**PAPUA NEW GUINEA**

Papua New Guinea’s economic freedom score is 51.7, making its economy the 140th freest in the 2023 Index. Its score is 2.9 points lower than last year. Papua New Guinea is ranked 29th out of 39 countries in the Asia–Pacific region, and its overall score is below the world and regional averages.

The economy’s formal sector is based on exports of natural resources, and its large informal sector relies on subsistence farming and other small-scale economic activity. A low property rights score and a level of corruption that undermines the rule of law reflect challenges to long-term development.

**ECONOMIC FREEDOM SCORE**

- **Score:** 51.7
- **World Rank:** 140
- **Regional Rank:** 29
- **Economic Freedom Status:** MOSTLY UNFREE

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996):** –6.9

**REGIONAL AVERAGE (ASIA-PACIFIC):** 58.2

**WORLD AVERAGE:** 59.3

**RECENT FREEDOM TREND**

- 2018: 55.7
- 2019: 58.4
- 2020: 58.9
- 2021: 54.6
- 2022: 51.7
- 2023: 55.7

**QUICK FACTS**

- **Population:** 9.1 million
- **GDP (PPP):** $35.3 billion
- **Inflation (CPI):** 4.5%
- **FDI Inflow:** $86.8 million
- **Public Debt:** 50.9% of GDP

**UNEMPLOYMENT:** 3.2%

**BACKGROUND:** Papua New Guinea became an independent parliamentary democracy in 1975. Its more than 8 million people speak more than 840 different languages. The Pangu Party’s James Marape became prime minister in 2019 and went on to win controversial general elections in 2022. Papua New Guinea is richly endowed with natural resources, and its small formal sector is focused on exports of such commodities as gold, copper, oil, and natural gas. The vast majority of its people live below the poverty line and depend on subsistence agriculture. In 2019, the Autonomous Region of Bougainville voted for independence in a non-binding referendum.

2021 data unless otherwise noted. Data compiled as of September 2022
The overall rule of law is weak in Papua New Guinea. 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, 42 percent and 30 percent. The tax burden equals 11.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 21.6 percent and –6.5 percent of GDP. Public debt equals 50.9 percent of GDP.

The overall regulatory framework remains poor. Progress toward making the structural changes needed to promote entrepreneurial activity has been limited. The formal labor market is not fully developed, and informal labor activity is substantial. The most recent available inflation rate is 4.5 percent.

The trade-weighted average tariff rate is 3.6 percent, but numerous nontariff barriers undercut trade flows. Foreign investment in several sectors is restricted. Financial intermediation varies across the country, and a large portion of the population remains unconnected to the banking system.