

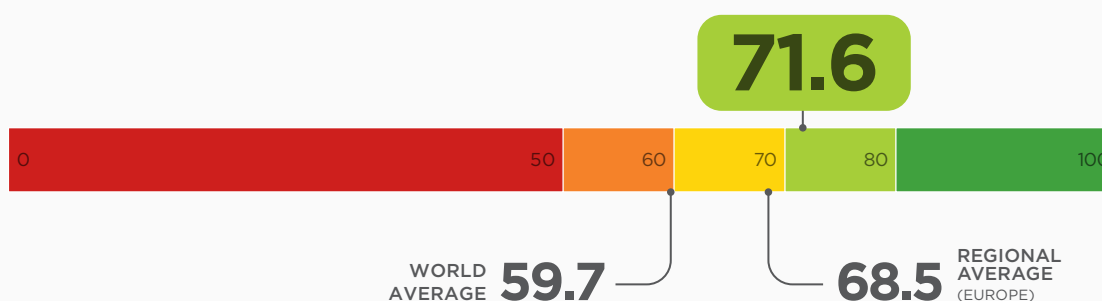


# GERMANY

Germany's economic freedom score is 71.6, making its economy the 22nd freest in the 2025 *Index of Economic Freedom*. Its rating has decreased by 0.5 point from last year, and Germany 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. Germany's economy is considered "mostly free" according to the 2025 *Index*.

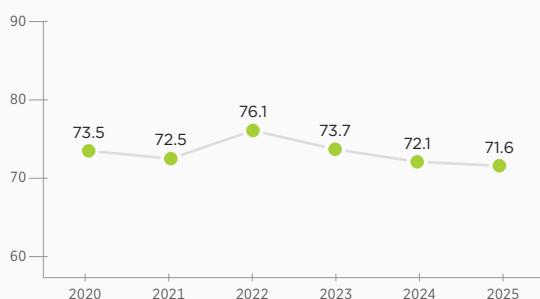
Germany has been undergoing a period of economic challenge. Europe's largest economy has not registered substantial growth in the past two years, although long-term competitiveness and entrepreneurial growth have been generally supported by openness to global commerce, well-protected property rights, and a relatively sound regulatory environment. With the political situation in flux, the future direction of economic policy remains uncertain. High energy prices, aging public infrastructure, and bureaucratic complexities, exacerbated by geopolitical developments and political uncertainty, have eroded the competitiveness of Germany's export industry.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +1.8

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
84.5 million

**GDP (PPP):**  
\$5.9 trillion  
-0.3% growth in 2023  
3-year average growth rate: 1.6%  
\$69,532 per capita

**UNEMPLOYMENT:**  
3.0%

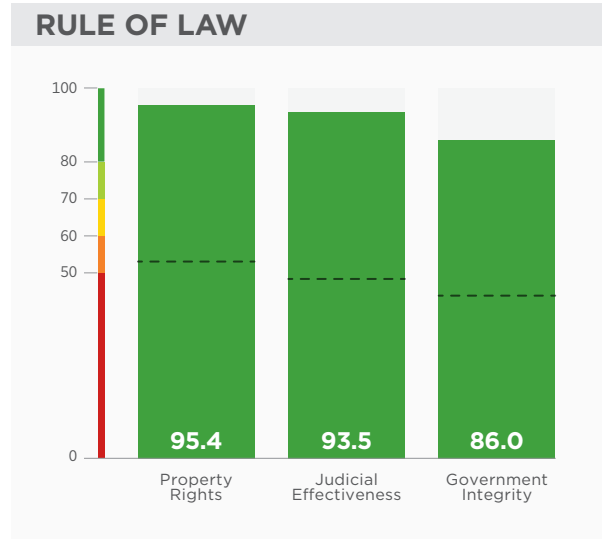
**INFLATION (CPI):**  
6.0%

**FDI INFLOW:**  
\$11.1 billion

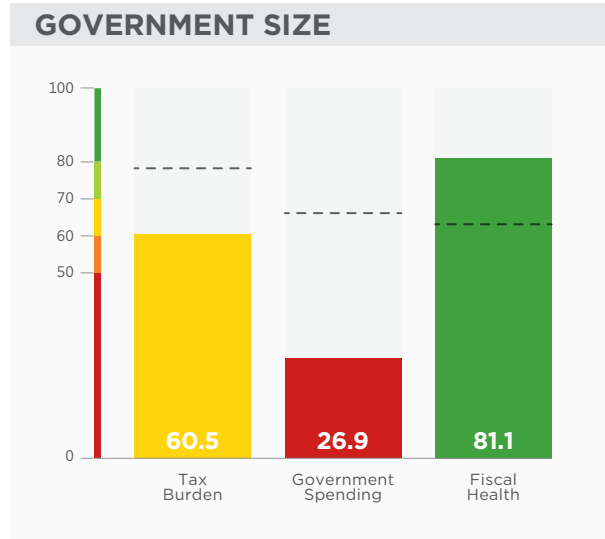
**PUBLIC DEBT:**  
62.7% of GDP

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

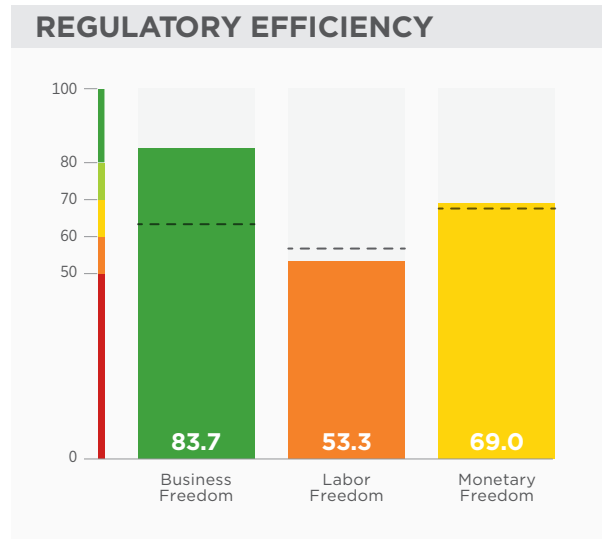
# 12 ECONOMIC FREEDOMS | GERMANY



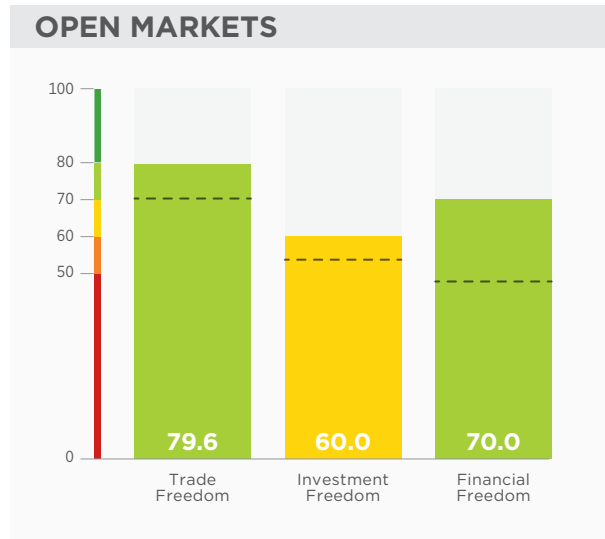
The overall rule of law is very well respected in Germany. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 47.5 percent, and the top corporate tax rate is 15.8 percent. The tax burden equals 38.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 49.4 percent and -2.6 percent of GDP. Public debt amounts to 62.7 percent of GDP.



Germany's overall regulatory environment is well institutionalized and efficient, facilitating entrepreneurial growth and economic resilience. The country's business freedom score is far above the world average; its labor freedom score is below the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate (common among EU members) is 2.7 percent, and more than 600 EU-mandated nontariff measures are in force along with an additional two country-specific nontariff barriers. Openness to global commerce supports competitiveness and investment. The financial sector offers a full range of services.