



WORLD RANK: **117** | REGIONAL RANK: **23**

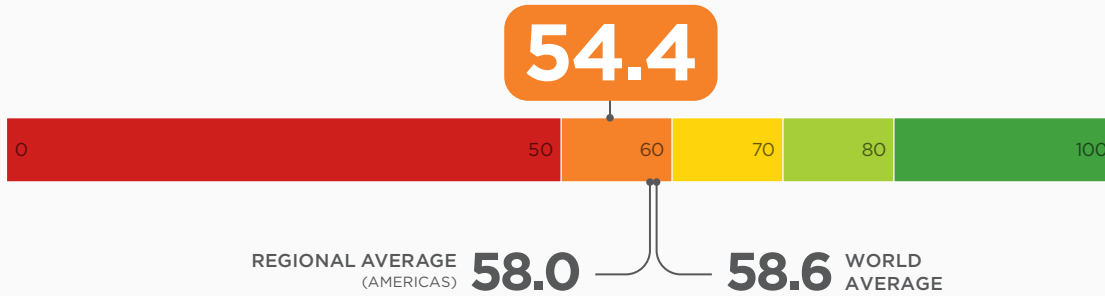
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

# EL SALVADOR

**E**l Salvador’s economic freedom score is 54.4, making its economy the 117th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 1.6 points from last year, and El Salvador is ranked 23rd out of 32 countries in the Americas region. The country’s economic freedom score is lower than the world and regional averages. El Salvador’s economy is considered “mostly unfree” according to the 2024 *Index*.

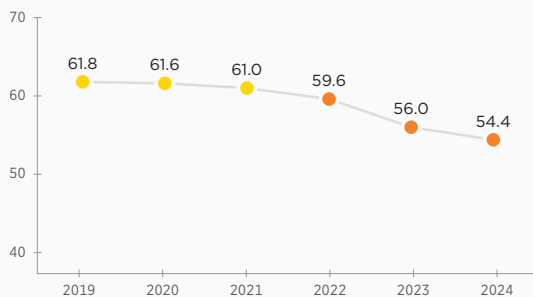
El Salvador’s regulatory environment generally supports trade, investment, and competitiveness, but institutional weaknesses continue to slow the transition to a more dynamic economy. Property rights are only moderately well protected, and the judicial system is relatively inefficient. Improved management of public finance is needed to deal with chronic fiscal deficits. Progress in easing constraints on the business environment lags behind progress in other countries. The labor market lacks flexibility, and imbalances in the demand and supply of skilled workers persist.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -14.7

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
6.5 million

**GDP (PPP):**  
\$70.3 billion  
2.6% growth in 2022  
5-year average growth rate: 2.2%  
\$11,097 per capita

**UNEMPLOYMENT:**  
5.9%

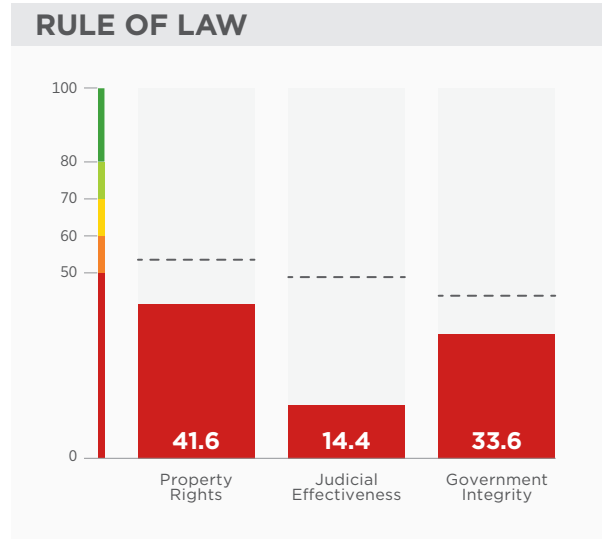
**INFLATION (CPI):**  
7.2%

**FDI INFLOW:**  
-\$99.0 million

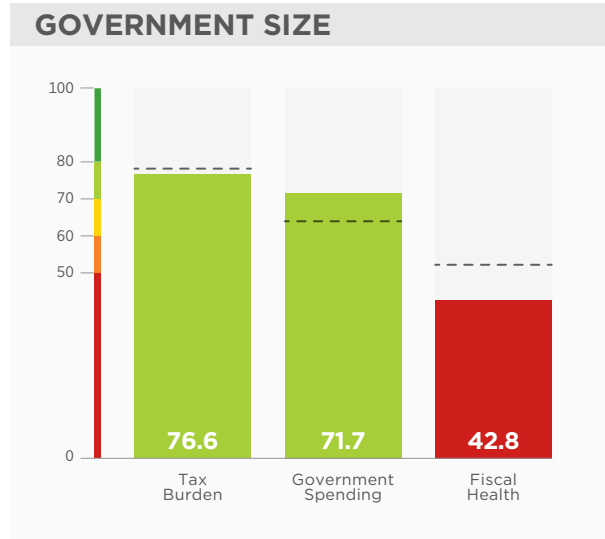
**PUBLIC DEBT:**  
75.1% of GDP

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

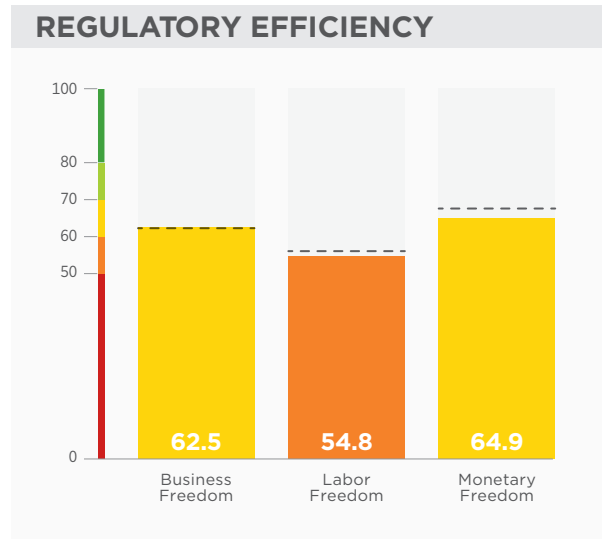
# 12 ECONOMIC FREEDOMS | EL SALVADOR



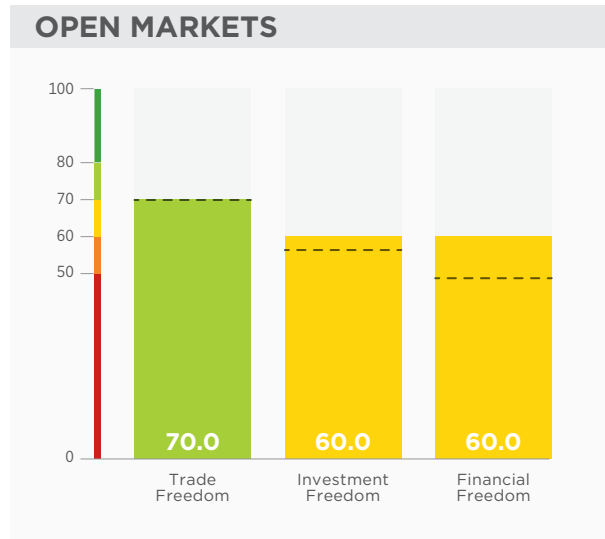
The overall rule of law is weak in El Salvador. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 30 percent. The tax burden equals 23.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 30.7 percent and -5.4 percent of GDP. Public debt amounts to 75.1 percent of GDP.



El Salvador'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 below the world average; and its monetary freedom score is below the world average.



The trade-weighted average tariff rate is 7.5 percent, and layers of nontariff measures are in force. In general, foreign and domestic investors are treated equally. Banking is highly concentrated, and foreign banks can offer all of the services that domestic banks offer.