



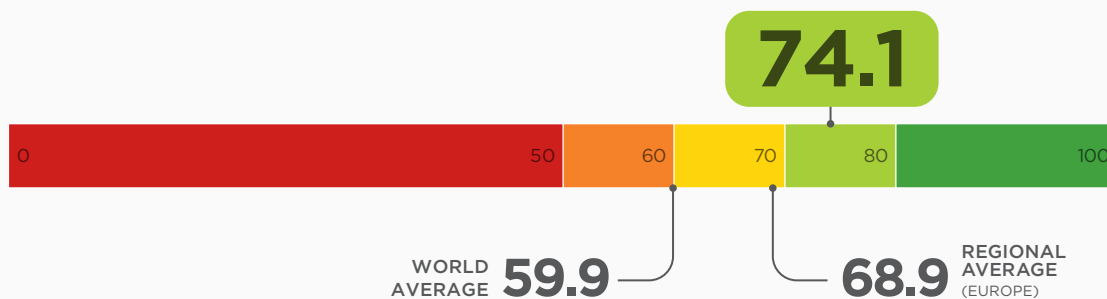
WORLD RANK:	REGIONAL RANK:
18	12
ECONOMIC FREEDOM STATUS:	
MOSTLY FREE	

CYPRUS

Cyprus's economic freedom score is 74.1, making its economy the 18th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.9 point from last year, and Cyprus is ranked 12th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Cyprus's economy is considered "mostly free" according to the 2026 *Index*.

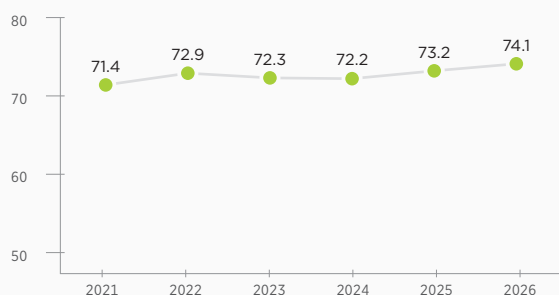
Cyprus's relatively sound foundations of economic freedom are sustained by a generally well-functioning judicial system. The overall freedom to start, operate, and close a business is maintained relatively well within the regulatory framework, and there is no minimum capital requirement. Although public debt is moderate compared to that of other European economies, the level of public spending is eroding respect for the principle of limited government. Services such as tourism, finance, shipping, and real estate account for more than 80 percent of GDP.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +6.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$58.3 billion
2.9% growth in 2025
3-year average growth rate: 3.1%
\$65,304 per capita

UNEMPLOYMENT:
5.7%

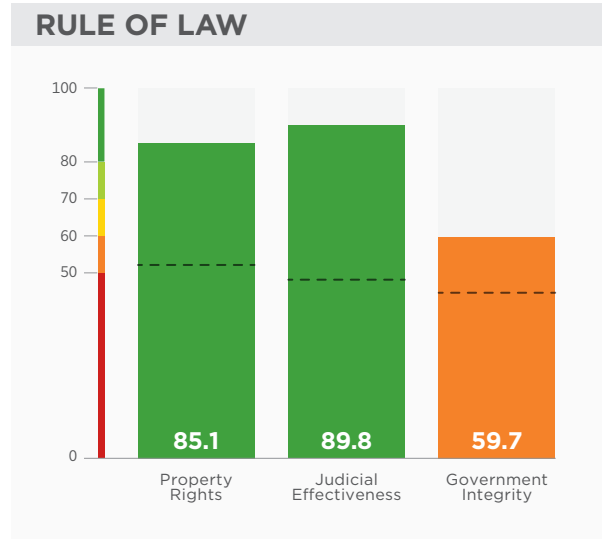
INFLATION (CPI):
2.3%

TRADE AS % OF GDP: 189.8%

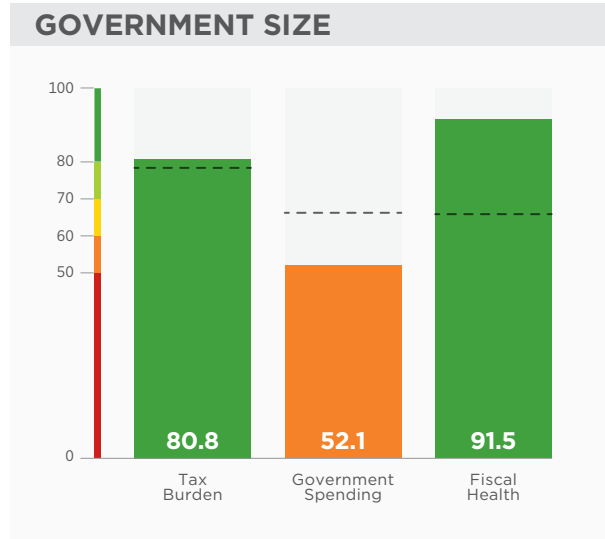
PUBLIC DEBT:
65.1% of GDP

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

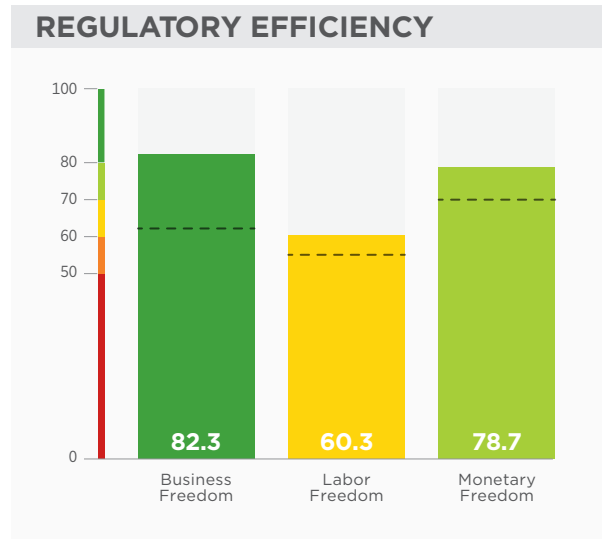
12 ECONOMIC FREEDOMS | CYPRUS



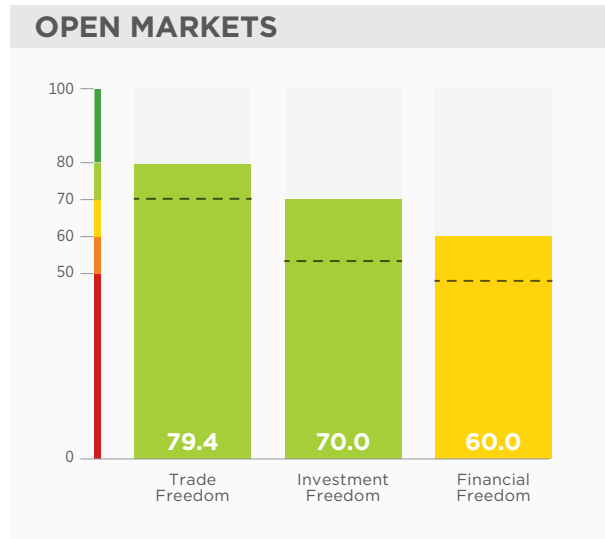
The overall rule of law is well respected in Cyprus. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 12.5 percent. The tax burden equals 23.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 40.0 percent and 2.9 percent of GDP. Public debt amounts to 65.1 percent of GDP.



Cyprus'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 well above the world average.



The trade-weighted average tariff rate (common among EU members) is 2.8 percent, and more than 600 EU-mandated nontariff measures are in force along with additional country-specific nontariff barriers. There is no restrictive screening of foreign investment. The small financial markets are stable, and banking is well capitalized.