



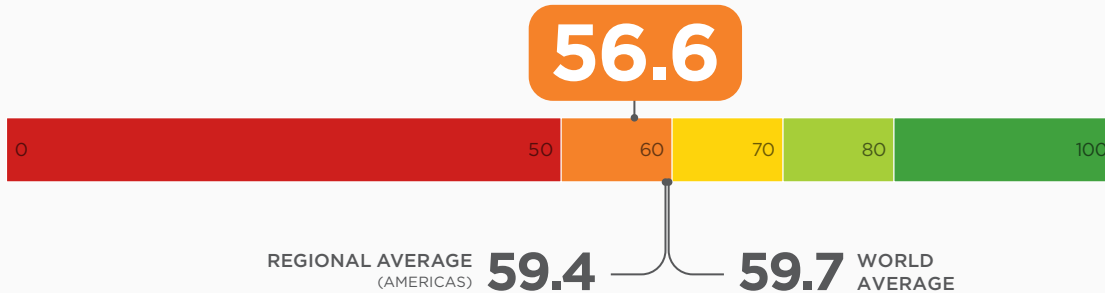
WORLD RANK: **106** REGIONAL RANK: **22**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

EL SALVADOR

El Salvador’s economic freedom score is 56.6, making its economy the 106th freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 2.2 points from last year, and El Salvador is ranked 22nd out of 32 countries in the Americas region. The country’s economic freedom score is lower than the world and regional averages. El Salvador’s economy is considered “mostly unfree” according to the 2025 *Index*.

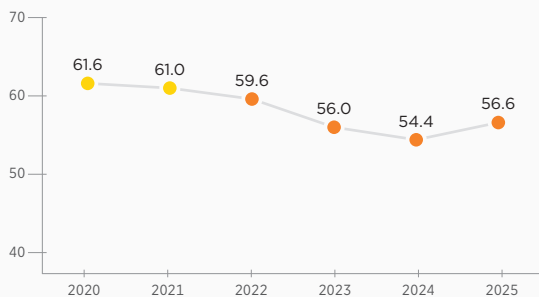
The regulatory environment generally supports trade, investment, and competitiveness. Despite some notable progress, institutional weaknesses continue to slow the transition to a more dynamic economy. Property rights are moderately well protected, and the judicial system is relatively efficient. Improved management of public finance is needed to deal with chronic fiscal deficits. El Salvador lags behind other countries in easing constraints on the business environment. The labor market lacks flexibility, and imbalances in the demand and supply of skilled workers persist.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -12.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.4 million

GDP (PPP):
\$79.9 billion
3.5% growth in 2023
3-year average growth rate: 6.1%
\$12,547 per capita

UNEMPLOYMENT:
2.8%

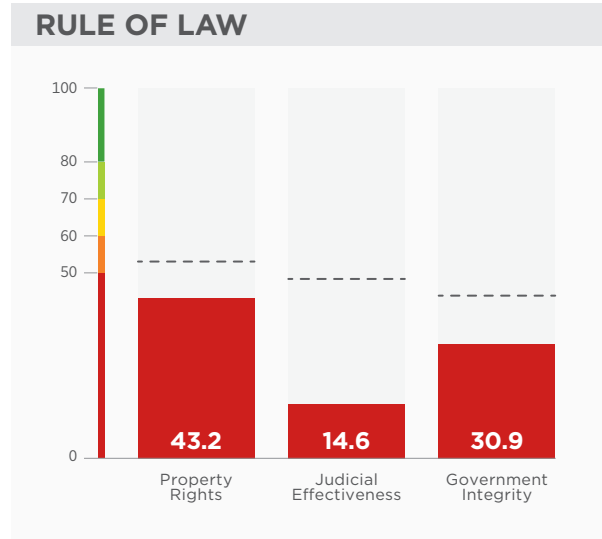
INFLATION (CPI):
4.0%

FDI INFLOW:
\$760 million

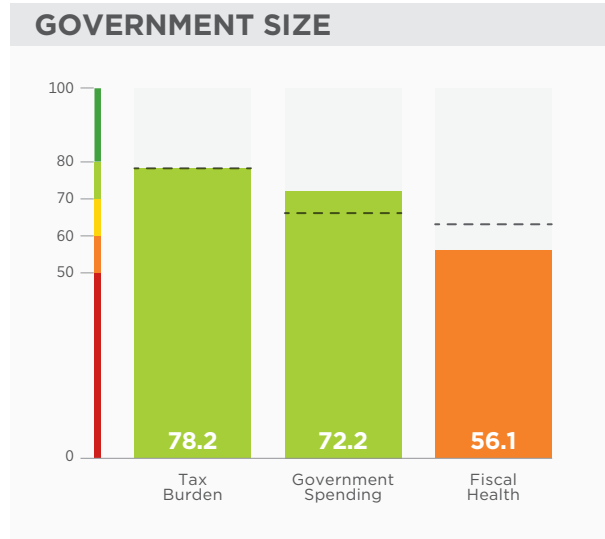
PUBLIC DEBT:
84.7% of GDP

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

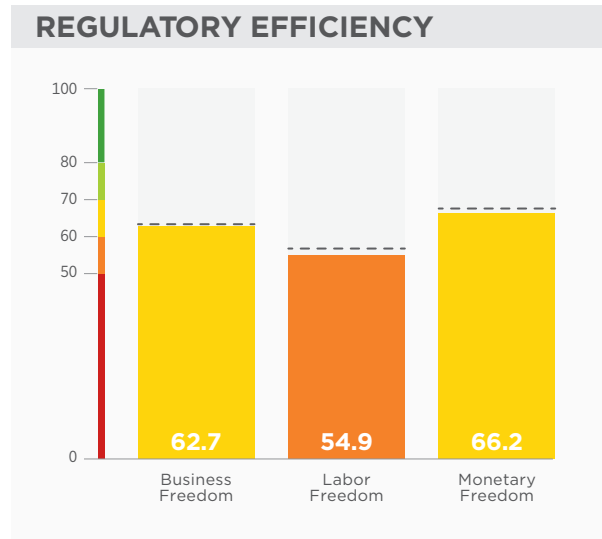
12 ECONOMIC FREEDOMS | EL SALVADOR



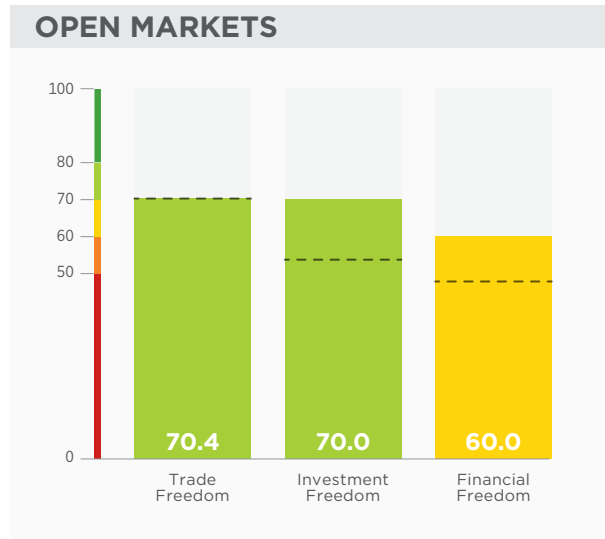
The overall rule of law is weak in El Salvador, although gang violence has decreased significantly. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 30 percent. The tax burden equals 19.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 30.5 percent and -4.3 percent of GDP. Public debt amounts to 84.7 percent of GDP.



El Salvador's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is below the world average; and its monetary freedom score is below the world average.



The trade-weighted average tariff rate is 7.3 percent, and layers of nontariff measures are in force. In general, foreign and domestic investors are treated equally. Banking is highly concentrated, and foreign banks can offer all of the services that domestic banks offer.