WORLD RANK: **154**

REGIONAL RANK: **34**

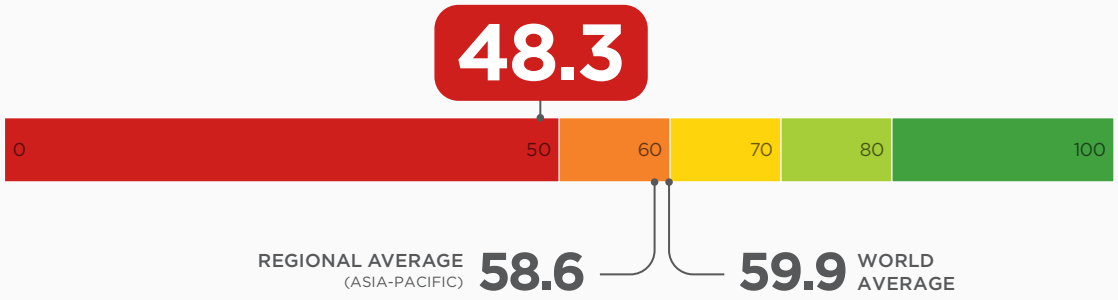
ECONOMIC FREEDOM STATUS: **REPRESSED**

CHINA

China's economic freedom score is 48.3, making its economy the 154th freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.7 point from last year, and China is ranked 34th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is lower than the global and regional averages. China's economy is considered "repressed" according to the 2026 *Index*.

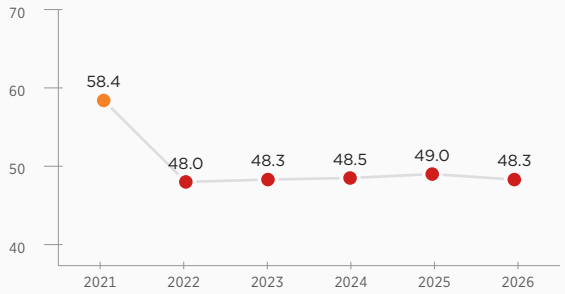
The Chinese Communist Party controls economic activity. The regulatory framework remains complex and uneven. China's arbitrary and frequently revised business-related rules and labor codes subject the private sector to the unpredictable whims of the Communist government. The state-controlled financial sector's extensive use of subsidies and credit controls continues to undercut efficiency and productivity. Businesses and the government have been struggling with high youth unemployment, persistent deflationary pressures, and a real-estate crisis that continues to act as a significant drag on growth.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): –3.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION: 1.4 billion

GDP (PPP): $38.2 trillion
4.8% growth in 2025
3-year average growth rate: 5.1%
$29,191 per capita

UNEMPLOYMENT: 4.6%

INFLATION (CPI): 0.2%

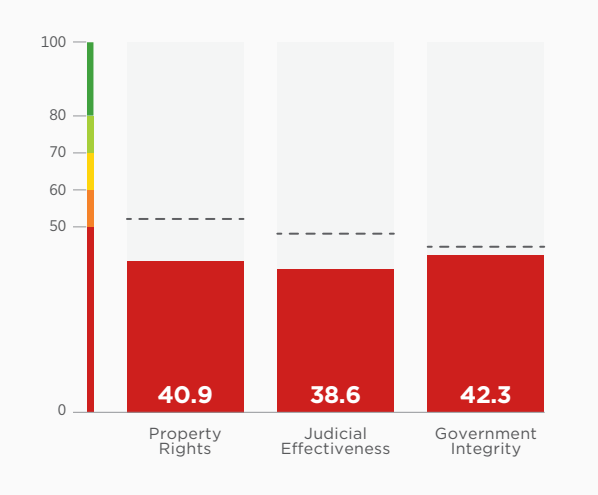
TRADE AS % OF GDP: 37.2%

PUBLIC DEBT: 88.3% of GDP

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

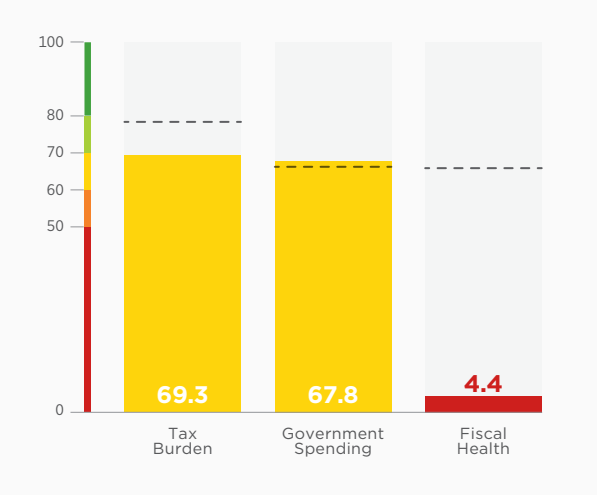
12 ECONOMIC FREEDOMS | CHINA

RULE OF LAW



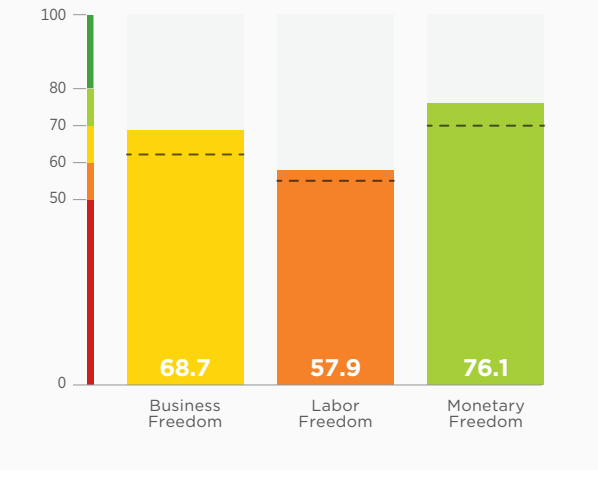
The overall rule of law is weak in China. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



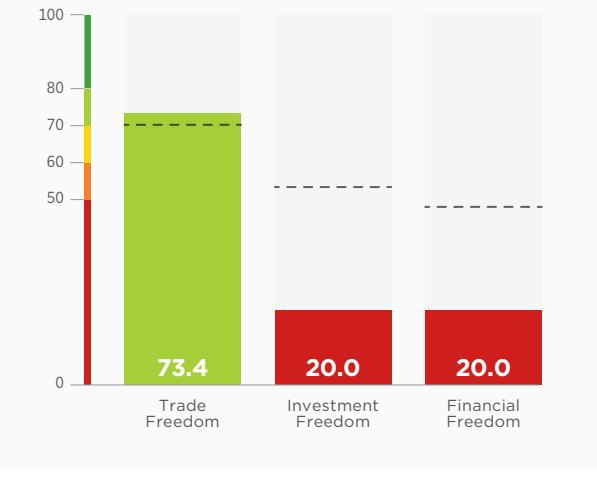
The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. The tax burden equals 20.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 32.8 percent and –7.1 percent of GDP. Public debt amounts to 88.3 percent of GDP.

REGULATORY EFFICIENCY



Genuinely liberalizing economic reform has either slowed or, in some areas, been stopped and reversed. The overall regulatory framework remains arbitrary, uneven, and subject to state influence. The labor regime remains repressive. The government monitors inflation intensely and often relies on price controls.

OPEN MARKETS



The trade-weighted average tariff rate is 3.3 percent, and layers of nontariff measures are in force. China's protectionist approval system for foreign investment remains restrictive and lacking in transparency. The government continues to maintain its tight grip on the financial system.