



CHINA

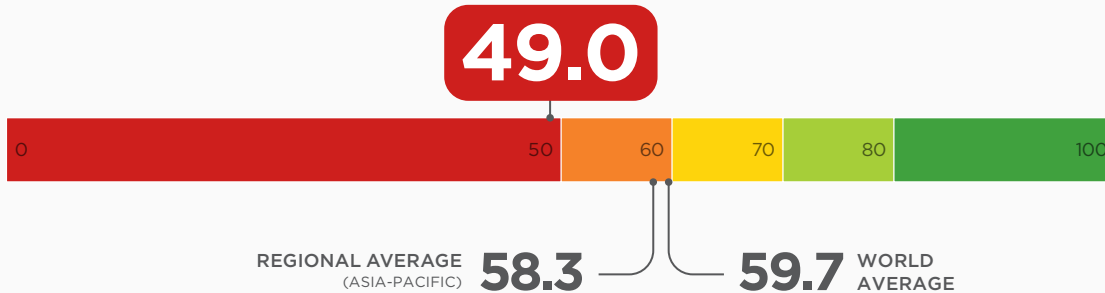
WORLD RANK: **151** | REGIONAL RANK: **34**

ECONOMIC FREEDOM STATUS: **REPRESSED**

China's economic freedom score is 49, making its economy the 151st freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 0.5 point from last year, and China is ranked 34th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is lower than the world and regional averages. China's economy remains "repressed" according to the 2025 *Index*.

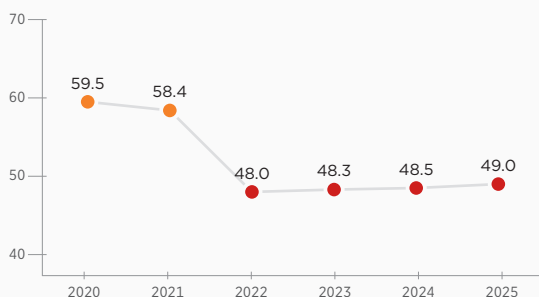
The Chinese Communist Party holds ultimate authority and directly controls economic activity. The regulatory framework remains complex and uneven. China's arbitrary and often-revised business-related rules and labor codes subject the private sector to the unpredictable whims of the Communist government. The state-controlled financial sector's extensive use of subsidies and credit controls continues to undercut efficiency and productivity. A post-COVID slowdown in economic growth may be more severe than officials acknowledge. Additional pressure on real estate and banking has contributed to the worsening of economic forecasts.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -3.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 billion

GDP (PPP):
\$34.5 trillion
5.3% growth in 2023
3-year average growth rate: 5.5%
\$24,503 per capita

UNEMPLOYMENT:
4.7%

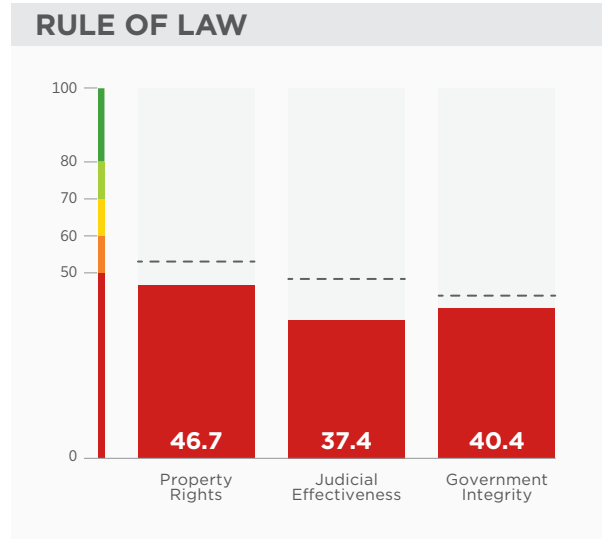
INFLATION (CPI):
0.2%

FDI INFLOW:
\$189.1 billion

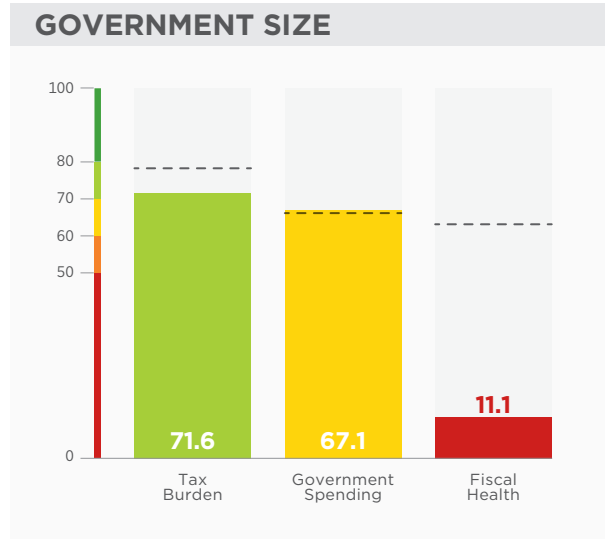
PUBLIC DEBT:
84.4% of GDP

2023 data unless otherwise noted. Data compiled as of November 2024.

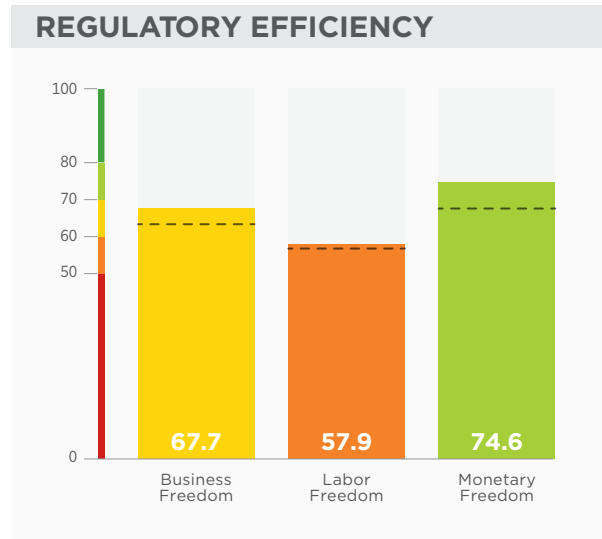
12 ECONOMIC FREEDOMS | CHINA



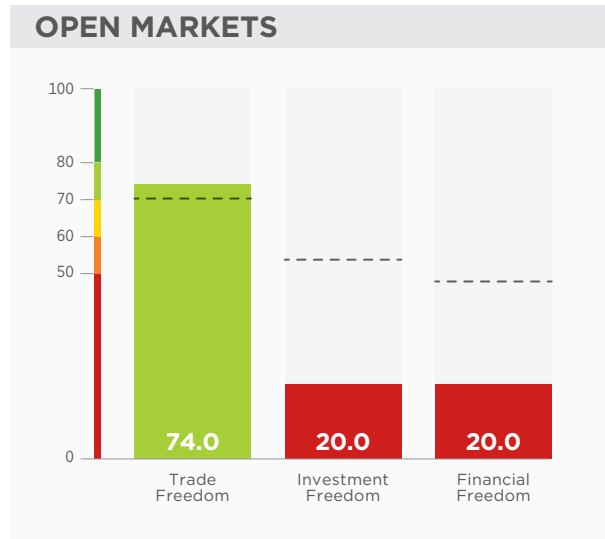
The overall rule of law is weak in China. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. The tax burden equals 13.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 33.1 percent and -6.8 percent of GDP. Public debt amounts to 84.4 percent of GDP.



Genuinely liberalizing economic reform has either slowed or, in some areas, been stopped and reversed. The overall regulatory framework remains arbitrary, uneven, and subject to state influence. The labor regime remains repressive. Inflation has been monitored intensely, and the government often relies on price controls.



The trade-weighted average tariff rate is 3.0 percent, and layers of nontariff measures are in effect. China's protectionist approval system for foreign investment remains restrictive and lacking in transparency. The government continues to maintain its tight grip on the financial system.