WORLD RANK: **169**

REGIONAL RANK: **14**

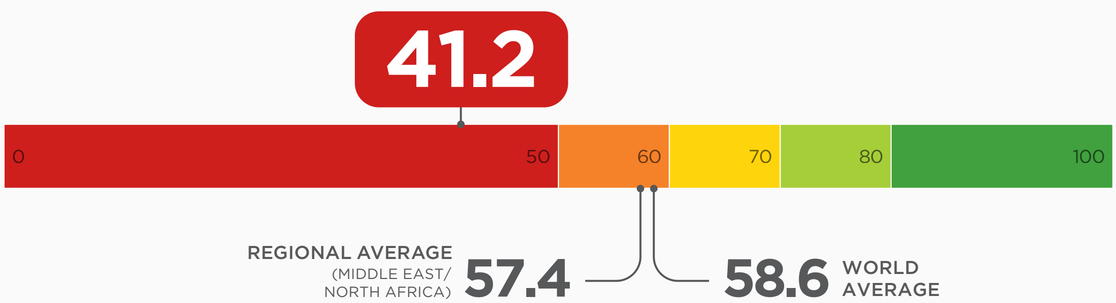
ECONOMIC FREEDOM STATUS: **REPRESSED**

IRAN

Iran's economic freedom score is 41.2, making its economy the 169th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 1 point from last year, and Iran is ranked 14th out of 14 countries in the Middle East/North Africa region. The country's economic freedom score is lower than the world and regional averages. Iran's economy is considered "repressed" according to the 2024 *Index*.

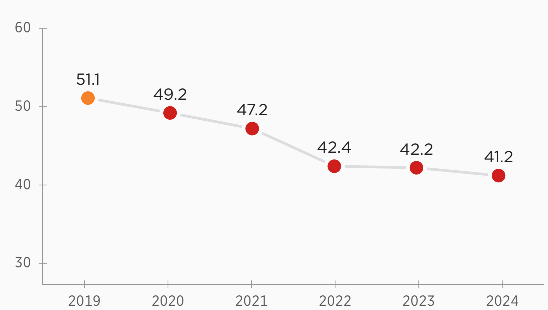
State interference undermines every pilar of economic freedom measured in the *Index*. Corruption and institutional deficiencies in the legal framework undermine the rule of law. The government dictates production activity and derives most of its revenue from the oil sector. The private sector remains constrained by a restrictive and burdensome regulatory environment. Employment regulations are restrictive, and the labor market remains stagnant. Monetary stability is weak, and tight government controls distort price levels. The most recent available inflation rate is 45.8 percent.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
85.0 million

GDP (PPP):
$1.6 trillion
3.8% growth in 2022
5-year average growth rate: 1.4%
$18,865 per capita

UNEMPLOYMENT:
11.5%

INFLATION (CPI):
45.8%

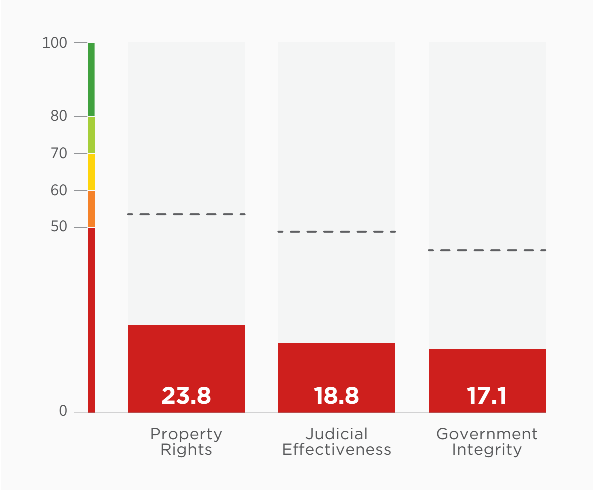
FDI INFLOW:
$1.5 billion

PUBLIC DEBT:
34.1% of GDP

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

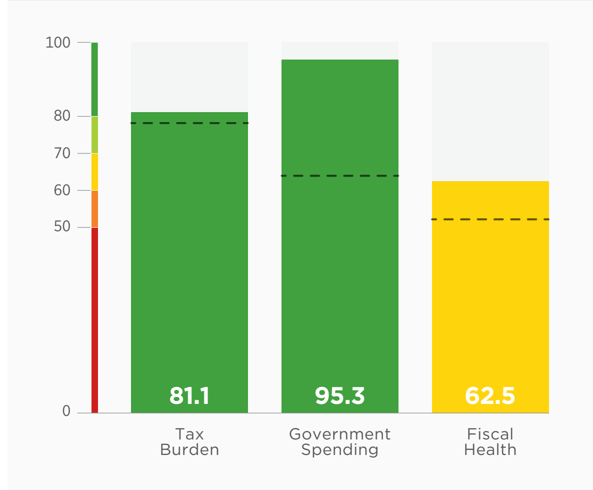
12 ECONOMIC FREEDOMS | IRAN

RULE OF LAW



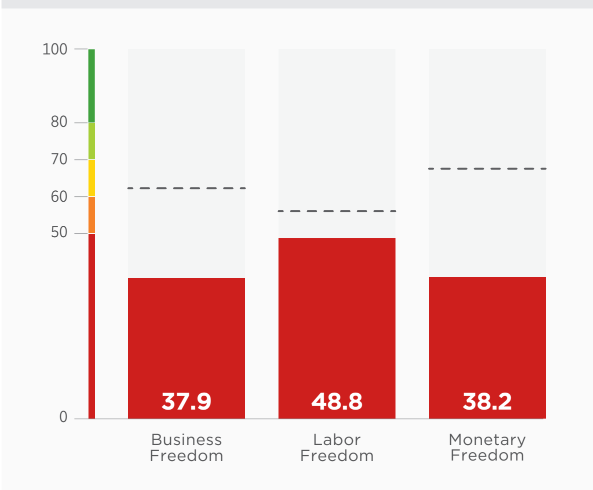
The overall rule of law is weak in Iran. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



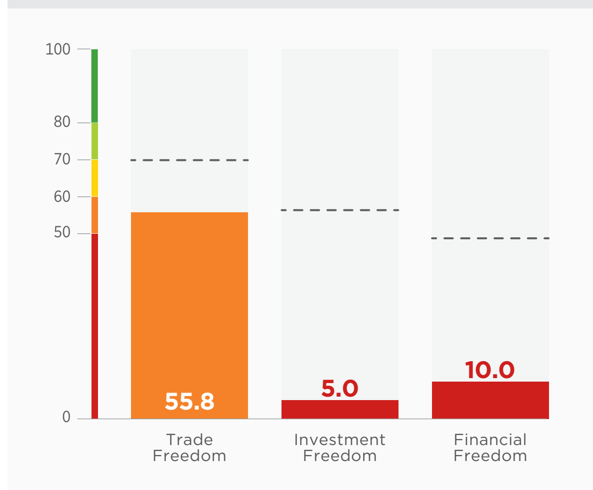
The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The tax burden equals 6.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 12.5 percent and –4.7 percent of GDP. Public debt amounts to 34.1 percent of GDP.

REGULATORY EFFICIENCY



Iran'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 well below the world average.

OPEN MARKETS



The trade-weighted average tariff rate is 12.1 percent. The state continues to hold back economic development, undermining trade and investment flows. Government controls limit access to financing for businesses. State-owned commercial banks and specialized financial institutions account for a majority of banking-sector assets.