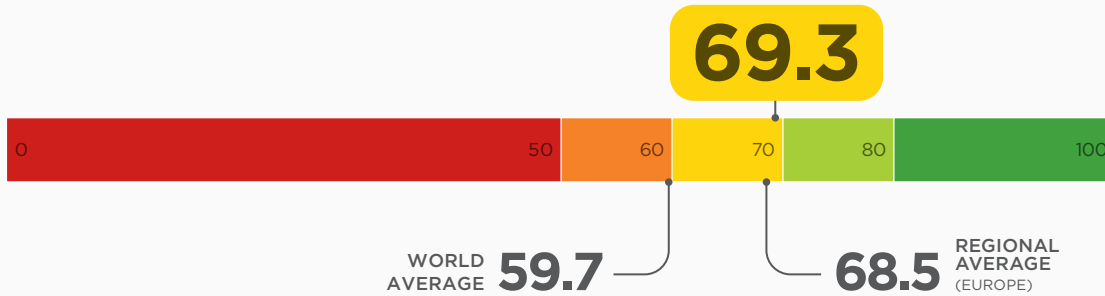


UNITED KINGDOM

The United Kingdom's economic freedom score is 69.3, making its economy the 33rd freest in the 2025 *Index of Economic Freedom*. Its rating is largely unchanged from last year, and the U.K. is ranked 18th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. The United Kingdom's economy is considered "moderately free" according to the 2025 *Index*.

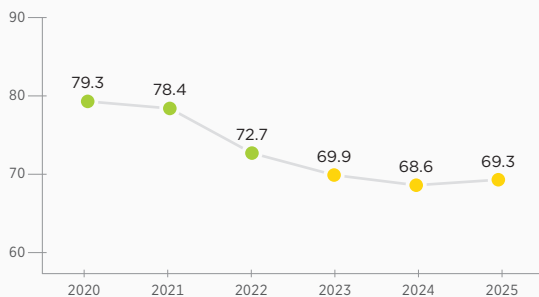
The British economy has been undergoing a period of challenge. The state has expanded dramatically in scope, and more committed reforms are needed for the economy to recover. Restoring sound public finance remains a critical issue. The significant growth in government spending has undermined Britain's competitive edge. Public debt now amounts to 100 percent of GDP, and budget deficits continue. Despite inflationary pressures, monetary stability has been relatively well maintained. Significant structural and institutional reforms are needed to restore economic vitality.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -8.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
68.1 million

GDP (PPP):
\$4.1 trillion
0.3% growth in 2023
3-year average growth rate: 4.6%
\$60,735 per capita

UNEMPLOYMENT:
4.1%

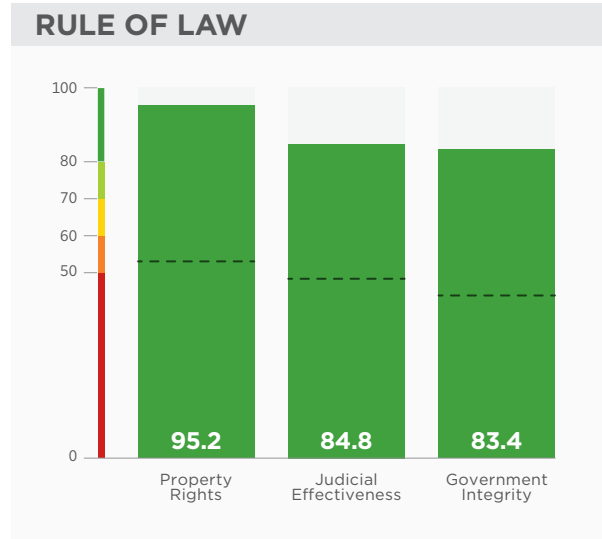
INFLATION (CPI):
7.3%

FDI INFLOW:
\$14.1 billion

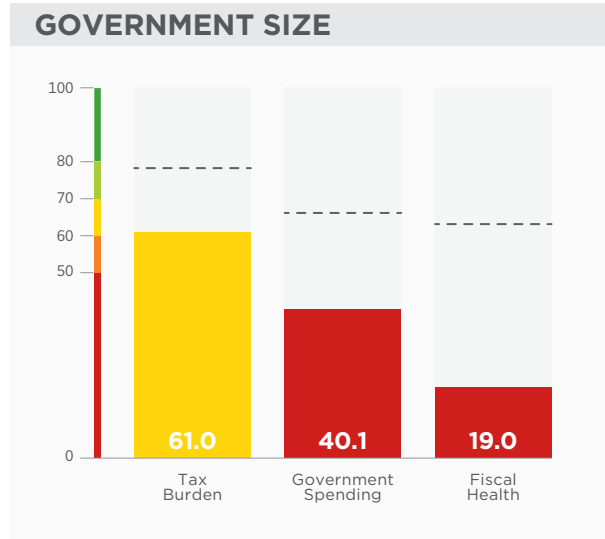
PUBLIC DEBT:
100.0% of GDP

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

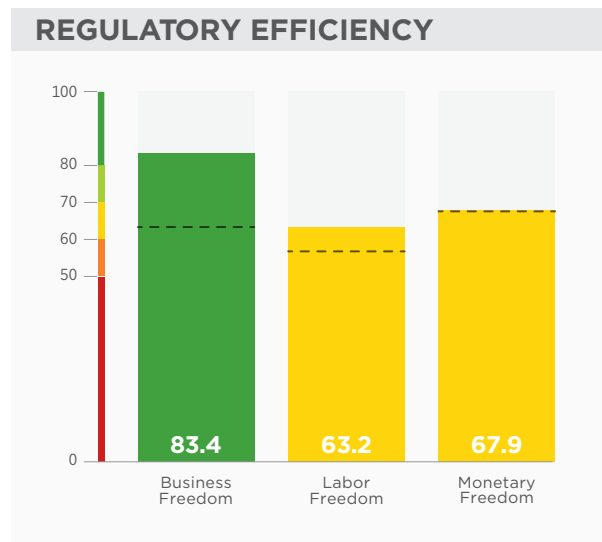
12 ECONOMIC FREEDOMS | UNITED KINGDOM



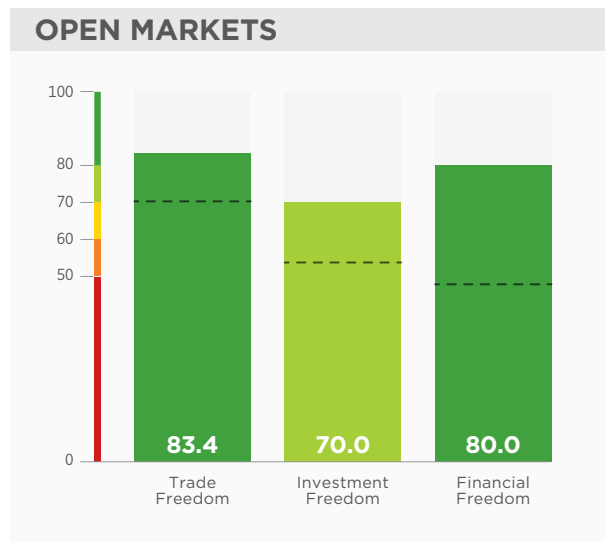
The overall rule of law is well respected in the United Kingdom. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. The tax burden equals 35.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.7 percent and -6.2 percent of GDP. Public debt amounts to 100.0 percent of GDP.



The United Kingdom'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 is 3.3 percent. The U.K. has signed three new trade agreements since leaving the EU and is negotiating additional trade pacts with various countries. The investment regime is efficient, and foreign investment is welcomed. The resilient financial sector is competitive.