

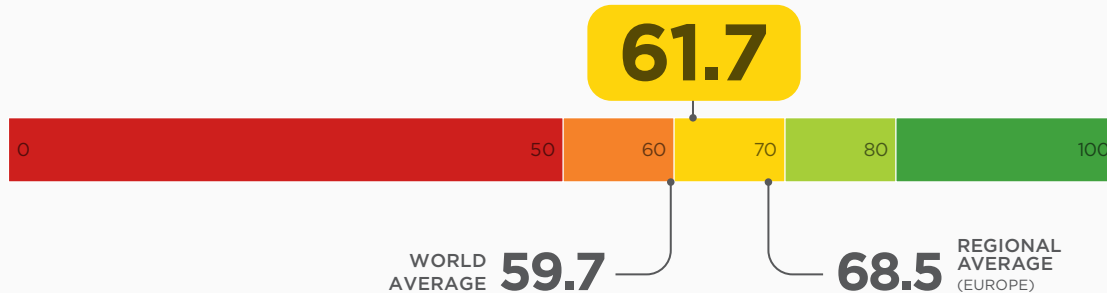
WORLD RANK: 78	REGIONAL RANK: 37
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

KOSOVO

Kosovo's economic freedom score is 61.7, making its economy the 78th freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 1.1 points from last year, and Kosovo is ranked 37th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world average and lower than the regional average. Kosovo's economy is considered "moderately free" according to the 2025 *Index*.

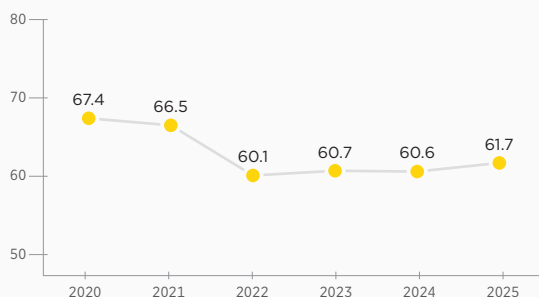
Kosovo's transition to a more market-driven economy remains a work in progress. Despite positive growth rates, the economy is characterized by political instability, corruption, an unreliable energy supply, a significant level of informal activity, and a tenuous rule of law. Kosovo has implemented business-friendly reforms, but the overall regulatory framework remains burdensome. Informal market activity remains sizable. The formal labor market is not fully developed. Monetary stability has been weakened, and inflation has risen by more than 7 percent.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 2016): +0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.8 million

GDP (PPP):
\$28.0 billion
3.3% growth in 2023
3-year average growth rate: 6.1%
\$15,864 per capita

UNEMPLOYMENT:
30.5%

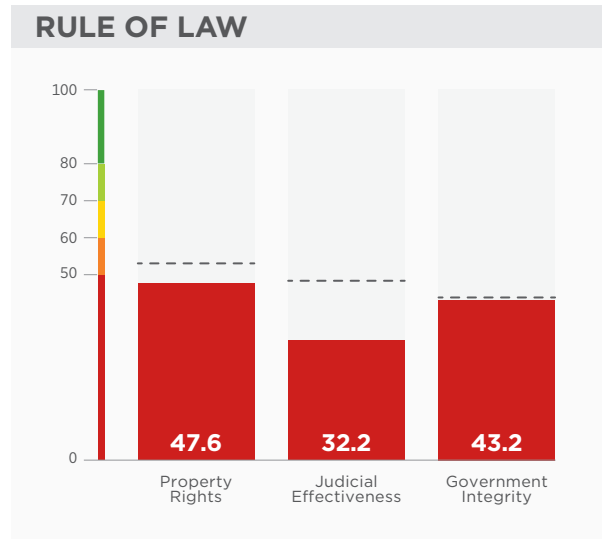
INFLATION (CPI):
4.9%

FDI INFLOW:
n/a

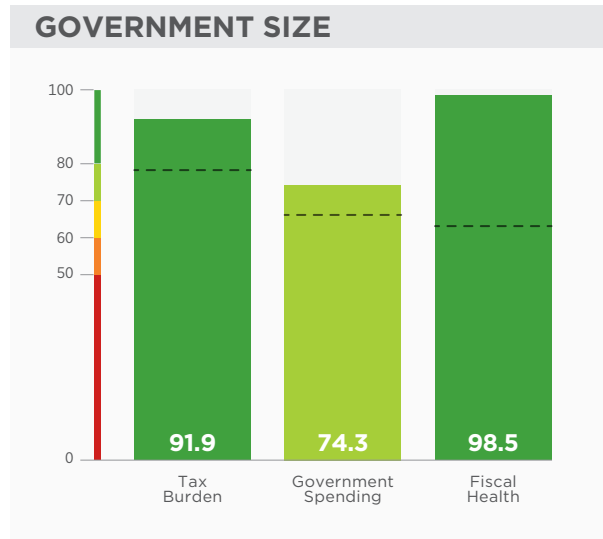
PUBLIC DEBT:
17.5% of GDP

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

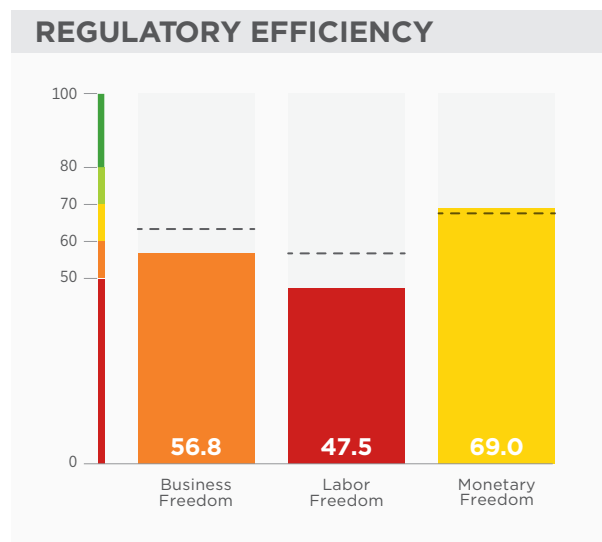
12 ECONOMIC FREEDOMS | KOSOVO



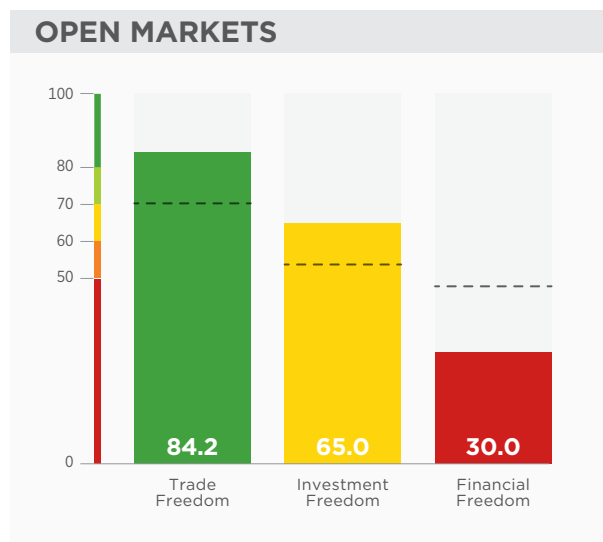
The overall rule of law is weak in Kosovo. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 10 percent. The tax burden equals 24.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.2 percent and -0.7 percent of GDP. Public debt amounts to 17.5 percent of GDP.



Kosovo's overall regulatory environment is relatively well institutionalized but lacks overall efficiency. The country's business freedom score is below 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 is 2.9 percent, and efforts to dismantle nontariff barriers continue. In general, foreign and domestic investors are treated equally under the law. State-owned enterprises distort the economy. The financial system, dominated by banking, continues to evolve.