

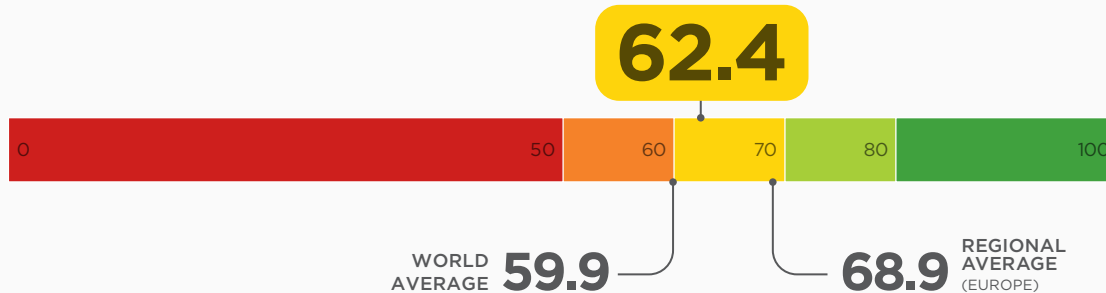
WORLD RANK:	REGIONAL RANK:
<b>81</b>	<b>40</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

# KOSOVO

Kosovo's economic freedom score is 62.4, making its economy the 81st freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.7 point from last year, and Kosovo is ranked 40th 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. Kosovo's economy is considered "moderately free" according to the 2026 *Index*.

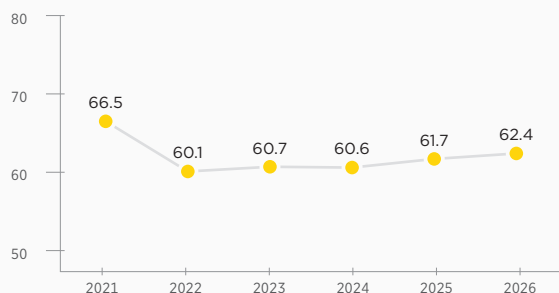
Kosovo's transition to a more market-driven economy remains a work in progress. Despite positive growth rates, the economy is characterized by political instability, persistent corruption, an unreliable energy supply, a large informal economy, and a tenuous rule of law. Kosovo has implemented business-friendly reforms, but the overall regulatory framework remains burdensome. Informal market activity remains sizable. The formal labor market is not fully developed. Monetary stability has been weakened, and inflation has risen by more than 7 percent.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 2016): +1.0

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
1.8 million

**GDP (PPP):**  
\$30.2 billion  
4.0% growth in 2025  
3-year average growth rate: 4.2%  
\$20,393 per capita

**UNEMPLOYMENT:**  
10.8%

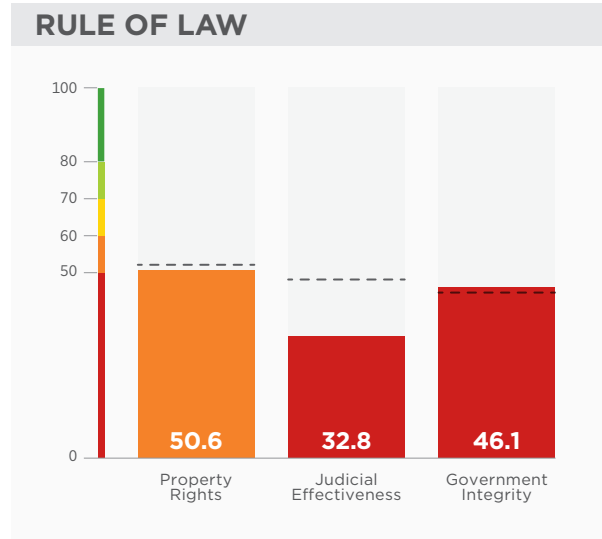
**INFLATION (CPI):**  
1.6%

**TRADE AS % OF GDP:** 114.3%

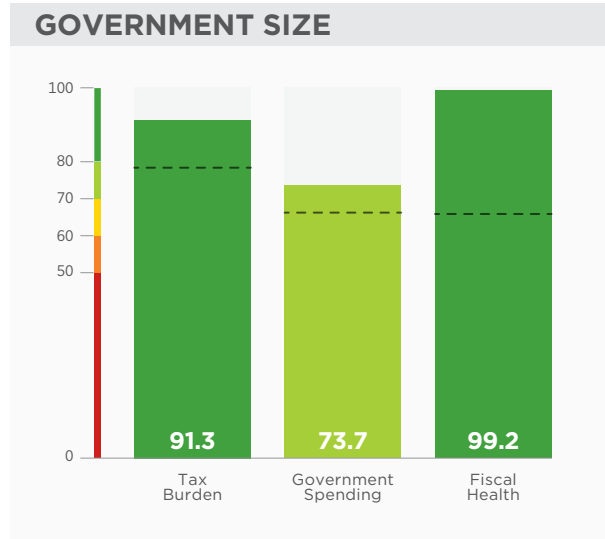
**PUBLIC DEBT:**  
16.8% of GDP

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

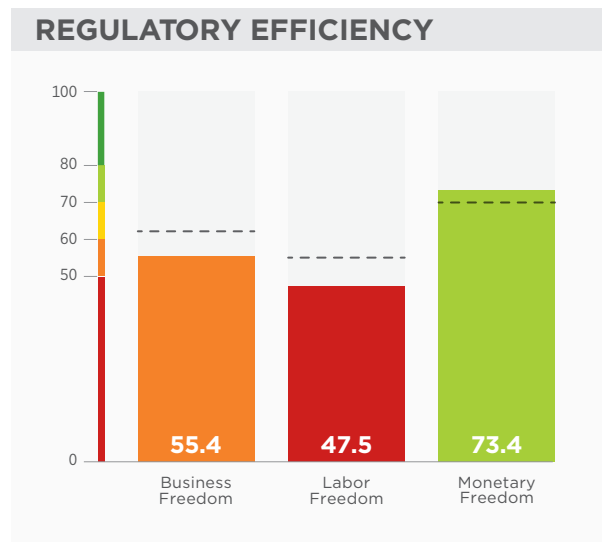
# 12 ECONOMIC FREEDOMS | KOSOVO



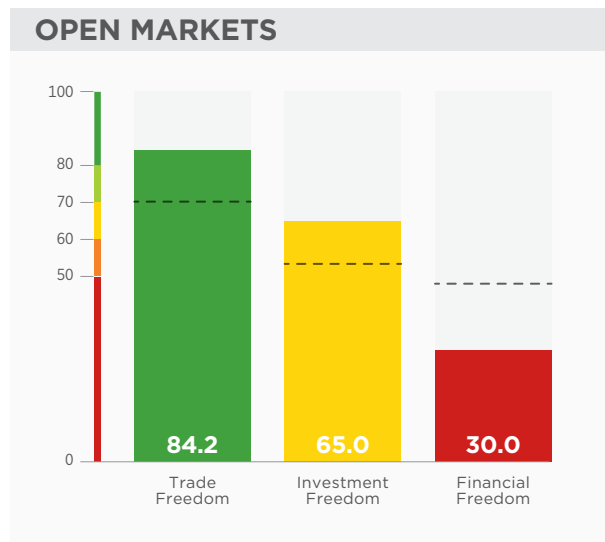
The overall rule of law is weak in Kosovo. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is above the world average.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 10 percent. The tax burden equals 25.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.6 percent and -0.4 percent of GDP. Public debt amounts to 16.8 percent of GDP.



Kosovo's overall regulatory environment is poorly institutionalized and inefficient. The country's business freedom score is below 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 is 2.9 percent, and efforts to dismantle nontariff barriers continue. In general, foreign and domestic investors are treated equally under the law. State-owned enterprises distort the economy. The financial system is dominated by banking and continues to evolve.