



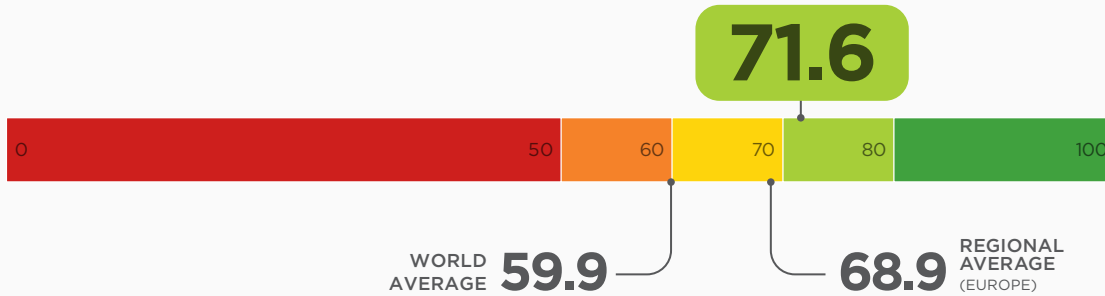
WORLD RANK:	REGIONAL RANK:
<b>25</b>	<b>15</b>
ECONOMIC FREEDOM STATUS:	
<b>MOSTLY FREE</b>	

# LATVIA

Latvia's economic freedom score is 71.6, making its economy the 25th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.2 point from last year, and Latvia is ranked 15th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Latvia's economy is considered "mostly free" according to the 2026 *Index*.

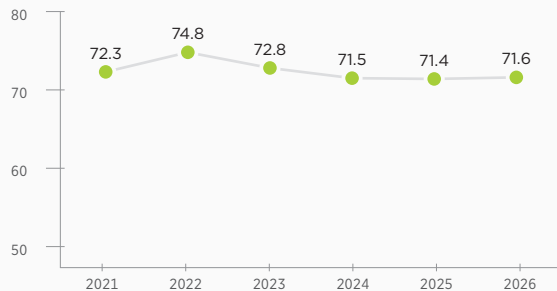
Openness to foreign trade and efficient business regulations that promote entrepreneurial dynamism have facilitated Latvia's ongoing transition to a more vibrant and market-oriented economy. With overall institutional competitiveness and committed political leadership in place, Latvia is well positioned for long-term economic development. The overall regulatory framework is relatively efficient and transparent. Rules regarding the formation and operation of private enterprises have been streamlined. Monetary stability has been strengthened, and inflation has declined to less than 5 percent from over 10 percent in 2022.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +16.6

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
1.9 million

**GDP (PPP):**  
\$79.6 billion  
1.0% growth in 2025  
3-year average growth rate: 1.1%  
\$44,106 per capita

**UNEMPLOYMENT:**  
6.8%

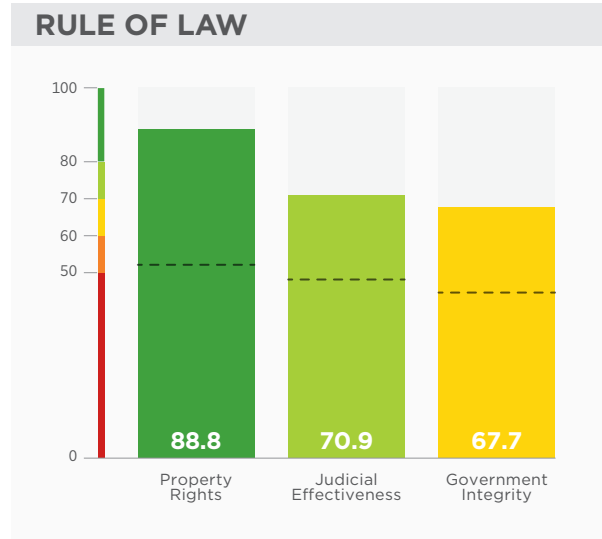
**INFLATION (CPI):**  
3.5%

**TRADE AS % OF GDP:** 131.8%

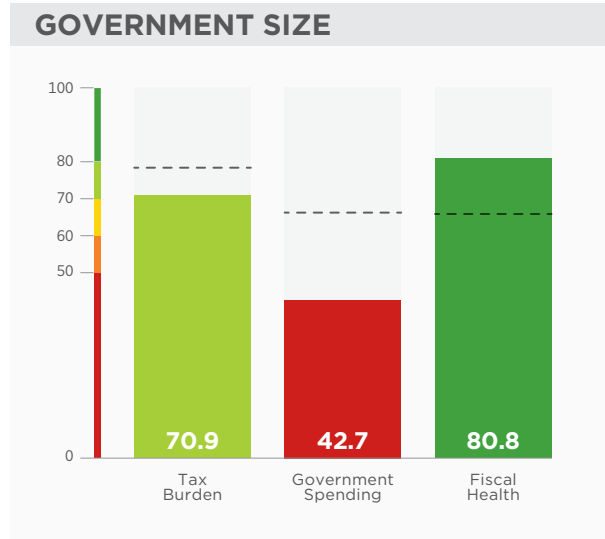
**PUBLIC DEBT:**  
46.8% of GDP

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

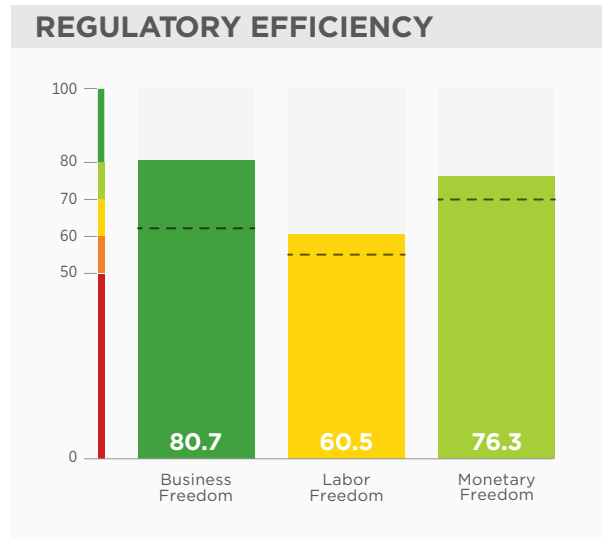
# 12 ECONOMIC FREEDOMS | LATVIA



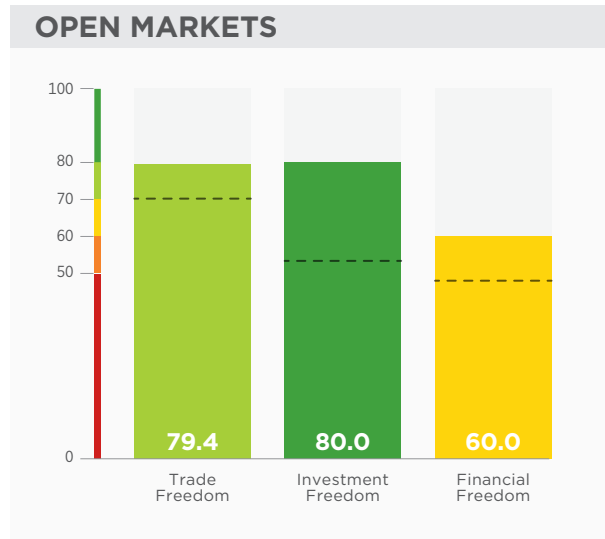
The overall rule of law is well respected in Latvia. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 36 percent, and the top corporate tax rate is 20 percent. The tax burden equals 34.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 43.7 percent and -3.0 percent of GDP. Public debt amounts to 46.8 percent of GDP.



Latvia'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.



The trade-weighted average tariff rate (common among EU members) is 2.8 percent, and numerous EU-mandated nontariff measures are in force. The investment regulatory framework is relatively efficient. In general, rules regarding foreign investment are not burdensome. The financial sector is resilient and well capitalized.