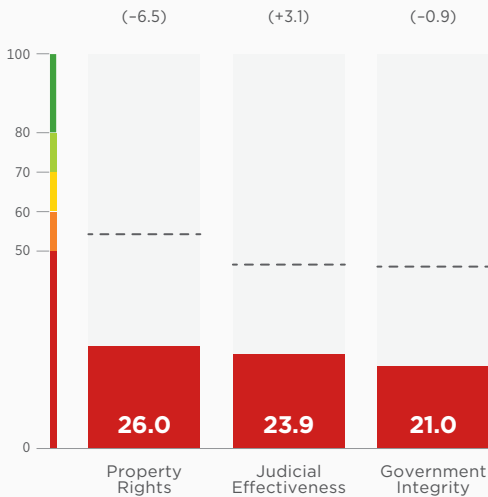
PUBLIC DEBT:
57.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Islamic Republic of Mauritania emerged from French colonial rule in 1960. Since independence, it has been governed by a series of dictators and authoritarian regimes, each typically ended by a military coup. Mohamed Ghazouani's victory in the June 2019 presidential elections was described by some as the first peaceful transfer of power in the country's history, but because of Ghazouani's military background, it was criticized by others as "just another coup." Societal tensions run high between Arabic-speaking descendants of slaves, Arabic-speaking "White Moors," and sub-Saharan ethnic groups. A 2020 corruption scandal implicating a number of ministers prompted a cabinet reshuffle. Terrorist groups are active in the mostly desert country. Extractive industries (oil and mines), fisheries, and agriculture dominate the economy.

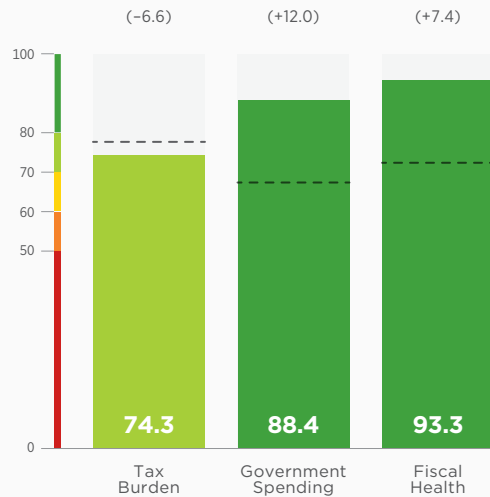
12 ECONOMIC FREEDOMS | MAURITANIA

RULE OF LAW



Property rights are protected by law, but enforcement is uneven. The property registration system for land and real estate is well developed, but more than 10 percent of the land remains without title. The hybrid French-Sharia judicial system is weak, chaotic, and heavily influenced by the government. Corruption is widespread in procurement but also common in such other government transactions as fishing licenses, land, bank loans, and tax payments.

GOVERNMENT SIZE



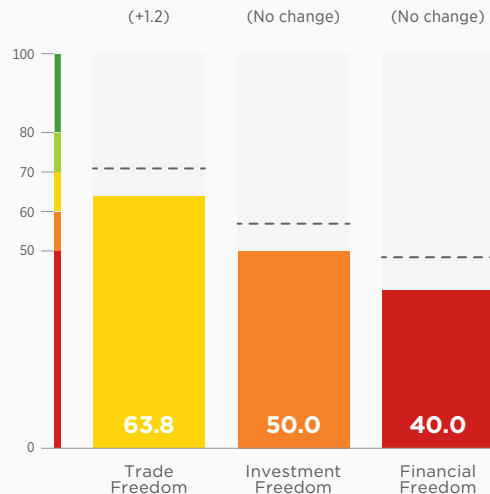
The top individual income tax rate has been increased to 40 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 18.7 percent of total domestic income. Government spending has amounted to 19.7 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.2 percent of GDP. Public debt is equivalent to 57.7 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has become more complicated and costly, contributing to Mauritania's large falloff in business freedom. Few sectors of the economy use modern technologies because skilled labor to operate them is not readily available. Effective monetary policy is constrained by a vast informal economy, although the government is trying to implement a more disciplined fiscal policy.

OPEN MARKETS



Mauritania has no preferential trade agreements in force. The trade-weighted average tariff rate is 8.1 percent. Nontariff barriers and other restrictions prevent entrepreneurs from participating in the global economy, and open-market policies to promote investment are not fully institutionalized. The financial sector, dominated by banking, lacks transparency and efficiency. About 25 percent of adult Maurititanians have access to a formal banking account.

MAURITIUS

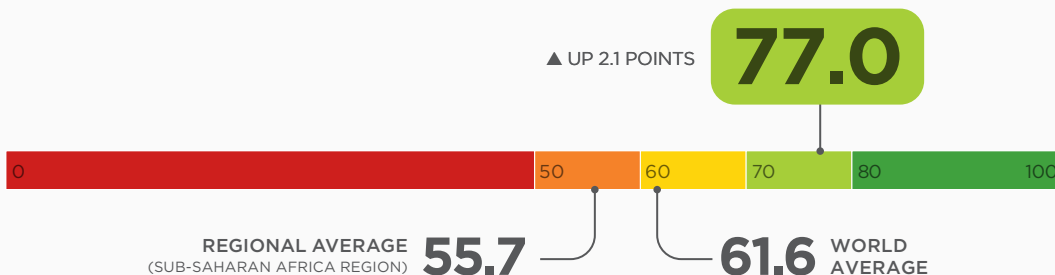


Mauritius's economic freedom score is 77.0, making its economy the 13th freest in the 2021 *Index*. Its overall score has increased by 2.1 points, primarily because of an improvement in **labor freedom**. Mauritius is ranked 1st among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

This year, Mauritius solidified its ranking as the economically freest nation in the sub-Saharan Africa region. To achieve membership in the highest *Index* category (free), the government would have to build on its successes and redouble its efforts to correct its ongoing deficit in government integrity, which persists at a troubling level that is more typical of countries that are ranked much lower overall in economic freedom.

IMPACT OF COVID-19: As of December 1, 2020, 10 deaths had been attributed to the pandemic in Mauritius, and the economy was forecast to contract by 14.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +8.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$31.6 billion
3.5% growth in 2019
5-year compound
annual growth 3.7%
\$23,942 per capita

UNEMPLOYMENT:
6.7%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$472.3 million

PUBLIC DEBT:
62.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Mauritius gained independence from the United Kingdom in 1968. Sir Anerood Jugnauth, a former president, became prime minister for the third time in 2014 but resigned in 2017 in favor of his son Pravind, whose party won a rare parliamentary majority in 2019. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment and has one of the Africa region's highest per capita GDPs. The government is trying to modernize the sugar and textile industries while promoting diversification into such other areas as information technology and financial and business services. Services and tourism remain important economic drivers, and maritime security is a priority.

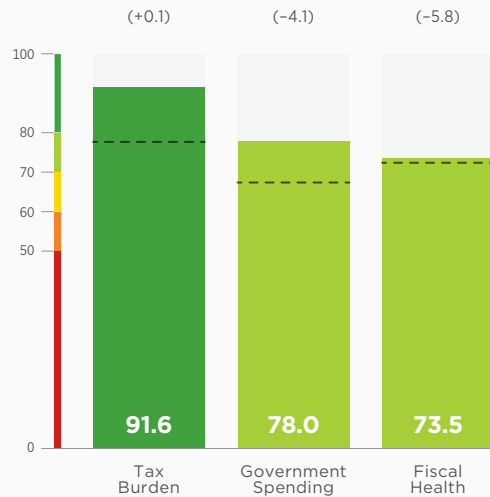
12 ECONOMIC FREEDOMS | MAURITIUS

RULE OF LAW



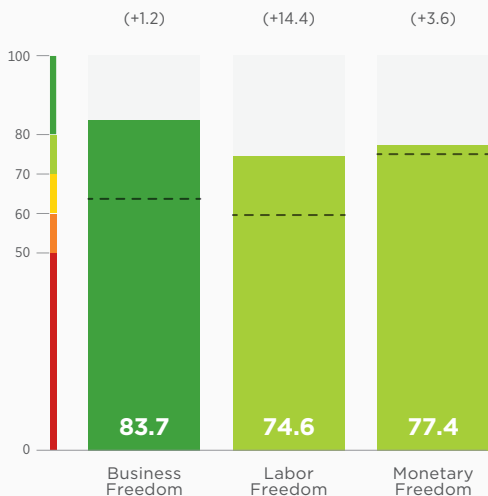
Property rights are respected, and the World Bank's 2020 *Doing Business* report ranked Mauritius 23rd out of 190 countries for ease of property registration. Under a legacy hybrid French-British legal system, the judiciary has generally maintained its independence. The prevalence of corruption is low by regional standards, but graft and nepotism remain concerns and are increasingly a source of public frustration.

GOVERNMENT SIZE



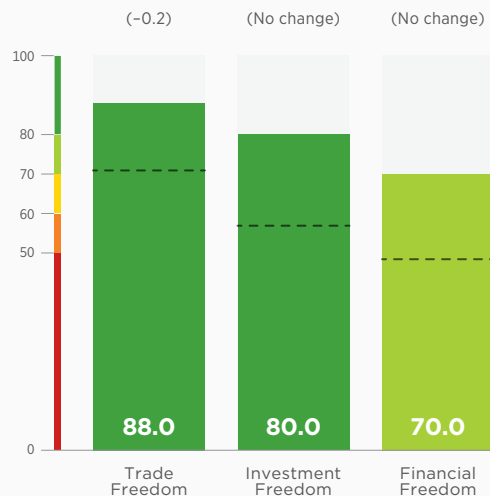
The personal income and corporate tax rates are a flat 15 percent. Other taxes include a value-added tax. The overall tax burden equals 19.8 percent of total domestic income. Government spending has amounted to 27.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 62.5 percent of GDP.

REGULATORY EFFICIENCY



Mauritius has improved its protocols for continuation of business during insolvency proceedings. The time needed to apply for a wastewater connection has been shortened. Required severance pay for redundancy dismissals has been greatly reduced, increasing employers' willingness to hire. According to an IMF budget projection, total government grants, transfers, and subsidies amounted to 4.8 percent of the 2019-2020 budget.

OPEN MARKETS



Mauritius has five preferential trade agreements in force. The trade-weighted average tariff rate is 1.0 percent, and 12 nontariff measures are in effect. An efficient and transparent investment framework supports foreign investment inflows. The open investment regime is underpinned by a nondiscriminatory legal system. Private banks dominate the financial sector, and about 90 percent of adult Mauritians have access to a bank account.

WORLD RANK:

65

REGIONAL RANK:

11

ECONOMIC FREEDOM STATUS:
MODERATELY FREE

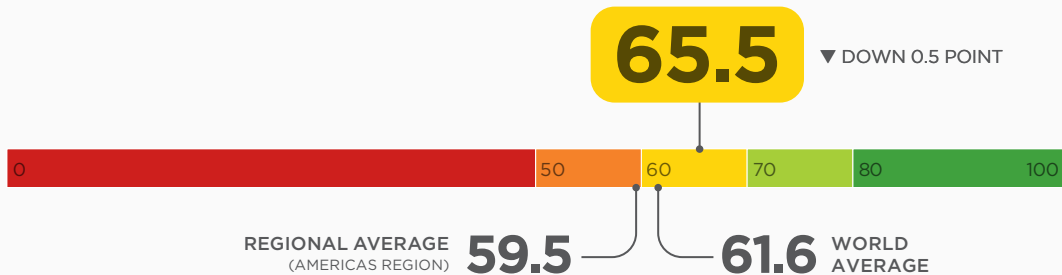
MEXICO

Mexico's economic freedom score is 65.5, making its economy the 65th freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in **trade freedom**. Mexico is ranked 11th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Mexican economy remained in the moderately free category this year. Although President López Obrador has launched several high-profile investigations, corruption remains a serious problem. Mexico's scores on judicial effectiveness and government integrity are on par with those of an average developing country, not an emerging market. More reforms to liberalize labor laws are needed.

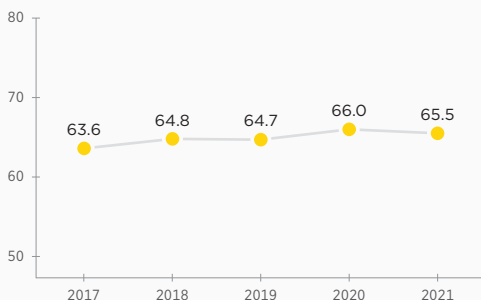
IMPACT OF COVID-19: As of December 1, 2020, 106,765 deaths had been attributed to the pandemic, and Mexico's economy was forecast to contract by 9.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
127.6 million

GDP (PPP):
\$2.6 trillion
-0.1% growth
in 2019
5-year compound
annual growth 2.1%
\$20,411 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
3.6%

FDI INFLOW:
\$32.9 billion

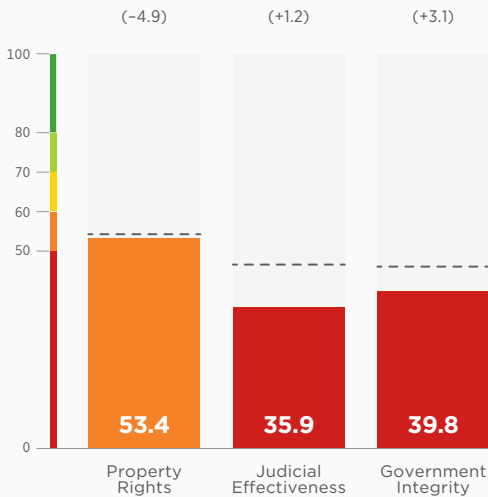
PUBLIC DEBT:
53.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In 2018, Andrés Manuel López Obrador of the MORENA party won a landslide victory, and his party took control of Congress, marking the first time a third-party candidate has controlled either branch of government. López Obrador inherited a deeply violent country, entrenched political and economic interests that often collaborate with transnational drug cartels, and sluggish economic growth. As president, he has pursued anticorruption measures while also implementing nationalistic economic policies such as reversing his predecessor's education and energy reforms, has supported the U.S.-Mexico-Canada trade agreement, and has faced pressure from the United States to stop the flow of migrants from Central America's northern triangle. Nearly 60 percent of economic activity takes place in the informal sector.

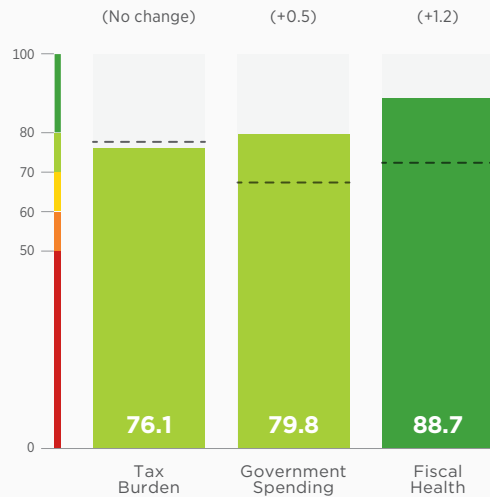
12 ECONOMIC FREEDOMS | MEXICO

RULE OF LAW



The law protects property rights, but corruption causes enforcement to be uneven. Property registration is problematic. The semi-independent judicial system is enfeebled by delays and other problems. Frequent solicitation of bribes by bureaucrats and officials, widespread impunity, and the high incidence of criminal extortion undermine the rule of law. Corruption has long been a problem in Mexico and is exacerbated by billions of narco-dollars.

GOVERNMENT SIZE



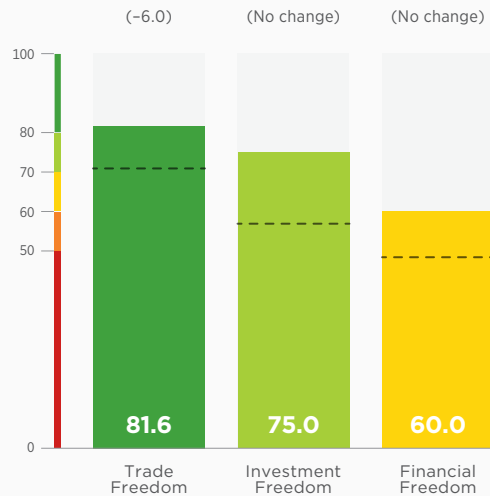
The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 16.1 percent of total domestic income. Government spending has amounted to 25.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.9 percent of GDP. Public debt is equivalent to 53.4 percent of GDP.

REGULATORY EFFICIENCY



Operating a business has become more difficult. In Mexico City, construction permits are more difficult to obtain, and fees are higher. The formal labor market lacks depth because of Mexico's high rate of labor informality. The government continues to subsidize the highly indebted and inefficient state-owned oil company, PEMEX, heavily.

OPEN MARKETS



Mexico has 23 preferential trade agreements in force. The trade-weighted average tariff rate is 4.2 percent, and 246 nontariff measures are in effect. Foreign direct investment is permitted in the vast majority of the economy, but certain key sectors are still reserved for the state. The banking sector, majority foreign owned, remains relatively well capitalized, but less than 40 percent of adult Mexicans have access to a formal banking account.

MICRONESIA

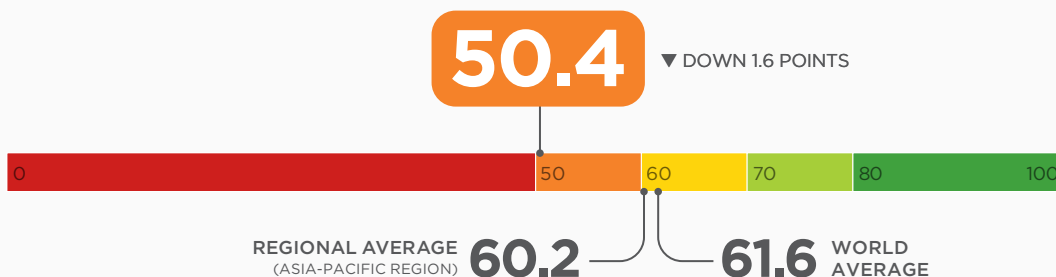
WORLD RANK: **160**
REGIONAL RANK: **36**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Micronesia's economic freedom score is 50.4, making its economy the 160th freest in the 2021 *Index*. Its overall score has decreased by 1.6 points, primarily because of a decline in **property rights**. Micronesia is ranked 36th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of Micronesia remains in the mostly unfree category at the bottom of that rank. The lack of economic freedom in the country is partly the legacy of its long-standing dependence on U.S. assistance, which has had an enervating and debilitating impact on entrepreneurship and economic initiative. The rule of law has deteriorated, especially for the protection of property rights, partly because of corruption.

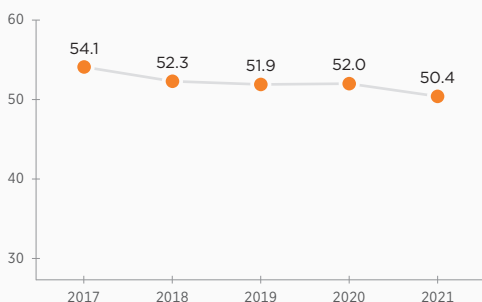
IMPACT OF COVID-19: As of November 1, 2020, no deaths had been attributed to the pandemic in Micronesia, but the economy was forecast to contract by 3.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.4 billion
1.2% growth in 2019
5-year compound
annual growth 1.9%
\$3,550 per capita
(2018)

UNEMPLOYMENT:
16.2%

INFLATION (CPI):
1.8%

FDI INFLOW: \$20.2
million (2014)

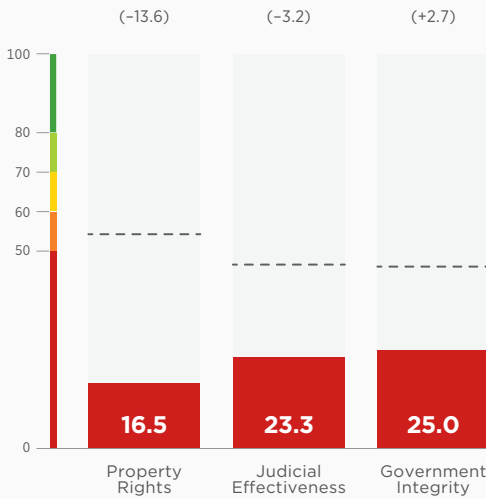
PUBLIC DEBT: 18.5%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The widely scattered Caroline Islands in the southwestern Pacific Ocean were part of a U.N. Trust Territory under U.S. administration after World War II. The eastern four island groups (Pohnpei, Chuuk, Yap, and Kosrae) adopted a constitution in 1979 and became the Federated States of Micronesia. The 607-island archipelago's central government has only limited powers. Elections for the unicameral parliament took place in March 2019. In the same month, David Panuelo was elected president by a narrow margin. Under a Compact of Free Association signed in 1986, the U.S. is responsible for Micronesia's defense and currently provides approximately \$130 million annually in economic assistance. Economic activity consists largely of subsistence farming and fishing.

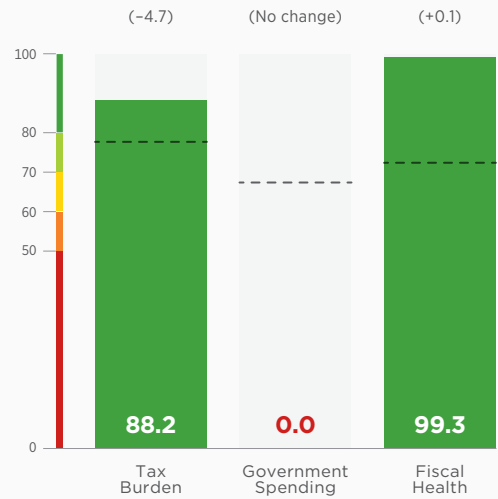
12 ECONOMIC FREEDOMS | MICRONESIA

RULE OF LAW



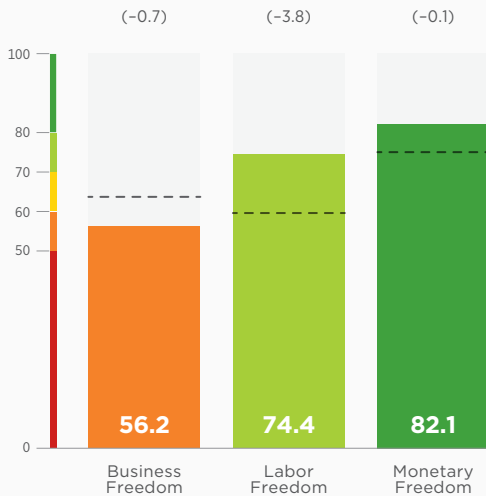
The law respects and protects property rights. The judiciary is constitutionally independent, but courts are weakened by chronic underfunding, technical capacity constraints, delays, and the inability to enforce judgments properly. Although the authorities can investigate and punish cases of official corruption and misuse of funds, both problems remain subjects of public discontent.

GOVERNMENT SIZE



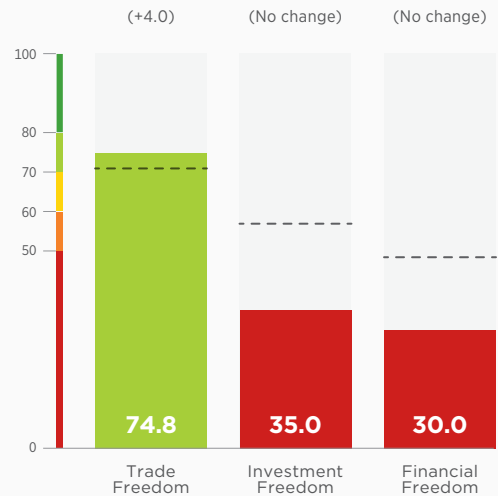
The top individual income tax rate is 10 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 25.2 percent of total domestic income. Government spending has amounted to 64 percent of total output (GDP) over the past three years, and budget surpluses have averaged 18.6 percent of GDP. Public debt is equivalent to 18.5 percent of GDP.

REGULATORY EFFICIENCY



Micronesia's business environment has been considered mostly unfree ever since 2009 when it was first included in the *Index*. Construction permits and electricity connections have become even more expensive. It has also become harder to hire workers. The government has monopolies in fuel, telecommunications, and copra production and is heavily dependent on U.S. subsidies.

OPEN MARKETS



Micronesia has two preferential trade agreements in force. The simple average tariff rate is 5.1 percent, but overall trade freedom is limited by nontariff barriers and poor trade infrastructure. Micronesia is not a member of the World Trade Organization. Numerous impediments discourage foreign investment. High credit costs and scarce access to financing constrain the small private sector. Much of the population does not use formal banking.

MOLDOVA

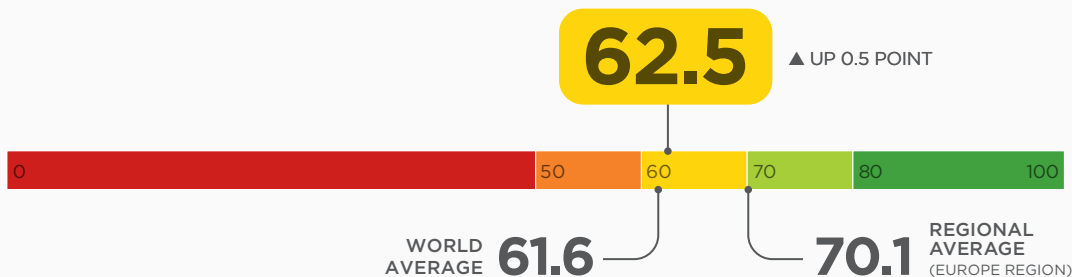


Moldova's economic freedom score is 62.5, making its economy the 85th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in the **tax burden** score. Moldova is ranked 41st among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Moldovan economy remains in the moderately free category this year. Economic freedom is constrained by post-Soviet Moldova's ongoing vulnerability to corruption, political uncertainty, weak administrative capacity, vested bureaucratic interests, a rigid labor code, and dependence on energy imports. The rule of law in particular remains very weak, especially in the judicial system.

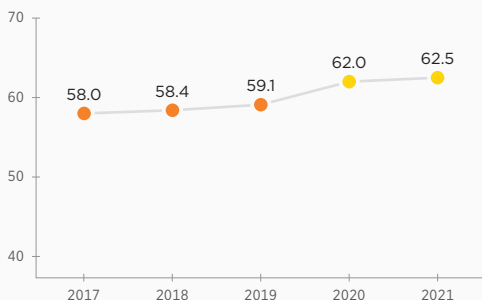
IMPACT OF COVID-19: As of December 1, 2020, 2,323 deaths had been attributed to the pandemic in Moldova, and the economy was forecast to contract by 4.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +29.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.7 million

GDP (PPP):
\$27.3 billion
3.6% growth in 2019
5-year compound
annual growth 3.3%
\$13,574 per capita

UNEMPLOYMENT:
5.5%

INFLATION (CPI):
4.8%

FDI INFLOW:
\$588.6 million

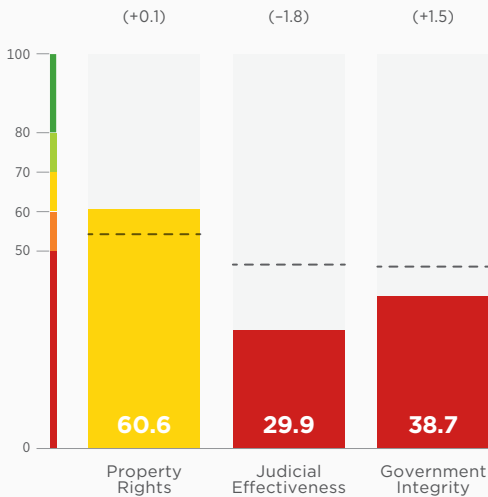
PUBLIC DEBT:
27.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Moldova gained independence after the collapse of the Soviet Union in 1991 but is vulnerable to economic pressure from Russia and has to contend with a secessionist pro-Russian movement in its Transnistria region, which is currently home to about 1,000 Russian troops. The February 2019 Moldovan parliamentary elections ended with most of the vote in parliament split among three parties: the pro-Russia Socialist Party, the pro-Europe Democratic Party, and the pro-Western ACUM bloc. In November 2019, Moldova's parliament approved a new government led by former finance minister and presidential adviser Ion Chicu. Moldova's economy depends on emigrants' remittances and agricultural products like fruits, vegetables, wine, and tobacco.

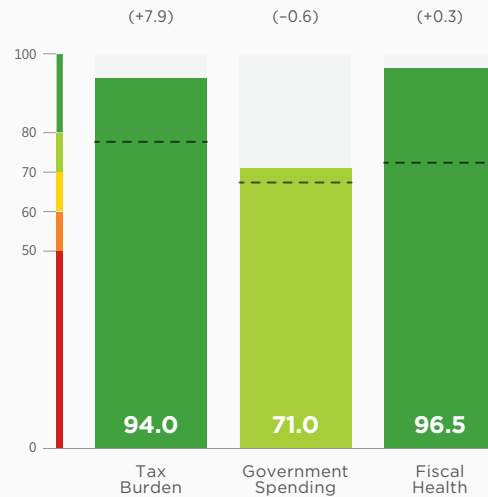
12 ECONOMIC FREEDOMS | MOLDOVA

RULE OF LAW



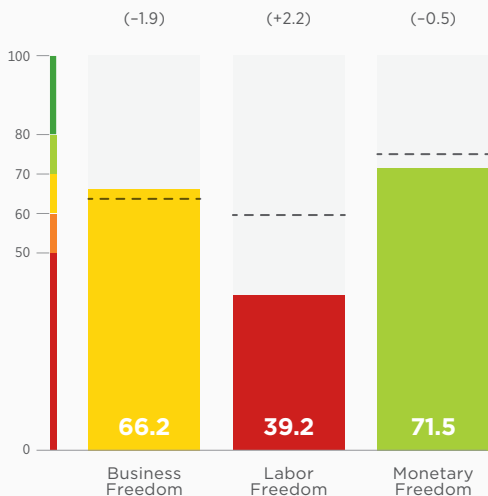
Moldovan law protects property rights, but they can be undermined by judicial corruption. Ownership titles are registered by a national cadastral office. The judiciary is constitutionally independent. Reforms are underway to improve the legal framework and reorganize and streamline the operations of the courts, which have been subject to political pressure. Organized crime and corruption remain major problems at all levels of government.

GOVERNMENT SIZE



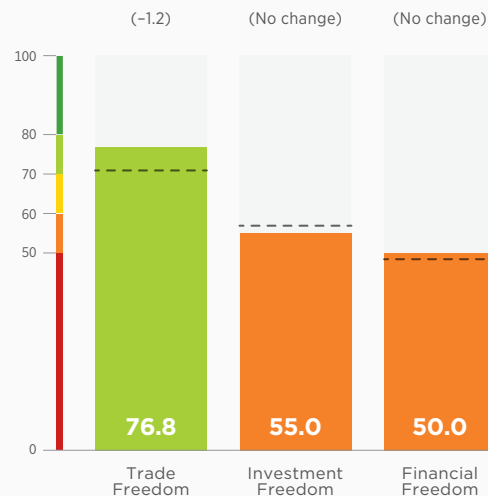
The top individual income and corporate tax rates are 12 percent. Other taxes include a value-added tax. The overall tax burden equals 17.7 percent of total domestic income. Government spending has amounted to 31.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 27.3 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has become quite a bit more expensive and time-consuming. It is estimated that about one-fifth of the labor force works abroad, leaving fewer seeking jobs at home and making it more difficult to expand domestic production. The government subsidizes agriculture and other sectors and maintains price controls on food and other staple goods.

OPEN MARKETS



Moldova has eight preferential trade agreements in force. The trade-weighted average tariff rate is 4.1 percent, and eight nontariff measures are in effect. In general, foreign and domestic investors are treated equally under the law, but the overall investment framework lacks transparency and efficiency. Long-term financing remains difficult. About 45 percent of adult Moldovans have access to an account with a formal banking institution.

MONGOLIA

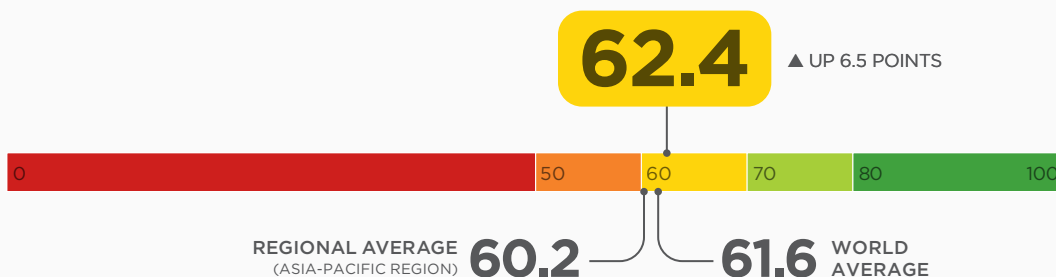
Mongolia's economic freedom score is 62.4, making its economy the 86th freest in the 2021 *Index*. Its overall score has increased by 6.5 points, primarily because of an improvement in **fiscal health**. Mongolia is ranked 14th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Mongolia's economy made it back into the moderately free category this year for the first time since 2013. Greater economic freedom continues to be impeded by a woefully inadequate rule of law. Government corruption is pervasive, and courts are unreliable. Although the government has adopted a national anticorruption strategy and action plan, it has not always implemented existing statutes effectively or evenhandedly.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Mongolia, but the economy was forecast to contract by 2.0 percent for the year.

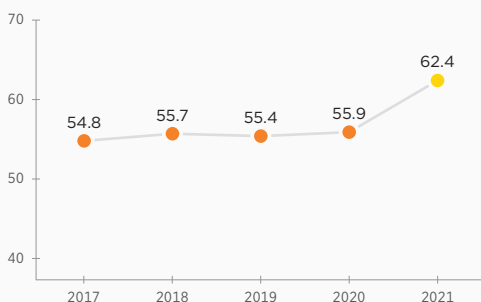


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +14.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.2 million

GDP (PPP):
\$46.7 billion
5.1% growth in 2019
5-year compound
annual growth 4.2%
\$12,820 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
7.3%

FDI INFLOW:
\$2.4 billion

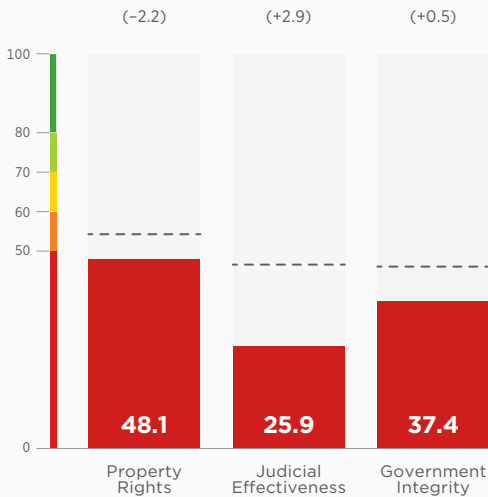
PUBLIC DEBT: 65.9%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

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 relatively well-maintained political stability. Nevertheless, the Soviet-era Mongolian People's Party has held a parliamentary majority since 2016. The Democratic Party's Khaltmaagiin Battulga was elected president in 2017. The next presidential elections are scheduled for 2021. Agriculture and mining remain the most important sectors of the economy. Internationally, Mongolia enjoys observer status in the Shanghai Cooperation Organization and is being considered for membership in the Asia-Pacific Economic Cooperation forum. The majority of ethnic Mongolians today live in China.

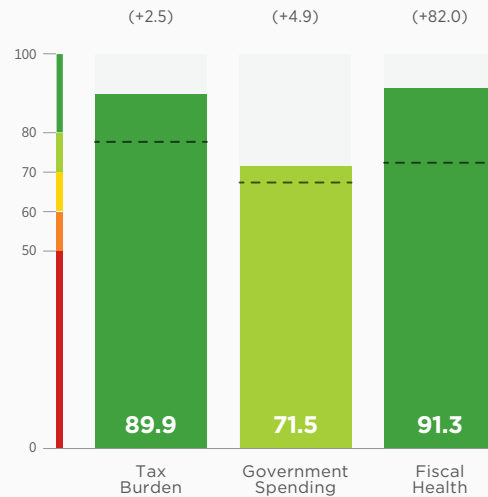
12 ECONOMIC FREEDOMS | MONGOLIA

RULE OF LAW



Property and contractual rights are recognized, but enforcement is uneven. Although the judiciary is independent, the courts are vulnerable to political interference and corruption, which is endemic. Factors contributing to corruption include conflicts of interest, lack of transparency, limited access to information, an underfunded civil service system, low salaries, and limited government control of key institutions.

GOVERNMENT SIZE



The individual income tax rate is a flat 10 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 16.8 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.2 percent of GDP. Public debt is equivalent to 65.9 percent of GDP.

REGULATORY EFFICIENCY



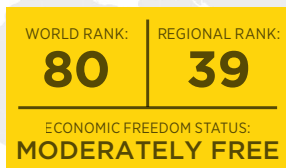
The time it takes to start a business in Mongolia has increased. On the labor front, the government has begun to enforce a rule requiring that companies hire five Mongolians for every non-Mongolian. The government funds subsidies for agriculture, electricity, and other sectors.

OPEN MARKETS



Mongolia has one preferential trade agreement in force. The trade-weighted average tariff rate is 5.2 percent, and three formal nontariff measures are in effect. However, other barriers to trade, exacerbated by institutional shortcomings, 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 overall progress has been uneven.

MONTENEGRO

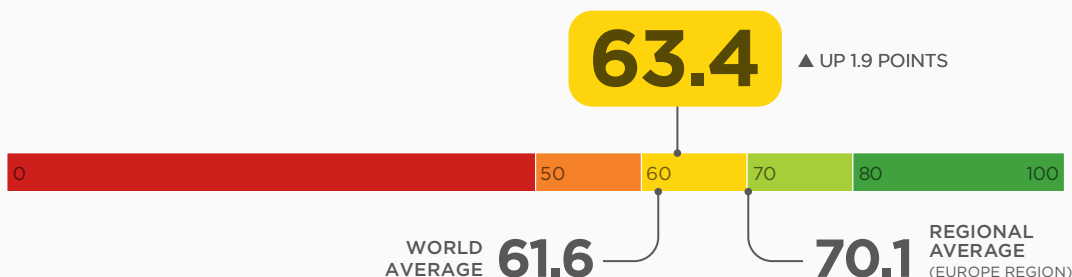


Montenegro's economic freedom score is 63.4, making its economy the 80th freest in the 2021 *Index*. Its overall score has increased by 1.9 points, primarily because of an improvement in **fiscal health**. Montenegro is ranked 39th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The economy of Montenegro climbed in the ranks of the moderately free this year. High government spending and debt levels, which hamper the realization of greater economic freedom, would be alleviated by improved public-sector finance. The country also remains beset by corruption and weak rule of law, as well as by a complex and time-consuming regulatory environment.

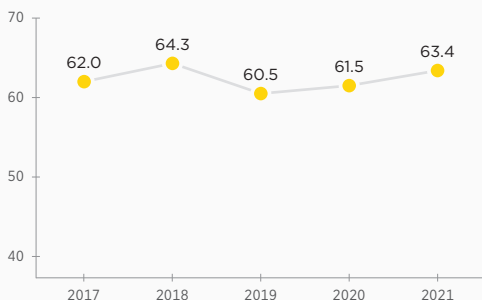
IMPACT OF COVID-19: As of December 1, 2020, 504 deaths had been attributed to the pandemic in Montenegro, and the economy was forecast to contract by 12.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +16.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$12.6 billion
3.6% growth in 2019
5-year compound
annual growth 3.9%
\$22,989 per capita

UNEMPLOYMENT:
14.9%

INFLATION (CPI):
0.4%

FDI INFLOW:
\$452.8 million

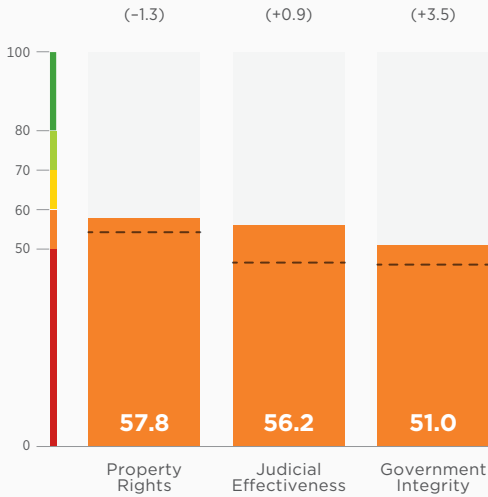
PUBLIC DEBT:
74.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Montenegro declared independence from Serbia in 2006, introduced significant privatizations, and adopted the euro despite lack of membership in the eurozone. It joined NATO in 2017 and is an EU candidate country. Milo Đukanovic won election to a second, nonconsecutive term as president in 2018. Đukanovic has served as president or prime minister for nearly all of the past 25 years and has steered the country in a generally pro-Western direction. Although his Democratic Party of Socialists won the most seats in 2016 parliamentary elections, it failed to secure a majority, and Đukanovic's longtime ally Duško Markovic became prime minister in a coalition government. A controversial law regarding the ownership of property by religious communities has led to protests.

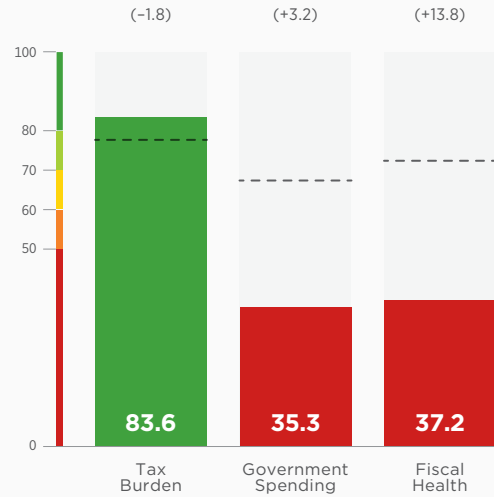
12 ECONOMIC FREEDOMS | MONTENEGRO

RULE OF LAW



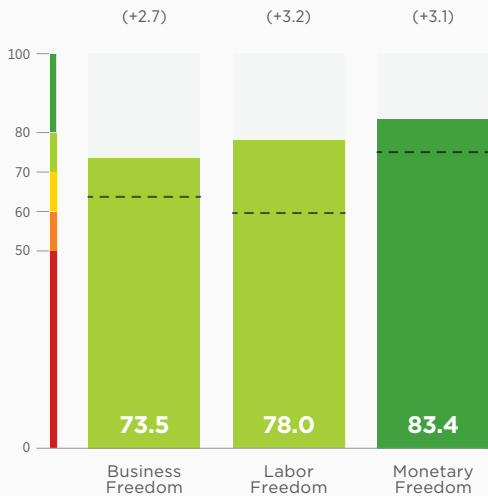
The law respects and protects property rights. The government has improved the property registration system, but more reforms are needed. Despite recently adopted legislative reforms aimed at improving the efficiency and effectiveness of court proceedings, judicial corruption and lack of transparency or accountability remain problems. Corruption and the perception of corruption are significant problems in the public and private sectors.

GOVERNMENT SIZE



The personal income and corporate tax rates are a flat 9 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 38.4 percent of total domestic income. Government spending has amounted to 46.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 74.8 percent of GDP.

REGULATORY EFFICIENCY



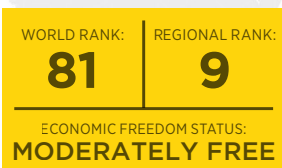
Starting a business and obtaining electricity have become less expensive, dealing with construction permits is less time-consuming, and the recovery rate when resolving insolvency has increased. The labor force participation rate has climbed. A wide range of government subsidies accounted for 1.57 percent of GDP in 2020 according to a government report.

OPEN MARKETS



Montenegro has five preferential trade agreements in force. The trade-weighted average tariff rate is 5.3 percent, and 16 nontariff measures are in effect. The regulatory and legal frameworks governing foreign investment generally facilitate the development of a growing private sector. The financial sector is small, but the level of foreign banks' participation and investment is significant. The fully privatized banking sector functions under market terms.

MOROCCO

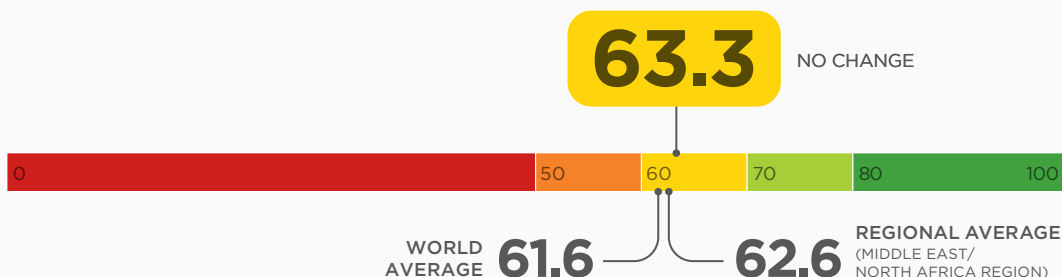


Morocco's economic freedom score is 63.3, making its economy the 81st freest in the 2021 *Index*. Its overall score is unchanged, with a decline in **trade freedom** offset by improvements in **monetary freedom** and other scores. Morocco is ranked 9th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Morocco's economy remained moderately free this year. Three *Index* areas in particular are holding back greater economic freedom. The first is corruption, which undermines government integrity. Second, strengthening the judicial system to make it more reliable and transparent would increase the effectiveness of the fight against official malfeasance. Third, addressing labor market rigidities would improve productivity.

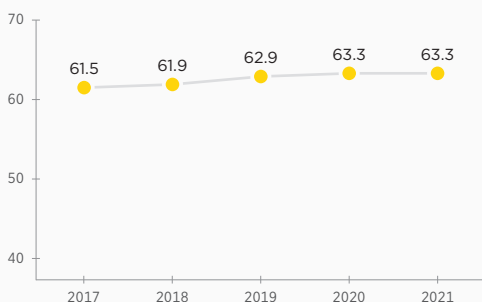
IMPACT OF COVID-19: As of December 1, 2020, 5,915 deaths had been attributed to the pandemic in Morocco, and the economy was forecast to contract by 7.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
36.5 million

GDP (PPP):
\$327.3 billion
2.2% growth in 2019
5-year compound
annual growth 3.0%
\$7,826 per capita

UNEMPLOYMENT:
9.0%

INFLATION (CPI):
0.0%

FDI INFLOW:
\$1.6 billion

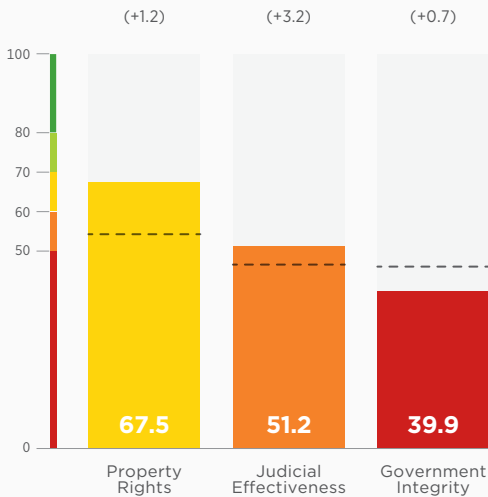
PUBLIC DEBT:
65.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Morocco's Alawite royal family dates from the 17th century. A constitutional monarchy with an elected parliament, Morocco has been a key Western ally in the fight against Islamist terrorism. Although he took steps after 2011 to increase the power and independence of the prime minister (currently Saadeddine Othmani) and provide greater civil liberties, King Mohammed VI remains chief executive and a key stabilizing influence. In addition to a large tourism industry and a growing manufacturing sector, the aeronautics industry has attracted foreign investment and is now the fastest-growing industry in terms of employment. The United Nations has monitored a cease-fire between Morocco and the Polisario Front in the phosphate-rich Western Sahara since 1991, but peace talks have been deadlocked since 2008.

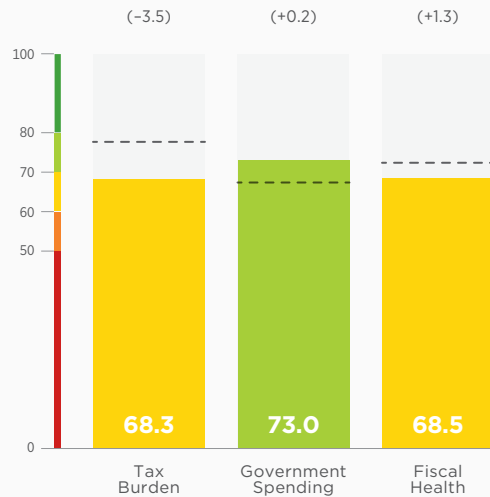
12 ECONOMIC FREEDOMS | MOROCCO

RULE OF LAW



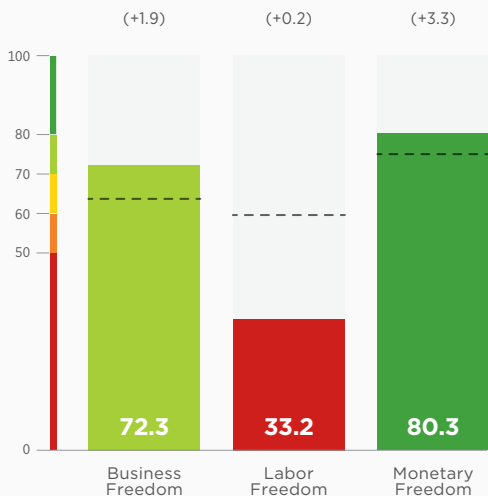
Only about 30 percent of the land is registered in the formal system, and almost all of that is in urban areas. Tribes collectively own more than one-third of the land. The government has been nontransparent about property transactions and land disputes. The judiciary is not independent, and the courts are used to punish opponents of the government. Judges lack training in the resolution of commercial disputes. Anticorruption laws are not implemented effectively.

GOVERNMENT SIZE



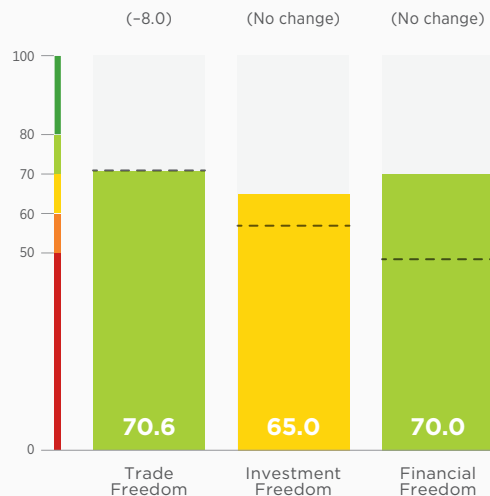
The top individual income tax rate is 38 percent, and the top corporate tax rate is 31 percent. Other taxes include a value-added tax. The overall tax burden equals 27.6 percent of total domestic income. Government spending has amounted to 30.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.8 percent of GDP. Public debt is equivalent to 65.8 percent of GDP.

REGULATORY EFFICIENCY



The online platform for dealing with construction permits has been improved, and it is now possible to apply for and obtain certificates of conformity online. Morocco also has made it easier to obtain electricity. Labor regulations are rigid. The government subsidizes butane gas, fuel, sugar, and flour prices.

OPEN MARKETS



Morocco has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.7 percent, and 44 nontariff measures are in effect. Foreign and domestic investors are generally treated equally under the law. The competitive financial sector continues to grow and offers a range of financing options. The stock exchange does not restrict foreign participation. In 2020, measures were taken to increase liquidity in the banking system.

MOZAMBIQUE

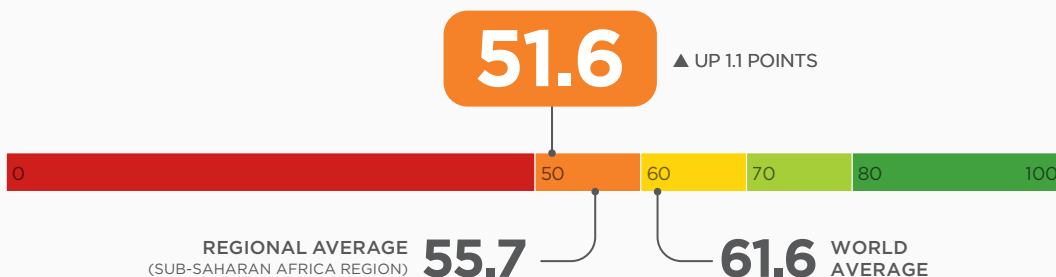
WORLD RANK: **153** | REGIONAL RANK: **36**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Mozambique's economic freedom score is 51.6, making its economy the 153rd freest in the 2021 *Index*. Its overall score has increased by 1.1 points, primarily because of an improvement in **fiscal health**. Mozambique is ranked 36th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Mozambique's economy remained near the bottom of the mostly unfree category this year. Mozambique is one of the world's 10 poorest countries, and greater economic freedom is just a dream for most of its citizens. The primary problem is weak rule of law, which reflects inadequate protection of property rights, a nontransparent judicial system, and a failure to fight corruption. These shortcomings are almost insurmountable obstacles to development.

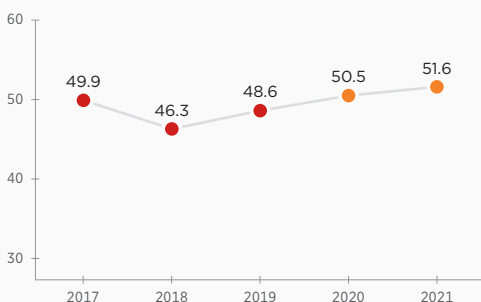
IMPACT OF COVID-19: As of December 1, 2020, 131 deaths had been attributed to the pandemic in Mozambique, and the economy was forecast to contract by 0.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
30.4 million

GDP (PPP):
\$44.7 billion
2.2% growth in 2019
5-year compound
annual growth 4.0%
\$1,334 per capita

UNEMPLOYMENT:
3.2%

INFLATION (CPI):
2.8%

FDI INFLOW:
\$2.2 billion

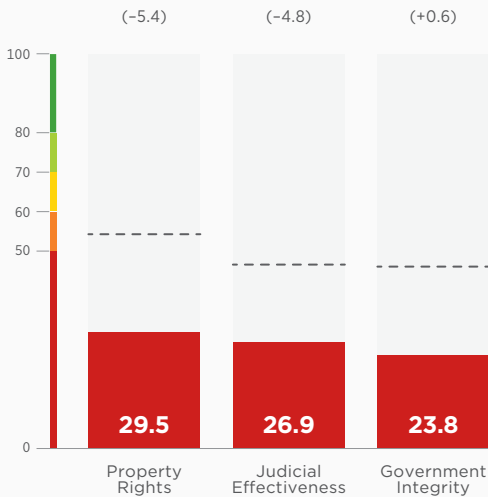
PUBLIC DEBT:
109.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Mozambique Liberation Front (FRELIMO), headed since 2015 by President Filipe Nyusi, has been in power since independence from Portugal in 1975. Nyusi was returned to office in a landslide October 2019 election that was deemed neither free nor fair. A 16-year civil war between FRELIMO and the rebel Mozambican National Resistance (RENAMO) ended with a peace agreement in 1992, but there has been sporadic violence since 2013. A brutal Islamist terrorist group in the North threatens the development of recently discovered gas fields. The government is locked in international legal proceedings over liability for the furtive accrual of massive unauthorized government debt. More than half of the population remains below the poverty line and is reliant on subsistence agriculture.

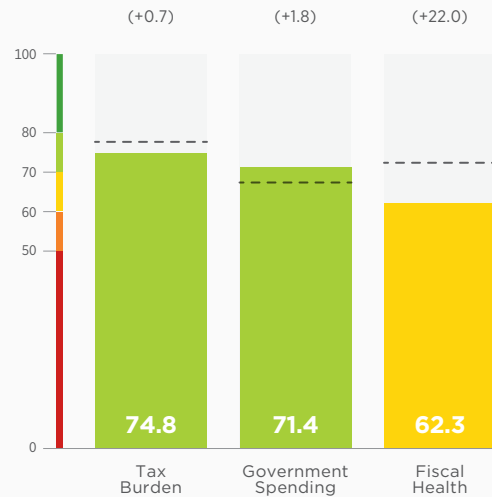
12 ECONOMIC FREEDOMS | MOZAMBIQUE

RULE OF LAW



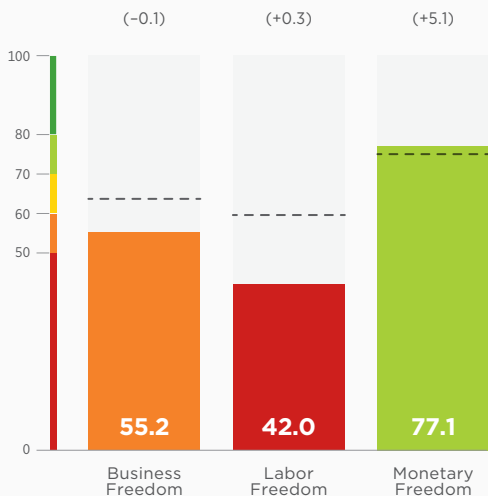
Property rights are recognized by law but are not strongly respected. Land-use titles are not easily transferable. Although the legal system has shown a degree of greater independence in recent years, it remains hampered by executive interference. Numerous arrests made in 2019 were tied to the huge 2016 “hidden debt” scandal, but corruption remains widespread at the highest levels of government.

GOVERNMENT SIZE



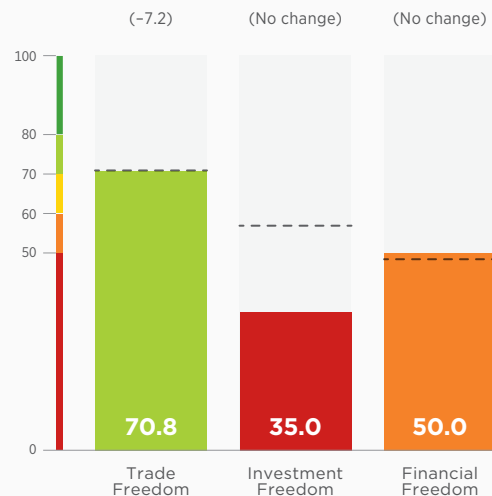
The top individual income and corporate tax rates are 32 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 21.6 percent of total domestic income. Government spending has amounted to 30.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 109.0 percent of GDP.

REGULATORY EFFICIENCY



The cost of publishing a company’s deed has increased, but business licenses can sometimes be replaced with a notification of activity, and the system for dealing with power outages has been improved. The labor market is rigid. The government has eliminated subsidies for fuel and wheat and has reintroduced an automatic price adjustment mechanism for fuel because of the ongoing financial damage from the 2016 “hidden debt” scandal.

OPEN MARKETS



Mozambique has three preferential trade agreements in force. The trade-weighted average tariff rate is 7.1 percent, and three nontariff measures are in effect. Although there is no formal investment screening process, the government approves investments depending on the size of the investment. Lingering institutional and regulatory shortcomings undermine expansion of the private sector. The financial sector, dominated by banking, remains underdeveloped.

NAMIBIA

WORLD RANK:

83

REGIONAL RANK:

6

ECONOMIC FREEDOM STATUS:

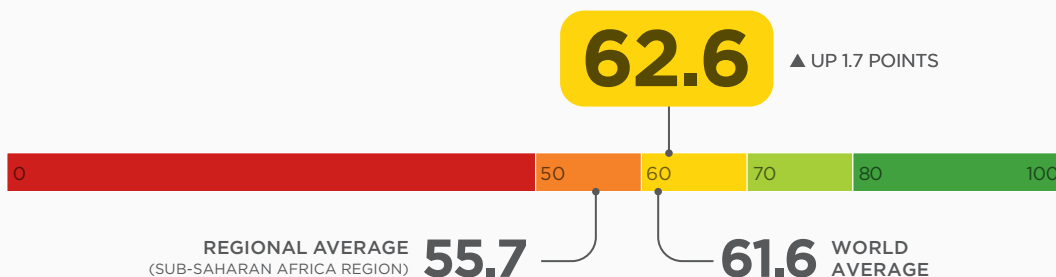
MODERATELY FREE

Namibia's economic freedom score is 62.6, making its economy the 83rd freest in the 2021 *Index*. Its overall score has increased by 1.7 points, primarily because of an improvement in **fiscal health**. Namibia is ranked 6th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Namibia's economy has improved its ranking within the moderately free category this year, aided by a substantial improvement in fiscal health. To continue toward greater economic freedom, the government needs to address rigidities in its economic and fiscal structures. Other shortcomings include ongoing corruption and related misallocations of resources, which have weakened government integrity.

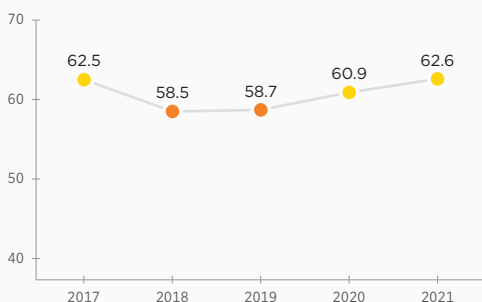
IMPACT OF COVID-19: As of December 1, 2020, 151 deaths had been attributed to the pandemic in Namibia, and the economy was forecast to contract by 5.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +1.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:

2.5 million

GDP (PPP):

\$26.8 billion
-1.4% growth in 2019
5-year compound
annual growth 0.6%
\$10,037 per capita

UNEMPLOYMENT:

20.3%

INFLATION (CPI):

3.7%

FDI INFLOW:

-\$17.4 million

PUBLIC DEBT:

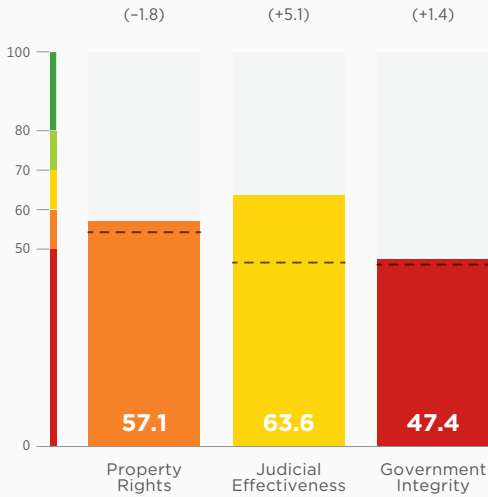
55.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Namibia gained its independence from South Africa in 1990 and has been politically stable since then. President Hage Geingob was elected to a second five-year term in 2019 but by a much narrower margin than he earned in 2014. The ruling South West Africa People's Organization (SWAPO), which has won every election by large majorities since 1990, lost its parliamentary supermajority in the 2019 election. The mining sector, especially uranium, brings in more than 50 percent of foreign exchange earnings. Namibia's economy is closely linked to South Africa's, and its credit rating is one of the highest in the region. The government is considering land reforms, including expropriation of land with "fair compensation" for redistribution to the black majority.

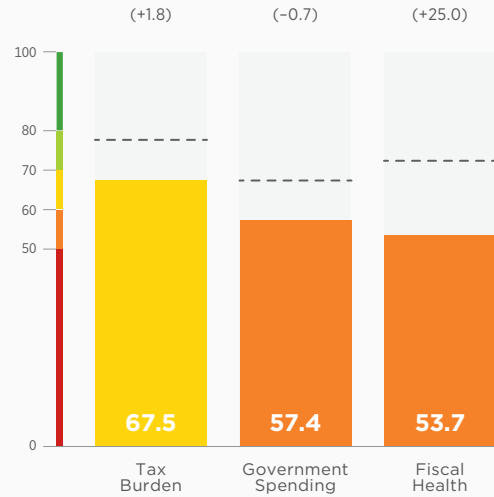
12 ECONOMIC FREEDOMS | NAMIBIA

RULE OF LAW



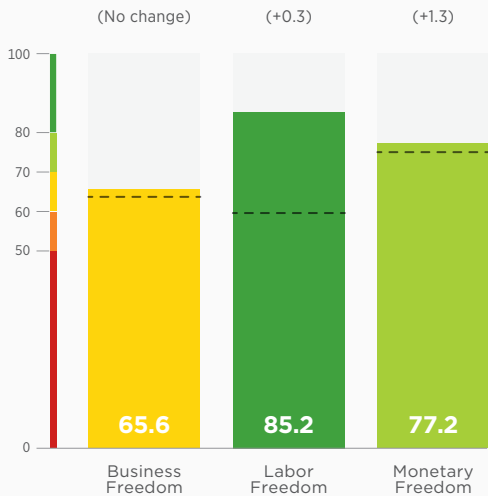
Although property rights are guaranteed by law and the courts can enforce them, land rights are contentious, and property registration is difficult and time-consuming. The judiciary is independent but inadequately resourced and lacking in technical capacity. In 2019, a multibillion-dollar corruption scandal resulted in convictions of high government officials and senior business leaders who co-opted the national fishing quota system for personal gain.

GOVERNMENT SIZE



The top individual income tax rate is 37 percent, and the top corporate tax rate is 32 percent. Other taxes include a value-added tax. The overall tax burden equals 29.3 percent of total domestic income. Government spending has amounted to 37.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.0 percent of GDP. Public debt is equivalent to 55.9 percent of GDP.

REGULATORY EFFICIENCY



Starting a business, obtaining electricity, and dealing with construction permits now cost less than they did, but business freedom as a whole has not improved compared to business freedom in other countries. It is not difficult to hire or dismiss an employee. There are government subsidies for education, medical care, roads and infrastructure, and agriculture.

OPEN MARKETS



Namibia has five preferential trade agreements in force. The trade-weighted average tariff rate is 6.9 percent, and one formal nontariff measure is in effect. However, other barriers, exacerbated by regulatory shortcomings, undermine overall trade freedom. There are no formal limits on foreign ownership, but some sectors are subject to a joint local ownership requirement. Despite some progress, financial intermediation is uneven across the country.

NEPAL

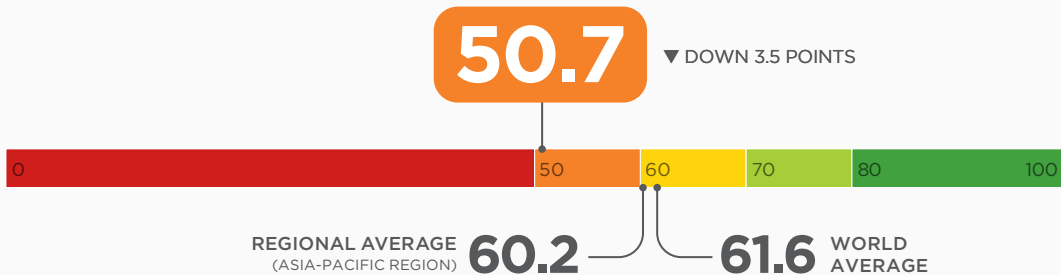
WORLD RANK: **157** | REGIONAL RANK: **35**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Nepal's economic freedom score is 50.7, making its economy the 157th freest in the 2021 *Index*. Its overall score has decreased by 3.5 points, primarily because of a decline in **fiscal health**. Nepal is ranked 35th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Nepalese economy, which has been mostly unfree for a quarter of a century, is teetering on the brink of the repressed category. To increase economic freedom, the Communist government would have to undertake significant reforms to reduce government spending and strengthen property rights and judicial effectiveness. Political support for such broad reforms appears to be lacking.

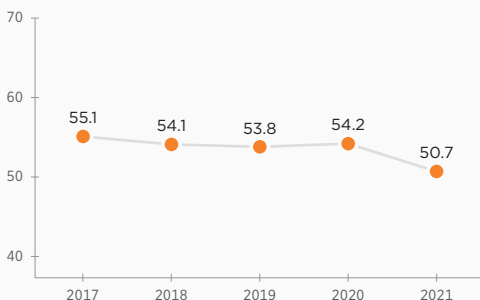
IMPACT OF COVID-19: As of December 1, 2020, 1,529 deaths had been attributed to the pandemic in Nepal, and the economy was forecast to experience no growth for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +0.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
28.6 million

GDP (PPP):
\$94.4 billion
7.1% growth in 2019
5-year compound
annual growth 5.2%
\$3,558 per capita

UNEMPLOYMENT:
1.4%

INFLATION (CPI):
4.6%

FDI INFLOW:
\$185.0 million

PUBLIC DEBT:
30.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Kingdom of Nepal, a small Hindu-majority nation wedged between India and China in the Himalayas, became a multiparty federal republic in 2008. In the years since then, Nepal has been characterized by nearly continuous political instability, and it remains one of the world's poorest and least-developed countries. Khadga Prasad Oli of the Maoist-leaning Communist Party became the country's 41st prime minister in 2018. Also in 2018, China and Nepal agreed to establish a rail link and signed a deal to increase Chinese investments in Nepal's power grid. China's growing footprint has become a source of contention with India, which traditionally has enjoyed an outsized influence on Nepal's foreign and economic policies.

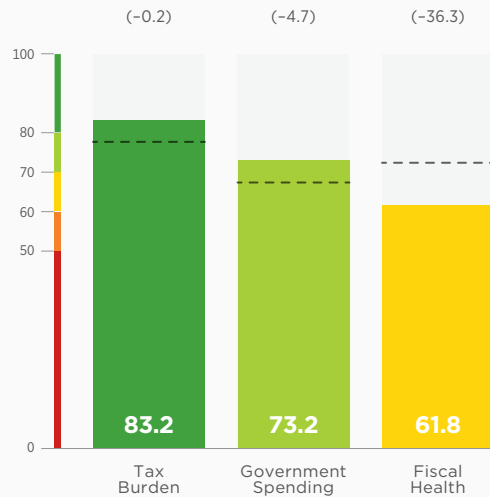
12 ECONOMIC FREEDOMS | NEPAL

RULE OF LAW



Lingering property disputes, some dating from the 1996–2006 Maoist insurgency, have undermined the enforcement of property rights. The judiciary is independent, but the courts, although generally reliable, are vulnerable to political pressure, bribery, and intimidation. The World Bank reports that corruption in Nepal is endemic, institutionalized, and driven from the top, especially in such areas as the awarding of licenses, government procurement, and revenue management.

GOVERNMENT SIZE



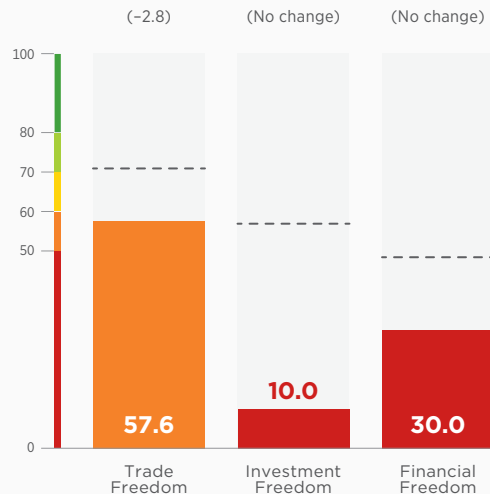
The top individual income and corporate tax rates are 25 percent. Other taxes include value-added and property taxes. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 29.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.8 percent of GDP. Public debt is equivalent to 30.1 percent of GDP.

REGULATORY EFFICIENCY



Employee registration for social security is now subject to an in-person follow-up requirement, but reduced fees for building permits and an improved online e-submissions platform make it easier to do business. Firing a worker is expensive. The government continues to provide subsidies to private-sector industries, primarily in the agricultural and export sectors.

OPEN MARKETS



Nepal has three preferential trade agreements in force. The trade-weighted average tariff rate is 13.7 percent, and nine nontariff measures are in effect. The statist approach to economic management and development has been a serious drag on trade and investment. The government has raised the minimum foreign investment threshold. The financial sector, dominated by banking, remains underdeveloped and vulnerable to state interference.

NETHERLANDS

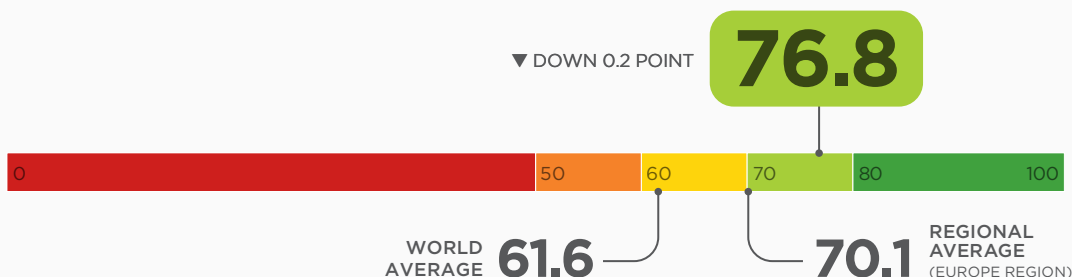


The Netherlands' economic freedom score is 76.8, making its economy the 16th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **trade freedom**. The Netherlands is ranked 9th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The economy of the Netherlands remains in the mostly free category where it has been for more than 20 years. The primary obstacles to greater economic freedom, as always, are a high tax burden and too much government spending. A positive note, however, has been the government's strict discipline in avoiding heavy public debt.

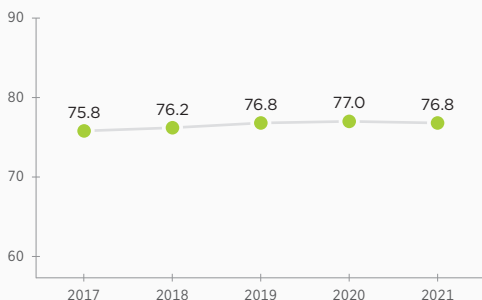
IMPACT OF COVID-19: As of December 1, 2020, 9,518 deaths had been attributed to the pandemic in the Netherlands, and the economy was forecast to contract by 5.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +7.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.3 million

GDP (PPP):
\$1.0 trillion
1.8% growth in 2019
5-year compound
annual growth 2.3%
\$59,687 per capita

UNEMPLOYMENT:
3.2%

INFLATION (CPI):
2.7%

FDI INFLOW:
\$84.2 billion

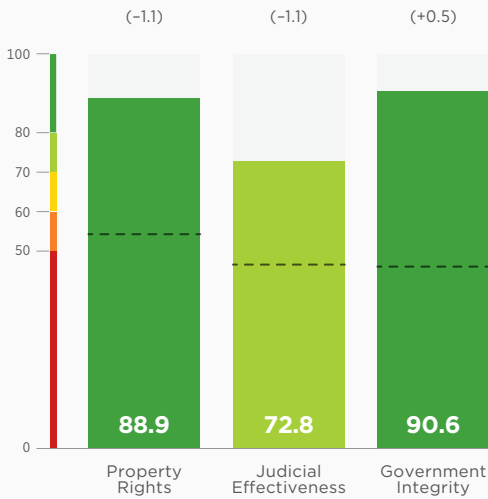
PUBLIC DEBT:
48.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Prime Minister Mark Rutte has been in office since 2010. His center-right People's Party for Freedom and Democracy, which won a plurality of seats in 2017 parliamentary elections, heads a governing minority coalition with the center-right Christian Democrat Appeal, center-left Democrats 66, and center-right Christian Union Party. Geert Wilders' populist Party for Freedom, despite receiving the second-highest number of votes in 2017, remains out of government. Reductions in the Netherlands' annual budget contributions helped to secure Dutch support for the EU's coronavirus recovery fund. A European transportation hub, the Netherlands has the EU's fifth-largest economy, supported by exports of chemicals, refined petroleum, and electrical machinery as well as by a highly mechanized and profitable agricultural sector.

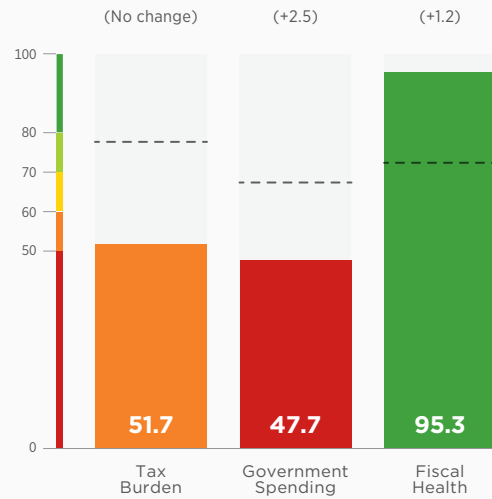
12 ECONOMIC FREEDOMS | NETHERLANDS

RULE OF LAW



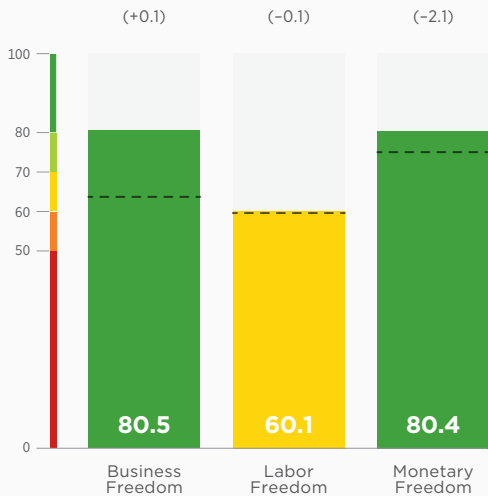
Private property rights are strongly protected, and contracts are reliably enforced. The judiciary is independent of political interference and provides impartial adjudication of disputes. Tolerance for political corruption is very low, and any cases that do arise are prosecuted expeditiously. Anticorruption laws are effective and promote government integrity. The Netherlands is a signatory to major international anticorruption conventions.

GOVERNMENT SIZE



The top individual income tax rate is 52 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 38.8 percent of total domestic income. Government spending has amounted to 41.7 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.5 percent of GDP. Public debt is equivalent to 48.3 percent of GDP.

REGULATORY EFFICIENCY



Starting a business, obtaining electricity, and dealing with construction permits now cost less, and more money is being recovered in insolvency. Overall, the Netherlands has maintained its high level of business freedom. The vast majority of labor contracts are agreed to under some form of collective labor agreement. In the budget for 2020, the government funded a wide variety of subsidies that amounted to about 1.2 percent of GDP.

OPEN MARKETS



As a member of the EU, the Netherlands has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. The Netherlands has an additional four country-specific nontariff barriers. There is no restrictive screening of foreign investment, and investment in most sectors is not restricted. Sensible banking regulations facilitate entrepreneurial growth.

NEW ZEALAND

WORLD RANK: **2** | REGIONAL RANK: **2**

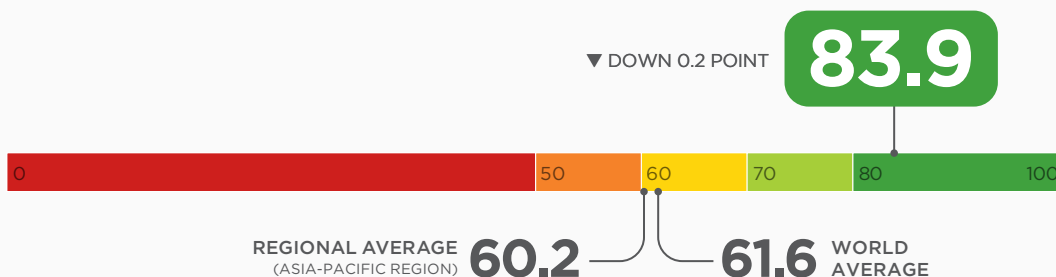
ECONOMIC FREEDOM STATUS: **FREE**

New Zealand's economic freedom score is 83.9, making its economy the 2nd freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of small declines in **property rights** and **trade freedom**. New Zealand is ranked 2nd among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Notwithstanding a slight decline this year, the economy of New Zealand remains ranked among the freest in the world. To rise further in economic freedom would require reductions in taxes and government spending, but the landslide reelection of the center-left government in 2020 makes this unlikely. The government will continue to prioritize spending on "well-being" programs and is likely to increase spending on infrastructure.

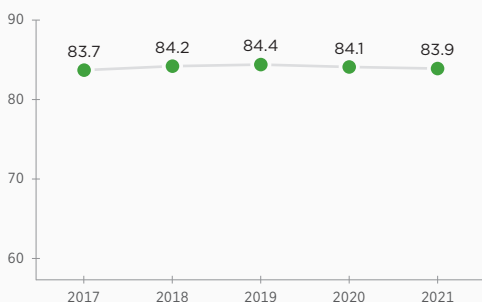
IMPACT OF COVID-19: As of December 1, 2020, 25 deaths had been attributed to the pandemic in New Zealand, and the economy was forecast to contract by 6.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$208.7 billion
2.2% growth in 2019
5-year compound
annual growth 3.5%
\$43,953 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.6%

FDI INFLOW:
\$5.4 billion

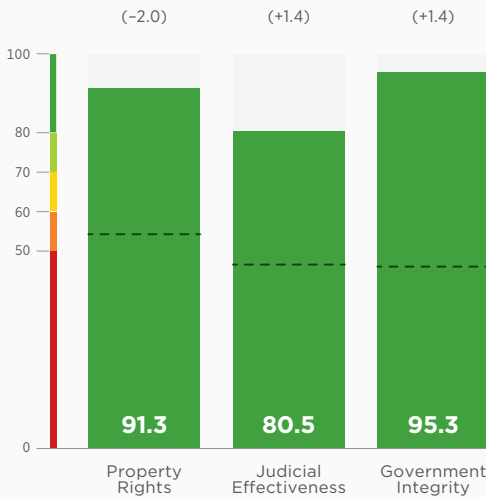
PUBLIC DEBT:
30.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British colony of New Zealand is one of the Asia-Pacific region's most prosperous countries. General elections in 2017 resulted in a hung parliament, enabling new Prime Minister Jacinda Ardern's center-left Labor Party to return to power. She will remain in power until 2023 after winning a landslide victory in 2020 elections. Far-reaching deregulation and privatization since the 1980s have largely liberated the economy. Agriculture is important, as are manufacturing, tourism, and a strong geothermal energy resource base. The trade war between the U.S. and China is of concern to New Zealand, especially given its heavy reliance on China for export revenue. Until the present crisis, New Zealand's economy had been expanding since 2010.

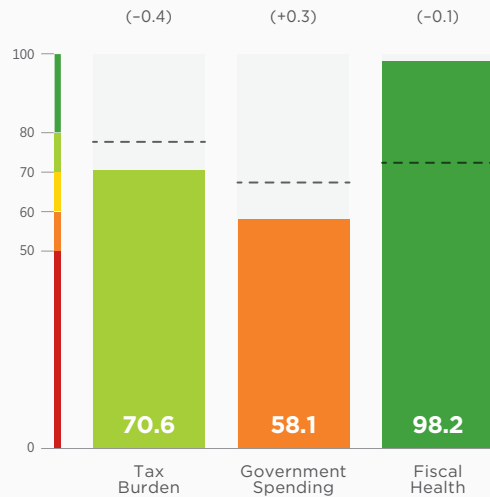
12 ECONOMIC FREEDOMS | NEW ZEALAND

RULE OF LAW



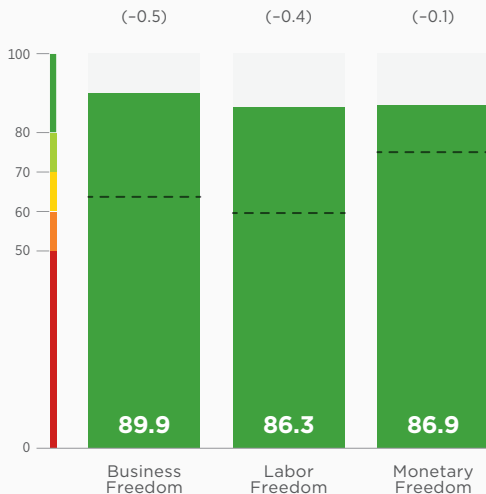
New Zealand recognizes and enforces secured interests in property, both movable and real. Legislation to improve the security of contracts was passed in 2017. The judicial system is independent and functions well. New Zealand ranked first out of 180 countries surveyed in Transparency International's 2019 *Corruption Perceptions Index*. Stiff penalties against bribery of government officials and those who accept bribes are strictly enforced.

GOVERNMENT SIZE



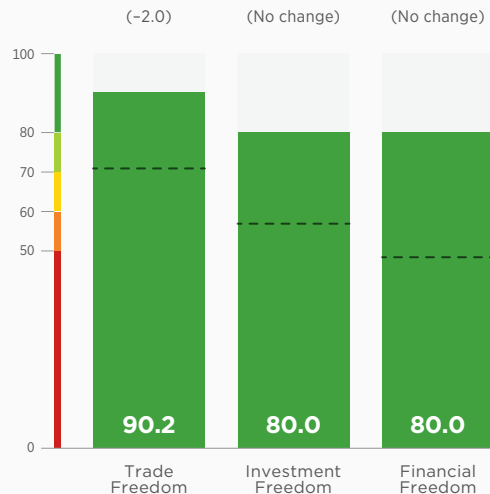
The top income tax rate is 33 percent, and the top corporate tax rate is 28 percent. Other taxes include goods and services and environmental taxes. The overall tax burden equals 32.7 percent of total domestic income. Government spending has amounted to 37.4 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.4 percent of GDP. Public debt is equivalent to 30.2 percent of GDP.

REGULATORY EFFICIENCY



New Zealand has lost a little ground in business freedom as insolvency costs and the expense of dealing with construction permits have increased. The Employment Relations Amendment Act 2018 repealed some of the previous government's labor market reforms. Government subsidies as a percentage of GDP remain among the lowest in OECD countries, and that has facilitated the development of a vibrant and diversified agriculture sector.

OPEN MARKETS



New Zealand has 12 preferential trade agreements in force. The trade-weighted average tariff rate is 2.4 percent, and 246 nontariff measures are in effect. Overall, openness to global trade and investment is firmly institutionalized. Banking is well established and competitive. To support the financial system's stability and liquidity during the pandemic, implementation of a higher capital reserve requirement for banks has been postponed.

NICARAGUA



WORLD RANK: **125** | REGIONAL RANK: **23**

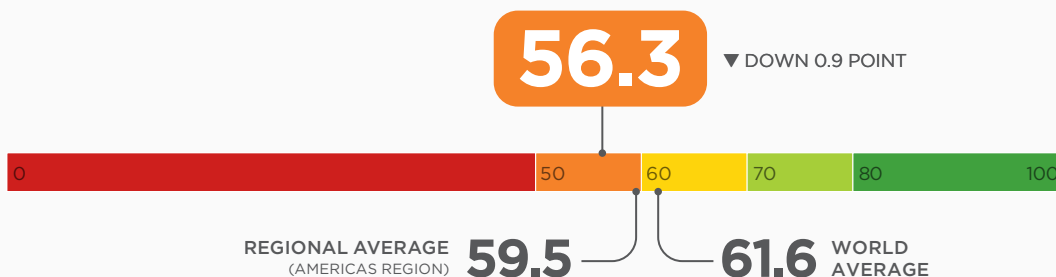
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Nicaragua's economic freedom score is 56.3, making its economy the 125th freest in the 2021 *Index*. Its overall score has decreased by 0.9 point, primarily because of a decline in **trade freedom**. Nicaragua is ranked 23rd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Nicaragua's economy remains mostly unfree this year as it has been for more than a decade. If market-based democracy is ever restored in Nicaragua, the first step needed to resuscitate economic freedom will be a complete overhaul of the country's rule-of-law institutions to protect property rights, establish a transparent and reliable judicial system, and expunge the many forms of corruption that flourish under an authoritarian and socialist system.

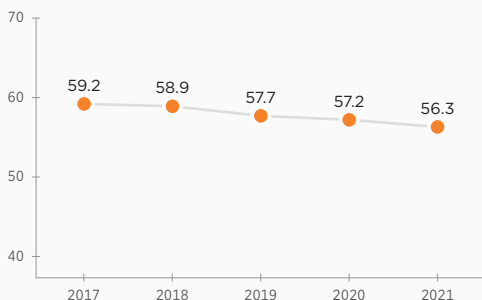
IMPACT OF COVID-19: As of December 1, 2020, 161 deaths had been attributed to the pandemic in Nicaragua, and the economy was forecast to contract by 5.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.5 million

GDP (PPP):
\$34.9 billion
-3.9% growth
in 2019
5-year compound
annual growth 1.2%
\$5,631 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
5.4%

FDI INFLOW:
\$515.2 million

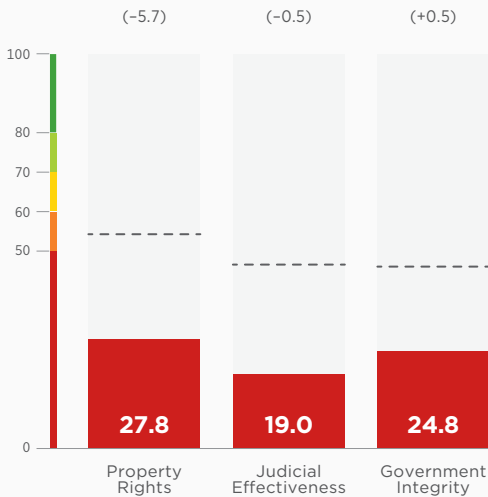
PUBLIC DEBT:
41.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In the late 1970s, Sandinista National Liberation Front (FSLN) leader Daniel Ortega overthrew the authoritarian Somoza regime and headed a provisional FSLN-led government until losing several free and fair elections. Elected president again in 2006, he was reelected for a third five-year term in a 2016 election that observers deemed illegitimate and fraudulent. Ortega and his wife, who is also his vice president, completely control the government, security forces, and key sectors of the economy. Since 2018, the country has been locked in a political crisis provoked by the Ortegas' brutal response to peaceful anti-government protests. Senior officials in the authoritarian regime are subject to various Western sanctions for corruption and violations of human rights.

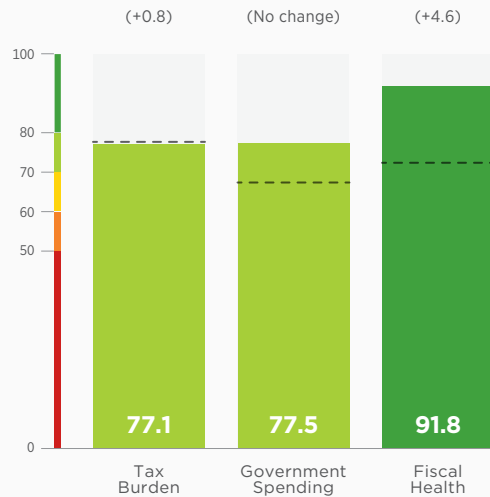
12 ECONOMIC FREEDOMS | NICARAGUA

RULE OF LAW



Property rights and enforcement are extremely unreliable, as are contracts. The government regularly fails to enforce court decisions on the seizure of, restitution for, or compensation for private property. The weak and cumbersome judicial system is vulnerable to corruption and political influence. Corruption pervades every element of government from top to bottom. The Ortega family's authoritarian rule is the greatest threat to the rule of law.

GOVERNMENT SIZE



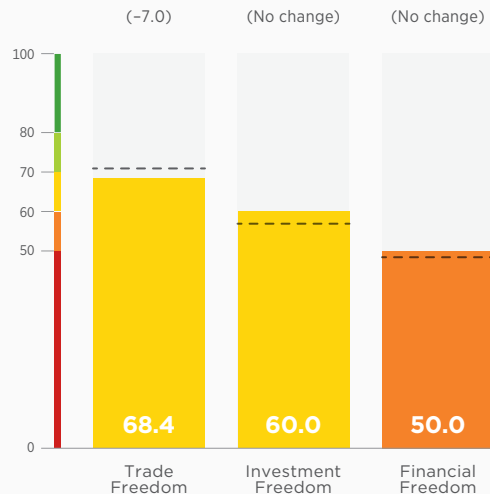
The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 22.2 percent of total domestic income. Government spending has amounted to 27.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 41.4 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business, obtaining electricity, and dealing with permits have risen. Business freedom has fallen for the third year in a row. The labor law says that 90 percent of any company's employees must be Nicaraguan, but some exceptions are made. The government maintains substantial controls on prices of butane gas, electricity for households, and pharmaceuticals while heavily subsidizing fuel and water.

OPEN MARKETS



Nicaragua has nine preferential trade agreements in force. The trade-weighted average tariff rate is 5.8 percent, and 54 nontariff measures are in effect. The judicial and regulatory systems favor state-owned enterprises and undermine foreign investment inflows. The low level of financial intermediation continues to hamper private-sector growth. Approximately 33 percent of adult Nicaraguans have an account with a formal banking institution.

NIGER

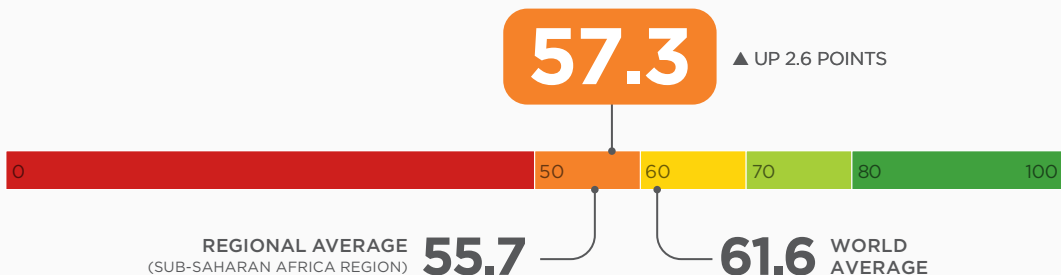
Niger's economic freedom score is 57.3, making its economy the 117th freest in the 2021 *Index*. Its overall score has increased by 2.6 points, primarily because of an improvement in **fiscal health**. Niger is ranked 19th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Nigerien economy has been mostly unfree for well over a decade. To increase the country's future economic freedom, the government would have to implement deep, broad, and well-institutionalized reforms to improve scores for property rights, judicial effectiveness, and government integrity. It would also need to improve the business climate and relax labor regulations to expand the size of the formal economy.

IMPACT OF COVID-19: As of December 1, 2020, 75 deaths had been attributed to the pandemic in Niger, and economic growth was forecast to decline to 0.5 percent for the year.

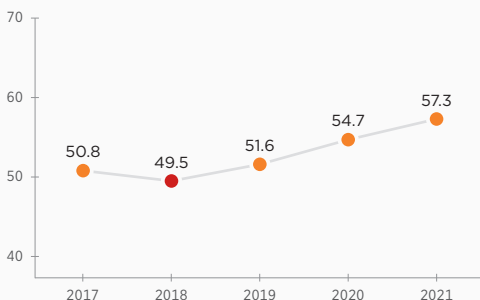
WORLD RANK: **117**
REGIONAL RANK: **19**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +11.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
23.3 million

GDP (PPP):
\$34.7 billion
5.8% growth in 2019
5-year compound
annual growth 5.6%
\$1,270 per capita

UNEMPLOYMENT:
0.5%

INFLATION (CPI):
-2.5%

FDI INFLOW:
\$592.8 million

PUBLIC DEBT:
42.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After independence from France in 1960, Niger was ruled by a single-party military regime until elections led to democratic government in 1993. The military overthrew President Mamadou Tandja in 2010 after he tried to extend his rule beyond the constitutionally prescribed two terms. Mahamadou Issoufou of the Nigerien Party for Democracy and Socialism was elected in 2011 and reelected to a second five-year term in 2016 after his chief rival was imprisoned. Legislative and presidential elections were scheduled for December 2020. Ongoing challenges include a restive Tuareg population in the North, spillover violence from conflicts in Libya and Mali, and terrorist groups linked to al-Qaeda and the Islamic State. Niger has some of the world's largest uranium deposits, but its economy is centered on subsistence crops and livestock.

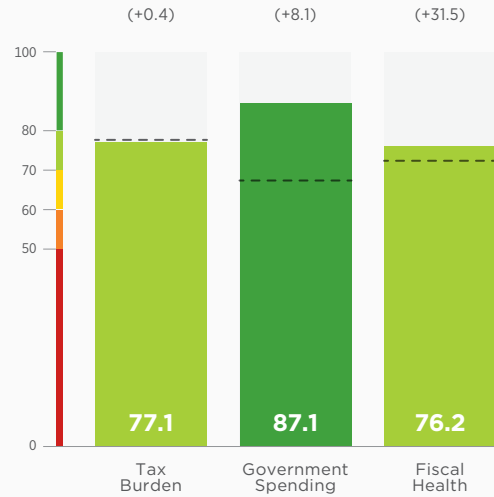
12 ECONOMIC FREEDOMS | NIGER

RULE OF LAW



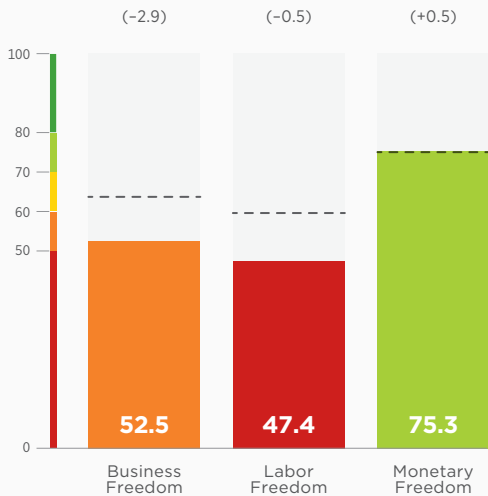
Property rights can be enforced, but disputes are common, particularly when community-owned land or customary land titles are involved. The judicial framework is ineffective, and the court system is weak and vulnerable to political pressure. High rates of illiteracy among the semi-nomadic Nigeriens contribute to a political culture that is overly tolerant of widespread corruption.

GOVERNMENT SIZE



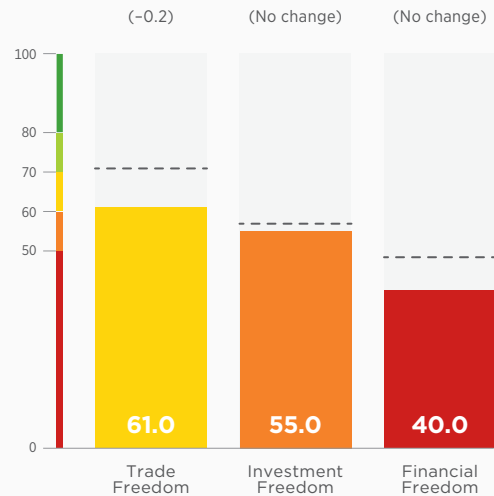
The top personal income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include interest and capital gains taxes. The overall tax burden equals 13.0 percent of total domestic income. Government spending has amounted to 20.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.6 percent of GDP. Public debt is equivalent to 42.0 percent of GDP.

REGULATORY EFFICIENCY



Niger has made starting a business and dealing with construction permits more complicated. Dealing with construction permits now costs more, but it costs less to obtain electricity. Between 80 percent and 90 percent of nonagricultural workers are employed informally. The government subsidizes food, fuel, and other basic goods.

OPEN MARKETS



Niger has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.0 percent. The inefficient regulatory and legal environment constrains trade and investment. The underdeveloped, weak, and fragmented financial system reflects the small size of the formal economy. Participation in the financial system is low, and less than 19 percent of adult Nigeriens have a formal bank account.

NIGERIA

Nigeria's economic freedom score is 58.7, making its economy the 105th freest in the 2021 *Index*. Its overall score has increased by 1.5 points, primarily because of an improvement in **judicial effectiveness**. Nigeria is ranked 13th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

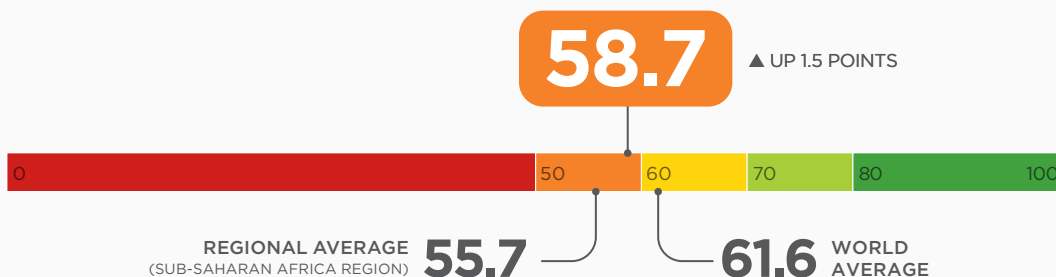
Nigeria's economy remains mostly unfree this year. In addition to chronic and severe political instability and a range of security threats, greater economic freedom is blocked by ongoing policy failures that undermine the rule of law. Protectionism resulting from the government's decision to close all of Nigeria's land borders to goods traffic in late 2019 to prevent smuggling will be difficult to roll back.

IMPACT OF COVID-19: As of December 1, 2020, 1,176 deaths had been attributed to the pandemic in Nigeria, and the economy was forecast to contract by 4.3 percent for the year.

WORLD RANK: **105** | REGIONAL RANK: **13**

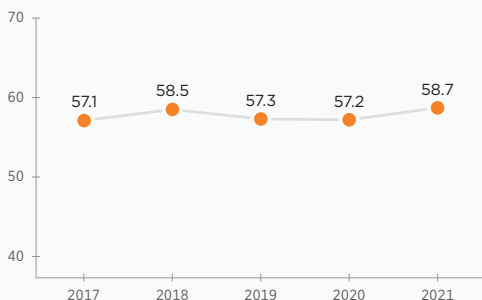
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +11.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
201.0 million

GDP (PPP):
\$1.2 trillion
2.2% growth in 2019
5-year compound
annual growth 1.2%
\$5,348 per capita

UNEMPLOYMENT:
8.1%

INFLATION (CPI):
11.4%

FDI INFLOW:
\$3.3 billion

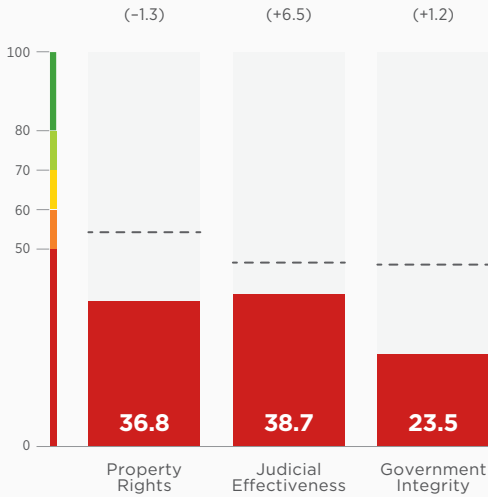
PUBLIC DEBT:
29.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A former British colony, Nigeria is Africa's most populous country. A new constitution established civilian government in 1999. President Muhammadu Buhari won reelection in 2019 despite his long absences from the country and rumored ill health. Although a multinational coalition has expelled the Islamist terrorist organization Boko Haram from many of its strongholds in northeast Nigeria, frequent attacks continue, including attacks by the increasingly powerful Islamic State West Africa Province. There also have been lethal outbreaks of violence between herders and farmers in the Middle Belt region. Low global oil prices have battered the petroleum-based economy. Agriculture, telecommunications, and services are contributing to modest economic growth, but more than 60 percent of Nigeria's 170 million people still live in extreme poverty.

12 ECONOMIC FREEDOMS | NIGERIA

RULE OF LAW



Protection of property rights is weak because of poorly regulated, complex, and corrupt state-level property registration and titling systems. Disputes over land ownership in rural areas are common. The constitutionally independent judiciary is vulnerable to political interference and corruption. Courts lack adequate funding, equipment, and training. Corruption in public and private institutions is pervasive, especially in customs and the oil and security sectors.

GOVERNMENT SIZE



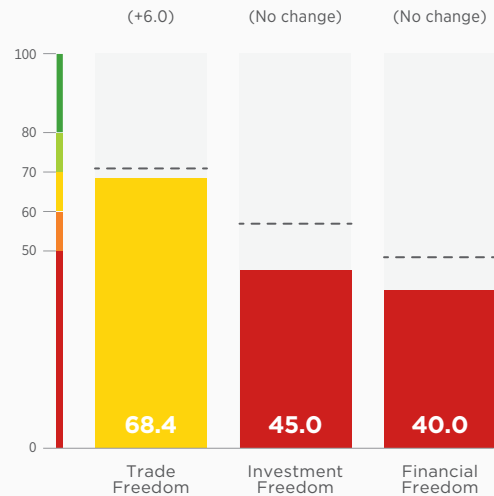
The top individual income tax rate is 24 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 5.7 percent of total domestic income. Government spending has amounted to 12.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.9 percent of GDP. Public debt is equivalent to 29.4 percent of GDP.

REGULATORY EFFICIENCY



The time needed to register a company has been reduced, and online platforms for starting a business have been improved. In Lagos, the Infrastructure Development Charge for warehouses has been abolished. Wages and labor productivity are low. Lower global oil prices and revenues have forced the government to reduce consumer subsidies and raise gasoline and electricity prices.

OPEN MARKETS



Nigeria has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.3 percent, and one formal nontariff measure is in effect. However, barriers to trade and investment persist in the form of bureaucratic delays. The financial sector, dominated by banking, is growing across the country, albeit unevenly. About 44 percent of adult Nigerians have an account with a formal banking institution. Nonperforming loans remain a problem.

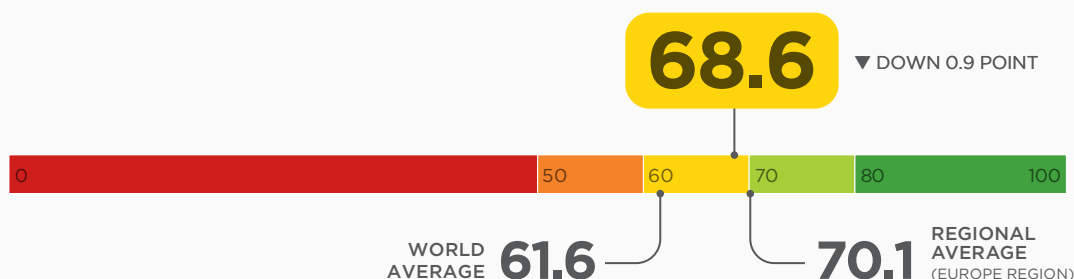
NORTH MACEDONIA

North Macedonia's economic freedom score is 68.6, making its economy the 46th freest in the 2021 *Index*. Its overall score has decreased by 0.9 point, primarily because of a decline in **trade freedom**. North Macedonia is ranked 27th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

North Macedonia's ranking fell within the moderately free category this year. To reverse course toward greater economic freedom, the first priority for the government should be to reform the judiciary, the costly and bloated public sector, and other state institutions. Achievement of another goal, promotion of foreign direct investment in export-oriented industries, would be encouraged by stronger enforcement of anticorruption statutes.

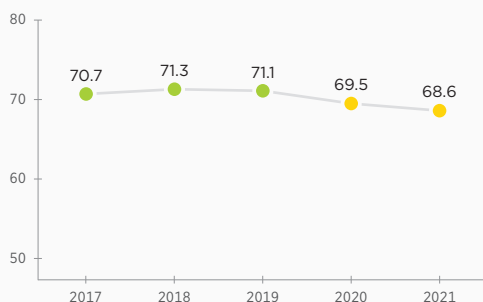
IMPACT OF COVID-19: As of December 1, 2020, 1,792 deaths had been attributed to the pandemic in North Macedonia, and the economy was forecast to contract by 5.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +10.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$34.7 billion
3.6% growth in 2019
5-year compound
annual growth 2.8%
\$17,815 per capita

UNEMPLOYMENT:
17.8%

INFLATION (CPI):
0.8%

FDI INFLOW:
\$365.2 million

PUBLIC DEBT:
48.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Newly named North Macedonia gained independence from the former Yugoslavia in 1991 and joined NATO in 2020. Zoran Zaev of the center-left Social Democratic Union resigned as prime minister in January 2020 after France blocked the start of European Union accession talks, which have since been set. His successor, Oliver Spasovski, also of the SDSM, headed a caretaker government. The SDSM won the most votes in July 2020 snap elections, followed closely by the center-right VMRO-DPMNE. After lengthy coalition talks, Zaev was reinstalled as prime minister. The EU is the country's principal trade and investment partner, and their economies are intertwined. Whether a 2019 name-change agreement with Greece appropriately preserves Macedonia's unique national, cultural, and linguistic identity remains a subject of controversy.

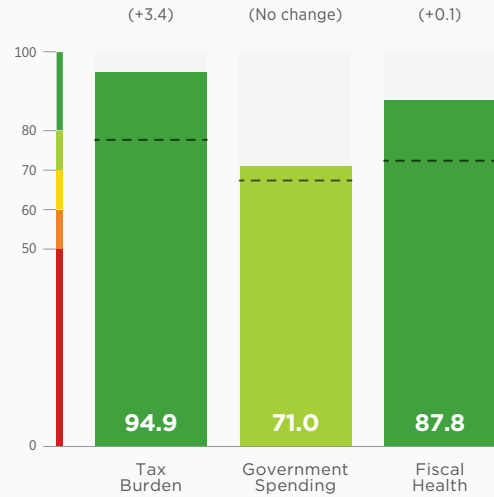
12 ECONOMIC FREEDOMS | NORTH MACEDONIA

RULE OF LAW



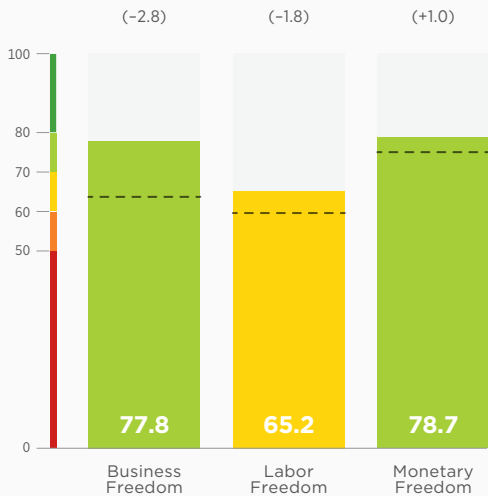
Laws recognize and protect property rights, but their implementation is inconsistent. Enforcement of contracts is uneven. Property registration procedures have improved, and nearly all real estate records have been digitized. The constitution established an independent judiciary, but it suffers from undue executive control. Underfunding of the courts contributes to lengthy and costly resolution of commercial disputes. Corruption remains a serious problem.

GOVERNMENT SIZE



The individual income and corporate tax rates are a flat 10 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 17.7 percent of total domestic income. Government spending has amounted to 31.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 48.9 percent of GDP.

REGULATORY EFFICIENCY



Starting a new business now costs more, takes longer, and entails more procedures, dragging down business freedom. Reprioritization of rules for redundancies and reemployment has reduced labor freedom. Foreign investment is still low by European standards. According to a 2019 World Bank report, generous government subsidies have widened budget deficits, and misallocated and distorting agricultural subsidies have made the farming sector less efficient.

OPEN MARKETS



North Macedonia has five preferential trade agreements in force. The trade-weighted average tariff rate is 6.3 percent, and four nontariff measures are in effect. A streamlined regulatory framework facilitates investment, but political instability still undercuts more vibrant investment inflows. The financial system continues to evolve, and the banking sector is stable. More than 80 percent of adults have an account with a formal banking institution.

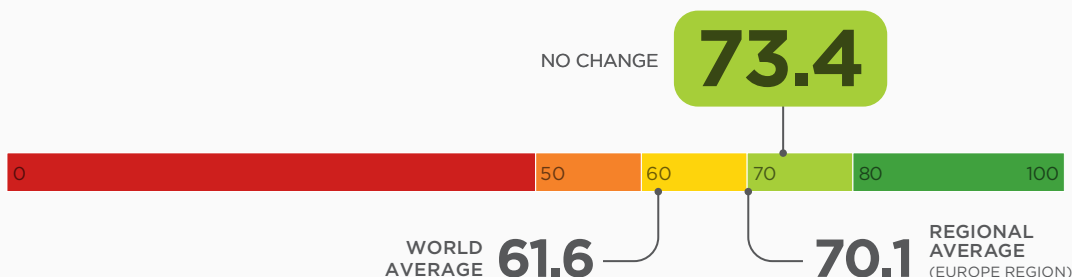
NORWAY

Norway's economic freedom score is 73.4, making its economy the 28th freest in the 2021 *Index*. Its overall score is unchanged, with an improvement in **judicial effectiveness** offset by declines in **property rights** and other scores. Norway is ranked 15th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Norway's economy remains in the ranks of the mostly free this year. As has been the case for many years, high taxes and heavy government spending remain the major obstacles to greater economic freedom. Reducing spending would be complicated, however, because much of the government's budget is structured around revenue from Equinor, the oil, gas, and wind-energy company that is two-thirds state owned.

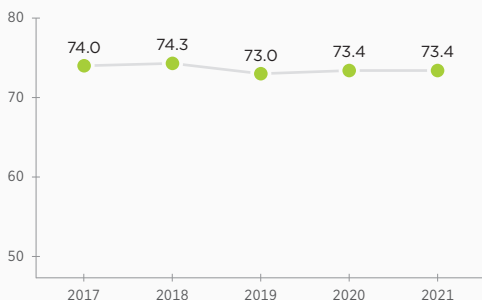
IMPACT OF COVID-19: As of December 1, 2020, 334 deaths had been attributed to the pandemic in Norway, and the economy was forecast to contract by 2.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +8.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.3 million

GDP (PPP):
\$407.4 billion
1.2% growth in 2019
5-year compound
annual growth 1.6%
\$66,832 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$4.3 billion

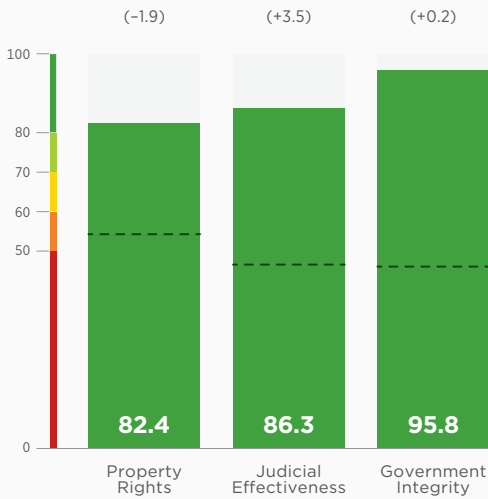
PUBLIC DEBT:
41.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Norway abandoned its traditional neutrality, became a charter member of NATO in 1949, and joined the European Free Trade Association. Conservative Prime Minister Erna Solberg was narrowly reelected in 2017 and heads a center-right minority government with the center-right Liberal and Christian Democrat parties. The Progress party withdrew from the majority coalition in January 2020 over disagreements about the repatriation of ISIS members. Norway is one of the world's most prosperous countries, and oil and gas production account for 20 percent of its economy. Other important sectors include hydropower, fish, forests, and minerals. State revenues from petroleum are deposited in the world's largest sovereign wealth fund. Unemployment is typically low, but the aging of the population presents challenges.

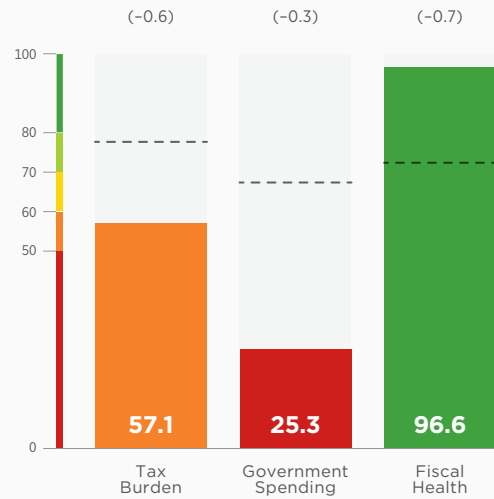
12 ECONOMIC FREEDOMS | NORWAY

RULE OF LAW



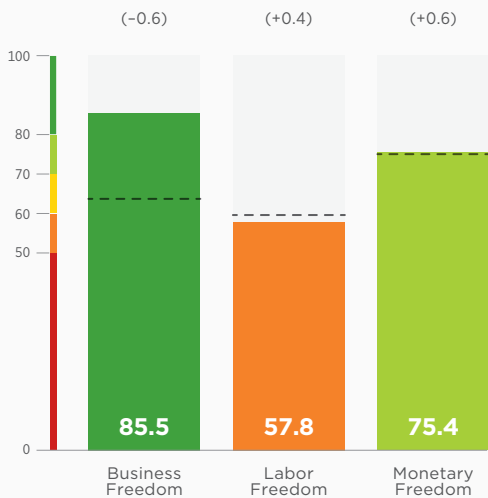
Private property rights are secure. The system for recording interests in property is recognized and reliable. Contracts are enforced. The judiciary is independent, and the legal system is robust and trusted. Norway is one of the world's least corrupt countries according to Transparency International's 2019 *Corruption Perceptions Index*. Well-established anticorruption measures reinforce a cultural emphasis on government integrity.

GOVERNMENT SIZE



The top individual income tax rate is 47.8 percent, and the top corporate tax rate is 22 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 39.0 percent of total domestic income. Government spending has amounted to 49.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 6.8 percent of GDP. Public debt is equivalent to 41.3 percent of GDP.

REGULATORY EFFICIENCY



Norway's business freedom remains at a high level, but other countries are improving at a faster pace. An entitlement to one year of paid parental leave is financed mostly by the government, and unemployment benefits can extend for up to 104 weeks. The government funds subsidies for agriculture, electric vehicles, and certain exports, among other sectors.

OPEN MARKETS



Norway has 30 preferential trade agreements in force. The trade-weighted average tariff rate is 3 percent, and 236 nontariff measures are in effect. The economy benefits from overall openness to foreign investment, although national ownership restrictions exist in certain sectors. The financial sector is competitive and open. The state retains ownership of the largest financial institution.

OMAN

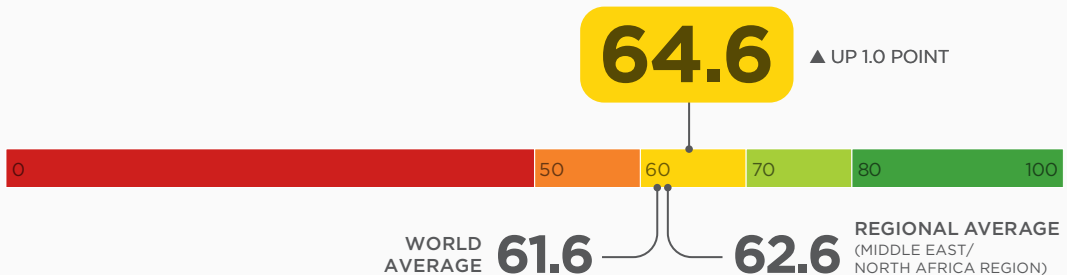
Oman's economic freedom score is 64.6, making its economy the 71st freest in the 2021 *Index*. Its overall score has increased by 1.0 point, primarily because of an increase in **monetary freedom**. Oman is ranked 7th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Oman's economy is in the moderately free category this year as it has been since 1996. Greater economic freedom would help the government to diversify the economy away from dependence on oil. To achieve this goal, the government would have to cut government spending sharply and make a concentrated effort to reduce debt.

IMPACT OF COVID-19: As of December 1, 2020, 1,430 deaths had been attributed to the pandemic in Oman, and the economy was forecast to contract by 10.0 percent for the year.

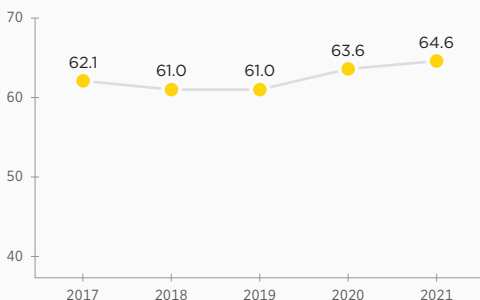


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.0 million

GDP (PPP):
\$204.8 billion
0.5% growth in 2019
5-year compound
annual growth 2.4%
\$29,052 per capita

UNEMPLOYMENT:
2.7%

INFLATION (CPI):
0.1%

FDI INFLOW:
\$3.1 billion

PUBLIC DEBT:
62.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The relatively small kingdom of Oman is one of the least populous Arab countries. Sultan Qaboos bin Said Al-Said, who ruled from 1970 until his death in January 2020, has been replaced by his cousin, Haitham bin Tariq al-Said. During the 2011 Arab Spring protests, Sultan Qaboos changed cabinet ministers and implemented reforms by expanding government regulatory and legislative powers. As part of its efforts to decentralize authority and allow greater citizen participation in local governance, Oman conducted its first municipal council elections in 2012. Oman joined the World Trade Organization in 2000 and is heavily dependent on its dwindling oil resources, which generate about four-fifths of government revenue. Tourism, shipping, mining, manufacturing, and gas-based industries are key components of the government's diversification strategy.

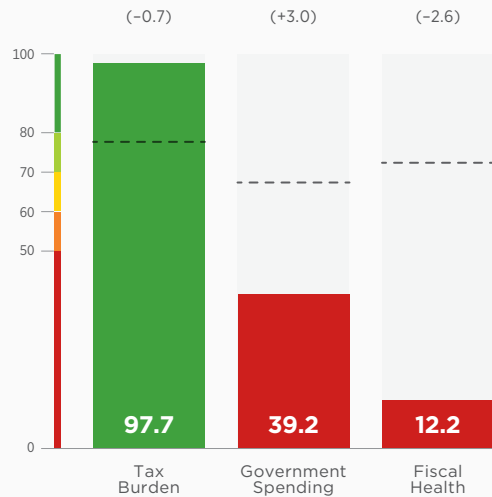
12 ECONOMIC FREEDOMS | OMAN

RULE OF LAW



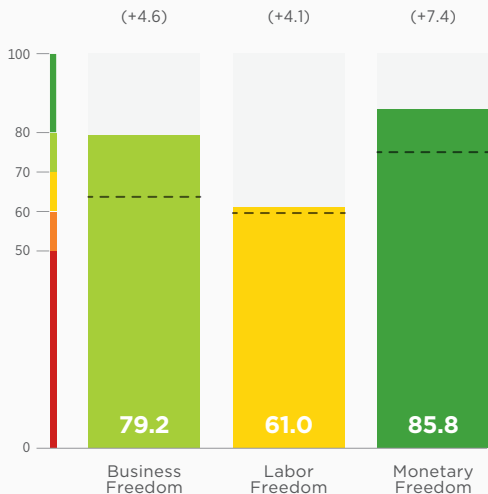
In general, the legal system facilitates the acquisition and disposition of property rights, but securitized interests in property are not recognized. The judiciary is not independent and remains subordinate to the sultan and the Ministry of Justice. Anticorruption statutes are robust, and authorities have pursued several high-profile cases. Nevertheless, many influential figures in government maintain private business interests, and some are also involved in public-private partnerships, creating conflicts of interest.

GOVERNMENT SIZE



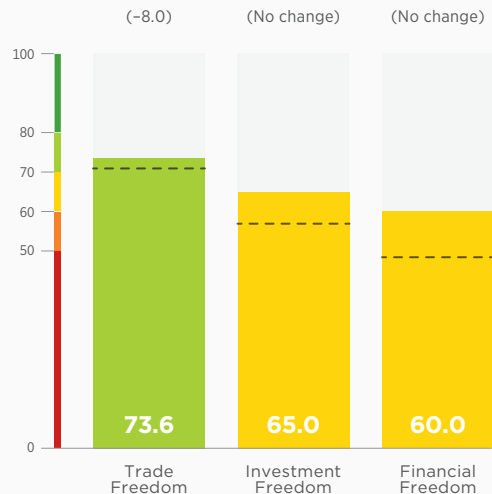
There is no individual income tax, and the top corporate tax rate is 15 percent. There are no consumption or value-added taxes. The overall tax burden equals 2.6 percent of total domestic income. Government spending has amounted to 45.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.6 percent of GDP. Public debt is equivalent to 62.6 percent of GDP.

REGULATORY EFFICIENCY



Increased use of prepaid meters and more punctual service delivery have made obtaining electricity easier and less time-consuming. Starting a business and dealing with construction permits have become less costly. Labor force participation has increased. Electricity and fuel subsidies consumed more than one-quarter of the government's budget in 2019.

OPEN MARKETS



Oman has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 19 nontariff measures are in effect. There is no general screening of foreign investment. Efforts to increase transparency and streamline the investment framework are ongoing. Most credit is offered at market rates, but the government uses subsidized loans to promote investment. The Muscat Securities Market is active and open to foreign investors.

PAKISTAN

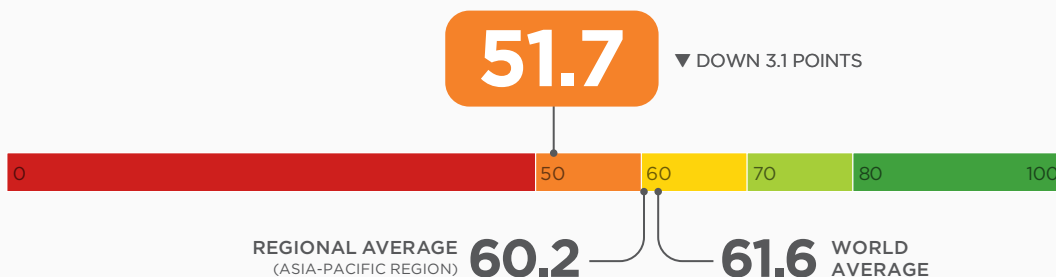
WORLD RANK: **152** | REGIONAL RANK: **34**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Pakistan's economic freedom score is 51.7, making its economy the 152nd freest in the 2021 *Index*. Its overall score has decreased by 3.1 points, primarily because of a decline in **fiscal health**. Pakistan is ranked 34th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Pakistan's economy, which has been mostly unfree since the inception of the *Index* in 1995, headed in a bad direction this year. Bottlenecks to expanded economic freedom in Pakistan include an extremely high and unsustainable level of external debt that requires more than 40 percent of the annual budget just to service. Chronic corruption is another obstacle.

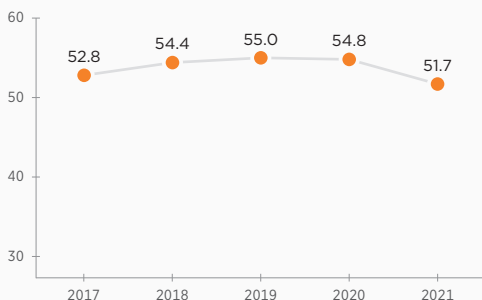
IMPACT OF COVID-19: As of December 1, 2020, 8,166 deaths had been attributed to the pandemic in Pakistan, and the economy was forecast to contract by 0.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
216.6 million

GDP (PPP):
\$1.2 trillion
3.3% growth in 2019
5-year compound
annual growth 4.5%
\$4,885 per capita

UNEMPLOYMENT:
4.5%

INFLATION (CPI):
6.7%

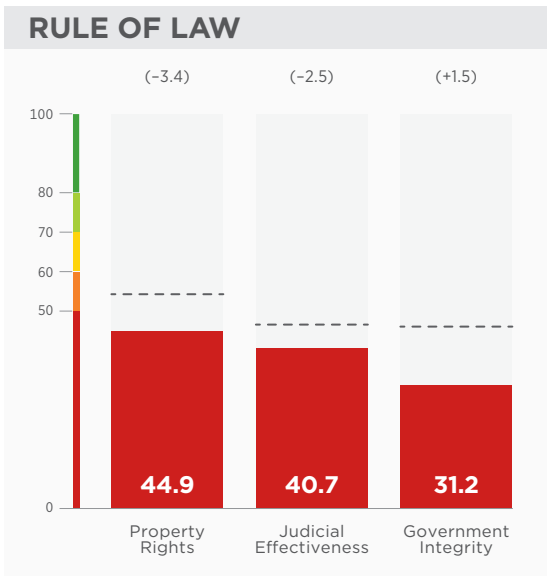
FDI INFLOW:
\$2.2 billion

PUBLIC DEBT:
83.5% of GDP

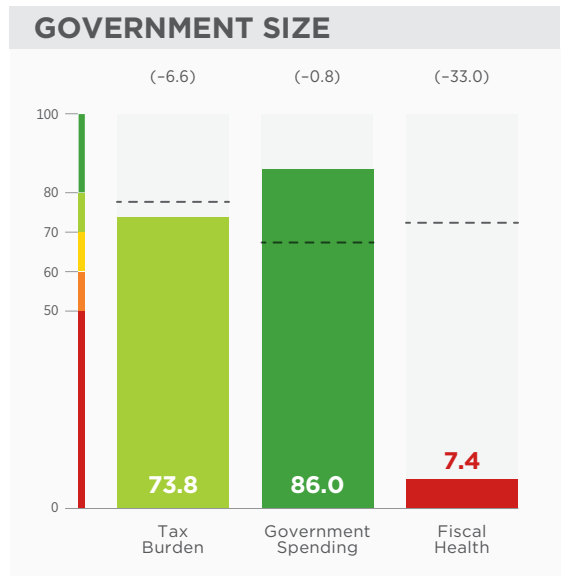
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Created during the partition of India in 1947, Pakistan remains a relatively unstable democracy that is threatened by sectarian and terrorist violence. Prime Minister Imran Khan took office after his Pakistan Tehreek-e-Insaf (PTI) party won a plurality in the July 2018 election on promises of job creation, new housing, and economic reforms. Tensions between India and Pakistan remain high. Political and social instability continue to hinder economic development in Pakistan. Textiles and apparel account for most export earnings, but much of the economy is informal, and underemployment remains high. China has pledged over \$60 billion in infrastructure and energy investments in China-Pakistan Economic Corridor (CPEC) projects that have suffered significant setbacks and drawn criticism.

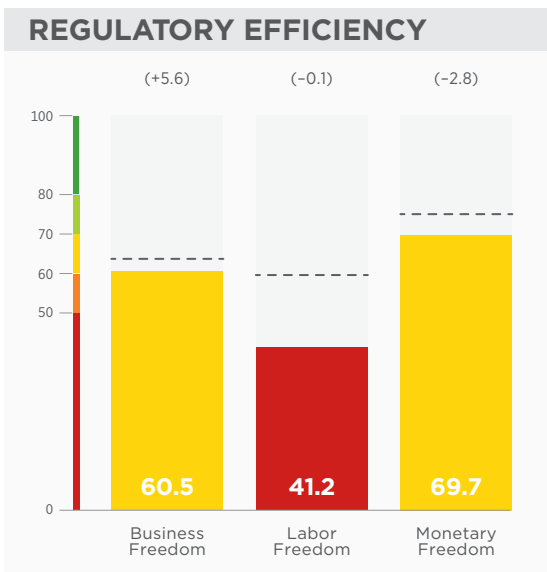
12 ECONOMIC FREEDOMS | PAKISTAN



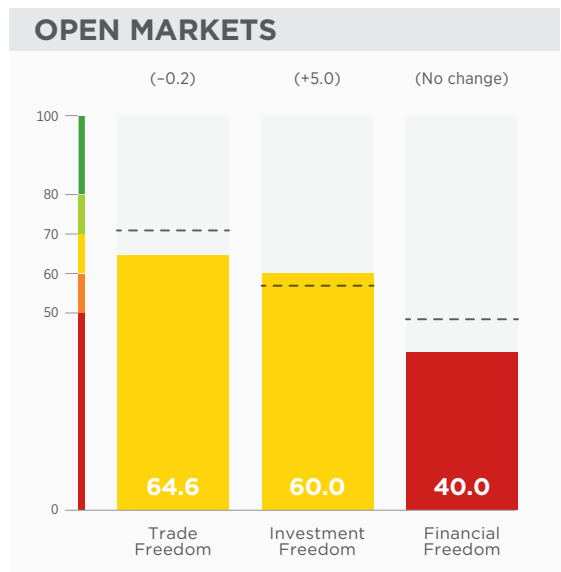
Despite good recognition in law, protection for the acquisition and disposition of property rights is weakened by organized crime, corruption, a weak regulatory environment, and subversion of the legal system. The judiciary is politicized and subject to external influence and intimidation by extremist groups and high-ranking political officials. Courts are slow, outdated, and inefficient. Corruption is endemic in politics, government, and law enforcement.



The top individual income and corporate tax rates are 35 percent. The tax system is complex despite reforms to cut tax rates and broaden the tax base. The overall tax burden equals 13.0 percent of total domestic income. Government spending has amounted to 21.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.0 percent of GDP. Public debt is equivalent to 83.5 percent of GDP.



Pakistan has improved the service delivery time for obtaining electricity, and an online portal for new electricity connections has been launched. Labor laws are complex; every province is currently developing a labor law regime. The government's budget for 2020–2021 included steep cuts in subsidies for the power and agricultural sectors.



Pakistan has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 10.2 percent, and 83 nontariff measures are in effect. Excessive 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. Fewer than 25 percent of adult Pakistanis have formal bank accounts.

PANAMA

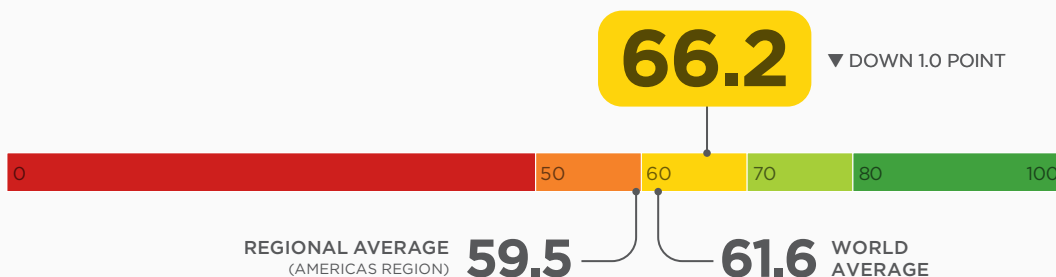
Panama's economic freedom score is 66.2, making its economy the 62nd freest in the 2021 *Index*. Its overall score has decreased by 1.0 point, primarily because of a decline in **fiscal health**. Panama is ranked 10th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Panamanian economy is again in the moderately free category where it has been for two decades. The biggest barriers to expanded economic freedom are the continuing lack of labor freedom and ongoing weaknesses in the rule of law as seen in the country's *Index* scores for the property rights, judicial effectiveness, and government integrity indicators.

IMPACT OF COVID-19: As of December 1, 2020, 3,098 deaths had been attributed to the pandemic in Panama, and the economy was forecast to contract by 9.0 percent for the year.

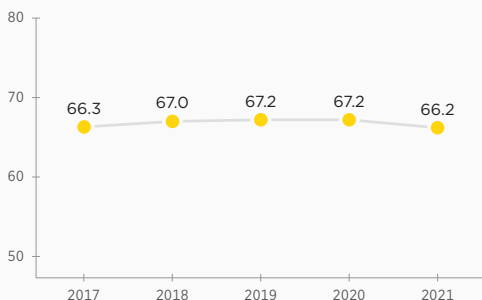
WORLD RANK: **62** | REGIONAL RANK: **10**
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.2 million

GDP (PPP):
\$112.0 billion
3.0% growth in 2019
5-year compound
annual growth 4.6%
\$32,762 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
-0.4%

FDI INFLOW:
\$4.8 billion

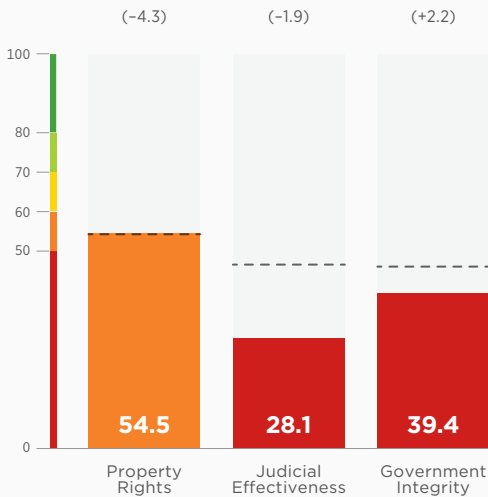
PUBLIC DEBT:
46.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Panama's isthmian canal connecting the Caribbean Sea and Pacific Ocean has been a vital conduit for global commerce ever since it opened in 1914. President Laurentino "Nito" Cortizo of the Revolutionary Democratic Party (PRD) began a five-year term in 2019. Cortizo is negotiating a free-trade agreement with China. Although its growth has slowed somewhat in recent years, Panama's U.S. dollar-based economy has been fueled by the canal's ambitious 2016 expansion and other public infrastructure improvement projects. The well-developed services sector accounts for more than 75 percent of GDP. Panama is a longtime money-laundering and illicit drug trafficking hub, and international financial regulators have increased their oversight because of the country's inability to address its financial system's vulnerabilities.

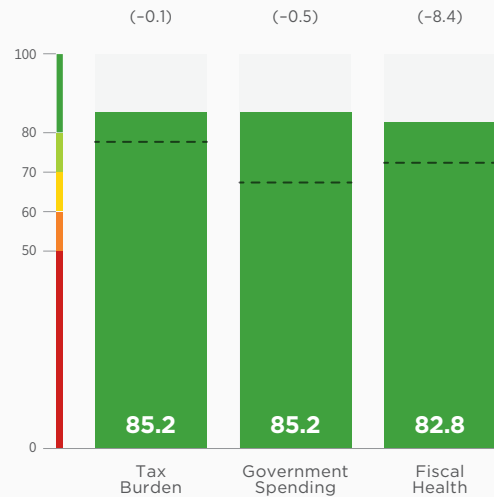
12 ECONOMIC FREEDOMS | PANAMA

RULE OF LAW



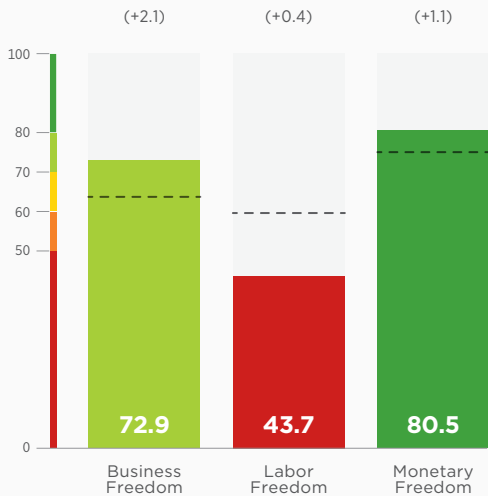
The judicial system's capacity to resolve contractual and property disputes is weak and susceptible to corruption. The majority of land in Panama is not titled. The judiciary lacks independence and is highly politicized. Courts are backlogged, underfunded, inadequately staffed by personnel with limited training, and lacking in technology. Corruption is rampant in the private sector and at all levels of government.

GOVERNMENT SIZE



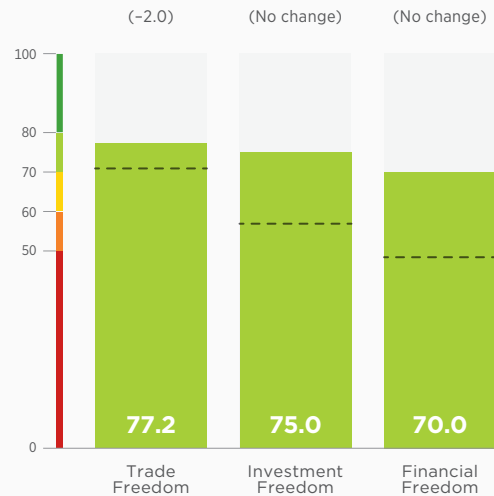
The top individual income and corporate tax rates are 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 15.1 percent of total domestic income. Government spending has amounted to 22.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 46.8 percent of GDP.

REGULATORY EFFICIENCY



Starting a business and obtaining electricity have become less costly. Panama's business freedom has moved higher this year after falling during the past two years. The very restrictive Panamanian labor code impedes labor mobility. According to the IMF, government subsidies for electricity in 2019 equated to 0.3 percent of GDP.

OPEN MARKETS



Panama has 16 preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and 20 nontariff measures are in effect. In general, the government does not screen or discriminate against foreign investment. The financial sector provides a wide range of services. Efforts to strengthen anti-money laundering laws continue. About 50 percent of adult Panamanians have access to an account with a formal banking institution.

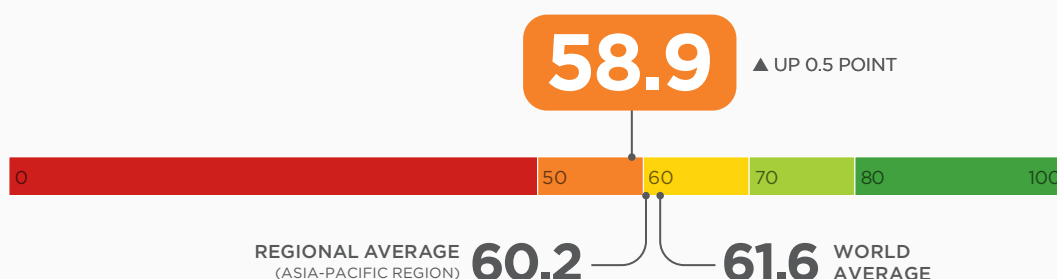
PAPUA NEW GUINEA

Papua New Guinea's economic freedom score is 58.9, making its economy the 103rd freest in the 2021 *Index*. Its overall score has increased by 0.5 point because of improvements in **fiscal health** and other factors. Papua New Guinea is ranked 19th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of Papua New Guinea remains in the mostly unfree category where it has been since *Index* grading of the country resumed in 2009. Major obstacles to greater economic freedom include the country's very limited levels of investment freedom and financial freedom, along with chronic corruption, weak protection of property rights, and an inadequate judicial system.

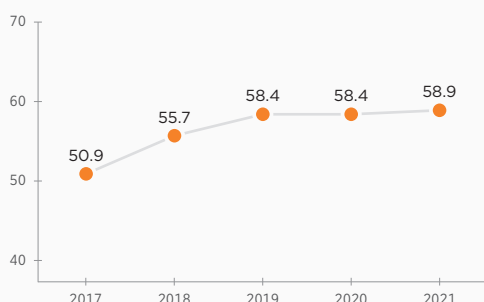
IMPACT OF COVID-19: As of December 1, 2020, seven deaths had been attributed to the pandemic in Papua New Guinea, and the economy was forecast to contract by 3.3 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.8 million

GDP (PPP):
\$34.6 billion
5.0% growth in 2019
5-year compound
annual growth 4.3%
\$4,569 per capita

UNEMPLOYMENT:
2.5%

INFLATION (CPI):
3.8%

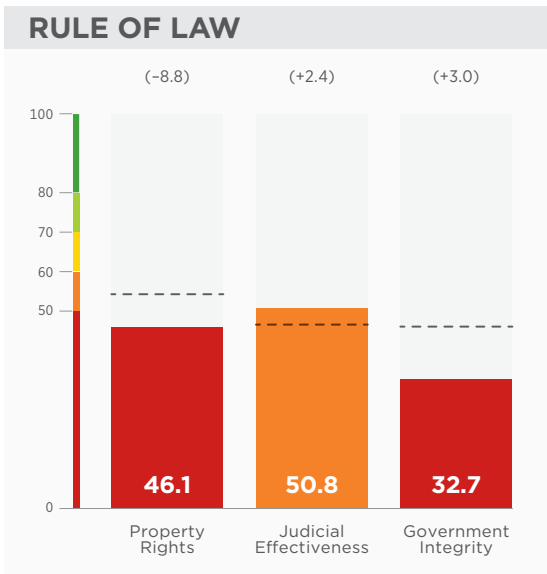
FDI INFLOW:
\$334.0 million

PUBLIC DEBT:
38.4% of GDP

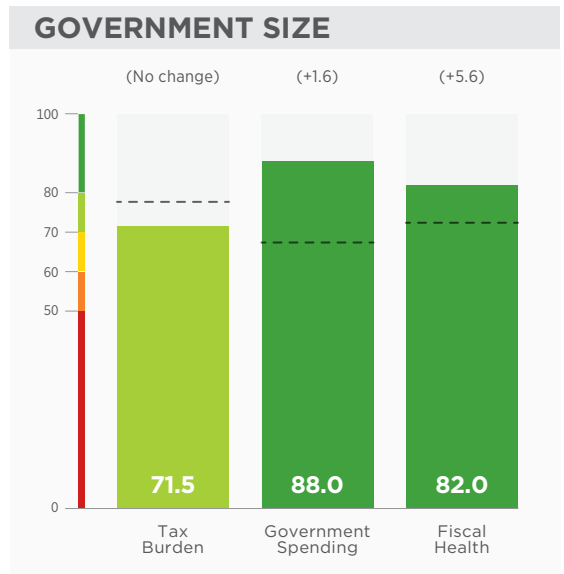
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Formerly administered by Australia, Papua New Guinea became an independent parliamentary democracy in 1975. Its more than 8 million people speak over 840 different languages. After a vote of no confidence, Prime Minister Peter O'Neill was replaced by James Marape of the Pangu party in 2019. Papua New Guinea is richly endowed with natural resources, and its economy's small formal sector is focused on exports of such commodities as gold, copper, oil, and natural gas. The vast majority of the population lives below the poverty line and works informally in subsistence agriculture. In 2019, the Autonomous Region of Bougainville voted for independence from Papua New Guinea in a nonbinding referendum.

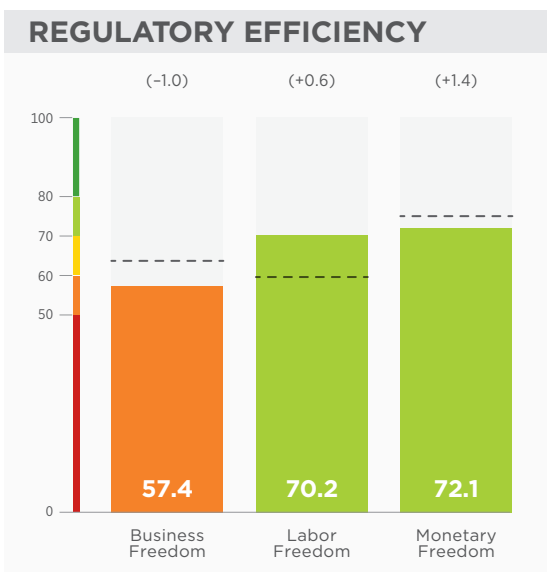
12 ECONOMIC FREEDOMS | PAPUA NEW GUINEA



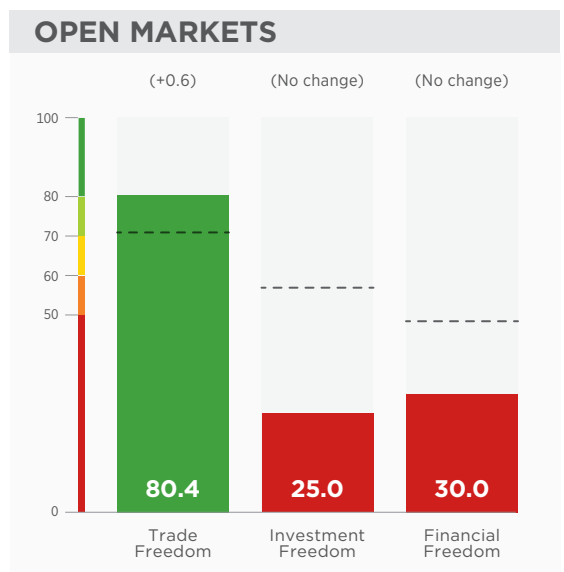
Property rights are generally respected, but acquisition and disposition of property are subject to substantial delays. More than 80 percent of the land is “customarily owned” and lacks title. The judiciary is independent but very slow. Courts are underfunded and short-staffed. Because of bureaucracy, limited financial and human capacity, and lack of political will, pervasive corruption and nepotism often go unpunished.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 13.6 percent of total domestic income. Government spending has amounted to 20.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 38.4 percent of GDP.



Business freedom in Papua New Guinea has declined for two years in a row. The recovery rate in bankruptcy proceedings has dropped. Labor regulations are not restrictive. Heavily subsidized state-owned enterprises provide substandard services for power, water, banking, telecommunications, air travel, and seaports.



Papua New Guinea has five preferential trade agreements in force. The trade-weighted average tariff rate is 2.3 percent, but numerous nontariff barriers undercut trade flows. Foreign investors may not own land, and investment in several other sectors is restricted. Financial intermediation varies across the country, and a large portion of the population remains unconnected to the banking system.

PARAGUAY

Paraguay's economic freedom score is 62.6, making its economy the 84th freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **fiscal health**. Paraguay is ranked 16th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

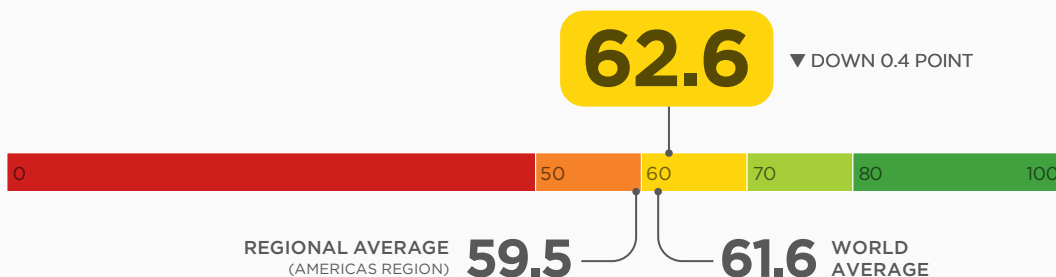
The Paraguayan economy remains in the ranks of the moderately free this year. A higher level of economic freedom will be unlikely without serious labor reform and sweeping improvements in the country's very weak rule-of-law institutions. The latter would require the government to confront and disable powerful narcotics gangs and pass meaningful anti-money laundering legislation.

IMPACT OF COVID-19: As of December 1, 2020, 1,771 deaths had been attributed to the pandemic in Paraguay, and the economy was forecast to contract by 4.0 percent for the year.

WORLD RANK: **84** | REGIONAL RANK: **16**

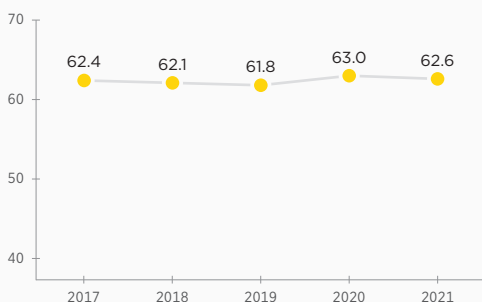
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.0 million

GDP (PPP):
\$96.3 billion
0.2% growth in 2019
5-year compound
annual growth 3.2%
\$13,210 per capita

UNEMPLOYMENT:
4.8%

INFLATION (CPI):
2.8%

FDI INFLOW:
\$478.1 million

PUBLIC DEBT:
23.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Paraguay was established in the 19th century along with Bolivia and Uruguay as a buffer state between regional powers Brazil and Argentina. It is a global leader in hydroelectricity production, one-quarter of which is generated by the state-owned Itaipú dam, one of the world's largest. The Itaipú dam is co-owned by Paraguay and Brazil, and renegotiation of its financial terms is scheduled to begin by mid-2021. In the 2018 elections, Mario Abdo of the Colorado Party (PC) was elected to a five-year term, maintaining the PC's control of the presidency. The government recently enacted legislation to increase controls on illicit financing of political campaigns, but despite government efforts, Paraguay remains a significant international money-laundering and illicit smuggling hub.

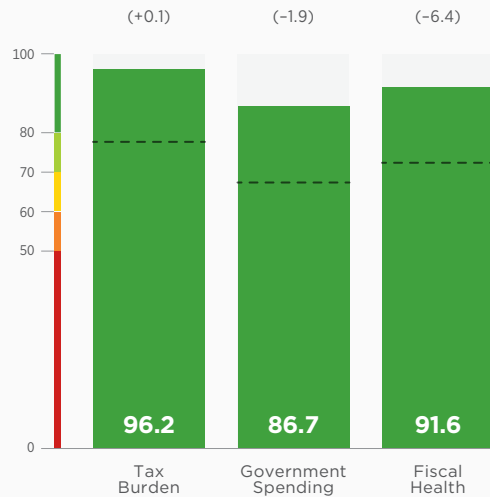
12 ECONOMIC FREEDOMS | PARAGUAY

RULE OF LAW



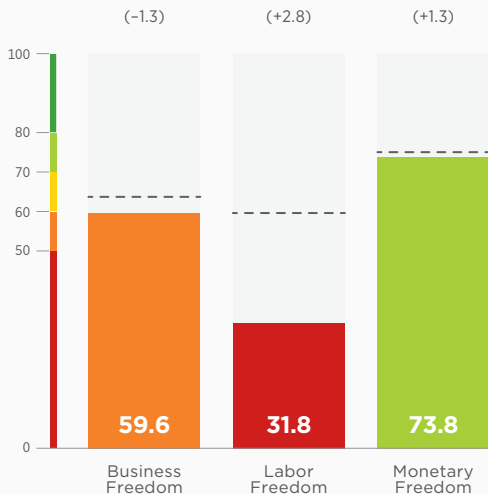
The 1992 constitution guarantees the right to own private property. A lack of consistent property surveys and registries often makes it difficult to acquire title documents for land, leaving property rights and contracts insecure, particularly in the interior of the country. The judiciary is nominally independent but vulnerable to political influence as well as to threats and intimidation by drug traffickers and money launderers. Corruption is widespread at all levels of government.

GOVERNMENT SIZE



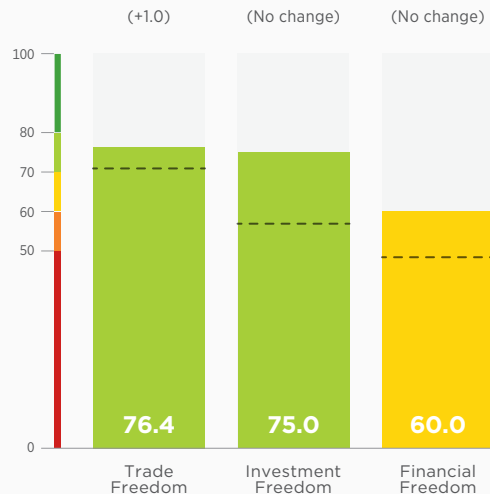
The top individual income and corporate tax rates are 10 percent. Other taxes include value-added and property taxes. The overall tax burden equals 13.5 percent of total domestic income. Government spending has amounted to 21.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 23.5 percent of GDP.

REGULATORY EFFICIENCY



Paraguay has fallen from the ranks of the moderately free in business freedom for the first time since 2015 as entry costs for starting a business have increased. A large informal sector includes thousands of microenterprises and urban street vendors, but the formal labor force participation rate was higher in 2019. The government sets electricity rates and subsidizes state-owned enterprises in public transport, fuel importation and distribution, telecommunications, alcoholic beverages, and cement.

OPEN MARKETS



Paraguay has eight preferential trade agreements in force. The trade-weighted average tariff rate is 6.8 percent, and 16 nontariff measures are in effect. Foreign investment is not subject to restrictive screening, and foreign entities are allowed to own property. The informal economy remains large, with more dynamic investment growth deterred by lingering institutional weaknesses. The financial sector, primarily banking, is expanding.

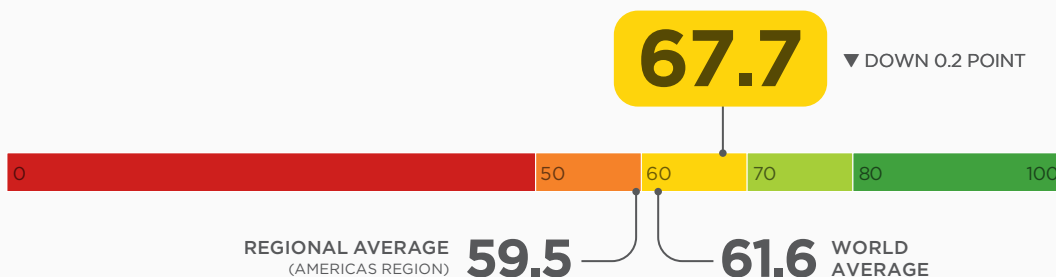
PERU

Peru's economic freedom score is 67.7, making its economy the 50th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **judicial effectiveness**. Peru is ranked 7th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Peruvian economy remains in the upper reaches of the moderately free category again this year despite ongoing political turmoil. Two weaknesses identified by the *Index* that continue to constrain economic freedom include relatively weak rule of law, which is reflected in *Index* scores for property rights, judicial effectiveness, and government integrity, and the need to make further reforms in the labor code.

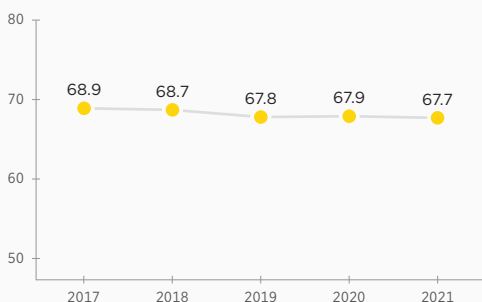
IMPACT OF COVID-19: As of December 1, 2020, 35,966 deaths had been attributed to the pandemic in Peru, and the economy was forecast to contract by 13.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +10.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
32.5 million

GDP (PPP):
\$476.0 billion
2.2% growth in 2019
5-year compound
annual growth 3.2%
\$13,380 per capita

UNEMPLOYMENT:
3.3%

INFLATION (CPI):
2.1%

FDI INFLOW:
\$8.9 billion

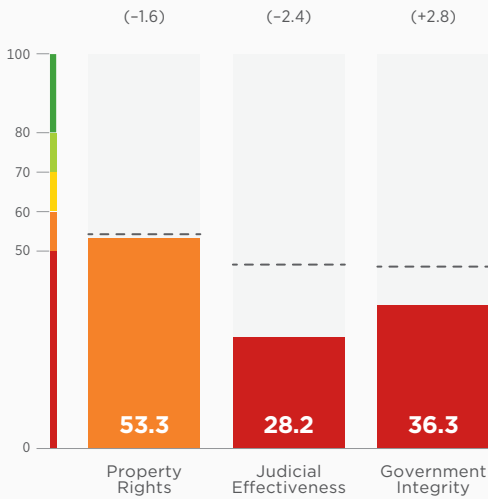
PUBLIC DEBT:
26.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In the last third of the 20th century, Peru alternated between military rule and democracy. A violent, multi-decade guerilla insurgency was defeated in the 1990s by ex-President Alberto Fujimori, an authoritarian who nevertheless implemented a liberal economic reform agenda. Martín Vizcarra of the center-right Peruvians for Change party began his presidency in 2018 after allegations of corruption forced his predecessor to resign. After repeated clashes, the opposition-controlled Congress impeached Vizcarra and removed him from office in November 2020. Pro-Vizcarra street protests continued until Vizcarra's successor resigned five days later. As of December, a caretaker government was in place. Peru remains the world's second-largest producer of cocaine.

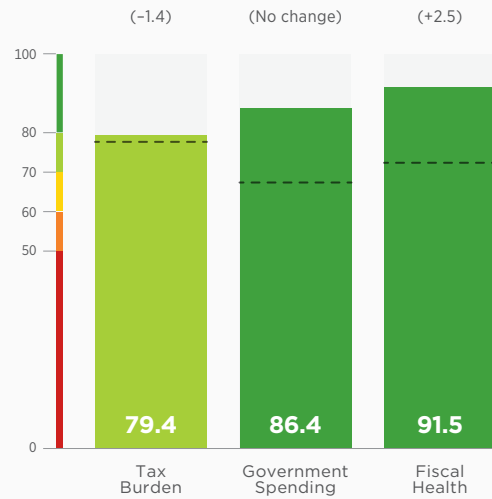
12 ECONOMIC FREEDOMS | PERU

RULE OF LAW



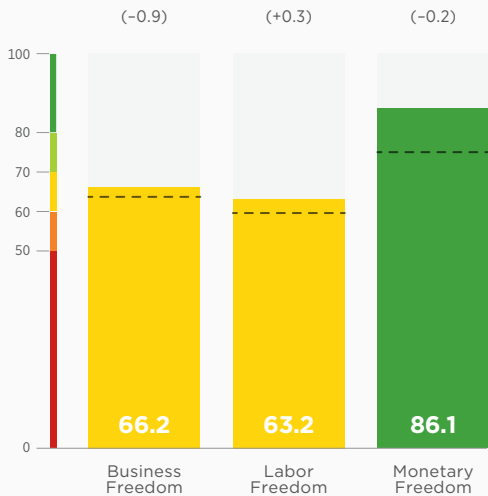
Peruvian law recognizes property rights, but the judicial system is slow to hear cases and issue decisions. Corruption is widespread and affects the whole of society and all levels of government, especially public procurement. Although President Vizcarra succeeded in passing three reforms aimed at curbing corruption in both the legislature and the judiciary, he was subsequently impeached and removed from office by Congress.

GOVERNMENT SIZE



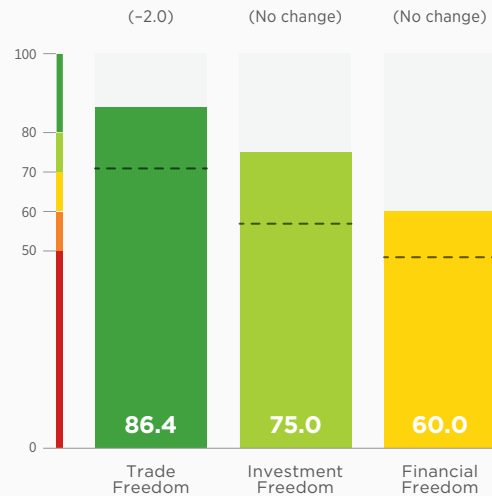
The top individual income tax rate is 30 percent, and the top corporate tax rate is 29.5 percent. Other taxes include value-added and financial transactions taxes. The overall tax burden equals 16.9 percent of total domestic income. Government spending has amounted to 21.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 26.7 percent of GDP.

REGULATORY EFFICIENCY



Starting a business and dealing with construction permits have become more expensive. The recovery rate when resolving insolvency is now higher. Labor laws are well defined but not evenly enforced. According to the World Bank, government transfers and subsidies for electricity, fuel, and a wide range of other sectors consume about 45 percent of the budget.

OPEN MARKETS



Peru has 19 preferential trade agreements in force. The trade-weighted average tariff rate is 1.8 percent, and 383 nontariff measures are in effect. The economy is relatively open to most foreign investment, but a lack of regulatory predictability impedes more dynamic investment. About 47 percent of adult Peruvians have an account with a formal banking institution. In 2020, reserve requirements were reduced to increase liquidity in the financial system.

PHILIPPINES

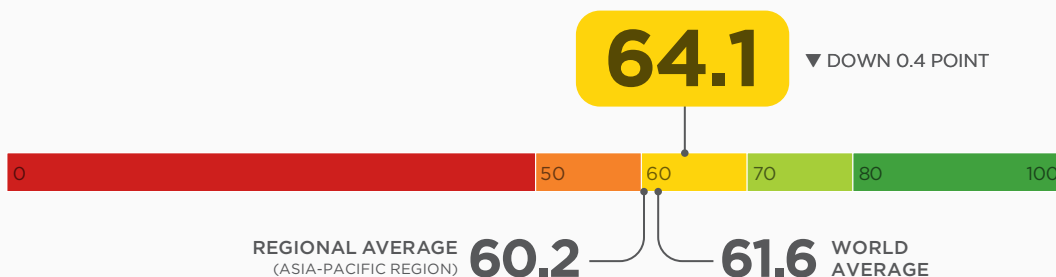
The Philippines' economic freedom score is 64.1, making its economy the 73rd freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **trade freedom**. The Philippines is ranked 12th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The Philippine economy remained in the ranks of the moderately free this year. The regulatory environment is overly bureaucratic and costly for both businesses and investors. Of special concern are weaknesses in the judicial system and the government's failure to counter ongoing corruption effectively.

IMPACT OF COVID-19: As of December 1, 2020, 8,418 deaths had been attributed to the pandemic in the Philippines, and the economy was forecast to contract by 8.3 percent for the year.

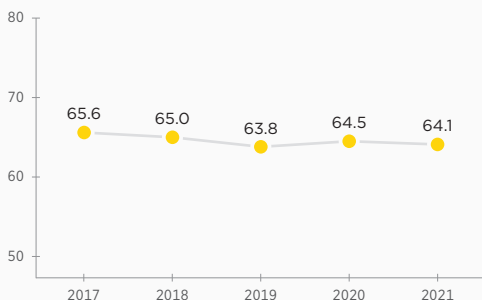


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
108.1 million

GDP (PPP):
\$1.0 trillion
5.9% growth in 2019
5-year compound
annual growth 6.4%
\$9,277 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
2.5%

FDI INFLOW:
\$5.0 billion

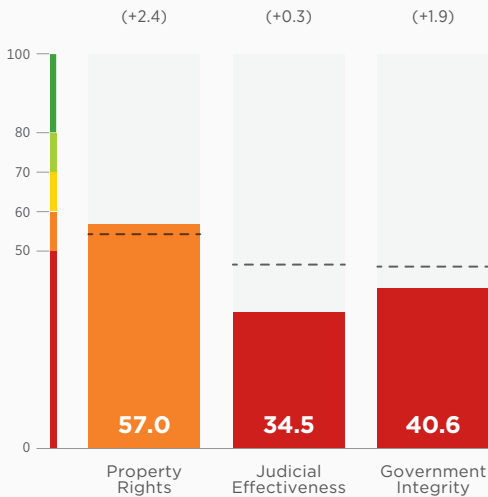
PUBLIC DEBT:
38.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A former colony of Spain and then of the United States that is spread over 7,000 linguistically diverse Western Pacific islands, the Philippines became a self-governing commonwealth in 1935. President Rodrigo Duterte, elected in 2016, has consolidated power in traditional Philippine political fashion by marginalizing his opponents. The brutality of his crackdown on illegal drug trafficking reflects authoritarian tendencies. Duterte was strengthened politically when his allies swept the 2019 midterm Senate elections. In an effort to improve economic relations between the two countries, Duterte has downplayed tensions between the Philippines and China. Agriculture is still a significant part of the economy, but industrial production in such areas as electronics, apparel, and shipbuilding has been growing rapidly. Remittances from overseas workers are equivalent to 10.5 percent of GDP.

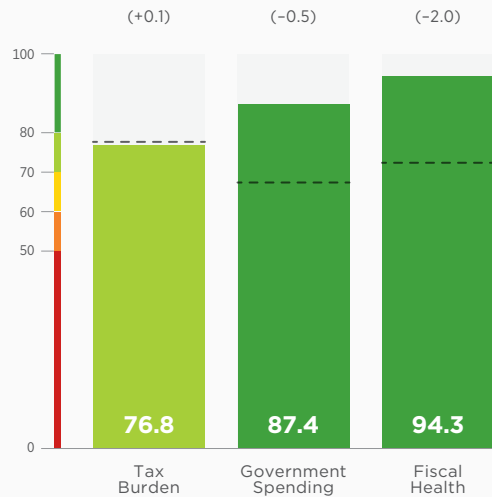
12 ECONOMIC FREEDOMS | PHILIPPINES

RULE OF LAW



Property rights are recognized and respected, but enforcement is inadequate and sporadic. The property registration process is time-consuming and expensive. Courts are inefficient, biased, corrupt, slow, and hampered by low pay, intimidation, and complex procedures. Corruption and cronyism are pervasive. There is little accountability for powerful politicians, big companies, or wealthy families.

GOVERNMENT SIZE



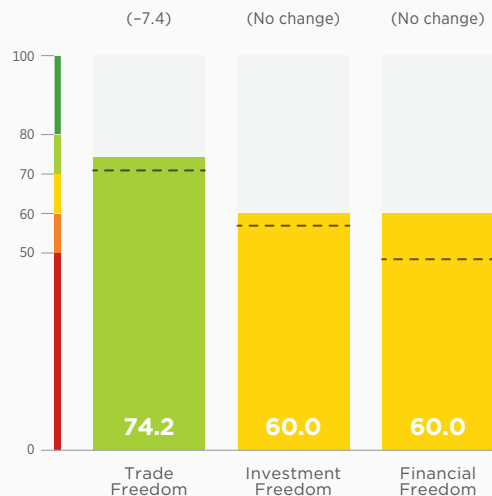
The top individual income tax rate has increased to 35 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 14.0 percent of total domestic income. Government spending has amounted to 20.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.3 percent of GDP. Public debt is equivalent to 38.6 percent of GDP.

REGULATORY EFFICIENCY



It now costs more to obtain an electricity connection, and the recovery rate when resolving insolvency has dropped. Business freedom has declined for three years in a row. Labor laws mandating employment standards are often ignored. According to the World Bank, subsidies and transfers consume more than one-quarter of the government's annual budget.

OPEN MARKETS



The Philippines has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 5.4 percent, and 285 nontariff measures are in effect. Foreign investment is generally welcome, and the investment code treats foreign investors the same as it treats domestic investors. However, investment in several sectors remains restricted. The financial sector, dominated by banking, is relatively stable. Capital markets are underdeveloped.

POLAND

WORLD RANK: **41** | REGIONAL RANK: **25**

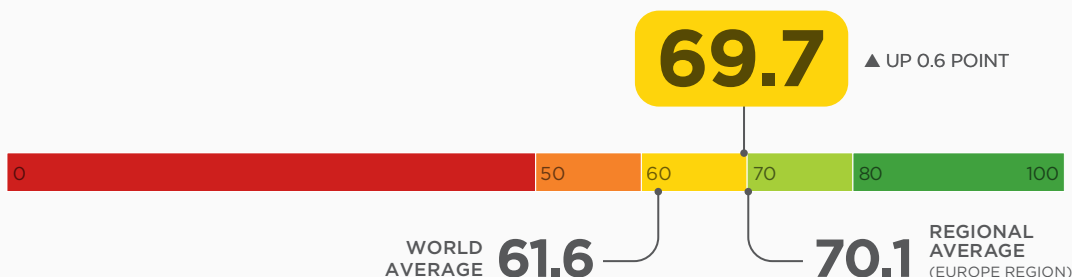
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

Poland's economic freedom score is 69.7, making its economy the 41st freest in the 2021 *Index*. Its overall score has increased by 0.6 point, primarily because of an improvement in **judicial effectiveness**. Poland is ranked 25th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

This year, the Polish economy took another small step closer to crossing the threshold into the ranks of the mostly free. To make the final leap, the government will need to take politically painful decisions to make significant cuts in spending. Reforming and strengthening the judicial system would be the other priority area in order to increase economic freedom in Poland.

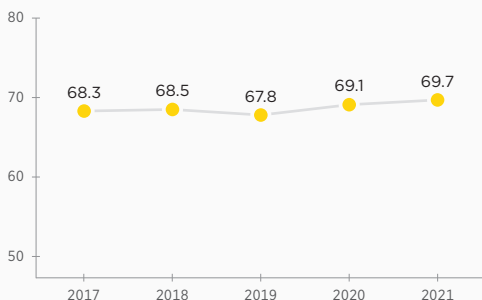
IMPACT OF COVID-19: As of December 1, 2020, 17,599 deaths had been attributed to the pandemic in Poland, and the economy was forecast to contract by 3.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +19.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38.0 million

GDP (PPP):
\$1.3 trillion
4.1% growth in 2019
5-year compound
annual growth 4.2%
\$34,218 per capita

UNEMPLOYMENT:
3.5%

INFLATION (CPI):
2.3%

FDI INFLOW:
\$13.2 billion

PUBLIC DEBT:
46.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Poland played a pivotal role in ending Soviet domination of Eastern Europe, joined NATO in 1999, and became a member of the European Union in 2004. The conservative and euroskeptic Law and Justice Party (PiS), first elected to power in 2015, won an even bigger parliamentary majority in October 2019. In July 2020, President Andrzej Duda of the PiS was narrowly reelected to a second five-year term. The government has prioritized closer cooperation with the U.S. while clashing with the EU over migration and judicial and media reforms. Tensions exist between the country's poorer and rural eastern region and its more prosperous and industrialized western region. Poland's strong economy is expected to rebound quickly after the coronavirus pandemic has ended.

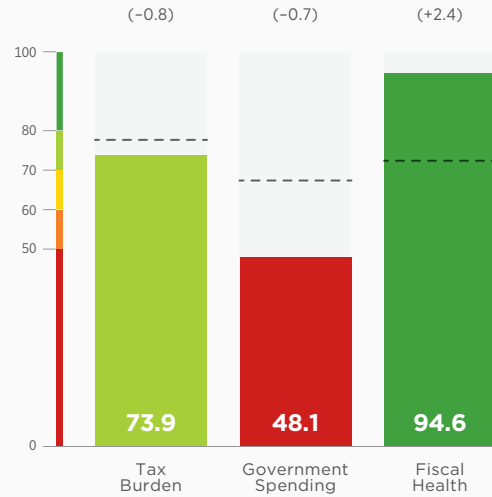
12 ECONOMIC FREEDOMS | POLAND

RULE OF LAW



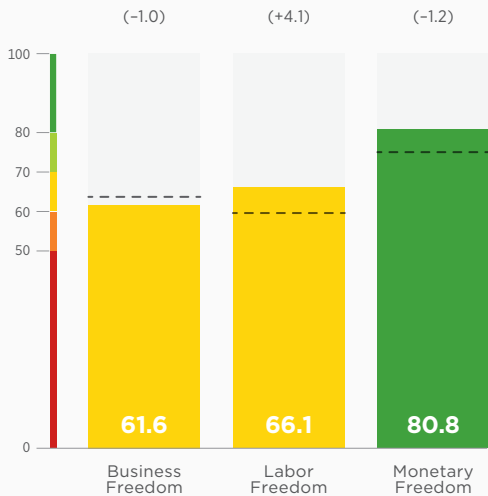
Poland recognizes and enforces secured interests in property and generally upholds the sanctity of contracts. The judiciary is independent, although the courts are slow and overburdened. The Polish legal system is code-based and prosecutorial, based on the Constitution of 1997. There are laws, regulations, and penalties aimed at combating corruption among public officials and counteracting conflicts of interest.

GOVERNMENT SIZE



The top individual income tax rate is 32 percent, and the top corporate tax rate is 19 percent. Other taxes include value-added and property taxes. The overall tax burden equals 35.0 percent of total domestic income. Government spending has amounted to 41.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.8 percent of GDP. Public debt is equivalent to 46.7 percent of GDP.

REGULATORY EFFICIENCY



Poland is not keeping pace with business freedom reforms in other countries, and the 2021 *Index* is the fifth in a row in which Poland's score for this indicator has declined. Dismissing an employee has become easier, improving flexibility in the labor market and encouraging job growth by reducing firms' reluctance to hire. According to data from the European Commission, Polish farmers are the fifth-largest beneficiaries of EU subsidies.

OPEN MARKETS



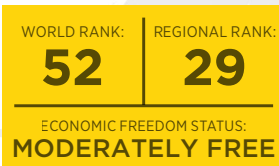
As a member of the EU, Poland has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Poland has an additional 340 country-specific nontariff barriers. Foreign investment is welcome, but foreign ownership in selected strategic sectors is limited. The financial sector continues to expand.

PORTUGAL

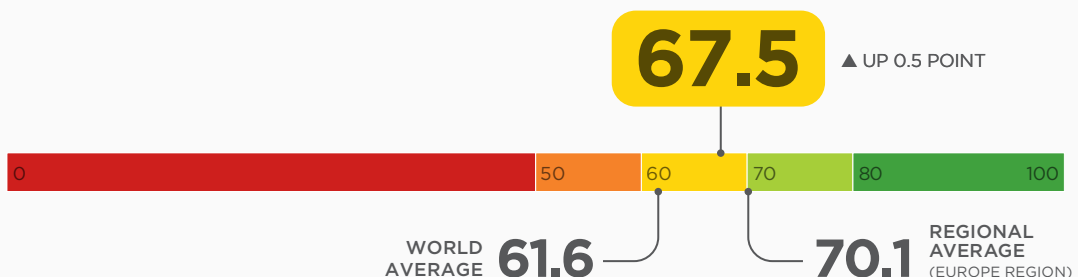
Portugal's economic freedom score is 67.5, making its economy the 52nd freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **fiscal health**. Portugal is ranked 29th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Portugal's economy has been rated moderately free since the inception of the *Index* in 1995. The two major impediments to greater economic freedom remain the government's long-standing record of overspending and the continuing need for labor market reforms to reduce the number of workers who are forced to take temporary or part-time positions.

IMPACT OF COVID-19: As of December 1, 2020, 4,577 deaths had been attributed to the pandemic in Portugal, and the economy was forecast to contract by 10.0 percent for the year.

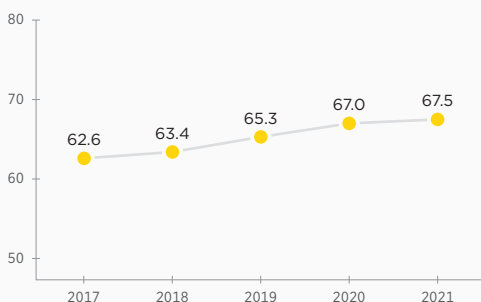


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.3 million

GDP (PPP):
\$346.9 billion
2.2% growth in 2019
5-year compound
annual growth 2.4%
\$36,471 per capita

UNEMPLOYMENT:
6.3%

INFLATION (CPI):
0.3%

FDI INFLOW:
\$8.2 billion

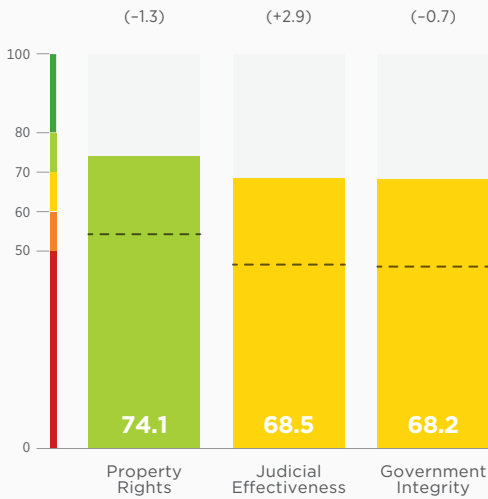
PUBLIC DEBT:
117.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Portugal returned to democracy in 1976 and joined the European Union in 1986. Socialist Prime Minister António Costa, first elected in 2015, was able to form another minority government after October 2019 elections. To pass legislation, he depends on the support of the Communists and other hard-left parties. Costa terminated many of his predecessor's financial and labor reforms. Leading economic sectors include financial services, telecommunications, and a buoyant tourism industry that has been hit hard by the global pandemic. In April 2019, shareholders of Portugal's largest electrical utility blocked a takeover bid by its largest shareholder, a Chinese state-owned enterprise. More than €25 billion in forthcoming EU bailout funds will be handled through a newly created state-owned development bank.

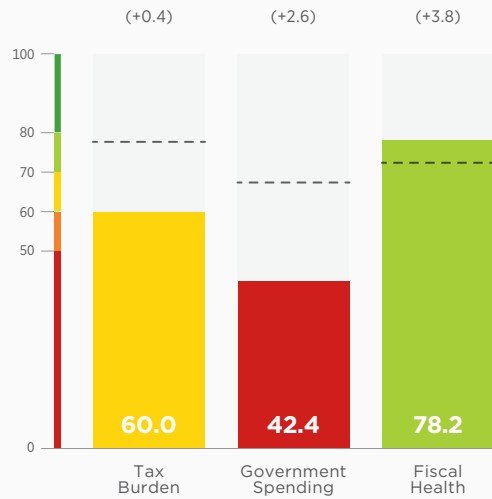
12 ECONOMIC FREEDOMS | PORTUGAL

RULE OF LAW



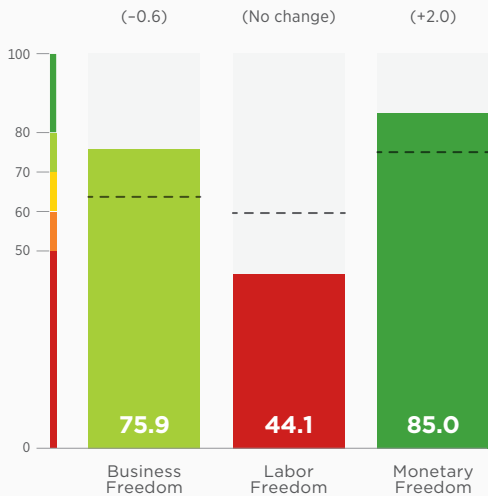
The Portuguese constitution ensures the right to private property, and the legal system enforces property rights and interests reliably. Property registration is efficient. The judicial system is independent of the executive branch but short-staffed and inefficient. Despite the implementation of additional anticorruption legislation in recent years, high-ranking politicians, officials, and businesspeople have been involved in major corruption scandals.

GOVERNMENT SIZE



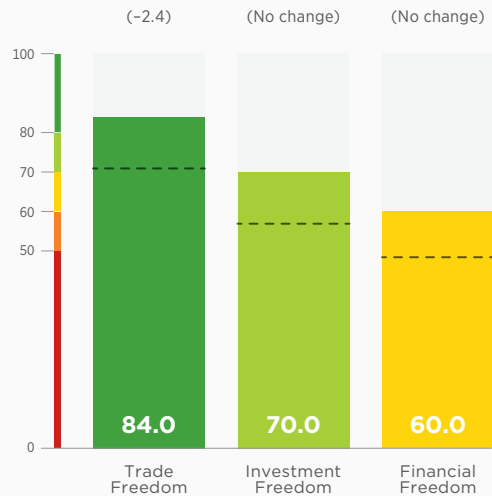
The top individual income tax rate is 48 percent, and the top corporate tax rate has been cut to 21 percent. Other taxes include a value-added tax. The overall tax burden equals 35.4 percent of total domestic income. Government spending has amounted to 43.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 117.6 percent of GDP.

REGULATORY EFFICIENCY



Portugal's business freedom score has declined for the fourth consecutive year, but the overall business environment is still attractive from a regulatory point of view. However, labor reform packages in recent years have not succeeded in raising labor productivity. According to the IMF, annual subsidies funded in the budget are equivalent to 0.4 percent of GDP.

OPEN MARKETS



As a member of the EU, Portugal has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. The investment regime is conducive to new investment. The financial sector, dominated by banking, has regained stability and offers a range of financial services. The capital market continues to grow and evolve.

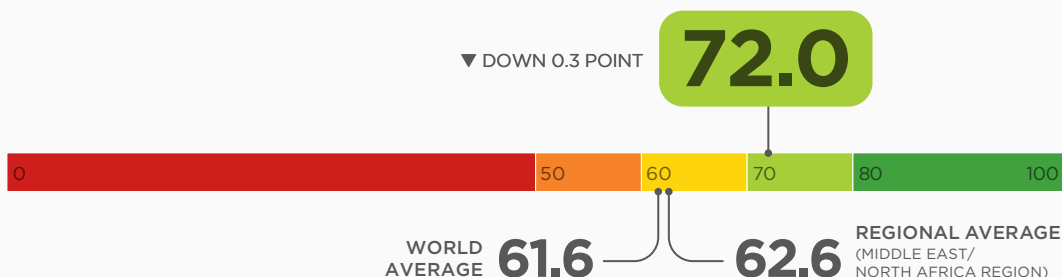
QATAR

Qatar's economic freedom score is 72.0, making its economy the 31st freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **government integrity**. Qatar is ranked 3rd among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Qatar's economy remains in the mostly free category this year. The government was able to reduce its spending somewhat, but the economic dominance it exercises through its control of the country's oil revenue risks crowding out potential private-sector entrepreneurship. The judicial system is another public sector that needs further reform.

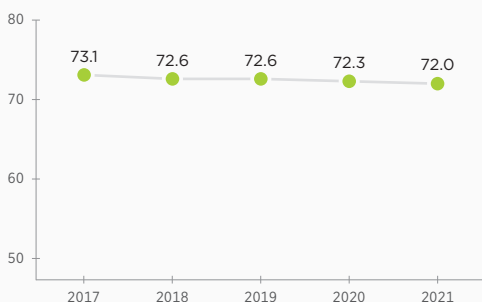
IMPACT OF COVID-19: As of December 1, 2020, 238 deaths had been attributed to the pandemic in Qatar, and the economy was forecast to contract by 4.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +10.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$358.9 billion
0.1% growth in 2019
5-year compound
annual growth 1.8%
\$96,491 per capita

UNEMPLOYMENT:
0.1%

INFLATION (CPI):
-0.6%

FDI INFLOW:
-\$2,812.6 million

PUBLIC DEBT:
52.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Once a poor British protectorate, Qatar gained independence in 1971 and has become one of the world's richest countries because of its massive reserves of oil and natural gas. Sheikh Tamim bin Hamad Al-Thani, in power since 2013, has promoted improvements in infrastructure, health care, and education as well as expansion of manufacturing, construction, and financial services. A 4-year dispute with Saudi Arabia, Bahrain, Egypt, and the United Arab Emirates related to Qatar's support for Islamist extremists and friendly relations with Iran was resolved in January 2021. Since winning its bid to host the 2022 World Cup, the government has expedited large infrastructure projects including roads, light rail transportation, a new port, stadiums, and other sporting facilities.

12 ECONOMIC FREEDOMS | QATAR

RULE OF LAW



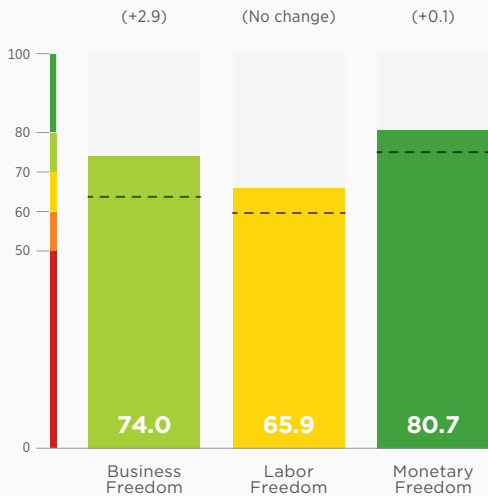
Property rights and ownership are established through a set of laws, ministerial decrees, and resolutions. The judiciary is not independent in practice. Many judges are foreign nationals. Sharia (Islamic) courts handle family law. Qatar is one of the least corrupt countries in the Middle East and North Africa according to Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



There is no individual income tax or domestic corporate tax. Foreign corporations operating in Qatar are subject to a flat 10 percent corporate rate. The overall tax burden equals 14.7 percent of total domestic income. Government spending has amounted to 32.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.1 percent of GDP. Public debt is equivalent to 52.3 percent of GDP.

REGULATORY EFFICIENCY



Qatar has reduced the time it takes to process online applications for new electricity connections. Related costs and overall business entry costs have also declined. The law prohibits all forms of forced labor, but international media and human rights groups allege its existence. The government is working on a plan to transition from subsidies to cost recovery for the state-owned power utility, but it continues to subsidize state-owned Qatar Airways.

OPEN MARKETS



Qatar has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.3 percent, and four nontariff measures are in effect. Openness to global commerce through trade and investment underpins Qatar's competitiveness. Foreign investment in several sectors of the economy is capped. The stable banking sector remains competitive. Growth in financial services has contributed to economic diversification.

ROMANIA

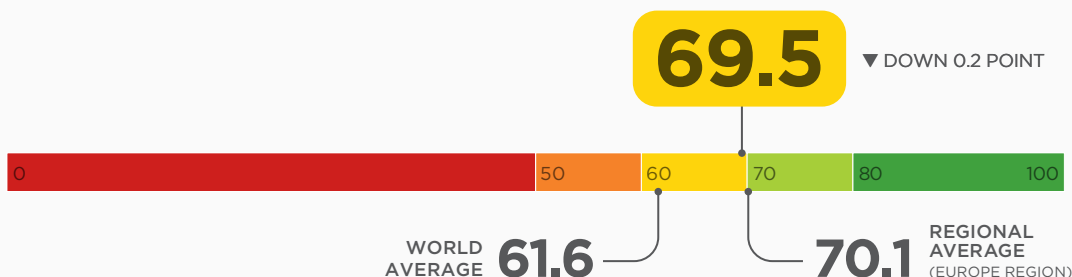


Romania's economic freedom score is 69.5, making its economy the 43rd freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **fiscal health**. Romania is ranked 26th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Although the Romanian economy had been rising through the ranks of the moderately free for more than a decade, it fell back a bit this year. To get back on track, the government will have to focus on improving the judicial system, strengthening anticorruption efforts, removing rigidities in the labor market, and further modernizing the financial sector.

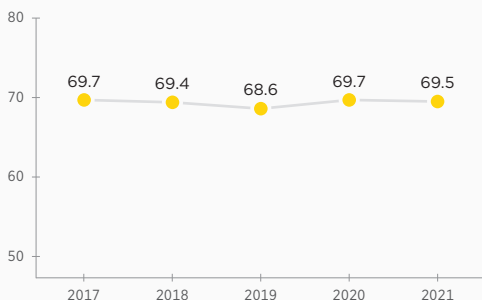
IMPACT OF COVID-19: As of December 1, 2020, 11,530 deaths had been attributed to the pandemic in Romania, and the economy was forecast to contract by 4.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +26.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.4 million

GDP (PPP):
\$549.2 billion
4.1% growth in 2019
5-year compound
annual growth 4.9%
\$32,297 per capita

UNEMPLOYMENT:
4.0%

INFLATION (CPI):
3.8%

FDI INFLOW:
\$6.0 billion

PUBLIC DEBT:
35.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Romania's transition to a free-market economy began with its new constitution in 1991, followed by membership in NATO in 2004 and the European Union in 2007. The former center-left Social Democratic Party (PSD) government was ousted in 2019 over attempts to weaken anticorruption laws and judicial independence, and the political situation has remained in flux. Ludovic Orban of the center-right National Liberal Party's (PNL) was named prime minister in October 2019 but resigned when his minority government lost a vote of no confidence in February 2020. He was reinstated in March but resigned again after his party lost ground in December elections. The PSD won the most votes in the election, but the PNL seemed likely to lead a coalition government. With a strategic position on the Black Sea, Romania has extensive natural resources and a productive agriculture sector.

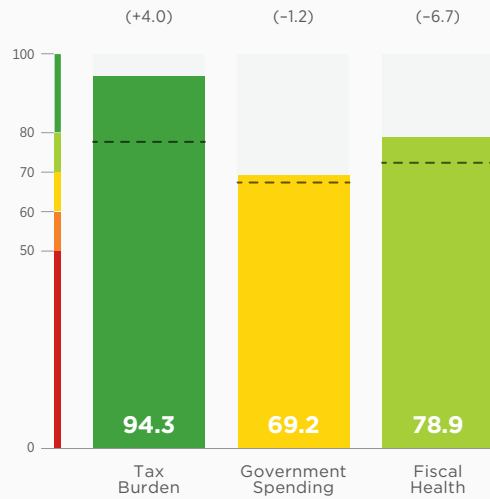
12 ECONOMIC FREEDOMS | ROMANIA

RULE OF LAW



Property and contractual rights are recognized by law, but enforcement through the judicial process can be lengthy, costly, and difficult. The national cadaster in rural areas is slowly being improved. Although the judiciary is generally independent, courts are vulnerable to political influence and suffer from a lack of expertise. High levels of corruption, bribery, and abuse of power persist, and anticorruption efforts have been uneven.

GOVERNMENT SIZE



The individual income tax rate is a flat 10 percent, and the corporate tax rate is a flat 16 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 14.6 percent of total domestic income. Government spending has amounted to 32.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 35.2 percent of GDP.

REGULATORY EFFICIENCY



Romania now allows voluntary value-added tax registration, which takes less time than mandatory registration. The 2021 *Index* is the first one in seven years in which Romania has increased its business freedom. Labor force participation is very low. Subsidies increased from 0.4 percent of GDP in 2019 to 1.2 percent in 2020, mainly because of higher allocations to the agriculture sector.

OPEN MARKETS



As a member of the EU, Romania has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Romania has an additional 20 country-specific nontariff barriers. Despite progress, the uneven regulatory system tends to discourage foreign investment. About 60 percent of adult Romanians have a formal banking account.

RUSSIA

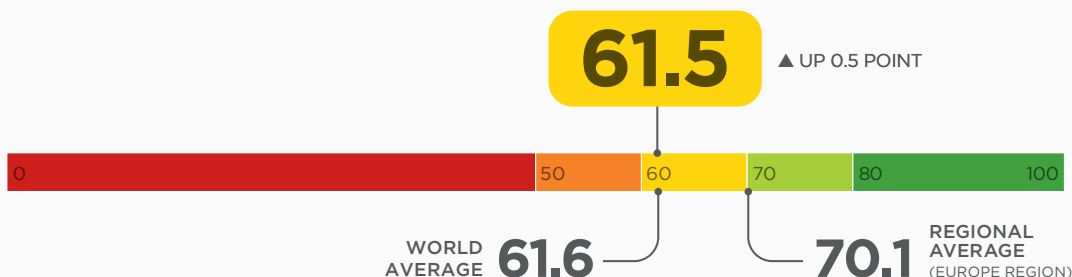
Russia's economic freedom score is 61.5, making its economy the 92nd freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in the **tax burden** score. Russia is ranked 42nd among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Russia's economy is ranked moderately free for the second year in a row after more than a decade in the mostly unfree category. Until the rule of law is strengthened considerably, the investment code is liberalized, and government pursuit of corrupting statist and protectionist economic policies ceases, however, further expansion of economic freedom in Russia will be difficult.

IMPACT OF COVID-19: As of December 1, 2020, 40,050 deaths had been attributed to the pandemic in Russia, and the economy was forecast to contract by 4.1 percent for the year.

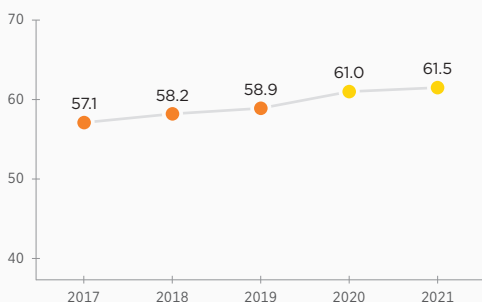
WORLD RANK:	REGIONAL RANK:
92	42
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +10.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
144.4 million

GDP (PPP):
\$4.4 trillion
1.3% growth in 2019
5-year compound
annual growth 0.8%
\$29,181 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
4.5%

FDI INFLOW:
\$31.7 billion

PUBLIC DEBT:
14.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Vladimir Putin was reelected president in 2018 amid allegations of electoral fraud. Russia illegally annexed Ukraine's Crimean Peninsula early in 2014 and continues to foment instability by supplying weapons and troops in eastern Ukraine's Donbas region. Ongoing Western economic sanctions have led to a brain drain and capital flight. Russia's economy depends heavily on exports of oil and gas. In recent years, low oil prices, the financial burden of the Crimea annexation, and efforts to rearm the military have strained public finances. Because of its actions in Ukraine, Russia's bid to join the Organisation for Economic Co-operation and Development has been postponed indefinitely.

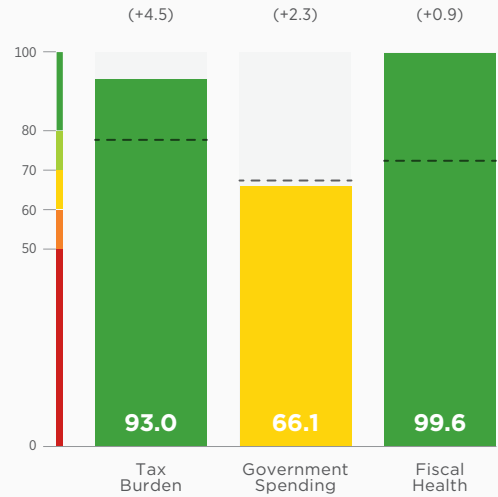
12 ECONOMIC FREEDOMS | RUSSIA

RULE OF LAW



The Russian constitution recognizes property rights. The state owns the majority of land, but most structures are privately owned. The rule of law is not maintained consistently. Courts lack independence, face heavy political pressure, and are biased in favor of conviction. Corruption is pervasive in the highly centralized and authoritarian government and the cronyism-tolerant business world. A lack of accountability enables bureaucrats to act with impunity.

GOVERNMENT SIZE



The individual income tax rate is a flat 13 percent, and the top corporate tax rate is 20 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 11.4 percent of total domestic income. Government spending has amounted to 33.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.1 percent of GDP. Public debt is equivalent to 14.0 percent of GDP.

REGULATORY EFFICIENCY



Improvements in the bureaucracy of the utilities in Moscow and St. Petersburg have made obtaining electricity less time-consuming. Starting a business is less costly, and dealing with construction permits now takes less time. The labor market is fragmented with low labor mobility but highly flexible wage rates. According to the World Bank, subsidies and transfers consume nearly 70 percent of the government's budget.

OPEN MARKETS



Russia has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 5.5 percent, and 227 nontariff measures are in effect. 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 investment in several sectors of the economy is capped. The financial sector is subject to government influence.

RWANDA

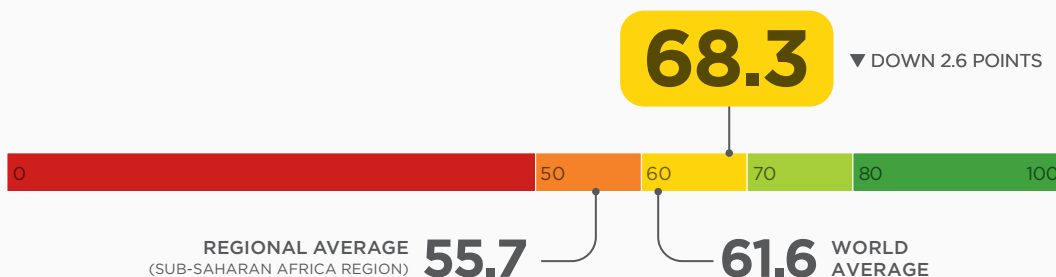
Rwanda's economic freedom score is 68.3, making its economy the 47th freest in the 2021 *Index*. Its overall score has decreased by 2.6 points because of a decline in **trade freedom** and other factors. Rwanda is ranked 2nd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Rwanda's economy lost ground this year and fell back into the moderately free category. To climb back into the higher ranks, the government needs to focus on continued improvements in the business climate and implementation of the president's commitment to fighting corruption in order to strengthen respect for the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 49 deaths had been attributed to the pandemic in Rwanda, and economic growth was forecast to decline to 2.0 percent for the year.

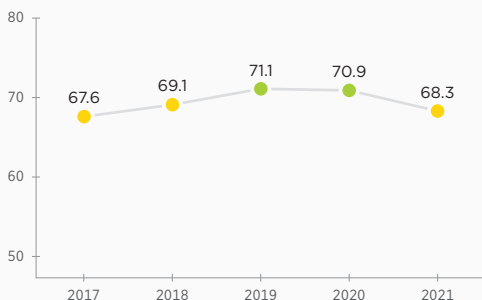


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +30.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
12.6 million

GDP (PPP):
\$31.0 billion
10.1% growth in 2019
5-year compound annual growth 7.9%
\$2,318 per capita

UNEMPLOYMENT:
1.0%

INFLATION (CPI):
2.4%

FDI INFLOW:
\$420.2 million

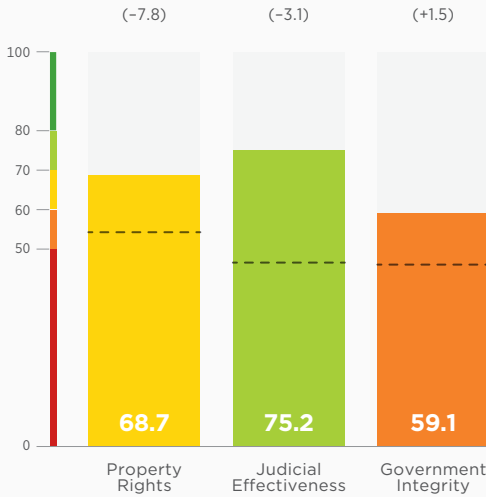
PUBLIC DEBT:
38.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Decades of violence followed Rwanda's independence from Belgium in 1959. In 1994, Paul Kagame's Tutsi-led Rwandan Patriotic Front seized power after state-sponsored genocide killed an estimated 800,000 people, mostly Tutsis. Kagame has been president since 2000 and was reelected to seven-year terms in 2010 and 2017 amid allegations of fraud, intimidation, and violence. In 2015, voters approved a constitutional change that would permit the 62-year-old Kagame to govern until 2034 and strengthen his authoritarian rule. A border standoff with Uganda began in 2019 as each side accused the other of trying to overthrow its government. Tourism, minerals, coffee, and tea are the main sources of foreign exchange. Although poverty remains widespread, government figures indicate that it has been declining rapidly.

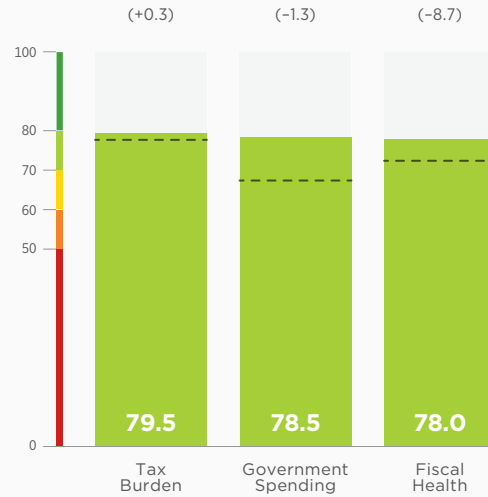
12 ECONOMIC FREEDOMS | RWANDA

RULE OF LAW



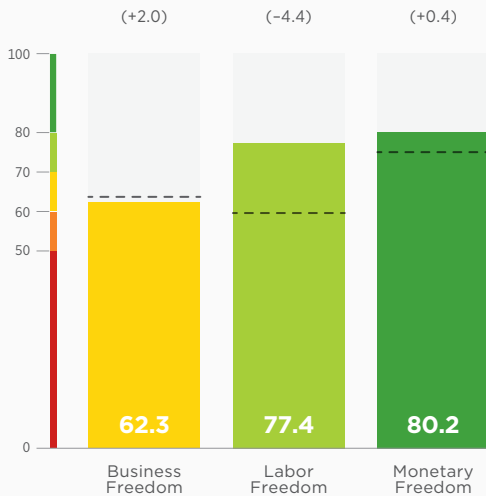
The law recognizes and protects all types of property rights. The inadequately resourced judiciary is not yet fully independent of the executive and suffers from capacity constraints and a heavy case backlog. Although graft remains a problem, Rwanda was ranked 51st out of 180 countries and one of Africa's four least corrupt nations in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



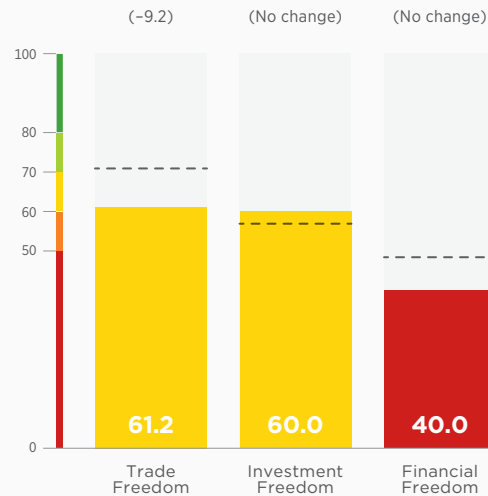
The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 16.0 percent of total domestic income. Government spending has amounted to 26.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 38.6 percent of GDP.

REGULATORY EFFICIENCY



Rwanda has eliminated the trading license tax for the first two years of operation for smaller enterprises. The time it takes to obtain a water and sewage connection has been reduced. Hiring a worker has become more difficult, however. The IMF has forecast that government subsidies will consume 2.1 percent of GDP in 2020.

OPEN MARKETS



Rwanda has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.4 percent, and 30 nontariff measures are in effect. Foreign investment is welcome, and the investment code provides for equal treatment of foreigners and nationals for many types of activity. The financial sector, dominated by banking, is expanding slowly. About 55 percent of adult Rwandans have access to an account with a formal banking institution.

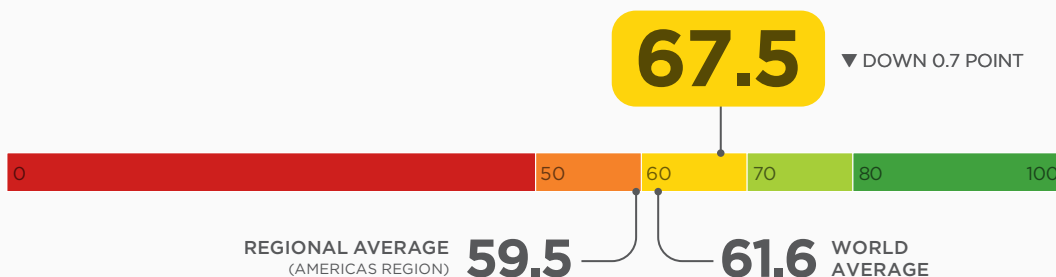
SAINT LUCIA

Saint Lucia's economic freedom score is 67.5, making its economy the 53rd freest in the 2021 *Index*. Its overall score has decreased by 0.7 point, primarily because of a decline in **trade freedom**. Saint Lucia is ranked 8th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Saint Lucia's economy is in the moderately free category for the fifth straight year, having fallen from the mostly free ranks in 2017. The economy of Saint Lucia has benefitted from a business-friendly entrepreneurial climate and foreign direct investment in its leading sectors, but greater economic freedom is hindered by relatively rigid labor laws, a lack of financial freedom, and the persistence of government corruption.

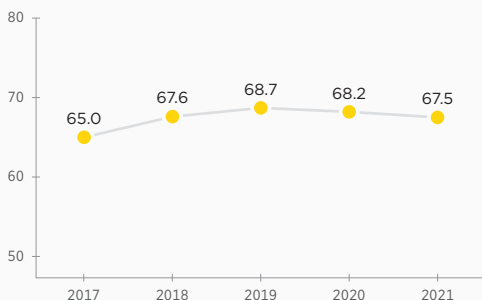
IMPACT OF COVID-19: As of December 1, 2020, two deaths had been attributed to the pandemic in Saint Lucia, and the economy was forecast to contract by 16.9 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$2.9 billion
1.7% growth in 2019
5-year compound
annual growth 2.3%
\$16,089 per capita

UNEMPLOYMENT:
20.7%

INFLATION (CPI):
0.7%

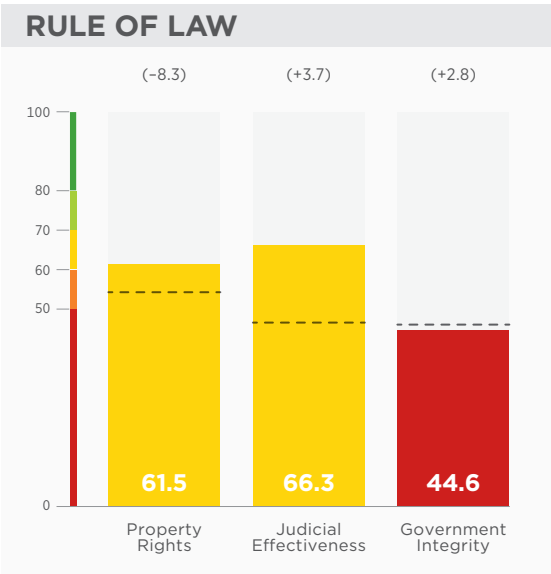
FDI INFLOW:
\$30.6 million

PUBLIC DEBT:
65.5% of GDP

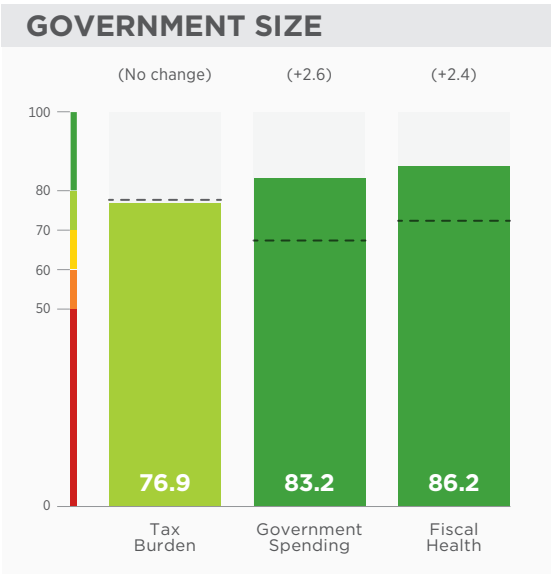
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Saint Lucia, an island nation in the Lesser Antilles known for its two distinctive "Piton" mountains, is a two-party democracy with a bicameral parliament. Former Tourism Minister Allen Chastanet of the United Workers Party became prime minister in 2016. Saint Lucia is a member of the Caribbean Community and Common Market and hosts the headquarters of the Organization of Eastern Caribbean States. The economy depends primarily on tourism, banana production, and some light manufacturing. Recent improvements in roads, communications, water supply, sewerage, and port facilities, combined with a well-educated workforce, have attracted foreign investment. The government has encouraged farmers to diversify from bananas to other crops and prioritizes growth of the communications and information technology sectors.

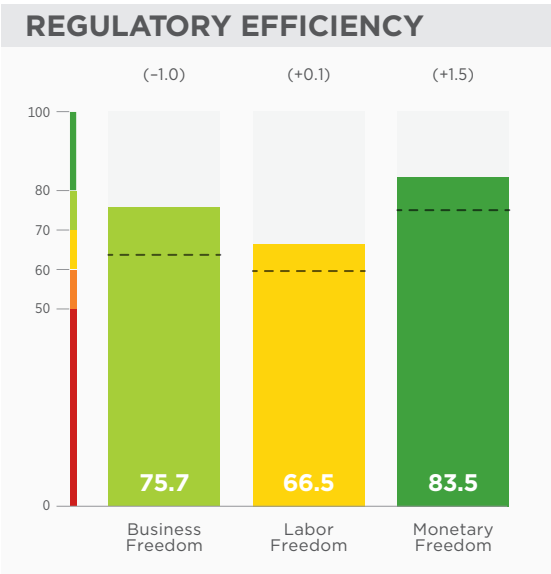
12 ECONOMIC FREEDOMS | SAINT LUCIA



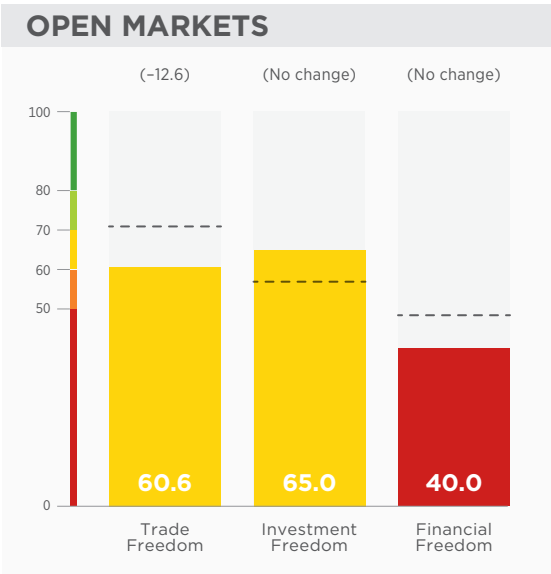
Civil law protects physical property and mortgage claims, although there are special requirements for acquiring and developing land, especially for tourism. St. Lucia hosts the Eastern Caribbean Supreme Court (ECSC), which serves as its supreme court. Lower courts are understaffed and slow. Anticorruption enforcement needs to be strengthened.



The top individual income and corporate tax rates are 30 percent. Other taxes include consumption and property transfer taxes. The overall tax burden equals 22.5 percent of total domestic income. Government spending has amounted to 23.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 65.5 percent of GDP.



Saint Lucia’s business freedom score has stagnated in the mid-70s since 2015, losing ground to more reform-minded countries in the region. A commission recently advised establishing a formal national minimum wage, which if implemented would erode labor freedom. According to the World Bank, subsidies and transfers account for nearly a quarter of the government’s budget.



Saint Lucia has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and one formal nontariff measure is in effect. Other barriers to trade flows persist. Foreign investment is screened by the government, and the overall investment regime lacks efficiency. Greater access to financing opportunities remains critical to private-sector development. The banking sector is dominated by commercial banking.

SAINT VINCENT AND THE GRENADINES

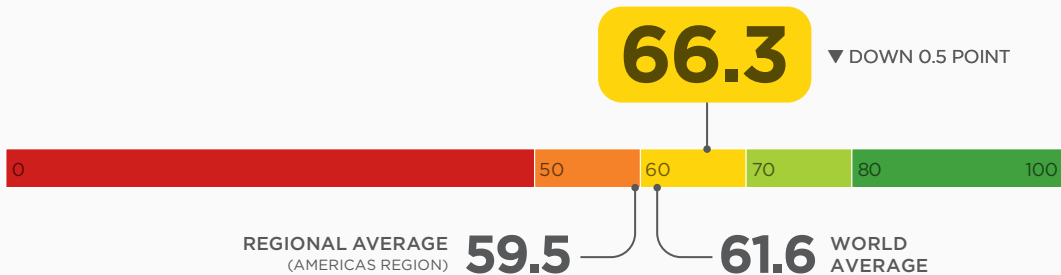
Saint Vincent and the Grenadines' economic freedom score is 66.3, making its economy the 59th freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in **trade freedom**. Saint Vincent and the Grenadines is ranked 9th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The economy of Saint Vincent and the Grenadines has been considered moderately free ever since its first inclusion in the *Index* in 2009. Economic freedom could be expanded if protection of property rights was strengthened and the government permitted greater access to financing and more openness to trade. Establishment of a specialized national anticorruption agency would improve government integrity.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Saint Vincent and the Grenadines, but the economy was forecast to contract by 7.0 percent for the year.

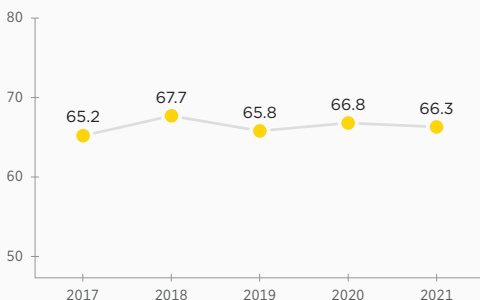


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +2.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$1.4 billion
0.4% growth in 2019
5-year compound annual growth 1.4%
\$12,983 per capita

UNEMPLOYMENT:
18.9%

INFLATION (CPI):
0.9%

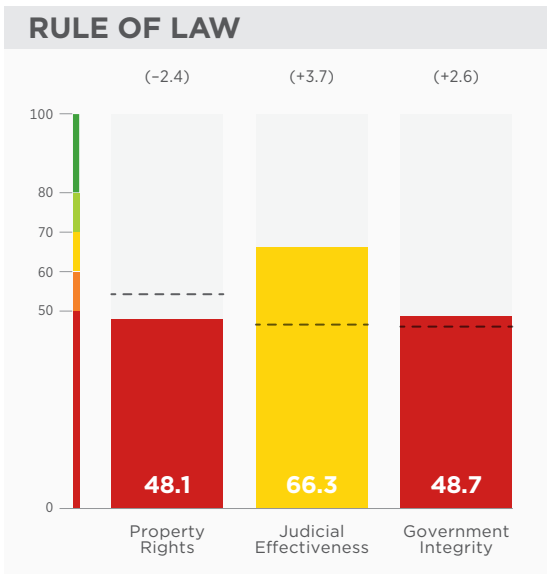
FDI INFLOW:
\$113.1 million

PUBLIC DEBT:
70.5% of GDP

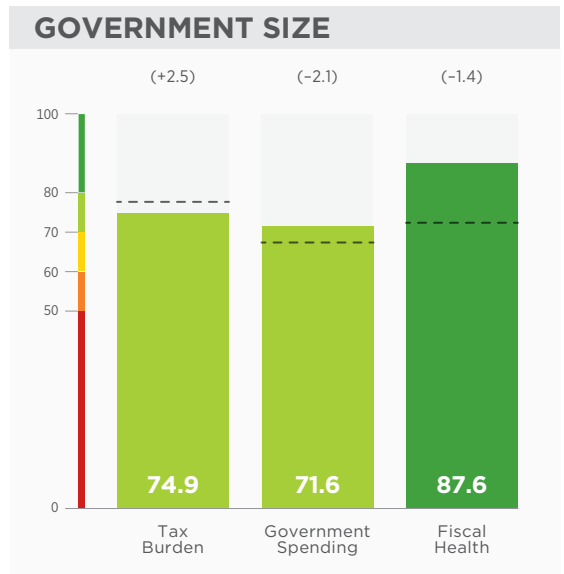
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Situated in the Windward Islands of the Lesser Antilles, Saint Vincent and the Grenadines gained full independence from the United Kingdom as a parliamentary democracy in 1979. Prime Minister Ralph Gonsalves of the leftist Unity Labour Party has been in office continuously since 2001 and won a fifth mandate as a result of November 2020 elections. He is one of the few Western Hemisphere leaders to maintain support for Nicolás Maduro's government in Venezuela. Agriculture and tourism employ a significant portion of the workforce. Although the economy remains vulnerable to global price fluctuations and natural disasters, it has grown modestly in recent years as a result of renewed growth in construction and increased tourist arrivals at the country's new international airport.

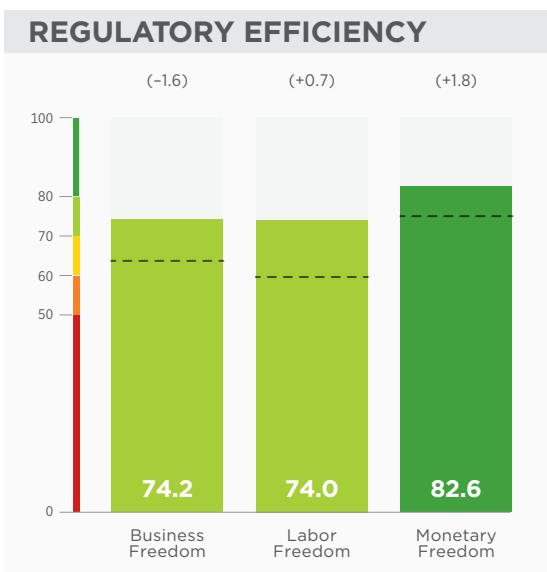
12 ECONOMIC FREEDOMS | SAINT VINCENT AND THE GRENADINES



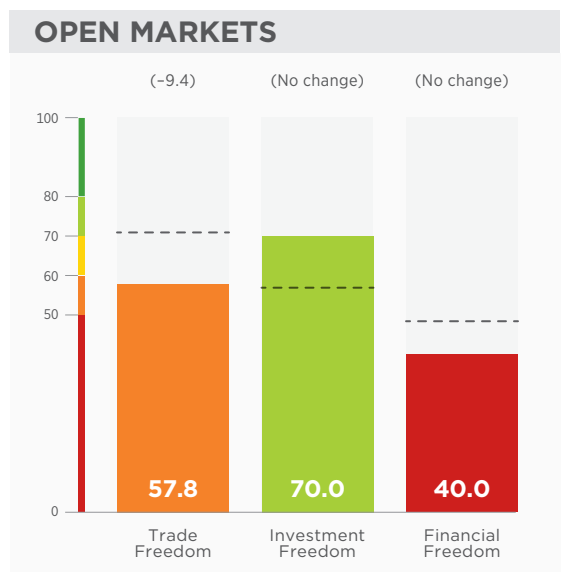
Saint Vincent and the Grenadines' relatively independent and efficient judicial system, based on English common law, protects property rights and enforces contracts. Property registration is time-consuming and expensive. In comparison with some of its neighbors, the rule of law remains strong, and corruption is not pervasive. However, compliance with anticorruption institutions is usually slow.



The top individual income and corporate tax rates are 30 percent. Other taxes include property and value-added taxes. The overall tax burden equals 26.7 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 70.5 percent of GDP.



Saint Vincent and the Grenadines' business freedom has declined in recent years in comparison with the world's more reform-minded countries. In general, however, clearly defined labor laws are enforced effectively. The non-salary cost of employing a worker is moderate. According to the World Bank, subsidies and transfers account for more than 23 percent of the government's budget.



Saint Vincent and the Grenadines has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.6 percent, and nontariff barriers further undermine overall trade freedom. In general, foreign and domestic investors are treated equally under the law, but the government screens foreign investment. Businesses lack adequate access to a wide variety of financing instruments, and the capital market is underdeveloped.

SAMOA

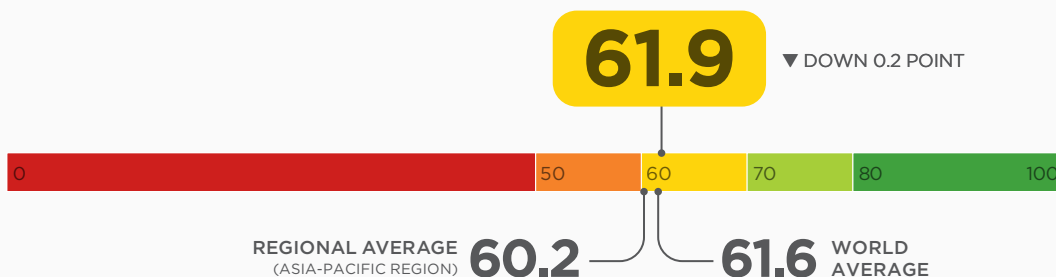
Samoa's economic freedom score is 61.9, making its economy the 89th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **property rights**. Samoa is ranked 16th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Although it slipped a bit in the global rankings this year, Samoa's economy has remained moderately free for the past four years. For the country to regain lost ground, the government will need to implement deep, broad, and well-institutionalized reforms to improve scores for property rights and especially judicial effectiveness and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Samoa, but the economy was forecast to contract by 5.0 percent for the year.

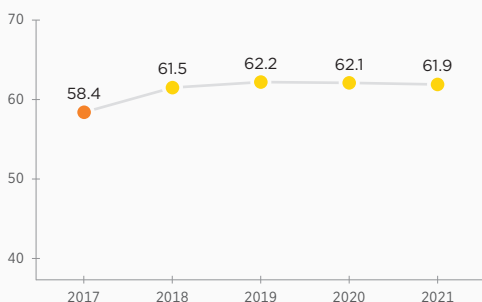
WORLD RANK:	REGIONAL RANK:
89	16
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +14.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$1.2 billion
3.5% growth in 2019
5-year compound
annual growth 2.9%
\$6,787 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$1.0 million

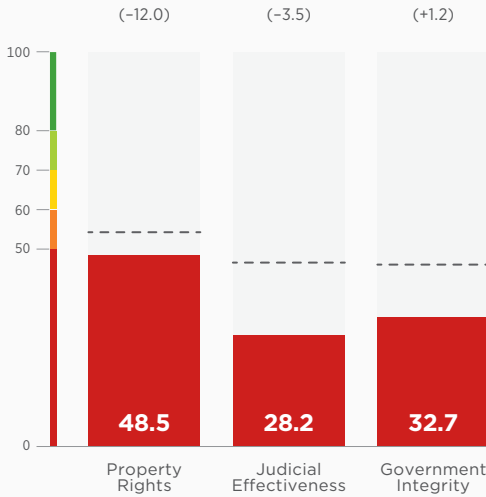
PUBLIC DEBT:
48.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: A small South Pacific archipelago with a population of fewer than 200,000, Samoa was administered by New Zealand until independence in 1962. It is now a multiparty, unicameral parliamentary democracy dominated by the Human Rights Protection Party, which holds 47 of the 50 seats in parliament. Prime Minister Tuilaepa Aiono Sailele Malielegaoi, in office since 1998, was reelected in 2016. Two-thirds of the workforce is employed in fishing and agriculture, which produce 90 percent of exports, and the economy relies heavily on emigrants' remittances. The government is encouraging more offshore banking and foreign investment in manufacturing. Samoa hosted the 2019 Pacific Games, which supported economic growth through infrastructure investments and higher tourism receipts.

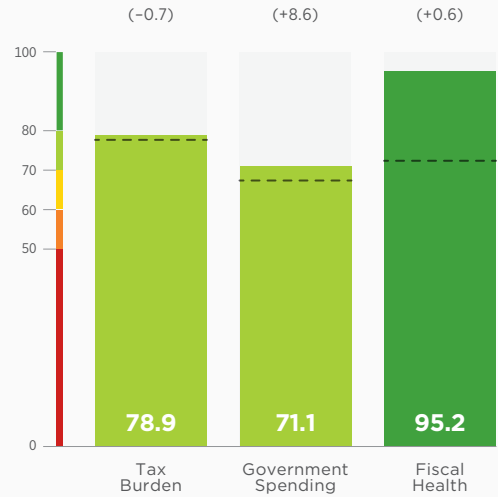
12 ECONOMIC FREEDOMS | SAMOA

RULE OF LAW



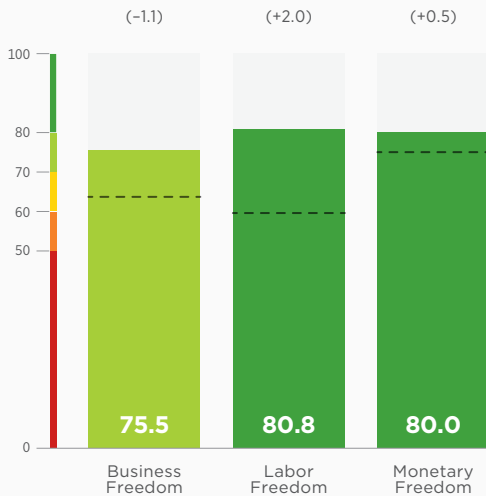
Although property rights are recognized, Samoa lacks an efficient legal framework for their adequate protection and for the enforcement of contracts. Eighty percent of the land is communally held. The judiciary is independent but heavily influenced by the executive. Although corruption and bribery are criminalized and prosecuted and the laws appear to be applied impartially, official corruption is still a major cause of public discontent.

GOVERNMENT SIZE



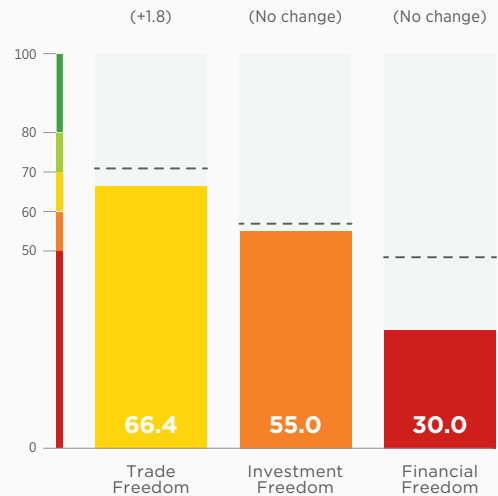
The top individual income and corporate tax rates are 27 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 25.5 percent of total domestic income. Government spending has amounted to 31.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.2 percent of GDP. Public debt is equivalent to 48.9 percent of GDP.

REGULATORY EFFICIENCY



Business freedom in Samoa is little changed from the prior year, but its position relative to other more reform-minded countries has eroded. The three pieces of legislation that govern the labor market are consistent with core international standards. According to the Ministry of Finance's budget report, subsidies as a percentage of GDP declined from 1.0 percent in 2017 to 0.2 percent in 2019.

OPEN MARKETS



Samoa has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and one formal nontariff measure is in effect. Other barriers to trade persist, and policies critical to market openness have not advanced. Investment in some sectors is restricted. The small and underdeveloped financial sector is dominated by banking, but a significant portion of the population remains unconnected to the formal banking system.

SÃO TOMÉ AND PRÍNCIPE

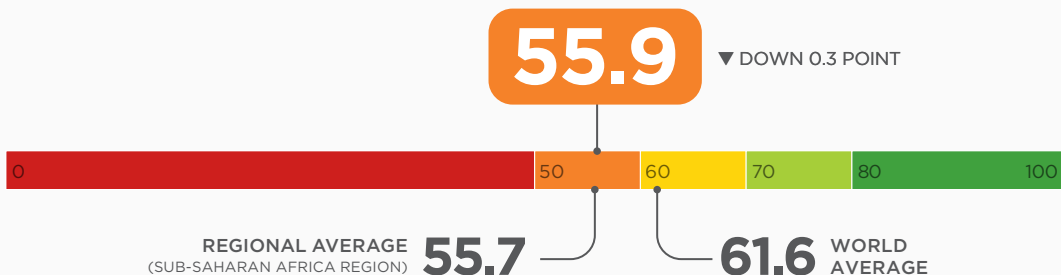
São Tomé and Príncipe's economic freedom score is 55.9, making its economy the 129th freest in the 2021 *Index*. Its overall score has decreased by 0.3 point, primarily because of a decline in **property rights**. São Tomé and Príncipe is ranked 24th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The economy of São Tomé and Príncipe has been mostly unfree since 2015. To achieve greater economic freedom, the government would have to undertake comprehensive reforms in rule-of-law institutions, ensure full implementation of the new labor code to create more labor freedom, strengthen property rights, improve the judicial system, and reduce corruption.

IMPACT OF COVID-19: As of December 1, 2020, 17 deaths had been attributed to the pandemic in São Tomé and Príncipe, and the economy was forecast to contract by 6.5 percent for the year.

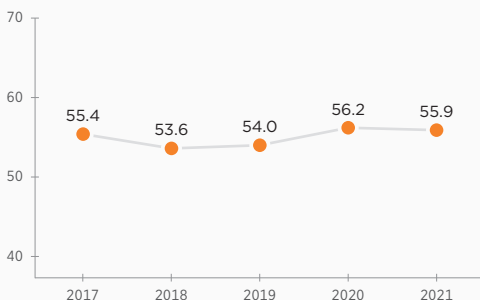
WORLD RANK: **129** REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +12.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$0.7 billion
1.3% growth in 2019
5-year compound
annual growth 3.2%
\$4,128 per capita

UNEMPLOYMENT:
13.4%

INFLATION (CPI):
8.4%

FDI INFLOW:
\$57.4 million

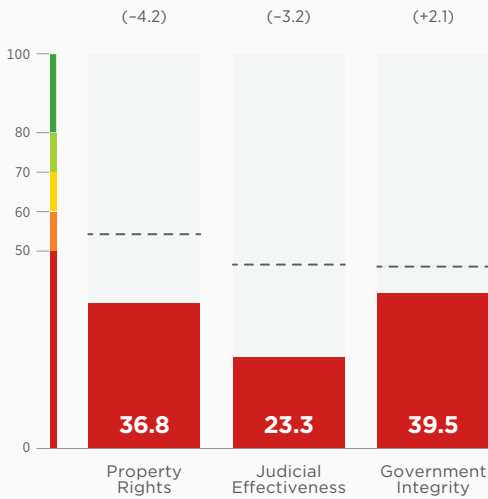
PUBLIC DEBT:
95.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: This former Portuguese colony's sugar-based economy gave way to coffee and cocoa in the 19th century. Independence was achieved in 1975, but democratic reforms were not instituted until the late 1980s. Evaristo Carvalho won the presidency in 2016 in a runoff election that was marred by accusations of irregularities and a boycott by incumbent President Manuel Pinto da Costa. Jorge Bom Jesus became prime minister following his predecessor's resignation at the end of 2018. Cocoa production, an economic mainstay, has declined in recent years because of drought and mismanagement, but there is potential for tourism. The country is seeking to develop oil fields in the Gulf of Guinea jointly with Nigeria, but whether the project will prove commercially viable is unclear.

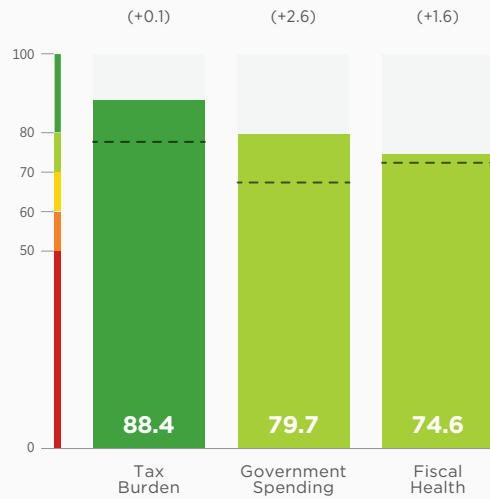
12 ECONOMIC FREEDOMS | SÃO TOMÉ AND PRÍNCIPE

RULE OF LAW



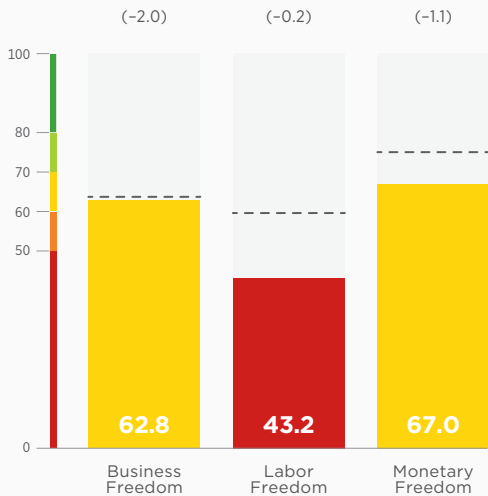
Property rights are not well protected. The government owns the vast majority of land; less than 10 percent of it is held by private owners. The judiciary is independent but weak and susceptible to political influence. Although there are criminal penalties for official corruption, the government reportedly does not enforce those laws effectively, and many citizens believe that many public officials are corrupt.

GOVERNMENT SIZE



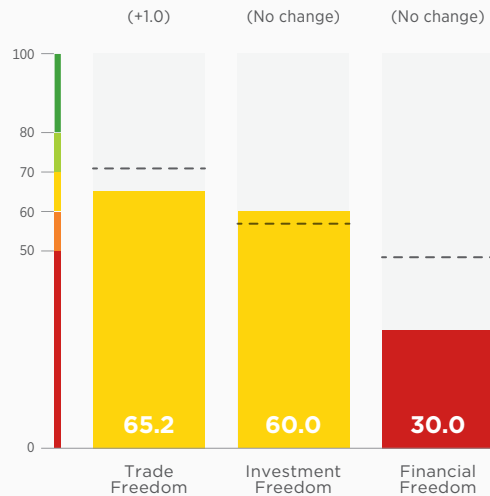
The top individual income tax rate is 20 percent, and the corporate tax rate is a flat 25 percent. Other taxes include sales and dividend taxes. The overall tax burden equals 11.6 percent of total domestic income. Government spending has amounted to 26.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 95.7 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business have risen, and São Tomé and Príncipe's business freedom score is the lowest since 2014. Labor laws have generally not been enforced, but a modern labor code enacted in April 2019 is intended to change that. The government is still struggling to phase out the unsustainable fuel subsidies that have caused much of the country's debt burden.

OPEN MARKETS



São Tomé and Príncipe has no preferential trade agreements in force. The trade-weighted average tariff rate is 9.9 percent. São Tomé and Príncipe is not a member of the World Trade Organization. Layers of nontariff barriers constrain the freedom to trade. Investment laws are outmoded, and bureaucracy is slow and inefficient. Banking dominates the underdeveloped financial sector, and access to credit, particularly long-term credit, remains very limited.

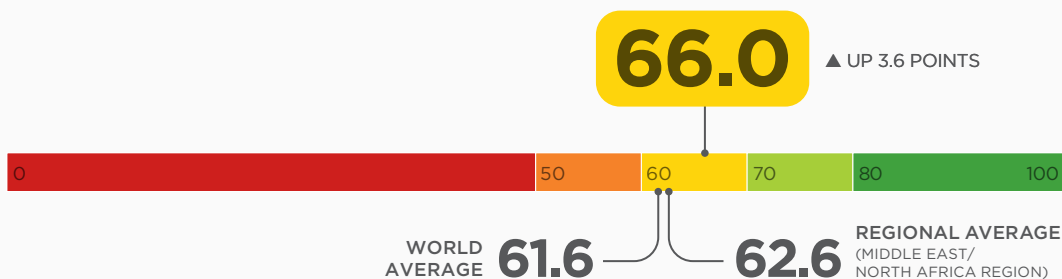
SAUDI ARABIA

Saudi Arabia's economic freedom score is 66.0, making its economy the 63rd freest in the 2021 *Index*. Its overall score has increased by 3.6 points, primarily because of an improvement in **business freedom**. Saudi Arabia is ranked 5th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The Saudi economy remained moderately free this year. Although the government has greatly improved the kingdom's fiscal health, it has a long way to go to get excessive spending and deficits under control. Further liberalization of the investment regime and toughening of anti-corruption efforts are also needed to increase economic freedom and diversify the economy.

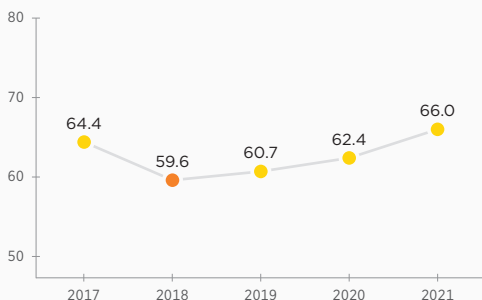
IMPACT OF COVID-19: As of December 1, 2020, 5,907 deaths had been attributed to the pandemic in Saudi Arabia, and the economy was forecast to contract by 5.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -2.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
34.3 million

GDP (PPP):
\$1.9 trillion
0.3% growth in 2019
5-year compound
annual growth 1.6%
\$48,908 per capita

UNEMPLOYMENT:
5.9%

INFLATION (CPI):
-1.2%

FDI INFLOW:
\$4.6 billion

PUBLIC DEBT:
22.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

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. His son, Crown Prince Mohammed bin Salman Al Saud, remains central to decision-making. Historically, the country has embraced a particularly strict form of Sunni Islam known as Wahabbism that over the years has been influential with such groups 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.

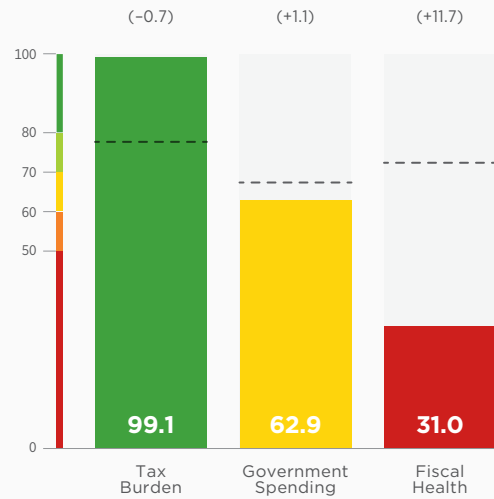
12 ECONOMIC FREEDOMS | SAUDI ARABIA

RULE OF LAW



The legal system protects and facilitates acquisition and disposition of property consistent with Islamic practice. The slow and nontransparent judiciary is not independent and must coordinate its decisions with the executive branch. Enforcement of court judgments can take years. Some officials are believed to engage in corrupt practices with impunity. The royal family and other elites heavily influence the oil and energy sectors.

GOVERNMENT SIZE



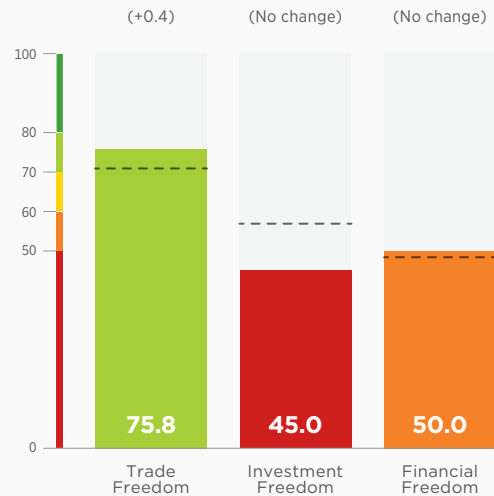
Saudi nationals or citizens of the Gulf Cooperation Council and corporations pay a 2.5 percent religious tax mandated by Islamic law. Other taxes include a value-added tax. The overall tax burden equals 8.9 percent of total domestic income. Government spending has amounted to 35.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 22.8 percent of GDP.

REGULATORY EFFICIENCY



A one-stop shop for registering a business has been launched, and bankruptcy procedures have been improved. Strong government controls interfere with labor freedom. According to the International Monetary Fund, subsidies were projected to be equivalent to 0.8 percent of GDP in 2020.

OPEN MARKETS



Saudi Arabia has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.6 percent, and 136 nontariff measures are in effect. Regulatory reforms have been made to allow foreign investors to own controlling stakes in firms. The financial sector is open and offers a range of options. In 2020, measures were taken to support the private sector by permitting banks to defer loan payments and increase lending to businesses.

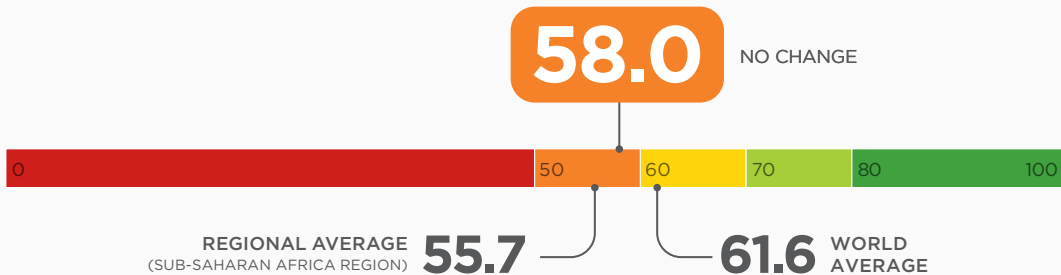
SENEGAL

Senegal's economic freedom score is 58.0, making its economy the 111th freest in the 2021 *Index*. Its overall score is unchanged, with gains in **business freedom** and **government integrity** offset by declines in **fiscal health** and other scores. Senegal is ranked 16th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Senegalese economy has been mostly unfree for more than two decades. Economic freedom continues to be obstructed by weak rule of law, including deficient protection of property rights, a defective judicial system, and widespread government corruption. The government also intervenes too heavily in the labor market. Rectifying these problems would improve the business and investment climates.

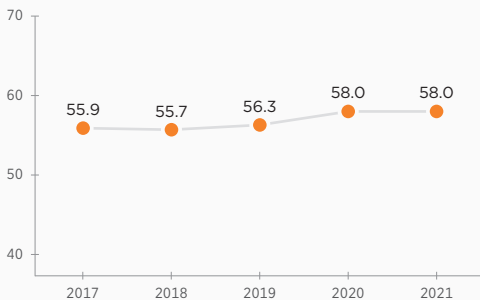
IMPACT OF COVID-19: As of December 1, 2020, 333 deaths had been attributed to the pandemic in Senegal, and the economy was forecast to contract by 0.7 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -0.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.3 million

GDP (PPP):
\$64.1 billion
5.3% growth in 2019
5-year compound
annual growth 6.4%
\$3,536 per capita

UNEMPLOYMENT:
6.6%

INFLATION (CPI):
1.0%

FDI INFLOW:
\$983.3 million

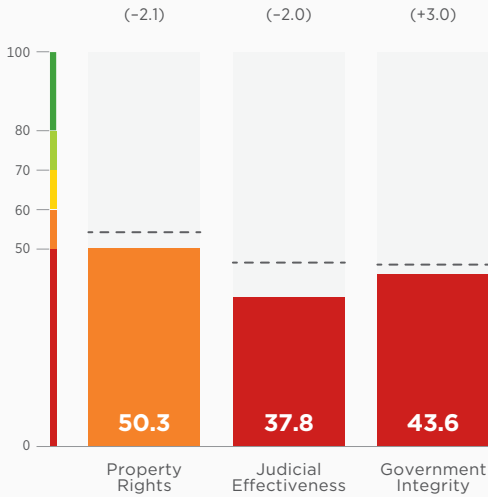
PUBLIC DEBT:
64.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Senegal is a former French colony that achieved its current form only in 1989 after several decades of failed confederations with neighboring countries. President Macky Sall was reelected to a five-year term in 2019 in accordance with a 2016 constitutional referendum that shortened presidential terms from seven to five years, prohibited the president from serving more than two terms, and reduced presidential power in favor of the legislature. Sall's two primary competitors were excluded from the election based on what the opposition claims were trumped-up charges of corruption. Phosphate mining, fertilizer production, construction, tourism, fisheries, and agriculture propel Senegal's economy. Major offshore oil and gas fields are also being developed.

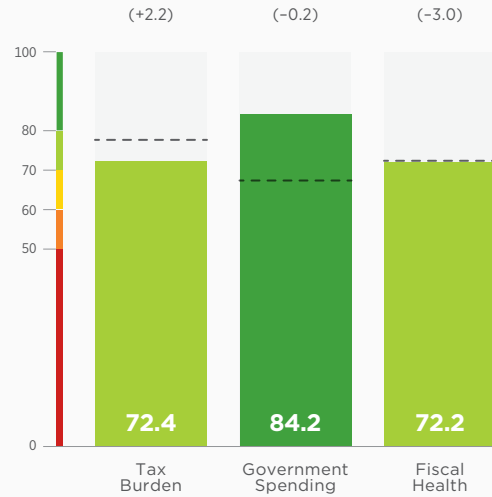
12 ECONOMIC FREEDOMS | SENEGAL

RULE OF LAW



Senegal maintains a property title and land registration system, but application is uneven outside of urban areas. Establishing ownership rights to real estate can be difficult. Settling contractual disputes is often cumbersome and slow. The judiciary is independent but inadequately resourced and subject to external influences. Although the government has prioritized efforts to fight it, corruption remains a serious problem.

GOVERNMENT SIZE



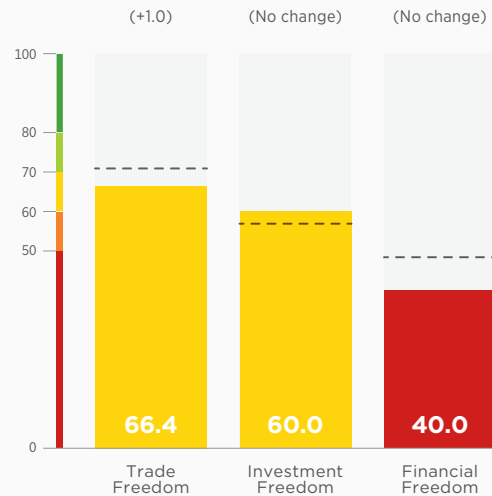
The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and insurance taxes. The overall tax burden equals 16.2 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 64.2 percent of GDP.

REGULATORY EFFICIENCY



The paid-in minimum capital requirement to start a business has been reduced. Business entry costs and the costs of dealing with construction permits are also down. Getting electricity is cheaper. Most workers are informally employed and not covered by labor rules. The government has been working with the IMF to reduce subsidies for fuel, electricity, and agriculture, which have contributed to budget deficits.

OPEN MARKETS



Senegal has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and three nontariff measures are in effect. Further streamlining of the regulatory framework is needed to ensure greater openness to trade and investment. Most sectors of the economy are open to foreign investment, but bureaucratic barriers impede investment activity. About 45 percent of adult Senegalese have access to an account with a formal banking institution.

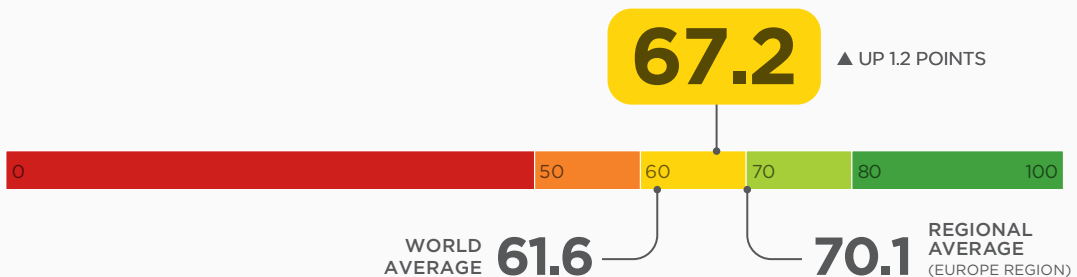
SERBIA

Serbia's economic freedom score is 67.2, making its economy the 54th freest in the 2021 *Index*. Its overall score has increased by 1.2 points, primarily because of an improvement in the **tax burden** score. Serbia is ranked 30th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Serbia's economy maintained its upward trajectory in the moderately free category this year. To increase that positive momentum toward greater economic freedom, the government should continue to improve the business and investment climates by strengthening the rule of law, especially by reforming the judicial system and directing more resources to the Anti-Corruption Agency.

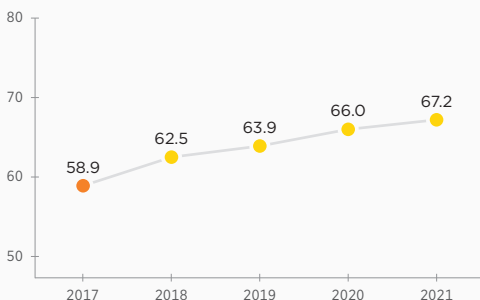
IMPACT OF COVID-19: As of December 1, 2020, 1,652 deaths had been attributed to the pandemic in Serbia, and the economy was forecast to contract by 2.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +20.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.9 million

GDP (PPP):
\$130.2 billion
4.2% growth in 2019
5-year compound
annual growth 3.1%
\$18,989 per capita

UNEMPLOYMENT:
12.7%

INFLATION (CPI):
1.9%

FDI INFLOW:
\$4.3 billion

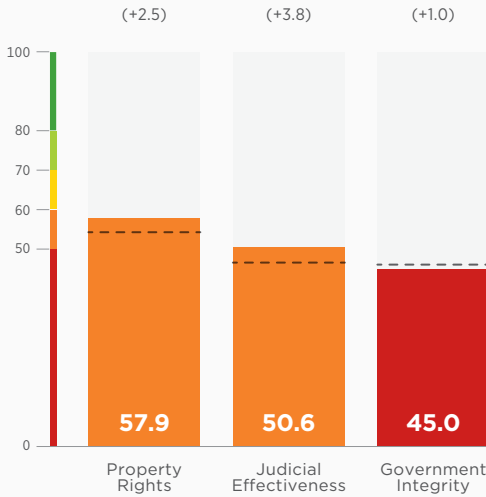
PUBLIC DEBT:
52.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Independent since the collapse of Yugoslavia in 1991, Serbia applied for membership in the European Union in 2009. A 2013 agreement normalized relations between Serbia and Kosovo. President Aleksandar Vucic's center-right Progressive Party won three-quarters of the seats in parliament in June 2020 elections that were boycotted by the opposition, further cementing his hold on nearly every lever of power. Serbia cannot become a member of the EU without additional reforms, stronger rule of law, and improved relations with regional neighbors. In addition, EU membership risks displeasing Russia, with which Serbia has historical ties and upon which it remains dependent for energy. Serbia's largely market-based economy relies on manufacturing and exports, and state-owned companies remain a significant presence in certain sectors.

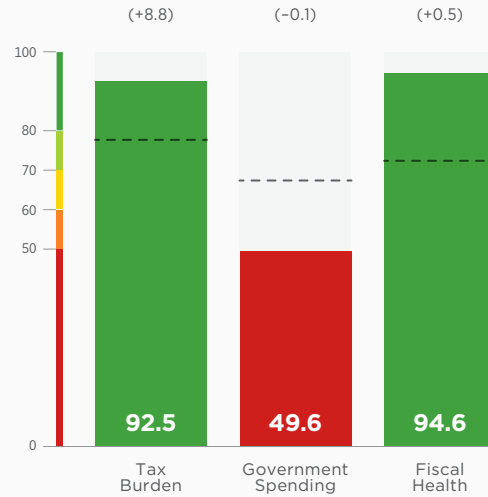
12 ECONOMIC FREEDOMS | SERBIA

RULE OF LAW



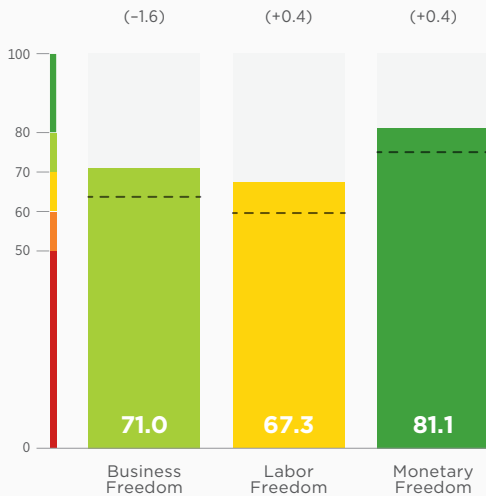
Although there is adequate protection of property rights, enforcement can be very slow. Obtaining clear title to land is difficult and uncertain. Enforcement of contracts is weak. The judiciary and prosecutors are subject to undue political influence. Corruption remains a serious problem and reportedly is most pervasive in cases involving public procurement, natural resource extraction, and government-owned property.

GOVERNMENT SIZE



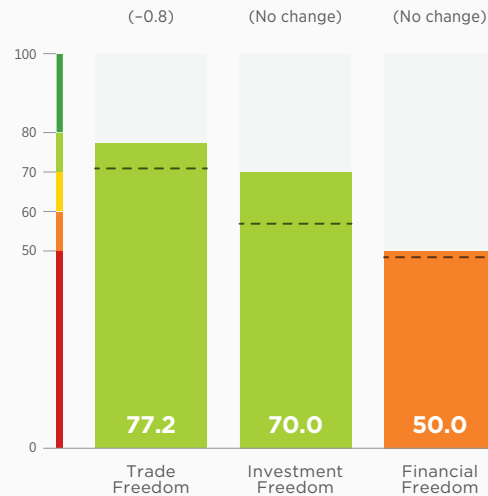
The top individual income tax rate is 10 percent, and the corporate tax rate is a flat 15 percent. Other taxes include value-added and property taxes. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 41.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 52.0 percent of GDP.

REGULATORY EFFICIENCY



Serbia has made starting a business more complicated by requiring entrepreneurs to obtain an electronic certificate and register the final owners separately after incorporation. Labor costs are low compared to European averages. The IMF forecast that subsidies and transfers in the government's budget would consume 16.2 percent of GDP in 2020.

OPEN MARKETS



Serbia has six preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and non-tariff barriers undercut overall trade freedom. Serbia is not a member of the World Trade Organization. The effect of institutional impediments to foreign investment is exacerbated by slow progress in reforming public administration and state-run companies. The small financial sector, dominated by banking, remains relatively stable.

SEYCHELLES

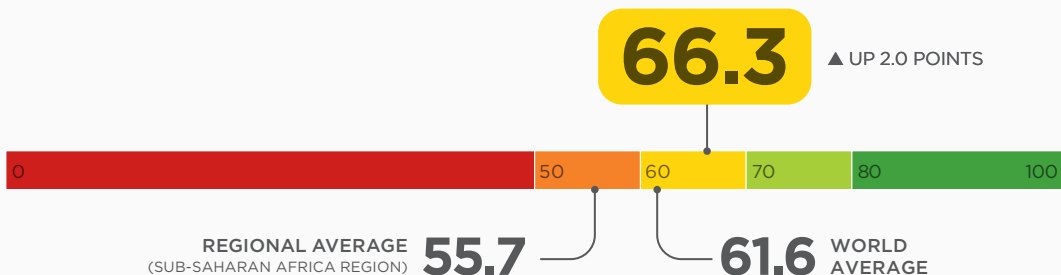
Seychelles' economic freedom score is 66.3, making its economy the 60th freest in the 2021 *Index*. Its overall score has increased by 2.0 points, primarily because of an improvement in **government integrity**. Seychelles is ranked 4th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

The economy of Seychelles continued its rise in the moderately free ranks this year. To accelerate the momentum toward greater economic freedom and advance its goal of diversification, the government will need to intensify efforts to liberalize labor and financial markets, address ongoing shortcomings in the judicial system, and prioritize the anticorruption work it began in 2016.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Seychelles, but the economy was forecast to contract by 13.8 percent for the year.

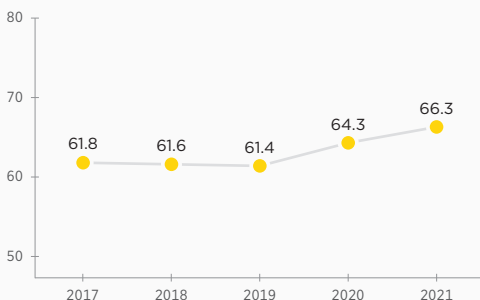
WORLD RANK:	REGIONAL RANK:
60	4
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +18.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$3.1 billion
3.9% growth in 2019
5-year compound
annual growth 4.3%
\$30,260 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
1.8%

FDI INFLOW:
\$125.5 million

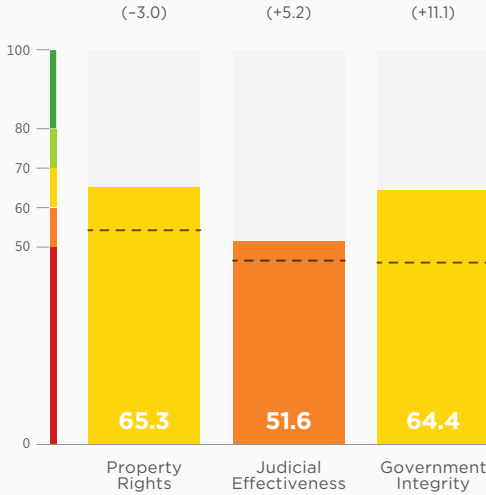
PUBLIC DEBT:
58.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Republic of Seychelles gained independence from the United Kingdom in 1976, and France-Albert René of the People's Party seized power in a bloodless coup in 1977. In 1993, he was elected to serve as Seychelles' first president. In 2004, he ceded power to Vice President James Michel, who was elected to his third five-year presidential term in 2015. In 2016, Michel resigned and transferred power to Vice President Danny Faure. Faure was defeated in October 2020 elections by Wavel Ramkalawan of the LDS alliance, which also increased its majority in parliament. Seychelles enjoys a stable economic environment with lucrative fishing and tourism industries. In recent years, the government has encouraged foreign investment to upgrade hotels and other services while also moving to reduce dependence on tourism by promoting the development of farming, fishing, and small-scale manufacturing.

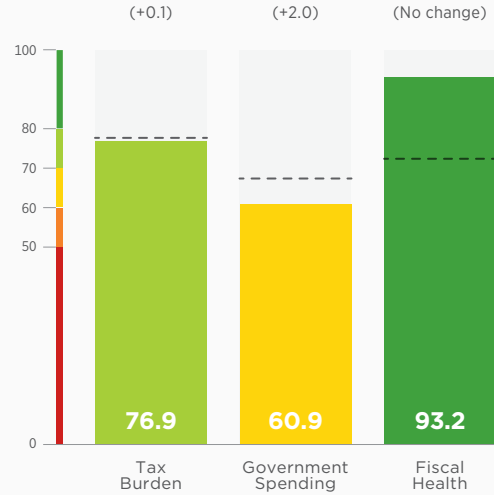
12 ECONOMIC FREEDOMS | SEYCHELLES

RULE OF LAW



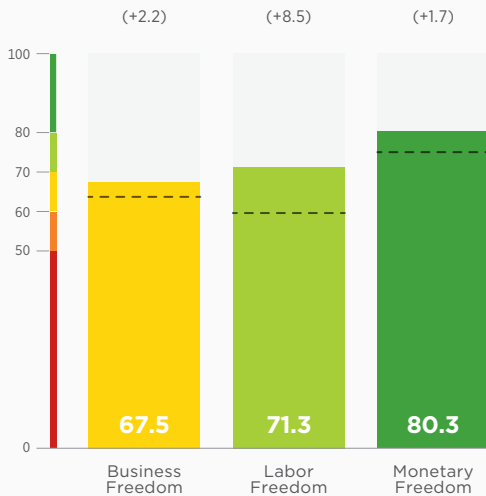
The courts enforce interests in real property, including mortgages and liens. The legal system blends English common law, the Napoleonic Code, and customary law. The independence of the judiciary has strengthened, but court cases can last years. Government corruption stems from a lack of transparency in the privatization and allocation of government-owned land and businesses. An anticorruption commission established in 2016 is active.

GOVERNMENT SIZE



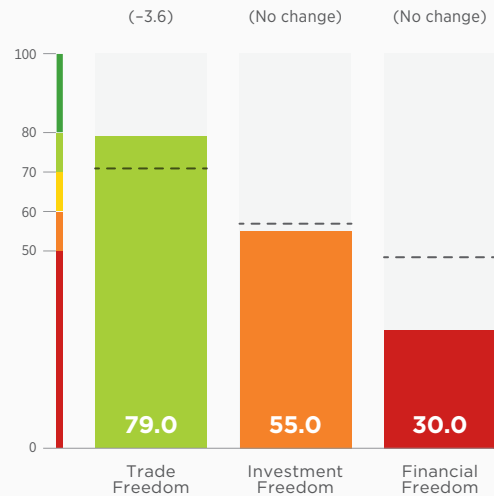
The individual income tax rate is a flat 15 percent, and the top corporate tax rate is 33 percent. Other taxes include interest, vehicle, and value-added taxes. The overall tax burden equals 31.5 percent of total domestic income. Government spending has amounted to 36.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.5 percent of GDP. Public debt is equivalent to 58.3 percent of GDP.

REGULATORY EFFICIENCY



Starting a business and obtaining electricity have become less costly. Seychelles has improved construction permitting by making internal processes more efficient. The unemployment rate was more than halved in 2019. According to the World Bank, subsidies accounted for more than 20 percent of the government's budget for 2020.

OPEN MARKETS



Seychelles has two preferential trade agreements in force. The trade-weighted average tariff rate is 5.5 percent, and 11 nontariff measures are in effect. Foreign investment in some sectors remains restricted. The government acknowledges the benefits of foreign investment but has done little to enhance the investment environment. The banking sector includes both state-owned and foreign financial institutions. Financing options for the private sector are limited.

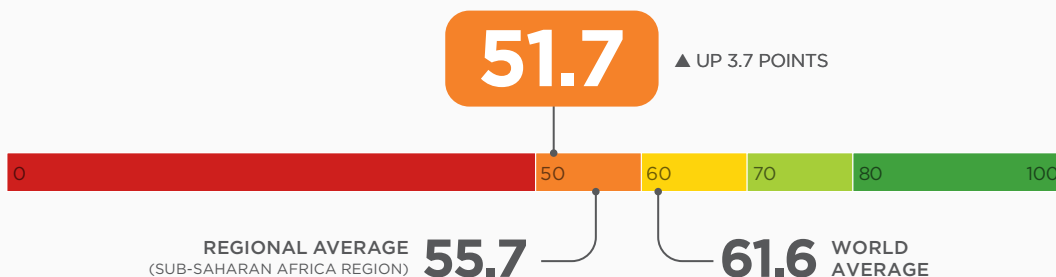
SIERRA LEONE

Sierra Leone's economic freedom score is 51.7, making its economy the 150th freest in the 2021 *Index*. Its overall score has increased by 3.7 points, primarily because of an improvement in **fiscal health**. Sierra Leone is ranked 34th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Sierra Leone escaped from the repressed category this year, making it back into the mostly unfree ranks. As one of the world's most impoverished and least developed countries, Sierra Leone must overcome daunting challenges to expand economic freedom. The most pressing areas for action are judicial effectiveness, financial freedom, government integrity, and labor freedom, all while continuing to improve fiscal health.

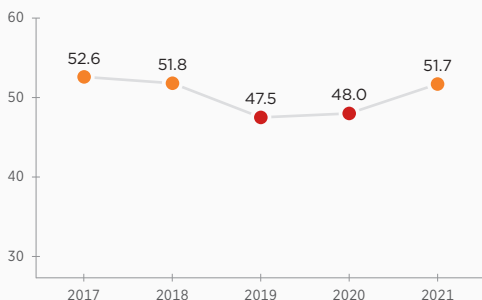
IMPACT OF COVID-19: As of December 1, 2020, 74 deaths had been attributed to the pandemic in Sierra Leone, and the economy was forecast to contract by 3.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.8 million

GDP (PPP):
\$13.1 billion
5.1% growth in 2019
5-year compound
annual growth
-0.4%
\$1,790 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
14.8%

FDI INFLOW:
\$367.7 million

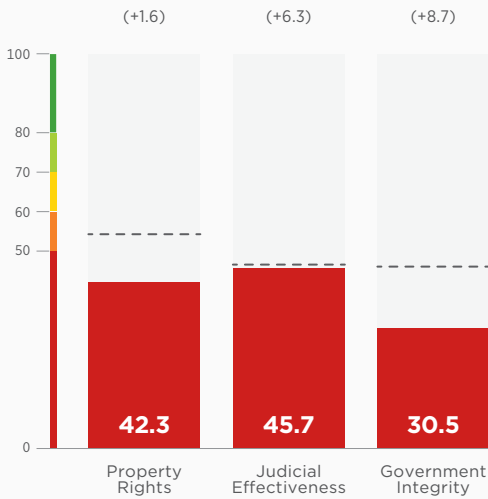
PUBLIC DEBT:
60.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Sierra Leone became independent from the United Kingdom in 1961. A civil war in the 1990s killed or displaced about a third of the population, and the country enjoyed its first peaceful transition of power in 2007. Former junta leader Julius Maada Bio of the Sierra Leone People's Party won the presidency in 2018, and his investigations of corruption in the former regime have exacerbated political tensions. The mining of iron ore has been suspended until 2021, and gem-quality diamonds account for nearly half of exports. Sierra Leone remains extremely poor, and much of the population depends on subsistence agriculture. Political instability has hindered development of Sierra Leone's substantial mineral, agricultural, and fishery resources.

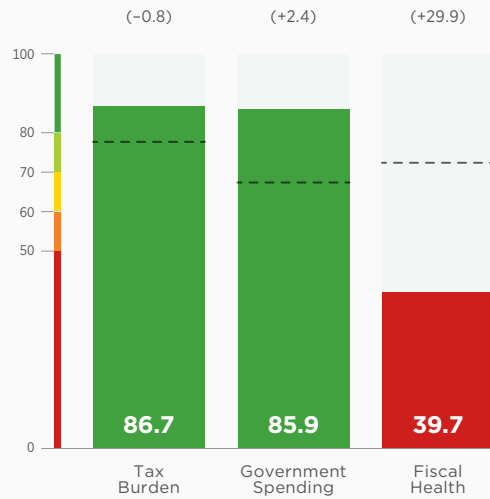
12 ECONOMIC FREEDOMS | SIERRA LEONE

RULE OF LAW



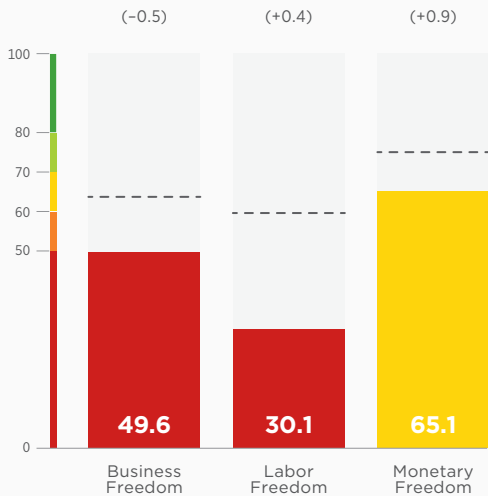
A deficient legal framework leaves property rights and contracts insecure. There is no land titling system. Low salaries, unprofessional policing, and a lack of resources continue to impede judicial effectiveness. Corruption is endemic, especially in government procurement, the award of licenses and concessions, regulatory enforcement, customs clearance, and dispute resolution. Sierra Leone was ranked 119th out of 180 countries in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



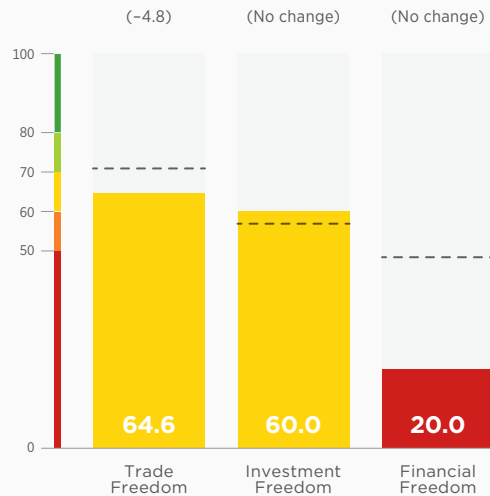
The top individual income tax rate is 15 percent, and the top corporate tax rate is 30 percent. Other taxes include goods and services and interest taxes. The overall tax burden equals 14.4 percent of total domestic income. Government spending has amounted to 21.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.8 percent of GDP. Public debt is equivalent to 60.5 percent of GDP.

REGULATORY EFFICIENCY



Sierra Leone's historically poor business freedom shows few signs of improvement. The labor market is informal and unregulated, and illegal child labor is still a problem. With fuel subsidies successfully eliminated in 2018–2019, remaining subsidies and transfers were still forecast to consume 2.3 percent of GDP in 2020 according to the International Monetary Fund.

OPEN MARKETS



Sierra Leone has one preferential trade agreement in force. The trade-weighted average tariff rate is 12.7 percent. Steps have been taken to dismantle nontariff barriers, including the elimination of export permits. In general, foreign and domestic investors are treated equally under the law, but state-owned enterprises distort investment flows. About 20 percent of adult Sierra Leoneans have an account with a bank.

SINGAPORE

WORLD RANK: **1** | REGIONAL RANK: **1**

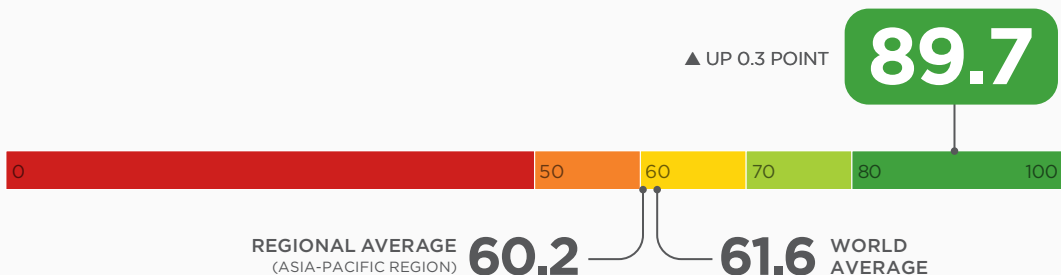
ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 89.7, making its economy the freest in the 2021 *Index*. Its overall score has increased by 0.3 point, primarily because of an improvement in the score for **government spending**. Singapore is ranked 1st among 40 countries in the Asia-Pacific region, and its overall score is well above the regional and world averages.

Singapore's economy has been ranked the freest in the world again this year for the second year in a row. Singapore remains the only country in the world that is considered economically free in every *Index* category, although its indicator scores for fiscal health and financial freedom just barely make it over the threshold into the highest category.

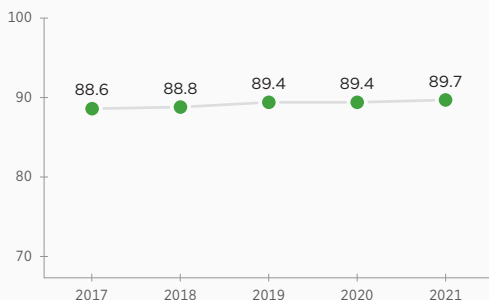
IMPACT OF COVID-19: As of December 1, 2020, 29 deaths had been attributed to the pandemic in Singapore, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.7 million

GDP (PPP):
\$593.8 billion
0.7% growth in 2019
5-year compound
annual growth 2.9%
\$101,376 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$92.1 billion

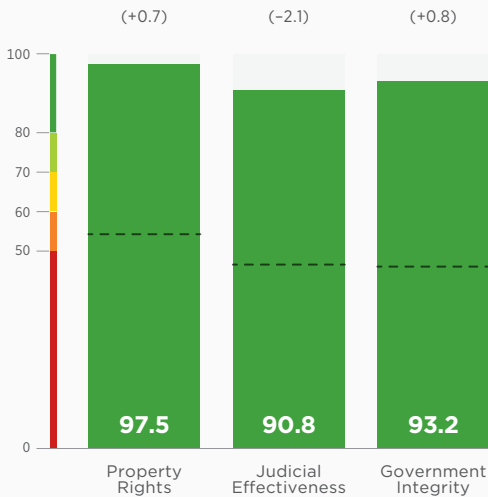
PUBLIC DEBT:
111.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Singapore is one of the world's most prosperous nations, with a business-friendly regulatory environment and a very low unemployment rate. Despite an active parliamentary opposition, it has been ruled by one party, the People's Action Party (PAP), for many decades. Prime Minister Lee Hsien Loong has led the government since 2004 and has suggested a leadership transition by 2022. Although certain civil liberties remain restricted, the PAP has championed economic liberalization and international trade. Services dominate the economy, but Singapore is also a major manufacturer of electronics and chemicals and operates one of the world's largest ports. Principal exports include integrated circuits, refined petroleum, and computers.

12 ECONOMIC FREEDOMS | SINGAPORE

RULE OF LAW



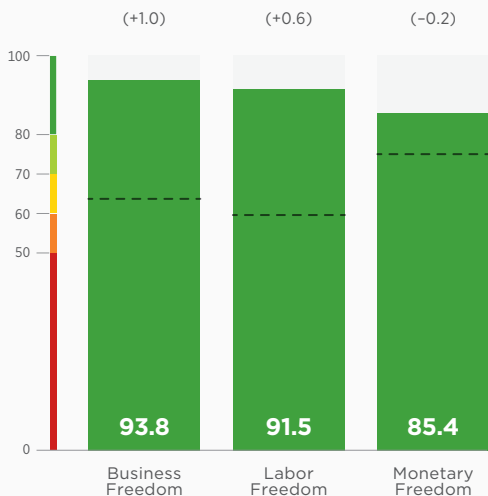
Property rights are recognized and enforced effectively. Judicial processes are procedurally competent, fair, and reliable, and the judiciary is regarded as independent. Singapore is ranked 12th in the World Justice Project's 2020 *Rule of Law Index* and is considered one of the world's least corrupt countries. The government actively enforces its strong anti-corruption laws, although there have been concerns about nepotism and cronyism.

GOVERNMENT SIZE



The top individual income tax rate is 22 percent, and the top corporate tax rate is 17 percent. Other taxes include a goods and services tax. The overall tax burden equals 13.1 percent of total domestic income. Government spending has amounted to 14.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 4.3 percent of GDP. Public debt is equivalent to 111.8 percent of GDP.

REGULATORY EFFICIENCY



The government has enhanced its risk-based approach to construction inspections and simplified the permitting process. The law generally does not interfere with business hiring and firing practices. The government funds housing, transport, and health care subsidies; influences other prices through regulation and state-linked enterprises; and has grant programs to help high-growth local firms to innovate, grow, and internationalize.

OPEN MARKETS



Singapore has 25 preferential trade agreements in force. The trade-weighted average tariff rate is 0 percent, and 182 non-tariff measures are in effect. Well-institutionalized openness to global investment encourages vibrant commercial activity. The government continues its ownership in the financial sector but has steadily been opening the domestic market to foreign banks. No restrictive measures have been taken in the sector over the past year.

SLOVAK REPUBLIC

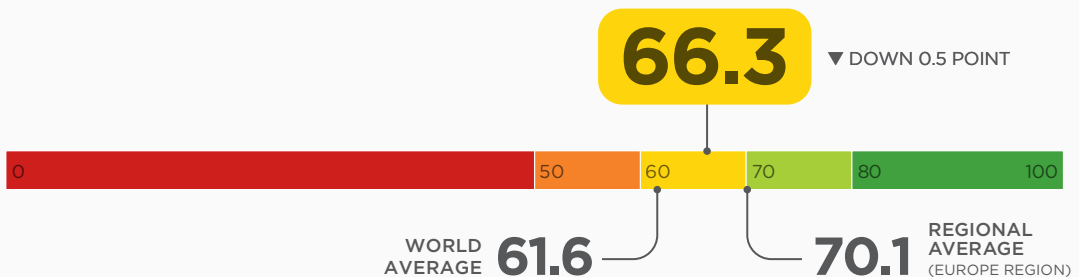


Slovakia's economic freedom score is 66.3, making its economy the 61st freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in the score for **government spending**. Slovakia is ranked 33rd among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Slovakian economy remained in the ranks of the moderately free this year, but its score has declined. Reversing course toward greater economic freedom would require significant reform of the judicial system as well as reining in spending and removing rigidities in the labor market. Given its anticorruption mandate, hopes are high that the new administration will strengthen the integrity of the government.

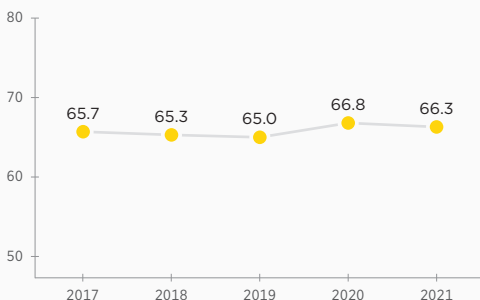
IMPACT OF COVID-19: As of December 1, 2020, 868 deaths had been attributed to the pandemic in Slovakia, and the economy was forecast to contract by 7.1 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$198.4 billion
2.3% growth in 2019
5-year compound
annual growth 3.3%
\$34,178 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
2.8%

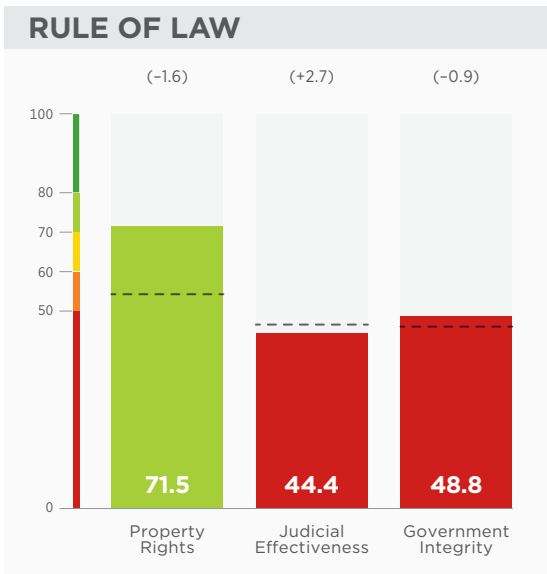
FDI INFLOW:
\$2.4 billion

PUBLIC DEBT:
48.2% of GDP

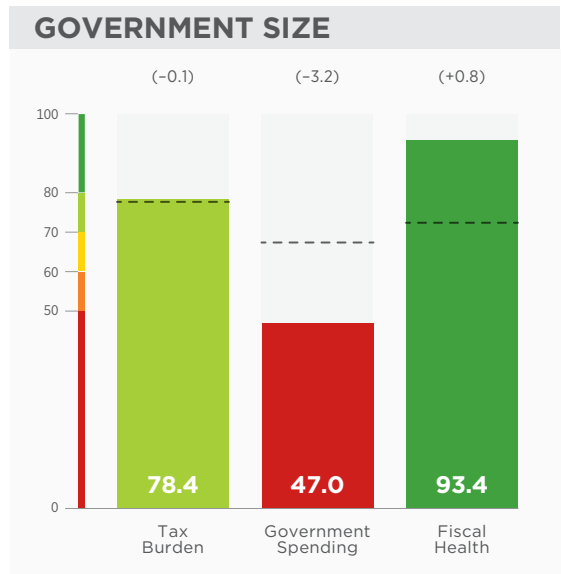
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: After it gained independence from the former Czechoslovakia in 1993, market reforms made Slovakia one of Europe's rising economic stars. It entered the European Union and NATO in 2004 and the eurozone in 2009. Since the February 2020 elections, Prime Minister Igor Matovič of the anticorruption Ordinary People and Independent Personalities Party has led a four-party center-right coalition. The murder of a journalist who was investigating tax fraud by the nation's elite led to massive anticorruption protests and the 2018 resignation of longtime Prime Minister Robert Fico, whose center-left Smer party had long dominated Slovakian politics. Slovakia's first female president, independent Zuzana Čaputová, was elected in May 2019. The country's small, open economy is driven mainly by exports of automobiles and electronics.

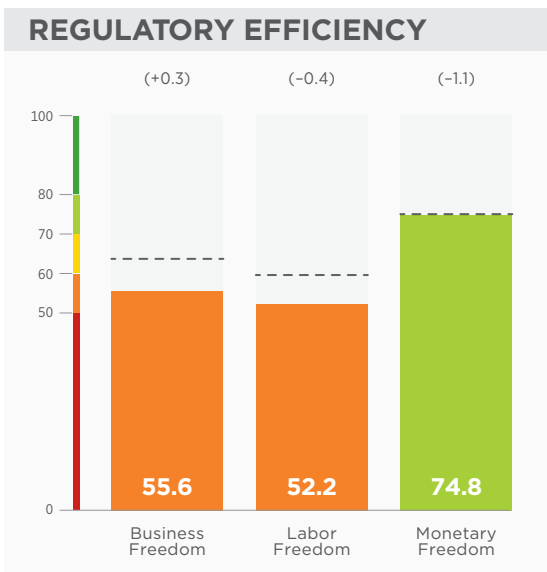
12 ECONOMIC FREEDOMS | SLOVAK REPUBLIC



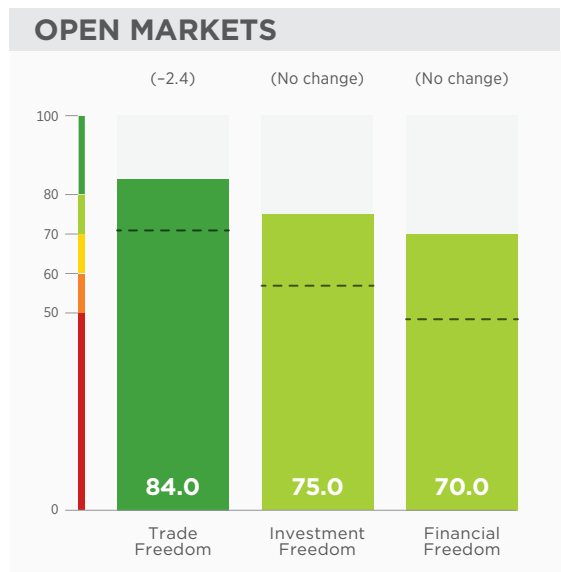
The legal framework recognizes and enforces property and contractual rights. National cadaster data indicate that less than 10 percent of land has clear title. The judiciary is constitutionally independent, but judges are vulnerable to political pressure, corruption, and intimidation. Legal decisions can take years. Corruption remains a problem throughout the bloated and nontransparent bureaucracy, especially in public procurement.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 21 percent. Other taxes include value-added and property taxes. The overall tax burden equals 33.1 percent of total domestic income. Government spending has amounted to 42.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 48.2 percent of GDP.



Slovakia has abolished the requirement that information on tax arrears be obtained and submitted when starting a business. Wage premiums for work performed during days of weekly rest and at night, however, have been increased. Automobile and electronics exports account for more than 80 percent of GDP. The government's 2020 budget included subsidies equal to about 1.2 percent of GDP.



As a member of the EU, Slovakia has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Slovakia has an additional 44 country-specific nontariff barriers. Openness to foreign investment has aided Slovakia's transition to a more market-based system. About 90 percent of adult Slovaks have a formal bank account.

SLOVENIA

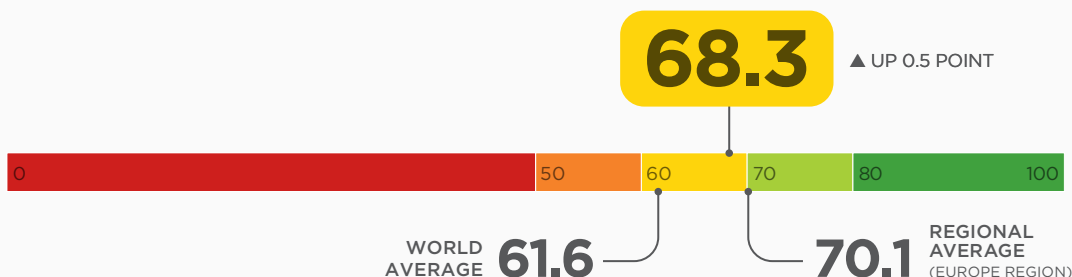


Slovenia's economic freedom score is 68.3, making its economy the 48th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **judicial effectiveness**. Slovenia is ranked 28th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Slovenian economy remains in the moderately free category for the fourth year in a row. To move higher in the economic freedom ranks, the government will need to take actions to improve such *Index* indicators as financial freedom and judicial effectiveness. There is a particular need to address high taxation and heavy spending policies that dampen private-sector investment and entrepreneurship.

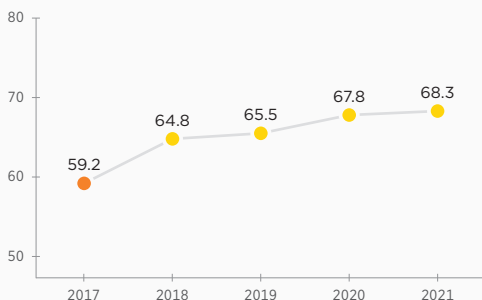
IMPACT OF COVID-19: As of December 1, 2020, 1,490 deaths had been attributed to the pandemic in Slovenia, and the economy was forecast to contract by 6.7 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +17.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$79.2 billion
2.4% growth in 2019
5-year compound
annual growth 3.3%
\$40,657 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
1.6%

FDI INFLOW:
\$909.8 million

PUBLIC DEBT:
66.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Slovenia joined the European Union and NATO in 2004 and adopted the euro in 2007. Janez Jansa of the center-right and euroskeptic Slovenian Democratic Party returned to power as prime minister for the third time in March 2020. He leads a center-right coalition with the center-left Party of Modern Centre, the conservative New Slovenia party, and the Democratic Party of Pensioners of Slovenia. Economic recovery and improvements in health care are key agenda items. Former Prime Minister Marjan Šarec of the center-left List party had resigned in January 2020, citing the inability of his center-left coalition to pass legislation. With its excellent infrastructure, well-educated workforce, and strategic location between the Balkans and Western Europe, Slovenia has one of Central Europe's higher per capita GDPs.

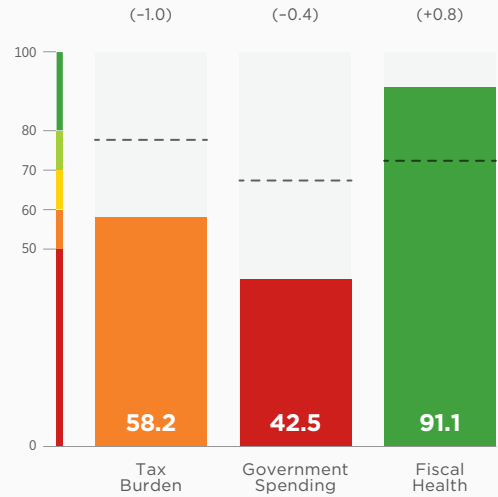
12 ECONOMIC FREEDOMS | SLOVENIA

RULE OF LAW



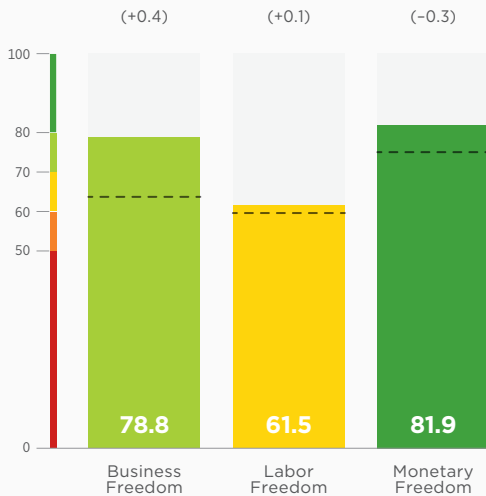
Property rights are protected, but enforcement is slow. Property registration procedures have been improved. Virtually all land has a clear title. The judicial system is well developed and independent, but courts are inefficient. Corruption is an ongoing problem, although less so than in many of Slovenia's neighbors. Forms of corruption include collusion among private firms and public officials using their power to influence state-owned enterprises.

GOVERNMENT SIZE



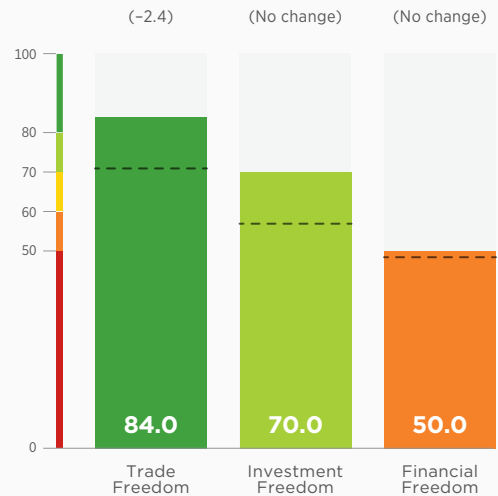
The top individual income tax rate is 50 percent, and the top corporate tax rate is 19 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 36.4 percent of total domestic income. Government spending has amounted to 43.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.4 percent of GDP. Public debt is equivalent to 66.8 percent of GDP.

REGULATORY EFFICIENCY



The paid-in minimum capital requirement for starting a business has been reduced, and construction permits and electricity connections now cost less. The recovery rate when resolving insolvency has also improved. There is a high-quality labor force, but the labor market is rigid, and labor costs are high. The government's 2020 budget included subsidies equal to 3.2 percent of GDP.

OPEN MARKETS



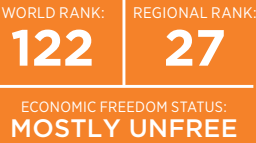
As a member of the EU, Slovenia has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Slovenia has an additional 39 country-specific nontariff barriers. Full foreign ownership is permitted in most sectors. The financial sector has undergone liberalization, and the banking sector remains relatively sound.

SOLOMON ISLANDS

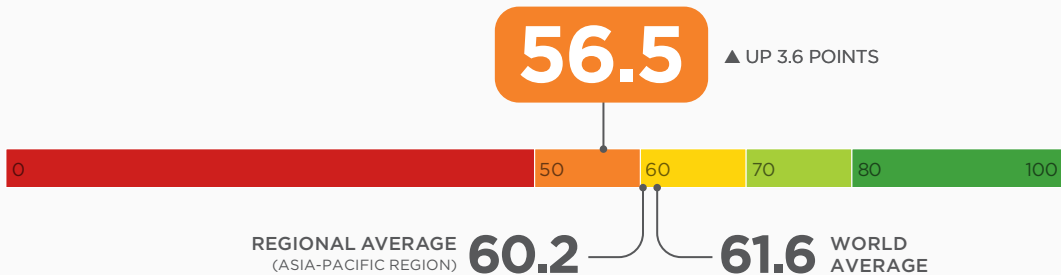
The Solomon Islands' economic freedom score is 56.5, making its economy the 122nd freest in the 2021 *Index*. Its overall score has increased by 3.6 points, primarily because of improvements in the scores for **trade freedom** and **government spending**. The Solomon Islands is ranked 27th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of the Solomon Islands climbed higher in the ranks this year but remains mostly unfree. To continue its upward trajectory, the government would have to prioritize policy and structural reforms to correct entrenched problems affecting economic freedom and sustainable growth, beginning with government integrity. Other areas needing significant improvement include investment freedom and financial freedom.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in the Solomon Islands, but the economy was forecast to contract by 5.0 percent for the year.

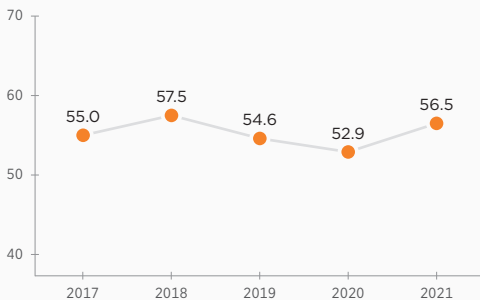


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +10.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.7 million

GDP (PPP):
\$1.5 billion
1.2% growth in 2019
5-year compound
annual growth 2.9%
\$2,466 per capita

UNEMPLOYMENT:
0.6%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$30.1 million

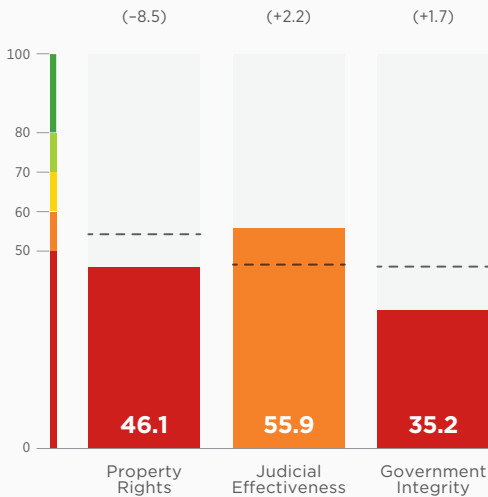
PUBLIC DEBT:
12.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The scene of some of World War II's bitterest fighting, the South Pacific archipelago of the Solomon Islands gained independence from the United Kingdom in 1976 and became a parliamentary democracy. In 2003, after years of ongoing and economically destructive ethnic violence, an Australian-led multinational force disarmed ethnic militias, restored law and order, and rebuilt government institutions. Manasseh Sogavare was reelected prime minister in 2019, having previously served as prime minister from 2014 to 2017. Although the islands are rich in timber and such undeveloped mineral resources as lead, zinc, nickel, and gold, much of the population continues to work in subsistence farming, fishing, and artisanal forestry. The Solomon Islands remains one of Asia's poorest nations.

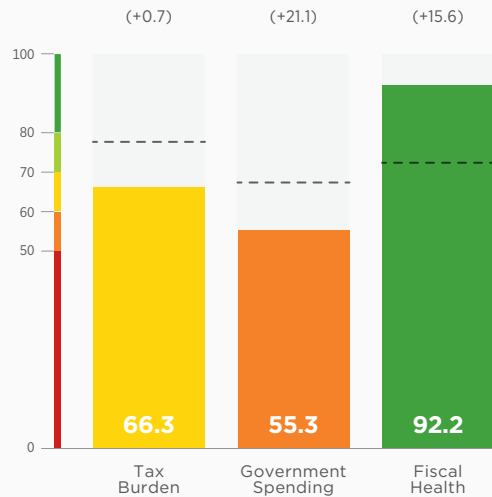
12 ECONOMIC FREEDOMS | SOLOMON ISLANDS

RULE OF LAW



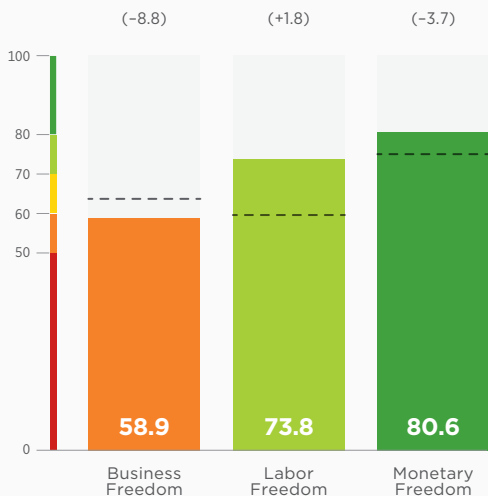
Property rights are uncertain. Conflicts over land tenure have been a major source of civil unrest. The judiciary is independent, but a lack of resources hinders the conduct of timely trials and leads to weak enforcement of contracts and a large case backlog. Residents of rural areas have limited access to the formal justice system. Corruption is a serious problem in the judicial, mining, and fishing sectors.

GOVERNMENT SIZE



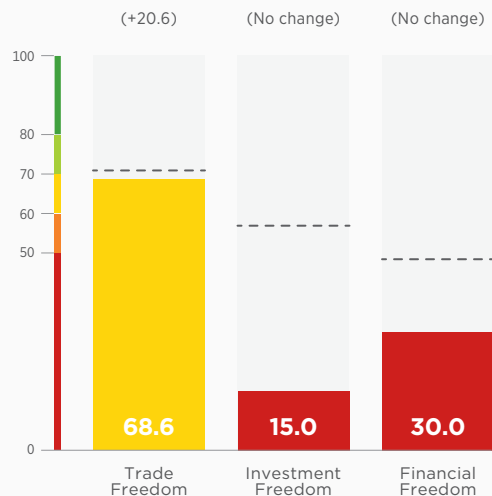
The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include property and sales taxes. The overall tax burden equals 29.5 percent of total domestic income. Government spending has amounted to 38.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 12.2 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has become more complicated and expensive. Labor force participation has increased, however, boosting labor freedom. In addition to receiving large subsidies from international donors for infrastructure development projects, the government subsidizes state-owned enterprises and exports of copra.

OPEN MARKETS



The Solomon Islands has three preferential trade agreements in force. The trade-weighted average tariff rate is 8.2 percent. Economic dynamism and development remain stifled by serious deficiencies in the trade and investment regime. Private-sector development is also undercut by the state's outsized role in the economy. The financial sector is underdeveloped, and limited access to credit constrains entrepreneurial development.

SOMALIA

Somalia is not graded in the 2021 *Index* because of the lack of sufficiently available credible data. Throughout the 27-year history of the *Index of Economic Freedom*, it has been possible to score Somalia only five times, from 1996 through 2000.

The lack of a countrywide central authority, coupled with political instability, has led to inconsistent and fragmented governance in Somalia with different militias, authorities, and tribes applying varying legal frameworks. Although the current government has pursued reforms to establish the rule of law in the areas that it controls, the challenges to successful development of more modern economic markets remain enormous.

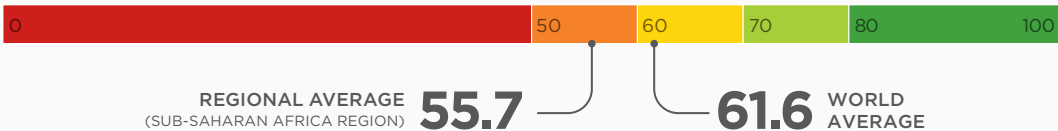
IMPACT OF COVID-19: As of December 1, 2020, 113 deaths had been attributed to the pandemic in Somalia, and the economy was forecast to contract by 1.5 percent for the year.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**
ECONOMIC FREEDOM STATUS:
NOT GRADED

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
15.4 million

GDP (PPP):
\$12.7 billion
2.9% growth in 2019
5-year compound
annual growth 2.7%
n/a per capita

UNEMPLOYMENT:
11.4%

INFLATION (CPI):
n/a

FDI INFLOW:
\$447.0 million

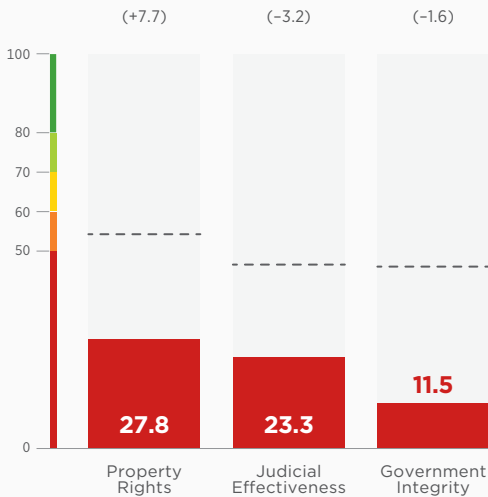
PUBLIC DEBT: n/a

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: British and Italian Somalilands merged to form Somalia in 1960. A coup led by Mohamed Siad Barre in 1969 ushered in two decades of brutal socialist rule. Since the collapse of Barre's regime in 1991, multinational military peacekeeping missions—currently, the African Union Mission to Somalia (AMISOM)—have protected a succession of weak and short-lived governments, most recently against the Islamist terrorist group al-Shabaab. In 2017, Mohamed Abdullahi Mohamed won the presidency in a delayed and corruption-ridden electoral process. The government remains distracted by ongoing internal power struggles and squabbles with federal member states. Somalia's GDP and living standards are among the world's lowest, and many Somalis depend on remittances from abroad. Livestock, agriculture, and fishing are economic mainstays.

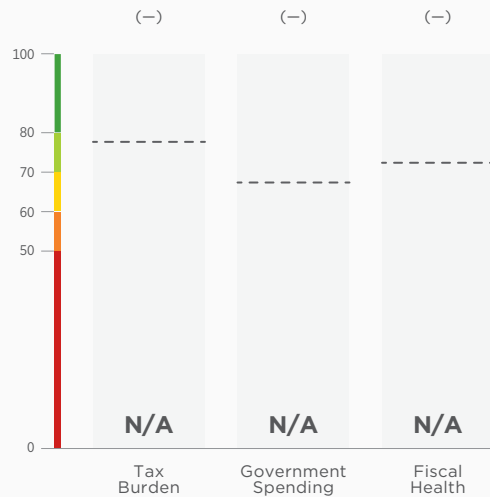
12 ECONOMIC FREEDOMS | SOMALIA

RULE OF LAW



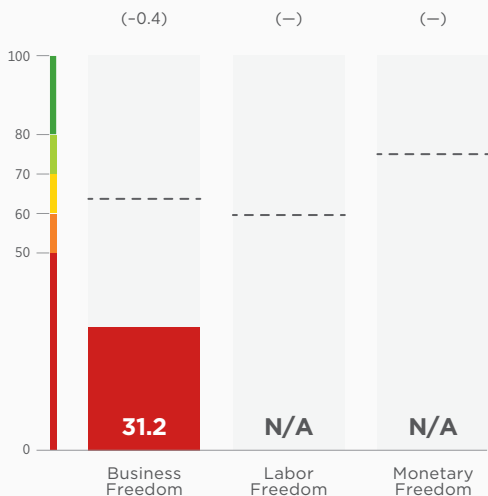
Property rights exist by law, but their protection is impeded by corruption and other barriers. Disputes over real property spark ongoing civil unrest, land grabs by warlords, and huge displacements of inhabitants. Civil courts are largely nonfunctional. Implementation of existing penalties for corruption is nonexistent. Transparency International's 2019 *Corruption Perceptions Index* ranked Somalia last in the world.

GOVERNMENT SIZE



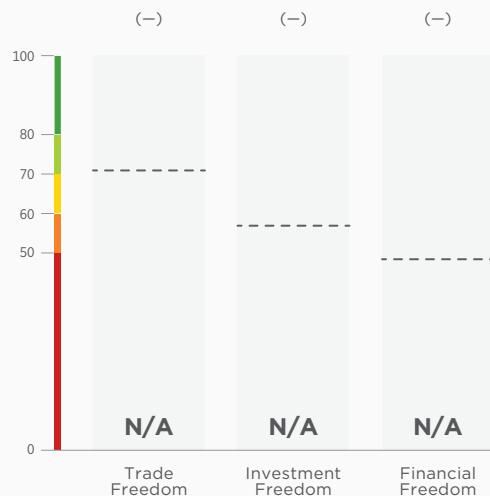
There is no effective national government that can provide basic services. Other than the collection of very limited duties and taxes, little formal fiscal policy is in place. Somalia's economic recovery continues to be delayed, and dependence on aid persists. A new income tax law has been submitted to parliament for approval, but the lack of productive economic activity severely constrains the government's ability to generate revenues.

REGULATORY EFFICIENCY



The cost of starting a business has risen, but many business freedom metrics lack reliable data. The destruction of government institutions during decades of war and economic pain have caused labor market data to be almost nonexistent. The government has no formal monetary policy, but budget revenues in 2020 increased for the first time in two decades, and subsidies and transfers amounted to 1 percent of GDP according to the IMF.

OPEN MARKETS



The combined value of exports and imports is equal to about 80 percent of GDP. Much of the population remains outside of the formal trade and banking sectors, and private investment remains extremely limited. Foreign firms have shown some interest in investing in the hydrocarbons sector and ports infrastructure, but investments have been held up by political disputes between central and state-level agencies over how to manage these projects.

SOUTH AFRICA

WORLD RANK: **99** | REGIONAL RANK: **9**

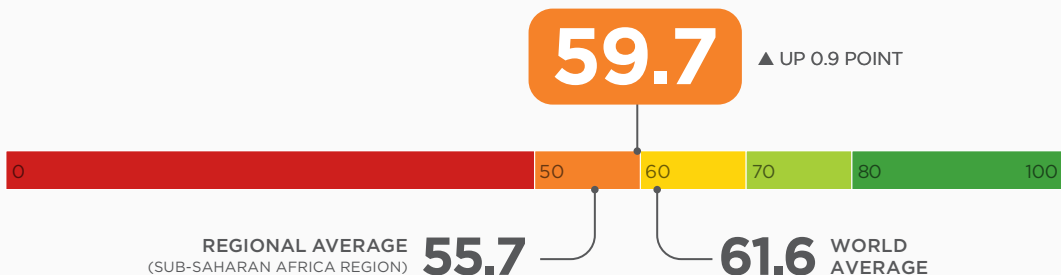
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

South Africa's economic freedom score is 59.7, making its economy the 99th freest in the 2021 *Index*. Its overall score has increased by 0.9 point, primarily because of an improvement in **judicial effectiveness**. South Africa is ranked 9th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

South Africa's economy remained in the ranks of the mostly unfree again this year, the third in a row after nearly a quarter of a century in the moderately free category. To regain momentum toward greater economic freedom, the government would have to prioritize improvements in the judicial system and confront persistent labor market rigidities that trap more than one-third of workers in the informal economy.

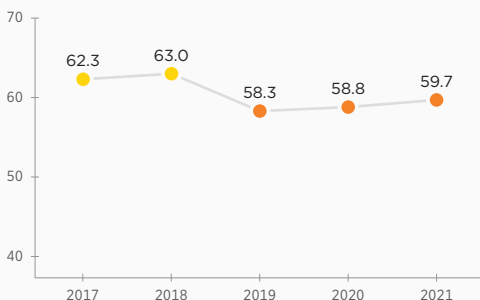
IMPACT OF COVID-19: As of December 1, 2020, 21,644 deaths had been attributed to the pandemic in South Africa, and the economy was forecast to contract by 8.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
58.6 million

GDP (PPP):
\$804.7 billion
0.2% growth in 2019
5-year compound
annual growth 0.8%
\$12,999 per capita

UNEMPLOYMENT:
28.2%

INFLATION (CPI):
4.1%

FDI INFLOW:
\$4.6 billion

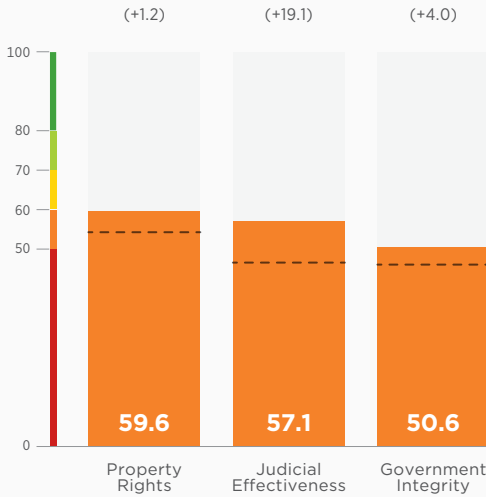
PUBLIC DEBT:
62.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The African National Congress (ANC) has dominated politics in South Africa since the end of apartheid in 1994. Corruption scandals forced two-term president Jacob Zuma to resign in 2018. He was replaced by current President Cyril Ramaphosa, who secured a five-year term in 2019 when the ANC won the elections but also attracted its lowest-ever percentage of the vote. The government is considering land reform measures that include expropriation without compensation. South Africa has a highly developed economy and an advanced infrastructure. One of the world's largest exporters of gold, platinum, and other natural resources, it also has well-established financial, legal, communications, energy, and transport sectors as well as the continent's largest stock exchange. Rates of formal-sector unemployment and crime are high.

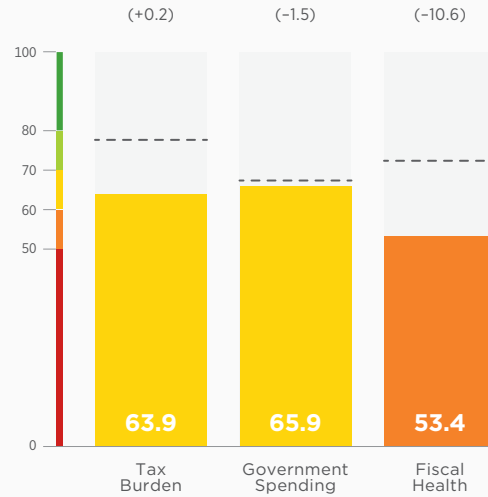
12 ECONOMIC FREEDOMS | SOUTH AFRICA

RULE OF LAW



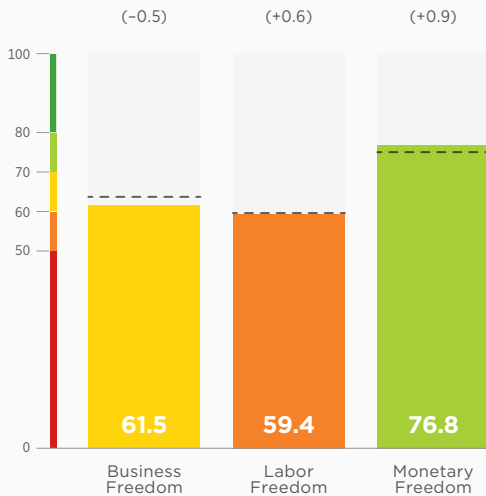
The legal system protects property rights relatively well, and contracts are generally secure. Judicial processes are competent and reliable, but courts are understaffed and underfunded. Corruption hampers the functioning of government. Public procurement lacks transparency and competitive bidding. South Africa has a robust anticorruption framework, but enforcement is inadequate, and some corrupt officials act with impunity.

GOVERNMENT SIZE



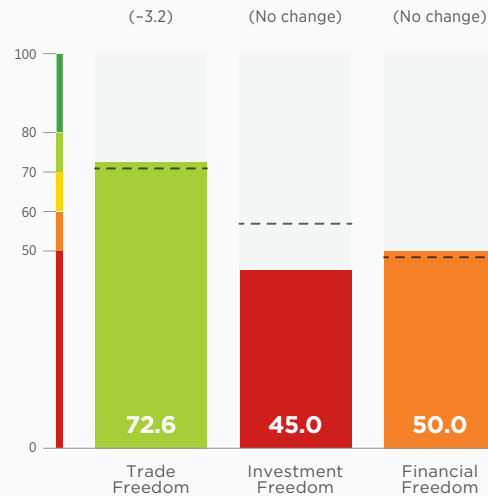
The top individual income tax rate is 45 percent, and the top corporate tax rate is 28 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 28.4 percent of total domestic income. Government spending has amounted to 33.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.9 percent of GDP. Public debt is equivalent to 62.2 percent of GDP.

REGULATORY EFFICIENCY



The higher cost of obtaining electricity is a setback for new businesses. South Africa recently introduced a national minimum wage, and labor force participation was up in 2019. In 2020, despite years of poor performance, the government pledged to continue subsidizing the state-owned Eskom electricity utility for a total amount of nearly 5 percent of GDP over the next 10 years.

OPEN MARKETS



South Africa has six preferential trade agreements in force. The trade-weighted average tariff rate is 6.2 percent, and 176 nontariff measures are in effect. Recent cases involving attempts to ban foreign ownership of land and enable expropriation are discouraging foreign investment. Over 70 percent of adult South Africans have formal banking accounts. In 2020, temporary measures to relieve bank capital requirements were taken to support banking-sector liquidity.

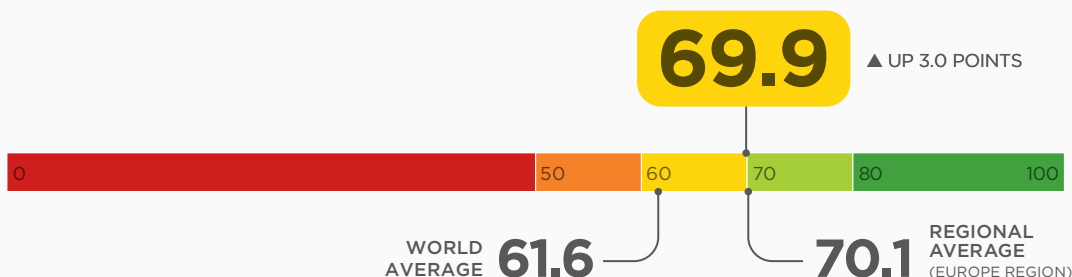
SPAIN

Spain's economic freedom score is 69.9, making its economy the 39th freest in the 2021 *Index*. Its overall score has increased by 3.0 points, primarily because of an improvement in **government integrity**. Spain is ranked 24th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Spanish economy remained only moderately free again this year. To make the jump back into the mostly free category from which it fell nine years ago, Spain needs to concentrate on reducing the size and cost of government. If government spending and related sovereign borrowing were cut, and if the labor market were liberalized, the private sector would have a good chance to boost growth and employment.

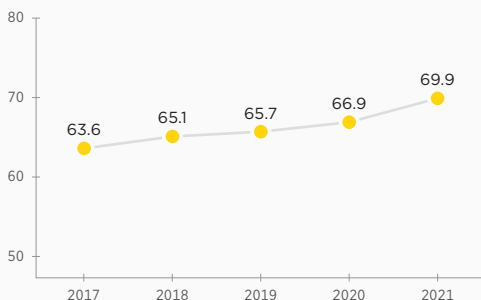
IMPACT OF COVID-19: As of December 1, 2020, 45,511 deaths had been attributed to the pandemic in Spain, and the economy was forecast to contract by 12.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
47.1 million

GDP (PPP):
\$1.9 trillion
2.0% growth in 2019
5-year compound
annual growth 2.8%
\$42,214 per capita

UNEMPLOYMENT:
14.0%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$12.4 billion

PUBLIC DEBT:
95.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Since returning to democracy in 1975, Spain has become the eurozone's fourth-largest economy. The government in Madrid removed a rogue regional government in Catalonia after an illegal 2017 independence referendum, but the December 2018 regional elections resulted in the installation of another pro-independence cabinet. Prime Minister Pedro Sánchez's center-left Spanish Socialist Workers Party heads a minority coalition with the radical-left Podemos party. November 2019 elections produced a fractured parliament with the conservative Vox party surging to third place at the expense of the center-right People's Party. Scandal-plagued former King Juan Carlos I has lived in self-exile since August 2020. Spain's diversified economy includes manufacturing, financial services, pharmaceuticals, textiles and apparel, footwear, chemicals, and a booming tourism industry.

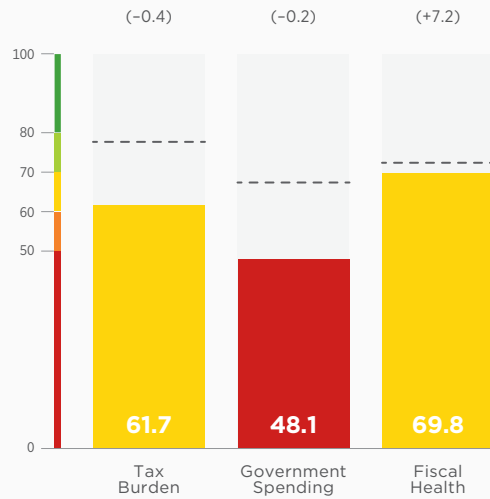
12 ECONOMIC FREEDOMS | SPAIN

RULE OF LAW



Property rights are protected by law. The property registration system functions efficiently. The judicial system is independent, open, and transparent but sometimes overburdened and slow. Case backlogs are often long. Concerns about official corruption often center on party financing. Spain is ranked 30th out of 180 countries in Transparency International's 2019 *Corruption Perceptions Index*, but its overall score (62) is one of the lowest in Western Europe.

GOVERNMENT SIZE



The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 34.4 percent of total domestic income. Government spending has amounted to 41.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.7 percent of GDP. Public debt is equivalent to 95.5 percent of GDP.

REGULATORY EFFICIENCY



Spain lags in development of business freedom compared to many other countries, continuing a downward trend that began in 2014. The duality of the labor market, composed of permanent workers with full benefits and temporary workers with fewer benefits, is an economic risk. According to the World Bank, subsidies and transfers account for about two-thirds of the government's annual budget.

OPEN MARKETS



As a member of the EU, Spain has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Most sectors are open to foreign investment, and capital movements have been liberalized. The financial sector's overall condition continues to improve. Use of banking services is nearly universal in the adult population.

SRI LANKA

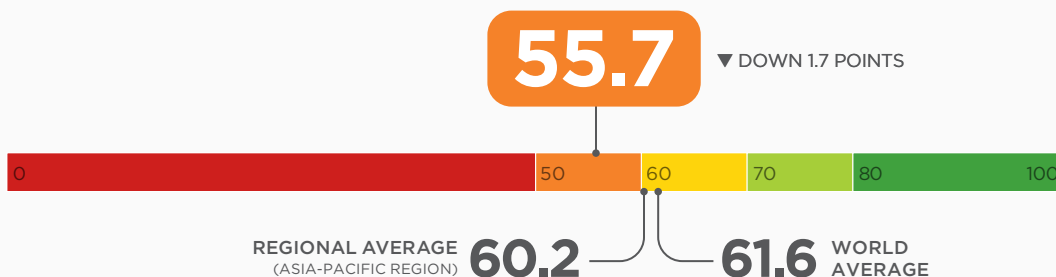
WORLD RANK: **131**
REGIONAL RANK: **28**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Sri Lanka's economic freedom score is 55.7, making its economy the 131st freest in the 2021 *Index*. Its overall score has decreased by 1.7 points, primarily because of a decline in **trade freedom**. Sri Lanka is ranked 28th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Sri Lanka's economy remained in the mostly unfree ranks this year. Seven of Sri Lanka's 12 *Index* indicators are in the repressed category. To achieve greater economic freedom, the government would need to implement deep, broad, and well-institutionalized reforms to raise very low scores for property rights, judicial effectiveness, and government integrity. Debt reduction would also be required.

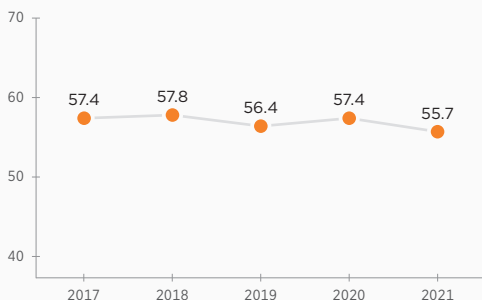
IMPACT OF COVID-19: As of December 1, 2020, 122 deaths had been attributed to the pandemic in Sri Lanka, and the economy was forecast to contract by 4.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
21.8 million

GDP (PPP):
\$304.2 billion
2.3% growth in 2019
5-year compound
annual growth 3.7%
\$13,620 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
4.3%

FDI INFLOW:
\$758.2 million

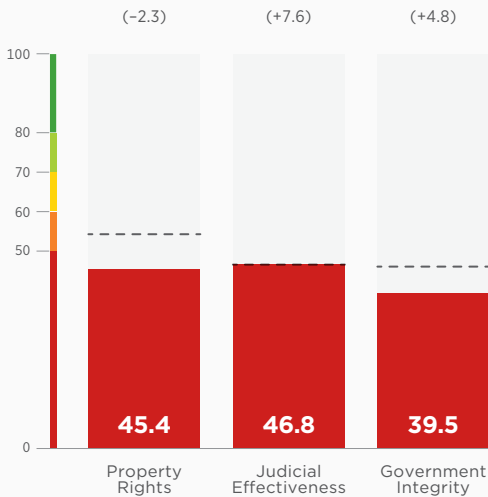
PUBLIC DEBT:
86.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The island nation of Ceylon off the southeast coast of India gained independence from the United Kingdom in 1948, and its name was changed to Sri Lanka in 1972. Following a constitutional crisis in 2018 and the deadly 2019 Easter bombings, former Defense Secretary Gotabaya Rajapaksa was elected president in 2019. A Sinhalese nationalist, Rajapaksa appointed his brother, former President Mahinda Rajapaksa, prime minister. It was former President Maithripala Sirisena's attempt to appoint Mahinda Rajapaksa prime minister that sparked the constitutional crisis in 2018. The president's party won a landslide victory in the 2020 parliamentary elections. Social unrest caused by religious and ethnic tensions continues to threaten political stability. The economy is based on exports of processed commodities and garments.

12 ECONOMIC FREEDOMS | SRI LANKA

RULE OF LAW



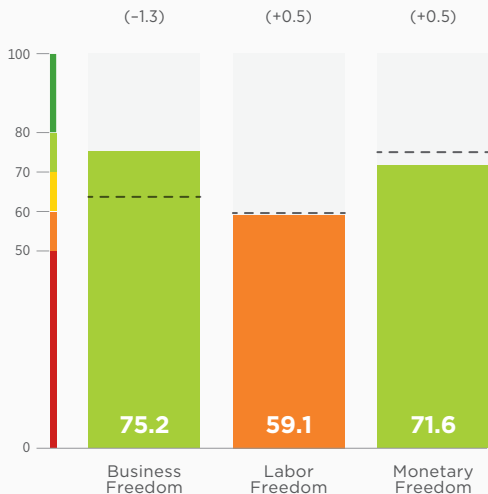
Property rights are generally recognized, but protection of secured interests can be weak. The property registration system is reliable, but fraud and forged documents cause problems. Although the Supreme Court is independent, corruption and politicization still plague the lower courts. Some anticorruption cases involving misappropriation of government funds have stalled because of political interference, lack of investigative capacity, and insufficient political will.

GOVERNMENT SIZE



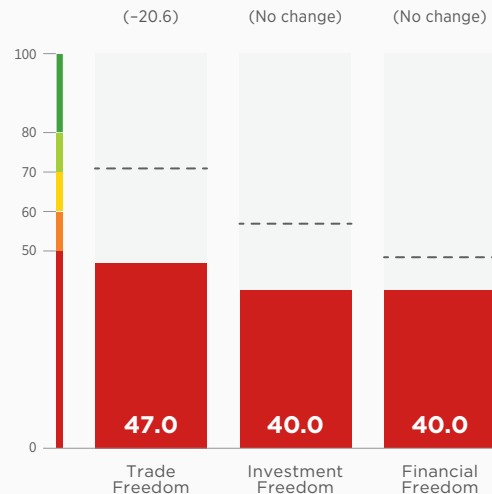
The top individual income tax rate is 24 percent, and the top corporate tax rate is 28 percent. Other taxes include a value-added tax. The overall tax burden equals 11.9 percent of total domestic income. Government spending has amounted to 19.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.9 percent of GDP. Public debt is equivalent to 86.8 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has declined in Sri Lanka, in significant part because of problems in obtaining electricity. The labor force participation rate increased in 2019, indicating improvements in the labor market, particularly in tourism. According to the International Monetary Fund, subsidies and transfers consumed about 3.5 percent of GDP in 2020.

OPEN MARKETS



Sri Lanka has six preferential trade agreements in force. The trade-weighted average tariff rate is 19.0 percent, and 19 non-tariff measures are in effect. Investment in several sectors of the economy remains restricted, and state-owned enterprises distort the economy. The financial sector, dominated by banking, remains underdeveloped with capital markets offering limited financing options. In 2020, temporary measures to restrict capital outflows were taken.

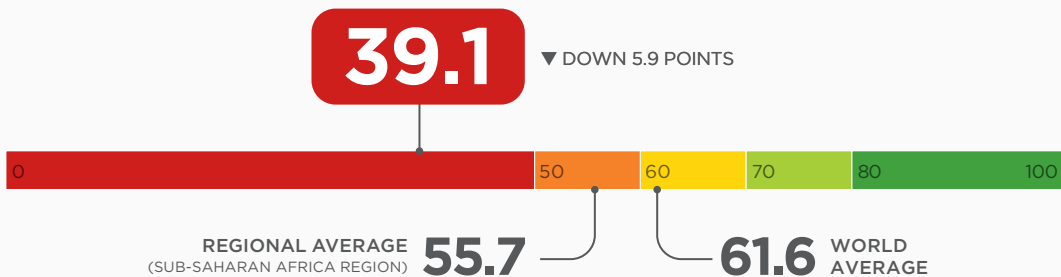
SUDAN

Sudan's economic freedom score is 39.1, making its economy the 175th freest in the 2021 *Index*. Its overall score has decreased by 5.9 points, primarily because of a decline in **monetary freedom**. Sudan is ranked last among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Sudan's economy plunged further in the ranks of the repressed this year; only Cuba, Venezuela, and North Korea have lower scores. If the interim government can achieve a modicum of political stability, massive reforms are required to address serious shortcomings in fiscal health, investment freedom, and the three critical facets of the rule of law: property rights, judicial effectiveness, and the integrity of government.

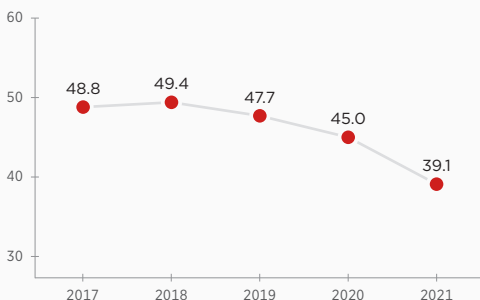
IMPACT OF COVID-19: As of December 1, 2020, 1,255 deaths had been attributed to the pandemic in Sudan, and the economy was forecast to contract by 8.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
42.8 million

GDP (PPP):
\$175.2 billion
-2.5% growth
in 2019
5-year compound
annual growth 0.3%
\$4,123 per capita

UNEMPLOYMENT:
16.5%

INFLATION (CPI):
51.0%

FDI INFLOW:
\$825.4 million

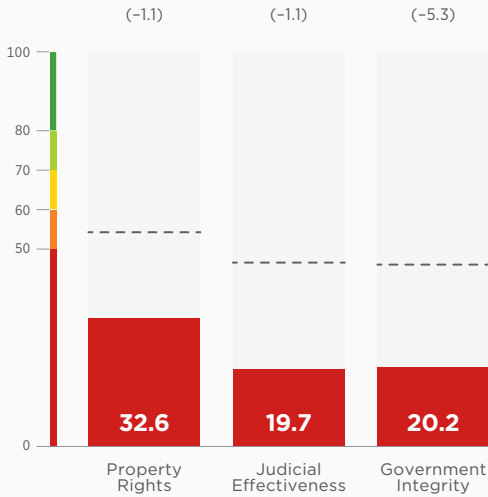
PUBLIC DEBT:
200.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Islamic-oriented military regimes have dominated Sudanese politics since independence from Anglo-Egyptian rule in 1956. In April 2019, after months of sustained mass nationwide protests, the Army ousted longtime Islamist dictator Omar Hassan al-Bashir, who faces two international arrest warrants for war crimes. The political situation remains chaotic, however, as protesters continue to demand a civilian-led government. The protests began after decades of economic mismanagement and corruption precipitated an economic crisis in 2018 that featured inflation and shortages of food and water. The oil sector has driven much of Sudan's GDP growth, but the secession of South Sudan cost Sudan two-thirds of its oil revenue. Close to half of the population is at or below the poverty line and depends on subsistence agriculture.

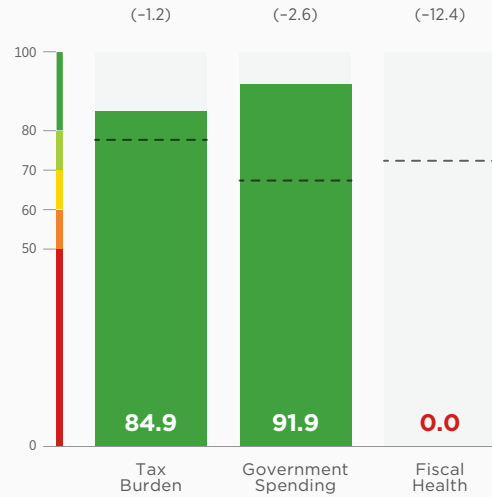
12 ECONOMIC FREEDOMS | SUDAN

RULE OF LAW



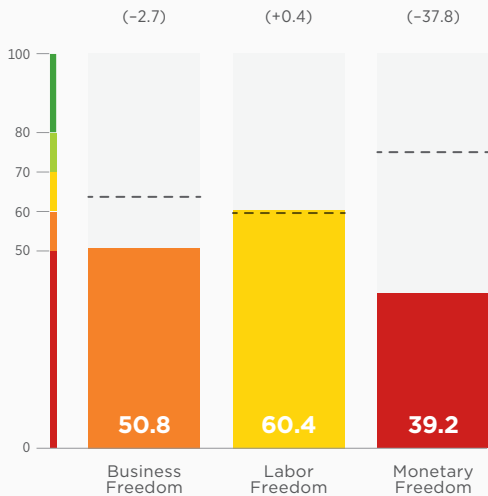
Disputes over weakly protected property rights have long been a source of conflict. In September 2019, the interim government addressed some tribal land grievances. It also pledged comprehensive legal reform beginning with replacement of the Bashir regime's politically influenced judiciary. Sudan is one of the world's most corrupt nations, ranking 173rd out of 180 countries in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



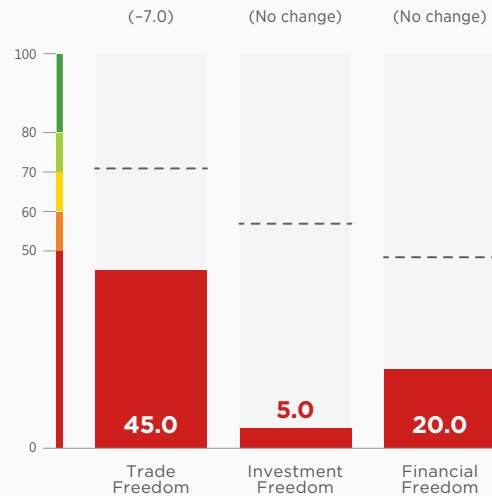
The top individual income tax rate is 15 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 8.0 percent of total domestic income. Government spending has amounted to 16.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.4 percent of GDP. Public debt is equivalent to 200.3 percent of GDP.

REGULATORY EFFICIENCY



Sudan does not collect and report data on power outages. Secured creditors' claims during bankruptcy procedures have been weakened, hurting access to credit. Unskilled labor is abundant. According to the IMF, ballooning energy subsidies contributed to the fiscal deficit's rise by almost three percentage points to 10.8 percent of GDP in 2019.

OPEN MARKETS



Sudan has three preferential trade agreements in force. The trade-weighted average tariff rate is 17.5 percent. Sudan is not a member of the World Trade Organization. Years of social conflict and civil war have undermined investor confidence. The petroleum sector provides some economic stability, but other sectors face serious institutional deficiencies. Access to credit remains significantly limited, and the financial sector is severely underdeveloped.

SURINAME

WORLD RANK: REGIONAL RANK:

169

29

ECONOMIC FREEDOM STATUS:

REPRESSED

Suriname's economic freedom score is 46.4, making its economy the 169th freest in the 2021 *Index*. Its overall score has decreased by 3.1 points, primarily because of declines in **labor freedom** and **trade freedom**. Suriname is ranked 29th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

The economy of Suriname remains in the repressed category for the fifth year in a row. To achieve greater economic freedom, the new government will need to prioritize deep, structural, and comprehensive reforms of the judicial system, continue the president's anticorruption campaign, and implement fiscal consolidation to reduce the country's very large fiscal deficits and external debt.

IMPACT OF COVID-19: As of December 1, 2020, 117 deaths had been attributed to the pandemic in Suriname, and the economy was forecast to contract by 13.1 percent for the year.

ECONOMIC FREEDOM SCORE

46.4

▼ DOWN 3.1 POINTS



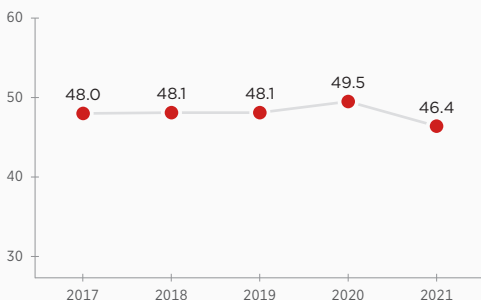
REGIONAL AVERAGE
(AMERICAS REGION)

59.5

61.6 WORLD
AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$9.4 billion
2.3% growth in 2019
5-year compound
annual growth
-0.5%
\$17,005 per capita

UNEMPLOYMENT:
7.3%

INFLATION (CPI):
4.4%

FDI INFLOW:
\$7.2 million

PUBLIC DEBT:
78.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Former leftist President Desire “Dési” Bouterse, a convicted murderer and cocaine trafficker in office since 2010, was denied a third consecutive five-year term in May 2020 elections. Suriname's new centrist president, Chandrikapersad “Chan” Santokhi, leads the Progressive Reform Party (VHP) and controls 20 of the parliament's 51 seats. In coalition with the General Liberation and Development Party (ABOP) and National Party of Suriname (NPS), the VHP rules with a total of 33 seats. The election results could be a sign of greater political stability and economic reform. Suriname's economy relies primarily on the extraction of natural resources, and newly discovered oil fields are attracting foreign investment. The former Dutch colony remains one of South America's least developed countries.

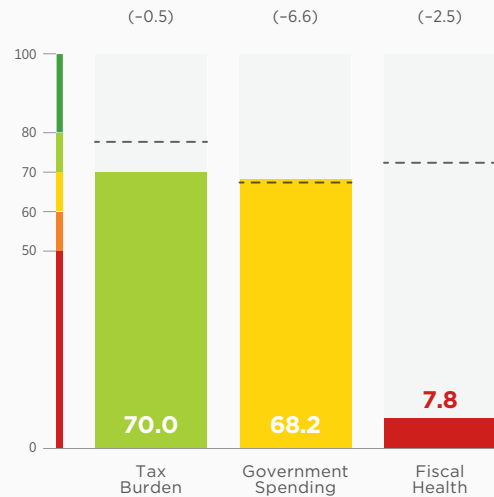
12 ECONOMIC FREEDOMS | SURINAME

RULE OF LAW



Property rights have been poorly protected, and the property registry is extremely inefficient. Much of the country's land lacks clear title. Organized crime, drug and human trafficking, and corrupt governance flourished under the previous administration. The new president, having successfully prosecuted and convicted his predecessor on charges of mass murder, has pledged to reestablish democratic institutions and the rule of law.

GOVERNMENT SIZE



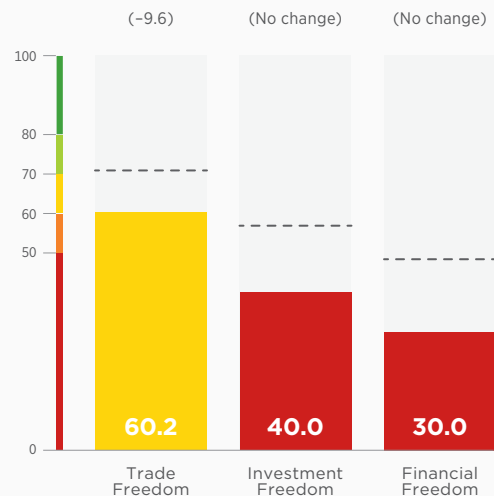
The top individual income tax rate is 38 percent, and the top corporate tax rate is 36 percent. Other taxes include property and excise taxes. The overall tax burden equals 16.1 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.2 percent of GDP. Public debt is equivalent to 78.1 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business, obtaining electricity, and dealing with construction permits have increased. The government has also begun to limit the length of fixed-term contracts. The exit of a large aluminum company from Suriname in 2015 reduced national income. According to the IMF, funding for government-subsidized electricity consumed 3.4 percent of GDP in 2020.

OPEN MARKETS



Suriname has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.4 percent, and one formal nontariff measure is in effect. Other regulatory barriers, exacerbated by direct state interference in the economy through ownership or control, remain considerable and undercut the potential gains from trade and investment. The financial system remains underdeveloped and vulnerable to government influence.

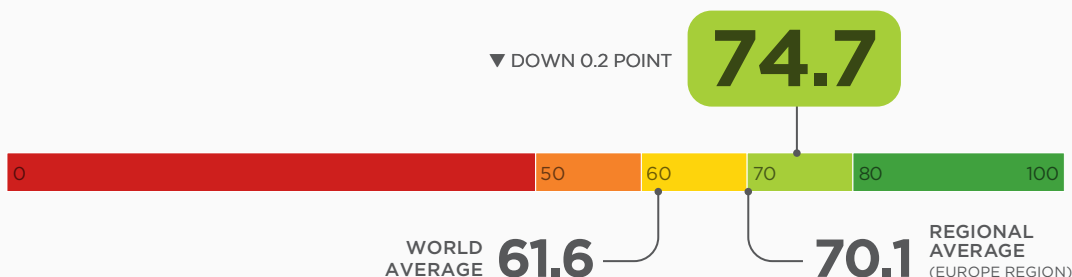
SWEDEN

Sweden's economic freedom score is 74.7, making its economy the 21st freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **trade freedom**. Sweden is ranked 12th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Swedish economy has been rated mostly free for more than a decade. The two biggest drags on Sweden's economic freedom continue to be very heavy taxation and very high government spending. On the other hand, the country's scores on the *Index* rule-of-law indicators (property rights, judicial effectiveness, and government integrity) are among the highest in the world.

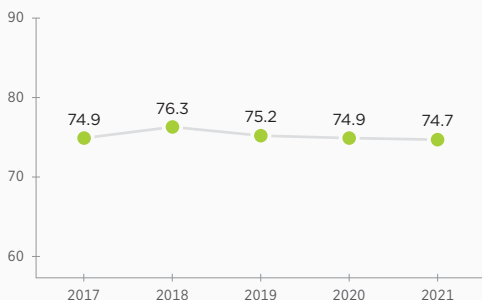
IMPACT OF COVID-19: As of December 1, 2020, 6,798 deaths had been attributed to the pandemic in Sweden, and the economy was forecast to contract by 4.7 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.3 million

GDP (PPP):
\$564.8 billion
1.2% growth in 2019
5-year compound
annual growth 2.5%
\$55,815 per capita

UNEMPLOYMENT:
6.5%

INFLATION (CPI):
1.7%

FDI INFLOW:
\$20.6 billion

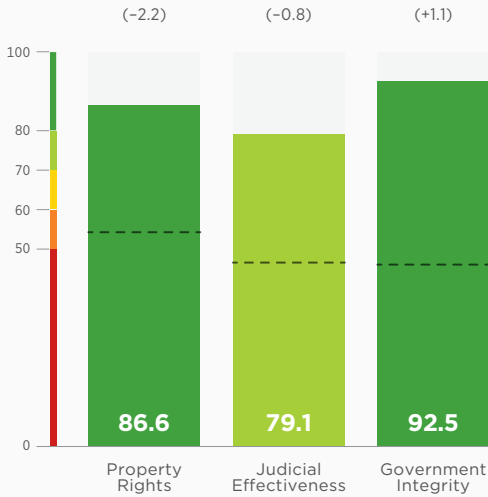
PUBLIC DEBT:
34.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Sweden joined the European Union in 1995, but voters rejected adoption of the euro in 2003. Prime Minister Stefan Löfven was able to form a minority center-left Social Democratic Party–Green Party governing coalition in January 2019 despite a poor showing in the September 2018 elections and months of stalemate. The populist Sweden Democrats party, campaigning to restrict immigration, placed third in the elections. The influx of large numbers of migrants since 2015, a terrorist attack in 2017, and rising gang violence have made immigration a central issue, and the ongoing formulation of a new migration policy has significant political implications. Timber, hydropower, and iron ore constitute the resource base of a vibrant and outwardly oriented manufacturing-based economy.

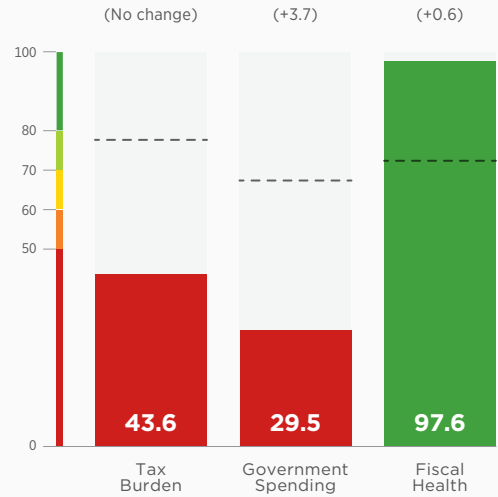
12 ECONOMIC FREEDOMS | SWEDEN

RULE OF LAW



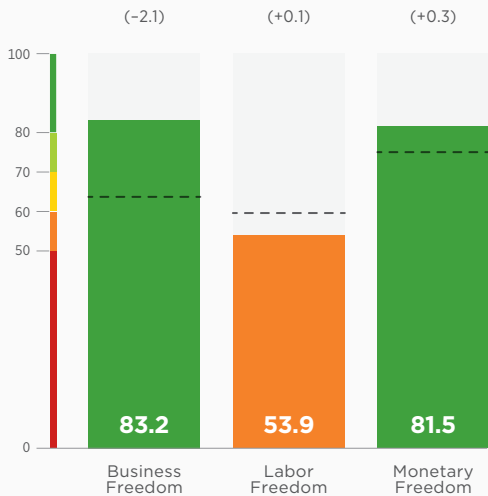
Real and intellectual property rights are well protected. Enforcement of contracts is very well established, and the rule of law is well maintained. The judicial system operates independently, impartially, and consistently. Deregulation, budgetary self-restraint, and a stable political environment encourage low rates of corruption. Effective anticorruption measures discourage bribery of public officials and foster government integrity.

GOVERNMENT SIZE



The top individual income tax rate is 57 percent, and the top corporate tax rate has been cut to 21.4 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 43.9 percent of total domestic income. Government spending has amounted to 48.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.9 percent of GDP. Public debt is equivalent to 34.8 percent of GDP.

REGULATORY EFFICIENCY



Starting a business has become more complicated and now takes longer on average. Business freedom remains high, but scores have fallen from previous levels. Rigid labor legislation and regulations and the high cost of labor limit labor freedom. There are few price controls, but the government provides significant subsidies to encourage renewable energy and increased its subsidies for solar power in 2019.

OPEN MARKETS



As a member of the EU, Sweden has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Sweden has an additional eight country-specific nontariff barriers. Open-market policies that sustain competitiveness facilitate large flows of investment. Financial services are well institutionalized throughout the country.

SWITZERLAND



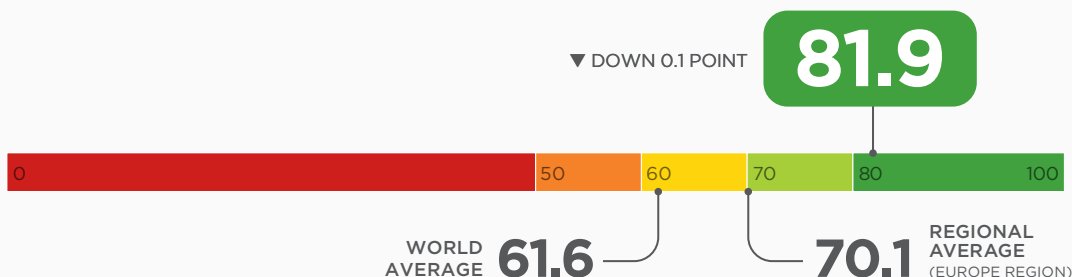
WORLD RANK:	REGIONAL RANK:
4	1
ECONOMIC FREEDOM STATUS: FREE	

Switzerland's economic freedom score is 81.9, making its economy the 4th freest in the 2021 *Index*. Its overall score has decreased by 0.1 point, with only small changes registered in individual indicators. Switzerland is ranked 1st among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Switzerland's economy remains in the free category where it has been for more than a decade. Only four other countries achieved that elite status this year. Economic freedom is well established and institutionalized in Switzerland. Were it not for its perpetual and comparatively low scores on the indicators for tax burden and government spending, Switzerland might well be the top-rated country in the *Index*.

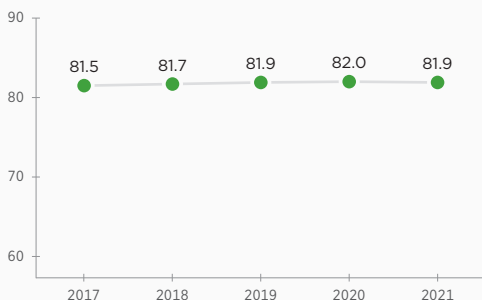
IMPACT OF COVID-19: As of December 1, 2020, 4,940 deaths had been attributed to the pandemic in Switzerland, and the economy was forecast to contract by 5.3 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.6 million

GDP (PPP):
\$566.2 billion
0.9% growth in 2019
5-year compound
annual growth 1.7%
\$70,989 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
0.4%

FDI INFLOW:
-\$21,740.0 million

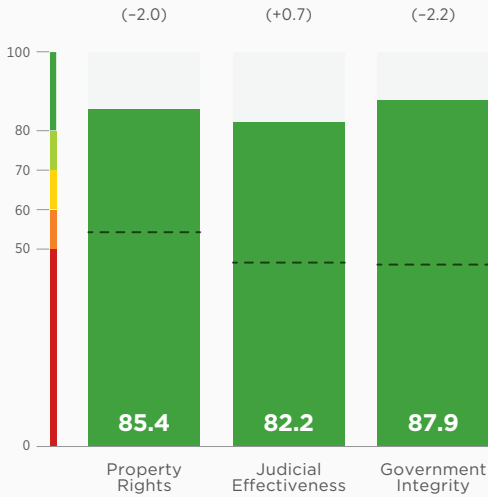
PUBLIC DEBT:
39.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Switzerland's federal canton system of government disperses power widely. A seven-member Federal Council exercises executive authority. Switzerland has a long tradition of openness to the world but jealously guards its independence and neutrality. Reflecting voters' concerns about climate change, the Green Party surged to fourth place in October 2019 elections and overtook one of the parties in the coalition government, the Christian Democrats. Policy proposals are frequently subjected to referendum, and concerns related to the coronavirus pandemic in May 2020 led to the first postponement of a referendum since 1951. Switzerland has one of the world's highest per capita GDPs and a highly skilled labor force. The economy relies on financial services, precision manufacturing, metals, pharmaceuticals, chemicals, and electronics.

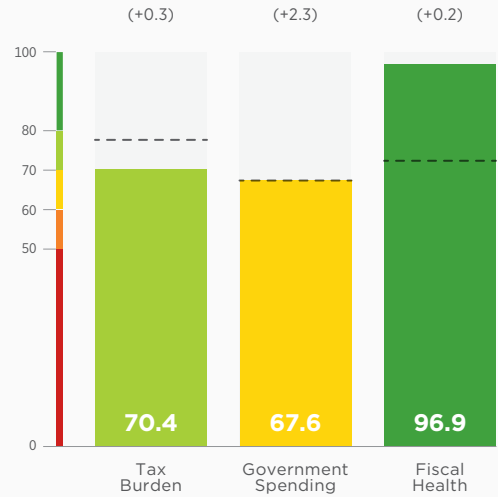
12 ECONOMIC FREEDOMS | SWITZERLAND

RULE OF LAW



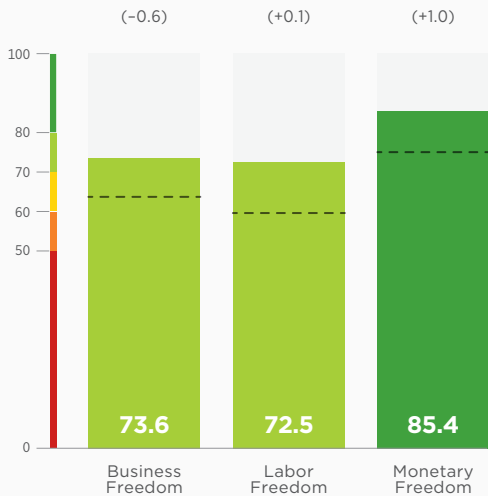
Protection of property rights is strongly enforced, and an independent and fair judicial system is institutionalized throughout the economy. Intellectual property rights are respected and enforced. Commercial and bankruptcy laws are applied consistently and efficiently. The government is free from pervasive corruption, thanks largely to its strong institutions. Switzerland is ranked 4th in Transparency International's 2019 *Corruption Perceptions Index*.

GOVERNMENT SIZE



Cantonal-level taxation is more burdensome than federal-level taxation. The top federal income tax rate is 11.5 percent. The federal corporate tax rate is 8.5 percent. The overall tax burden equals 27.9 percent of total domestic income. Government spending has amounted to 32.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.2 percent of GDP. Public debt is equivalent to 39.3 percent of GDP.

REGULATORY EFFICIENCY



Switzerland did not keep pace with other countries this year in improving the business environment. Labor productivity is high, and there is no federally mandated minimum wage. Switzerland has few price controls, but its agricultural sector remains protected and heavily subsidized with direct subsidy payments comprising two-thirds of an average farm's profits.

OPEN MARKETS



Switzerland has 31 preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 154 nontariff measures are in effect. The consistent, transparent, and modern investment framework supports and facilitates foreign investment. Buttressed by a sound regulatory regime, the competitive financial sector offers a wide range of financing instruments. Banking remains well capitalized, facilitating access to credit.

SYRIA

Ongoing chaos and the devastation caused by more than a decade of conflict again preclude ranking Syria in the 2021 *Index*. In addition to its horrific death toll, the long civil war has caused a near collapse of economic output and has largely wiped out economic freedom.

The economic cost of the Syrian civil war is likely to exceed \$1 trillion, including aggregate GDP lost because of the conflict and future reconstruction costs. That figure does not include the very significant negative economic impact on Iraq, Jordan, Turkey, and Lebanon. Noneconomic costs are immeasurable.

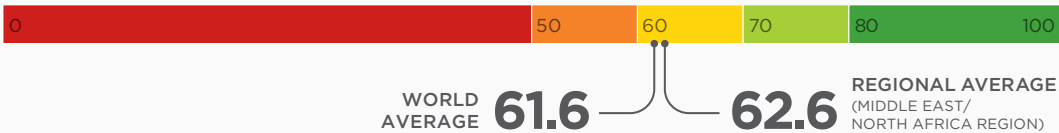
IMPACT OF COVID-19: As of December 1, 2020, 422 deaths had been attributed to the pandemic in Syria, and the International Monetary Fund had not forecast whether the economy would expand or contract for the year.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**
ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.1 million

GDP (PPP):
\$67.1 billion
4.8% growth in 2019
5-year compound
annual growth -0.4%
\$4,030 per capita

UNEMPLOYMENT:
43.5%

INFLATION (CPI):
11.2%

FDI INFLOW: n/a

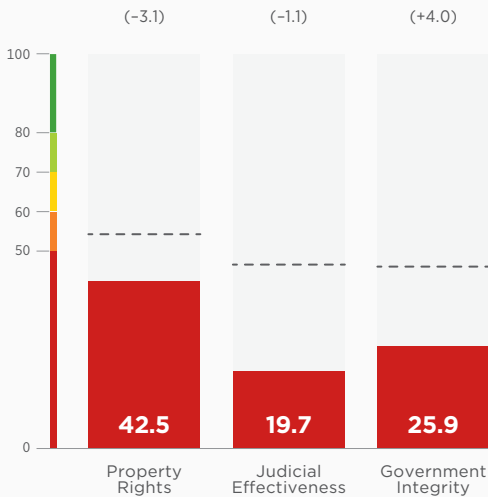
PUBLIC DEBT:
93.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Assad family has ruled Syria since Hafez al-Assad's military coup in 1970. Bashar al-Assad succeeded his father in 2000 but failed to keep his promises to open the socialist economy and ease political repression. A brutal crackdown after 2011's Arab Spring protests sparked an armed uprising against Assad that by 2012 had become a sectarian civil war between the predominantly Sunni rebels and the Alawite-dominated regime. Assad's regime, supported by Iran, Russia, and Hezbollah, has largely defeated the fractured armed opposition. Parliamentary elections were held in government-controlled areas in 2020. The conflict has killed more than 500,000 Syrians and has driven nearly 5.5 million refugees out of the country. Syria's economy declined by more than 70 percent from 2010 to 2017.

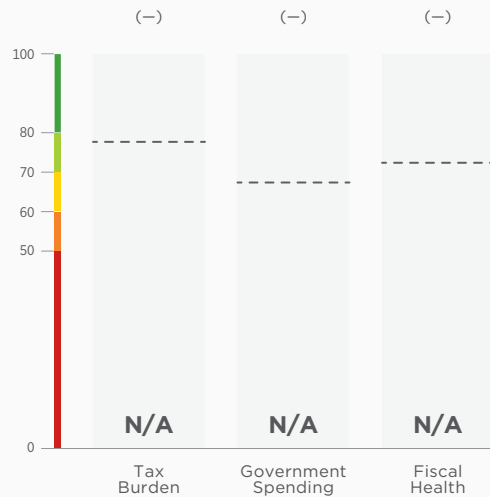
12 ECONOMIC FREEDOMS | SYRIA

RULE OF LAW



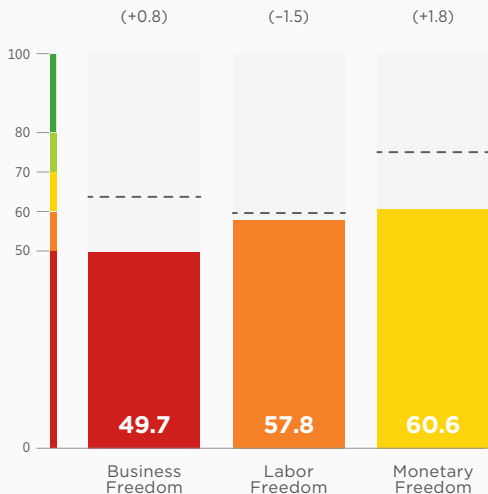
Property rights have been violated frequently during the civil war. Expropriations are commonplace. Although the judiciary is statutorily independent, judges and all other leaders of the regime's constitutionally protected Ba'ath Party dominate the courts and all other branches of government and act with impunity. Corruption is also widespread in opposition-held areas. Even the distribution of basic state services and humanitarian aid is distorted by corruption.

GOVERNMENT SIZE



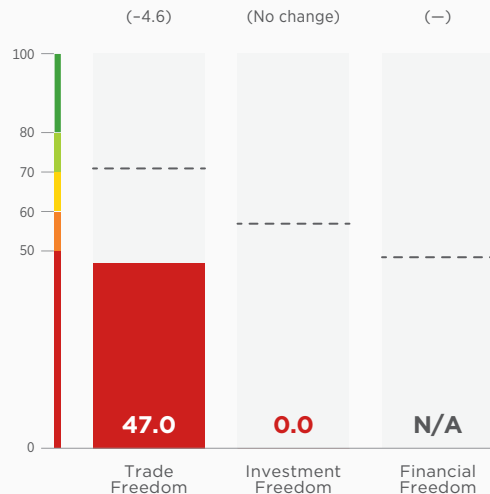
The top individual income tax rate is 22 percent, and the top corporate tax rate is 28 percent. The long civil conflict has caused mounting damage to the economy. Fiscal policy has focused on protecting the regime and maintaining the military's fighting capacity. Government spending has been driven by the regime's political concerns and the need to protect its own interests. Budget revenue from oil and taxes has declined severely.

REGULATORY EFFICIENCY



The average amount of money recovered when resolving insolvency has more than doubled but is still at relatively low levels. Conflict has taken a severe toll on business freedom. Functioning labor markets do not exist in many areas. The government continues to subsidize food and fuel to the extent that it is able to do so, and the subsidies benefit only regime loyalists.

OPEN MARKETS



The continuing civil war severely deters international trade and investment. Political instability and repression, further exacerbated by years of economic mismanagement, have caused the economy to collapse. The financial infrastructure has been significantly degraded by unstable security and economic conditions. Severely limited access to financing impedes any meaningful private business activity and development.

TAIWAN

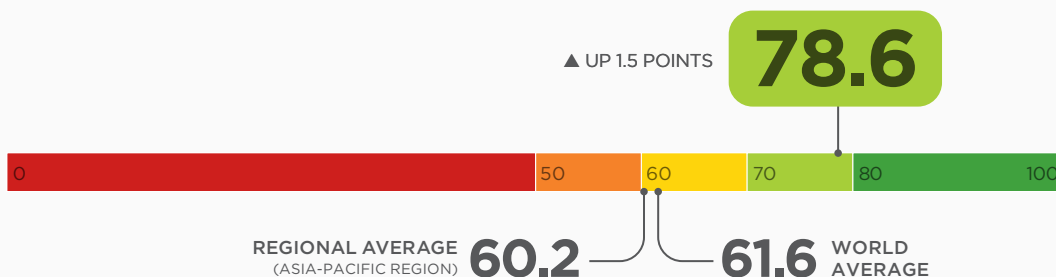
Taiwan's economic freedom score is 78.6, making its economy the 6th freest in the 2021 *Index*. Its overall score has increased by 1.5 points, primarily because of an improvement in **government integrity**. Taiwan is ranked 4th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

This year, Taiwan's economy turned in its best performance in the 27-year history of the *Index*, inching closer to the ranks of the free than ever before. The main problem holding Taiwan back from the top economic freedom category remains the continuing relative lack of labor freedom. Despite the possibility of further damage to productivity and flexibility for workers, the government increased the minimum wage again in 2020.

IMPACT OF COVID-19: As of December 1, 2020, seven deaths had been attributed to the pandemic in Taiwan, and the economy was not expected to experience any growth for the year.

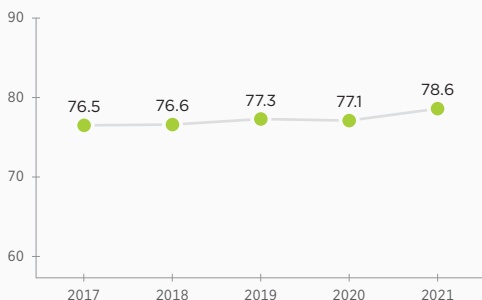


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
23.6 million

GDP (PPP):
\$1.3 trillion
2.7% growth in 2019
5-year compound
annual growth 2.5%
\$55,527 per capita

UNEMPLOYMENT:
3.7%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$8.2 billion

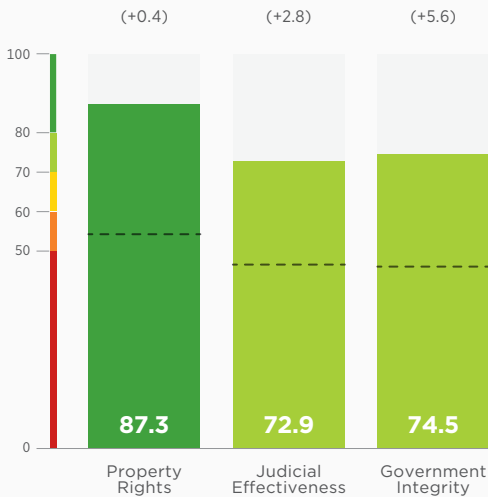
PUBLIC DEBT:
28.2% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Taiwan's dynamic multiparty democracy operates under a 1947 constitution that was drawn up originally to include all of China. Its economy is one of the wealthiest in Asia. The Democratic Progressive Party (DPP) returned to power when Tsai Ing-wen was elected president in 2016. Amid the backdrop of the 2019–2020 Hong Kong protests and threats from China, President Tsai secured reelection in a landslide victory in 2020. China's ongoing attempts to isolate Taiwan diplomatically threaten both the country's long-term political autonomy and its ability to maintain its presence in overseas markets. Taiwan's trade dependent economy is driven by a competitive manufacturing sector that encompasses electronics, machinery, petrochemicals, and information and communication technology products.

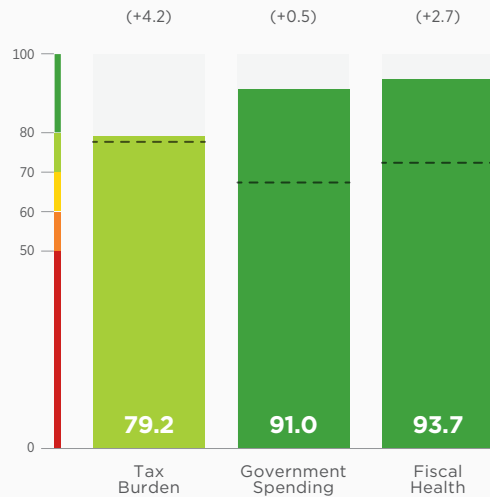
12 ECONOMIC FREEDOMS | TAIWAN

RULE OF LAW



Interests in property are protected, and the system for recording mortgages and liens is reliable. Enforcement of contracts is strong. The judiciary is independent, and the court system is largely free of political interference. Taiwan has implemented laws, regulations, and penalties to combat corruption, including in public procurement. While corruption is much less prevalent today, it remains a problem, especially because politics and big business are closely intertwined.

GOVERNMENT SIZE



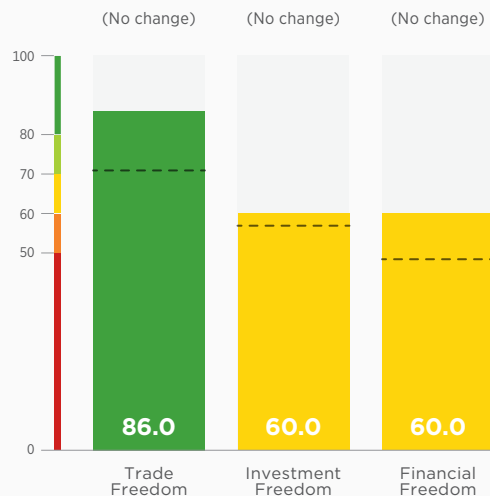
The top individual income tax rate is 40 percent, and the top corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 8.9 percent of total domestic income. Government spending has amounted to 17.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 28.2 percent of GDP.

REGULATORY EFFICIENCY



The level of business freedom in Taiwan is among the highest in the world, surpassing a score of 90 every year since 2013. The labor force is shrinking due to the aging of the population, and there is a shortage of blue-collar manufacturing workers. Among other subsidies, the government funds research and development grants to encourage its high-technology firms to forge partnerships with foreign companies.

OPEN MARKETS



Taiwan has six preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 380 nontariff measures are in effect. Some agricultural imports face additional barriers. A relatively well-developed investment framework facilitates the flow of goods and capital. The financial sector continues to evolve and expand, and the stock market is open to foreign participation.

TAJIKISTAN

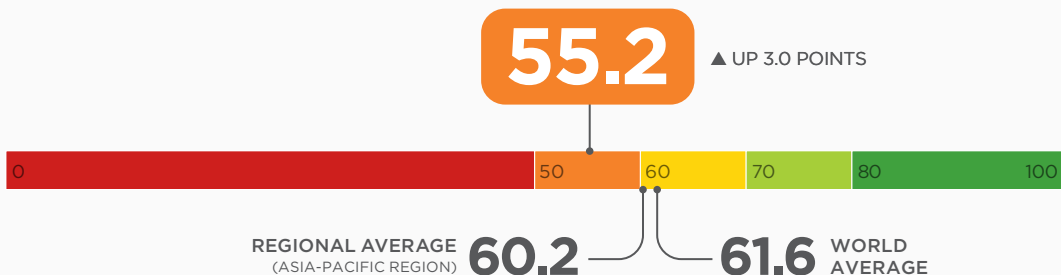
Tajikistan's economic freedom score is 55.2, making its economy the 134th freest in the 2021 *Index*. Its overall score has increased by 3.0 points, primarily because of an improvement in **fiscal health**. Tajikistan is ranked 29th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of Tajikistan is mostly unfree again this year. Still shackled by an authoritarian post-Soviet regime, Tajikistan needs radical reforms that strengthen the rule of law, modernize the labor market, and create a more welcoming investment climate to put it on the road to greater freedom.

IMPACT OF COVID-19: As of December 1, 2020, 86 deaths had been attributed to the pandemic in Tajikistan, and economic growth was forecast to decline to 1.0 percent for the year.

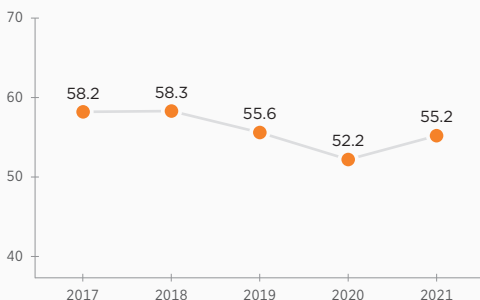
WORLD RANK: **134** REGIONAL RANK: **29**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +14.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.3 million

GDP (PPP):
\$34.1 billion
7.5% growth in 2019
5-year compound
annual growth 7.0%
\$3,520 per capita

UNEMPLOYMENT:
11.0%

INFLATION (CPI):
7.8%

FDI INFLOW:
\$212.8 million

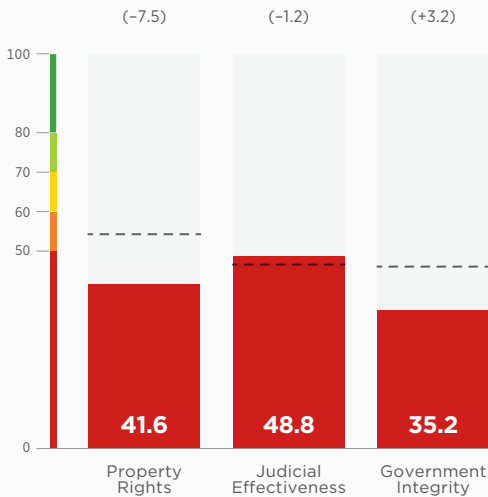
PUBLIC DEBT:
44.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The land of the Tajiks, a mountainous landlocked region north of Afghanistan in Central Asia, was buffeted and absorbed by ancient empires and, in the 20th century, by the Soviet Union. Modern Tajikistan gained full sovereign independence after the Soviet Union collapsed in 1991. Autocratic President Emomali Rahmon has been in power since 1994, and abuse of human rights is widespread. His party's parliamentary election victory in 2015 was criticized by international monitors. Tajikistan relies heavily on revenues from exports of aluminum, gold, and cotton. With less than 10 percent of its land arable, and given high state-mandated cotton production, the country must import most of its food. The economy is growing but remains one of Asia's poorest, partly dependent on remittances and narco-trafficking.

12 ECONOMIC FREEDOMS | TAJIKISTAN

RULE OF LAW



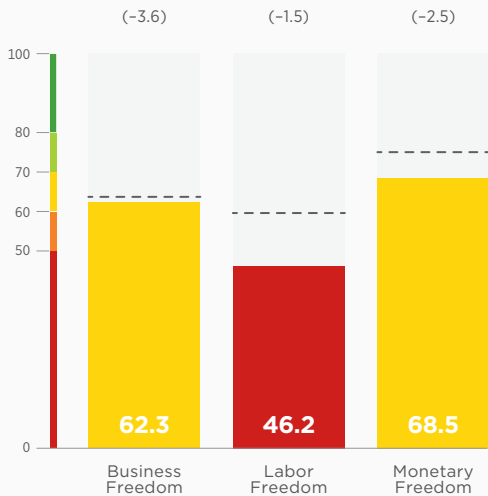
All land belongs exclusively to the state. The cadaster system used by the government to record, protect, and facilitate acquisition and disposition of first-tier or second-tier land-use rights needs to be improved. The executive branch controls the nominally independent judiciary. Many judges are poorly trained and inexperienced, and bribery is reportedly widespread. Corruption is pervasive and rarely punished. Nepotism, hiring bias, patronage networks, and regional affiliations are central to political life.

GOVERNMENT SIZE



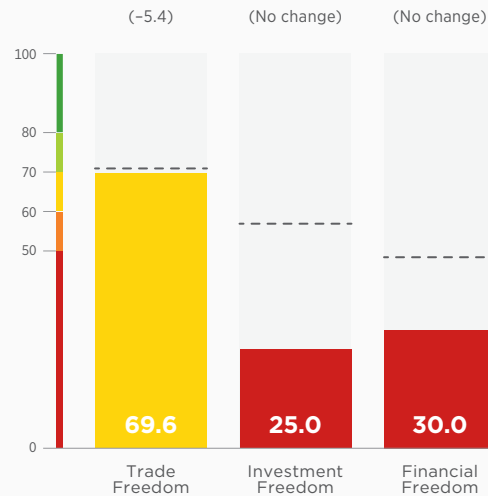
The top individual income tax rate is 13 percent, and the top corporate tax rate is 15 percent. Other taxes include a value-added tax. The overall tax burden equals 20.5 percent of total domestic income. Government spending has amounted to 32.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.6 percent of GDP. Public debt is equivalent to 44.6 percent of GDP.

REGULATORY EFFICIENCY



Dealing with construction permits has become more complicated, and costs related to insolvency have risen. Dismissing an employee has become more difficult. The government influences prices through regulations and large subsidies to numerous large Soviet-era state-owned and state-trading enterprises that continue to incur large losses.

OPEN MARKETS



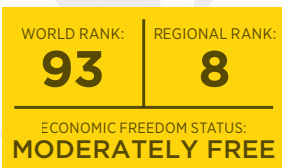
Tajikistan has two preferential trade agreements in force. The simple average tariff rate is 7.7 percent, and one formal nontariff measure is in effect. However, other barriers to trade persist. The government screens foreign investment, and state-owned enterprises distort the economy. Nontransparent regulations and inconsistent administration remain impediments to foreign investment. About half of adult Tajikistanis use formal banking services.

TANZANIA

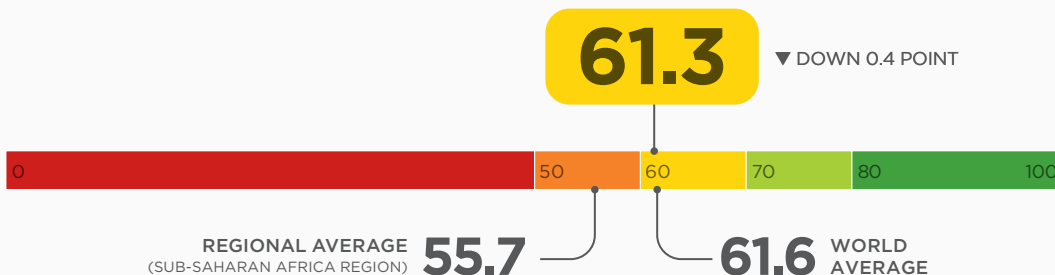
Tanzania's economic freedom score is 61.3, making its economy the 93rd freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **trade freedom**. Tanzania is ranked 8th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Tanzania's economy retained its spot in the moderately free category for the third consecutive year. The government says it prioritizes industrialization and job creation with a commitment to pursuing a development strategy led by the private sector, but rising protectionist tendencies have deterred foreign direct investment. Economic freedom is also stymied by the weak rule of law and the lack of business freedom.

IMPACT OF COVID-19: As of December 1, 2020, 21 deaths had been attributed to the pandemic in Tanzania, and economic growth was forecast to decline to 1.9 percent for the year.

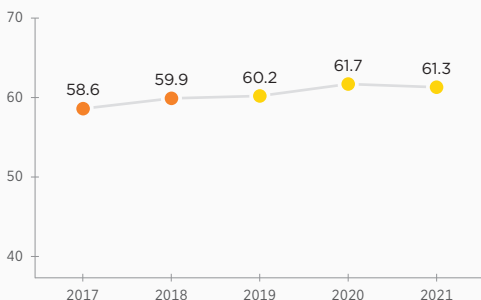


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
58.0 million

GDP (PPP):
\$193.5 billion
6.3% growth in 2019
5-year compound
annual growth 6.6%
\$2,771 per capita

UNEMPLOYMENT:
2.0%

INFLATION (CPI):
3.4%

FDI INFLOW:
\$1.1 billion

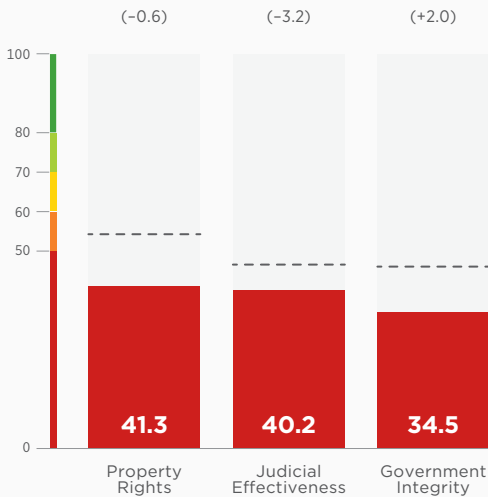
PUBLIC DEBT:
38.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In 1964, shortly after independence from Britain, Tanganyika and the island of Zanzibar merged to form Tanzania. The Chama Cha Mapinduzi (CCM) party has been in power continuously since independence. John Magufuli of the CCM was reelected to a five-year term as president in 2020, but the election was marred by violence and the intimidation and harassment of the opposition. Magufuli's first term was marked by an aggressive "anti-corruption" campaign that included crackdowns on civil society and political opponents. Despite vast mineral and natural resources and tourism, most Tanzanians are poor and dependent on subsistence agriculture. Plans for the construction of an oil pipeline from western Uganda to Tanzania's Tanga port are ongoing.

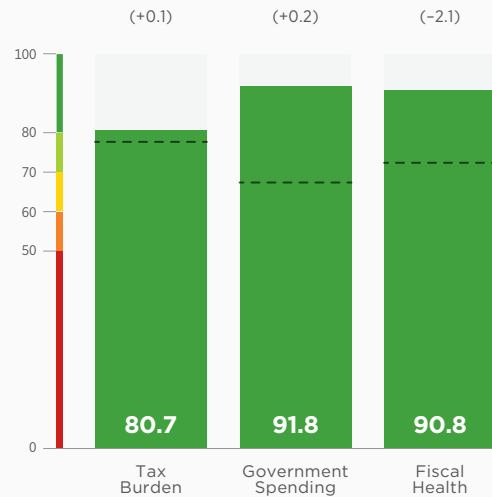
12 ECONOMIC FREEDOMS | TANZANIA

RULE OF LAW



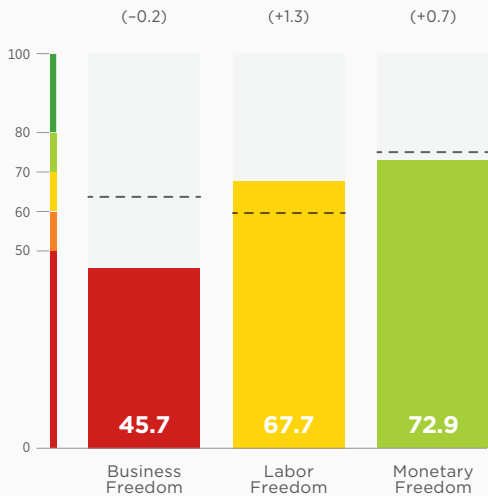
All land belongs to the state, but secured interests in leased land and movable property are recognized and enforced. Complex land laws have provoked numerous disputes, and land ownership remains restrictive. The poorly resourced, ill-trained, and corrupt judiciary remains under political influence. Corruption is pervasive in government procurement, the awarding of licenses and concessions, dispute settlements, regulations, customs, and taxation. Enforcement of anticorruption legislation is politically motivated.

GOVERNMENT SIZE



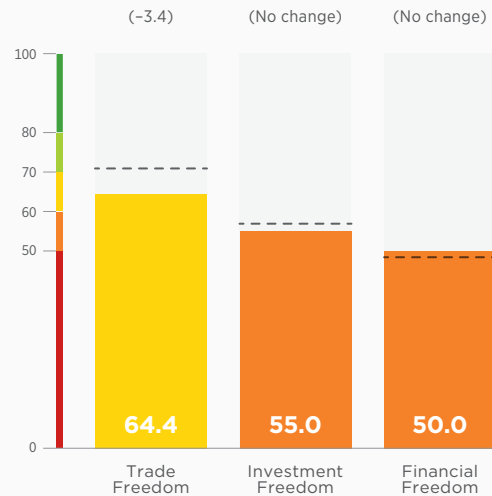
The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax and an interest tax. The overall tax burden equals 11.5 percent of total domestic income. Government spending has amounted to 16.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.0 percent of GDP. Public debt is equivalent to 38.1 percent of GDP.

REGULATORY EFFICIENCY



Tanzania has failed to improve its business freedom for the fourth straight year, and start-up processes now take more time. However, both the value added per worker and the labor force participation rate have increased. The government provides large subsidies to state-owned enterprises and maintains price controls on fuels, utilities, and agricultural commodities.

OPEN MARKETS



Tanzania has four preferential trade agreements in force. The trade-weighted average tariff rate is 10.3 percent, and 19 non-tariff measures are in effect. Trade and investment policies needed to sustain open markets are undercut by lingering government interference in the economy. Foreign investment in several sectors remains restricted. The financial sector is underdeveloped, and less than 50 percent of adult Tanzanians have formal banking accounts.

THAILAND

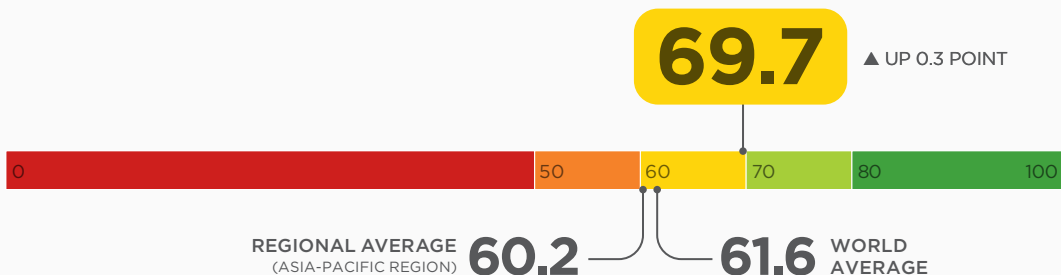
Thailand's economic freedom score is 69.7, making its economy the 42nd freest in the 2021 *Index*. Its overall score has increased by 0.3 point, primarily because of an improvement in **business freedom**. Thailand is ranked 9th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The Thai economy registered its highest-ever score in this year's *Index*, putting it within easy reach of the ranks of the mostly free. The government has made remarkable progress in expanding economic freedom: Scores on five of the 12 *Index* indicators are above 80 in the free category. Further progress will be impeded, however, without comprehensive reforms to reduce corruption and improve judicial effectiveness.

IMPACT OF COVID-19: As of December 1, 2020, 60 deaths had been attributed to the pandemic in Thailand, and the economy was forecast to contract by 7.1 percent for the year.

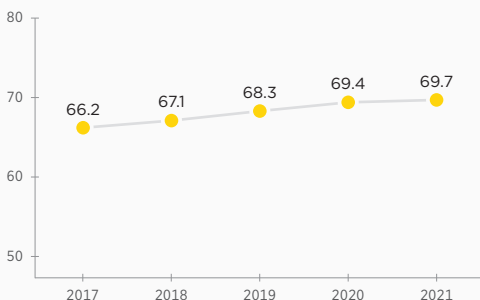


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
69.6 million

GDP (PPP):
\$1.4 trillion
2.4% growth in 2019
5-year compound
annual growth 3.4%
\$19,228 per capita

UNEMPLOYMENT:
0.8%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$4.1 billion

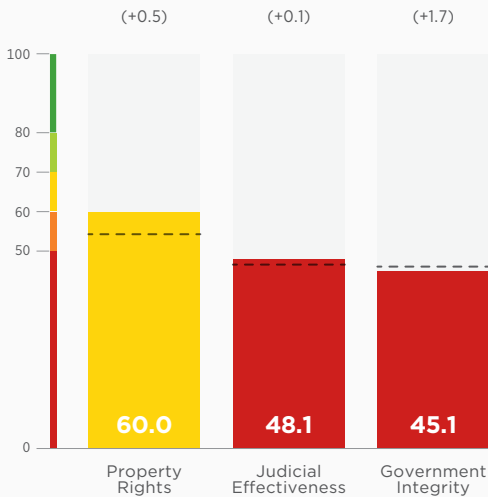
PUBLIC DEBT: 41.1%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Thailand has experienced 19 military coups since becoming a constitutional monarchy in 1932. The period since 2006 has been particularly turbulent and ultimately resulted in a 2014 coup led by former army commander and current Prime Minister Prayut Chan-ocha. National legislative elections held in March 2019 solidified the power of the junta-aligned Phalang Pracharat party. After the death of long-ruling and much-loved King Bhumibol Adulyadej, his son, King Maha Vijiralongkorn, was crowned in May 2019. In a rare challenge to the monarchy, pro-democracy protests have continued since February 2020. Thailand's free-market economy benefits from relatively well-developed infrastructure. Exports of electronics, agricultural commodities, automobiles and parts, processed foods, and other goods account for about two-thirds of GDP.

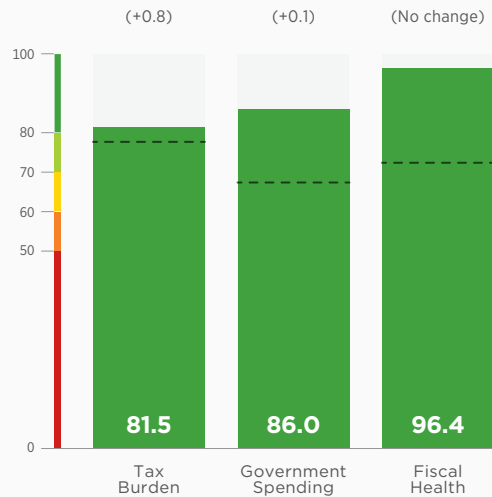
12 ECONOMIC FREEDOMS | THAILAND

RULE OF LAW



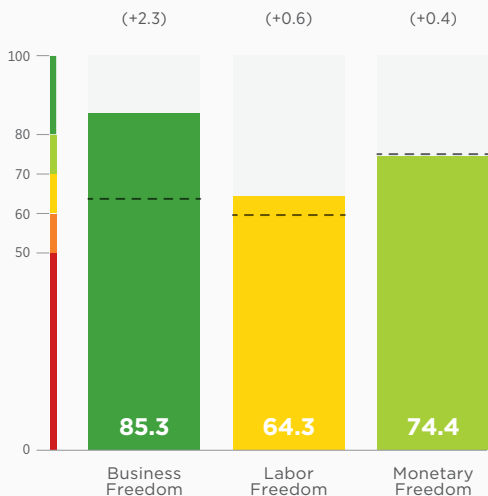
Laws protecting property rights and contractual rights are generally well enforced. The cost of transferring registered property, however, is much higher than the regional average. The independent judiciary is generally effective, but courts are politicized, and corruption is common in the judicial system. Corruption, bribery, cronyism, and nepotism have been widespread and are viewed as a normal part of doing business.

GOVERNMENT SIZE



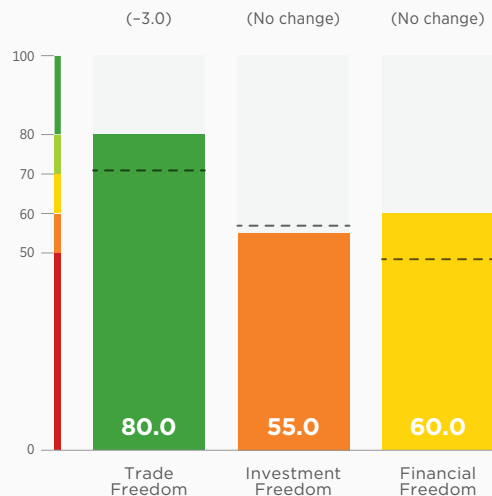
The top individual income tax rate is 35 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 14.9 percent of total domestic income. Government spending has amounted to 21.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.4 percent of GDP. Public debt is equivalent to 41.1 percent of GDP.

REGULATORY EFFICIENCY



New legislation requires phased inspections during construction, which could both ease and accelerate the construction process. Getting electricity is now less expensive. More than half of the labor force earns income in the informal sector. According to the World Bank, almost one-third of the annual budget is spent on subsidies and transfers.

OPEN MARKETS



Thailand has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 5.0 percent, and 240 nontariff measures are in effect. To facilitate greater foreign investment, measures such as abolishing regulations on minimum capital for foreign firms have been taken, but foreign ownership in some sectors remains capped. The financial system has undergone restructuring, and the stock exchange is active and open to foreign investors.

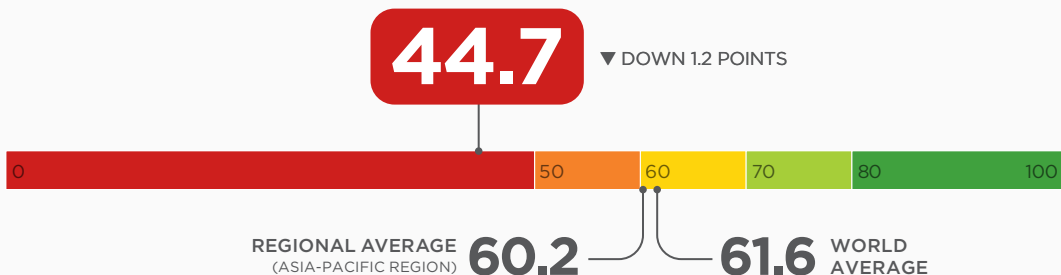
TIMOR-LESTE

Timor-Leste's economic freedom score is 44.7, making its economy the 170th freest in the 2021 *Index*. Its overall score has decreased by 1.2 points, primarily because of a decline in **property rights**. Timor-Leste is ranked 38th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The economy of Timor-Leste has registered few signs of economic freedom since its inclusion in the *Index* in 2009. The Timorese economy depends on government expenditures funded by drawdowns from the Petroleum Fund. Other impediments to greater economic freedom are pervasive corruption, which weakens government integrity, and the ineffectiveness of the judicial system.

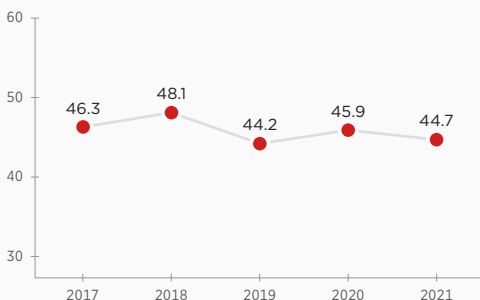
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Timor-Leste, but the economy was forecast to contract by 6.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -5.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$2.0 billion
3.1% growth in 2019
5-year compound
annual growth 1.0%
\$3,253 per capita

UNEMPLOYMENT:
4.5%

INFLATION (CPI):
0.1%

FDI INFLOW:
\$74.6 million

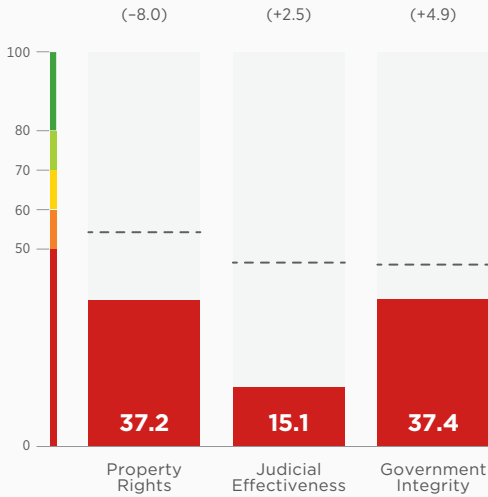
PUBLIC DEBT: 3.8%
of GDP (2017)

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Democratic Republic of Timor-Leste gained independence from Indonesia in 2002 and has struggled to achieve political stability. U.N. peacekeepers were required until 2012. Current President Francisco Guterres and Prime Minister Taur Matan Ruak have clashed as they maneuver for power. Timor-Leste remains one of East Asia's poorest countries and is heavily dependent on foreign aid. Economic liberalization has largely stalled. Oil and gas account for more than 95 percent of government revenue, which is consigned to a Petroleum Fund that at the end of February 2019 had assets of \$16.6 billion, an amount that the IMF forecasts will decline rapidly in the coming years. The technology-intensive oil industry has done little to create jobs.

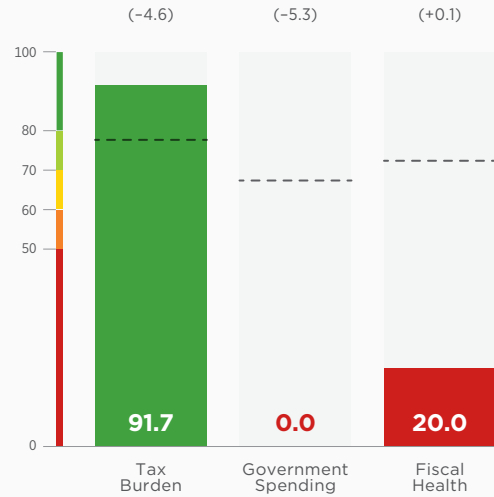
12 ECONOMIC FREEDOMS | TIMOR-LESTE

RULE OF LAW



Laws governing land and property ownership in Timor-Leste are unclear and uncertain. Numerous claims are unresolved because of conflicting statutes from the Portuguese, Indonesian, and post-independence eras. The overly complex legal framework reflects the same confusing pedigree, although the government is instituting some judicial reforms. The World Bank estimates that as much as 2 percent of GDP is lost annually to corruption.

GOVERNMENT SIZE



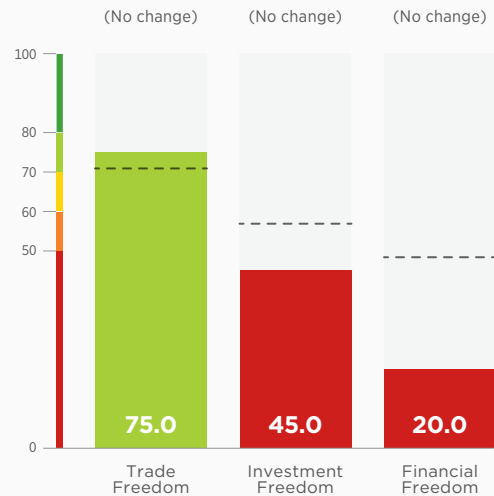
The top individual income and corporate tax rates are 10 percent. Most government revenue comes from offshore petroleum projects in the Timor Sea. The overall tax burden equals 25.0 percent of total domestic income. Government spending has amounted to 86.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 31.2 percent of GDP. Public debt is equivalent to 3.8 percent of GDP.

REGULATORY EFFICIENCY



A social security contribution scheme paid by employers has increased the cost of operating a business. Labor force participation declined in 2019. Young people entering the labor force have found limited opportunities for employment, and the large offshore oil and gas industry creates few jobs. Petroleum revenues have enabled the government to stimulate domestic consumption through direct or indirect subsidies, but better fiscal management is needed.

OPEN MARKETS



Timor-Leste's average tariff rate is 2.5 percent, but overall trade freedom is hampered considerably by nontariff barriers and institutional shortcomings. Timor-Leste is not a member of the World Trade Organization. Foreign ownership of land is not allowed, and investment in other sectors of the economy is screened. The financial sector is still at a nascent stage of development, and access to credit is challenging for a new company.

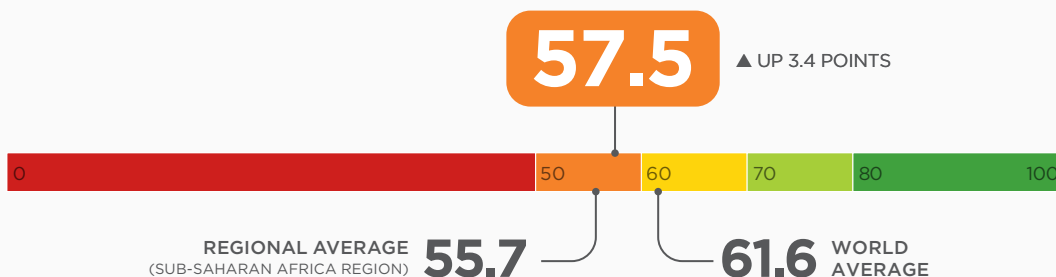
TOGO

Togo's economic freedom score is 57.5, making its economy the 113th freest in the 2021 *Index*. Its overall score has increased by 3.4 points, primarily because of an improvement in **fiscal health**. Togo is ranked 18th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Togo's economy is still rated mostly unfree this year despite some solid gains. The government would like to attract private investment to establish Togo as a financial and logistics hub. Success, however, would require greater economic freedom, and that would mean making deep and comprehensive reforms in Togo's rule-of-law institutions to improve the judicial system and tackle the serious and long-standing problem of corruption.

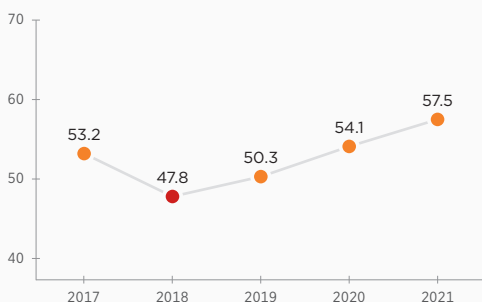
IMPACT OF COVID-19: As of December 1, 2020, 64 deaths had been attributed to the pandemic in Togo, and the economy was forecast to experience no growth for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +9.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.1 million

GDP (PPP):
\$15.0 billion
5.3% growth in 2019
5-year compound
annual growth 5.2%
\$1,662 per capita

UNEMPLOYMENT:
2.0%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$133.3 million

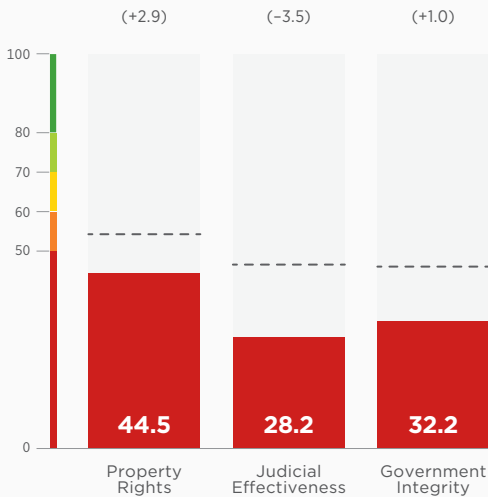
PUBLIC DEBT:
71.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: French Togoland became Togo in 1960. General Gnassingbé Eyadema was installed as military ruler in 1967 and remained in power for almost four decades. Faure Gnassingbé, appointed to the presidency by the military in 2005 following the death of his father, was elected president later that year, and his Union for the Republic dominates the political landscape. In February 2020, he won a fourth five-year term pursuant to a 2019 constitutional change that permitted him to serve two additional terms. The economy depends heavily on commercial and subsistence agriculture, which employs about 60 percent of the labor force. Togo has one of West Africa's few natural deep-water ports, and its secure territorial waters have become a relatively safe zone for international shippers.

12 ECONOMIC FREEDOMS | TOGO

RULE OF LAW



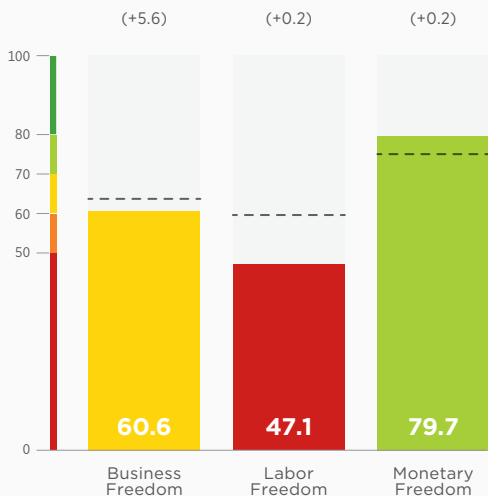
Protection of real property is difficult because most land lacks a clear title. The statutes governing property are poorly defined mixtures of civil code and traditional laws, and legal fights over inheritances are frequent. Contracts are difficult to enforce. The opaque judicial system is inadequately resourced and heavily influenced by the presidency. Graft and corruption remain serious problems.

GOVERNMENT SIZE



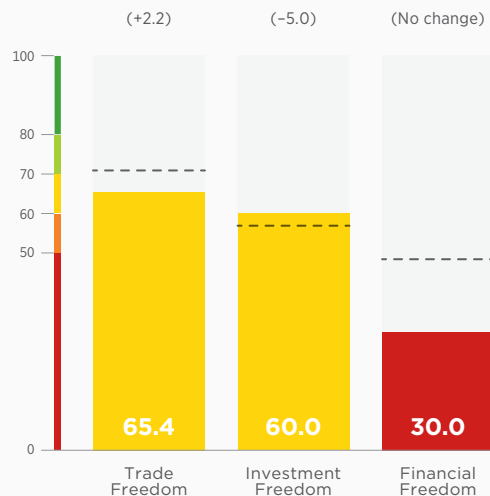
The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and property taxes. The overall tax burden equals 21.0 percent of total domestic income. Government spending has amounted to 22.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.4 percent of GDP. Public debt is equivalent to 71.0 percent of GDP.

REGULATORY EFFICIENCY



The time required to register a company has been reduced, and the requirement for notarization of company documents has been abolished. Fees when dealing with construction permits have been reduced, and the process has been simplified. The labor market is not dynamic, and labor informality is substantial. According to the IMF, subsidies and transfers consumed 3.9 percent of GDP in 2020.

OPEN MARKETS



Togo has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.3 percent, and one formal nontariff measure is in effect. Other nontariff barriers remain in effect, although the time required for border compliance for exporting and importing has been reduced. Foreign and domestic investors are generally treated equally under the law, but the overall investment regime lacks efficiency. Banking services are not widely used.

WORLD RANK: **115** | REGIONAL RANK: **23**

ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

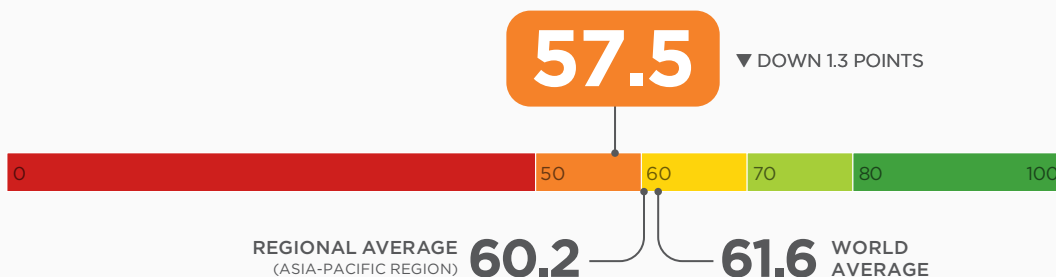
TONGA

Tonga's economic freedom score is 57.5, making its economy the 115th freest in the 2021 *Index*. Its overall score has decreased by 1.3 points, primarily because of a decline in **property rights**. Tonga is ranked 23rd among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Tonganese economy remains in the ranks of the mostly unfree for the third year in a row. Given the country's exposure to natural disasters and the loss of workers to emigration, the government is struggling to promote economic development. To help achieve that goal, it should promote economic freedom by strengthening the rule of law and making business-friendly improvements in the investment code and financial services sector.

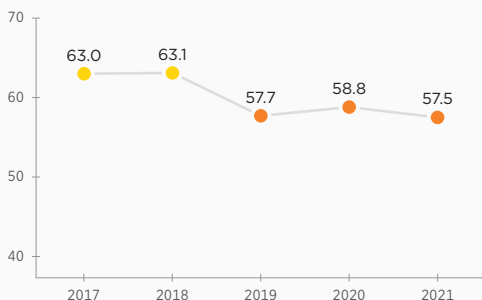
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Tonga, but the economy was forecast to contract by 2.5 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.6 billion
-0.1% growth
in 2019
5-year compound
annual growth 2.4%
\$6,940 per capita

UNEMPLOYMENT:
1.1%

INFLATION (CPI):
4.7%

FDI INFLOW:
\$12.6 million

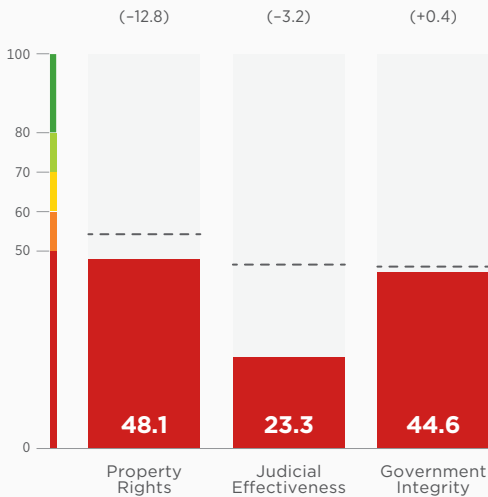
PUBLIC DEBT: 48.0%
of GDP (2017)

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The archipelagos of the Friendly Islands were united in 1845. The Kingdom of Tonga, the South Pacific's last Polynesian monarchy, withdrew from British protection and became fully independent in 1970. The royal family of King Tupou VI, hereditary nobles, and a few other landholders control politics. Tonga held its first elections in 2010 under a newly formed constitutional monarchy. The Democratic Party of the Friendly Islands (DPFI) won a plurality in parliament and retained power in elections held in 2014 and 2017. After his death, the late Prime Minister 'Akilisi Pohiva was replaced by Pohiva Tu'i'onetoa. Tonga's economy depends on such agricultural products as squash, vanilla beans, and yams as well as on tourism and exports of fish. Emigrants' remittances account for nearly one-third of GDP.

12 ECONOMIC FREEDOMS | TONGA

RULE OF LAW



Technically, all land belongs to the king. Property rights are ill-defined in law, and their enforcement is weak. The judiciary is generally independent but poorly resourced and slow. Corruption and abuse of office are serious problems. Although government officials and leaders of state-owned companies are sometimes held to account for bribery and other malfeasance, anticorruption mechanisms are generally weak and lacking in resources.

GOVERNMENT SIZE



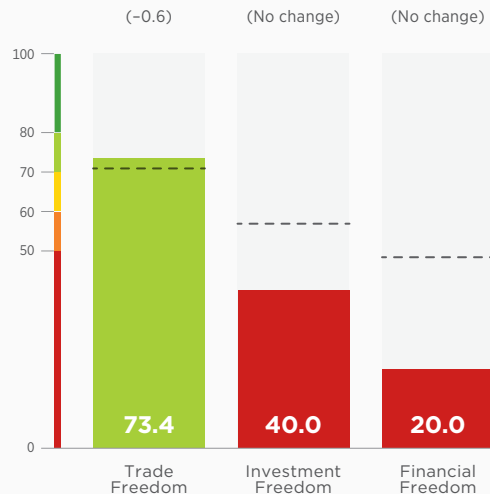
The top individual income tax rate is 20 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 22.3 percent of total domestic income. Government spending has amounted to 39.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.4 percent of GDP. In 2017, public debt was equivalent to 48.0 percent of GDP.

REGULATORY EFFICIENCY



The construction permitting process has become less transparent. The presence of an English-speaking, well-educated workforce eases companies' participation in the global economy. The government is dependent on foreign aid and remains under pressure from international donors to scale back subsidies for electricity and loss-making state-owned enterprises.

OPEN MARKETS



Tonga has two preferential trade agreements in force. The trade-weighted average tariff rate is 5.8 percent, but layers of nontariff barriers continue to impede trade flows. The overall investment framework lacks transparency, and foreign investment in several sectors of the economy is restricted. The underdeveloped financial sector's limited ability to offer affordable credit undermines the development of a dynamic entrepreneurial sector.

TRINIDAD AND TOBAGO

WORLD RANK:

102

REGIONAL RANK:

20

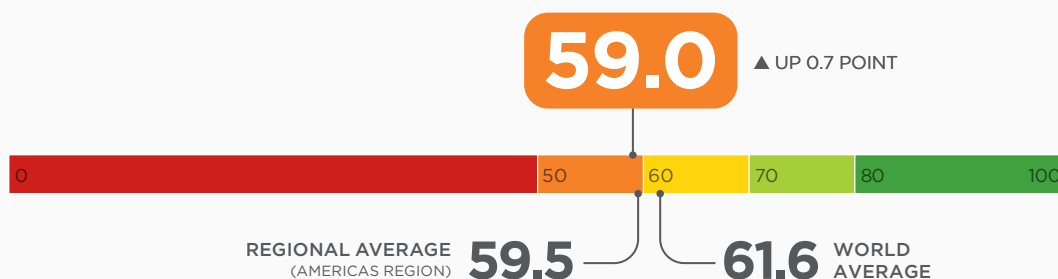
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Trinidad and Tobago's economic freedom score is 59.0, making its economy the 102nd freest in the 2021 *Index*. Its overall score has increased by 0.7 point, primarily because of an improvement in **monetary freedom**. Trinidad and Tobago is ranked 20th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

This year, the economy of Trinidad and Tobago nearly regained the moderately free category from which it fell in 2018. To make it back into the ranks of greater economic freedom, the government will need to get its external debt under control and make a concerted effort to strengthen the rule of law, a need that is reflected especially in its notably weak *Index* indicator scores for judicial effectiveness and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 120 deaths had been attributed to the pandemic in Trinidad and Tobago, and the economy was forecast to contract by 5.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -10.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$44.9 billion
0.0% growth in 2019
5-year compound
annual growth -1.4%
\$27,261 per capita

UNEMPLOYMENT:
2.7%

INFLATION (CPI):
1.0%

FDI INFLOW:
\$229.9 million

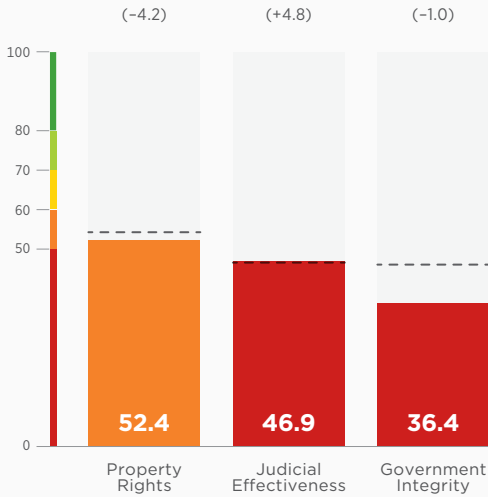
PUBLIC DEBT:
61.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Trinidad and Tobago is one of the Caribbean's wealthiest nations. Hydrocarbons account for more than 40 percent of GDP and 80 percent of exports. Prime Minister Keith Rowley of the center-left People's National Movement was elected to a second consecutive five-year term in 2020 and retains majority control in Congress. However, his government must contend with weak economic growth and rising crime. The U.S. recently threatened to penalize the government for violating U.S. sanctions following the visit of Venezuela's foreign minister. Oil production has declined over the past decade as the country has focused on natural gas. Financial services and construction have been among the strongest non-energy subsectors, and tourism has the potential for significant growth.

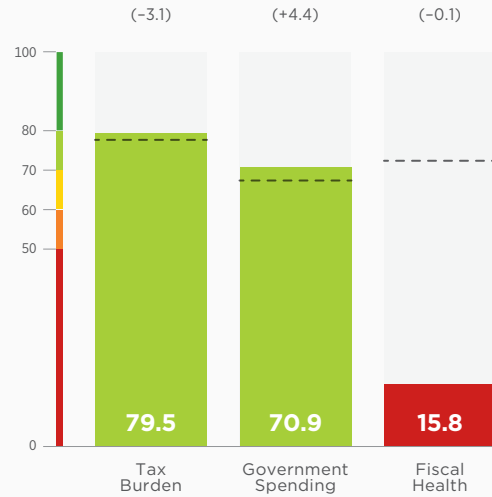
12 ECONOMIC FREEDOMS | TRINIDAD AND TOBAGO

RULE OF LAW



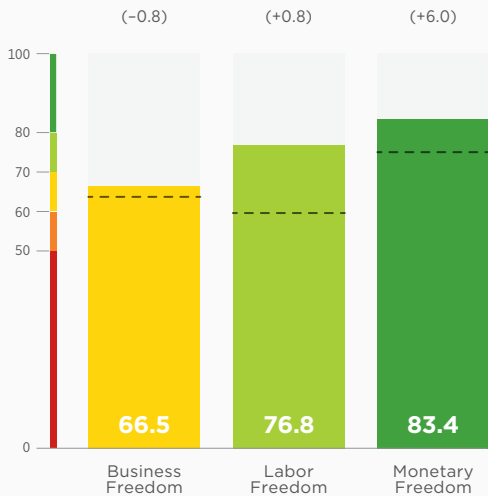
The legal system protects property rights, but property registration is cumbersome, time-consuming, and costly. Contract enforcement is a lengthy process. The judiciary is independent but slow, inefficient, and subject to political pressure. The high incidence of violent drug-related crimes contributes to a backlog of court cases and narcotics-related graft in the police force. A long history of corruption and mismanagement under successive governments stretches back to colonial times.

GOVERNMENT SIZE



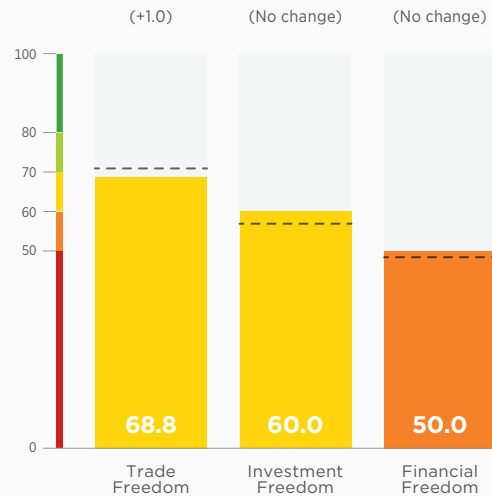
The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property taxes. The overall tax burden equals 22.9 percent of total domestic income. Government spending has amounted to 31.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.9 percent of GDP. Public debt is equivalent to 61.5 percent of GDP.

REGULATORY EFFICIENCY



Business freedom in Trinidad and Tobago has declined for the third year in a row. The lack of transparency can make the regulatory system difficult to manage. The labor force is highly educated, and no new labor laws or regulations have been enacted. Despite lower oil revenues, the government has stuck with the withdrawal of fuel subsidies implemented in the 2018-2019 budget.

OPEN MARKETS



Trinidad and Tobago has three preferential trade agreements in force. The simple average tariff rate is 8.1 percent, and three nontariff measures are in effect. Overall trade freedom is hampered by other lingering barriers to trade flows. Foreign investors are granted national treatment, but the investment regime lacks efficiency. The financial sector is evolving, and the banking system is relatively stable. Banking services are uneven across the country.

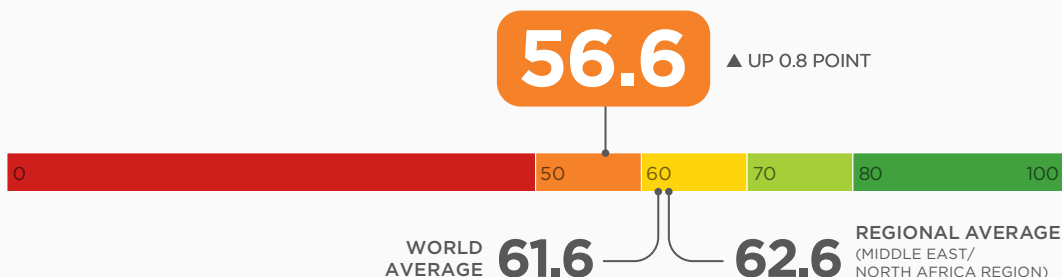
TUNISIA

Tunisia's economic freedom score is 56.6, making its economy the 119th freest in the 2021 *Index*. Its overall score has increased by 0.8 point, primarily because of an improvement in **fiscal health**. Tunisia is ranked 10th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

This year, Tunisia's economy remained in the ranks of the mostly unfree where it has been for more than a decade, despite the hopes for significant liberalization that were raised by the 2011 Arab Spring. The fastest path to greater economic freedom would require the government to address shortcomings in fiscal health, financial freedom, judicial effectiveness, and government integrity.

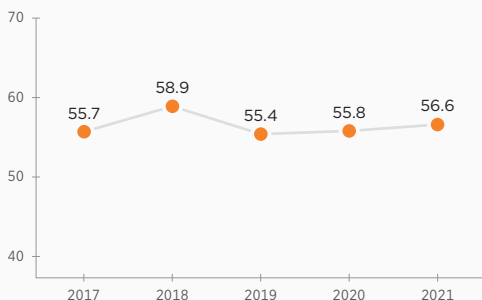
IMPACT OF COVID-19: As of December 1, 2020, 3,260 deaths had been attributed to the pandemic in Tunisia, and the economy was forecast to contract by 7.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.7 million

GDP (PPP):
\$148.7 billion
1.0% growth in 2019
5-year compound
annual growth 1.6%
\$11,201 per capita

UNEMPLOYMENT:
16.0%

INFLATION (CPI):
6.7%

FDI INFLOW:
\$844.8 million

PUBLIC DEBT: 71.1%
of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Tunisia was the birthplace of the Arab Spring protests, which in 2011 ousted longtime President Zine al-Abidine Ben Ali. Kais Saïed, a politically independent center-left constitutional lawyer, was elected president in an October 2019 landslide that highlighted a strong antiestablishment sentiment among Tunisians, particularly younger voters. However, parliamentary fragmentation has led to political instability. Hizb al-Nahda, a moderately Islamist party, won the most parliamentary seats. Despite notable progress in democratization and ongoing reform efforts, Tunisia's transformation to a more market-oriented economy has been slowed by political instability and violent protests engendered by austerity measures. Key exports include textiles and apparel, food products, petroleum products, chemicals, and phosphates, with about 80 percent of exports bound for Tunisia's principal trading partner, the European Union.

12 ECONOMIC FREEDOMS | TUNISIA

RULE OF LAW



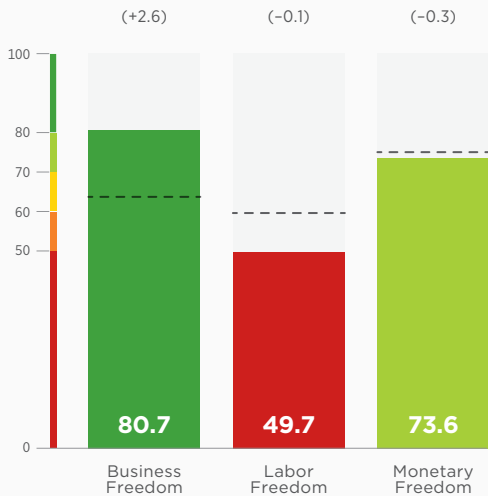
Secured interests in property are enforced, but protection of property rights is vulnerable to corruption. Clarity of titles is poor, and the lack of titles for large portions of agricultural land is the cause of many disputes. The judiciary is generally independent, but judicial reform has stalled. Corruption is endemic at all levels of government and law enforcement. High-level officials act with impunity. Anticorruption efforts promised during the Arab Spring have been implemented weakly if at all.

GOVERNMENT SIZE



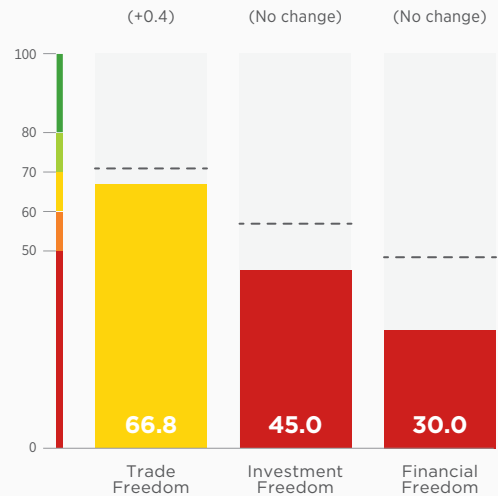
The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 31.2 percent of total domestic income. Government spending has amounted to 31.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.8 percent of GDP. Public debt is equivalent to 71.1 percent of GDP.

REGULATORY EFFICIENCY



Expansion of the one-stop shop to include more services has made it easier to start a business. Fees for starting a business have been reduced. Tunisia currently suffers from a brain drain as many with specialized skills leave to seek work elsewhere. The government continues to face pressure from foreign lenders to reduce energy subsidies, which the IMF forecast would consume 1.7 percent of GDP in 2020.

OPEN MARKETS



Tunisia has seven preferential trade agreements in force. The trade-weighted average tariff rate is 9.1 percent with 13 formal nontariff measures in effect. The overall benefits of trade remain undercut by other institutional shortcomings. Despite the adoption of revised investment codes that offer more flexibility to foreign investors, the overall investment regime lacks efficiency and clarity. The financial sector, dominated by banking, remains fragmented.

TURKEY

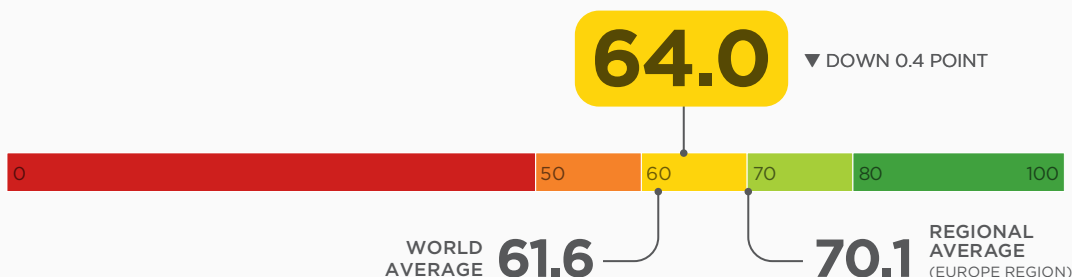
Turkey's economic freedom score is 64.0, making its economy the 76th freest in the 2021 *Index*. Its overall score has decreased by 0.4 point, primarily because of a decline in **fiscal health**. Turkey is ranked 37th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Turkish economy remains moderately free this year. Any advancement will require broad reform to improve the transparency and efficiency of the regulatory system. More urgently, the government needs to strengthen judicial effectiveness and the fight against corruption, both of which remain damaged in the aftermath of the purging of the judicial system that followed the attempted coup in 2016.

IMPACT OF COVID-19: As of December 1, 2020, 13,936 deaths had been attributed to the pandemic in Turkey, and the economy was forecast to contract by 5.0 percent for the year.

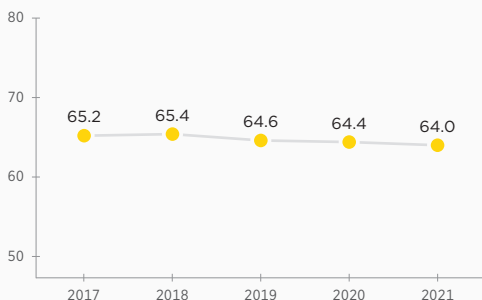


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
83.4 million

GDP (PPP):
\$2.4 trillion
0.9% growth in 2019
5-year compound
annual growth 4.1%
\$27,875 per capita

UNEMPLOYMENT:
13.5%

INFLATION (CPI):
15.2%

FDI INFLOW:
\$8.4 billion

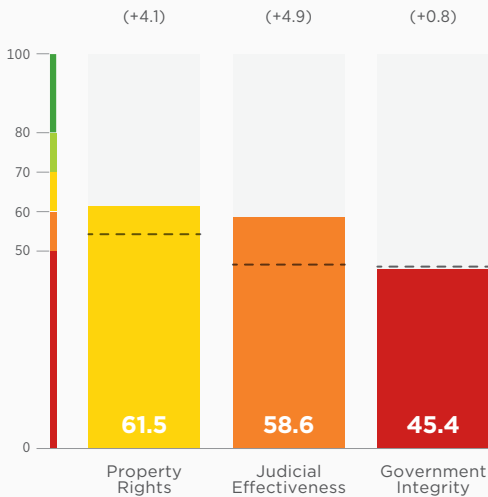
PUBLIC DEBT:
33.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Turkey is a constitutionally secular republic, but President Recep Tayyip Erdogan's Justice and Development Party (AKP) has pursued an Islamist agenda and eroded democracy. Erdogan further consolidated power after 2018 elections allowed an AKP coalition with the Nationalist Action Party to retain control of the unicameral national assembly while Erdogan managed by a slim margin to win a second four-year term as president. Turkey's largely free-market and diversified economy is driven by its industrial and service sectors, but traditional agriculture still accounts for about 25 percent of employment. Although the economy has shown resilience in the past, political instability has blocked needed reforms, and a 2018 currency crisis and recession have put severe pressure on the country.

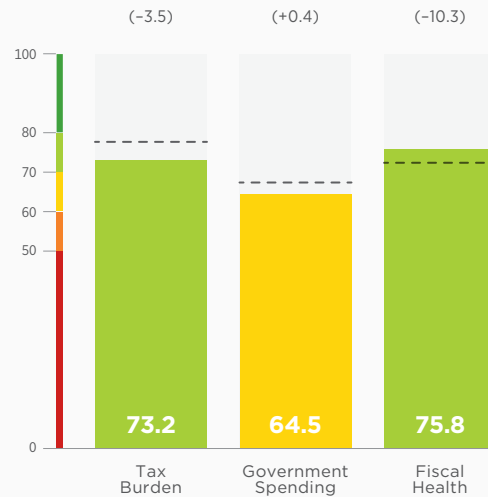
12 ECONOMIC FREEDOMS | TURKEY

RULE OF LAW



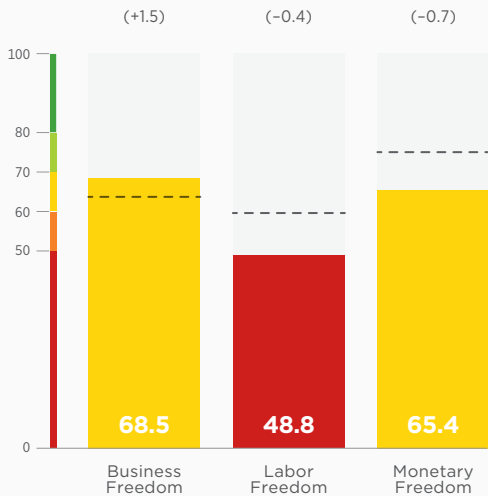
Secured interests in property, both movable and real, are generally recognized and enforced, but assets worth billions were expropriated from government critics after the 2016 failed coup attempt. The judiciary is independent but heavily influenced by the executive. Courts are overburdened and slow. Corruption, including money laundering, bribery, and collusion in the allocation of government contracts, remains a major problem even at the highest levels of government.

GOVERNMENT SIZE



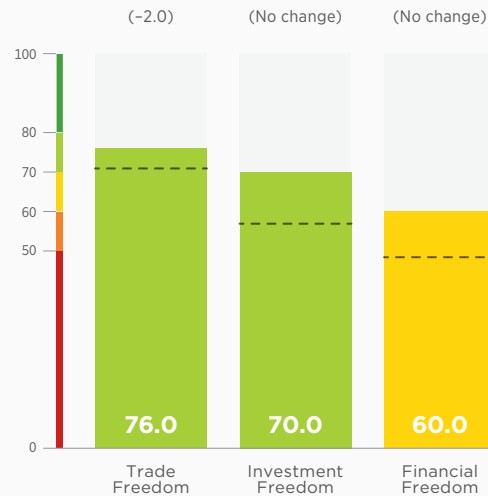
The top individual income tax rate has been increased to 40 percent, and the top corporate tax rate is 22 percent. Other taxes include a value-added tax. The overall tax burden equals 24.4 percent of total domestic income. Government spending has amounted to 34.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 33.1 percent of GDP.

REGULATORY EFFICIENCY



Amendments to the tax code have eased the cost of investment. It now also costs less to start a business and deal with construction permits. Rigid labor laws prevent the development of a more dynamic labor market. Historically, Turkey has had few price controls, but the World Bank reports that funding for subsidies and transfer payments consumes nearly half of the annual budget.

OPEN MARKETS



Turkey has 22 preferential trade agreements in force. The trade-weighted average tariff rate is 4.5 percent, and 337 nontariff measures are in effect. Persistent hurdles to more dynamic foreign investment flows include bureaucracy and the lack of transparency. Large-scale investment incentives have been replaced by more sector-specific measures. The financial system is subject to state influence, and state-owned banks dominate the banking sector.

WORLD RANK:
167

REGIONAL RANK:
37

ECONOMIC FREEDOM STATUS:
REPRESSED

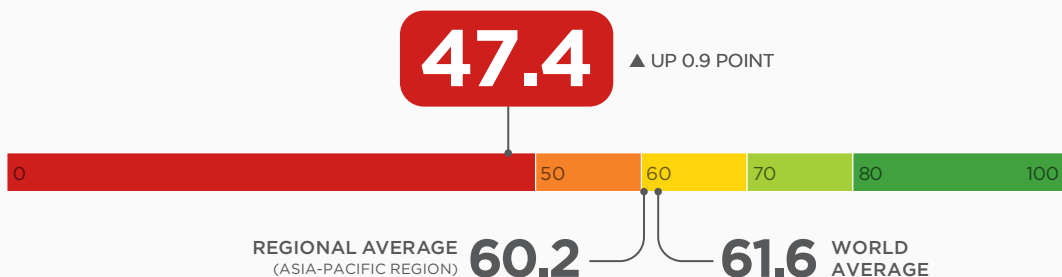
TURKMENISTAN

Turkmenistan's economic freedom score is 47.4, making its economy the 167th freest in the 2021 *Index*. Its overall score has increased by 0.9 point, primarily because of an improvement in **property rights**. Turkmenistan is ranked 37th among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Turkmenistan's economy remains one of the most repressed in the *Index*. Economic freedom is not attainable in any meaningful sense in Turkmenistan as the governing regime is currently constituted. In the absence of a robust private sector, the state plays an extremely important role in economic activity and maintains monopoly control of the development of new onshore hydrocarbon fields.

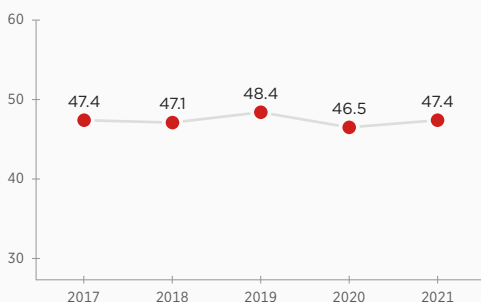
IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Turkmenistan, but economic growth was forecast to decline to 1.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +12.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.9 million

GDP (PPP):
\$121.8 billion
6.3% growth in 2019
5-year compound
annual growth 6.3%
\$18,200 per capita
(2017)

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
5.1%

FDI INFLOW:
\$2.2 billion

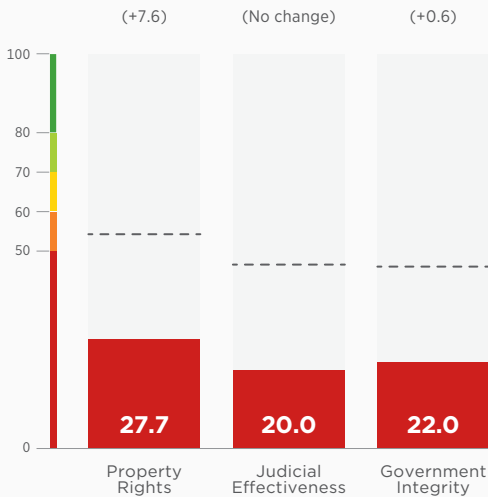
PUBLIC DEBT:
29.5% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Once an important stop on the Silk Road, the former Soviet republic of Turkmenistan is now a dictatorship and one of the world's most secretive, closed, and authoritarian countries. The presidency of Gurbanguly Berdymukhamedov, who has been in power since 2007 and was reelected to a third term in 2017, has not brought about any advances in political, social, or media freedom. The economy remains dominated by state-owned monopolies and is based on intensive agriculture in irrigated oases, sizable oil resources, and the world's fourth-largest reserves of natural gas. China is currently its largest export market, especially for gas, but deliveries of natural gas to Russia were resumed in 2019.

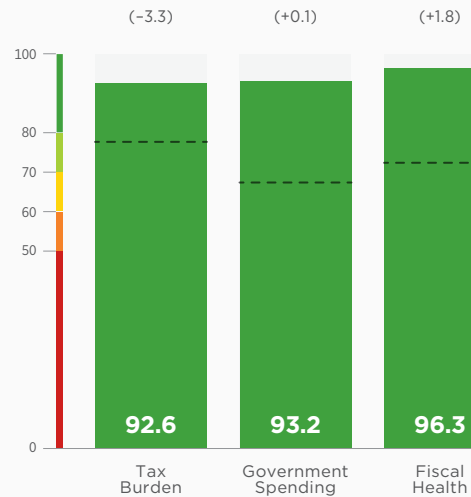
12 ECONOMIC FREEDOMS | TURKMENISTAN

RULE OF LAW



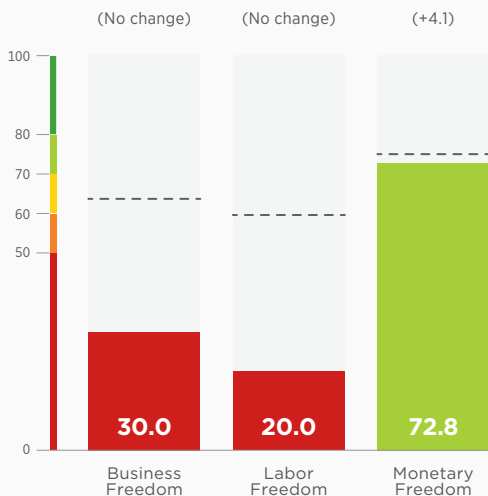
The government owns all land, and other real property ownership rights are limited. Enforcement of contracts and protection of property rights are ineffective. The nominally independent judiciary is subservient to the president, who appoints and removes judges at will. Laws are poorly developed, and judges are poorly trained and open to bribery. Corruption is widespread.

GOVERNMENT SIZE



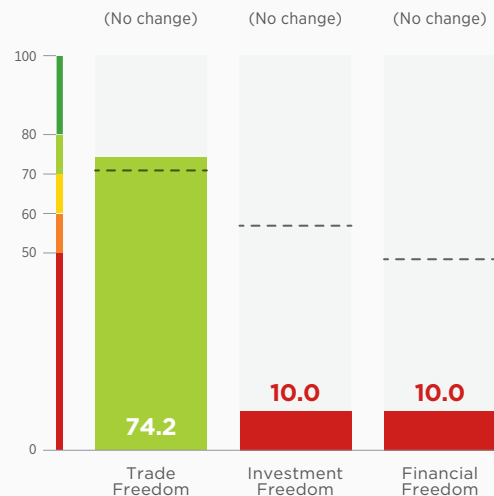
The individual income tax rate is a flat 10 percent, and the corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 15.6 percent of total domestic income. Government spending has amounted to 15.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 29.5 percent of GDP.

REGULATORY EFFICIENCY



The business climate has not improved under the current autocratic government, and state-owned industries have not been privatized. Agriculture accounts for about 8 percent of GDP but employs almost half of the workforce. The government ended free access to subsidized water, gas, and electricity in 2018. In 2020, because of lower revenues from hydrocarbons, it had difficulty supplying subsidized food to the country's citizens.

OPEN MARKETS



Turkmenistan has five preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, but nontariff barriers, exacerbated by heavy government involvement in various sectors, dampen trade flows. Foreign investment is limited to a few handpicked partners and is further undercut by a lack of transparency and an opaque regulatory framework. The underdeveloped financial sector continues to constrain the flow of financial resources.

UGANDA

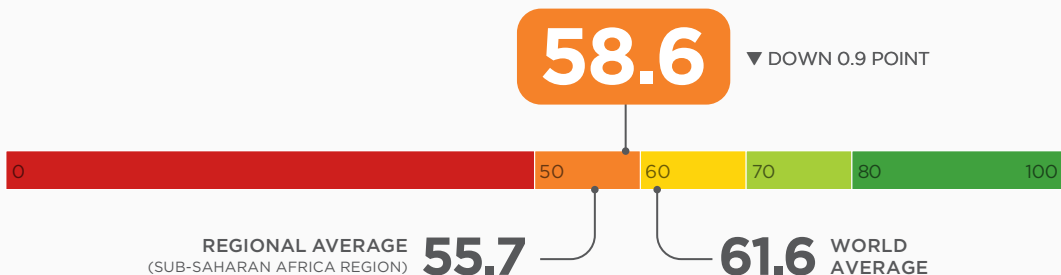
Uganda's economic freedom score is 58.6, making its economy the 106th freest in the 2021 *Index*. Its overall score has decreased by 0.9 point, primarily because of a decline in **trade freedom**. Uganda is ranked 14th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Uganda's economy is in the ranks of the mostly unfree for the third year in a row. The authoritarian and corrupt government is not likely to expand economic freedom enough to achieve its goal of transforming Uganda into an upper-middle-income country by 2040. Institutional capacity remains weak, as reflected by low *Index* indicator scores for government integrity, judicial effectiveness, and business freedom.

IMPACT OF COVID-19: As of December 1, 2020, 205 deaths had been attributed to the pandemic in Uganda, and the economy was forecast to contract by 0.3 percent for the year.

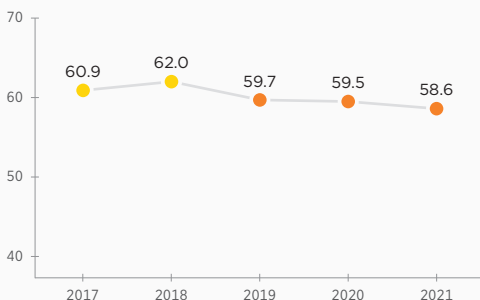
WORLD RANK: **106** REGIONAL RANK: **14**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
44.3 million

GDP (PPP):
\$118.7 billion
4.9% growth in 2019
5-year compound
annual growth 4.9%
\$2,272 per capita

UNEMPLOYMENT:
1.8%

INFLATION (CPI):
2.9%

FDI INFLOW:
\$1.3 billion

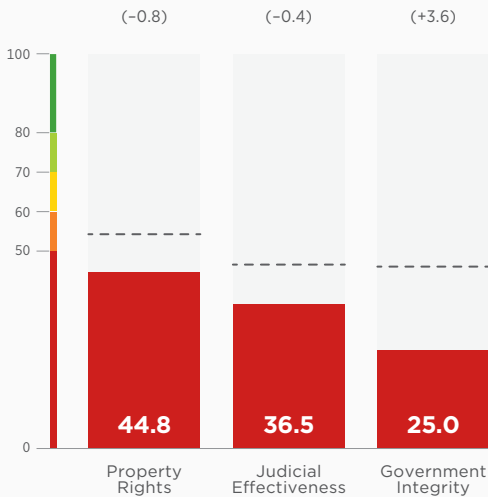
PUBLIC DEBT:
40.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The mix of politically and culturally diverse ethnic groups within the former British colony of Uganda complicated governance after independence in 1962. President Yoweri Museveni and his National Resistance Movement have been in power since 1986. In 2016, Museveni won a fifth five-year term in elections that were tainted by government intimidation and multiple arrests of the principal opposition leader. Harassment of other political opponents has intensified amid allegations of creeping authoritarianism. Parliament has amended the constitution several times to allow Museveni to remain in power. Uganda's significant natural wealth includes gold, recently discovered oil, and rich agricultural lands from which more than two-thirds of the workforce derives employment.

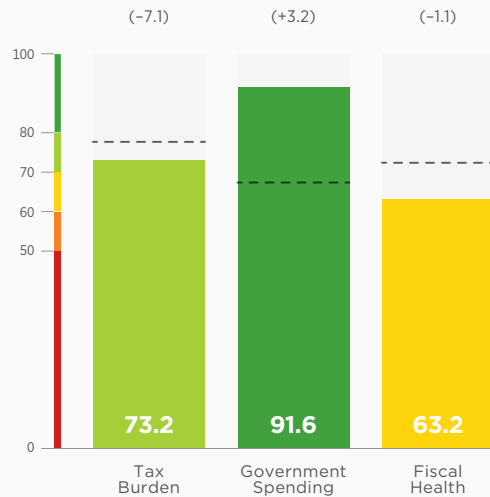
12 ECONOMIC FREEDOMS | UGANDA

RULE OF LAW



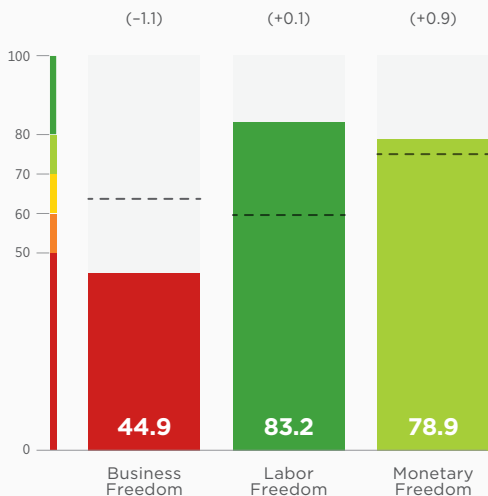
Property rights are enforced by the courts, but judgments are often influenced by corruption. Customary land tenure is widespread in northern Uganda, and land disputes, some of which are violent, are common. The judiciary is understaffed, inefficient, and subject to undue influence by the executive and the military. Corruption is endemic and often practiced with impunity.

GOVERNMENT SIZE



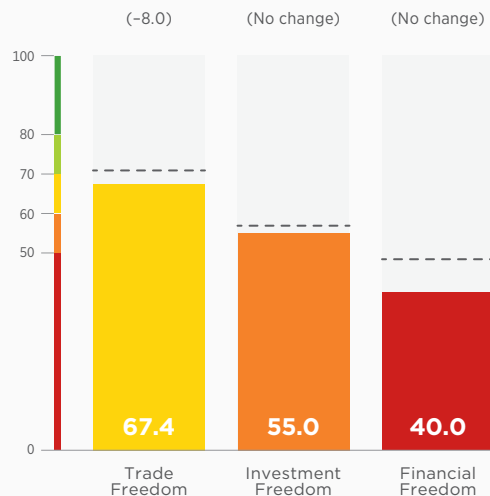
The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property taxes. The overall tax burden equals 13.5 percent of total domestic income. Government spending has amounted to 16.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 40.0 percent of GDP.

REGULATORY EFFICIENCY



Entry costs for starting a business have increased. President Museveni rejected a minimum wage bill, but most of the labor force is engaged in subsistence-type agriculture in any case. The government continues to subsidize the opaque and sometimes corrupt operations of state-owned enterprises heavily, often by borrowing from China.

OPEN MARKETS



Uganda has two preferential trade agreements in force. The trade-weighted average tariff rate is 11.3 percent, and 22 non-tariff measures are in effect. Other barriers to trade persist. The recently enacted investment code established a one-stop investment center, but the overall investment framework lacks efficiency and transparency. The underdeveloped financial sector remains subject to state influence, and financial-system inclusiveness is low across the country.

UKRAINE

WORLD RANK:

127

REGIONAL RANK:

45

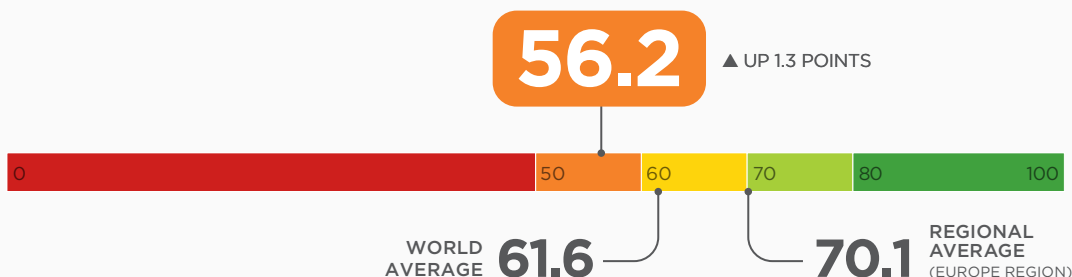
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Ukraine's economic freedom score is 56.2, making its economy the 127th freest in the 2021 *Index*. Its overall score has increased by 1.3 points, primarily because of an increase in the **tax burden** score. Ukraine is ranked last among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Ukraine's ranking improved slightly within the mostly unfree category this year. To maintain the momentum toward greater economic freedom, the government will need to boost investor confidence by continuing to upgrade the investment code and by undertaking deep and comprehensive reforms to strengthen rule-of-law institutions and improve the protection of property rights, judicial effectiveness, and government integrity.

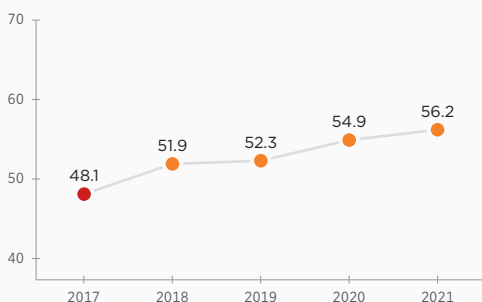
IMPACT OF COVID-19: As of December 1, 2020, 12,962 deaths had been attributed to the pandemic in Ukraine, and the economy was forecast to contract by 7.2 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +16.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:

44.4 million

GDP (PPP):

\$409.8 billion
3.2% growth in 2019
5-year compound
annual growth 0.3%
\$13,341 per capita

UNEMPLOYMENT:

8.9%

INFLATION (CPI):

7.9%

FDI INFLOW:

\$3.1 billion

PUBLIC DEBT:

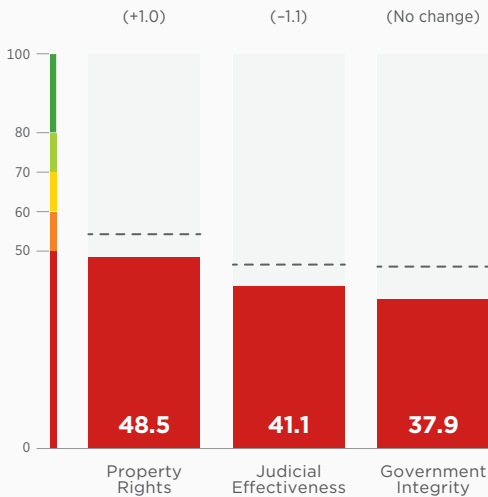
50.1% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Long known as the “Breadbasket of Europe” because of its fertile black soil, Ukraine gained independence after the Soviet Union collapsed in 1991. In the six years since the “Maidan” revolution, Ukraine's political landscape has been transformed. Rival business-political networks continue to exercise significant influence, but a generational change is in progress. Actor and comedian Volodymyr Zelenskyy, a 41-year-old political newcomer, won the April 2019 presidential election, and his party won an absolute majority in July 2019 parliamentary elections. Russia's illegal annexation of the Crimean Peninsula and destabilization of the eastern Donbas region continue to damage the Ukrainian economy, which relies heavily on the production of wheat and exports of industrial and energy products.

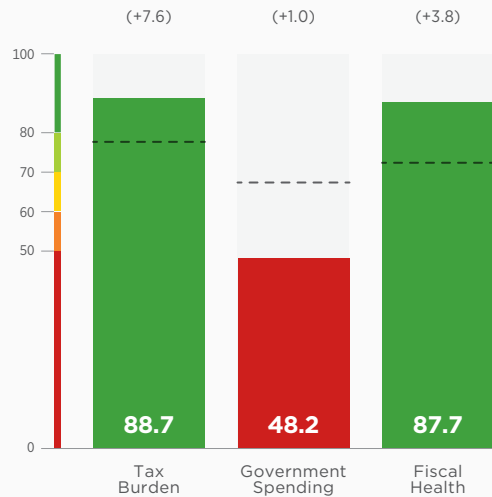
12 ECONOMIC FREEDOMS | UKRAINE

RULE OF LAW



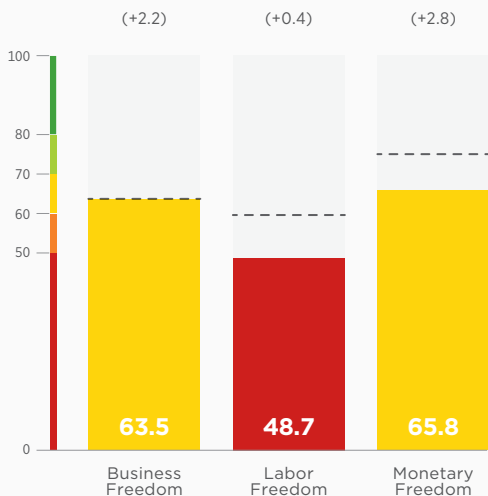
Ukrainian law addresses property rights, but enforcement by corrupt courts is unreliable. Mortgages and liens are recorded. Enforcement of contracts is time-consuming and costly. The judiciary's susceptibility to political pressure, corruption, and bribery weakens public confidence in the courts. Government integrity is severely compromised, and corruption within state-owned enterprises is of particular concern.

GOVERNMENT SIZE



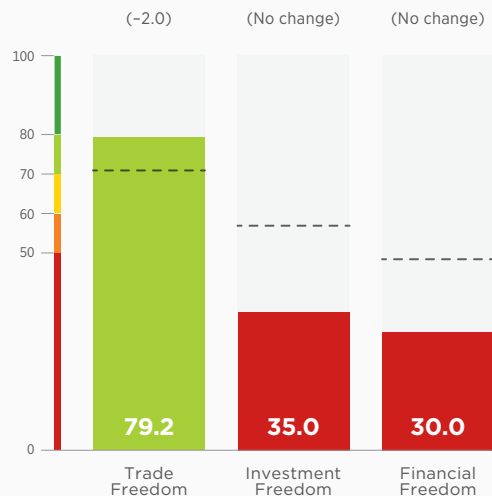
The top individual income tax rate is 20 percent, and the top corporate tax rate is 18 percent. Other taxes include value-added and property taxes. The overall tax burden equals 20.1 percent of total domestic income. Government spending has amounted to 41.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 50.1 percent of GDP.

REGULATORY EFFICIENCY



Ukraine has simplified the process for obtaining construction permits, which are now also less costly in Kyiv because the contribution fee to the City Council has been reduced. The reliability of the power supply has improved. The labor force participation rate rose in 2019. According to World Bank data, approximately 60 percent of the government's annual budget is spent on subsidies and other transfer payments.

OPEN MARKETS



Ukraine has 18 preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, and 150 non-tariff measures are in effect. Tension with Russia continues to undercut more dynamic investment flows, and state-owned enterprises distort the economy. A new investment decree to simplify the foreign investor registration procedure was adopted in late 2019. About 65 percent of adult Ukrainians have formal banking accounts.

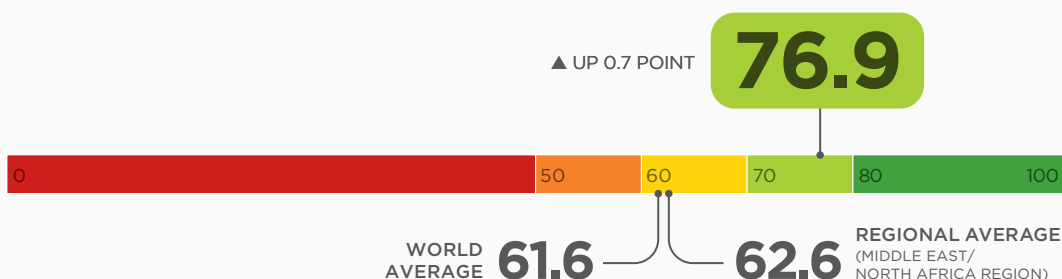
UNITED ARAB EMIRATES

The United Arab Emirates' economic freedom score is 76.9, making its economy the 14th freest in the 2021 *Index*. Its overall score has increased by 0.7 point, primarily because of an improvement in **fiscal health**. The United Arab Emirates is ranked 1st among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The economy of the United Arab Emirates has maintained its standing among the ranks of the mostly free this year. Additional economic freedom is essential, however, if the government is to succeed in diversifying away from reliance on the hydrocarbons sector. Substantial reductions in subsidy payments would likely raise *Index* indicator scores for government spending and monetary freedom. More regulatory openness to foreign investment would also be a plus.

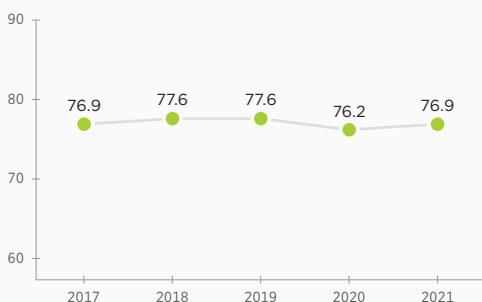
IMPACT OF COVID-19: As of December 1, 2020, 576 deaths had been attributed to the pandemic in the United Arab Emirates, and the economy was forecast to contract by 6.6 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.8 million

GDP (PPP):
\$744.1 billion
1.3% growth in 2019
5-year compound annual growth 2.3%
\$69,901 per capita

UNEMPLOYMENT:
2.4%

INFLATION (CPI):
-1.9%

FDI INFLOW:
\$13.8 billion

PUBLIC DEBT:
26.6% of GDP

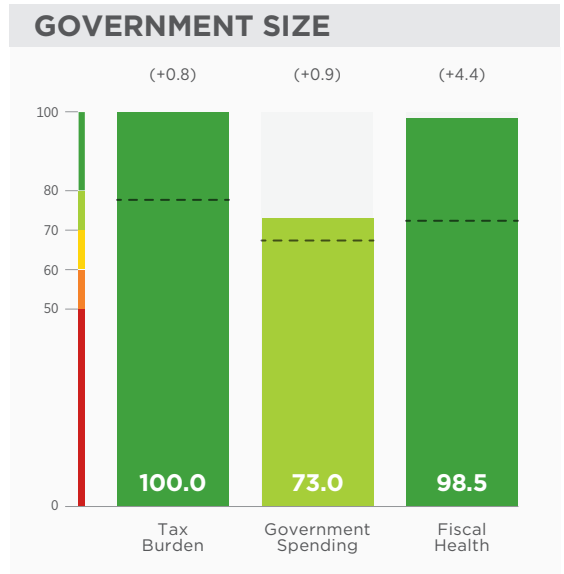
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The United Arab Emirates is a federation of seven monarchies: Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al-Khaimah, Sharjah, and Umm al-Qaiwain. The Federal Supreme Council selects the president and vice president for five-year terms, and there are no term limits. Abu Dhabi's Sheikh Khalifa bin Zayed al-Nahyan has been president since 2004. In July 2020, the UAE merged half of all federal agencies with other authorities and ministries. The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Oil and gas account for about 30 percent of GDP. A peace agreement signed with Israel in September 2020 should clear the way for increased trade, investment, technological cooperation, tourism, and strategic cooperation against Iran, which both the UAE and Israel regard as the chief threat to regional stability.

12 ECONOMIC FREEDOMS | UNITED ARAB EMIRATES



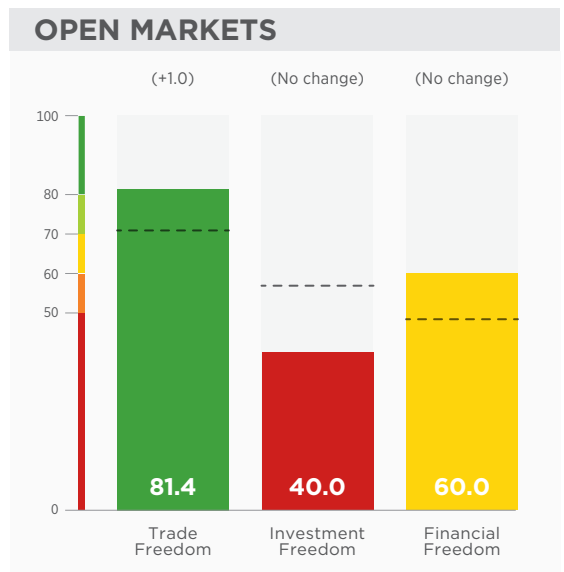
Mechanisms for enforcing property rights are predictable and fair, although each emirate establishes its own procedures for land ownership. The judiciary is not independent, and court rulings are subject to review by the political leadership, but the rule of law is generally well maintained. The UAE is one of the least corrupt countries in the region, but nepotism and corruption persist, and the government generally lacks transparency.



The UAE has no income tax and no federal-level corporate tax. Different corporate tax rates exist in some emirates, and a value-added tax has been in force since 2018. The overall tax burden equals 0.1 percent of total domestic income. Government spending has amounted to 30.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.3 percent of GDP. Public debt is equivalent to 26.6 percent of GDP.



The United Arab Emirates has cut the fees for business incorporation. Lowering the number of inspections and using a risk-based approach have made it easier to deal with construction permits. Labor unions and worker strikes are prohibited. According to the IMF, the government was projected to spend 1.4 percent of GDP on subsidies in 2020.



The United Arab Emirates has four preferential trade agreements in force. The trade-weighted average tariff rate is 4.3 percent, and 73 nontariff measures are in effect. Efforts to attract greater foreign investment continue. The cabinet has designated 122 economic activities across 13 sectors as eligible for up to 100 percent foreign ownership. The financial sector is modern and competitive, and the presence of foreign institutions in banking is strong.

UNITED KINGDOM

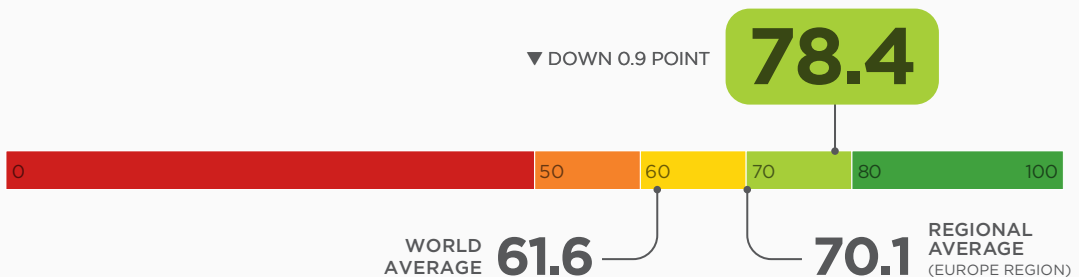


The United Kingdom's economic freedom score is 78.4, making its economy the 7th freest in the 2021 *Index*. Its overall score has decreased by 0.9 point, primarily because of a decline in **judicial effectiveness**. The United Kingdom is ranked 3rd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Although it retained its standing in the ranks of the mostly free, the economy of the United Kingdom lost a little ground this year. Nevertheless, there will be ample opportunities for greater economic freedom in the post-Brexit U.K. economy. Unshackled from the strictures of the European Union bureaucracy, the economy could register substantial improvements in *Index* indicator scores for tax burden, government spending, labor freedom, and trade freedom.

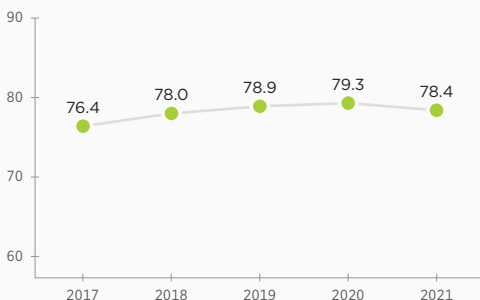
IMPACT OF COVID-19: As of December 1, 2020, 59,148 deaths had been attributed to the pandemic in the United Kingdom, and the economy was forecast to contract by 9.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
66.8 million

GDP (PPP):
\$3.2 trillion
1.4% growth in 2019
5-year compound
annual growth 1.8%
\$48,710 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
1.8%

FDI INFLOW:
\$59.1 billion

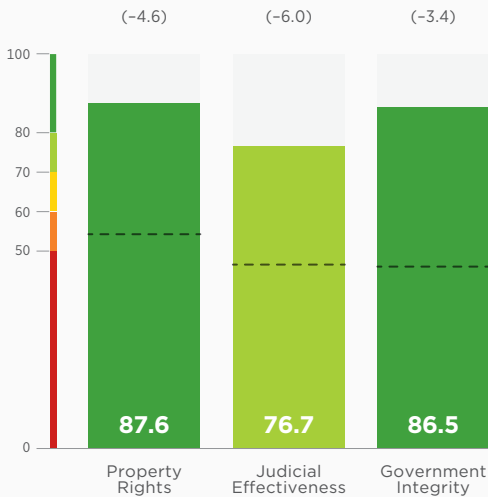
PUBLIC DEBT:
85.4% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Steady growth has made Britain's economy, which has been thriving ever since former Prime Minister Margaret Thatcher's market reforms in the 1980s, the world's fifth largest. In 2016, by popular referendum, British voters approved departure from the European Union, and the U.K. formally left the EU on January 31, 2020. A UK/EU Trade and Cooperation Agreement was concluded in December 2020, but many aspects of the future relationship remained uncertain. In December 2019, Prime Minister Boris Johnson led the Conservative Party to its largest electoral victory since 1987. Formal negotiations on a U.S.-U.K. free-trade agreement began in May 2020. Services, particularly banking, insurance, and business services, are key drivers of GDP growth. Large oil and natural gas reserves are declining.

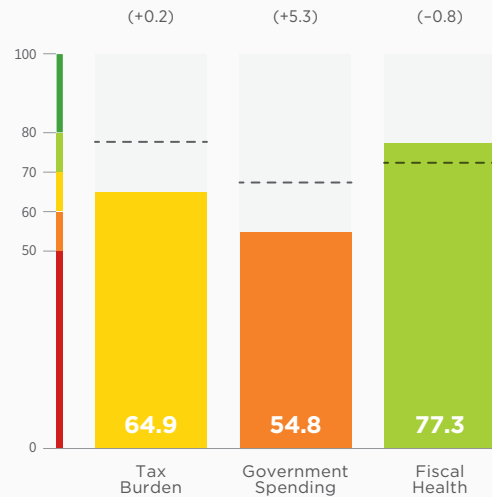
12 ECONOMIC FREEDOMS | UNITED KINGDOM

RULE OF LAW



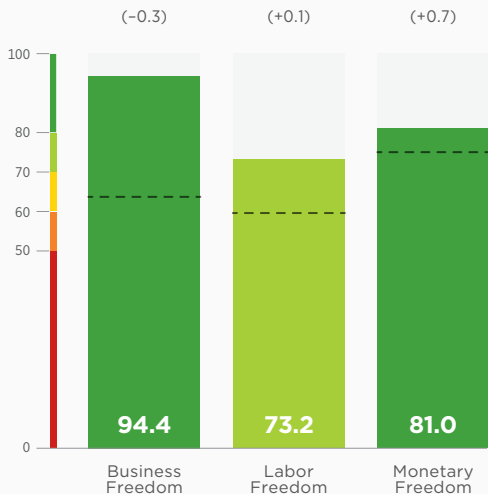
Interests in property are well enforced, and mortgages and liens have been recorded reliably ever since enactment of the Land Registry Act of 1862. The rule of law is well established; the judiciary is independent and efficient; and judicial proceedings are competent, fair, and reliable. British law provides criminal penalties for corruption by officials, and the government routinely implements these laws effectively.

GOVERNMENT SIZE



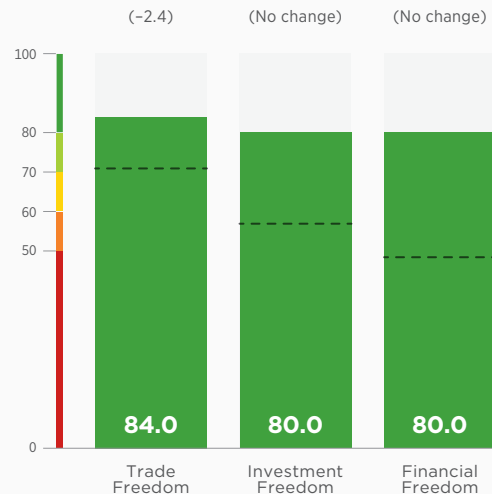
The top individual income tax rate is 45 percent, and the top corporate tax rate has been reduced to 19 percent. Other taxes include value-added and environment taxes. The overall tax burden equals 33.5 percent of total domestic income. Government spending has amounted to 38.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 85.4 percent of GDP.

REGULATORY EFFICIENCY



Despite the introduction of a new employer-paid pension scheme, the level of business freedom remains very high. The minimum wage has been raised to £8.72 (\$10.86) an hour. Militant unionism has been less common recently. The government maintains few price controls (for example, for utilities and some prescription drugs), but subsidies and other transfers consume more than half of the annual budget according to World Bank data.

OPEN MARKETS



The United Kingdom's formal trade relationships with other countries are currently in flux. The trade-weighted average tariff rate is 3.0 percent, and eight nontariff measures are in effect. EU-directed nontariff trade barriers, including technical and product-specific regulations and quotas, will be adjusted or removed in due course. A well-developed financial sector continues to support the efficient and transparent investment framework.

UNITED STATES

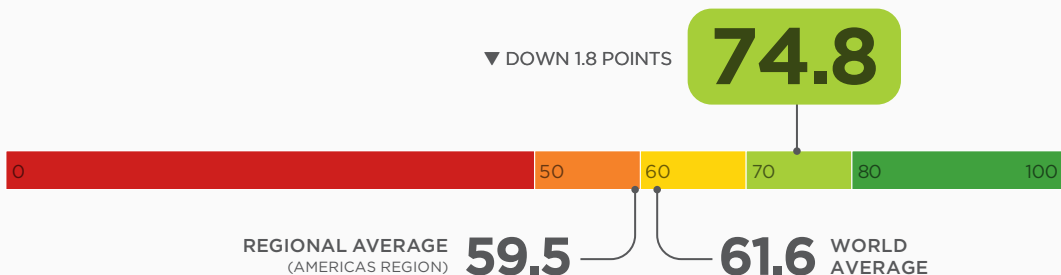
The United States' economic freedom score is 74.8, making its economy the 20th freest in the 2021 *Index*. Its overall score has decreased by 1.8 points, primarily because of a decline in **fiscal health**. The United States is ranked 3rd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The United States received its lowest score and lowest ranking ever in the *Index*, although it remains "mostly free." The major obstacles to greater economic freedom in the United States continue to be excessive government spending, unsustainable levels of debt, and intrusive regulation of the health care and financial sectors.

IMPACT OF COVID-19: As of December 1, 2020, 270,642 deaths had been attributed to the pandemic in the United States, and the economy was forecast to contract by 4.3 percent for the year.

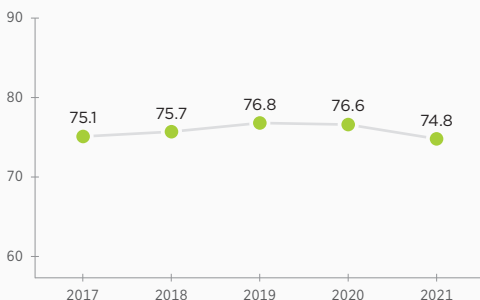


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
328.2 million

GDP (PPP):
\$21.4 trillion
2.3% growth in 2019
5-year compound
annual growth 2.4%
\$65,118 per capita

UNEMPLOYMENT:
3.7%

INFLATION (CPI):
1.8%

FDI INFLOW:
\$246.2 billion

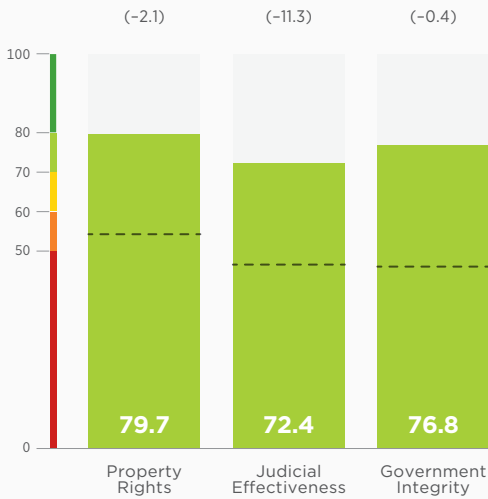
PUBLIC DEBT:
109.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The United States has one of the world's wealthiest and most diversified economies, led by a highly productive services sector, advanced manufacturing, and world-class research and development. Until the onset of the novel coronavirus pandemic in March 2020, the U.S. was enjoying relatively robust economic growth sparked by cuts in taxes and burdensome regulations. Unfortunately, unchecked deficit spending not only continued, but accelerated. Racial tensions flared in 2020 with rioting and major demonstrations in a number of cities, and the government's response to COVID-19 became a highly partisan issue in a number of jurisdictions. In the 2020 general elections, Joe Biden won the presidency, and the Democratic Party won control by slim margins of both houses of Congress.

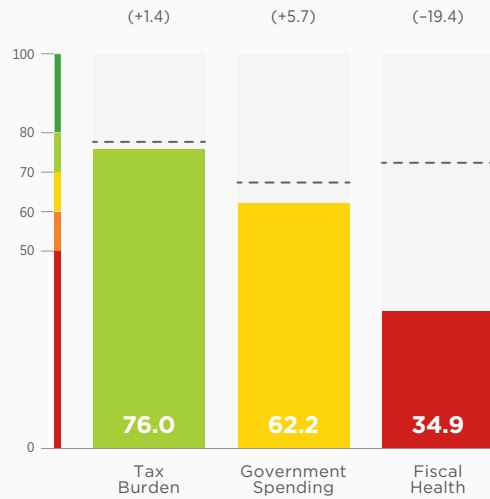
12 ECONOMIC FREEDOMS | UNITED STATES

RULE OF LAW



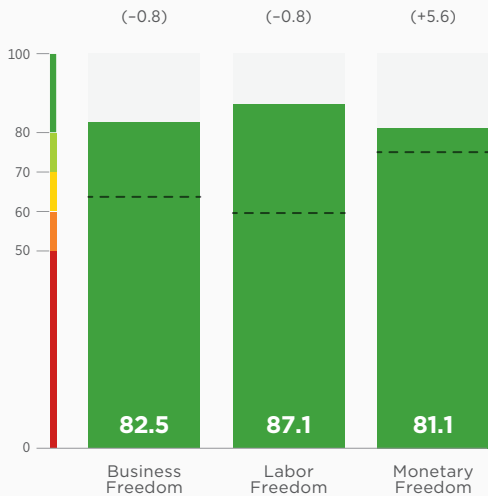
Private property rights are widely respected, but land rights have been somewhat devalued in recent decades by expanded use of eminent domain and the imposition of increasingly detrimental environmental regulations and zoning restrictions. Contracts are enforced effectively. The judiciary functions independently and predictably, although the judicial appointments process is subject to increasing politicization. Public perceptions of corruption have risen in recent years.

GOVERNMENT SIZE



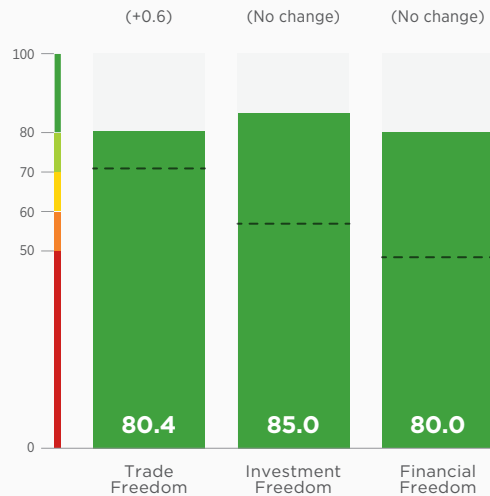
The top individual income tax rate is 37 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 24.3 percent of total domestic income. Government spending has amounted to 35.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.3 percent of GDP. Public debt is equivalent to 109.0 percent of GDP.

REGULATORY EFFICIENCY



Business freedom and labor freedom can vary a great deal from state to state. Both have declined slightly overall. Increases in the minimum wage have outpaced productivity growth in some jurisdictions. According to World Bank data, government transfers and subsidies for agriculture, industry, green energy, health care, housing, transportation, tax breaks, student loans, and numerous other subsidy programs consume about 65 percent of the federal budget.

OPEN MARKETS



The United States has 14 preferential trade agreements in force with 20 countries. The trade-weighted average tariff rate is 2.3 percent, and more than 2,000 nontariff measures are in effect. In February 2020, the Foreign Investment Risk Review Modernization Act took effect, widening the mandate of the Committee on Foreign Investment in the United States. The financial sector, one of the world's most developed and competitive, continues to be resilient.

URUGUAY

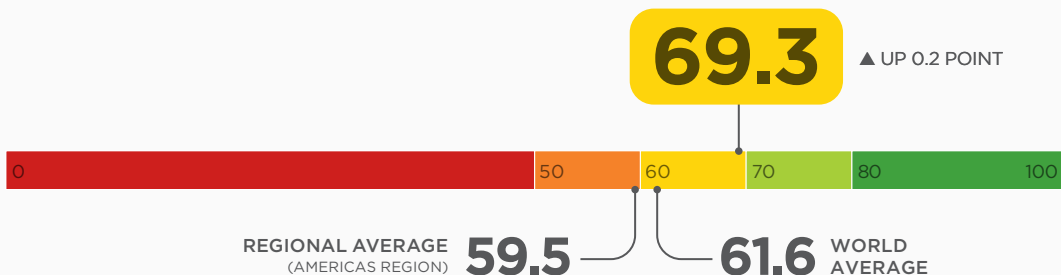
Uruguay's economic freedom score is 69.3, making its economy the 44th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **fiscal health**. Uruguay is ranked 4th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

This year, Uruguay's economy again remains in the ranks of the moderately free where it has generally resided since the inception of the *Index* in 1995. To make the leap into the mostly free category, the government would have to strengthen the judicial system, cut government spending, lighten labor market regulations, and reduce state interference in and control of the financial sector.

IMPACT OF COVID-19: As of December 1, 2020, 78 deaths had been attributed to the pandemic in Uruguay, and the economy was forecast to contract by 4.5 percent for the year.

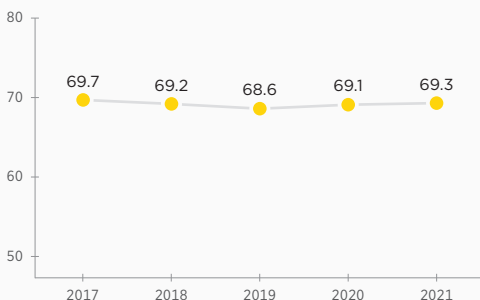


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.5 million

GDP (PPP):
\$82.8 billion
0.2% growth in 2019
5-year compound
annual growth 1.3%
\$22,455 per capita

UNEMPLOYMENT:
8.7%

INFLATION (CPI):
7.9%

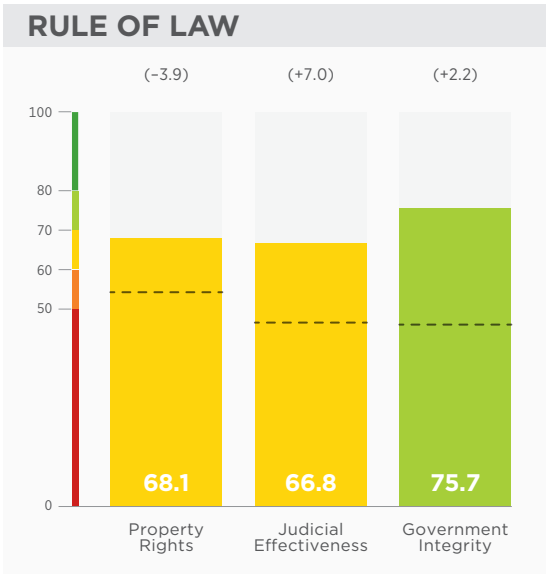
FDI INFLOW:
\$189.2 million

PUBLIC DEBT:
67.4% of GDP

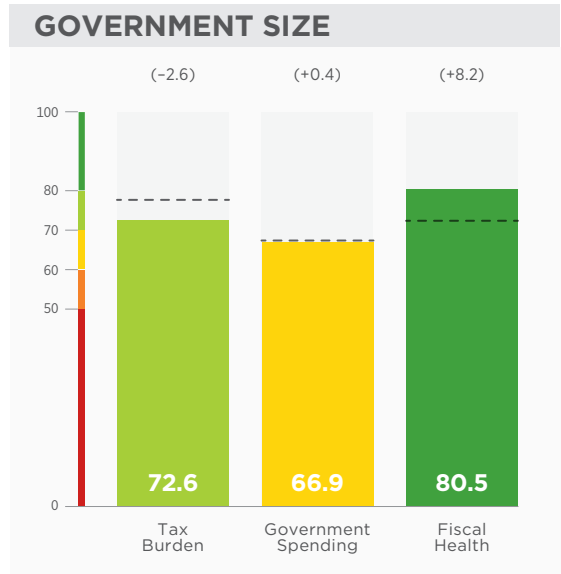
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Uruguay, Bolivia, and Paraguay were established in the 19th century as buffers between regional powers Brazil and Argentina. Public outrage at Marxist guerrilla violence in the 1960s facilitated a military takeover of the government in 1973. Civilian rule was restored in 1985. President Luis Lacalle of the National Party started his five-year term in March 2020, ushering in a conservative government after 15 years of rule by the left-wing Broad Front. The once-dominant Colorado Party forms part of Lacalle's administration. The economy, based on exports of such commodities as milk, beef, rice, and wool, suffered in 2019 from the economic recession in Argentina. Traditionally a safe country, Uruguay is experiencing growing rates of homicide.

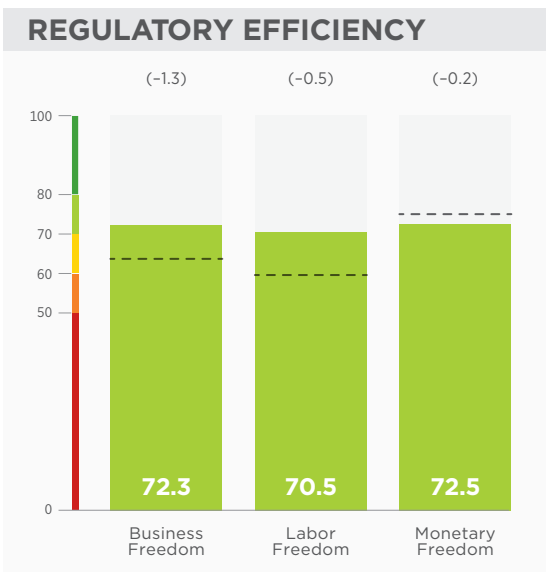
12 ECONOMIC FREEDOMS | URUGUAY



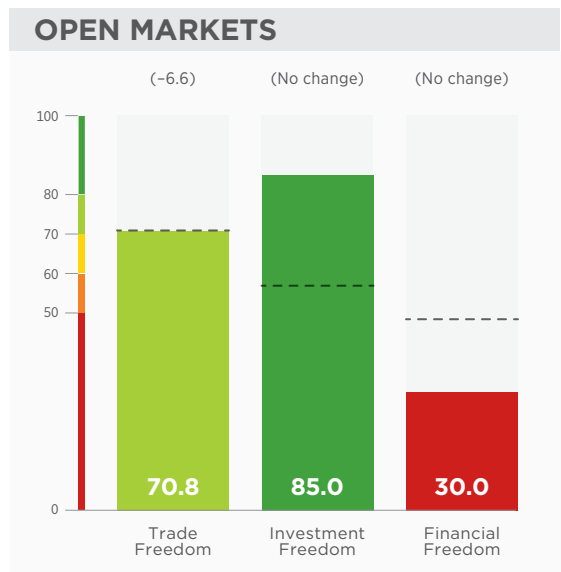
Uruguay recognizes and enforces secured interests in property and contracts. Expropriation is unlikely. The judiciary is transparent and independent, but the courts function slowly and are subject to intimidation. Transparency International ranked Uruguay the least corrupt Latin American country in its 2019 *Corruption Perceptions Index*. The government has prosecuted some high-level officials from the executive, parliamentary, and judicial branches for corruption in recent years.



The top individual income tax rate is 36 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 28.6 percent of total domestic income. Government spending has amounted to 33.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 67.4 percent of GDP.



The cost of starting a business has increased, and business freedom has declined for a fifth straight year. The maximum number of days per week that an employee can work has been reduced. The government has eliminated some price controls but still sets prices for electricity, fuels, rents, inter-departmental transport, medicines, natural gas, pasteurized milk, taxi fares, tolls, and water.



Uruguay has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.6 percent, and 53 nontariff measures are in effect. The economy is relatively open to foreign investment, but major investment reforms have been absent. About 70 percent of adult Uruguayans have formal banking accounts. In 2020, reserve requirements were reduced to maintain the appropriate level of liquidity in the banking system.

UZBEKISTAN

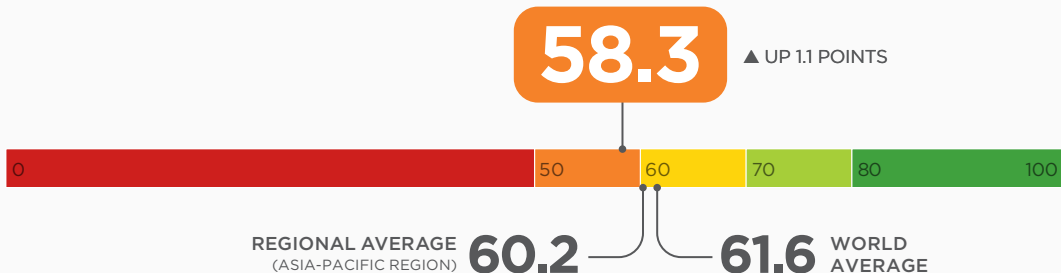
Uzbekistan's economic freedom score is 58.3, making its economy the 108th freest in the 2021 *Index*. Its overall score has increased by 1.1 points, primarily because of an improvement in **judicial effectiveness**. Uzbekistan is ranked 21st among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Uzbek economy remained mostly unfree this year. In 2020, however, the government announced a new development strategy that includes reforming state institutions, securing the rule of law, reforming the judiciary, strengthening the banking and financial sectors, and other improvements such as reducing state regulation and assuring property rights to attract investment. If it proves successful, Uzbekistan could one day join the ranks of the moderately free.

IMPACT OF COVID-19: As of December 1, 2020, 611 deaths had been attributed to the pandemic in Uzbekistan, and economic growth was forecast to decline to 0.7 percent for the year.

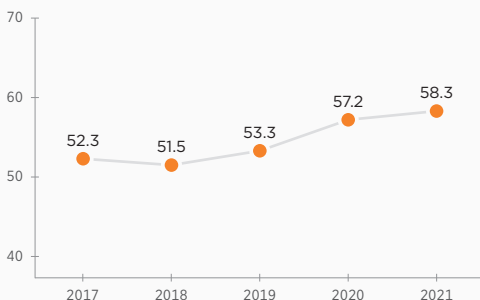
WORLD RANK: **108** REGIONAL RANK: **21**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +26.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
33.6 million

GDP (PPP):
\$303.3 billion
5.6% growth in 2019
5-year compound
annual growth 5.8%
\$7,289 per capita

UNEMPLOYMENT:
5.9%

INFLATION (CPI):
14.5%

FDI INFLOW:
\$2.3 billion

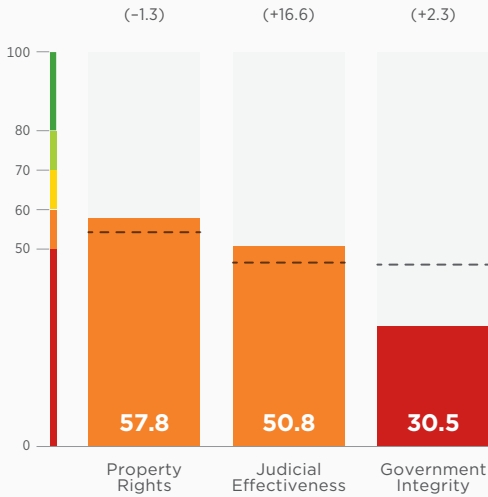
PUBLIC DEBT:
29.3% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Islam Karimov's iron-fisted rule of Uzbekistan lasted from the late 1980s until his death in 2016. Karimov never reformed the highly subsidized Soviet-era command economy. He was succeeded by former Prime Minister and current President Shavkat Mirziyoyev, who initially committed to policy continuity but more recently has demonstrated some willingness to reform. Uzbekistan is dry and landlocked, and approximately 9 percent of the land is cultivated in irrigated river valleys. More than 50 percent of the population now lives in urbanized areas. Uzbekistan is the world's fifth-largest exporter and seventh-largest producer of cotton, but unsound cultivation practices have degraded the land and depleted water supplies. The economy also relies on exports of natural gas and gold.

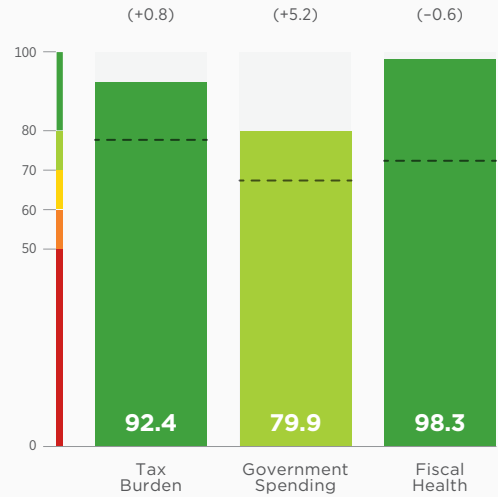
12 ECONOMIC FREEDOMS | UZBEKISTAN

RULE OF LAW



All agricultural land is owned by the state, but in 2020, a new law allowed for the privatization of nonagricultural land plots. Ownership of real property is generally respected, but enforcement of property rights is tenuous because of widespread corruption. The judicial system is independent, but government interference and corruption are common. Graft and bribery are common in the bureaucracy, and corruption is pervasive.

GOVERNMENT SIZE



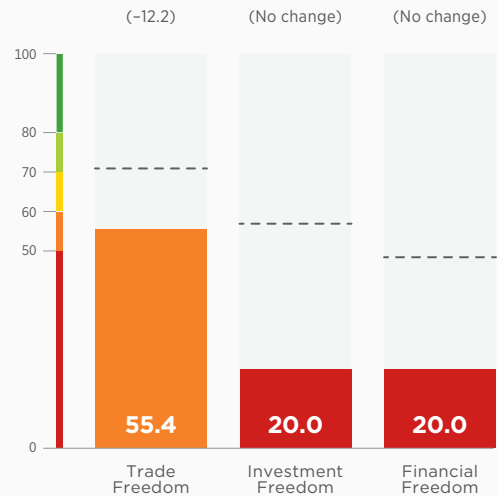
The top individual income tax rate is 22 percent, and the top corporate tax rate is 7.5 percent. The overall tax burden equals 14.8 percent of total domestic income. Other taxes include value-added and property taxes. Government spending has amounted to 25.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.2 percent of GDP. Public debt is equivalent to 29.3 percent of GDP.

REGULATORY EFFICIENCY



Uzbekistan has increased the rights of minority shareholders and their role in major corporate decisions. Ownership and control structures have been clarified, and corporate transparency has been enhanced. The value added per worker has risen. According to the IMF, government subsidies were forecast to consume 0.3 percent of GDP in 2020.

OPEN MARKETS



Uzbekistan has four preferential trade agreements in force. The simple average tariff rate is 14.8 percent, and layers of nontariff barriers further hamper trade. Uzbekistan is not a member of the World Trade Organization. Measures to improve the investment environment, including simplification of the privatization process and the easing of foreign currency controls, have been adopted. The high cost of financing reduces development dynamism.

VANUATU

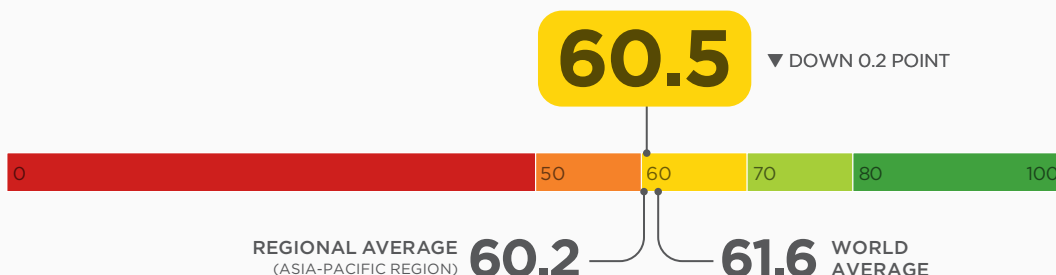
Vanuatu's economic freedom score is 60.5, making its economy the 97th freest in the 2021 *Index*. Its overall score has decreased by 0.2 point, primarily because of a decline in **property rights**. Vanuatu is ranked 18th among 40 countries in the Asia-Pacific region, and its overall score is above the regional average but below the world average.

The economy of Vanuatu nearly fell back into the ranks of the mostly unfree this year. The government could establish greater economic freedom more securely if it took steps to improve the business climate, reform the judicial system, open the financial sector to more competition, and fight corruption more energetically.

IMPACT OF COVID-19: As of December 1, 2020, no deaths had been attributed to the pandemic in Vanuatu, but the economy was forecast to contract by 8.3 percent for the year.

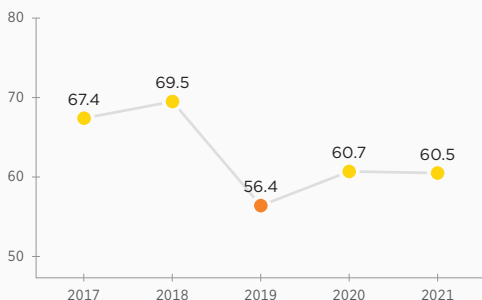


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +2.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.3 million

GDP (PPP):
\$0.9 billion
2.9% growth in 2019
5-year compound
annual growth 2.8%
\$3,274 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
2.1%

FDI INFLOW:
\$41.0 million

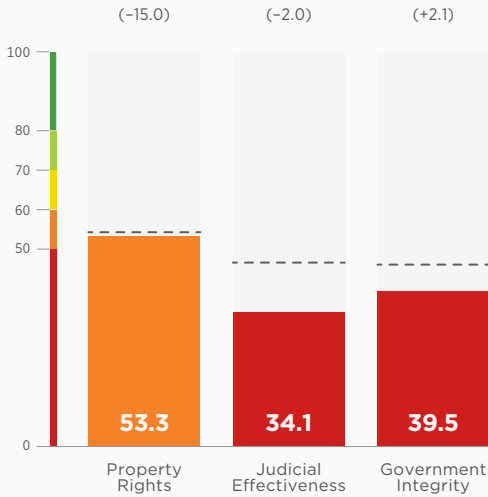
PUBLIC DEBT:
50.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Waves of colonizers migrated to the South Pacific's New Hebrides archipelago in the millennia preceding European colonization in the 18th century. The Republic of Vanuatu won independence from joint British–French administration in 1980 and today is a parliamentary democracy divided between its English-speaking and French-speaking citizens. President Tallis Obed Moses has held office since 2017, and Prime Minister Bob Loughman was elected to office in 2020. Vanuatu is heavily dependent on agriculture, particularly subsistence farming, and tourism, which comprises 40 percent of the economy. Having barely recovered from 2015's destructive Cyclone Pam, which had a devastating impact on tourism, Vanuatu was struck by the Category 5 Cyclone Harold in April 2020.

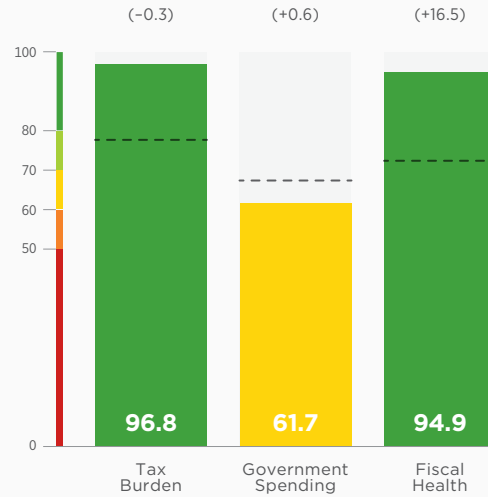
12 ECONOMIC FREEDOMS | VANUATU

RULE OF LAW



Although Vanuatu's legal framework generally supports property rights, enforcement is slow. Irregularities and government corruption often affect land deals. The judiciary is largely independent but lacks the resources to retain qualified judges and prosecutors. According to the World Bank's 2020 *Doing Business* survey, enforcement of contracts requires an average of 430 days. Factionalism continues to undermine political stability, making the government vulnerable to corruption.

GOVERNMENT SIZE



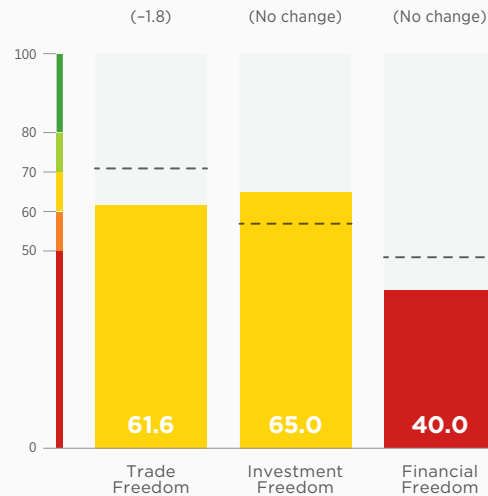
Vanuatu imposes no individual or corporate income tax. Taxes include a value-added tax. The overall tax burden equals 18.0 percent of total domestic income. Government spending has amounted to 35.7 percent of total output (GDP) over the past three years, and budget surpluses have averaged 3.9 percent of GDP. Public debt is equivalent to 50.7 percent of GDP.

REGULATORY EFFICIENCY



The costs involved in starting a business and obtaining electricity have increased. The trend in business freedom has been downward since 2009. Rigid and outmoded labor codes put a lid on the formal labor market. The country continues to subsidize poorly managed and money-losing state-owned enterprises in such sectors as agriculture (especially copra production), airports, banking, and broadcasting.

OPEN MARKETS



Vanuatu has three preferential trade agreements in force. The simple average tariff rate is 9.2 percent, and customs requirements and other nontariff barriers further impede trade flows. Most business activities are open to foreign investment, but state-owned enterprises dominate such sectors as broadcasting and transport. Access to financing remains poor, and less than 15 percent of rural adults have access to formal banking services.

VENEZUELA

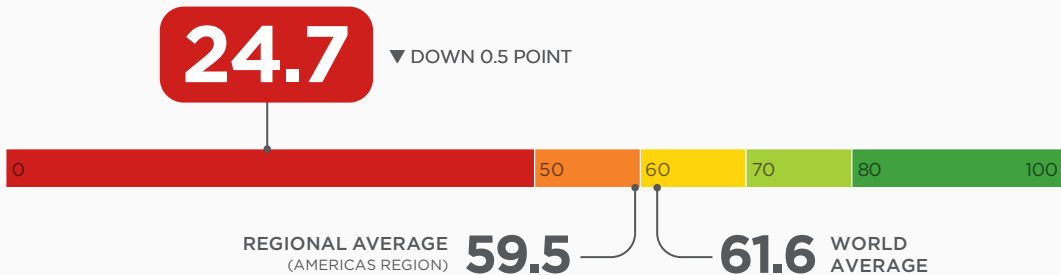
WORLD RANK: **177**
REGIONAL RANK: **32**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Venezuela's economic freedom score is 24.7, making its economy the 177th freest in the 2021 *Index*. Its overall score has decreased by 0.5 point, primarily because of a decline in the score for **government spending**. Venezuela is ranked last among 32 countries in the Americas region, and its overall score is well below the regional and world averages.

Economic freedom has been suffocated in Venezuela under the Chávez and Maduro regimes. If a transitional government could take power and begin the long return to market democracy, it would have to end hyperinflation, restructure public debt, and rebuild institutions to restore confidence in the rule of law and promote investment. The first priority, however, would be to reestablish the cultural foundations of entrepreneurship and free markets.

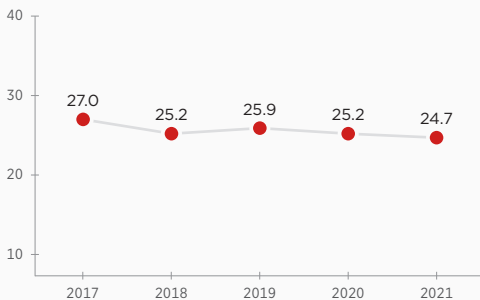
IMPACT OF COVID-19: As of December 1, 2020, 901 deaths had been attributed to the pandemic in Venezuela, and the economy was forecast to contract by 25.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -35.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
28.5 million

GDP (PPP):
\$202.0 billion
-35.0% growth
in 2019
5-year compound
annual growth -18.7%
\$5,990 per capita

UNEMPLOYMENT:
24.0%

INFLATION (CPI):
19,906.0%

FDI INFLOW:
\$934.0 million

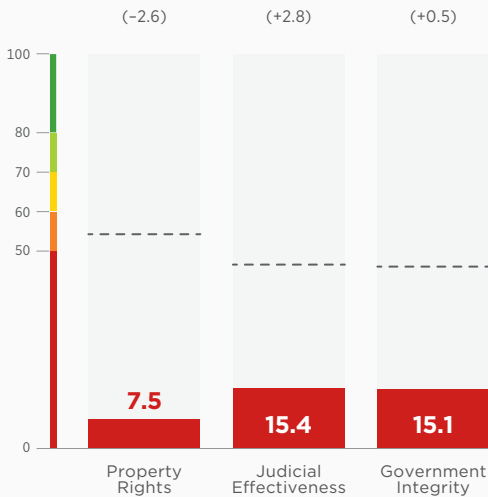
PUBLIC DEBT:
232.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Venezuela's modern democratic era lasted from the end of military rule in 1959 until the election of Hugo Chávez in 1999. His successor, Nicolás Maduro, completed the destruction of democratic institutions and established an authoritarian dictatorship in 2017. The deeply corrupt socialist government's policies have led to one of history's worst economic contractions and Latin America's worst migration crisis. Following international censure of Maduro's fraudulent 2018 reelection, then-head of the National Assembly Juan Guaidó became interim president in January 2019, but Maduro still exercises de facto control. More than 200 regime officials are under U.S. and Western sanctions for human rights abuses, drug trafficking, and corruption. The operations of Venezuela's state-owned oil company PDVSA, which remains under U.S. sanctions, have deteriorated severely because of mismanagement and corruption.

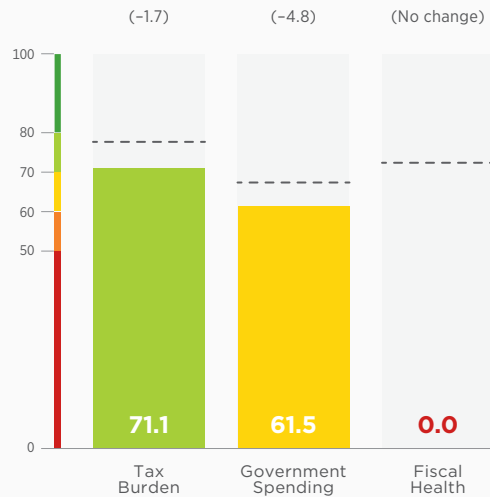
12 ECONOMIC FREEDOMS | VENEZUELA

RULE OF LAW



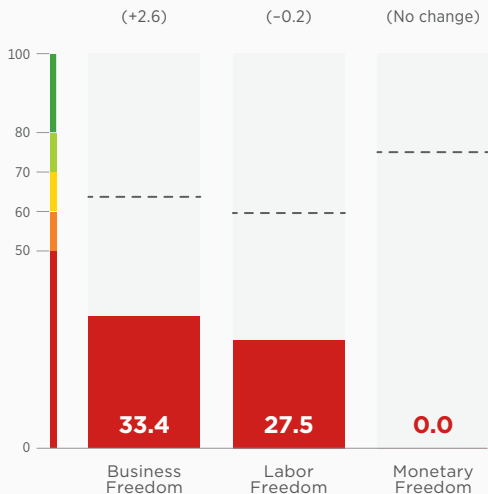
Weak institutions and a thoroughly politicized judiciary undermine property rights in Venezuela, which ranked last among 128 countries in the World Justice Project's 2020 *Rule of Law Index*. The near collapse of the economy, coupled with currency and price controls, has greatly increased public corruption. In March 2020, the U.S. government charged Nicolás Maduro and 14 other officials with narco-terrorism, corruption, drug trafficking, and other crimes.

GOVERNMENT SIZE



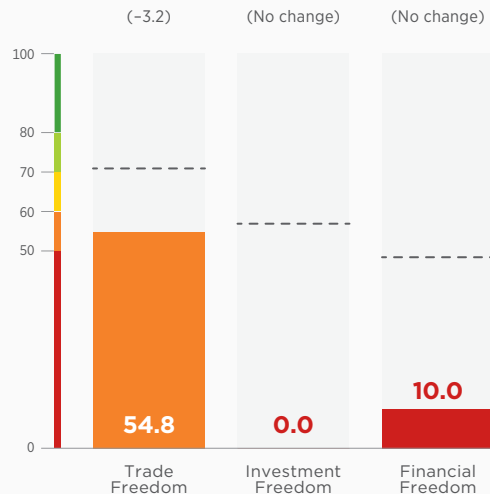
The top individual income and corporate tax rates are 34 percent. Other taxes include a value-added tax. The overall tax burden equals 24.0 percent of total domestic income. Government spending has amounted to 35.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 19.3 percent of GDP. Public debt is equivalent to 232.8 percent of GDP.

REGULATORY EFFICIENCY



The entry costs of starting a business have declined somewhat but remain very high. Venezuela's socialist policies and practices have all but eliminated any labor freedom. The hyperinflation that began in 2017 forced the government, amid falling revenues from oil and a seven-year real economic contraction of over 80 percent, to expand already extensive price controls in 2020.

OPEN MARKETS



Venezuela has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.6 percent, and 134 nontariff measures are in effect. Years of interventionist and market-distorting policies, including import restrictions, expropriations, and nationalizations, have discouraged investment and led to dire economic conditions. The financial system remains under heavy state interference and is hampered by a high degree of uncertainty.

VIETNAM

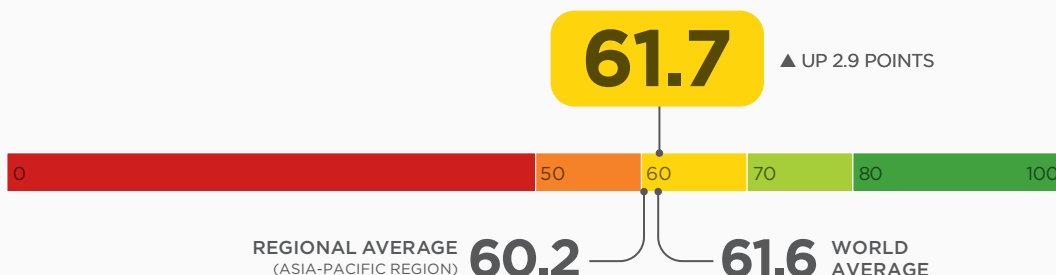
Vietnam's economic freedom score is 61.7, making its economy the 90th freest in the 2021 *Index*. Its overall score has increased by 2.9 points, primarily because of an improvement in **fiscal health**. Vietnam is ranked 17th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Vietnam's economy broke into the moderately free category this year for the first time. Its ranking could increase further if the government took additional action to liberalize investment rules and the financial sector. The biggest obstacle to greater economic freedom in Vietnam remains the country's extremely weak rule of law because of corruption in the subservient judiciary and in the many unreformed and inefficient state-owned enterprises.

IMPACT OF COVID-19: As of December 1, 2020, 35 deaths had been attributed to the pandemic in Vietnam, and economic growth was forecast to decline to 1.6 percent for the year.

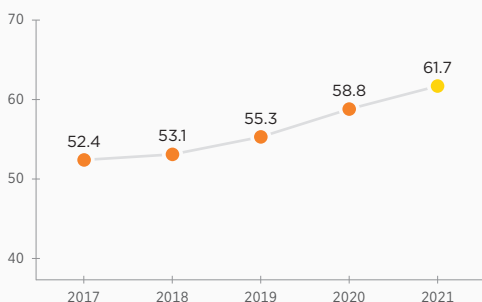


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +20.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
96.5 million

GDP (PPP):
\$1.0 trillion
7.0% growth in 2019
5-year compound
annual growth 6.9%
\$8,374 per capita

UNEMPLOYMENT:
2.0%

INFLATION (CPI):
2.8%

FDI INFLOW:
\$16.1 billion

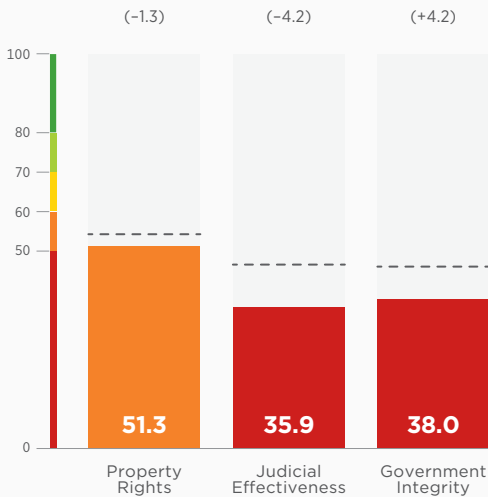
PUBLIC DEBT:
42.9% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Socialist Republic of Vietnam remains a Communist dictatorship characterized by repression of dissenting political views and the absence of civil liberties. Economic liberalization, however, began in 1986 with *doi moi* reforms aimed at transitioning to a more industrial and market-based economy. Vietnam's economic growth, based on tourism and manufactured exports, was among the world's fastest during the decade-long tenure of former Prime Minister Nguyen Tan Dung, and state-managed economic liberalization has continued under General Secretary and President Nguyen Phu Trong. Vietnam will hold party elections early in 2021 for the four highest governing positions, including general secretary and president. Vietnam joined the World Trade Organization in 2007 and signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in 2018.

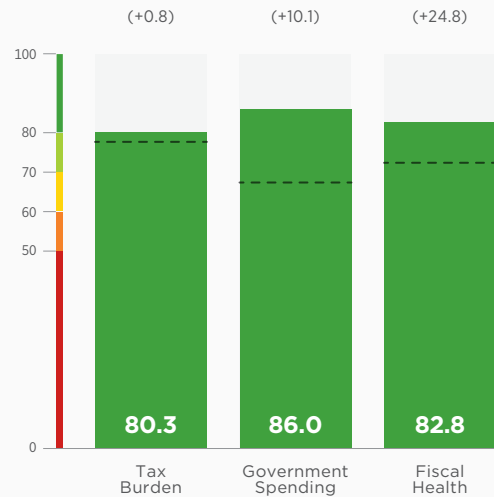
12 ECONOMIC FREEDOMS | VIETNAM

RULE OF LAW



Protection of property rights is still evolving, and enforcement is uneven. The state owns all land, although land-rights certificates have been issued for most of it. Nevertheless, land tenure is still a very contentious issue. The underdeveloped judiciary suffers from corruption and is subordinate to the Communist Party of Vietnam, which controls the courts at all levels. Corruption remains a major problem throughout the government.

GOVERNMENT SIZE



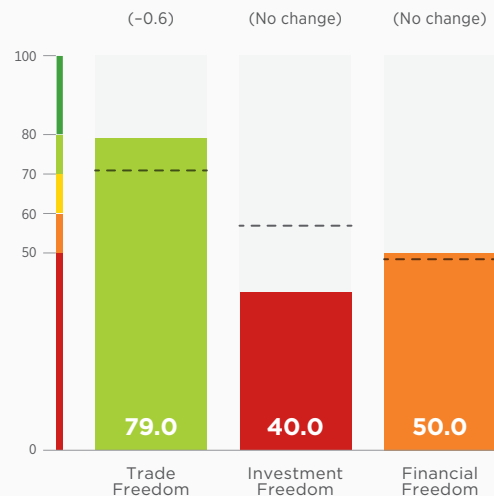
The top individual income tax rate is 35 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 18.5 percent of total domestic income. Government spending has amounted to 21.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 42.9 percent of GDP.

REGULATORY EFFICIENCY



Business freedom has declined slightly in comparison to other countries. However, Vietnam's new 2019 labor code has added flexibility to labor contracts. The government funds a variety of subsidies and administers prices for fuel, energy and water utilities, food, natural resources, and pharmaceuticals.

OPEN MARKETS



Vietnam has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 5.5 percent, and 83 nontariff measures are in effect. The overall investment framework continues to improve, and several amendments related to foreign direct investment have been adopted. There are ownership limits in various sectors. The state remains involved in the financial sector, and only about 30 percent of adult Vietnamese use formal banking services.

YEMEN

Numerical grading of Yemen's overall economic freedom ended in 2015, and the continuing lack of reliable economic statistics for the country has prevented the resumption of grading in the 2021 *Index*. Prospects for an end to Yemen's civil war and a peaceful rebuilding of its economy remain bleak.

The civil war has devastated the economy and destroyed critical infrastructure. Even before the current conflict, however, years of mismanagement and corruption and the depletion of oil and water resources had led to chronic poverty, underdevelopment, and minimal access to such basic services as electricity, water, and health care in much of the country. The conflict has aggravated that situation, and significant international assistance will likely be needed when the civil war ends.

IMPACT OF COVID-19: As of December 1, 2020, 619 deaths had been attributed to the pandemic in Yemen, and the economy was forecast to contract by 5.0 percent for the year.

WORLD RANK: **N/A** REGIONAL RANK: **N/A**
ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



WORLD
AVERAGE

61.6

62.6

REGIONAL AVERAGE
(MIDDLE EAST/
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
29.2 million

GDP (PPP):
\$72.1 billion
2.1% growth in 2019
5-year compound
annual growth -7.9%
\$1,910 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
10.0%

FDI INFLOW:
-\$371.0 million

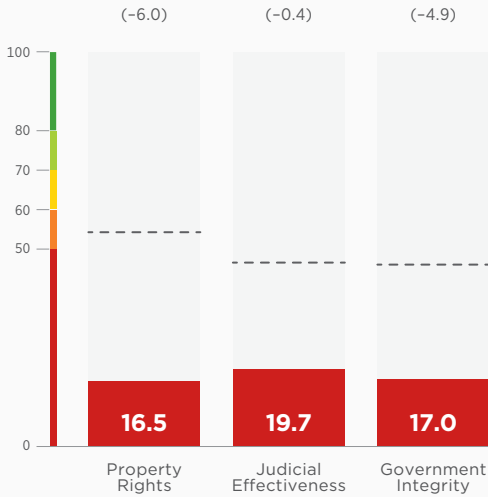
PUBLIC DEBT:
56.8% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Yemen, one of the poorest Arab countries, is highly dependent on declining revenues from its relatively small oil and gas reserves. Since 2014, a complex and intense civil war has created a humanitarian crisis and exacerbated economic problems, unemployment, and shortages of food, water, and medical resources. The Houthis, an Iran-backed Zaydi Shia rebel movement, ousted President Abed Rabbo Mansour Hadi's government in January 2015. A military coalition led by Saudi Arabia attempted to restore Hadi to power in March 2015, but the Houthis retained significant territorial gains. There are now two opposing governments: Hadi's, based in Aden, and the Houthis in Sanaa. Al-Qaeda in the Arabian Peninsula (AQAP) and the smaller Islamic State terrorist group have flourished in the resulting chaos.

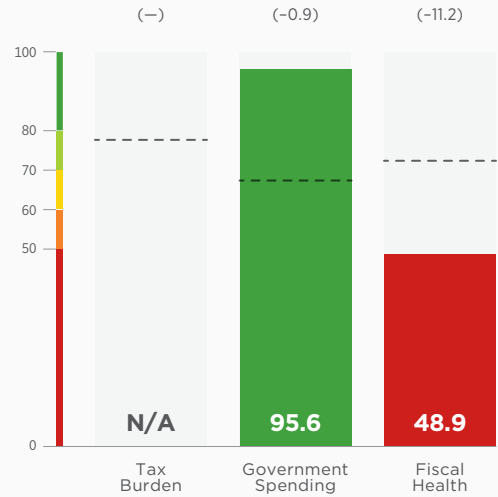
12 ECONOMIC FREEDOMS | YEMEN

RULE OF LAW



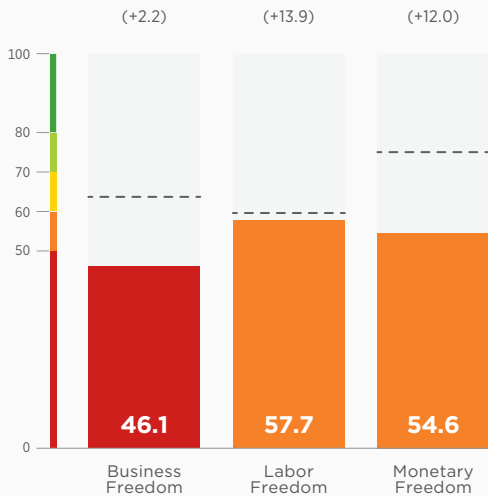
Property rights and business activity are impaired by the ongoing war, corruption, nepotism, and patronage networks. The nominally independent judiciary is weak and susceptible to executive interference, and enforcement of judicial rulings is poor. A burdensome criminal judicial process creates a separate legal system for the political elite. Years of mismanagement, corruption, and depletion of natural resources have led to chronic poverty.

GOVERNMENT SIZE



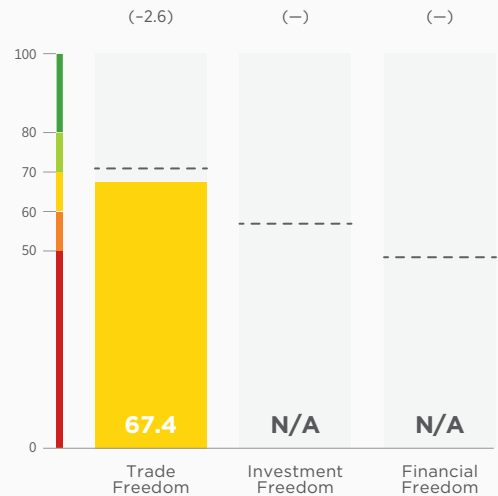
The top individual income tax rate is 15 percent, and the top corporate tax rate is 20 percent. Political turmoil and civil conflict have severely damaged the overall fiscal situation, with the impact of the escalating cost of the ongoing conflict compounded by a collapse in oil and tax revenue. Economic policymaking has concentrated largely on marshalling limited fiscal resources to meet public salary payments and finance the conflict.

REGULATORY EFFICIENCY



Starting a business has become less costly, and bankruptcy processes to allow greater recovery of assets have been approved. The economy remains devastated, and the IMF predicted that inflation would rise substantially in 2020, mainly because of the lack of security.

OPEN MARKETS



The civil war has severely degraded Yemen's capacity and infrastructure related to international trade and investment. The economy is largely cash-based. The limited financial system is dominated by the state, and the banking system is very fragile. Even before the current conflict, years of economic mismanagement and poor governance had led to chronic poverty and underdevelopment.

ZAMBIA

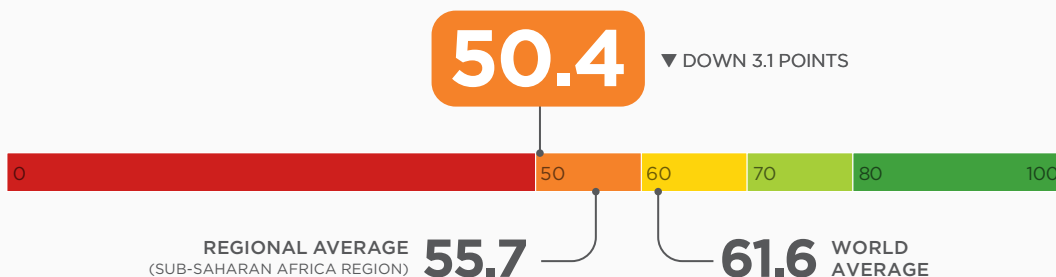
WORLD RANK: **159** | REGIONAL RANK: **39**
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Zambia's economic freedom score is 50.4, making its economy the 159th freest in the 2021 *Index*. Its overall score has decreased by 3.1 points, primarily because of a decline in **fiscal health**. Zambia is ranked 39th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Zambia's economy sank to the bottom of the mostly unfree category this year and registered its lowest score since the inception of the *Index* in 1995. The country's crushing load of external debt has damaged economic freedom. In addition to addressing its poor fiscal health, reversing course would require the government to reform its weak rule-of-law institutions to strengthen its judicial system and the fight against corruption.

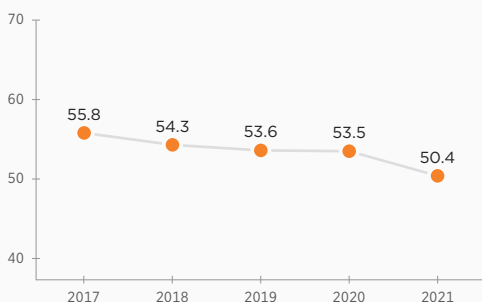
IMPACT OF COVID-19: As of December 1, 2020, 357 deaths had been attributed to the pandemic in Zambia, and the economy was forecast to contract by 4.8 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.9 million

GDP (PPP):
\$75.9 billion
1.5% growth in 2019
5-year compound
annual growth 3.2%
\$3,624 per capita

UNEMPLOYMENT:
11.4%

INFLATION (CPI):
9.8%

FDI INFLOW:
\$753.2 million

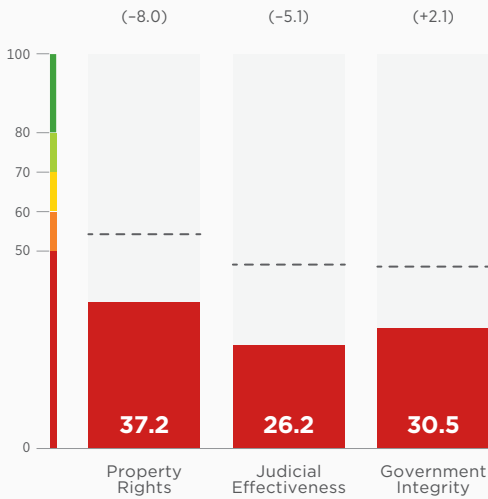
PUBLIC DEBT:
85.7% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Independent from the United Kingdom since 1964, Zambia traditionally has been one of southern Africa's most politically stable countries. Edgar Lungu of the Patriotic Front narrowly won a special presidential election in 2015 after his predecessor's death in office and was then elected to a full five-year term in 2016. The arrest of opposition leader Hakainde Hichilema on charges of treason in 2017 reflects a trend of shrinking democracy under Lungu. Zambia has taken on massive and unsustainable debt, frequently under opaque terms, to finance infrastructure spending. Zambia is Africa's second-largest producer of copper, and an uptick in world mineral prices would encourage higher output and boost export receipts. The incomes of about two-thirds of the population are below the poverty line.

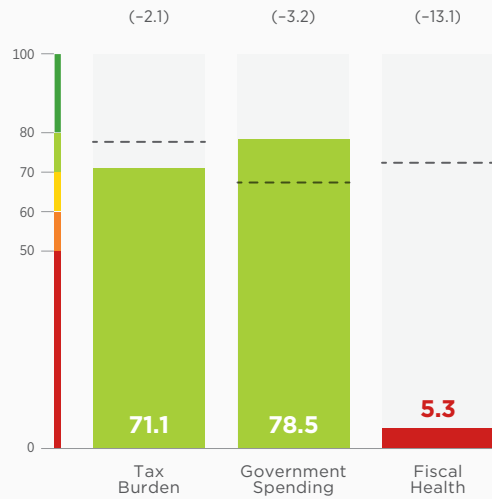
12 ECONOMIC FREEDOMS | ZAMBIA

RULE OF LAW



Although the property rights law was strengthened in 2016, actual protection of property rights and enforcement of contracts are weak. About 70 percent of land is under traditional ownership. The process of land acquisition and registration is complex and time-consuming. The judicial system is inefficient, poorly resourced, and politically influenced. Despite some progress in the past decade, widespread corruption, graft, and mismanagement continue to hinder the functioning of the government.

GOVERNMENT SIZE



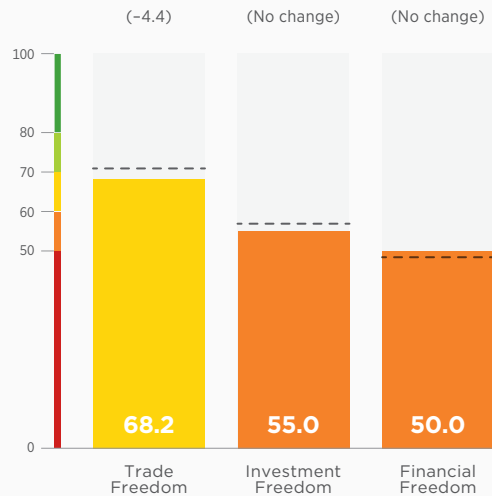
The top individual income tax rate is 37.5 percent, and the top corporate tax rate is 35 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 16.2 percent of total domestic income. Government spending has amounted to 26.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.8 percent of GDP. Public debt is equivalent to 85.7 percent of GDP.

REGULATORY EFFICIENCY



Business freedom is little changed compared to last year, and Zambia lags behind other countries in undertaking reforms. The value added per worker relative to the minimum wage is very low. The enormous budgetary cost of servicing the country's external debt, which as a percentage of GDP has quadrupled since 2012 and is owed mostly to China, has left little money available to fund existing subsidies (e.g., for electricity) and social welfare programs.

OPEN MARKETS



Zambia has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.4 percent, and two formal nontariff measures are in effect. Other informal barriers further constrain the freedom to trade. The investment regime is nontransparent and inefficient, although foreign investment is allowed in most sectors. The financial sector is dominated by banking. Access to financial services has been expanding gradually throughout the country.

ZIMBABWE

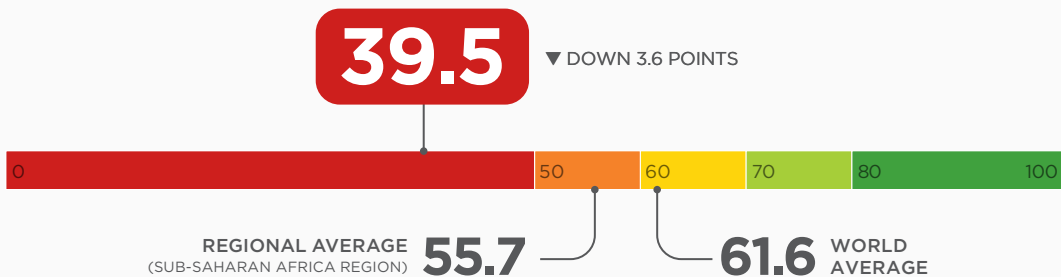
WORLD RANK: **174** | REGIONAL RANK: **46**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Zimbabwe's economic freedom score is 39.5, making its economy the 174th freest in the 2021 *Index*. Its overall score has decreased by 3.6 points, primarily because of a decline in **monetary freedom**. Zimbabwe is ranked 46th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Zimbabwe's economy sank nearly to the bottom of the *Index* rankings this year with scores on eight of the 12 *Index* indicators in the repressed category. Optimism after the fall of Robert Mugabe in 2017 has given way to pessimism as the new government has failed to follow through on promises to improve the business environment. Corruption remains rife, and there is little protection of property rights.

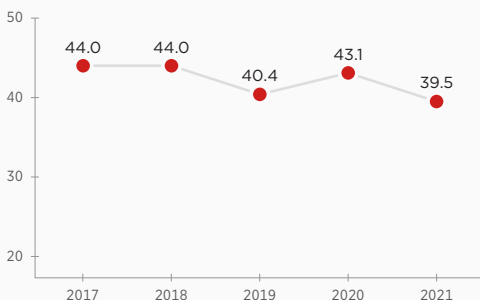
IMPACT OF COVID-19: As of December 1, 2020, 277 deaths had been attributed to the pandemic in Zimbabwe, and the economy was forecast to contract by 10.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
14.6 million

GDP (PPP):
\$39.7 billion
-8.3% growth
in 2019
5-year compound
annual growth 0.5%
\$2,953 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
255.3%

FDI INFLOW:
\$280.0 million

PUBLIC DEBT:
11.0% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British colony of Rhodesia became the fully independent Zimbabwe in 1980. A 2017 coup forced out the late longtime President Robert Mugabe of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and elevated former Vice President Emmerson Mnangagwa to the presidency. Following Mnangagwa's victory in a 2018 election that was marred by vote rigging and voter intimidation, security services cracked down on the opposition. The government frequently responds to periodic street protests over economic mismanagement and violations of human rights with violence and arbitrary detention. The economy is heavily dependent on mining and agriculture, but political instability and protracted economic crisis have severely damaged the country's economic potential.

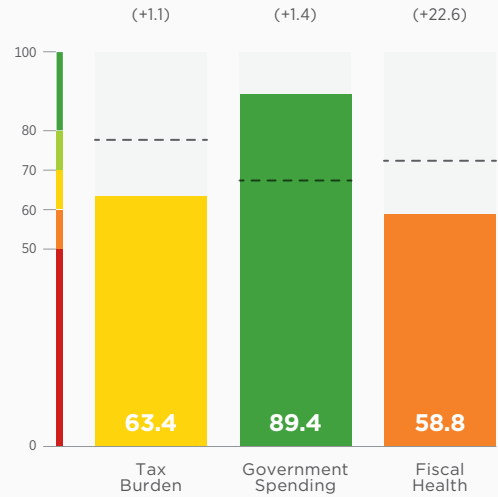
12 ECONOMIC FREEDOMS | ZIMBABWE

RULE OF LAW



The government enforces property rights in cities but usually not in the case of agricultural land. The land management system is fragmented and inefficient. The judiciary is generally impartial in nonpolitical cases, but government interference in politicized cases hinders the delivery of impartial justice. Endemic corruption throughout government remains a serious challenge, and enforcement of anticorruption statutes often targets political opponents.

GOVERNMENT SIZE



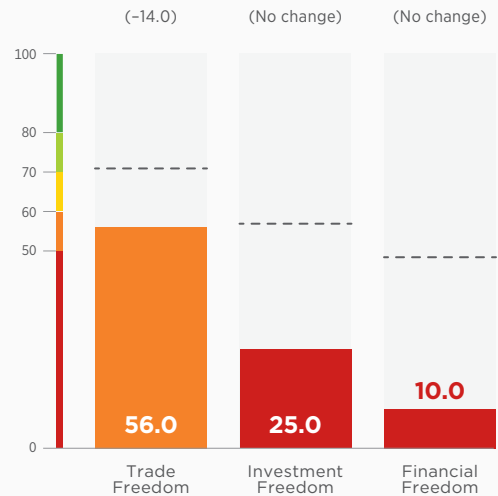
The top individual income tax rate is 51.5 percent, and the top corporate tax rate is 24 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 18.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 11.0 percent of GDP.

REGULATORY EFFICIENCY



Zimbabwe has improved the online name search for starting a business and reduced the Harare Municipality business licensing fee. The value added per worker has risen relative to the minimum wage but is still very low. Unsustainable monetary policy has led to a protracted currency crisis; the Economist Intelligence Unit has reported that hyperinflation will exceed 600 percent in 2020, and the government has reimposed price controls on basic commodities.

OPEN MARKETS



Zimbabwe has four preferential trade agreements in force. The trade-weighted average tariff rate is 12.0 percent, and seven formal nontariff measures are in effect. The pervasive presence of regulatory barriers severely hampers trade and investment flows. Undue state interference continues to undermine investor confidence. The financial system has suffered from repeated crises, and years of hyperinflation have undercut entrepreneurial activity.

APPENDIX

INDEX OF ECONOMIC FREEDOM SCORES, 1995–2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Afghanistan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48.9	51.3	51.5	54.7	53.0
Albania	49.7	53.8	54.8	53.9	53.4	53.6	56.6	56.8	56.8	58.5	57.8	60.3	61.4	62.4	63.7	66.0	64.0	65.1	65.2	66.9	65.7	65.9	64.4	64.5	66.5	66.9	65.2	
Algeria	55.7	54.5	54.9	55.8	57.2	56.8	57.3	61.0	57.7	58.1	53.2	55.7	55.4	56.2	56.6	56.9	52.4	51.0	49.6	50.8	48.9	50.1	46.5	44.7	46.2	46.9	49.7	
Angola	27.4	24.4	24.2	24.9	23.7	24.3	N/A	N/A	N/A	N/A	N/A	N/A	43.5	44.7	46.9	47.0	48.4	46.2	46.7	47.3	47.7	47.9	48.9	48.5	48.6	50.6	52.2	54.2
Argentina	68.0	74.7	73.3	70.9	70.6	70.0	68.6	65.7	56.3	53.9	51.7	53.4	54.0	54.2	52.3	51.2	51.7	48.0	46.7	44.6	44.1	43.8	50.4	52.3	52.2	53.1	52.7	
Armenia	N/A	42.2	46.7	49.6	56.4	63.0	66.4	68.0	67.3	70.3	69.8	70.6	68.6	69.9	69.9	69.2	69.7	68.8	69.4	68.9	67.1	67.0	70.3	68.7	67.7	70.6	71.9	
Australia	74.1	74.0	75.5	75.6	76.4	77.1	77.4	77.3	77.4	77.9	79.0	79.9	81.1	82.2	82.6	82.6	82.5	83.1	82.6	82.0	81.4	80.3	81.0	80.9	80.9	82.6	82.4	
Austria	70.0	68.9	65.2	65.4	64.0	68.4	68.1	67.4	67.6	67.6	68.8	71.1	71.6	71.4	71.2	71.6	71.9	70.3	71.8	72.4	71.2	71.7	72.3	71.8	72.0	73.3	73.9	
Azerbaijan	N/A	30.0	34.0	43.1	47.4	49.8	50.3	53.3	54.1	53.4	54.4	53.2	54.6	55.3	58.0	58.8	59.7	58.9	59.7	61.3	61.0	60.2	63.6	64.3	65.4	69.3	70.1	
Bahamas	71.8	74.0	74.5	74.5	74.7	73.9	74.8	74.4	73.5	72.1	72.6	72.3	72.0	71.1	70.3	67.3	68.0	68.0	70.1	69.8	68.7	70.9	61.1	63.3	62.9	64.5	64.6	
Bahrain	76.2	76.4	76.1	75.6	75.2	75.7	75.9	75.6	76.3	75.1	71.2	71.6	71.2	72.2	74.8	76.3	77.7	75.2	75.5	75.1	73.4	74.3	68.5	67.7	66.4	66.3	69.9	
Bangladesh	40.9	51.1	49.9	52.0	50.0	48.9	51.2	51.9	49.3	50.0	47.5	52.9	46.7	44.2	47.5	51.1	53.0	53.2	52.6	54.1	53.9	53.3	55.0	55.1	55.6	56.4	56.5	
Barbados	N/A	62.3	64.5	67.9	66.7	69.5	71.5	73.6	71.3	69.4	70.1	71.9	70.0	71.3	71.5	68.3	68.5	69.0	69.3	68.3	67.9	68.3	54.5	57.0	64.7	61.4	65.0	
Belarus	40.4	38.7	39.8	38.0	35.4	41.3	38.0	39.0	39.7	43.1	46.7	47.5	47.0	45.3	45.0	48.7	47.9	49.0	48.0	50.1	49.8	48.8	58.6	58.1	57.9	61.7	61.0	
Belgium	N/A	66.0	64.6	64.7	62.9	63.5	63.8	67.6	68.1	68.7	69.0	71.8	72.5	71.7	72.1	70.1	70.2	69.0	69.2	69.9	68.8	68.4	67.8	67.5	67.3	68.9	70.1	
Belize	62.9	61.6	64.3	59.1	60.7	63.3	65.9	65.6	63.5	62.8	64.5	64.7	63.3	63.0	63.0	61.5	63.8	61.9	57.3	56.7	56.8	57.4	58.6	57.1	55.4	57.4	57.5	
Benin	N/A	54.5	61.3	61.7	60.6	61.5	60.1	57.3	54.9	54.6	52.3	54.0	55.1	55.2	55.4	55.4	56.0	55.7	57.6	57.1	58.8	59.3	59.2	56.7	55.3	55.2	59.6	
Bhutan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	57.7	57.0	57.6	56.6	55.0	56.7	57.4	59.5	58.4	61.8	62.9	58.3	
Bolivia	56.8	65.2	65.1	68.8	65.6	65.0	68.0	65.1	64.3	64.5	58.4	57.8	54.2	53.1	53.6	49.4	50.0	50.2	47.9	48.4	46.8	47.4	47.7	44.1	42.3	42.8	42.7	
Bosnia and Herzegovina	N/A	N/A	N/A	29.4	29.4	45.1	36.6	37.4	40.6	44.7	48.8	55.6	54.4	53.9	53.1	56.2	57.5	57.3	57.3	58.4	59.0	58.6	60.2	61.4	61.9	62.6	62.9	
Botswana	56.8	61.6	59.1	62.8	62.9	65.8	66.8	66.2	68.6	69.9	69.3	68.8	68.1	68.2	69.7	70.3	68.8	69.6	70.6	72.0	69.8	71.1	70.1	69.9	69.5	69.6	67.6	
Brazil	51.4	48.1	52.6	52.3	61.3	61.1	61.9	61.5	63.4	62.0	61.7	60.9	56.2	56.2	56.7	55.6	56.3	57.9	57.7	56.9	56.6	56.5	52.9	51.4	51.9	53.7	53.4	
Brunei Darussalam	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	69.0	68.9	67.3	69.8	64.2	65.1	66.6	66.6
Bulgaria	50.0	48.6	47.6	45.7	46.2	47.3	51.9	57.1	57.0	59.2	62.3	64.1	62.7	63.7	64.6	62.3	64.9	64.7	65.0	65.7	66.8	65.9	67.9	68.3	69.0	70.2	70.4	
Burkina Faso	N/A	49.4	54.0	54.5	55.0	55.7	56.7	58.8	58.9	58.0	56.6	55.8	55.1	55.7	59.5	59.4	60.6	60.6	59.9	58.9	58.6	59.1	59.6	60.0	59.4	56.7	56.5	
Burma	N/A	45.1	45.4	45.7	46.4	47.9	46.1	45.5	44.9	43.6	40.5	40.0	41.0	39.5	37.7	36.7	37.8	38.7	39.2	46.5	46.9	48.7	52.5	53.9	53.6	54.0	55.2	
Burundi	N/A	N/A	45.4	44.7	41.1	42.6	N/A	N/A	N/A	N/A	N/A	48.7	46.9	46.2	48.8	47.5	49.6	48.1	49.0	51.4	53.7	53.9	53.2	50.9	48.9	49.0	49.9	
Cabo Verde	N/A	49.7	47.7	48.0	50.7	51.9	56.3	57.6	56.1	58.1	57.8	58.6	56.5	57.9	61.3	61.8	64.6	63.5	63.7	66.1	66.4	66.5	56.9	60.0	63.1	63.6	63.8	
Cambodia	N/A	N/A	52.8	59.8	59.9	59.3	59.6	60.7	63.7	61.1	60.0	56.7	55.9	55.9	56.6	56.6	57.9	57.6	58.5	57.4	57.5	57.9	59.5	58.7	57.8	57.3	57.3	

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Cameroon	51.3	45.7	44.6	48.0	50.3	49.9	53.3	52.8	52.7	52.3	53.0	54.6	55.6	54.3	53.0	52.3	51.8	51.8	52.3	52.6	51.9	54.2	51.8	51.9	52.4	53.6	53.4	
Canada	69.4	70.3	67.9	68.5	69.3	70.5	71.2	74.6	74.8	75.3	75.8	77.4	78.0	80.2	80.5	80.4	80.8	79.9	79.4	80.2	79.1	78.0	78.5	77.7	77.7	78.2	77.9	
Central African Republic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.8	60.0	57.5	56.5	54.2	50.6	48.6	48.3	48.4	49.3	50.3	50.4	46.7	45.9	45.2	51.8	49.2	49.1	50.7	48.8	
Chad	N/A	N/A	45.1	46.6	47.2	46.8	46.4	49.2	52.6	53.1	52.1	50.0	50.1	47.8	47.5	47.5	45.3	44.8	45.2	44.5	45.9	46.3	49.0	49.3	49.9	50.2	50.4	
Chile	71.2	72.6	75.9	74.9	74.1	74.7	75.1	77.8	76.0	76.9	77.8	78.0	77.7	78.6	78.3	77.2	77.4	78.3	79.0	78.7	78.5	77.7	76.5	75.2	75.4	76.8	75.2	
China	52.0	51.3	51.7	53.1	54.8	56.4	52.6	52.8	52.6	52.5	53.7	53.6	52.0	53.1	53.2	51.0	52.0	51.2	51.9	52.5	52.7	52.0	57.4	57.8	58.4	59.5	58.4	
Colombia	64.5	64.3	66.4	65.5	65.3	63.3	65.6	64.2	64.2	61.2	59.6	60.4	59.9	62.2	62.3	65.5	68.0	68.0	69.6	70.7	71.7	70.8	69.7	68.9	67.3	69.2	68.1	
Comoros	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	43.3	44.9	43.8	45.7	47.5	51.4	52.1	52.4	55.8	56.2	55.4	53.7	55.7
Congo, Dem. Rep.	41.4	39.5	39.5	40.6	34.0	34.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	42.8	41.4	40.7	41.1	39.6	40.6	45.0	46.4	56.4	52.1	50.3	49.5	49.0
Congo, Rep.	N/A	40.3	42.2	33.8	41.6	40.6	44.3	45.3	47.7	45.9	46.2	43.8	44.4	45.3	45.4	43.2	43.6	43.8	43.5	43.7	42.7	42.8	40.0	38.9	39.7	41.8	50.7	
Costa Rica	68.0	66.4	65.6	67.4	68.4	68.4	67.6	67.5	67.0	66.4	66.1	65.9	64.0	64.2	66.4	65.9	67.3	68.0	67.0	66.9	67.2	67.4	65.0	65.6	65.3	65.8	64.2	
Côte d'Ivoire	53.4	49.9	50.5	51.3	51.7	50.2	54.8	57.3	56.7	57.8	56.6	56.2	54.9	53.9	55.0	54.1	55.4	54.3	54.1	57.7	58.5	60.0	63.0	62.0	62.4	59.7	61.7	
Croatia	N/A	48.0	46.7	51.7	53.1	53.6	50.7	51.1	53.3	53.1	51.9	53.6	53.4	54.1	55.1	59.2	61.1	60.9	61.3	60.4	61.5	59.1	59.4	61.0	61.4	62.2	63.6	
Cuba	27.8	27.8	27.8	28.2	29.7	31.3	31.6	32.4	35.1	34.4	35.5	29.3	28.6	27.5	27.9	26.7	27.7	28.3	28.5	28.7	29.6	29.8	33.9	31.9	27.8	26.9	28.1	
Cyprus	N/A	67.7	67.9	68.2	67.8	67.2	71.0	73.0	73.3	74.1	71.9	71.8	71.7	71.3	70.8	70.9	73.3	71.8	69.0	67.6	67.9	68.7	67.9	67.8	68.1	70.1	71.4	
Czech Republic	67.8	68.1	68.8	68.4	69.7	68.6	70.2	66.5	67.5	67.0	64.6	66.4	67.4	68.1	69.4	69.8	70.4	69.9	70.9	72.2	72.5	73.2	73.3	74.2	73.7	74.8	73.8	
Denmark	N/A	67.3	67.5	67.5	68.1	68.3	68.3	71.1	73.2	72.4	75.3	75.4	77.0	79.2	79.6	77.9	78.6	76.2	76.1	76.1	76.3	75.3	75.1	76.6	76.7	78.3	77.8	
Djibouti	N/A	N/A	54.5	55.9	57.1	55.1	58.3	57.8	55.7	55.6	55.2	53.2	52.4	51.2	51.3	51.0	54.5	53.9	53.9	55.9	57.5	56.0	46.7	45.1	47.1	52.9	56.2	
Dominica	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62.6	63.2	63.3	61.6	63.9	65.2	66.1	67.0	63.7	64.5	63.6	53.0	
Dominican Republic	55.8	58.1	53.5	58.1	58.1	59.0	59.1	58.6	57.8	54.6	55.1	56.3	56.8	57.7	59.2	60.3	60.0	60.2	59.7	61.3	61.0	61.0	62.9	61.6	61.0	60.9	62.1	
Ecuador	57.7	60.1	61.0	62.8	62.9	59.8	55.1	53.1	54.1	54.4	52.9	54.6	55.3	55.2	52.5	49.3	47.1	48.3	46.9	48.0	49.2	48.6	49.3	48.5	46.9	51.3	52.4	
Egypt	45.7	52.0	54.5	55.8	58.0	51.7	51.5	54.1	55.3	55.5	55.8	53.2	54.4	58.5	58.0	59.0	59.1	57.9	54.8	52.9	55.2	56.0	52.6	53.4	52.5	54.0	55.7	
El Salvador	69.1	70.1	70.5	70.2	75.1	76.3	73.0	73.0	71.5	71.2	71.5	69.6	68.9	68.5	69.8	69.9	68.8	68.7	66.7	66.2	65.7	65.1	64.1	63.2	61.8	61.6	61.0	
Equatorial Guinea	N/A	N/A	N/A	N/A	45.1	45.6	47.9	46.4	53.1	53.3	53.3	51.5	53.2	51.6	51.3	48.6	47.5	42.8	42.3	44.4	40.4	43.7	45.0	42.0	41.0	48.3	49.2	
Eritrea	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	38.5	35.3	36.7	36.2	36.3	38.5	38.9	42.7	42.2	41.7	38.9	38.5	42.3
Estonia	65.2	65.4	69.1	72.5	73.8	69.9	76.1	77.6	77.7	77.4	75.2	74.9	78.0	77.9	76.4	74.7	75.2	73.2	75.3	75.9	76.8	77.2	79.1	78.8	76.6	77.7	78.2	
Eswatini	63.3	58.6	59.4	62.0	62.1	62.6	63.6	60.9	59.6	58.6	59.4	61.4	60.1	58.4	59.1	57.4	59.1	57.2	57.2	61.2	59.9	59.7	61.1	55.9	54.7	55.3	55.1	
Ethiopia	42.6	45.9	48.1	49.2	46.7	50.2	48.9	49.8	48.8	54.5	51.1	50.9	53.6	52.5	53.0	51.2	50.5	52.0	49.4	50.0	51.5	51.5	52.7	52.8	53.6	53.6	51.7	

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fiji	54.7	57.4	58.0	58.2	58.4	57.8	53.7	53.9	54.7	58.0	58.2	58.4	60.8	61.8	61.0	60.3	60.4	57.3	57.2	58.7	59.0	58.8	63.4	62.0	62.2	63.4	62.2
Finland	N/A	63.7	65.2	63.5	63.9	64.3	69.7	73.6	73.7	73.4	71.0	72.9	74.0	74.6	74.5	73.8	74.0	72.3	74.0	73.4	73.4	72.6	74.0	74.1	74.9	75.7	76.1
France	64.4	63.7	59.1	58.9	59.1	57.4	58.0	58.0	59.2	60.9	60.5	61.1	62.1	64.7	63.3	64.2	64.6	63.2	64.1	63.5	62.5	62.3	63.3	63.9	63.8	66.0	65.7
Gabon	57.5	55.7	58.8	59.2	60.5	58.2	55.0	58.0	58.7	57.1	54.8	56.1	54.8	54.2	55.0	55.4	56.7	56.4	57.8	57.8	58.3	59.0	58.6	58.0	56.3	56.7	58.1
Gambia	N/A	N/A	52.9	53.4	52.1	52.7	56.6	57.7	56.3	55.3	56.5	57.3	57.7	56.9	55.8	55.1	57.4	58.8	58.8	59.5	57.5	57.1	53.4	52.3	52.4	56.3	58.8
Georgia	N/A	44.1	46.5	47.9	52.5	54.3	58.3	56.7	58.6	58.9	57.1	64.5	69.3	69.2	69.8	70.4	70.4	69.4	72.2	72.6	73.0	72.6	76.0	76.2	75.9	77.1	77.2
Germany	69.8	69.1	67.5	64.3	65.6	65.7	69.5	70.4	69.7	69.5	68.1	70.8	70.8	70.6	70.5	71.1	71.8	71.0	72.8	73.4	73.8	74.4	73.8	74.2	73.5	73.5	72.5
Ghana	55.6	57.7	56.7	57.0	57.9	58.1	58.0	57.2	58.2	59.1	56.5	55.6	57.6	57.0	58.1	60.2	59.4	60.7	61.3	64.2	63.0	63.5	56.2	56.0	57.5	59.4	59.2
Greece	61.2	60.5	59.6	60.6	61.0	61.0	63.4	59.1	58.8	59.1	59.0	60.1	58.7	60.6	60.8	62.7	60.3	55.4	55.4	55.7	54.0	53.2	55.0	57.3	57.7	59.9	60.9
Guatemala	62.0	63.7	65.7	65.8	66.2	64.3	65.1	62.3	62.3	59.6	59.5	59.1	60.5	59.8	59.4	61.0	61.9	60.9	51.2	53.5	52.1	53.3	61.8	63.0	63.4	62.6	64.0
Guinea	59.4	58.5	52.9	61.0	59.4	58.2	58.4	52.9	54.6	56.1	57.4	52.8	54.5	52.8	51.0	51.8	51.7	50.8	51.2	53.5	52.1	53.3	47.6	52.2	55.7	56.5	56.5
Guinea-Bissau	N/A	N/A	N/A	N/A	33.5	34.7	42.5	42.3	43.1	42.6	46.0	46.5	46.1	44.4	45.4	43.6	46.5	50.1	51.1	51.3	52.0	51.8	56.1	56.9	54.0	53.3	54.9
Guyana	45.7	50.1	53.2	52.7	53.3	52.4	53.3	54.3	50.3	53.0	56.5	56.6	53.7	48.8	48.4	48.4	49.4	51.3	53.8	55.7	55.5	55.4	58.5	58.7	56.8	56.2	57.4
Haiti	43.0	41.0	45.8	45.7	45.9	45.7	47.1	47.9	50.6	51.2	48.4	49.2	51.4	49.0	50.5	50.8	52.1	50.7	48.1	48.9	51.3	51.3	49.6	55.8	52.7	52.3	50.8
Honduras	57.0	56.6	56.0	56.2	56.7	57.6	57.0	58.7	60.4	55.3	55.3	57.4	59.1	58.9	58.7	58.3	58.6	58.8	58.4	57.1	57.4	57.7	58.8	60.6	60.2	61.1	59.8
Hong Kong	88.6	90.5	88.6	88.0	88.5	89.5	89.9	89.4	89.8	90.0	89.5	88.6	89.9	89.7	90.0	89.7	89.7	89.9	89.3	90.1	89.6	88.6	89.8	90.2	90.2	89.1	N/A
Hungary	55.2	56.8	55.3	56.9	59.6	64.4	65.6	64.5	63.0	62.7	63.5	65.0	64.8	67.6	66.8	66.1	66.6	67.1	67.3	67.0	66.8	66.0	65.8	66.7	65.0	66.4	67.2
Iceland	N/A	N/A	70.5	71.2	71.4	74.0	73.4	73.1	73.5	72.1	76.6	75.8	76.0	75.8	75.9	73.7	68.2	70.9	72.1	72.4	72.0	73.3	74.4	77.0	77.1	77.1	77.4
India	45.1	47.4	49.7	49.7	50.2	47.4	49.0	51.2	51.2	51.5	54.2	52.2	53.9	54.1	54.4	53.8	54.6	54.6	55.2	55.7	54.6	56.2	52.6	54.5	55.2	56.5	56.5
Indonesia	54.9	61.0	62.0	63.4	61.5	55.2	52.5	54.8	55.8	52.1	52.9	51.9	53.2	53.2	53.4	55.5	56.0	56.4	56.9	58.5	58.1	59.4	61.9	64.2	65.8	67.2	66.9
Iran	N/A	36.1	34.5	36.0	36.8	36.1	35.9	36.4	43.2	42.8	50.5	45.0	45.0	45.0	44.6	43.4	42.1	42.3	43.2	40.3	41.8	45.5	50.5	50.9	51.1	49.2	47.2
Iraq	N/A	17.2	17.2	17.2	17.2	17.2	17.2	15.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ireland	68.5	68.5	72.6	73.7	74.6	76.1	81.2	80.5	80.9	80.3	80.8	82.2	82.6	82.5	82.2	81.3	78.7	76.9	75.7	76.2	76.6	77.3	76.7	80.4	80.5	80.9	81.4
Israel	61.5	62.0	62.7	68.0	68.3	65.5	66.1	66.9	62.7	61.4	62.6	64.4	64.8	66.3	67.6	67.7	68.5	67.8	66.9	68.4	70.5	70.7	69.7	72.2	72.8	74.0	73.8
Italy	61.2	60.8	58.1	59.1	61.6	61.9	63.0	63.6	64.3	64.2	64.9	62.0	62.8	62.6	61.4	62.7	60.3	58.8	60.6	60.9	61.7	61.2	62.5	62.5	62.2	63.8	64.9
Jamaica	64.4	66.7	67.7	67.1	64.7	65.5	63.7	61.7	67.0	66.7	67.0	66.4	65.5	65.7	65.2	65.5	65.7	65.1	66.8	66.7	67.7	67.5	69.5	69.1	68.6	68.5	69.0
Japan	75.0	72.6	70.3	70.2	69.1	70.7	70.9	66.7	67.6	64.3	67.3	73.3	72.7	73.0	72.8	72.9	72.8	71.6	71.8	72.4	73.3	73.1	69.6	72.3	72.1	73.3	74.1
Jordan	62.7	60.8	63.6	66.8	67.4	67.5	68.3	66.2	65.3	66.1	66.7	63.7	64.5	64.1	65.4	66.1	68.9	69.9	70.4	69.2	69.3	68.3	66.7	64.9	66.5	66.0	64.6
Kazakhstan	N/A	N/A	N/A	41.7	47.3	50.4	51.8	52.4	52.3	49.7	53.9	60.2	59.6	61.1	60.1	61.0	62.1	63.6	63.0	63.7	63.3	63.6	69.0	69.1	65.4	69.6	71.1
Kenya	54.5	56.4	60.1	58.4	58.2	59.7	57.6	58.2	58.6	57.7	57.9	59.7	59.6	59.3	58.7	57.5	57.4	57.5	55.9	57.1	55.6	57.5	53.5	54.7	55.1	55.3	54.9
Kiribati	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	45.7	43.7	44.8	46.9	45.9	46.3	46.4	46.2	50.9	50.8	47.3	45.2	44.4

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Korea, North	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.0	4.0	3.0	3.0	2.0	1.0	1.0	1.0	1.5	1.0	1.3	2.3	4.9	5.8	5.9	4.2	5.2	
Korea, South	72.0	73.0	69.8	73.3	69.7	69.7	69.1	69.5	68.3	67.8	66.4	67.5	67.8	68.6	68.1	69.9	69.8	69.9	70.3	71.2	71.5	71.7	74.3	73.8	72.3	74.0	74.0	
Kosovo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	61.4	67.9	66.6	67.0	67.4	66.5	
Kuwait	N/A	66.1	64.8	66.3	69.5	69.7	68.2	65.4	66.7	63.6	64.6	66.5	66.4	68.1	65.6	67.7	64.9	62.5	63.1	62.3	62.5	62.7	65.1	62.2	60.8	63.2	64.1	
Kyrgyz Republic	N/A	N/A	N/A	51.8	54.8	55.7	53.7	51.7	56.8	58.0	56.6	61.0	60.2	61.1	61.8	61.3	61.1	60.2	59.6	61.1	61.3	59.6	61.1	62.8	62.3	62.9	63.7	
Laos	N/A	38.5	35.1	35.2	35.2	36.8	33.5	36.8	41.0	42.0	44.4	47.5	50.3	50.3	50.4	51.1	51.3	50.0	50.1	51.2	51.4	49.8	54.0	53.6	57.4	55.5	53.9	
Latvia	N/A	55.0	62.4	63.4	64.2	63.4	66.4	65.0	66.0	67.4	66.3	66.9	67.9	68.3	66.6	66.2	65.8	65.2	66.5	68.7	69.7	70.4	74.8	73.6	70.4	71.9	72.3	
Lebanon	N/A	63.2	63.9	59.0	59.1	56.1	61.0	57.1	56.7	56.9	57.2	57.5	60.4	60.0	58.1	59.5	60.1	60.1	59.5	59.4	59.3	59.5	53.3	53.2	51.1	51.7	51.4	
Lesotho	N/A	47.0	47.2	48.4	48.2	48.4	50.6	48.9	52.0	50.3	53.9	54.7	53.2	52.1	49.7	48.1	47.5	46.6	47.9	49.5	49.6	50.6	53.9	53.9	53.1	54.5	53.5	
Liberia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48.1	46.2	46.5	48.6	49.3	52.4	52.7	52.2	49.1	50.9	49.7	49.0	49.2
Libya	N/A	31.7	28.9	32.0	32.3	34.7	34.0	35.4	34.6	31.5	32.8	33.2	37.0	38.7	43.5	40.2	38.6	35.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lithuania	N/A	49.7	57.3	59.4	61.5	61.9	65.5	66.1	69.7	72.4	70.5	71.8	71.5	70.9	70.0	70.3	71.3	71.5	72.1	73.0	74.7	75.2	75.8	75.3	74.2	76.7	76.9	
Luxembourg	N/A	72.5	72.8	72.7	72.4	76.4	80.1	79.4	79.9	78.9	76.3	75.3	74.6	74.7	75.2	75.4	76.2	74.5	74.2	74.2	73.2	73.9	75.9	76.4	75.9	75.8	76.0	
Macau	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72.0	72.5	73.1	71.8	71.7	71.3	70.3	70.1	70.7	70.9	71.0	70.3	N/A
Madagascar	51.6	52.2	53.8	51.8	52.8	54.4	53.9	56.8	62.8	60.9	63.1	61.0	61.1	62.4	62.2	63.2	61.2	62.4	62.0	61.7	61.7	61.1	57.4	56.8	56.6	60.5	57.7	
Malawi	54.7	56.2	53.4	54.1	54.0	57.4	56.2	56.9	53.2	53.6	53.6	55.4	52.9	52.7	53.7	54.1	55.8	56.4	55.3	55.4	54.8	51.8	52.2	52.0	51.4	52.8	53.0	
Malaysia	71.9	69.9	66.8	68.2	68.9	66.0	60.2	60.1	61.1	59.9	61.9	61.6	63.8	63.9	64.6	64.8	66.3	66.4	66.1	69.6	70.8	71.5	73.8	74.5	74.0	74.7	74.4	
Maldives	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	51.3	49.0	48.3	49.2	49.0	51.0	53.4	53.9	50.3	51.1	53.2	56.5	55.2
Mali	52.4	57.0	56.4	57.3	58.4	60.3	60.1	61.1	58.6	56.6	57.3	54.1	54.7	55.6	55.6	55.6	56.3	55.8	56.4	55.5	56.4	56.5	58.6	57.6	58.1	55.9	55.6	
Malta	56.3	55.8	57.9	61.2	59.3	58.3	62.9	62.2	61.1	63.3	68.9	67.3	66.1	66.0	66.1	67.2	65.7	67.0	67.5	66.4	66.5	66.7	67.7	68.5	68.6	69.5	70.2	
Mauritania	N/A	45.5	47.0	43.7	42.8	46.0	48.5	52.5	59.0	61.8	59.4	55.7	53.6	55.2	53.9	52.0	52.1	53.0	52.3	53.2	53.3	54.8	54.4	54.0	55.7	55.3	56.1	
Mauritius	N/A	N/A	N/A	N/A	68.5	67.2	66.4	67.7	64.4	64.3	67.2	67.4	69.4	72.6	74.3	76.3	76.2	77.0	76.9	76.5	76.4	74.7	74.7	75.1	73.0	74.9	77.0	
Mexico	63.1	61.2	57.1	57.9	58.5	59.3	60.6	63.0	65.3	66.0	65.2	64.7	66.0	66.2	65.8	68.3	67.8	65.3	67.0	66.8	66.4	65.2	63.6	64.8	64.7	66.0	65.5	
Micronesia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	51.7	50.6	50.3	50.7	50.1	49.8	49.6	51.8	54.1	52.3	51.9	52.0	50.4
Moldova	33.0	52.5	48.9	53.5	56.1	59.6	54.9	57.4	60.0	57.1	57.4	58.0	58.7	57.9	54.9	53.7	55.7	54.4	55.5	57.3	57.5	57.4	58.0	58.4	59.1	62.0	62.5	
Mongolia	47.8	47.4	52.9	57.3	58.6	58.5	56.0	56.7	57.7	56.5	59.7	62.4	60.3	63.6	62.8	60.0	59.5	61.5	61.7	58.9	59.2	59.4	54.8	55.7	55.4	55.9	62.4	
Montenegro	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46.6	43.5	N/A	N/A	N/A	N/A	58.2	63.6	62.5	62.5	62.6	63.6	64.7	64.9	62.0	64.3	60.5	61.5	63.4	
Morocco	62.8	64.3	64.7	61.1	63.8	63.2	63.9	59.0	57.8	56.7	52.2	51.5	56.4	55.6	57.7	59.2	59.6	60.2	59.6	58.3	60.1	61.3	61.5	61.9	62.9	63.3	63.3	
Mozambique	45.5	48.4	44.0	43.0	48.9	52.2	59.2	57.7	58.6	57.2	54.6	51.9	54.7	55.4	55.7	56.0	56.8	57.1	55.0	55.0	54.8	53.2	49.9	46.3	48.6	50.5	51.6	
Namibia	N/A	N/A	61.6	66.1	66.1	66.7	64.8	65.1	67.3	62.4	61.4	60.7	63.5	61.4	62.4	62.2	62.7	61.9	60.3	59.4	59.6	61.9	62.5	58.5	58.7	60.9	62.6	

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nepal	N/A	50.3	53.6	53.5	53.1	51.3	51.6	52.3	51.5	51.2	51.4	53.7	54.4	54.1	53.2	52.7	50.1	50.2	50.4	50.1	51.3	50.9	55.1	54.1	53.8	54.2	50.7
Netherlands	N/A	69.7	70.4	69.2	70.2	70.4	73.0	75.1	74.6	74.5	72.9	75.4	75.5	77.4	77.0	75.0	74.7	73.3	73.5	74.2	73.7	74.6	75.8	76.2	76.8	77.0	76.8
New Zealand	N/A	78.1	79.0	79.2	81.7	80.9	81.1	80.7	81.1	81.5	82.3	82.0	81.4	80.7	82.0	82.1	82.3	82.1	81.4	81.2	82.1	81.6	83.7	84.2	84.4	84.1	83.9
Nicaragua	42.5	54.1	53.3	53.8	54.0	56.9	58.0	61.1	62.6	61.4	62.5	63.8	62.7	60.8	59.8	58.3	58.8	57.9	56.6	58.4	57.6	58.6	59.2	58.9	57.7	57.2	56.3
Niger	N/A	45.8	46.6	47.5	48.6	45.9	48.9	48.2	54.2	54.6	54.1	52.5	53.2	52.9	53.8	52.9	54.3	54.3	53.9	55.1	54.6	54.3	50.8	49.5	51.6	54.7	57.3
Nigeria	47.3	47.4	52.8	52.3	55.7	53.1	49.6	50.9	49.5	49.2	48.4	48.7	55.6	55.1	55.1	56.8	56.7	56.3	55.1	54.3	55.6	57.5	57.1	58.5	57.3	57.2	58.7
North Macedonia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.0	60.1	56.8	56.1	59.2	60.6	61.1	61.2	65.7	66.0	68.5	68.2	68.6	67.1	67.5	70.7	71.3	71.1	69.5	68.6
Norway	N/A	65.4	65.1	68.0	68.6	70.1	67.1	67.4	67.2	66.2	64.5	67.9	67.9	68.6	70.2	69.4	70.3	68.8	70.5	70.9	71.8	70.8	74.0	74.3	73.0	73.4	73.4
Oman	70.2	65.4	64.5	64.9	64.9	64.1	67.7	64.0	64.6	66.9	66.5	63.7	65.8	67.3	67.0	67.7	69.8	67.9	68.1	67.4	66.7	67.1	62.1	61.0	61.0	63.6	64.6
Pakistan	57.6	58.4	56.0	53.2	53.0	56.4	56.0	55.8	55.0	54.9	53.3	57.9	57.2	55.6	57.0	55.2	55.1	54.7	55.1	55.2	55.6	55.9	52.8	54.4	55.0	54.8	51.7
Panama	71.6	71.8	72.4	72.6	72.6	71.6	70.6	68.5	68.4	65.3	64.3	65.6	64.6	64.7	64.7	64.8	64.9	65.2	62.5	63.4	64.1	64.8	66.3	67.0	67.2	67.2	66.2
Papua New Guinea	N/A	58.6	56.7	55.2	56.3	55.8	57.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54.8	53.5	52.6	53.8	53.6	53.9	53.1	53.2	50.9	55.7	58.4	58.4	58.9
Paraguay	65.9	67.1	67.3	65.2	63.7	64.0	60.3	59.6	58.2	56.7	53.4	55.6	58.3	60.0	61.0	61.3	62.3	61.8	61.1	62.0	61.1	61.5	62.4	62.1	61.8	63.0	62.6
Peru	56.9	62.5	63.8	65.0	69.2	68.7	69.6	64.8	64.6	64.7	61.3	60.5	62.7	63.8	64.6	67.6	68.6	68.7	68.2	67.4	67.7	67.4	68.9	68.7	67.8	67.9	67.7
Philippines	55.0	60.2	62.2	62.8	61.9	62.5	60.9	60.7	61.3	59.1	54.7	56.3	56.0	56.0	56.8	56.3	56.2	57.1	58.2	60.1	62.2	63.1	65.6	65.0	63.8	64.5	64.1
Poland	50.7	57.8	56.8	59.2	59.6	60.0	61.8	65.0	61.8	58.7	59.6	59.3	58.1	60.3	60.3	63.2	64.1	64.2	66.0	67.0	68.6	69.3	68.3	68.5	67.8	69.1	69.7
Portugal	62.4	64.5	63.6	65.0	65.6	65.5	66.0	65.4	64.9	64.9	62.4	62.9	64.0	63.9	64.9	64.4	64.0	63.0	63.1	63.5	65.3	65.1	62.6	63.4	65.3	67.0	67.5
Qatar	N/A	N/A	N/A	N/A	62.0	62.0	60.0	61.9	65.9	66.5	63.5	62.4	62.9	62.2	65.8	69.0	70.5	71.3	71.3	71.2	70.8	70.7	73.1	72.6	72.6	72.3	72.0
Romania	42.9	46.2	50.8	54.4	50.1	52.1	50.0	48.7	50.6	50.0	52.1	58.2	61.2	61.7	63.2	64.2	64.7	64.4	65.1	65.5	66.6	65.6	69.7	69.4	68.6	69.7	69.5
Russia	51.1	51.6	48.6	52.8	54.5	51.8	49.8	48.7	50.8	52.8	51.3	52.4	52.2	49.8	50.8	50.3	50.5	50.5	51.1	51.9	52.1	50.6	57.1	58.2	58.9	61.0	61.5
Rwanda	N/A	N/A	39.3	39.1	39.8	42.3	45.4	50.4	47.8	53.3	51.7	52.8	52.4	54.2	54.2	59.1	62.7	64.9	64.1	64.7	64.8	63.1	67.6	69.1	71.1	70.9	68.3
Saint Lucia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68.8	70.5	70.8	71.3	70.4	70.7	70.2	70.0	65.0	67.6	68.7	68.2	67.5
Saint Vincent and the Grenadines	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	64.3	66.9	66.9	66.5	66.7	67.0	68.0	68.8	65.2	67.7	65.8	66.8	66.3
Samoa	N/A	47.6	51.5	49.9	58.7	60.8	63.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.5	60.4	60.6	60.5	57.1	61.1	61.9	63.5	58.4	61.5	62.2	62.1	61.9
São Tomé and Príncipe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	43.8	48.8	49.5	50.2	48.0	48.8	53.3	56.7	55.4	53.6	54.0	56.2	55.9
Saudi Arabia	N/A	68.3	68.7	69.3	65.5	66.5	62.2	65.3	63.2	60.4	63.0	63.0	60.9	62.5	64.3	64.1	66.2	62.5	60.6	62.2	62.1	62.1	64.4	59.6	60.7	62.4	66.0
Senegal	N/A	58.2	58.1	59.7	60.6	58.9	58.7	58.6	58.1	58.9	57.9	56.2	58.1	58.3	56.3	54.6	55.7	55.4	55.5	55.4	57.8	58.1	55.9	55.7	56.3	58.0	58.0

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Serbia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	56.6	56.9	58.0	58.6	59.4	60.0	62.1	58.9	62.5	63.9	66.0	67.2
Seychelles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	47.8	47.9	51.2	53.0	54.9	56.2	57.5	62.2	61.8	61.6	61.4	64.3
Sierra Leone	49.8	52.3	45.0	47.7	47.2	44.2	N/A	N/A	42.2	43.6	44.8	45.2	47.0	48.3	47.8	47.9	49.6	49.1	48.3	50.5	51.7	52.3	52.6	51.8	47.5	48.0	51.7
Singapore	86.3	86.5	87.3	87.0	86.9	87.7	87.8	87.4	88.2	88.9	88.6	88.0	87.1	87.3	87.1	87.1	86.1	87.2	87.5	88.0	89.4	89.4	87.8	88.6	88.8	89.4	89.7
Slovakia	60.4	57.6	55.5	57.5	54.2	53.8	58.5	59.8	59.0	64.6	66.8	69.8	69.6	70.0	69.4	69.7	69.5	67.0	68.7	66.4	67.2	66.6	65.7	65.3	65.0	66.8	66.3
Slovenia	N/A	50.4	55.6	60.7	61.3	58.3	61.8	57.8	57.7	59.2	59.6	61.9	59.6	60.2	62.9	64.7	64.6	62.9	61.7	62.7	60.3	60.6	59.2	64.8	65.5	67.8	68.3
Solomon Islands	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46.0	42.9	45.9	46.2	45.0	46.2	47.0	47.0	55.0	57.5	54.6	52.9
Somalia	N/A	25.6	25.6	27.8	27.8	27.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
South Africa	60.7	62.5	63.2	64.3	63.3	63.7	63.8	64.0	67.1	66.3	62.9	63.7	63.5	63.4	63.8	62.8	62.7	62.7	61.8	62.5	62.6	61.9	62.3	63.0	58.3	58.8	59.7
Spain	62.8	59.6	59.6	62.6	65.1	65.9	68.1	68.8	68.8	68.9	67.0	68.2	69.2	69.1	70.1	69.6	70.2	69.1	68.0	67.2	67.6	68.5	63.6	65.1	65.7	66.9	69.9
Sri Lanka	60.6	62.5	65.5	64.6	64.0	63.2	66.0	64.0	62.5	61.6	61.0	58.7	59.4	58.4	56.0	54.6	57.1	58.3	60.7	60.0	58.6	59.9	57.4	57.8	56.4	57.4	55.7
Sudan	39.4	39.2	39.9	38.3	39.6	47.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48.8	49.4	47.7	45.0
Suriname	N/A	36.7	35.9	39.9	40.1	45.8	44.3	48.0	46.9	47.9	51.9	55.1	54.8	54.3	54.1	52.5	53.1	52.6	52.0	54.2	54.2	53.8	48.0	48.1	48.1	49.5	46.4
Sweden	61.4	61.8	63.3	64.0	64.2	65.1	66.6	70.8	70.0	70.1	69.8	70.9	69.3	70.8	70.5	72.4	71.9	71.7	72.9	73.1	72.7	72.0	74.9	76.3	75.2	74.9	74.7
Switzerland	N/A	76.8	78.6	79.0	79.1	76.8	76.0	79.3	79.0	79.5	79.3	78.9	78.0	79.5	79.4	81.1	81.9	81.1	81.0	81.6	80.5	81.0	81.5	81.7	81.9	82.0	81.9
Syria	N/A	42.3	43.0	42.2	39.0	37.2	36.6	36.3	41.3	40.6	46.3	51.2	48.3	47.2	51.3	49.4	51.3	51.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Taiwan	74.2	74.1	70.0	70.4	71.5	72.5	72.8	71.3	71.7	69.6	71.3	69.7	69.4	70.3	69.5	70.4	70.8	71.9	72.7	73.9	75.1	74.7	76.5	76.6	77.3	77.1	78.6
Tajikistan	N/A	N/A	N/A	41.1	41.2	44.8	46.8	47.3	46.5	48.7	50.4	52.6	53.6	54.4	54.6	53.0	53.5	53.4	53.4	52.0	52.7	51.3	58.2	58.3	55.6	52.2	55.2
Tanzania	57.3	57.5	59.3	59.6	60.0	56.0	54.9	58.3	56.9	60.1	56.3	58.5	56.8	56.5	58.3	58.3	57.0	57.0	57.9	57.8	57.5	58.5	58.6	59.9	60.2	61.7	61.3
Thailand	71.3	71.0	66.1	67.3	66.9	66.6	68.9	69.1	65.8	63.7	62.5	63.3	63.5	62.3	63.0	64.1	64.7	64.9	64.1	63.3	62.4	63.9	66.2	67.1	68.3	69.4	69.7
Timor-Leste	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50.5	45.8	42.8	43.3	43.7	43.2	45.5	45.8	46.3	48.1	44.2	45.9
Togo	N/A	N/A	N/A	N/A	N/A	48.2	46.4	45.3	46.8	47.0	48.2	47.3	49.7	48.9	48.7	47.1	49.1	48.3	48.8	49.9	53.0	53.6	53.2	47.8	50.3	54.1	57.5
Tonga	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54.1	53.4	55.8	57.0	56.0	58.2	59.3	59.6	63.0	63.1	57.7	58.8
Trinidad and Tobago	N/A	69.2	71.3	72.0	72.4	74.5	71.8	70.1	68.8	71.3	71.5	70.4	70.6	69.5	68.0	66.7	66.5	64.4	62.3	62.7	64.1	62.9	61.2	57.7	57.0	58.3	59.0
Tunisia	63.4	63.9	63.8	63.9	61.1	61.3	60.8	60.2	58.1	58.4	55.4	57.5	60.3	60.1	58.0	58.9	58.5	58.6	57.0	57.3	57.7	57.6	55.7	58.9	55.4	55.8	56.6
Turkey	58.4	56.7	60.8	60.9	59.2	63.4	60.6	54.2	51.9	52.8	50.6	57.0	57.4	59.9	61.6	63.8	64.2	62.5	62.9	64.9	63.2	62.1	65.2	65.4	64.6	64.4	64.0
Turkmenistan	N/A	N/A	N/A	35.0	36.1	37.6	41.8	43.2	51.3	50.7	47.6	43.8	43.0	43.4	44.2	42.5	43.6	43.8	42.6	42.2	41.4	41.9	47.4	47.1	48.4	46.5	47.4
Uganda	62.9	66.2	66.6	64.7	64.8	58.2	60.4	61.0	60.1	64.1	62.9	63.9	63.1	63.8	63.5	62.2	61.7	61.9	61.1	59.9	59.7	59.3	60.9	62.0	59.7	59.5	58.6
Ukraine	39.9	40.6	43.5	40.4	43.7	47.8	48.5	48.2	51.1	53.7	55.8	54.4	51.5	51.0	48.8	46.4	45.8	46.1	46.3	49.3	46.9	46.8	48.1	51.9	52.3	54.9	56.2

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2021

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
United Arab Emirates	N/A	71.6	71.9	72.2	71.5	74.2	74.9	73.6	73.4	67.2	65.2	62.2	62.6	62.6	64.7	67.3	67.8	69.3	71.1	71.4	72.4	72.6	76.9	77.6	77.6	76.2	76.9
United Kingdom	77.9	76.4	76.4	76.5	76.2	77.3	77.6	78.5	77.5	77.7	79.2	80.4	79.9	79.4	79.0	76.5	74.5	74.1	74.8	74.9	75.8	76.4	76.4	78.0	78.9	79.3	78.4
United States	76.7	76.7	75.6	75.4	75.5	76.4	79.1	78.4	78.2	78.7	79.9	81.2	81.2	81.0	80.7	78.0	77.8	76.3	76.0	75.5	76.2	75.4	75.1	75.7	76.8	76.6	74.8
Uruguay	62.5	63.7	67.5	68.6	68.5	69.3	70.7	68.7	69.8	66.7	66.9	65.3	68.4	67.9	69.1	69.8	70.0	69.9	69.7	69.3	68.6	68.8	69.7	69.2	68.6	69.1	69.3
Uzbekistan	N/A	N/A	N/A	31.5	33.8	38.1	38.2	38.5	38.3	39.1	45.8	48.7	51.5	51.9	50.5	47.5	45.8	45.8	46.0	46.5	47.0	46.0	52.3	51.5	53.3	57.2	58.3
Vanuatu	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.4	56.4	56.7	56.6	56.6	59.5	61.1	60.8	67.4	69.5	56.4	60.7	60.5
Venezuela	59.8	54.5	52.8	54.0	56.1	57.4	54.6	54.7	54.8	46.7	45.2	44.6	47.9	44.7	39.9	37.1	37.6	38.1	36.1	36.3	34.3	33.7	27.0	25.2	25.9	25.2	24.7
Vietnam	41.7	40.2	38.6	40.4	42.7	43.7	44.3	45.6	46.2	46.1	48.1	50.5	49.8	50.4	51.0	49.8	51.6	51.3	51.0	50.8	51.7	54.0	52.4	53.1	55.3	58.8	61.7
Yemen	49.8	49.6	48.4	46.1	43.3	44.5	44.3	48.6	50.3	50.5	53.8	52.6	54.1	53.8	56.9	54.4	54.2	55.3	55.9	55.5	53.7	N/A	N/A	N/A	N/A	N/A	N/A
Zambia	55.1	59.6	62.1	62.7	64.2	62.8	59.5	59.6	55.3	54.9	55.0	56.8	56.2	56.2	56.6	58.0	59.7	58.3	58.7	60.4	58.7	58.8	55.8	54.3	53.6	53.3	50.4
Zimbabwe	48.5	46.7	48.0	44.6	47.2	48.7	38.8	36.7	36.7	34.4	35.2	33.5	32.0	29.5	22.7	21.4	22.1	26.3	28.6	35.5	37.6	38.2	44.0	40.4	43.1	39.5	39.5

METHODOLOGY

The *Index of Economic Freedom* focuses on four key aspects of the economic and entrepreneurial environment over which governments typically exercise policy control:

- **Rule of law,**
- **Government size,**
- **Regulatory efficiency,** and
- **Market openness.**

In assessing conditions in these four categories, the *Index* measures 12 specific components of economic freedom, each of which is graded on a scale from 0 to 100. Scores on these 12 components of economic freedom, which are calculated from a number of sub-variables, are equally weighted and averaged to produce an overall economic freedom score for each economy.

The following sections provide detailed descriptions of the formulas and methodology used to compute the scores for each of the 12 components of economic freedom.

RULE OF LAW

Property Rights

The property rights component assesses the extent to which a country's legal framework allows individuals to acquire, hold, and utilize private property, secured by clear laws that the government enforces effectively. Relying on a mix of survey data and independent assessments, it provides a quantifiable measure of the degree to which a country's laws protect private property rights and the extent to which those laws are respected. It also assesses the level of state expropriation of private property.

The more effective the legal protection of property is, the higher a country's score will be. Similarly, the greater the chances of government expropriation of property are, the lower a country's score will be.

The score for this component is derived by averaging scores for the following five sub-factors, all of which are weighted equally:

- Physical property rights,
- Intellectual property rights,
- Strength of investor protection,
- Risk of expropriation, and
- Quality of land administration.

Each of these sub-factors is derived from numerical data sets that are normalized for comparative purposes using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$$

where Sub-factor_i represents the original data for country i , $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set, and $\text{Sub-factor Score}_i$ represents the computed sub-factor score for country i .

For a few countries, comparable data were not available for every sub-factor. In each of these cases, a score was computed for the missing sub-factor based on the relative percentile ranking of that country on the other sub-factors.

Sources. The *Index* relies on the following sources in assessing property rights: World Economic Forum, *World Competitiveness Report*; World Bank, *Doing Business*; and Credendo Group, *Country Risk Assessment*.

Judicial Effectiveness

Well-functioning legal frameworks are essential for protecting the rights of all citizens against unlawful acts by others, including governments and powerful private parties. Judicial effectiveness requires efficient and fair judicial systems to ensure that laws are fully respected and appropriate legal actions are taken against violations.

The score for the judicial effectiveness component is derived by averaging scores for the following three sub-factors, all of which are weighted equally:

- Judicial independence,
- Quality of the judicial process, and
- Favoritism in obtaining judicial decisions.

Each of these sub-factors is derived from numerical data sets that are normalized for comparative purposes using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$$

where Sub-factor_i represents the original data for country i ; $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set; and $\text{Sub-factor Score}_i$ represents the computed sub-factor score for country i .

For a few countries, comparable data were not available for every sub-factor. In each of these cases, a score was computed for the missing sub-factor based on the country's relative percentile ranking on the other sub-factors.

Sources. The *Index* relies on the following sources in assessing judicial effectiveness: World Economic Forum, *World Competitiveness Report*, and World Bank, *Doing Business*.

Government Integrity

Corruption erodes economic freedom by introducing insecurity and coercion into economic relations. Of greatest concern is the systemic corruption of government institutions and decision-making by such practices as bribery, extortion, nepotism, cronyism, patronage, embezzlement, and graft. The lack of government integrity caused by such practices reduces public trust and economic vitality by increasing the costs of economic activity.

The score for this component is derived by averaging scores for the following five sub-factors, all of which are weighted equally:

- Irregular payments and bribes,
- Transparency of government policymaking,
- Absence of corruption,
- Perceptions of corruption, and
- Governmental and civil service transparency.

Each of these sub-factors is derived from numerical data sets that are normalized for comparative purposes using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$$

where Sub-factor_i represents the original data for country i ; $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set; and $\text{Sub-factor Score}_i$ represents the computed sub-factor score for country i .

For a few countries, comparable data were not available for every sub-factor. In each of these cases, a score was computed for the missing sub-factor based on the country's relative percentile ranking on the other sub-factors.

Sources. The *Index* relies on the following sources in assessing government integrity: World Economic Forum, *World Competitiveness Report*; World Justice Project, *Rule of Law Index*; Transparency International, *Corruption Perceptions Index*; and TRACE International, *TRACE Bribery Risk Matrix*®.

GOVERNMENT SIZE

Tax Burden

Tax burden is a composite measure that reflects marginal tax rates on both personal and corporate income and the overall level of taxation (including direct and indirect taxes imposed by all levels of government) as a percentage of gross domestic product (GDP). The component score is derived from three quantitative sub-factors:

- The top marginal tax rate on individual income,
- The top marginal tax rate on corporate income, and
- The total tax burden as a percentage of GDP.

Each of these numerical variables is weighted equally as one-third of the component score. This equal weighting allows a country to achieve a score as high as 67 based on two of the factors even if it receives a score of 0 on the third.

Tax burden scores are calculated with a quadratic cost function to reflect the diminishing revenue returns from very high rates of taxation. The data for each sub-factor are converted to a 100-point scale using the following equation:

$$\text{Tax Burden}_{ij} = 100 - \alpha (\text{Factor}_{ij})^2$$

where Tax Burden_{ij} represents the tax burden in country i for factor j ; Factor_{ij} represents the value (a percentage expressed on a scale of 0 to 100) in country i for factor j ; and α is a coefficient

set equal to 0.03. The minimum score for each sub-factor is zero, which is not represented in the printed equation but was used because it means that no single high tax burden will make the other two sub-factors irrelevant.

As an example, in the 2021 *Index*, Georgia has a top marginal tax rate of 20.0 percent on individual income and 15.0 percent on corporate income, which yields a score of 88.0 for the individual side and 93.3 on the corporate side. Georgia's overall tax burden as a portion of GDP is 21.7 percent, yielding a score of 85.9 for that factor. When the three factors are averaged together, Georgia's overall tax burden score becomes 89.1.

Sources. The *Index* relies on the following sources for information on tax rate data, in order of priority: KPMG International Cooperative; Deloitte, *International Tax and Business Guide Highlights*; International Monetary Fund, *Staff Country Report*, "Selected Issues and Statistical Appendix," and *Staff Country Report*, "Article IV Consultation"; PricewaterhouseCoopers, *Worldwide Tax Summaries*; countries' investment agencies; other government authorities (embassy confirmations and/or the country's treasury or tax authority); and Economist Intelligence Unit, *Country Commerce* and *Country Finance*.

For information on tax burden as a percentage of GDP, the primary sources are World Bank, World Development Indicators; Organisation for Economic Co-operation and Development data; Eurostat, Government Finance Statistics data; African Development Bank and Organisation for Economic Co-operation and Development, *African Economic Outlook*; International Monetary Fund, Government Finance Statistics, *Staff Country Report*, "Selected Issues," and *Staff Country Report*, "Article IV Consultation"; Asian Development Bank, *Key Indicators for Asia and the Pacific*; United Nations Economic Commission for Latin America, *Economic Survey of Latin America and the Caribbean*; and Economist Intelligence Unit, Data Tool.

Government Spending

The government spending component captures the burden imposed by government expenditures, which includes consumption by the state and all transfer payments related to various entitlement programs.

No attempt has been made to identify an optimal level of government spending. The ideal level will vary from country to country, depending on factors that range from culture to geography to level of economic development. At some point, however, government spending becomes an unavoidable burden as growth in the size and scope of the public sector leads inevitably to misallocation of resources and loss of economic efficiency. Volumes of research have shown that excessive government spending that causes chronic budget deficits and the accumulation of public debt is one of the most serious drags on economic dynamism.

The *Index* methodology treats zero government spending as the benchmark. As a result, underdeveloped countries, particularly those with little government capacity, may receive artificially high scores. However, such governments, which can provide few if any public goods, are likely to receive low scores on some of the other components of economic freedom (such as property rights, financial freedom, and investment freedom) that measure aspects of government effectiveness.

Government spending has a major impact on economic freedom, but it is just one of many important components. The scale for scoring government spending is nonlinear, which means that government spending that is close to zero is lightly penalized, while government spending that exceeds 30 percent of GDP leads to much worse scores in a quadratic fashion (for example, doubling spending yields four times less freedom). Only extraordinarily high levels of government spending (for example, more than 58 percent of GDP) receive a score of zero.

The equation used to compute a country's government spending score is:

$$GE_i = 100 - \alpha (\text{Expenditures}_i)^2$$

where GE_i represents the government expenditure score in country i ; Expenditures_i represents the average total government spending at all levels as a percentage of GDP for the most recent three years; and α is a coefficient to control for variation among scores (set at 0.03). The minimum component score is zero.¹

In most cases, the *Index* uses general government expenditure data that include all levels of government such as federal, state, and local. In cases where data on general government spending are not available, data on central government expenditures are used instead.

For a number of countries, particularly developing countries, statistics related to government spending as a percentage of GDP are subject to frequent revisions by such data sources as the IMF.

Sources. The *Index* relies on the following sources for information on government intervention in the economy, in order of priority: Economist Intelligence Unit, Data Tool; Organisation for Economic Co-operation and Development data; Eurostat data; African Development Bank and Organisation for Economic Co-operation and Development, *African Economic Outlook*; International Monetary Fund, *Staff Country Report*, "Selected Issues and Statistical Appendix," *Staff Country Report*, "Article IV Consultation," and *World Economic Outlook* database; Asian Development Bank, *Key Indicators for Asia and the Pacific*; African Development Bank, *The ADB Statistics Pocketbook*; official government publications of each country; and United Nations Economic Commission for Latin America, *Economic Survey of Latin America and the Caribbean*.

Fiscal Health

Widening deficits and a growing debt burden, both of which are caused by poor government budget management, lead to the erosion of a country's overall fiscal health. Deteriorating fiscal health, in turn, is associated with macroeconomic instability and economic uncertainty.

Debt is an accumulation of budget deficits over time. In theory, debt financing of public spending could make a positive contribution to productive investment and ultimately to economic growth. However, mounting public debt driven by persistent budget deficits, particularly spending that merely boosts government consumption or transfer payments, often undermines overall productivity growth and leads ultimately to economic stagnation rather than growth.

The score for the fiscal health component is based on two sub-factors, which are weighted as follows in calculating the overall component score:

- Average deficits as a percentage of GDP for the most recent three years (80 percent of score) and
- Debt as a percentage of GDP (20 percent of score).

The equation used to compute a country's fiscal health score is:

$$\text{Sub-factor Score}_i = 100 - \alpha (\text{Sub-factor}_i)^2$$

where $\text{Sub-factor Score}_i$ represents the deficit or debt score in country i ; Sub-factor_i represents the factor value as a portion of GDP; and α is a coefficient to control for variation among scores (set at 2 for deficit and 0.01 for debt). The minimum sub-factor score is zero.

In most cases, the *Index* uses general government deficit and debt data that include all levels of government such as federal, state, and local. In cases where such general government data are not available, data on central government expenditures are used instead.

For a number of countries, particularly developing countries, statistics related to budget balance as a percentage of GDP are subject to frequent revisions by such data sources as the IMF.

Sources. The *Index* relies on the following sources for information on government intervention in the economy, in order of priority: Economist Intelligence Unit, Data Tool; International Monetary Fund, *World Economic Outlook* database, *Staff Country Report*, “Selected Issues and Statistical Appendix,” and *Staff Country Report*, “Article IV Consultation”; Asian Development Bank, *Key Indicators for Asia and the Pacific*; African Development Bank, *The ADB Statistics Pocketbook*; and official government publications of each country.

REGULATORY EFFICIENCY

Business Freedom

The business freedom component measures the extent to which the regulatory and infrastructure environments constrain the efficient operation of businesses. The quantitative score is derived from an array of factors that affect the ease of starting, operating, and closing a business.

The business freedom score for each country is a number between 0 and 100, with 100 indicating the freest business environment. The score is based on 13 sub-factors, all of which are weighted equally, using data from the World Bank’s *Doing Business* report:

- Starting a business—procedures (number);
- Starting a business—time (days);
- Starting a business—cost (% of income per capita);
- Starting a business—minimum capital (% of income per capita);
- Obtaining a license—procedures (number);²
- Obtaining a license—time (days);
- Obtaining a license—cost (% of income per capita);
- Closing a business—time (years);
- Closing a business—cost (% of estate);
- Closing a business—recovery rate (cents on the dollar);
- Getting electricity—procedures (number);
- Getting electricity—time (days); and
- Getting electricity—cost (% of income per capita).³

Each of these sub-factors is converted to a scale of 0 to 100, after which the average of the converted values is computed. The result represents the country’s business freedom score in comparison to the business freedom scores of other countries.

Each sub-factor is converted to a scale of 0 to 100 using the following equation:

$$\text{Sub-factor Score}_i = 50 \times (\text{Sub-factor}_{\text{average}} / \text{Sub-factor}_i)$$

which is based on the ratio of the country data for each sub-factor relative to the world average, multiplied by 50. For example, on average worldwide, it takes 19.7 days to start a business. The Philippines’ 33 days to start a business is a sub-factor value that is worse than the average, resulting in a ratio of 0.60. That ratio multiplied by 50 equals the final sub-factor score of 29.8.

For the five countries that are not covered by the World Bank's *Doing Business* report,⁴ business freedom is scored by analyzing business regulations based on qualitative information from reliable and internationally recognized sources.

Sources. The *Index* relies on the following sources in determining business freedom scores, in order of priority: World Bank, *Doing Business*; Economist Intelligence Unit, *Country Commerce*; U.S. Department of Commerce, *Country Commercial Guide*; and official government publications of each country.

Labor Freedom

The labor freedom component is a quantitative measure that considers various aspects of the legal and regulatory framework of a country's labor market, including regulations concerning minimum wages, laws inhibiting layoffs, severance requirements, and measurable regulatory restraints on hiring and hours worked, plus the labor force participation rate as an indicative measure of employment opportunities in the labor market.⁵

Seven quantitative sub-factors are equally weighted, with each sub-factor counted as one-seventh of the labor freedom component:⁶

- Ratio of minimum wage to the average value added per worker,
- Hindrance to hiring additional workers,
- Rigidity of hours,
- Difficulty of firing redundant employees,
- Legally mandated notice period,
- Mandatory severance pay, and
- Labor force participation rate.

In constructing the labor freedom score, each of the seven sub-factors is converted to a scale of 0 to 100 based on the following equation:

$$\text{Sub-factor Score}_i = 50 \times (\text{Sub-factor}_{\text{average}} / \text{Sub-factor}_i)$$

where country *i* data are calculated relative to the world average and then multiplied by 50. The seven sub-factor scores are then averaged for each country, yielding a labor freedom score in comparison to other countries.

The simple average of the converted values for the seven sub-factors is computed to obtain the country's overall labor freedom score.

For the five countries that are not covered by the World Bank's *Doing Business* report,⁷ the labor freedom component is scored by looking at labor market flexibility based on qualitative information from other reliable and internationally recognized sources.

Sources. The *Index* relies on the following sources for data on labor freedom, in order of priority: World Bank, *Doing Business*; International Labour Organization, statistics and databases; World Bank, *World Development Indicators*; Economist Intelligence Unit, *Country Commerce*; U.S. Department of Commerce, *Country Commercial Guide*; and official government publications of each country.

Monetary Freedom

Monetary freedom combines a measure of inflation with an assessment of various government activities that distort prices. Price stability without microeconomic intervention is the ideal state for the free market.

The score for the monetary freedom component is based on two sub-factors:

- The weighted average rate of inflation for the most recent three years and
- A qualitative judgement about the extent of government manipulation of prices through direct controls or subsidies.

The weighted average rate of inflation for the most recent three years serves as the primary input into an equation that generates the base score for monetary freedom. The extent of price controls is then assessed as a penalty deduction of up to 20 points from the base score. The two equations used to convert rates of inflation into the final monetary freedom score are:

$$\text{Weighted Avg. Inflation}_i = \theta_1 \text{Inflation}_{it} + \theta_2 \text{Inflation}_{it-1} + \theta_3 \text{Inflation}_{it-2}$$

$$\text{Monetary Freedom}_i = 100 - \alpha \sqrt{\text{Weighted Avg. Inflation}_i} - \text{PC penalty}_i$$

where θ_1 through θ_3 (thetas 1–3) represent three numbers that sum to 1 and are exponentially smaller in sequence (in this case, values of 0.665, 0.245, and 0.090, respectively); Inflation_{it} is the absolute value of the annual rate of inflation in country i during year t as measured by the Consumer Price Index; α represents a coefficient that stabilizes the variance of scores; and the price control (PC) penalty is an assigned value of 0–20 penalty points based on the extent of price controls.

The convex (square root) functional form was chosen to create separation among countries with low rates of inflation. A concave functional form would essentially treat all hyperinflations as equally bad, whether they were 100 percent price increases annually or 100,000 percent, whereas the square root provides much more gradation. The α coefficient is set to equal 6.333, which converts a 10 percent inflation rate into a monetary freedom score of 80.0 and a 2 percent inflation rate into a score of 91.0.

Sources. The *Index* relies on the following sources for data on monetary policy, in order of priority: International Monetary Fund, *International Financial Statistics Online*; International Monetary Fund, *World Economic Outlook* and *Staff Country Report*, “Article IV Consultation”; Economist Intelligence Unit, ViewsWire and Data Tool; various World Bank country reports; various news and magazine articles; and official government publications of each country.

OPEN MARKETS

Trade Freedom

Trade freedom is a composite measure of the extent of tariff and nontariff barriers that affect imports and exports of goods and services. The trade freedom score is based on two inputs:

- The trade-weighted average tariff rate and
- A qualitative evaluation of nontariff barriers (NTBs).

Different imports entering a country can (and often do) face different tariffs. The weighted average tariff uses weights for each tariff based on the share of imports for each good. Weighted average tariffs are a purely quantitative measure and account for the calculation of the base trade freedom score using the following equation:

$$\text{Trade Freedom}_i = 100(\text{Tariff}_{\max} - \text{Tariff}_i) / (\text{Tariff}_{\max} - \text{Tariff}_{\min}) - \text{NTB}_i$$

where Trade Freedom_i represents the trade freedom in country i ; Tariff_{\max} and Tariff_{\min} represent the upper and lower bounds for tariff rates (%); and Tariff_i represents the weighted average tariff rate (%) in country i . The minimum tariff is naturally zero percent, and the upper bound was set at 50 percent.

We determine the extent of NTBs in a country's trade policy regime using both qualitative and quantitative information. Restrictive rules that hinder trade vary widely, and their overlapping and shifting nature makes their complexity difficult to gauge. The types of NTBs considered in our scoring include:

- **Quantity restrictions**—import quotas; export limitations; voluntary export restraints; import–export embargoes and bans; countertrade; etc.
- **Regulatory restrictions**—licensing; domestic content and mixing requirements; sanitary and phytosanitary standards (SPSs); safety and industrial standards regulations; packaging, labeling, and trademark regulations; advertising and media regulations.
- **Customs restrictions**—advance deposit requirements; customs valuation procedures; customs classification procedures; customs clearance procedures.
- **Direct government intervention**—subsidies and other aid; government industrial policies; government-financed research and other technology policies; competition policies; government procurement policies; state trading, government monopolies, and exclusive franchises.

In addition, where possible, we consider and report the number of nontariff measures in force as calculated by the World Trade Organization (WTO).

As an example, Togo received a trade freedom score of 65.4. By itself, Togo's trade-weighted average tariff of 12.3 percent would have yielded a score of 75.4, but the evaluation of NTBs in Togo resulted in a 10-point deduction from that score.

Gathering tariff statistics to make a consistent cross-country comparison is a challenging task. Unlike data on inflation, for instance, some countries do not report their weighted average tariff rate or simple average tariff rate every year.

To preserve consistency in grading the trade freedom component, the *Index* uses the most recently reported most favored nation (MFN) trade-weighted average tariff rate for a country from our primary source.⁸

The most comprehensive and consistent information on MFN trade-weighted average tariff rates is published by the WTO. When the MFN trade-weighted average applied tariff rate is not available, the *Index* uses the country's simple average of MFN tariff rates; when the country's simple average MFN tariff rate is not available, the weighted average or the simple average of applied tariff rates is used. In the very few cases where tariff rates are not available from the WTO or the World Bank, data on international trade taxes or an estimated effective tariff rate are used instead.

Sources. The *Index* relies on the following sources in determining scores for trade policy, in order of priority: World Trade Organization, *World Tariff Profiles*; World Bank, *World Development Indicators*; World Trade Organization, *Trade Policy Review*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; World Bank, *Doing Business*; U.S. Department of Commerce, *Country Commercial Guide*; Economist Intelligence Unit, *Country Commerce*; and official government publications of each country.

Investment Freedom

In an economically free country, there would be no constraints on the flow of investment capital. Individuals and firms would be allowed to move their resources into and out of specific activities, both internally and across the country's borders, without restriction. Such an ideal country would receive a score of 100 on the investment freedom component of the *Index*.

In practice, however, most countries impose a variety of restrictions on investment. Some have different rules for foreign and domestic investment. Some restrict access to foreign exchange. Some impose restrictions on payments, transfers, and capital transactions. In some, certain industries are closed to foreign investment.

The *Index* evaluates a variety of regulatory restrictions that typically are imposed on investment. Points, as indicated below, are deducted from the ideal score of 100 for each of the restrictions found in a country's investment regime. It is not necessary for a government to impose all of the listed restrictions at the maximum level to eliminate investment freedom. The few governments that impose so many restrictions that they total more than 100 points in deductions have had their scores set at zero.

Investment Restrictions

National treatment of foreign investment

- No national treatment, prescreening 25 points deducted
- Some national treatment, some prescreening 15 points deducted
- Some national treatment or prescreening 5 points deducted

Foreign investment code

- No transparency and burdensome bureaucracy 20 points deducted
- Inefficient policy implementation and bureaucracy 10 points deducted
- Some investment laws and practices nontransparent or inefficiently implemented 5 points deducted

Restrictions on land ownership

- All real estate purchases restricted 15 points deducted
- No foreign purchases of real estate 10 points deducted
- Some restrictions on purchases of real estate 5 points deducted

Sectoral investment restrictions

- Multiple sectors restricted 20 points deducted
- Few sectors restricted 10 points deducted
- One or two sectors restricted 5 points deducted

Expropriation of investments without fair compensation

- Common with no legal recourse 25 points deducted
- Common with some legal recourse 15 points deducted
- Uncommon but does occur 5 points deducted

Foreign exchange controls

- No access by foreigners or residents 25 points deducted
- Access available but heavily restricted 15 points deducted
- Access available with few restrictions 5 points deducted

Capital controls

- No repatriation of profits; all transactions require government approval 25 points deducted
- Inward and outward capital movements require approval and face some restrictions 15 points deducted
- Most transfers approved with some restrictions 5 points deducted

Up to an additional 20 points may be deducted for security problems, a lack of basic investment infrastructure, or other government policies that inject a considerable degree of uncertainty and indirectly burden the investment process and limit investment freedom.

Sources. The *Index* relies on the following sources for data on capital flows and foreign investment, in order of priority: official government publications of each country; U.S. Department of State, *Investment Climate Statements*; Economist Intelligence Unit, *Country Commerce*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; World Bank, *Investing Across Borders*; Organisation for Economic Co-operation and Development, *Services Trade Restrictiveness Index*; and U.S. Department of Commerce, *Country Commercial Guide*.

Financial Freedom

Financial freedom is an indicator of banking efficiency as well as a measure of independence from government control and interference in the financial sector. State ownership of banks and other financial institutions such as insurers and capital markets reduces competition and generally lowers the level of access to credit.

In an ideal banking and financing environment characterized by a minimum level of government interference, independent central bank supervision and regulation of financial institutions are limited to enforcing contractual obligations and preventing fraud. Credit is allocated on market terms, and the government does not own financial institutions. Financial institutions provide various types of financial services to individuals and companies. Banks are free to extend credit, accept deposits, and conduct operations in foreign currencies. Foreign financial institutions operate freely and are treated the same as domestic institutions.

The *Index* scores an economy's financial freedom by looking at five broad areas:

- The extent of government regulation of financial services,
- The degree of state intervention in banks and other financial firms through direct and indirect ownership,
- Government influence on the allocation of credit,
- The extent of financial and capital market development, and
- Openness to foreign competition.

These five areas are considered in order to assess the overall level of financial freedom that ensures easy and effective access to financing opportunities for people and businesses in the economy. An overall score on a scale of 0 to 100 is given to an economy's financial freedom according to the following criteria:

- **100—No government interference.** Government oversight is limited solely to the enforcement of contractual obligations and prevention of fraud.

- **90—Minimal government interference.** Regulation of financial institutions is minimal but may extend beyond the enforcement of contractual obligations and prevention of fraud to capitalization or reserve requirements.
- **80—Nominal government interference.** Government ownership of financial institutions is a small share of overall sector assets. Financial institutions face almost no restrictions on their ability to offer financial services.
- **70—Limited government interference.** Credit allocation is influenced by the government, and private allocation of credit faces almost no restrictions. Government ownership of financial institutions is sizeable. Foreign financial institutions are subject to few restrictions.
- **60—Moderate government interference.** Banking and financial regulations are somewhat burdensome. The government exercises ownership and control of financial institutions with a significant share of overall sector assets. The ability of financial institutions to offer financial services is subject to some restrictions.
- **50—Considerable government interference.** Credit allocation is significantly influenced by the government, and private allocation of credit faces significant barriers. The ability of financial institutions to offer financial services is subject to significant restrictions. Foreign financial institutions are subject to some restrictions.
- **40—Strong government interference.** The central bank is subject to government influence, its supervision of financial institutions is heavy-handed, and its ability to enforce contracts and prevent fraud is weak. The government exercises active ownership and control of financial institutions with a large minority share of overall sector assets.
- **30—Extensive government interference.** Credit allocation is influenced extensively by the government. The government owns or controls a majority of financial institutions or is in a dominant position. Financial institutions are heavily restricted, and bank formation faces significant barriers. Foreign financial institutions are subject to significant restrictions.
- **20—Heavy government interference.** The central bank is not independent, and its supervision of financial institutions is repressive. Foreign financial institutions are discouraged or highly constrained.
- **10—Near-repressive.** Credit allocation is controlled by the government. Bank formation is restricted. Foreign financial institutions are prohibited.
- **0—Repressive.** Supervision and regulation are designed to prevent private financial institutions from functioning. Private financial institutions are nonexistent.

Sources. The *Index* relies on the following sources for data on banking and finance, in order of priority: Economist Intelligence Unit, *Country Commerce* and *Country Finance*; International Monetary Fund, *Staff Country Report*, “Selected Issues,” and *Staff Country Report*, “Article IV Consultation”; Organisation for Economic Co-operation and Development, *Economic Survey*; official government publications of each country; U.S. Department of Commerce, *Country Commercial Guide*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; U.S. Department of State, *Investment Climate Statements*; World Bank, *World Development Indicators*; and various news and magazine articles on banking and finance.

GENERAL METHODOLOGICAL PARAMETERS

Period of Study. For the current *Index of Economic Freedom*, scores are generally based on data for the period covering the second half of 2019 through the first half of 2020. To the extent

possible, the information considered for each variable was current as of June 30, 2020. It is important to understand, however, that some component scores are based on historical information. For example, the monetary freedom component uses a three-year weighted average rate of inflation from January 1, 2017, through December 31, 2019.

Equal Weight. In the *Index of Economic Freedom*, the 12 components of economic freedom are weighted equally so that the overall score will not be biased toward any one component or policy direction. It is obvious that the 12 economic freedoms interact, but the exact mechanisms of this interaction are not clearly definable: Is a minimum threshold for each one essential? Is it possible for one to maximize if others are minimized? Are they dependent or exclusive, complements or supplements?

These are valid questions, but they are beyond the scope of our fundamental mission. The purpose of the *Index* is to reflect the economic and entrepreneurial environment in every country studied in as balanced a way as possible. The *Index* has never been designed specifically to explain economic growth or any other dependent variable; that is ably done by researchers elsewhere. The raw data for each component are provided so that others can study, weight, and integrate as they see fit.

Using the Most Currently Available Information. Analyzing economic freedom annually enables the *Index* to include the most recent information as it becomes available country by country. A data cutoff date is used so that all countries are treated fairly. As described above, the period of study for the current year's *Index* considers all information as of the last day of June of the previous year (in this case, June 30, 2020). Any new legislative changes or policy actions effective after that date have no positive or negative impact on scores or rankings.⁹

DEFINING THE COUNTRY PAGES “QUICK FACTS”

The “Quick Facts” section of each country page is a statistical profile that includes the country's main economic and demographic indicators. To facilitate comparisons among countries, the GDP and GDP per capita figures in the “Quick Facts” section have been adjusted to reflect purchasing power parity (PPP). Caution should be used in interpreting changes in these figures over time, as PPP conversion rates are subject to regular revision by the International Monetary Fund and the World Bank. In order to provide accurate estimates of annual and five-year GDP growth rates, these figures have been calculated using constant U.S. dollars for the most recent available years. Exact definitions and sources for each category of data reported are as follows.

Population: 2019 data from World Bank, *World Development Indicators* database midyear estimates, which count all residents regardless of legal status or citizenship. For some countries, other sources include the country's statistical agency and/or central bank.

GDP: Gross domestic product (total production of goods and services) adjusted to reflect purchasing power parity. The primary source is International Monetary Fund, *World Economic Outlook* database, April 2020. The secondary source for GDP data is Economist Intelligence Unit, Data Tool. Other sources include a country's statistical agency and/or central bank.

GDP growth rate: The annual percentage growth rate of real GDP derived from constant currency units. Annual percent changes are year-on-year. The primary source is International Monetary Fund, *World Economic Outlook* database, April 2020. Secondary sources include Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2020*; and a country's statistical agency and/or central bank.

GDP five-year average annual growth: The average growth rate measured over a specified period of time. The five-year annual growth rate is measured using data from 2015 to 2019, based on real GDP growth rates. The primary source is International Monetary Fund, *World Economic*

Outlook database, April 2020. Secondary sources are Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2020*; and a country's statistical agency and/or central bank.

GDP per capita: Gross domestic product (adjusted for PPP) divided by total population. The sources for these data are World Bank, *World Development Indicators* database; Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2020*; and a country's statistical agency and/or central bank.

Unemployment rate: A measure of the portion of the workforce that is not employed but is actively seeking work. Data are from International Labour Organization, *World Employment Social Outlook: Trends 2020*.

Inflation: The annual percent change in consumer prices as measured for 2019 (or the most recent available year). The primary source for 2019 data is International Monetary Fund, *World Economic Outlook* database, April 2020. Secondary sources are Economist Intelligence Unit, Data Tool, and a country's statistical agency and/or central bank.

Foreign direct investment (FDI) inward flow: The total annual inward flow of FDI in current 2019 U.S. dollars, reported in millions. FDI flows are defined as investments that acquire a lasting management interest (10 percent or more of voting stock) in a local enterprise by an investor operating in another country. Such investment is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments and both short-term and long-term international loans. Data are from United Nations Conference on Trade and Development, *World Investment Report 2020*.

Public debt: Gross government debt as a percentage of GDP, which indicates the cumulative total of all government borrowings less repayments that are denominated in a country's currency. Public debt is different from external debt, which reflects the foreign currency liabilities of both the private and public sectors and must be financed out of foreign exchange earnings. The primary sources for 2019 data are International Monetary Fund, IMF DataMapper; Economist Intelligence Unit, Data Tool, International Monetary Fund, *Article IV Consultation Staff Reports*, 2017–2020; and a country's statistical agency.

COMMONLY USED ABBREVIATIONS

CARICOM: Caribbean Community and Common Market, composed of Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, the Federation of Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago as members and Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, and the Turks and Caicos Islands as associate members.

ECOWAS: Economic Community of West African States, an economic union of 15 West African countries including Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

EU: European Union, consisting of Austria, Belgium, Bulgaria, Cyprus, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. (The United Kingdom completed its withdrawal from the EU on January 31, 2020.)

GCC: Gulf Cooperation Council, a political and military alliance of six Middle Eastern countries including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

IMF: International Monetary Fund, established in 1945 to help stabilize countries during crises; now includes 189 member countries.

OECD: Organisation for Economic Co-operation and Development, an international organization of developed countries, founded in 1948; now includes 37 member countries.

OECS: Organization of Eastern Caribbean States, self-described as “an International Intergovernmental Organisation dedicated to regional integration in the Eastern Caribbean” and consisting of Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, the Federation of Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines as full members and Anguilla, the British Virgin Islands, Guadeloupe, and Martinique as associate members.

OPEC: Organization of Petroleum Exporting Countries, self-described as “a permanent intergovernmental organization of 13 oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries,” which currently include Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia, the United Arab Emirates, and Venezuela.

WTO: World Trade Organization, founded in 1995 as the central organization dealing with the rules of trade between nations and based on signed agreements among member countries. As of October 2020, the WTO included 164 member economies.

ENDNOTES

1. The maximum sub-factor score of 100 is assigned to balanced budgets or budget surpluses.
2. Obtaining a license indicates the necessary procedures, time, and cost involved in getting construction permits.
3. Infrastructure services such as roads, water, and power supplies are critical to an economy’s overall business climate. Among the key infrastructures, according to a recent World Bank study, securing electricity connection is often considered the most important aspect of facilitating private business. In an effort to measure business freedom more comprehensively, the 2016 *Index* adopted three sub-factors related to “getting electricity.” Although the overall impact of this methodological refinement is minimal, the reader is urged to exercise caution in comparing business freedom scores over time.
4. The five countries that are not covered by the World Bank’s *Doing Business* study are Cuba, North Korea, Liechtenstein, Macau, and Turkmenistan.
5. The assessment of labor freedom dates from the 2005 *Index* because of the limited availability of quantitative data before that time. In the 2016 *Index*, labor force participation rates were added to the labor freedom measurement’s sub-factors. According to the International Labour Organization, the labor force participation rate is defined as “a measure of the proportion of a country’s working-age population that engages actively in the labour market, either by working or looking for work; it provides an indication of the size of the supply of labour available to engage in the production of goods and services, relative to the population at working age.” See “KILM 1. Labour Force Participation Rate,” in International Labour Organization, *Key Indicators of the Labour Market, Eighth Edition* (Geneva: International Labour Office, 2014), p. 29, <http://kilm.ilo.org/2011/download/kilmcompleteEN.pdf>. In light of the labor freedom assessment’s having been refined with the addition of labor force participation rates, the reader is urged to use caution in comparing labor freedom scores over time.
6. The first six sub-factors specifically examine labor regulations that affect “the hiring and redundancy of workers and the rigidity of working hours.” For more detailed information on the data, see “Employing Workers,” Chapter 4 in World Bank, *Doing Business 2020*, https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402_Ch04.pdf. Reporting only raw data, the *Doing Business 2011* study discontinued all of the sub-indices of “Employing Workers”: the difficulty of hiring index, rigidity of hours index, and difficulty of redundancy index. For the labor freedom component of the 2014 *Index*, the three indices were reconstructed by *Index* authors according to the methodology used previously by the *Doing Business* study.
7. See note 4, *supra*.
8. MFN is now known as permanent normal trade relations (PNTR).
9. Given the fact that the *Index* is published several months after the cutoff date for evaluation, more recent events cannot be factored into the scores. As in past editions, however, such events may be noted in the text. The impact of policy changes and macroeconomic statistics available since the second half of 2019 has not affected the rankings for the 2021 *Index* but almost certainly will show up in scores for the next edition.

MAJOR WORKS CITED

The *2021 Index of Economic Freedom* relies on data from multiple internationally recognized sources to present a representation of economic freedom in each country that is as comprehensive, impartial, and accurate as possible. The following sources provided the primary information used in analyzing and scoring the 12 components of economic freedom.

The authors and analysts also used supporting documentation and information from various government agencies and sites on the Internet, news reports and journal articles, and official responses to inquiries. All statistical and other information received from government sources was verified with independent, credible third-party sources.

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The Heritage Foundation is inaugurating an award this year for distinguished service in the promotion of economic freedom. The Steven M. Sass Economic Freedom Award has been established specifically to recognize and encourage individuals and organizations who are promoting free-market principles.

The recipient of The Heritage Foundation Steven M. Sass Economic Freedom Award for 2020 is Daniel Doron. Mr. Doron has been a leading voice promoting market-oriented reform of Israel's economy for more than 60 years. He founded the Israeli Center for Social and Economic Progress in 1983 and continues to serve as its Director. The Center, an independent pro-market public-policy think tank, has been since its founding the most influential advocate of economic freedom in Israel.

In remarks in 2009 that are as relevant today as they were then, Mr. Doron explained why he fights for economic freedom:

Since the recent financial crisis we have heard many voices asserting that it revealed that the market economy was deeply flawed; that the invisible hand cannot be relied upon any longer to promote economic welfare and that we must therefore resort more and more for the correction of its putative faults to the all-too-visible hand of regulation, namely of government.

The powerful lessons we have learned in Israel run in the opposite direction. They teach that government control and regulation aggravate rather than solve problems. They also point out that globalization, namely enhanced global trade, also under attack, has been highly beneficial precisely for developing nations.

But above all we have learned in Israel that free and prosperous markets provide the most powerful incentive for peace, not just paper peace signed by politicians but a real peace between people who recognize the benefits of peace when it is based on the mutual interests of people and on the mutual cooperation that it engenders.

Over the past decades, Israel has risen into the ranks of countries whose economies are "mostly free" according to the rigorous rating scale of the Index of Economic Freedom. Much of that progress is due to the efforts of Daniel Doron.

As Milton Friedman said some years ago, "Daniel Doron has consistently been perhaps the most effective proponent of a strictly free-market approach in Israel." We agree and are delighted through this award to celebrate the remarkable achievements of Daniel Doron in his lifetime of service in the promotion of economic freedom.

Building
an America
where freedom,
opportunity,
prosperity,
and civil society
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