



WORLD RANK: **122** | REGIONAL RANK: **25**

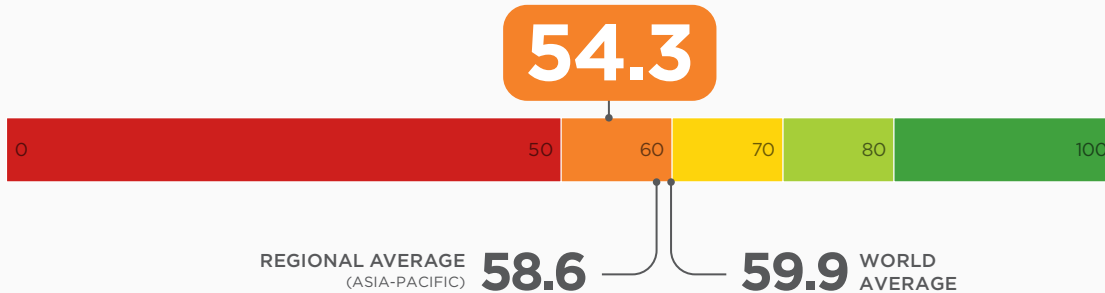
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

PAPUA NEW GUINEA

Papua New Guinea’s economic freedom score is 54.3, making its economy the 122nd freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 1.8 points from last year, and Papua New Guinea is ranked 25th out of 39 countries in the Asia-Pacific region. The country’s economic freedom score is lower than the global and regional averages. Papua New Guinea’s economy is considered “mostly unfree” according to the 2026 *Index*.

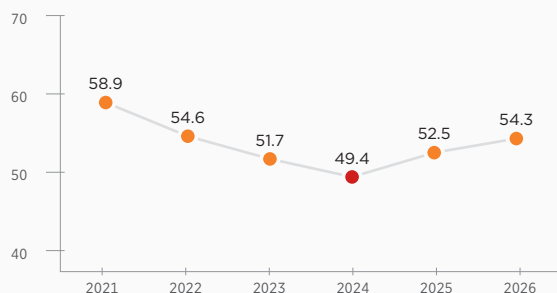
The formal economy is based on exports of natural resources, and the large informal economy relies on subsistence farming and other small-scale activity. A low property rights score and a level of corruption that undermines the rule of law reflect challenges to long-term development. The regulatory framework remains poor. Progress toward making the structural changes needed to promote entrepreneurial activity has been limited. The formal labor market is not fully developed, and informal labor activity is substantial.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): -4.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
12.3 million

GDP (PPP):
\$44.9 billion
4.7% growth in 2025
3-year average growth rate: 4.1%
\$3,762 per capita

UNEMPLOYMENT:
2.8%

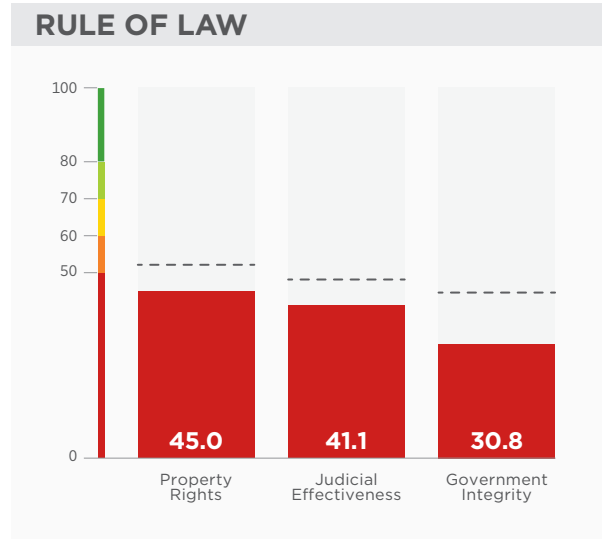
INFLATION (CPI):
0.6%

TRADE AS % OF GDP: n/a

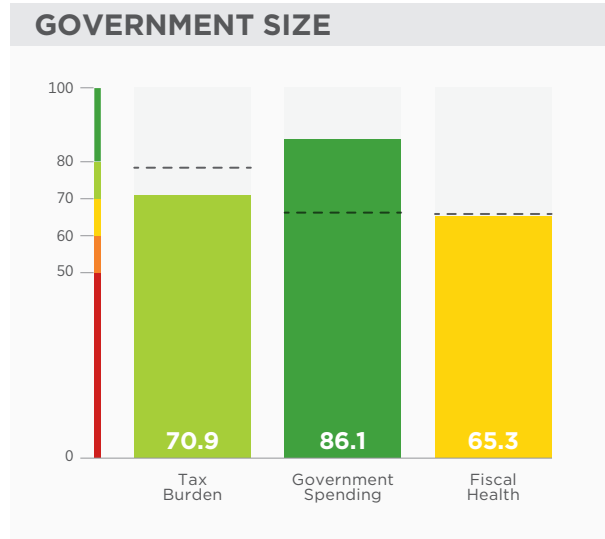
PUBLIC DEBT:
52.1% of GDP

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

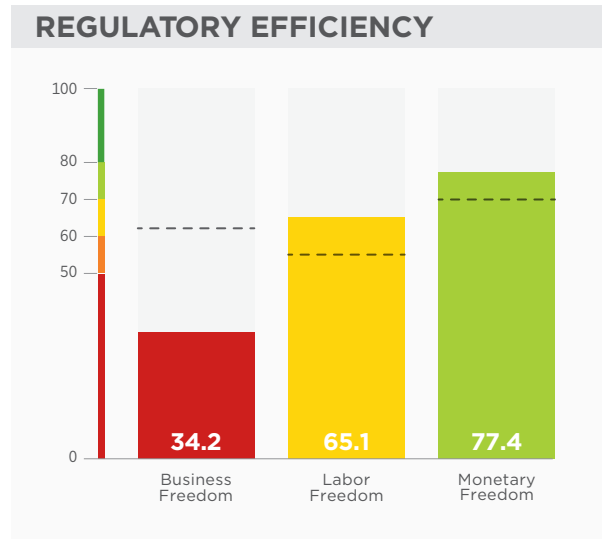
12 ECONOMIC FREEDOMS | PAPUA NEW GUINEA



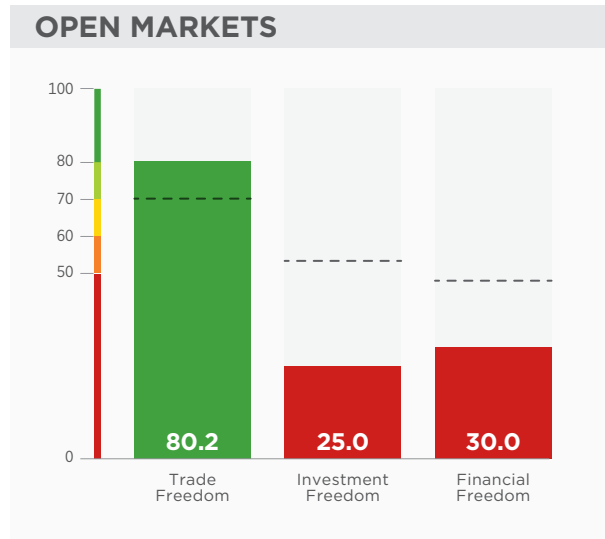
The overall rule of law is weak in Papua New Guinea. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 30 percent. The tax burden equals 15.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 21.5 percent and -4.3 percent of GDP. Public debt amounts to 52.1 percent of GDP.



Papua New Guinea's overall regulatory environment is poorly institutionalized and inefficient. The country's business freedom score is far below 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 2.4 percent, but numerous nontariff barriers undercut trade flows. Foreign investment in several sectors is restricted. Financial intermediation varies across the country, and a large portion of the population remains unconnected to the banking system.