



WORLD RANK:

29

REGIONAL RANK:

17

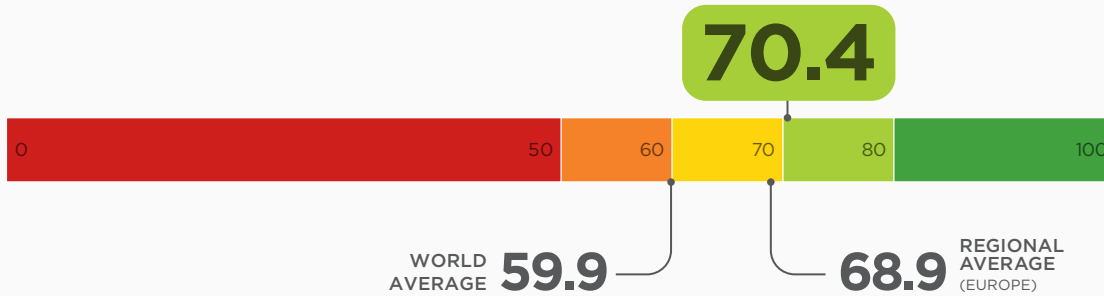
ECONOMIC FREEDOM STATUS:
MOSTLY FREE

UNITED KINGDOM

The United Kingdom's economic freedom score is 70.4, making its economy the 29th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 1.1 points from last year, and the U.K. is ranked 17th out of 44 countries in the Europe region. The country's economic freedom score is higher than the world and regional averages. The United Kingdom's economy is considered "mostly free" according to the 2026 *Index*.

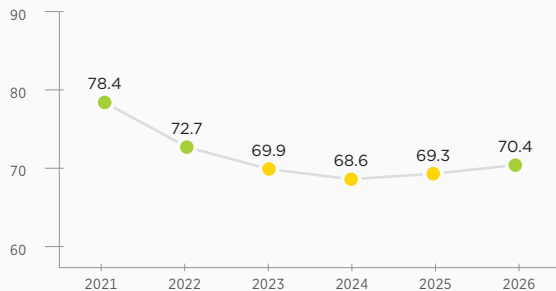
This is a challenging period for the British economy. The U.K. remains a world leader in innovation and high-value services, but the business investment outlook and rising operational costs are troubling signs. The state has expanded dramatically in scope, public debt amounts to 100 percent of GDP, and budget deficits continue. Restoration of sound public finance remains a critical need. The significant growth in government spending has undermined Britain's competitive edge. Despite inflationary pressures, monetary stability has been relatively well maintained. Significant structural and institutional reforms are needed to restore economic vitality.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -7.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
68.1 million

GDP (PPP):
\$4.3 trillion
1.3% growth in 2025
3-year average growth rate: 0.9%
\$63,759 per capita

UNEMPLOYMENT:
4.2%

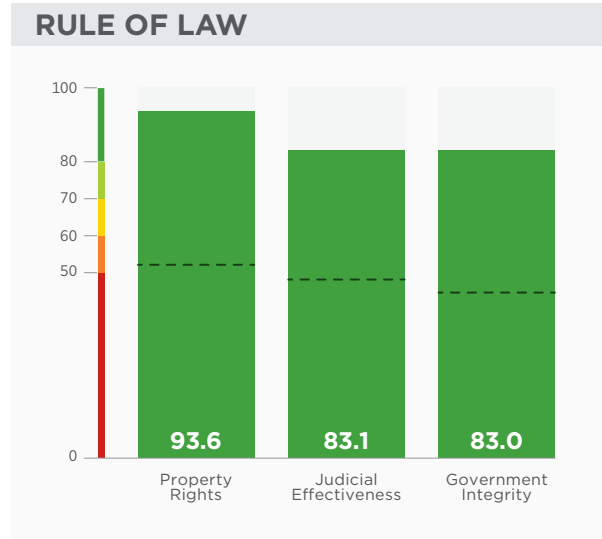
INFLATION (CPI):
2.5%

TRADE AS % OF GDP: 62.4%

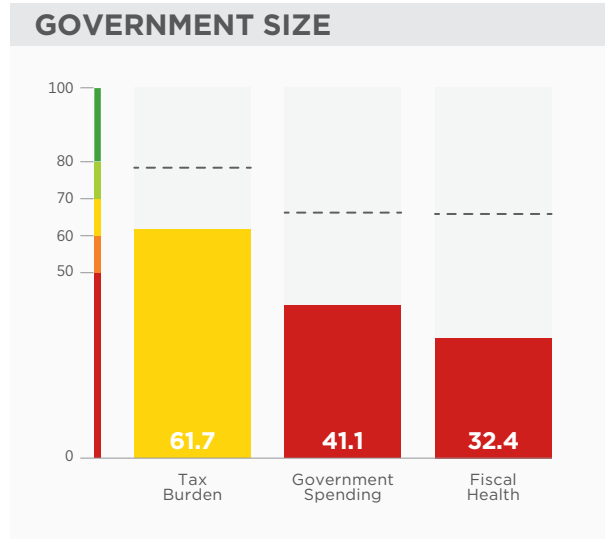
PUBLIC DEBT:
101.2% of GDP

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

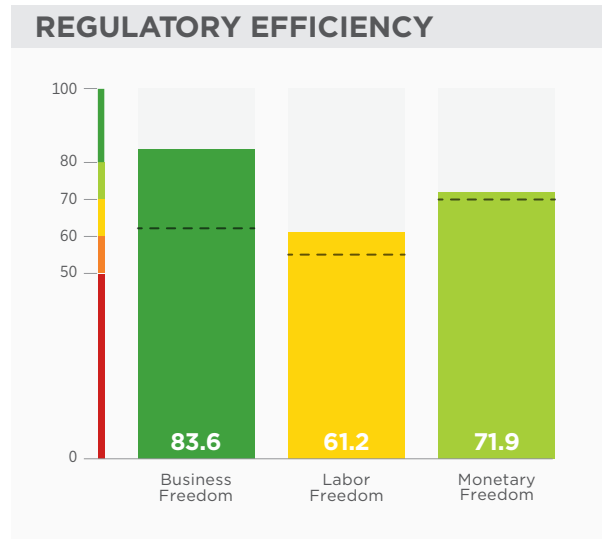
12 ECONOMIC FREEDOMS | UNITED KINGDOM



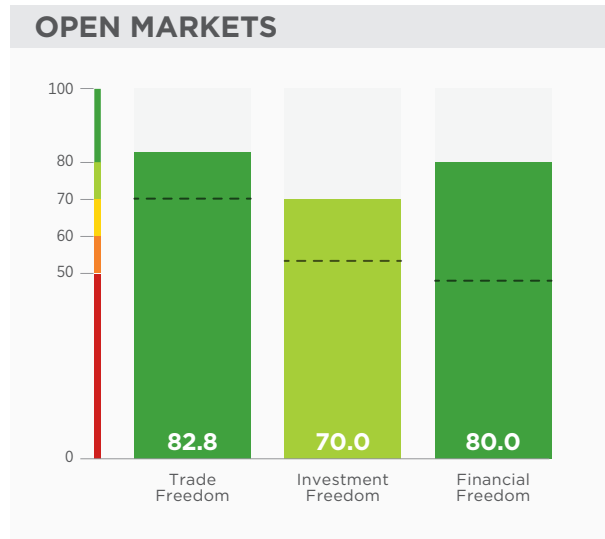
The overall rule of law is well respected in the United Kingdom. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. The tax burden equals 34.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.3 percent and -5.5 percent of GDP. Public debt amounts to 101.2 percent of GDP.



The United Kingdom'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 is 3.6 percent. The U.K. has signed three new trade agreements since leaving the EU and is negotiating additional trade pacts with various countries. The investment regime is efficient, and foreign investment is welcomed. The financial sector is resilient and competitive.