



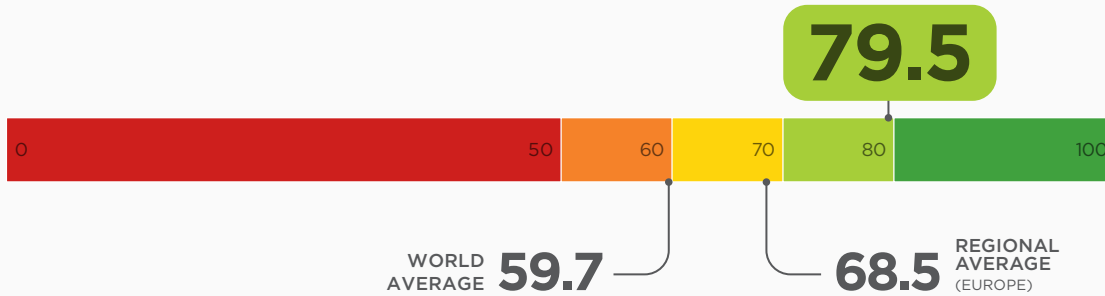
WORLD RANK:	REGIONAL RANK:
5	3
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

LUXEMBOURG

Luxembourg's economic freedom score is 79.5, making its economy the 5th freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 0.3 point from last year, and Luxembourg is ranked 3rd out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Luxembourg's economy is considered "mostly free" according to the 2025 *Index*.

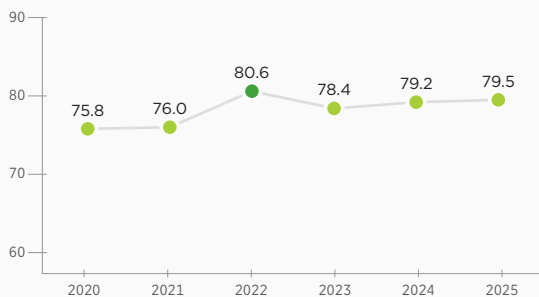
Luxembourg has long benefited from a favorable climate for entrepreneurial activity and high levels of openness and flexibility. Prudent regulations support its position as a global financial hub. The judiciary, independent of politics and free of corruption, provides strong protection of property rights. Institutional support for open markets is similarly strong. Regulation is transparent and efficient. The labor market is competitive but lacks flexibility. Unemployment benefits are notably higher than those in neighboring countries, and the minimum wage is among the region's highest.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +7.0

RECENT FREEDOM TREND

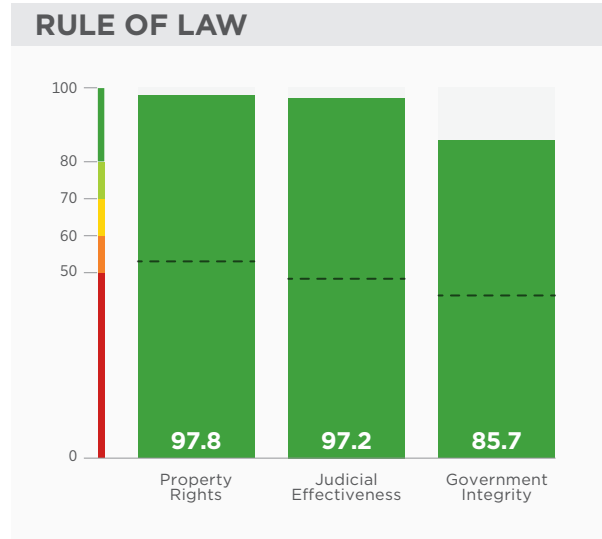


QUICK FACTS

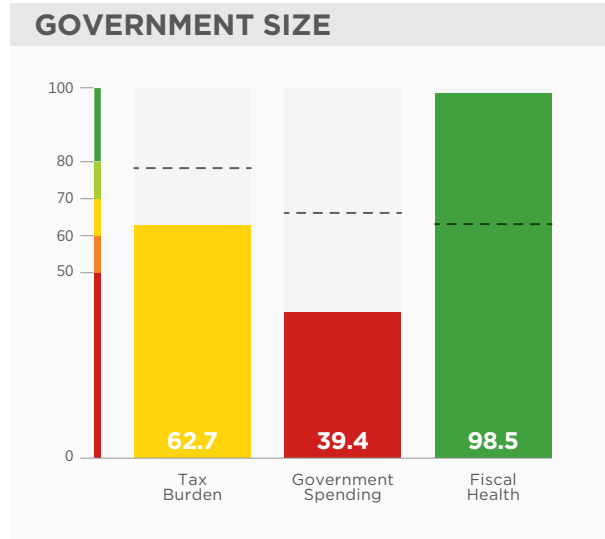
- | | |
|---|--|
| POPULATION:
0.7 million | UNEMPLOYMENT:
5.2% |
| GDP (PPP):
\$98.3 billion
-1.1% growth in 2023
3-year average growth rate: 2.5%
\$148,694 per capita | INFLATION (CPI):
2.9% |
| | FDI INFLOW:
-\$322.1 billion |
| | PUBLIC DEBT:
25.7% of GDP |

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

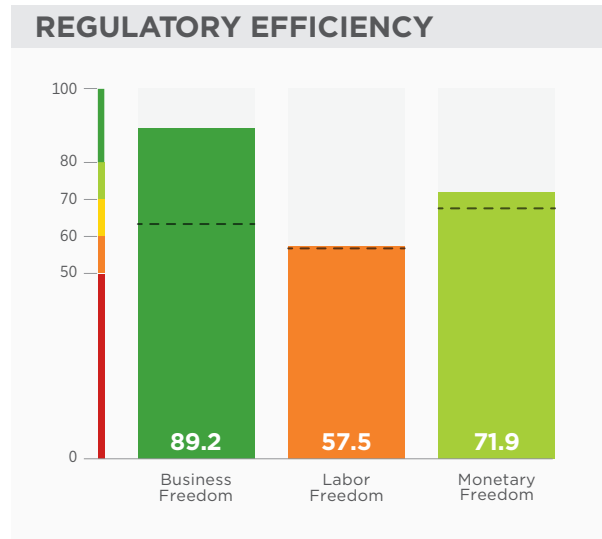
12 ECONOMIC FREEDOMS | LUXEMBOURG



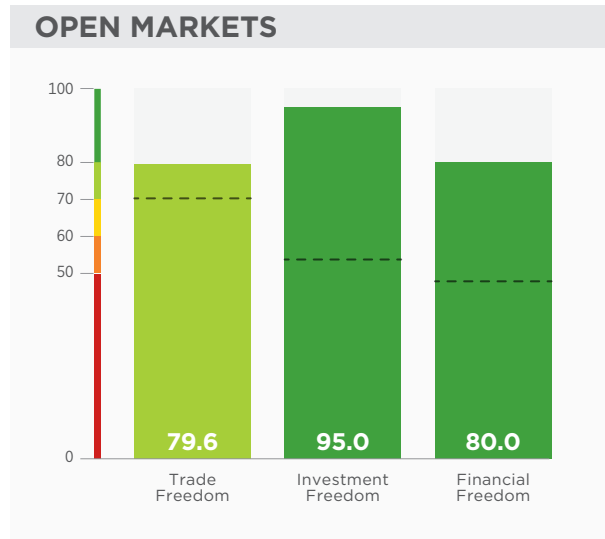
The overall rule of law is very well respected in Luxembourg. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 17 percent. The tax burden equals 40.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.9 percent and -0.4 percent of GDP. Public debt amounts to 25.7 percent of GDP.



Luxembourg's overall regulatory environment is very well institutionalized and 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. Investment activity is sustained by the solid institutional foundations of an open-market system. The sophisticated financial sector is well capitalized and competitive.