



PAKISTAN

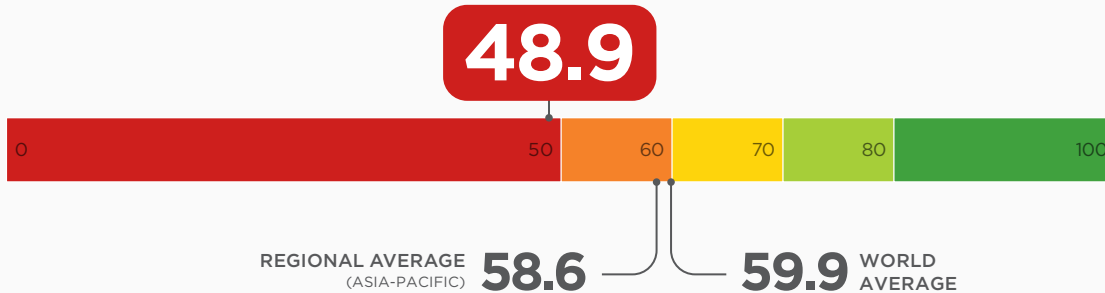
WORLD RANK: **152** | REGIONAL RANK: **33**

ECONOMIC FREEDOM STATUS: **REPRESSED**

Pakistan's economic freedom score is 48.9, making its economy the 152nd freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.2 point from last year, and Pakistan is ranked 33rd out of 39 countries in the Asia-Pacific region. The country's economic freedom score is lower than the global and regional averages. Pakistan's economy is considered "repressed" according to the 2026 *Index*.

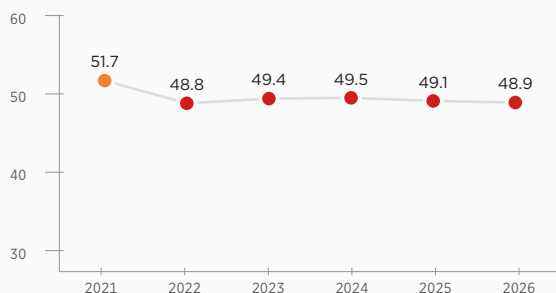
The government has demonstrated little commitment to much-needed economic reform. Efforts in key areas have been marginal at best. Measures to strengthen the management of public finance and reform outmoded economic structures have met institutional resistance. The judiciary, susceptible to political interference and corruption, undercuts property rights. Little progress has been made in improving either the entrepreneurial environment or private-sector dynamism. The labor market remains stagnant. Much of the workforce is underemployed in the informal sector. High inflation has disrupted monetary stability.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -8.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
231.4 million

GDP (PPP):
\$1.6 trillion
2.7% growth in 2025
3-year average growth rate: 1.7%
\$6,950 per capita

UNEMPLOYMENT:
5.5%

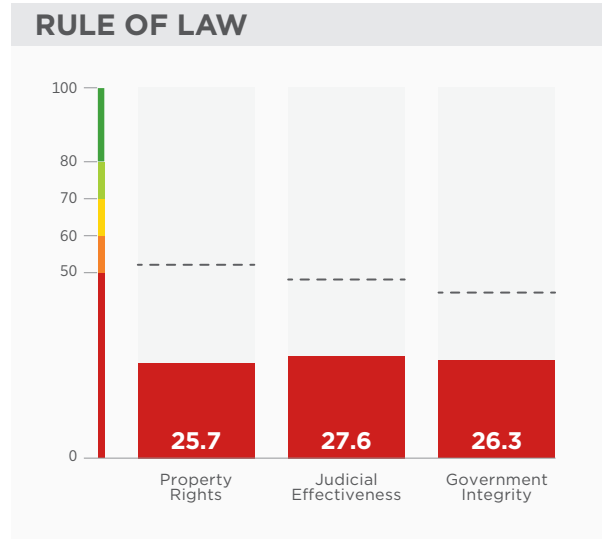
INFLATION (CPI):
23.4%

TRADE AS % OF GDP: 27.5%

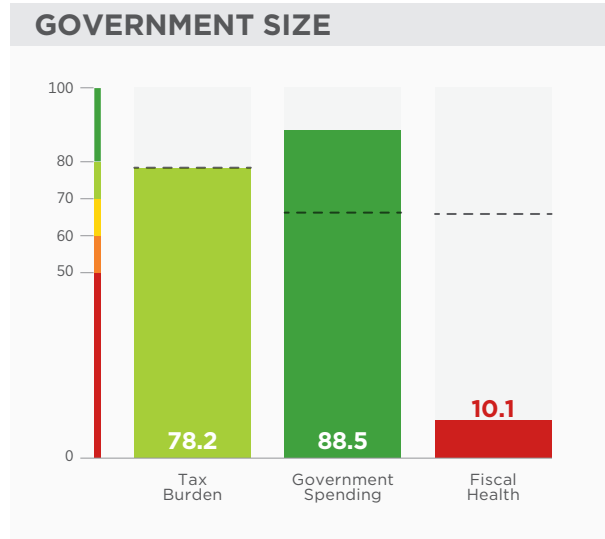
PUBLIC DEBT:
70.4% of GDP

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

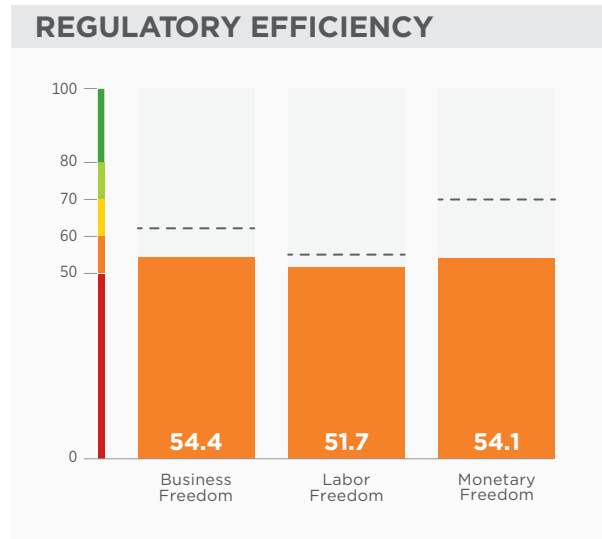
12 ECONOMIC FREEDOMS | PAKISTAN



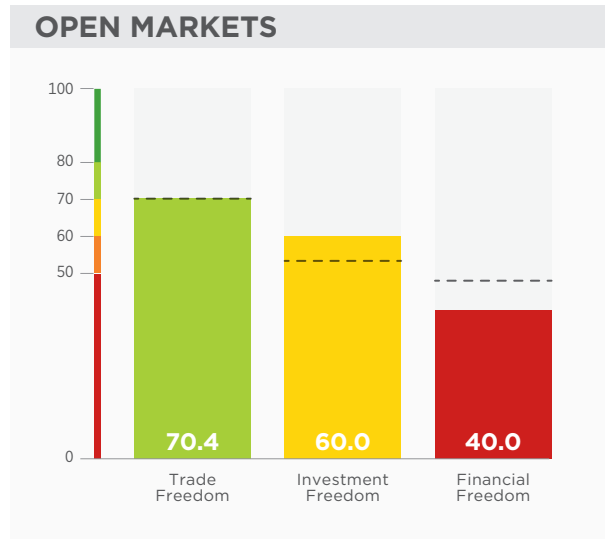
The overall rule of law is weak in Pakistan. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 29 percent. The tax burden equals 10.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 19.6 percent and -7.5 percent of GDP. Public debt amounts to 70.4 percent of GDP.



Pakistan'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 well below the world average.



The trade-weighted average tariff rate is 7.3 percent. State involvement in the economy and restrictions on foreign investment are serious drags on economic dynamism. The financial sector remains underdeveloped, and foreign participation is limited. Financial inclusion is low.