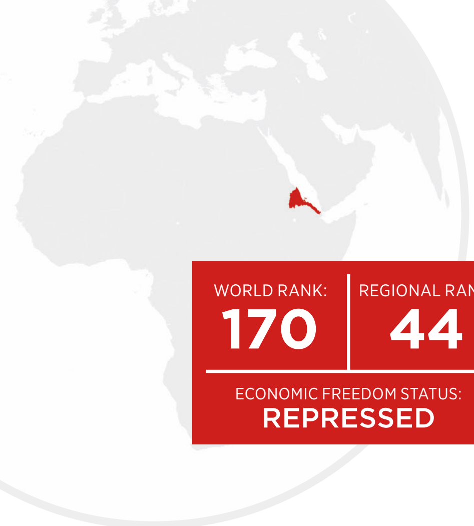


WORLD RANK: **170**

REGIONAL RANK: **44**

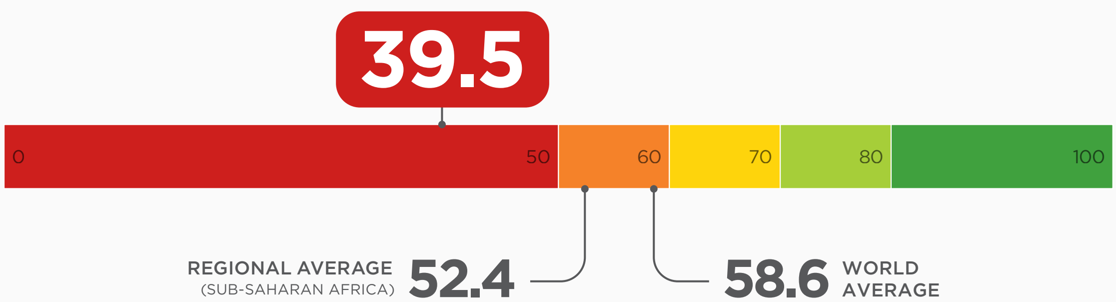
ECONOMIC FREEDOM STATUS: **REPRESSED**

ERITREA

Eritrea's economic freedom score is 39.5, making its economy the 170th freest in the 2024 *Index of Economic Freedom*. Its rating is unchanged from last year, and Eritrea is ranked 44th out of 47 countries in the Sub-Saharan Africa region. The country's economic freedom score is lower than the world and regional averages. Eritrea's economy is considered "repressed" according to the 2024 *Index*.

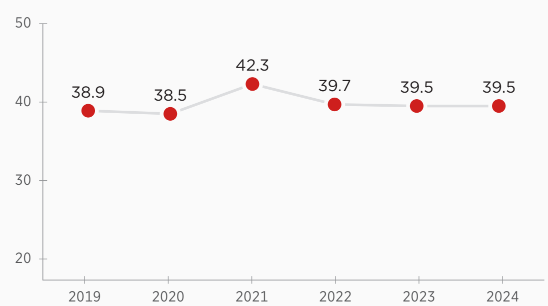
Eritrea's long-standing problems include poor governance, a lack of commitment to structural reform, poor management of public finance, and underdeveloped legal and regulatory frameworks. Weak enforcement of property rights and fragile rule of law have driven many people into the informal sector. Businesses face the constant threat of government interference. Few sizable private businesses exist, and employment opportunities are limited. Reliable economic and labor statistics are difficult or impossible to find. Monetary stability is fragile, and the most recent available inflation rate is 7.5 percent.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.6 million

GDP (PPP):
$6.9 billion
2.9% growth in 2021
5-year average growth rate: 8.4%
$1,921 per capita

UNEMPLOYMENT:
8.1%

INFLATION (CPI):
7.5%

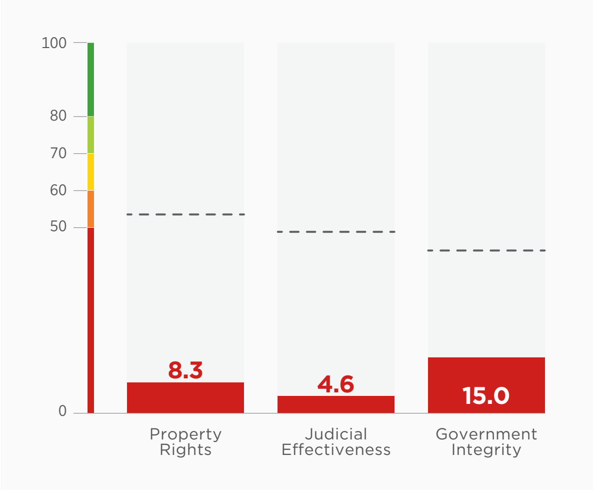
FDI INFLOW:
–$32.0 million

PUBLIC DEBT:
176.3% of GDP

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

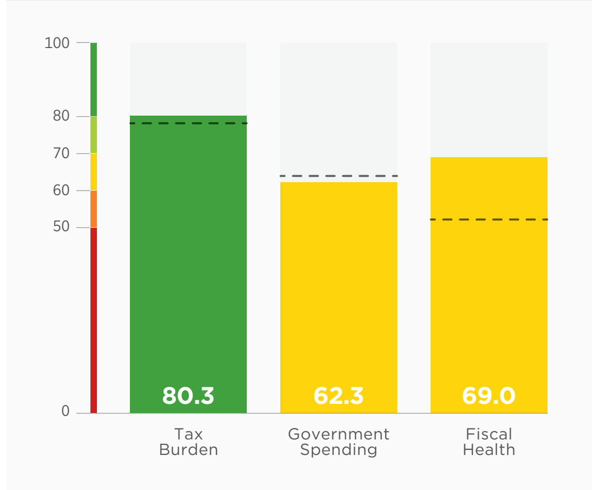
12 ECONOMIC FREEDOMS | ERITREA

RULE OF LAW



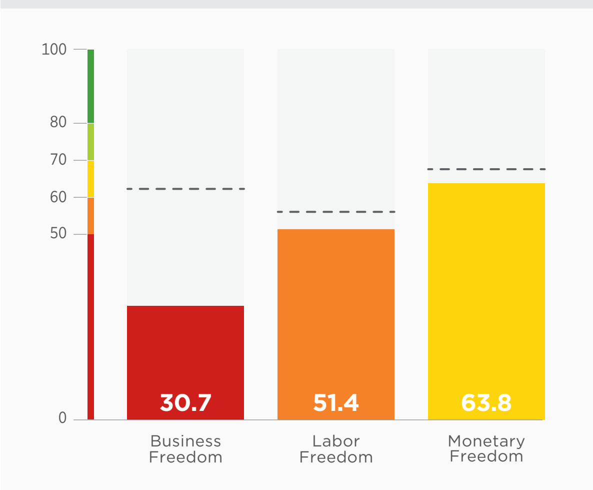
The overall rule of law is weak in Eritrea. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



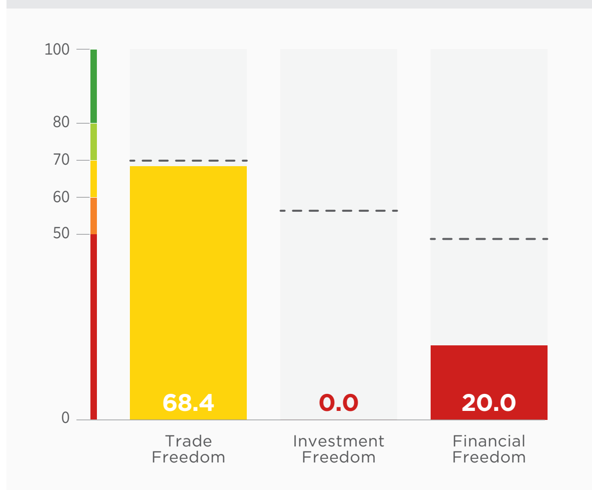
The top individual income tax rate is 30 percent, and the top corporate tax rate is 30 percent. The tax burden equals 12.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 35.5 percent and –2.6 percent of GDP. Public debt amounts to 176.3 percent of GDP.

REGULATORY EFFICIENCY



Eritrea's overall regulatory environment is very inefficient and not conducive to entrepreneurial activity. The country's business freedom score is far below the world average; its labor freedom score is below the world average; and its monetary freedom score is below the world average.

OPEN MARKETS



The most recent publicly available average tariff rate is 5.8 percent, but layers of nontariff barriers severely restrict trade flows. Foreign investment in several economic sectors is restricted, and state-owned enterprises distort markets. The financial system remains underdeveloped, and capital markets are nonexistent.