



WORLD RANK: **N/A** | REGIONAL RANK: **N/A**

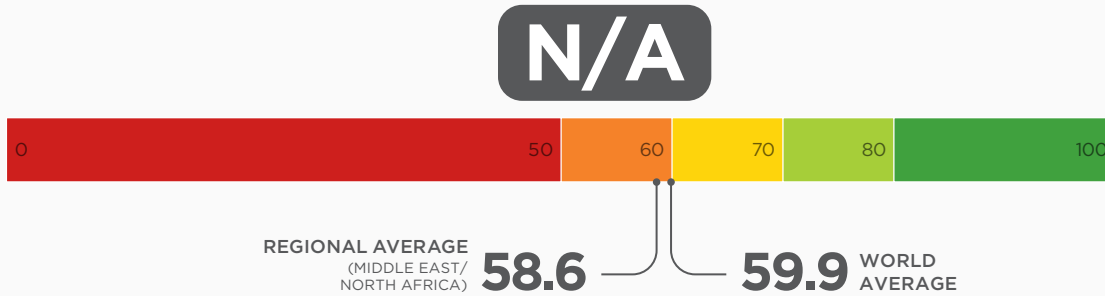
ECONOMIC FREEDOM STATUS: **NOT GRADED**

IRAQ

Iraq remains unranked in the 2026 *Index of Economic Freedom* because of the lack of sufficiently reliable data. Iraq's economy was last rated in the 2002 *Index*, when it received an overall score of 15.6 and was rated as "repressed." The Iraqi economy has slowly recovered over the past decade, but progress has been uneven. Tension among different ethnic and religious factions continues unabated.

Iraq's economic growth is highly volatile, and its ongoing economic reconstruction has been fragile at best. Political instability and pervasive corruption continue to undermine the limited progress that has been achieved. Operating well below potential, the economy lacks effective monetary and fiscal policies. The state-dominated economy is led by the oil sector, which provides over 80 percent of government revenue. The financial system's weakness and limited role in the economy make development of a much-needed dynamic private sector extremely difficult.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
43.3 million

GDP (PPP):
\$680.9 billion
0.5% growth in 2025
3-year average growth rate: 0.4%
\$15,391 per capita

UNEMPLOYMENT:
15.6%

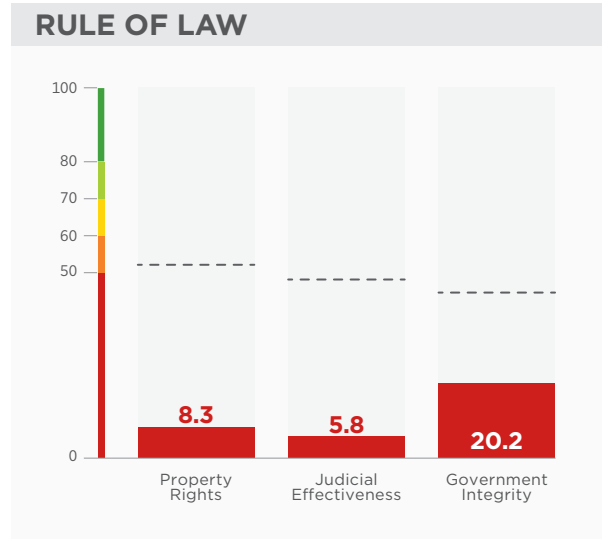
INFLATION (CPI):
2.6%

TRADE AS % OF GDP: 74.7%

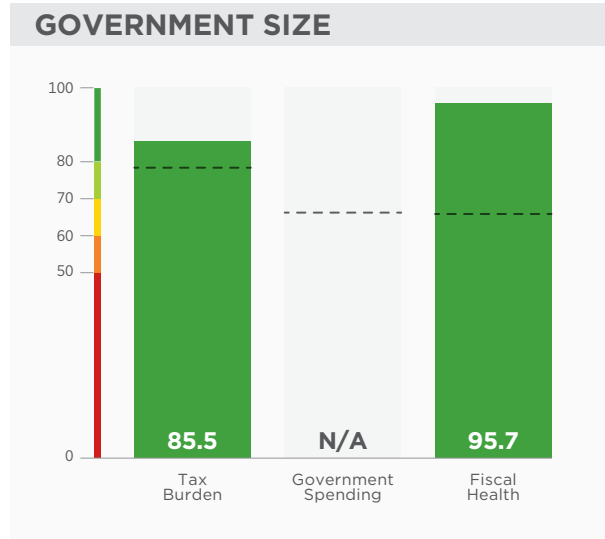
PUBLIC DEBT:
46.5% of GDP

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

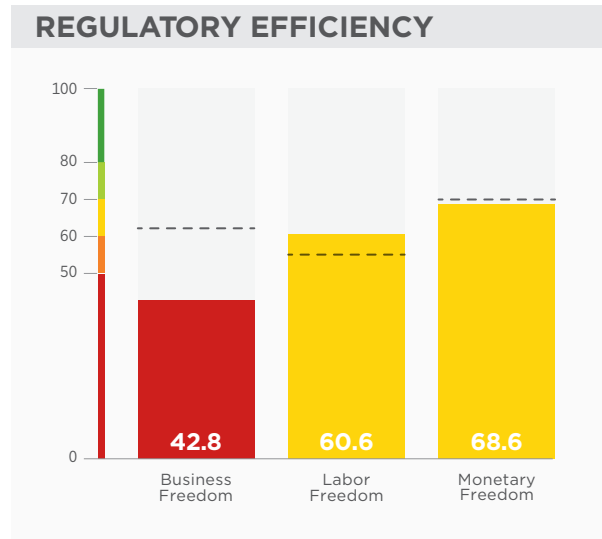
12 ECONOMIC FREEDOMS | IRAQ



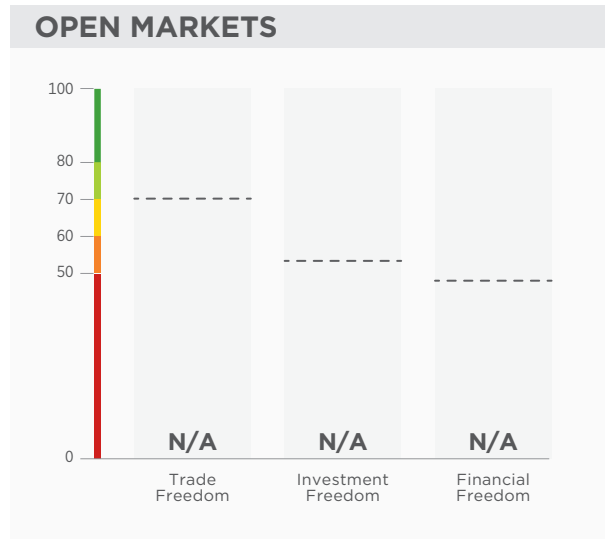
The overall rule of law is weak in Iraq. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 35 percent. The tax burden equals 1.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 39.3 percent and 0.9 percent of GDP. Public debt amounts to 46.5 percent of GDP.



Despite some enhancement of the business environment, significant impediments to entrepreneurial activity persist. Enforcement of existing commercial regulations is overly bureaucratic and inconsistent. There is no fully developed formal labor market, and most private-sector jobs are short-term and informal. Monetary stability is weak.



Security challenges and institutional shortcomings continue to deter foreign trade and investment. Political instability undermines the economy. Iraq's cash-based economy lacks the infrastructure of a fully functioning financial system. The banking regulation frameworks are not yet strong enough to deepen financial intermediation.