



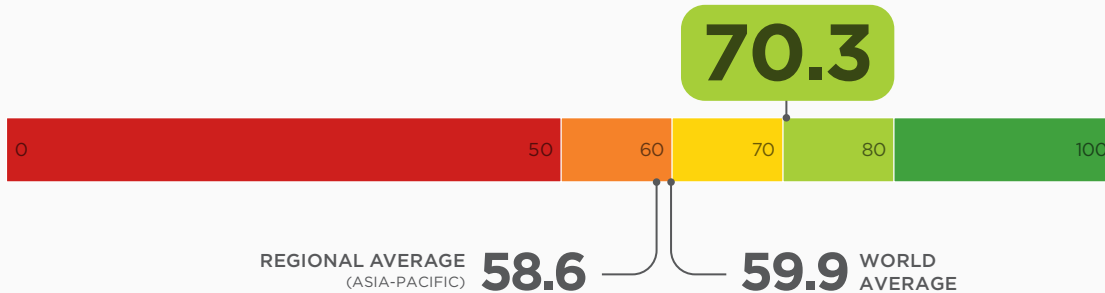
WORLD RANK:	REGIONAL RANK:
<b>30</b>	<b>6</b>
ECONOMIC FREEDOM STATUS: <b>MOSTLY FREE</b>	

# JAPAN

Japan's economic freedom score is 70.3, making its economy the 30th freest in the 2026 *Index of Economic Freedom*. Its rating is essentially unchanged from last year, and Japan is ranked 6th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. Japan's economy is considered "mostly free" according to the 2026 *Index*.

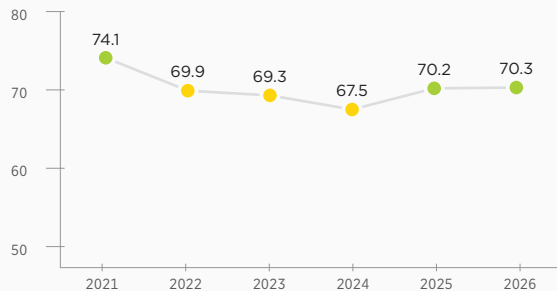
An effective judicial framework and the absence of corruption support the foundations of economic freedom, but overall progress in moving toward greater economic freedom has been uneven; the government's liabilities are running at over 200 percent of GDP, and its interest payment on the debt exceeds defense spending. Although the regulatory framework is relatively streamlined, structural problems discourage greater entrepreneurial growth. Rigid labor market regulations prevent greater labor market flexibility and dynamism.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -4.7

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
124.5 million

**GDP (PPP):**  
\$6.5 trillion  
1.1% growth in 2025  
3-year average growth rate: 0.8%  
\$54,815 per capita

**UNEMPLOYMENT:**  
2.6%

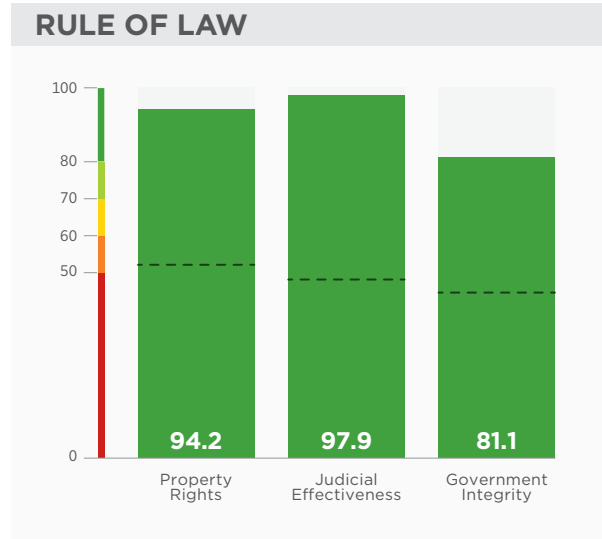
**INFLATION (CPI):**  
2.7%

**TRADE AS % OF GDP:** 45.2%

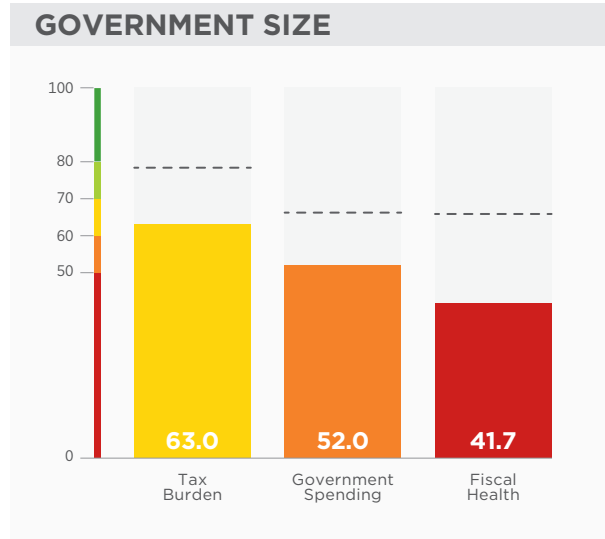
**PUBLIC DEBT:**  
236.1% of GDP

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

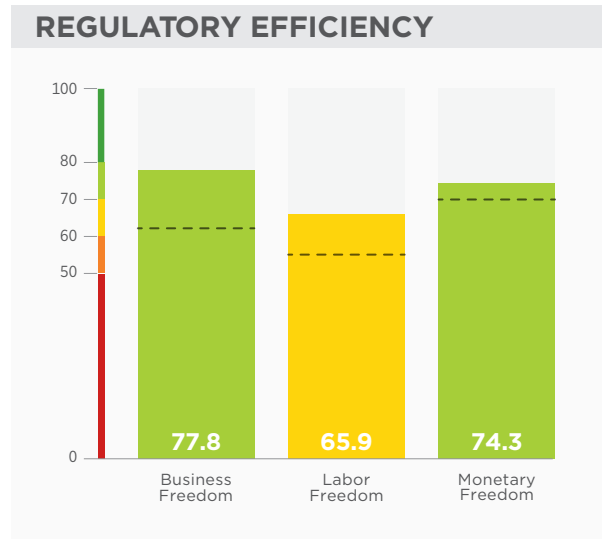
# 12 ECONOMIC FREEDOMS | JAPAN



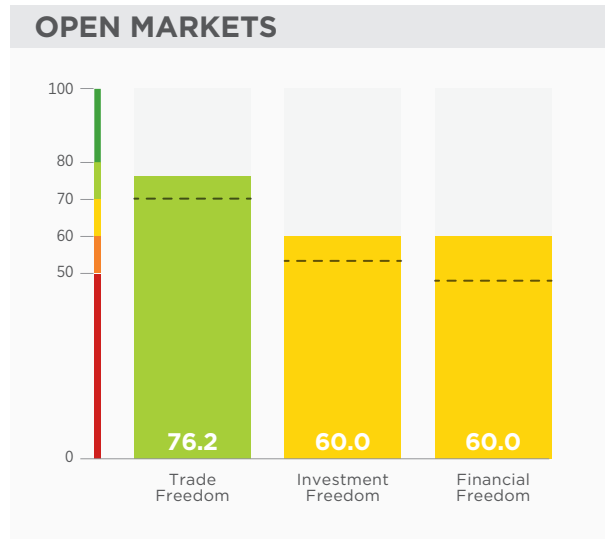
The overall rule of law is very well respected in Japan. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 23.2 percent. The tax burden equals 33.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 40.0 percent and -4.9 percent of GDP. Public debt amounts to 236.1 percent of GDP.



Japan'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 above the world average.



The trade-weighted average tariff rate is 1.9 percent, and more than 300 nontariff measures are in force. The government screens foreign investment in some sectors. The financial sector is competitive and offers a wide range of modern financial services, but the state still maintains a presence.