North Macedonia's economic freedom score is 63.7, making its economy the 56th freest in the 2023 Index. Its overall score has decreased 2.0 points from last year. North Macedonia is ranked 32nd out of 44 countries in the Europe region, and its overall score is above the world average.

Relative openness to global trade and investment has encouraged private-sector dynamism. Despite some progress, the development of a more vibrant private sector continues to be constrained. Corruption remains an ongoing concern. The inefficient legal framework does not provide effective protection of property rights and undermines economic efficiency.

**Background:** The newly named Republic of North Macedonia gained independence from the former Yugoslavia in 1991 and joined NATO in 2020. Prime Minister Zoran Zaev of the center-left Social Democratic Union (SDSM) resigned in December 2021 after his party performed poorly in municipal elections. The SDSM’s Dimitar Kovačevski formed a multiparty coalition government in January 2022. In July, accession talks with the European Union began after Bulgaria agreed to lift its veto in exchange for North Macedonian constitutional amendments. An equally contested 2019 name-change agreement with Greece had unlocked NATO membership. The EU is North Macedonia’s principal trade and investment partner.
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RULE OF LAW

The overall rule of law is weak in North Macedonia. 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 below the world average.

GOVERNMENT SIZE

The top individual and corporate tax rates are 10 percent. The tax burden equals 17.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 34.7 percent and –5.2 percent of GDP. Public debt amounts to 53.2 percent of GDP.

REGULATORY EFFICIENCY

Business regulations are relatively efficient. Streamlined processes for business formation and operation provide an environment that is fairly conducive to dynamic private-sector growth. Progress in reforming the labor market has been limited. The most recent available inflation rate is 3.2 percent.

OPEN MARKETS

The trade-weighted average tariff rate is 6.1 percent, and nontariff barriers add to the cost of trade. A streamlined regulatory framework facilitates investment, but political instability undercuts more vibrant investment inflows. The financial system continues to evolve, and the banking sector is relatively stable.