

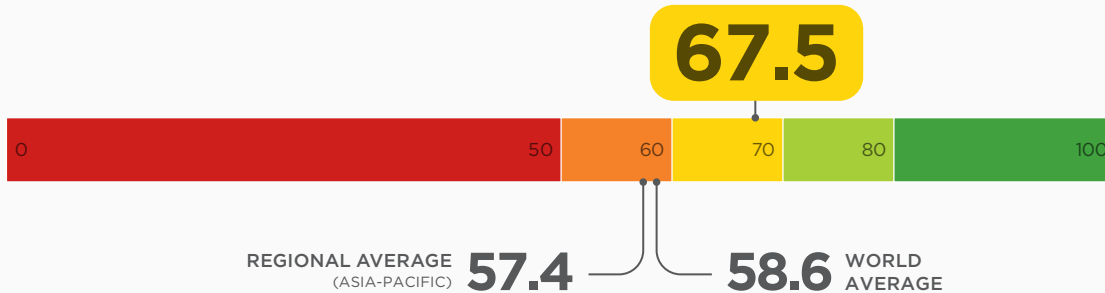
WORLD RANK:	REGIONAL RANK:
<b>38</b>	<b>6</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

# JAPAN

Japan's economic freedom score is 67.5, making its economy the 38th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 1.8 points from last year, and Japan is ranked 6th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. Japan's economy is considered "moderately free" according to the 2024 *Index*.

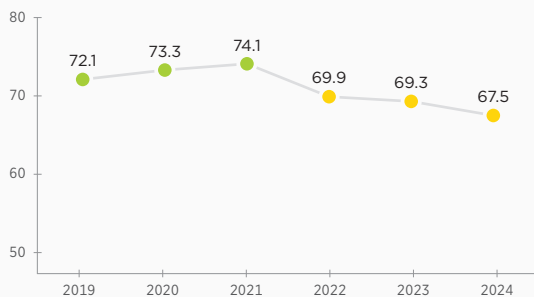
The Japanese economy benefits from relatively good levels of economic freedom in all areas. The foundations of economic freedom are supported by an effective judicial framework and the absence of corruption. However, overall progress in moving toward greater economic freedom has been uneven, and the economy remains stagnant. Although the regulatory framework is relatively streamlined, structural problems discourage entrepreneurial growth. The labor market functions well, but a propensity for lifetime employment guarantees and seniority-based wages is a barrier to greater labor market flexibility.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -7.5

## RECENT FREEDOM TREND

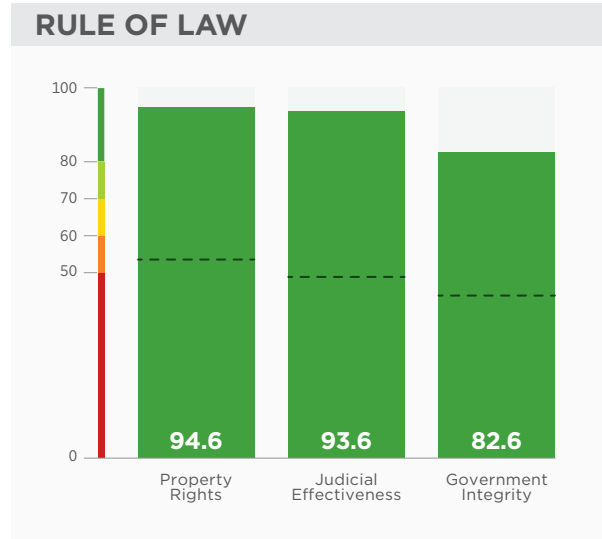


## QUICK FACTS

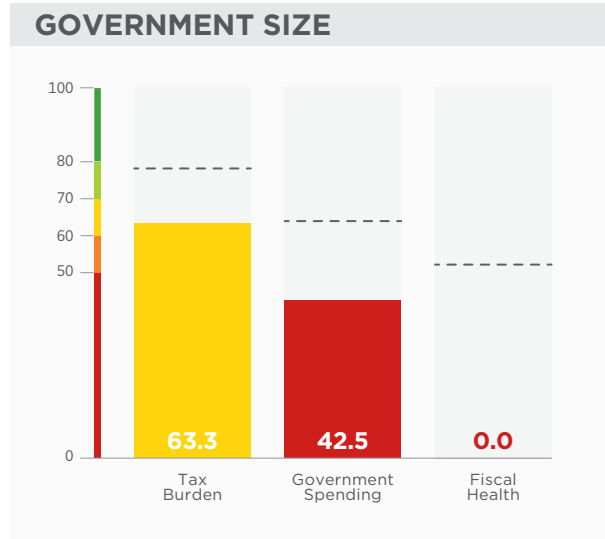
<b>POPULATION:</b> 125.7 million	<b>UNEMPLOYMENT:</b> 2.8%
<b>GDP (PPP):</b> \$6.1 trillion 1.0% growth in 2022 5-year average growth rate: -0.1% \$49,090 per capita	<b>INFLATION (CPI):</b> 2.5%
	<b>FDI INFLOW:</b> \$32.5 billion
	<b>PUBLIC DEBT:</b> 260.1% of GDP

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

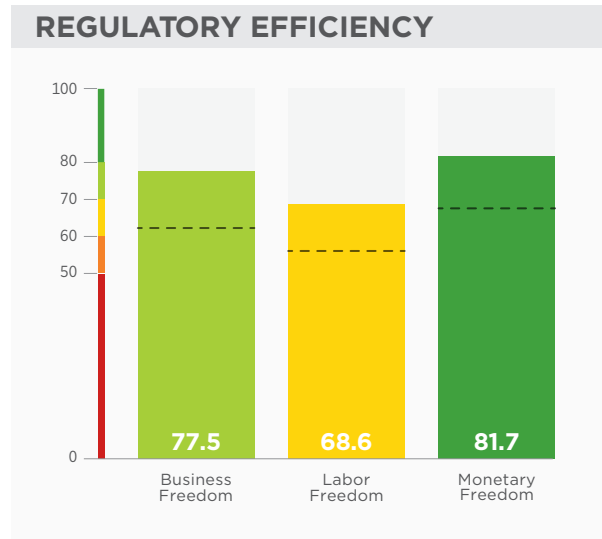
# 12 ECONOMIC FREEDOMS | JAPAN



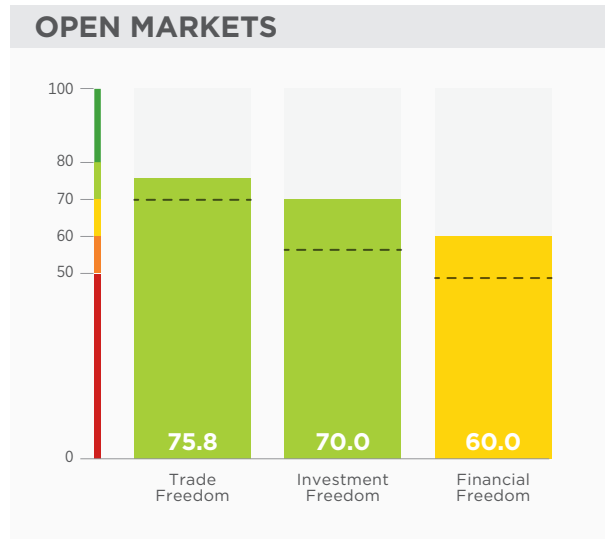
The overall rule of law is very well respected in Japan. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 23.2 percent. The tax burden equals 33.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 43.8 percent and -7.4 percent of GDP. Public debt amounts to 260.1 percent of GDP.



Japan'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 well above the world average.



The trade-weighted average tariff rate is 2.1 percent, and more than 300 nontariff measures are in force. The government screens foreign investment in some sectors. The financial sector is competitive and offers a wide range of modern financial services, but the state still maintains a presence.