



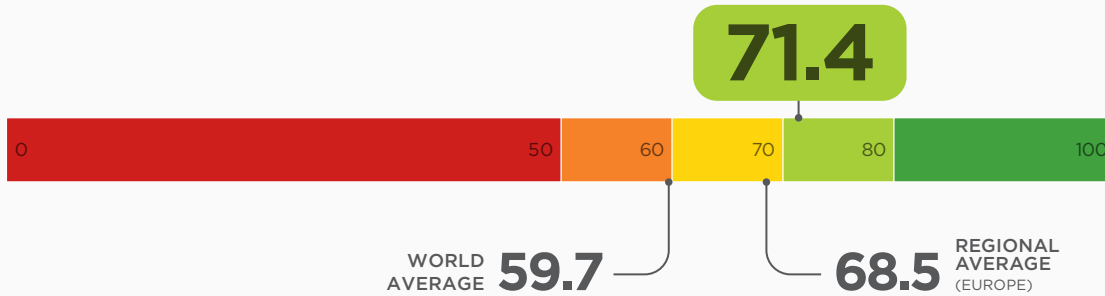
WORLD RANK:	REGIONAL RANK:
<b>24</b>	<b>15</b>
ECONOMIC FREEDOM STATUS:	
<b>MOSTLY FREE</b>	

# LATVIA

Latvia's economic freedom score is 71.4, making its economy the 24th freest in the 2025 *Index of Economic Freedom*. Its rating is essentially unchanged from last year, and Latvia is ranked 15th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Latvia's economy is considered "mostly free" according to the 2025 *Index*.

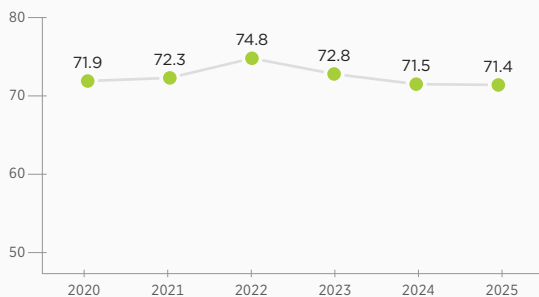
Latvia's ongoing transition to a more vibrant and market-oriented economy has been facilitated by openness to foreign trade and the efficiency of business regulations that promote entrepreneurial dynamism. With overall institutional competitiveness and committed political leadership in place, Latvia is well positioned for long-term economic development. The overall regulatory framework is relatively efficient and transparent. Rules regarding the formation and operation of private enterprises have been streamlined. Monetary stability has weakened, and inflation is at 9.1 percent.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +16.4

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
1.9 million

**GDP (PPP):**  
\$79.0 billion  
-0.3% growth in 2023  
3-year average growth rate: 3.1%  
\$41,938 per capita

**UNEMPLOYMENT:**  
6.5%

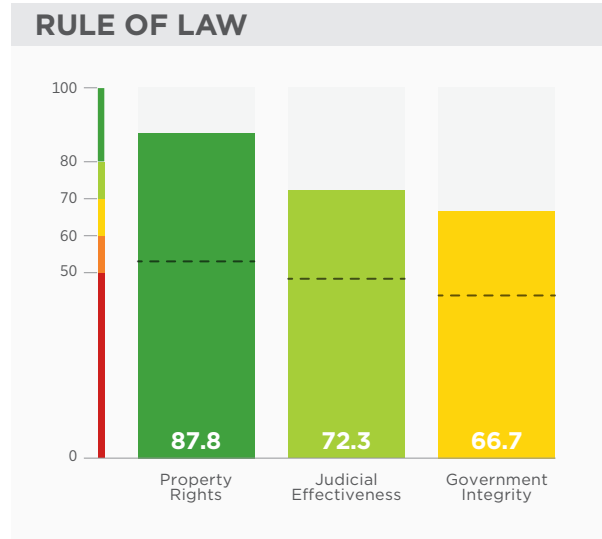
**INFLATION (CPI):**  
9.1%

**FDI INFLOW:**  
\$1.5 billion

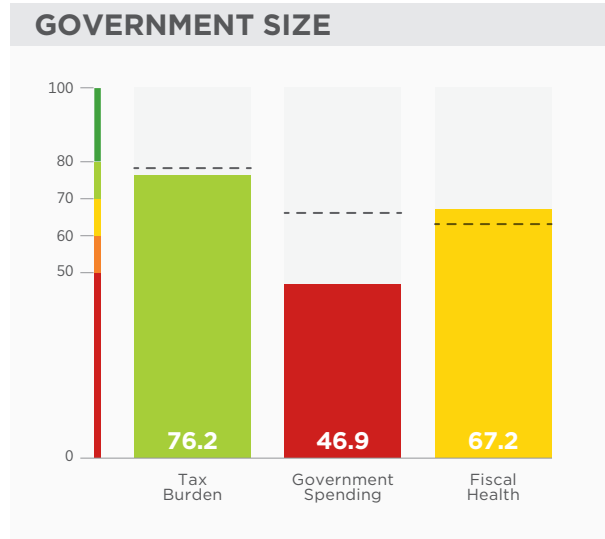
**PUBLIC DEBT:**  
43.6% of GDP

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

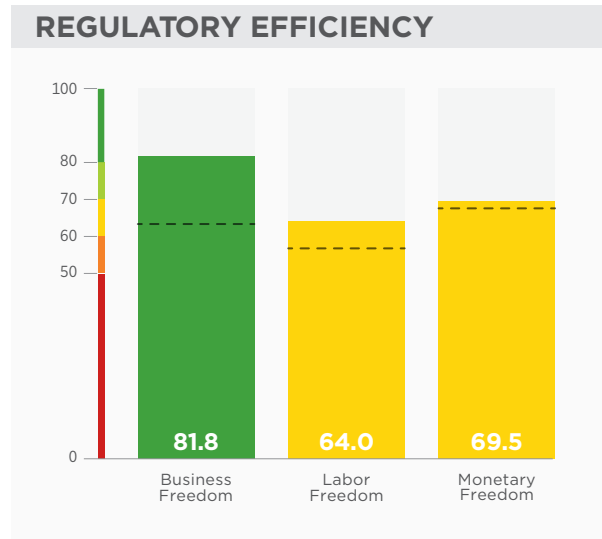
# 12 ECONOMIC FREEDOMS | LATVIA



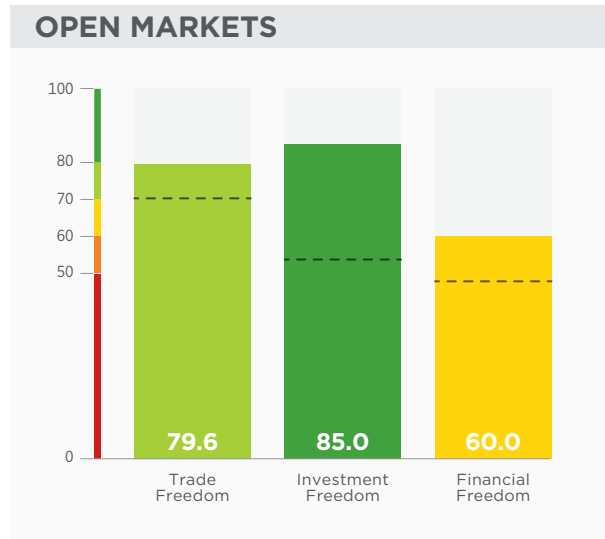
The overall rule of law is well respected in Latvia. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 31 percent, and the top corporate tax rate is 20 percent. The tax burden equals 31.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 42.1 percent and -4.3 percent of GDP. Public debt amounts to 43.6 percent of GDP.



Latvia's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far above the world average; its labor freedom score is above 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. The investment regulatory framework is relatively efficient. In general, rules regarding foreign investment are not burdensome. The financial sector is resilient and well capitalized.