

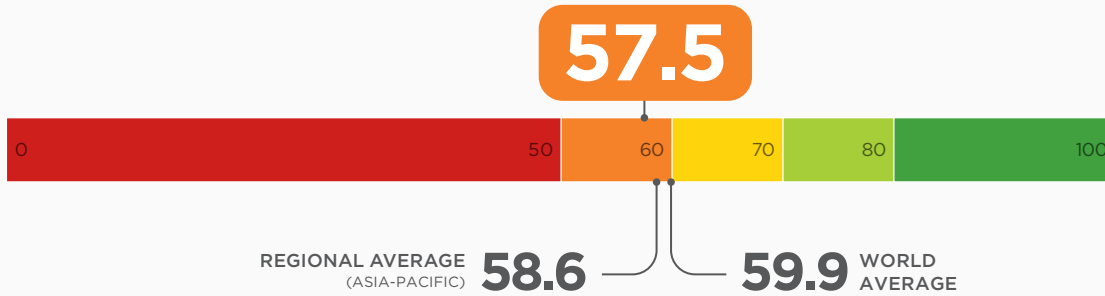
WORLD RANK: **105** | REGIONAL RANK: **22**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

BHUTAN

Bhutan's economic freedom score is 57.5, making its economy the 105th freest in the 2026 *Index of Economic Freedom*. Its rating has not changed from last year, and Bhutan is ranked 22nd out of 39 countries in the Asia-Pacific region. The country's economic freedom score is lower than the global and regional averages. Bhutan's economy is considered "mostly unfree" according to the 2026 *Index*.

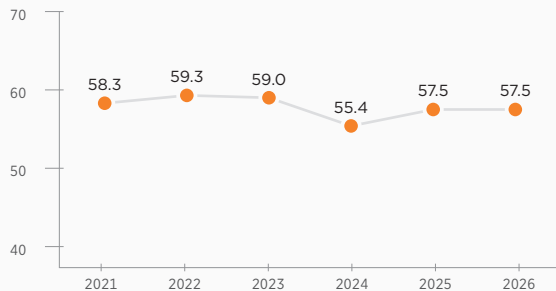
Bhutan is modernizing its economic structure. The public sector has long been the main source of economic growth, but the government now recognizes the importance of private-sector development and has assigned a higher priority to economic diversification, particularly in light of demographic shifts that will bring more young people into the labor market. A modern regulatory framework has not been fully developed. Despite recent efforts, enforcement of regulations remains inconsistent. The government has responded to labor shortages by initiating several skilling and reskilling programs.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 2009): -0.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$12.9 billion
6.8% growth in 2025
3-year average growth rate: 5.4%
\$17,722 per capita

UNEMPLOYMENT:
2.9%

INFLATION (CPI):
4.3%

TRADE AS % OF GDP: 81.6%

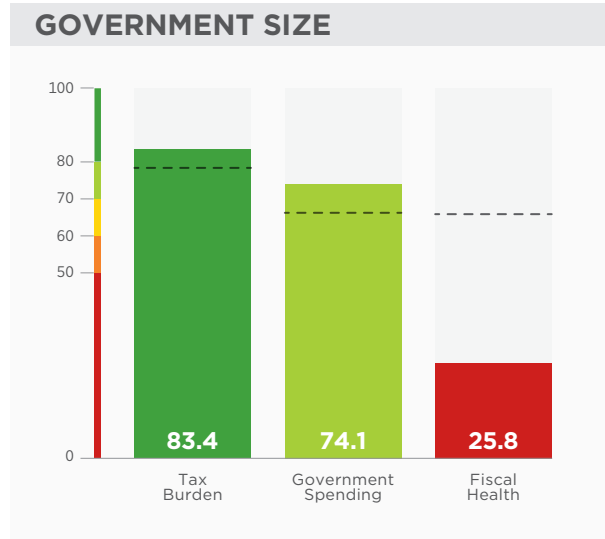
PUBLIC DEBT:
110.4% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

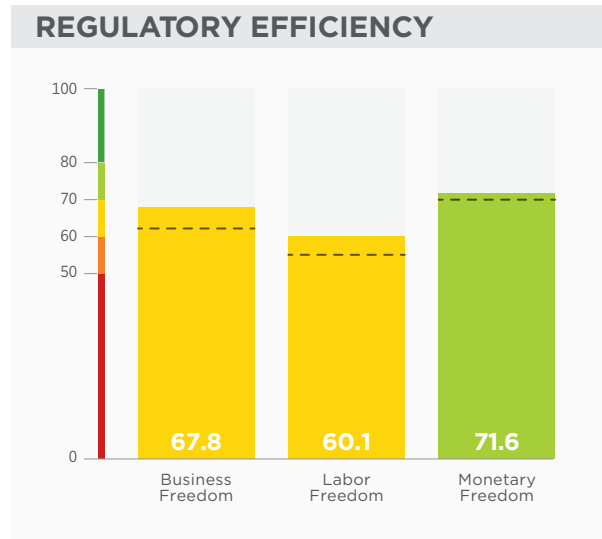
12 ECONOMIC FREEDOMS | BHUTAN



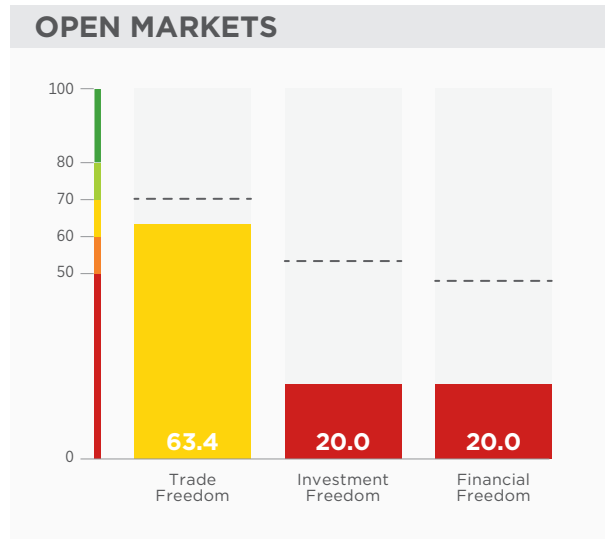
The overall rule of law is relatively well respected in Bhutan. The country’s property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. The tax burden equals 11.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.4 percent and -5.8 percent of GDP. Public debt amounts to 110.4 percent of GDP.



Bhutan’s overall regulatory environment is relatively well institutionalized but lacks efficiency. The country’s business freedom score is 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 10.8 percent, and layers of nontariff barriers significantly impede dynamic flows of trade. The underdeveloped investment framework limits opportunities to attract foreign investment. The financial sector is rudimentary.