

WORLD RANK: **30** | REGIONAL RANK: **3**

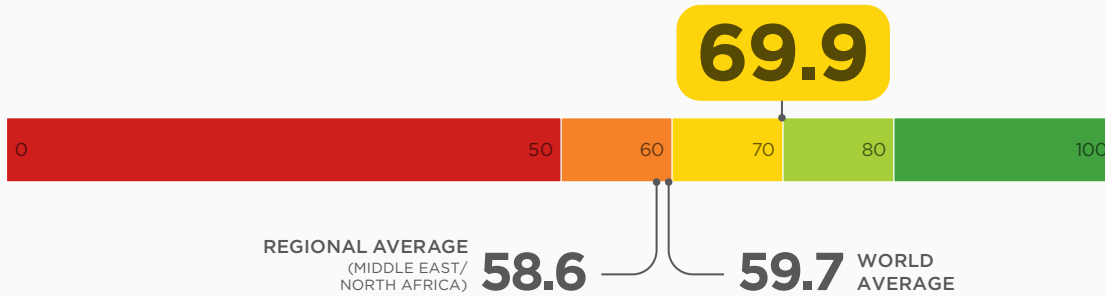
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ISRAEL

Israel's economic freedom score is 69.9, making its economy the 30th freest in the 2025 *Index of Economic Freedom*. Its rating is largely unchanged from last year, and Israel is ranked 3rd out of 14 countries in the Middle East / North Africa region. The country's economic freedom score is higher than the world and regional averages. Israel's economy is considered "moderately free" according to the 2025 *Index*.

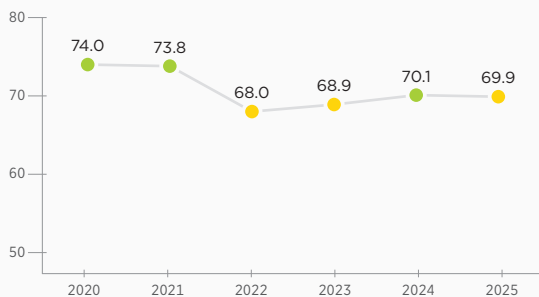
Despite an increasingly challenging security environment, Israel's economic competitiveness is anchored in strong protection of property rights and relatively low levels of corruption. The management of public finance still needs to be improved. Israel's regulatory framework promotes entrepreneurial activity, and its openness to global commerce supports productivity growth. The pace of regulatory reform has lagged slightly behind that of other emerging economies. The labor market needs more flexibility to accommodate rapid economic transformation. Despite upward pressures, inflation has been modest.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +8.4

RECENT FREEDOM TREND



QUICK FACTS

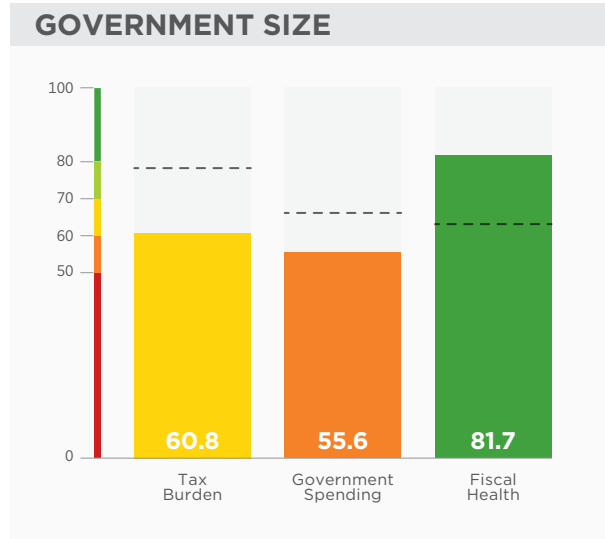
POPULATION: 9.8 million	UNEMPLOYMENT: 3.4%
GDP (PPP): \$525.0 billion 2.0% growth in 2023 3-year average growth rate: 6.0% \$53,810 per capita	INFLATION (CPI): 4.2%
	FDI INFLOW: \$27.8 billion
	PUBLIC DEBT: 61.4% of GDP

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

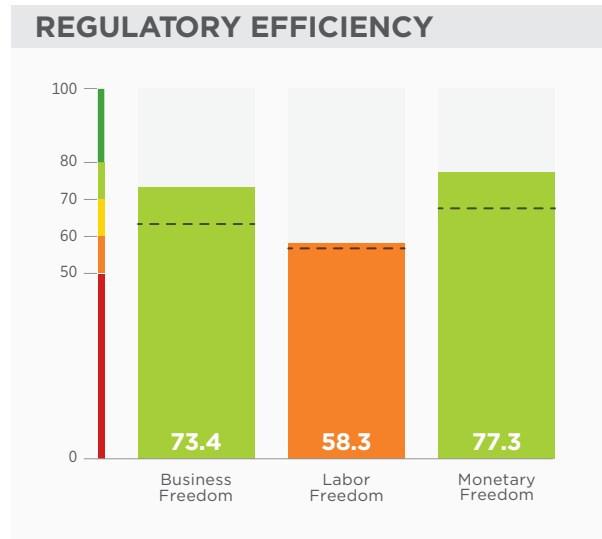
12 ECONOMIC FREEDOMS | ISRAEL



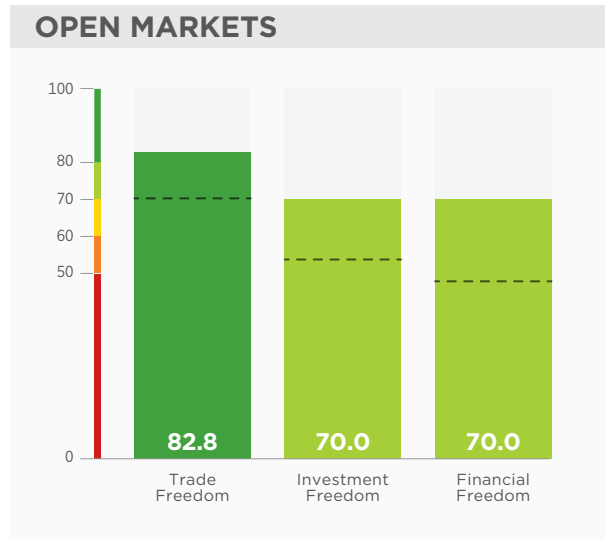
The overall rule of law is well respected in Israel. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 23 percent. The tax burden equals 29.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 38.5 percent and -2.6 percent of GDP. Public debt amounts to 61.4 percent of GDP.



Israel's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is 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 3.6 percent, and more than 90 nontariff measures are in force. Economic competitiveness is generally facilitated by openness to foreign investment. Banking remains concentrated, but commercial banks offer a range of financial services that support the private sector.