



WORLD RANK:

23

REGIONAL RANK:

14

ECONOMIC FREEDOM STATUS:

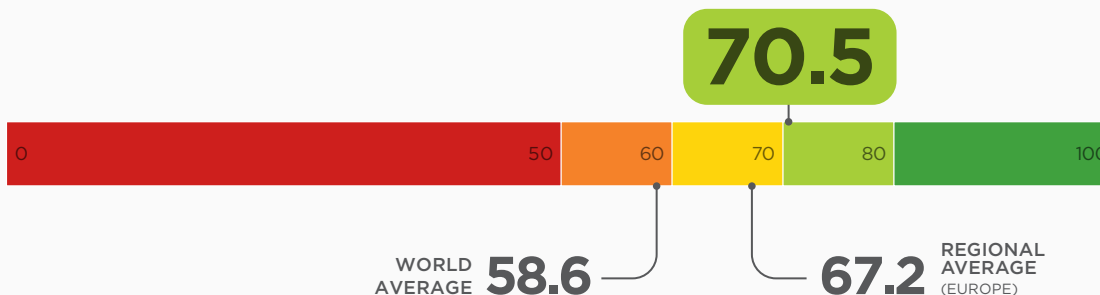
MOSTLY FREE

ICELAND

Iceland's economic freedom score is 70.5, making its economy the 23rd freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 1.7 points from last year, and Iceland is ranked 14th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Iceland's economy is considered "mostly free" according to the 2024 *Index*.

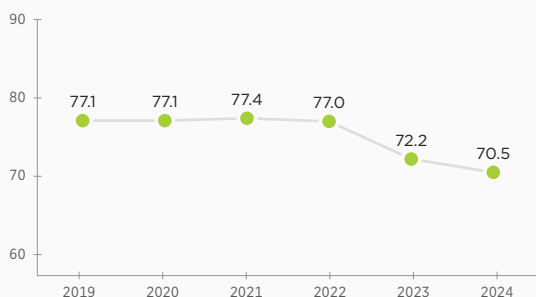
Despite the challenging global economic situation, Iceland's economy has been resilient, bolstered by regulatory efficiency and open-market policies. The legal framework remains among the world's best and provides effective protection of property rights. The rule of law is well maintained, and a minimum tolerance for corruption is a strong tradition. Iceland's modern, transparent regulatory environment encourages entrepreneurial activity by allowing business formation and operation to be both efficient and dynamic. Labor regulations are relatively rigid with broad wage settlements and high unionization.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1997): -0.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$25.3 billion
7.2% growth in 2022
5-year average growth rate: 2.3%
\$67,176 per capita

UNEMPLOYMENT:
5.4%

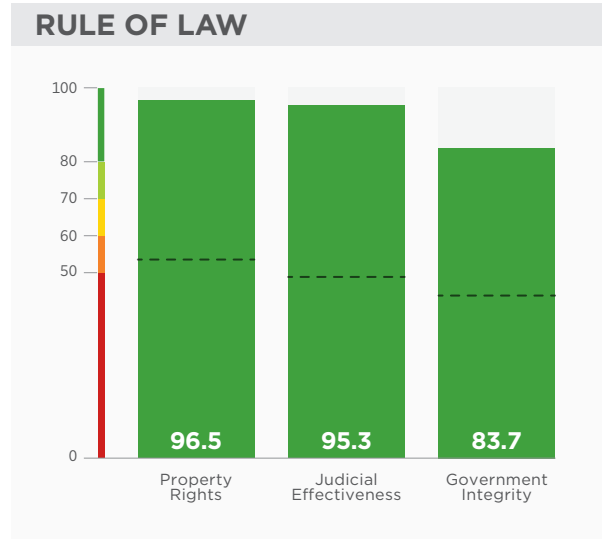
INFLATION (CPI):
8.3%

FDI INFLOW:
\$620.0 million

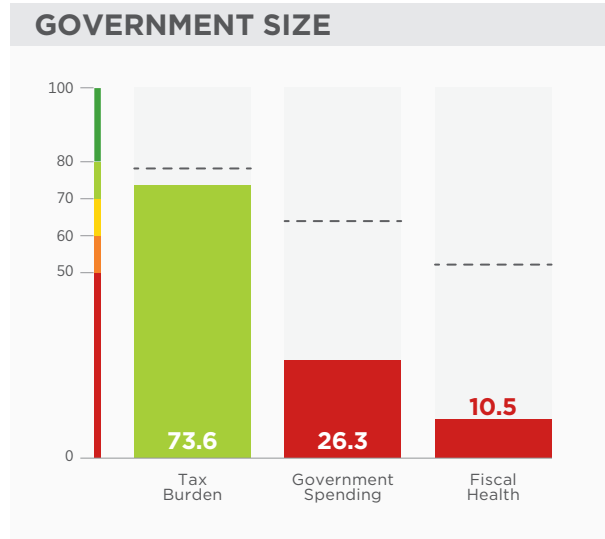
PUBLIC DEBT:
68.9% of GDP

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

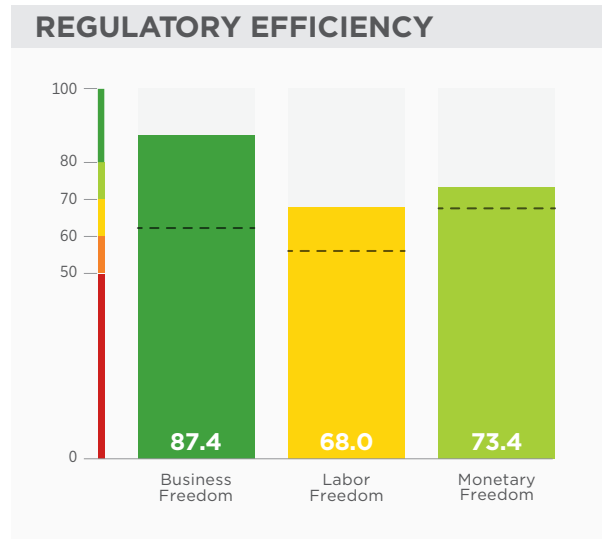
12 ECONOMIC FREEDOMS | ICELAND



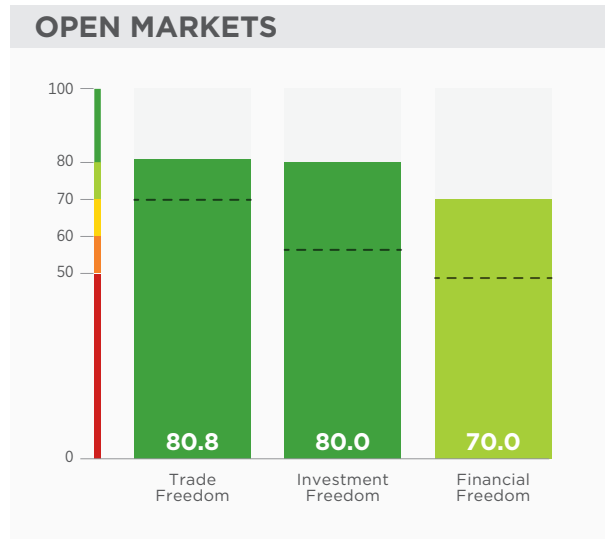
The overall rule of law is very well respected in Iceland. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 31.8 percent, and the top corporate tax rate is 20 percent. The tax burden equals 35.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 49.6 percent and -7.2 percent of GDP. Public debt amounts to 68.9 percent of GDP.



Iceland's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far 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 2.1 percent, and more than 80 nontariff measures are in force. Transparent and efficient regulations, applied evenly in most cases, encourage investment. The financial sector has regained stability with capital controls removed. Commercial banks offer a variety of services.