

# KIRIBATI

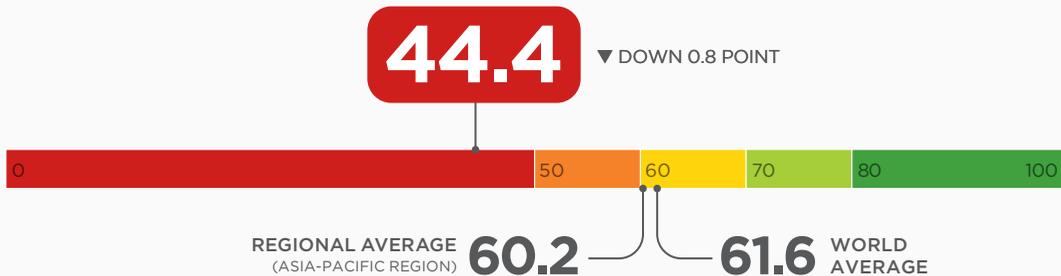
WORLD RANK: **171** | REGIONAL RANK: **39**  
 ECONOMIC FREEDOM STATUS: **REPRESSED**

**K**iribati'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.

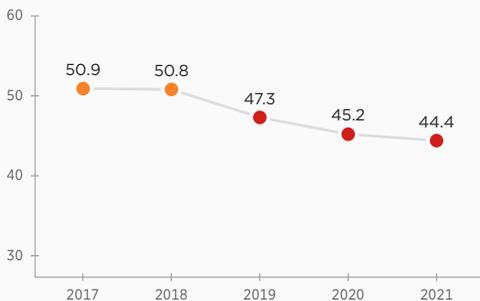
**IMPACT OF COVID-19:** As of December 1, 2020, no deaths had been attributed to the pandemic in Kiribati, but the economy was forecast to contract by 1.1 percent for the year.

## 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%

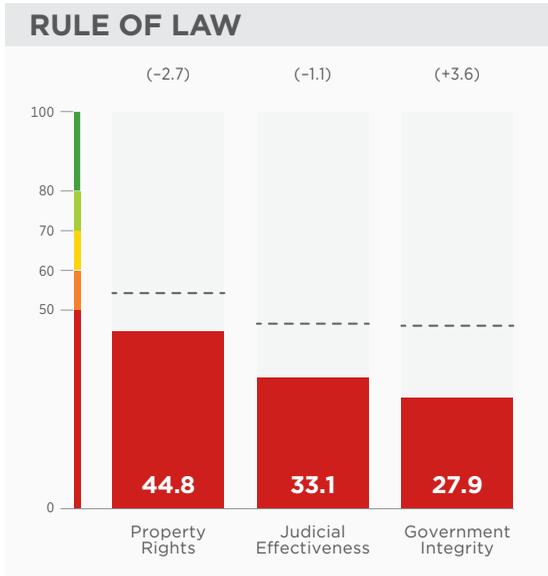
**FDI INFLOW:**  
\$0.5 million

**PUBLIC DEBT:** 23.0% of GDP (est.)

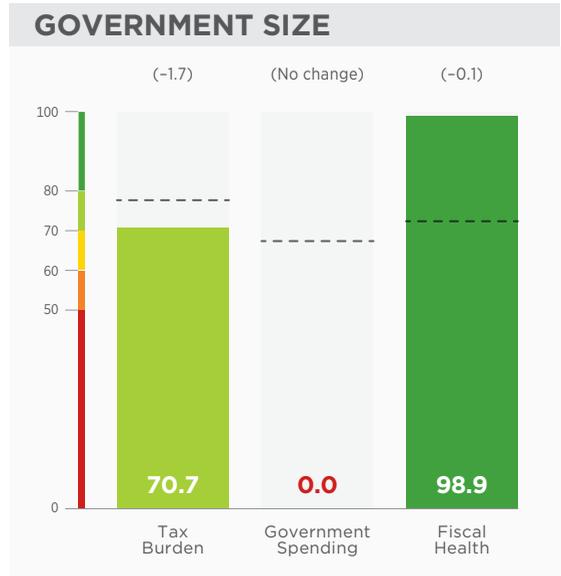
2019 data unless otherwise noted. Data compiled as of September 2020

**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.

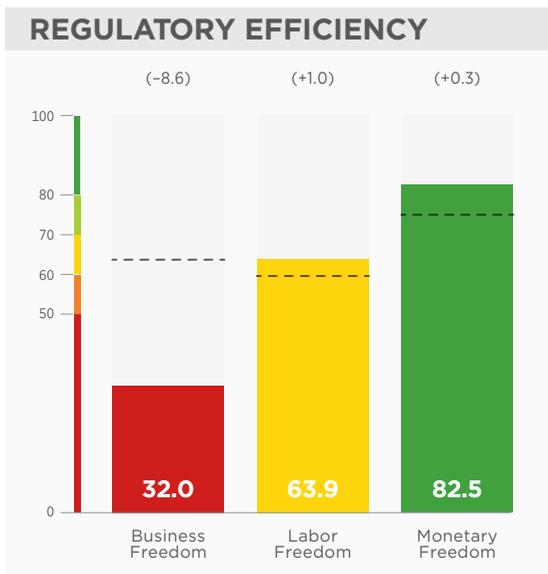
# 12 ECONOMIC FREEDOMS | KIRIBATI



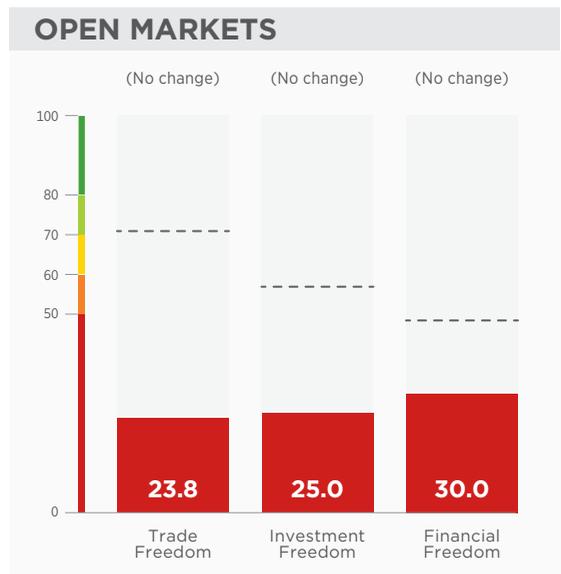
Property rights are weak. The judicial system, modeled on English common law, provides adequate due process rights, but the rule of law remains uneven across the country. Contracts are weakly enforced, and courts are relatively inexperienced in commercial litigation. Official corruption, nepotism, and other abuses of privilege are serious problems. The government's implementation of anticorruption measures is inadequately resourced and ineffective.



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.



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.



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.