

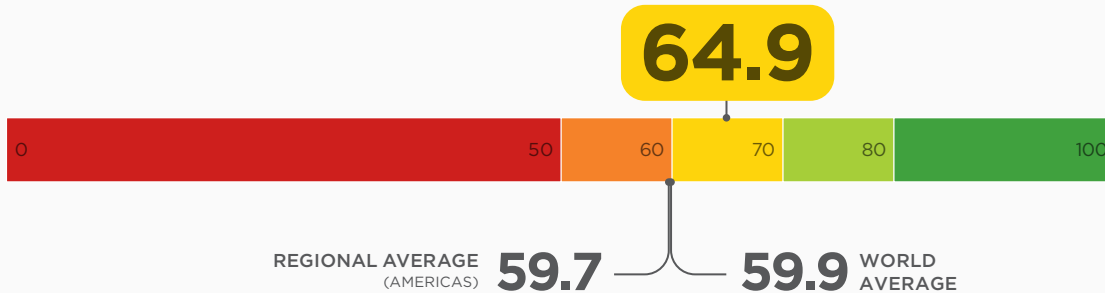
PANAMA

WORLD RANK: 63	REGIONAL RANK: 12
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

Panama’s economic freedom score is 64.9, making its economy the 63rd freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.6 point from last year, and Panama is ranked 12th out of 32 countries in the Americas region. The country’s economic freedom score is higher than the world and regional averages. Panama’s economy is considered “moderately free” according to the 2026 *Index*.

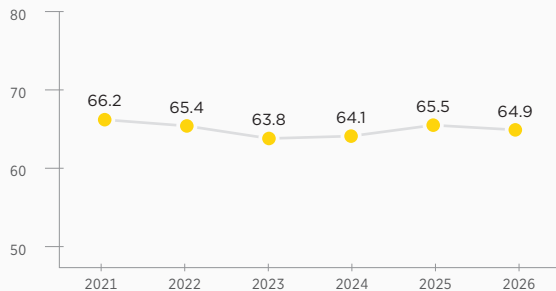
Panama’s service-oriented economy remains an international business hub for such activities as maritime transport, distribution services, and banking. Monetary stability has been fairly well maintained. Despite some progress, institutional shortcomings continue to undermine long-term economic expansion and limit economic freedom. The judicial system remains vulnerable to political interference. The regulatory environment is efficient, but the pace of reform has slowed. The labor market lacks flexibility. Restrictions on work hours are rigid, and the non-salary cost of hiring a worker is relatively high.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -6.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.5 million

GDP (PPP):
\$187.1 billion
4.0% growth in 2025
3-year average growth rate: 4.6%
\$43,651 per capita

UNEMPLOYMENT:
6.6%

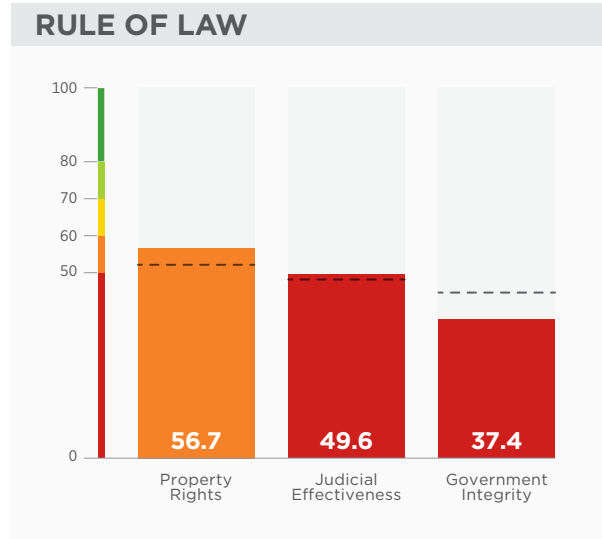
INFLATION (CPI):
0.8%

TRADE AS % OF GDP: 89.5%

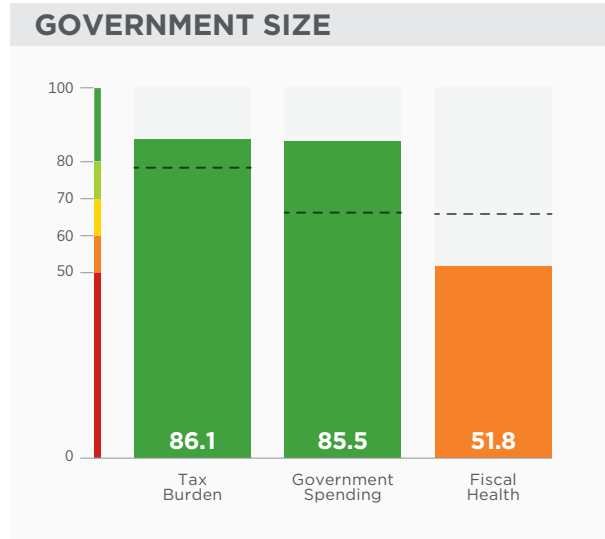
PUBLIC DEBT:
57.4% of GDP

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

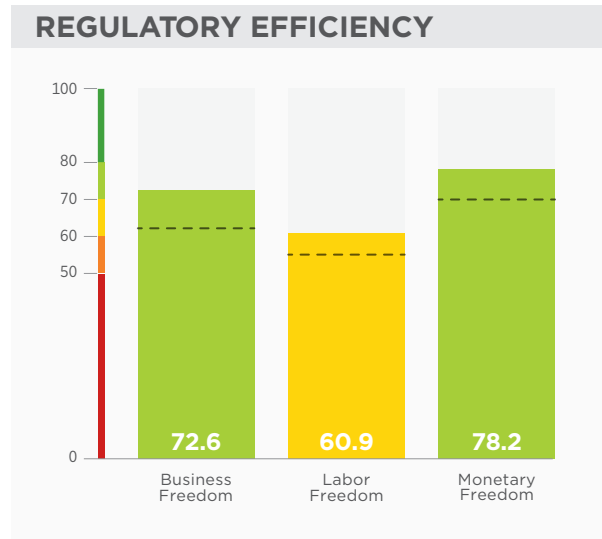
12 ECONOMIC FREEDOMS | PANAMA



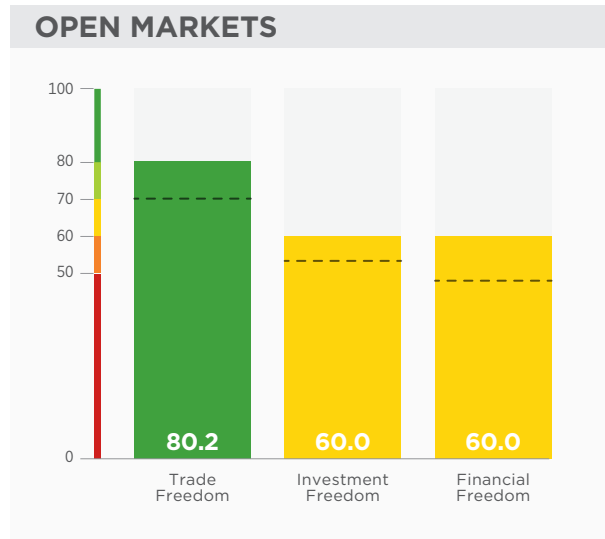
The overall rule of law is weak in Panama. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is below the world average.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 25 percent. The tax burden equals 11.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 22.0 percent and -5.1 percent of GDP. Public debt amounts to 57.4 percent of GDP.



Panama'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 is 4.9 percent, and layers of nontariff measures are in force. The government does not generally screen or discriminate against foreign investment. The financial sector provides a wide range of services. Efforts to strengthen laws against money laundering continue.