

WORLD RANK: **115** | REGIONAL RANK: **22**

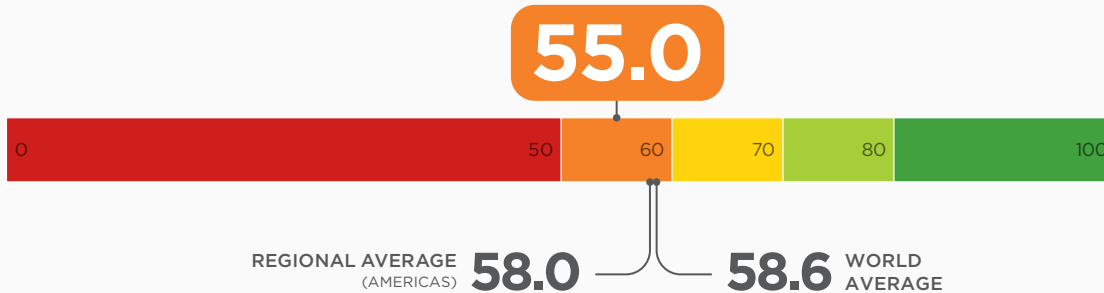
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECUADOR

Ecuador's economic freedom score is 55, making its economy the 115th freest in the 2024 *Index of Economic Freedom*. Its rating is unchanged from last year, and Ecuador is ranked 22nd out of 32 countries in the Americas region. The country's economic freedom score is lower than the world and regional averages. Ecuador's economy is considered "mostly unfree" according to the 2024 *Index*.

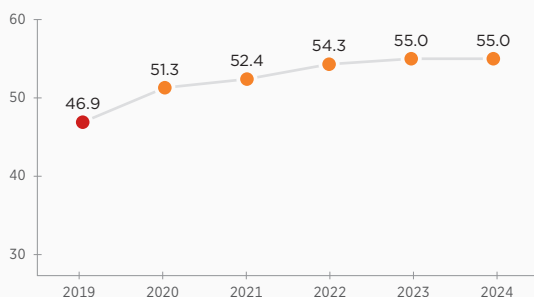
The reach of Ecuador's government continues to expand to economic sectors beyond the petroleum industry. The rule of law is undermined by pervasive corruption that weakens property rights. The private sector is struggling to operate in what is now a restrictive entrepreneurial environment. The inconsistent application of commercial laws increases the cost of doing business. Nontransparency and unfair competition from state-backed firms persist. Outdated labor regulations create a disincentive for new hiring, and employers resort to short-term outsourcing contracts. Price controls are often imposed by the state.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -2.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.9 million

GDP (PPP):
\$230.8 billion
2.9% growth in 2022
5-year average growth rate: 0.1%
\$12,818 per capita

UNEMPLOYMENT:
6.4%

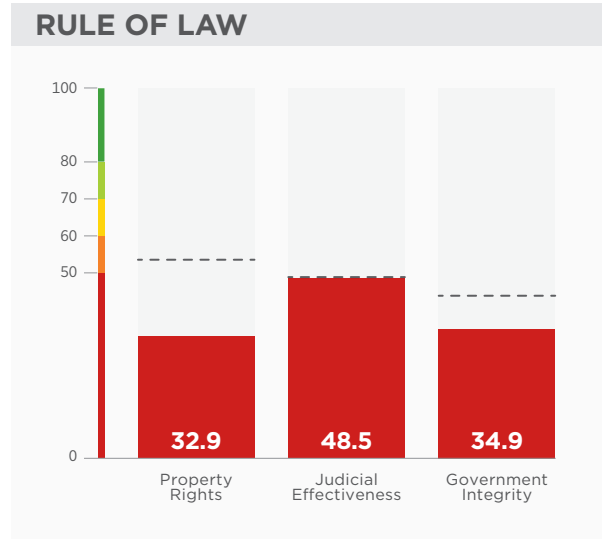
INFLATION (CPI):
3.5%

FDI INFLOW:
\$788.0 million

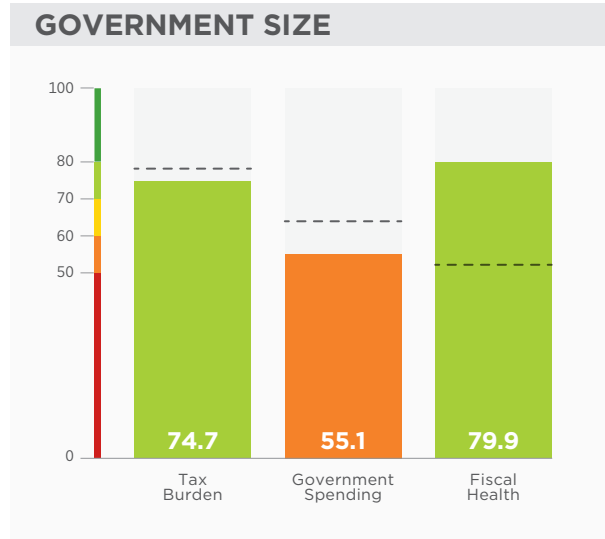
PUBLIC DEBT:
57.7% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

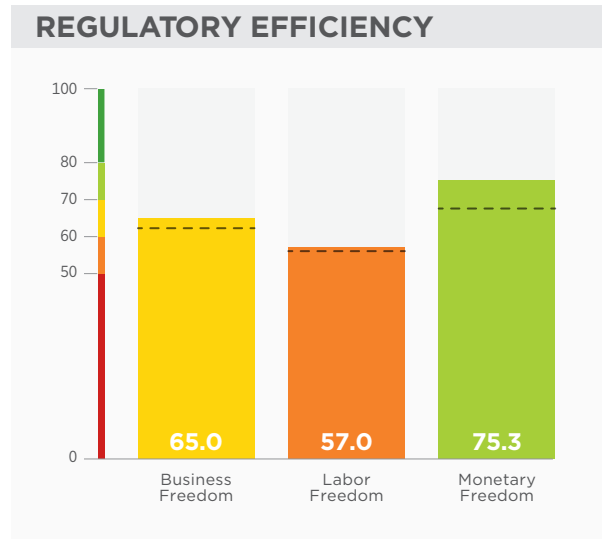
12 ECONOMIC FREEDOMS | ECUADOR



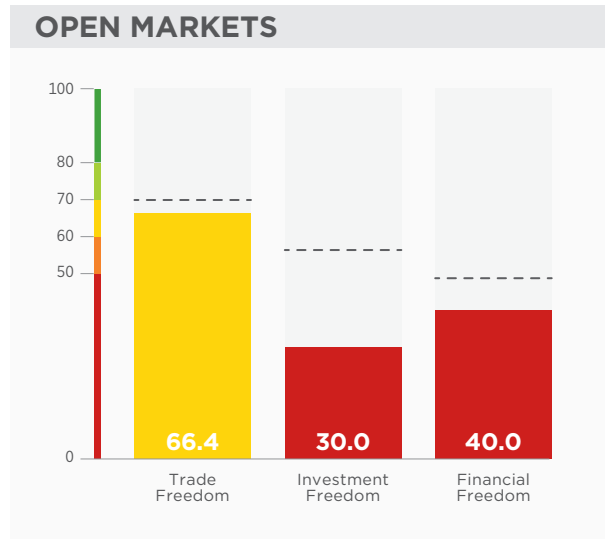
The overall rule of law is weak in Ecuador. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 28 percent. The tax burden equals 19.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 38.7 percent and -2.9 percent of GDP. Public debt amounts to 57.7 percent of GDP.



Ecuador's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is above the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate is 6.8 percent, and more than 200 nontariff measures are in force. The investment climate remains uncertain. The underdeveloped and state-controlled financial sector limits access to credit. About 50 percent of adults have access to accounts with a formal banking institution.