

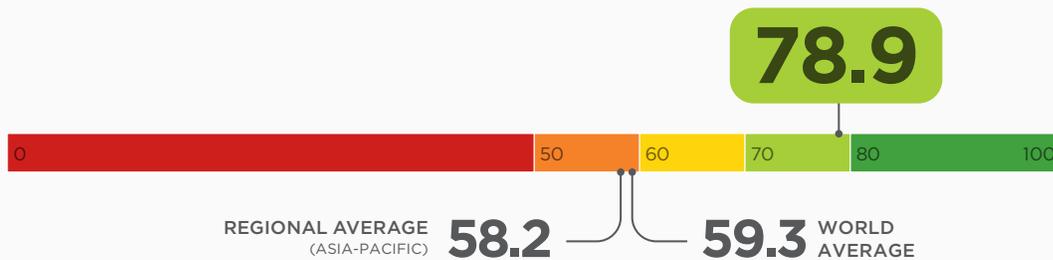


NEW ZEALAND

New Zealand's economic freedom score is 78.9, making its economy drop to 5th place in the 2023 *Index*. Its score is nearly 2.0 points worse than last year. New Zealand is ranked 4th among 39 countries in the Asia-Pacific region, and its overall score is above the world average, but it is no longer a "free" economy in the *Index*.

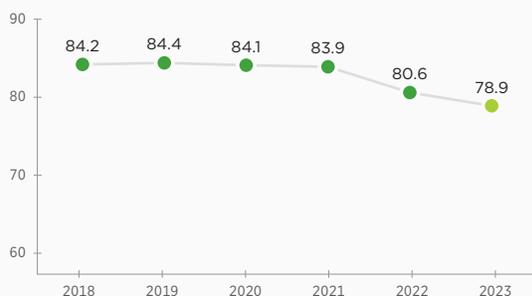
New Zealand's policy framework has generally demonstrated a high degree of economic resilience. The rule of law and openness to global trade and investment are firmly institutionalized. Foreign investors are attracted by New Zealand's transparent and stable investment climate.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +0.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$238.3 billion
5.6% growth in 2021
5-year compound
annual growth 2.7%
\$46,585 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
3.9%

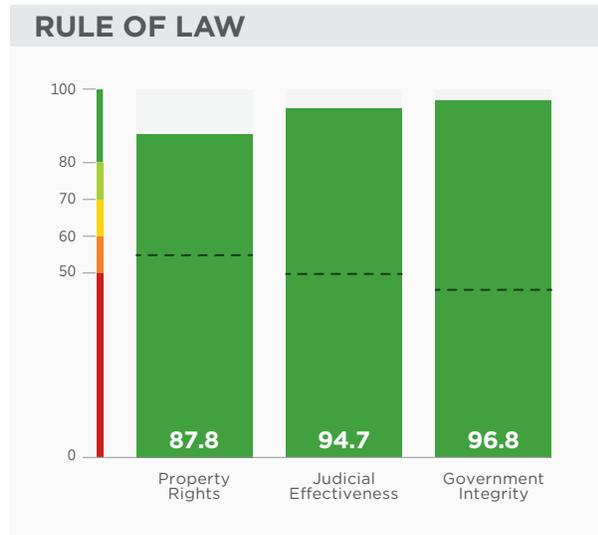
FDI INFLOW:
\$3.5 billion

PUBLIC DEBT:
50.8% of GDP

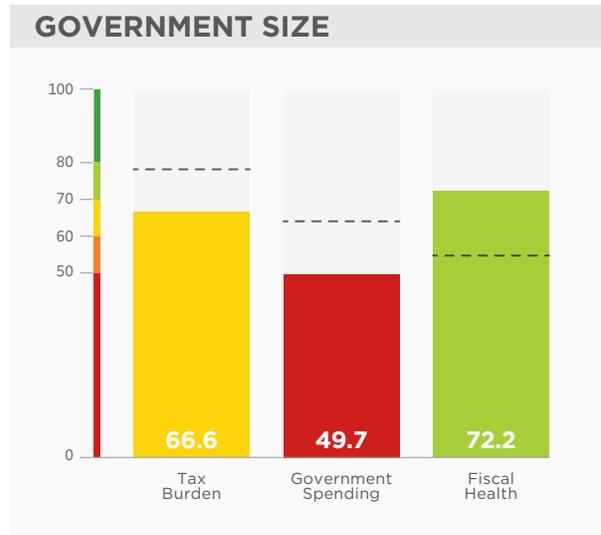
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The former British colony of New Zealand is one of the Asia-Pacific region's most prosperous countries. In the 2017 general elections, no party succeeded in winning a parliamentary majority, and Prime Minister Jacinda Ardern's center-left Labor Party was able to return to power. 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. Ongoing trade tensions between the U.S. and China are of special concern to New Zealand, which relies heavily on China for export revenue.

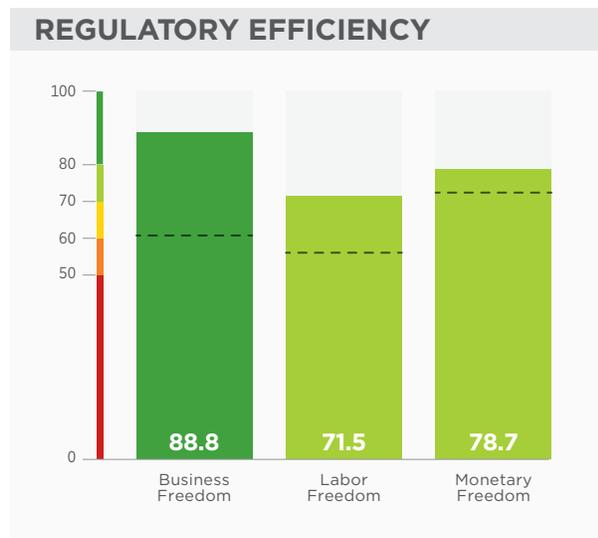
12 ECONOMIC FREEDOMS | NEW ZEALAND



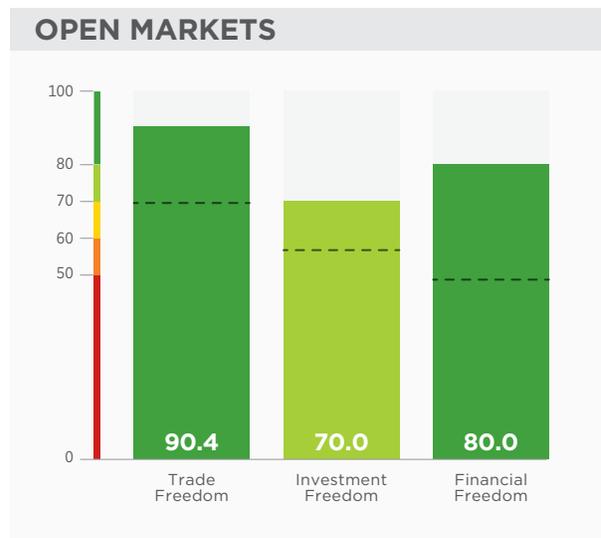
The overall rule of law is very well respected in New Zealand. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 39 percent and 28 percent. The tax burden equals 32.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 41.0 percent and -3.8 percent of GDP. Public debt equals 50.8 percent of GDP.



Traditionally high business freedom veered in the other direction during the COVID-19 pandemic as the government adopted a more top-down approach. Flexible labor regulations facilitate a dynamic labor market, increasing overall productivity. The most recent available inflation rate is 3.9 percent.



The trade-weighted average tariff rate is 2.3 percent, and more than 200 nontariff measures are in force. Openness to global trade and investment is firmly institutionalized. The financial sector is well developed and offers a wide range of services. Banking is well established and competitive.