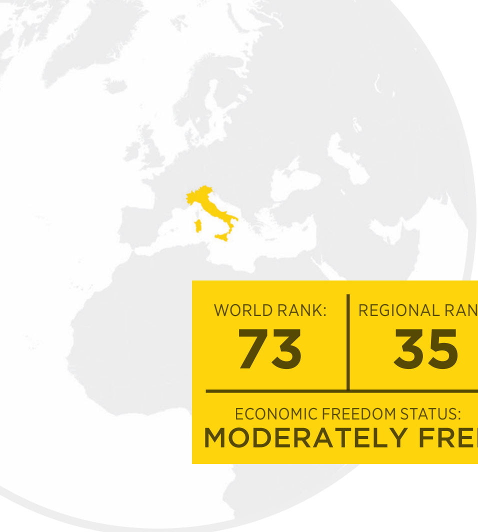


WORLD RANK: **73**

REGIONAL RANK: **35**

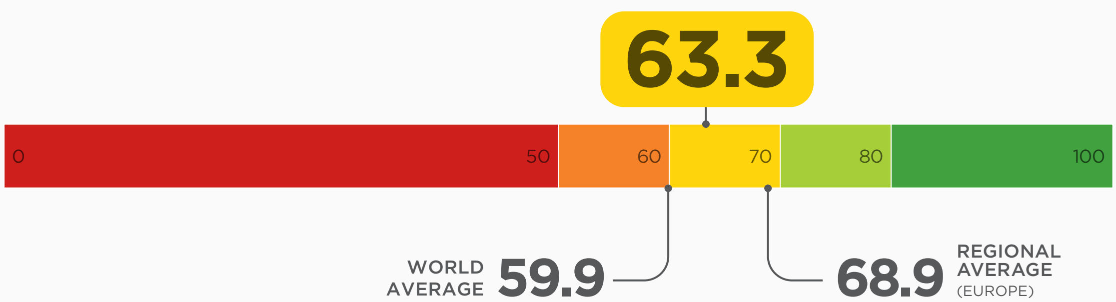
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

ITALY

Italy's economic freedom score is 63.3, making its economy the 73rd freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 2.4 points from last year, and Italy is ranked 35th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world average and lower than the regional average. Italy's economy is considered "moderately free" according to the 2026 *Index*.

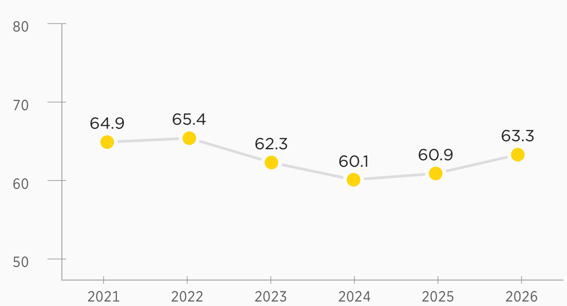
Economic growth has been recovering, and fiscal stability has notably improved. Largely because of falling energy prices and moderate wage growth, Italy has maintained one of the eurozone's lowest inflation rates. Attempts at reform have not improved economic competitiveness. Implementation of much-needed structural reforms is ineffective, and productivity growth is stagnant. Prime Minister Giorgia Meloni's economic reforms have focused on fiscal discipline and final implementation of the National Recovery and Resilience Plan. The regulatory framework's complexity causes much economic activity to remain in the informal sector.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
59.0 million

GDP (PPP):
$3.6 trillion
0.5% growth in 2025
3-year average growth rate: 0.7%
$63,126 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
1.1%

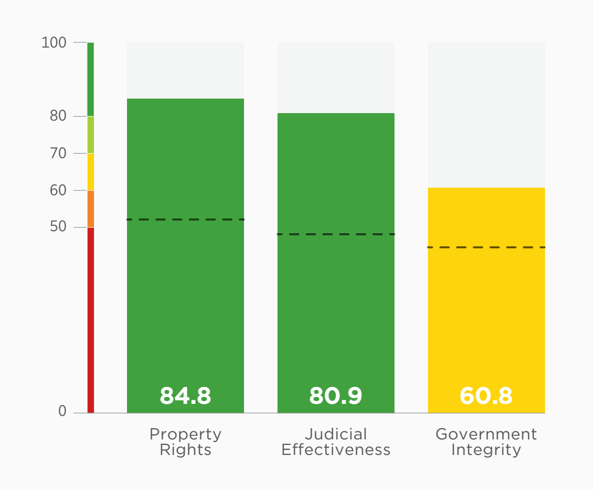
TRADE AS % OF GDP: 63.2%

PUBLIC DEBT:
135.3% of GDP

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

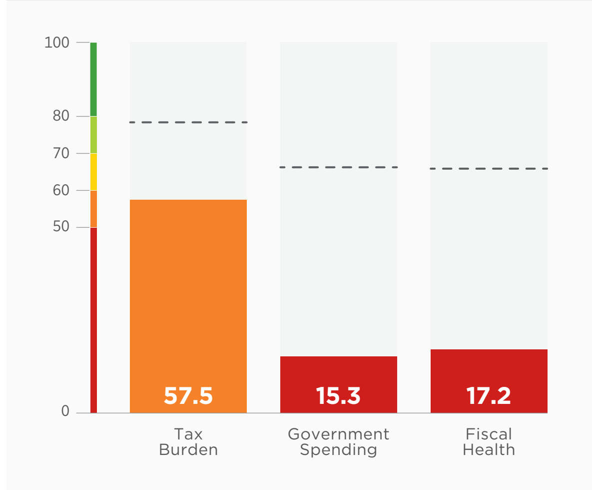
12 ECONOMIC FREEDOMS | ITALY

RULE OF LAW



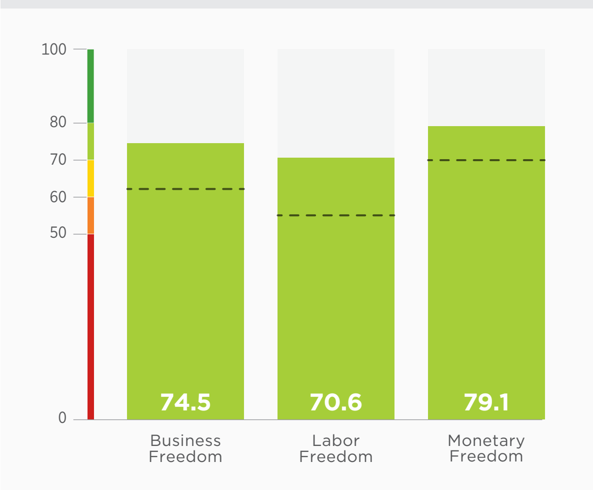
The overall rule of law is well respected in Italy. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

GOVERNMENT SIZE



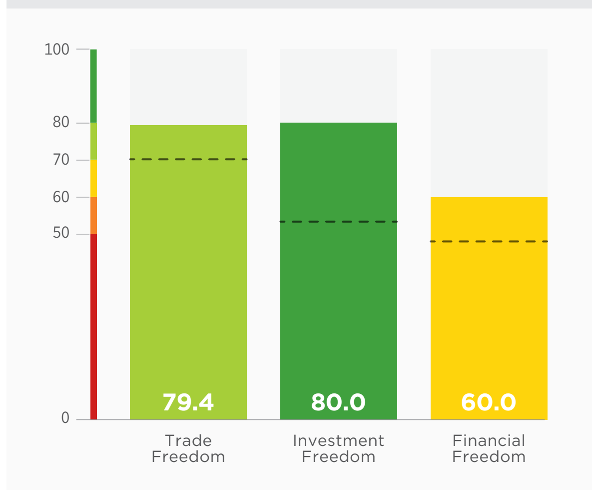
The top individual income tax rate is 43 percent, and the top corporate tax rate is 24 percent. The tax burden equals 42.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 53.1 percent and –6.3 percent of GDP. Public debt amounts to 135.3 percent of GDP.

REGULATORY EFFICIENCY



Italy'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.

OPEN MARKETS



The trade-weighted average tariff rate (common among EU members) is 2.8 percent, and numerous EU-mandated nontariff measures are in force. The government generally does not screen foreign investment, and most of the economy is open. The financial sector is stable, but nonperforming loans remain a problem.