

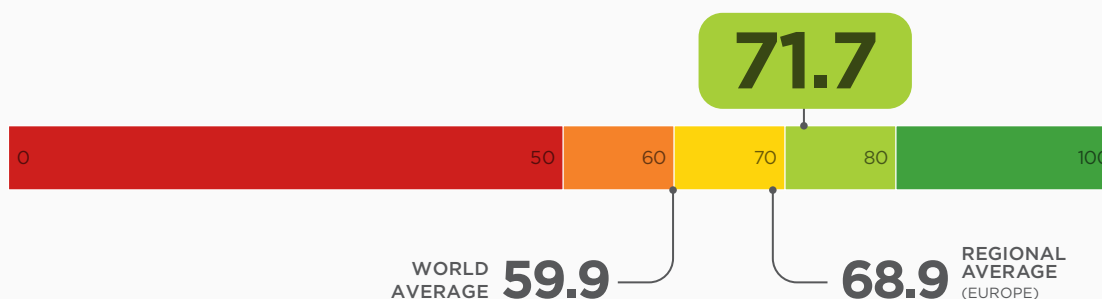


GERMANY

Germany's economic freedom score is 71.7, making its economy the 24th freest in the 2026 *Index of Economic Freedom*. Its rating is essentially unchanged from last year, and Germany is ranked 14th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Germany's economy is considered "mostly free" according to the 2026 *Index*.

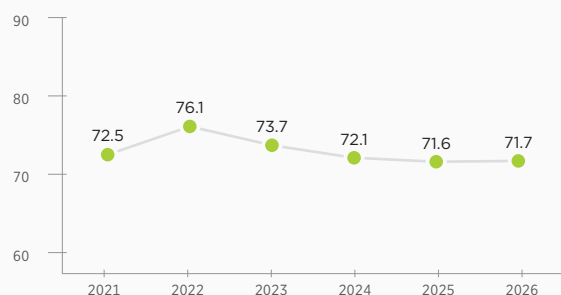
Germany has been undergoing a period of economic challenge and stagnation. Europe's largest economy has not registered substantial growth in years, although openness to global commerce, well-protected property rights, and a relatively sound regulatory environment do generally support long-term competitiveness and entrepreneurial growth. With the political situation in flux, the future direction of economic policy remains uncertain. High energy prices, aging public infrastructure, and bureaucratic complexities, exacerbated by geopolitical developments and political uncertainty, have eroded the export industry's competitiveness.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
84.5 million

GDP (PPP):
\$6.0 trillion
0.2% growth in 2025
3-year average growth rate: -0.4%
\$73,553 per capita

UNEMPLOYMENT:
3.5%

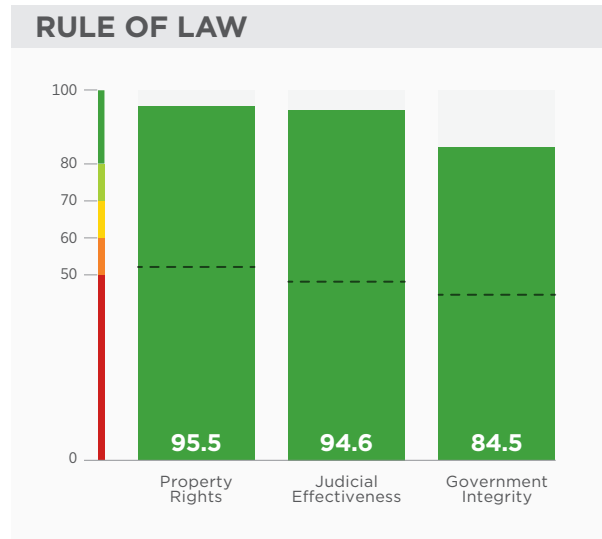
INFLATION (CPI):
2.5%

TRADE AS % OF GDP: 80.3%

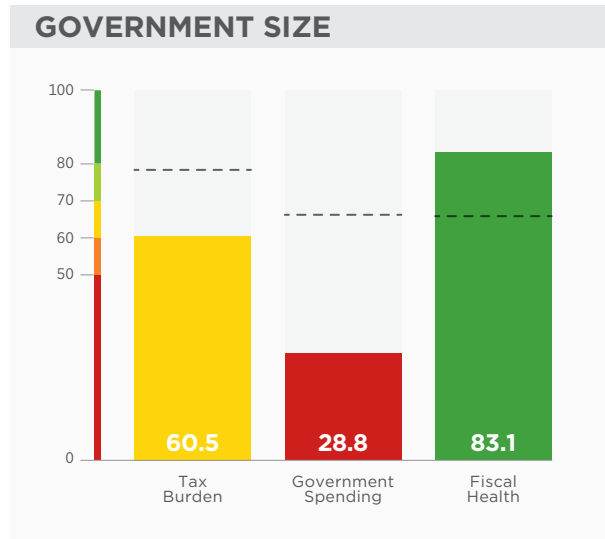
PUBLIC DEBT:
63.5% of GDP

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

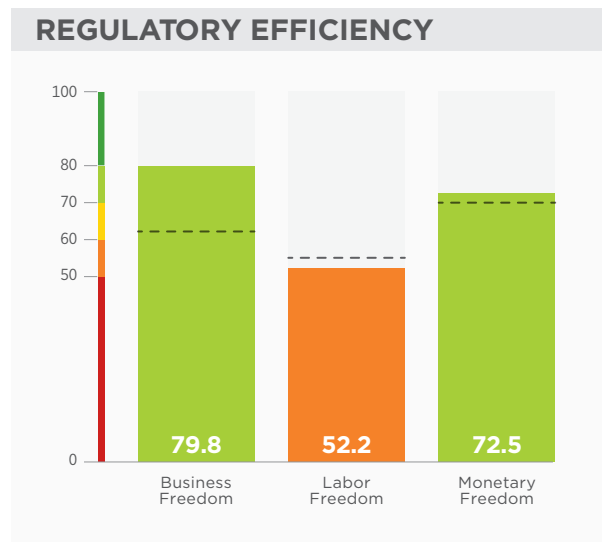
12 ECONOMIC FREEDOMS | GERMANY



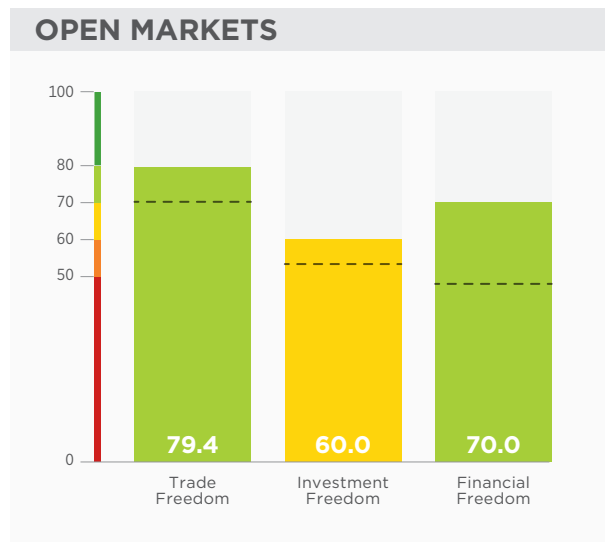
The overall rule of law is very well respected in Germany. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 47.5 percent, and the top corporate tax rate is 15.8 percent. The tax burden equals 38.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 48.7 percent and -2.4 percent of GDP. Public debt amounts to 63.5 percent of GDP.



Germany'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 below the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate (common among EU members) is 2.8 percent, and various EU-mandated nontariff measures are in force along with additional country-specific nontariff barriers. Openness to global commerce supports competitiveness and investment. The financial sector offers a full range of services.