



# LEBANON

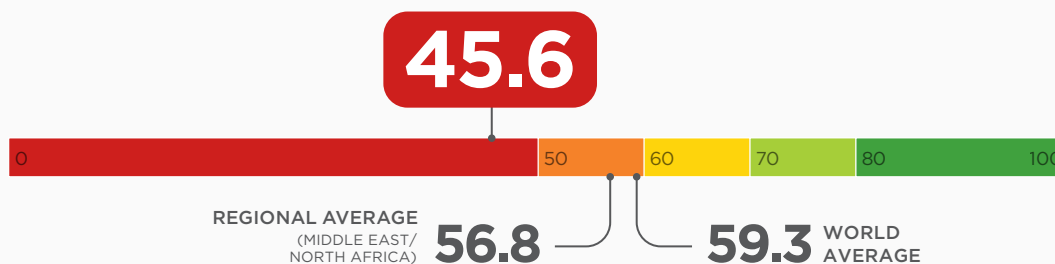
WORLD RANK: **164** | REGIONAL RANK: **12**

ECONOMIC FREEDOM STATUS: **REPPRESSED**

Lebanon's economic freedom score is 45.6, making its economy the 164th freest in the 2023 *Index*. Its score is 1.7 points worse than last year. Lebanon is ranked 12th out of 14 countries in the Middle East/North Africa region, and its overall score is below the world and regional averages.

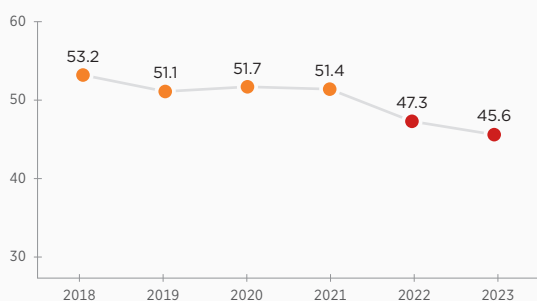
The foundation of Lebanon's economic freedom has been severely undermined. The entrepreneurial environment, characterized by political instability and regulatory inefficiency, discourages the dynamic growth of private investment. Commercial regulations remain burdensome. In the absence of a properly functioning legal framework, protection of property rights remains weak, and corruption is widespread.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -17.6

## RECENT FREEDOM TREND



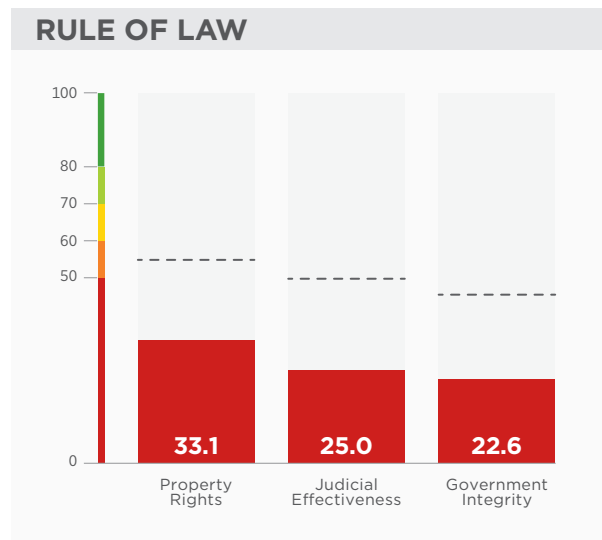
## QUICK FACTS

<b>POPULATION:</b> 6.8 million	<b>UNEMPLOYMENT:</b> 11.4%
<b>GDP (PPP):</b> n/a n/a growth in 2021 5-year compound annual growth -7.5%	<b>INFLATION (CPI):</b> 154.8%
<b>FDI INFLOW:</b> \$273.1 million	<b>PUBLIC DEBT:</b> 150.6%

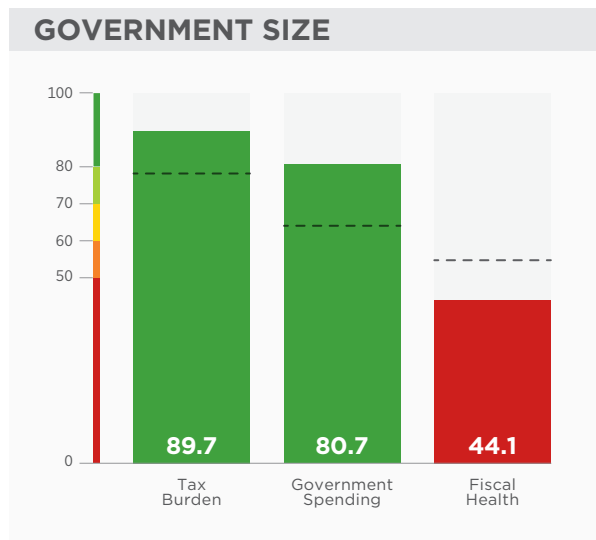
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Once a leading regional finance and trade center, Lebanon now faces an economic and financial crisis caused by decades of mismanagement, endemic corruption, and political turmoil. Sectarian tensions fueled by the 1975–1990 civil war, Syrian occupation until 2005, and clashes between Israel and Hezbollah make political cooperation difficult. In July 2021, after former Prime Minister Saad al-Hariri failed to form a government, President Michel Aoun appointed Nijab Mikati, another former prime minister, to form a new government. Hezbollah and its Christian allies lost their parliamentary majority in May 2022, and as of July, a government had not been formed.

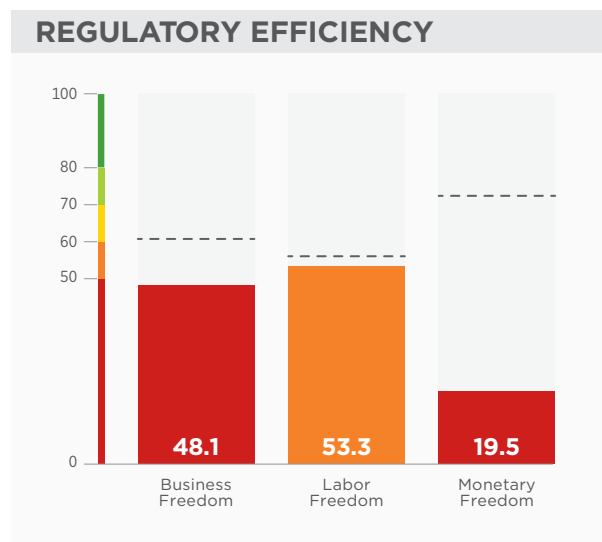
## 12 ECONOMIC FREEDOMS | LEBANON



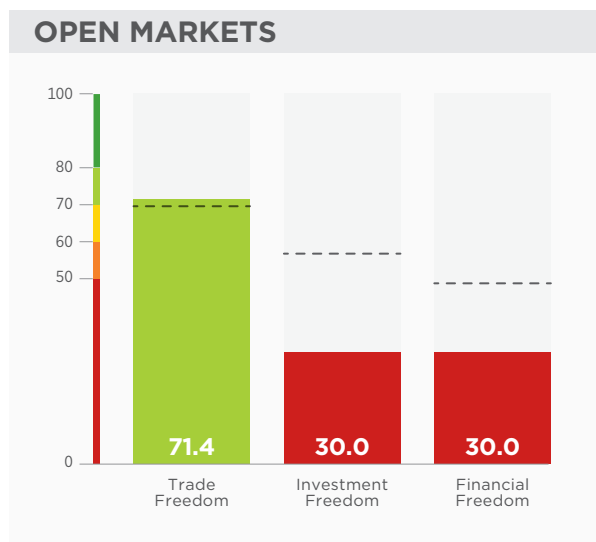
The overall rule of law is weak in Lebanon. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 25 percent and 17 percent. The tax burden equals 10.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 25.4 percent and -4.7 percent of GDP. Public debt equals 150.6 percent of GDP.



The fiscal and financial crises exacerbate a bleak economic picture. Regulatory transparency is low. Economic and governance reforms are badly needed. The labor market has been severely undermined by political instability and uncertainty. The most recent available inflation rate is 154.8 percent.



The trade-weighted average tariff rate is 4.3 percent, but poor regulatory systems discourage dynamic trade and investment flows. 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.