

VANUATU

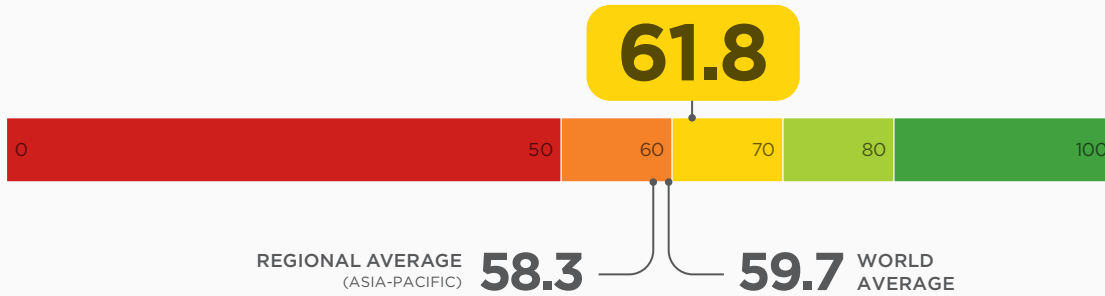
WORLD RANK: **77** | REGIONAL RANK: **15**

ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

Vanuatu's economic freedom score is 61.8, making its economy the 77th freest in the 2025 *Index of Economic Freedom*. Its rating has decreased by 0.4 point from last year, and Vanuatu is ranked 15th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. Vanuatu's economy is considered "moderately free" according to the 2025 *Index*.

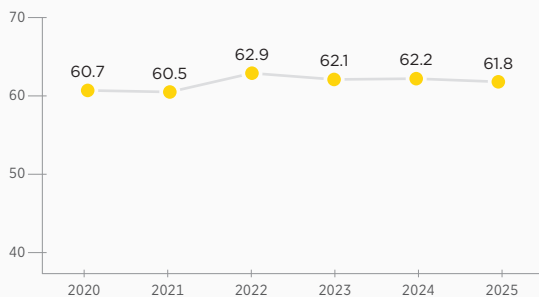
Vanuatu has taken steps to integrate its economy more thoroughly into the global marketplace, but the investment and business climate needs to be improved to generate more broadly based economic expansion. The lack of political will to undertake institutional reforms continues to discourage dynamic private-sector development. Bureaucratic procedures are complex and nontransparent, and starting a business remains time-consuming. Labor codes are rigid and outmoded, and the formal labor market is not fully developed. Monetary stability has been relatively well maintained despite inflationary pressure.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 2009): +3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.3 million

GDP (PPP):
\$962.0 million
2.2% growth in 2023
3-year average growth rate: 0.9%
\$2,883 per capita

UNEMPLOYMENT:
5.1%

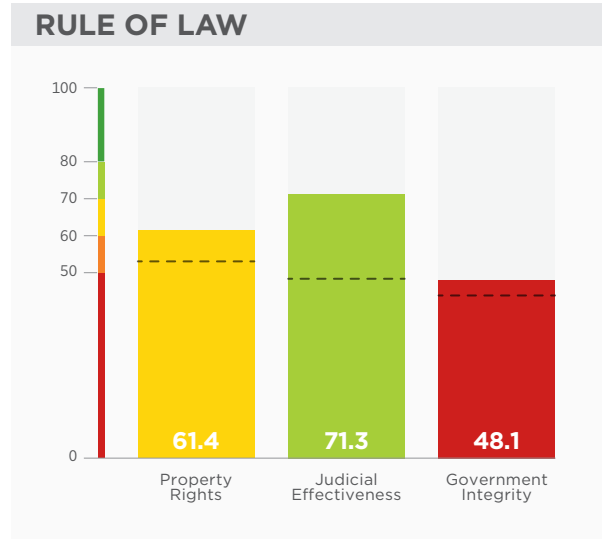
INFLATION (CPI):
11.2%

FDI INFLOW:
-\$4.0 million

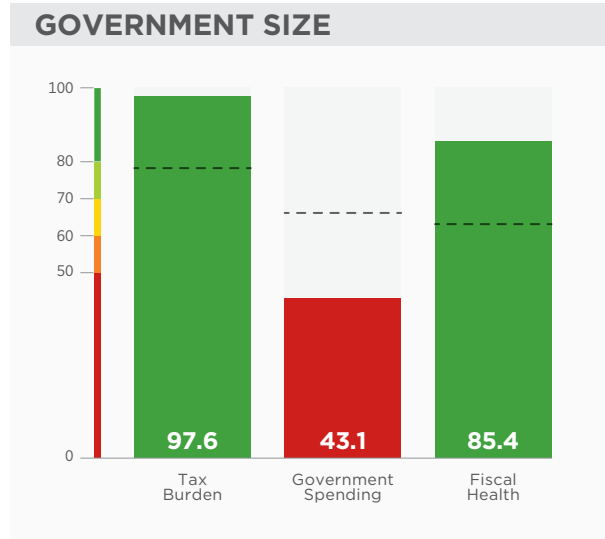
PUBLIC DEBT:
41.9% of GDP

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

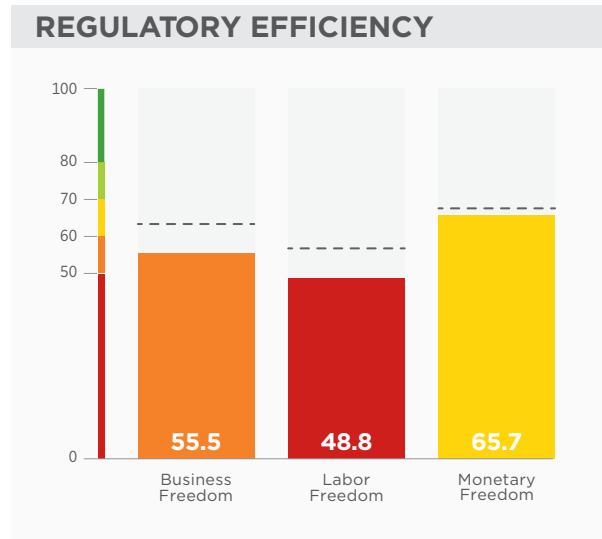
12 ECONOMIC FREEDOMS | VANUATU



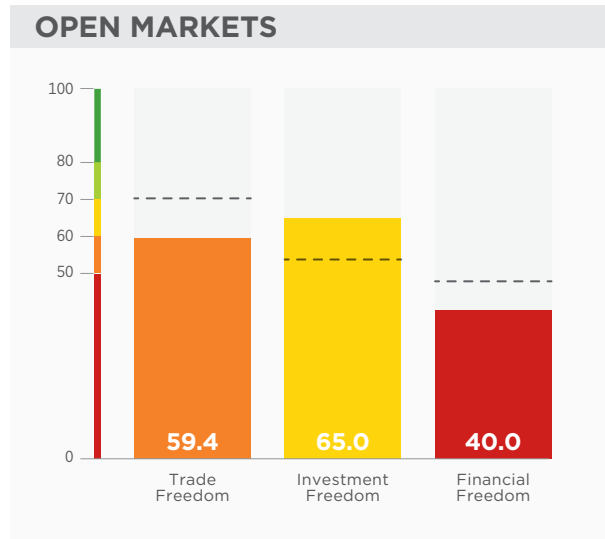
The overall rule of law is relatively well respected in Vanuatu. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 0 percent, and the top corporate tax rate is 0 percent. The tax burden equals 15.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 43.6 percent and -2.6 percent of GDP. Public debt amounts to 41.9 percent of GDP.



Vanuatu's overall regulatory environment is poorly institutionalized and inefficient. 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 below the world average.



The trade-weighted average tariff rate is 12.8 percent, and multiple nontariff barriers distort trade flows. Inadequate infrastructure and heavy state involvement deter long-term investment. Access to financing remains poor with formal banking services available to a limited number of rural adults.