



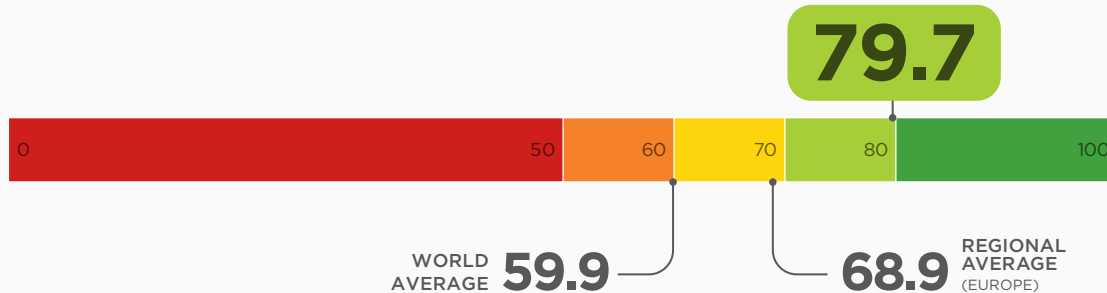
WORLD RANK:	REGIONAL RANK:
<b>6</b>	<b>3</b>
ECONOMIC FREEDOM STATUS:	
<b>MOSTLY FREE</b>	

# LUXEMBOURG

Luxembourg's economic freedom score is 79.7, making its economy the 6th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.2 point from last year, and Luxembourg is ranked 3rd out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. Luxembourg's economy is considered "mostly free" according to the 2026 *Index*.

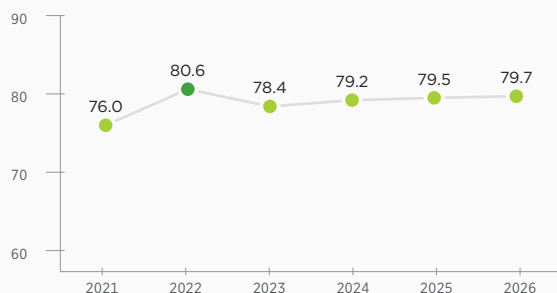
Luxembourg has long benefited from a favorable climate for entrepreneurial activity and high levels of openness and flexibility. Prudent regulations support its position as a global financial hub. The judiciary, independent of politics and free of corruption, provides strong protection for property rights. Institutional support for open markets is similarly strong. Regulation is transparent and efficient. The labor market is competitive but lacks flexibility. Unemployment benefits are notably higher than those in neighboring countries, and the minimum wage is among the region's highest.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +7.2

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.7 million

**GDP (PPP):**  
\$100.8 billion  
1.2% growth in 2025  
3-year average growth rate: 0.5%  
\$152,395 per capita

**UNEMPLOYMENT:**  
6.0%

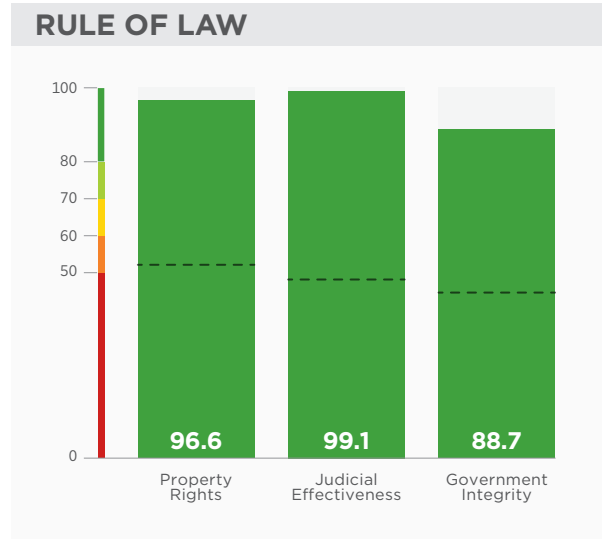
**INFLATION (CPI):**  
2.3%

**TRADE AS % OF GDP:** 398.2%

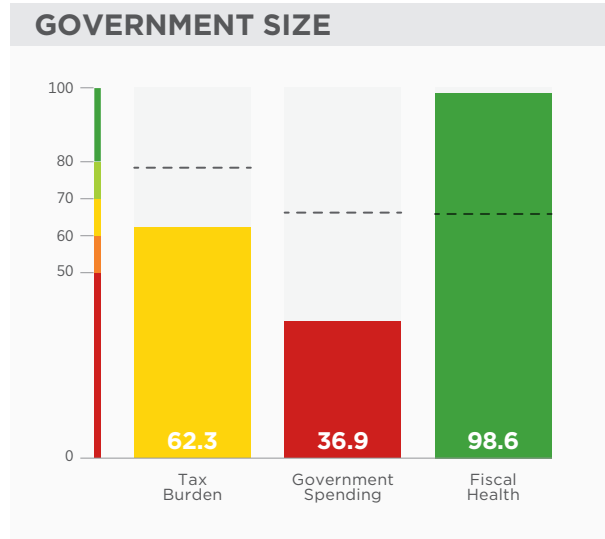
**PUBLIC DEBT:**  
26.3% of GDP

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

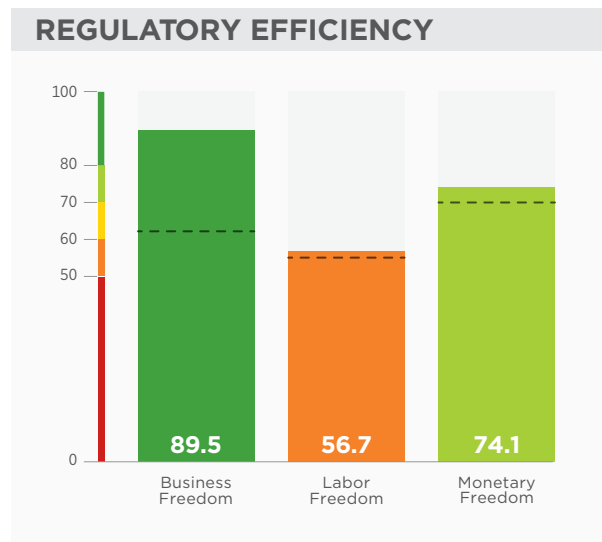
# 12 ECONOMIC FREEDOMS | LUXEMBOURG



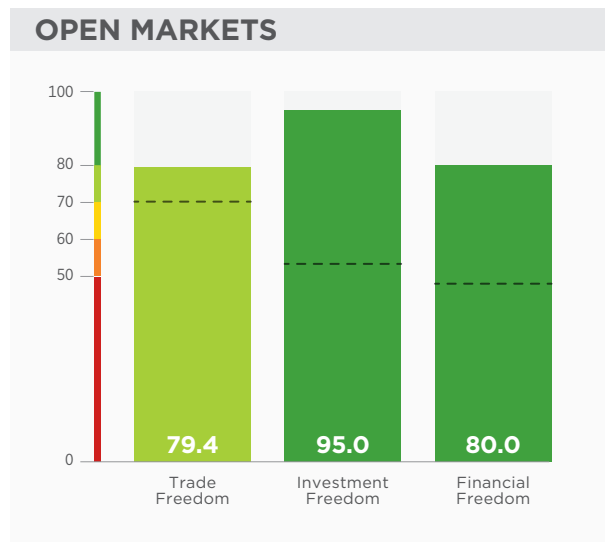
The overall rule of law is very well respected in Luxembourg. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 17 percent. The tax burden equals 41.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 45.8 percent and 0.1 percent of GDP. Public debt amounts to 26.3 percent of GDP.



Luxembourg'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 (common among EU members) is 2.8 percent, and more than 600 EU-mandated nontariff measures are in force. Investment activity is sustained by the solid institutional foundations of an open-market system. The sophisticated financial sector is well capitalized and competitive.