



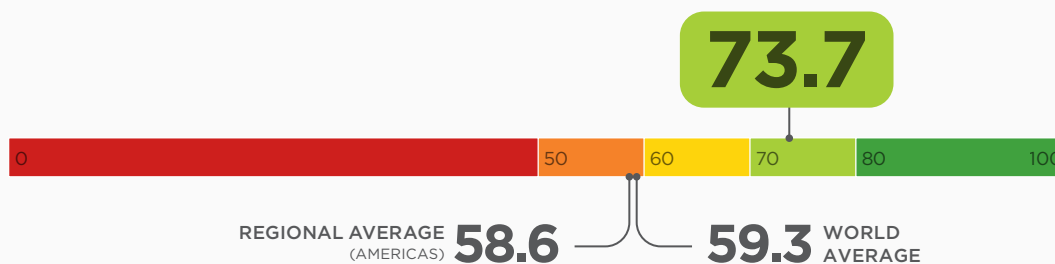
CANADA

WORLD RANK:	REGIONAL RANK:
16	1
ECONOMIC FREEDOM STATUS: MOSTLY FREE	

Canada's economic freedom score is 73.7, making its economy the 16th freest in the 2023 *Index*. Its score is 2.9 points lower than last year. Canada is ranked 1st among 32 countries in the Americas region, and its overall score is above the regional and world averages.

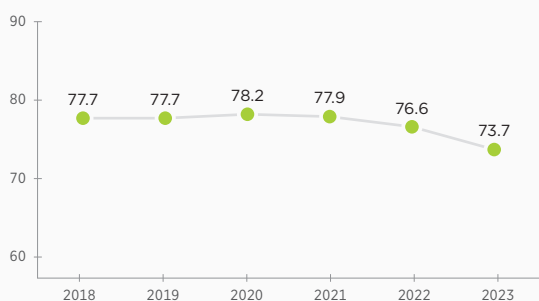
The foundations of economic freedom are strong, and the economy has emerged from the global economic slowdown relatively unscathed. An effective court system sustains the rule of law, ensuring protection of property rights and application of the commercial code. Canada performs relatively well in other pillars of economic freedom and maintains its resilience.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.3

RECENT FREEDOM TREND



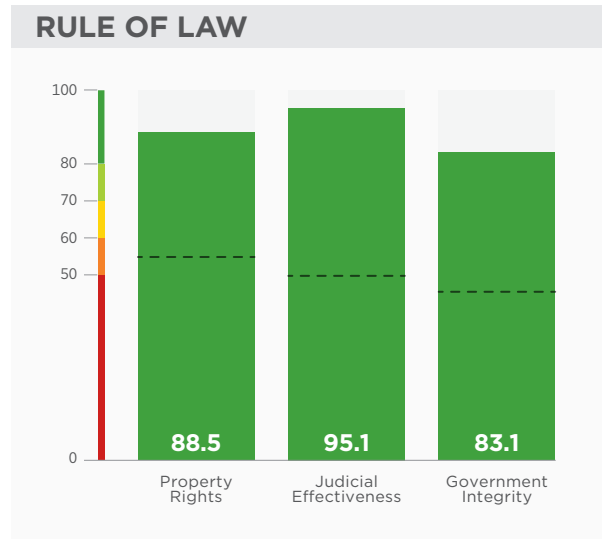
QUICK FACTS

POPULATION: 38.2 million	UNEMPLOYMENT: 7.5%
GDP (PPP): \$2.0 trillion 4.6% growth in 2021 5-year compound annual growth 1.4%	INFLATION (CPI): 3.4%
FDI INFLOW: \$59.7 billion	PUBLIC DEBT: 112.9% of GDP

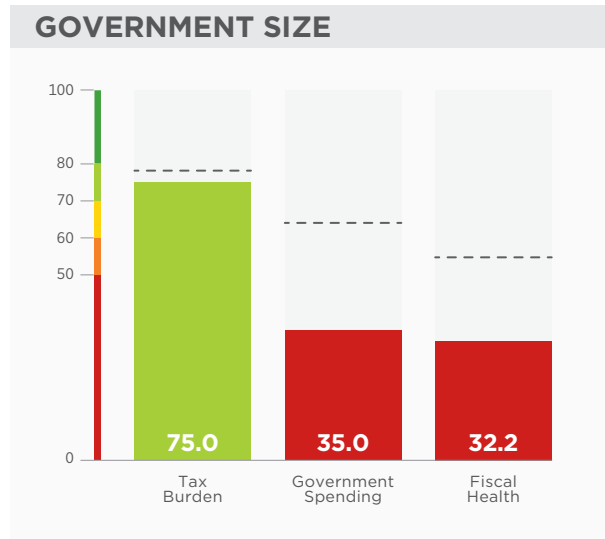
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Canada is the world's second-largest country by land area and has a resilient economy. Prime Minister Justin Trudeau's Liberal Party has entered an agreement with the left-leaning New Democratic Party (NDP), reducing the chances for political swings before the next election, which is due in 2025. Canada's market-oriented economic system closely resembles that of the United States. Leading sectors include automotive and other manufactures, forest products, minerals, and petroleum. Because approximately three-quarters of Canada's exports are to the United States, the U.S.-Mexico-Canada Agreement (USMCA) that entered into force in 2020 is vital to Canada's flourishing economy.

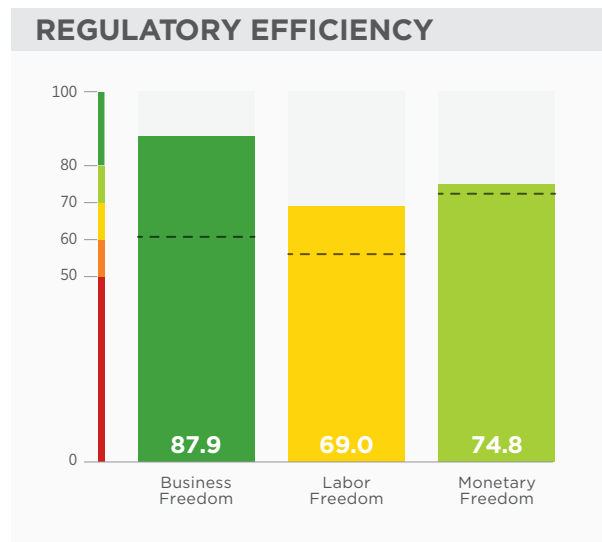
12 ECONOMIC FREEDOMS | CANADA



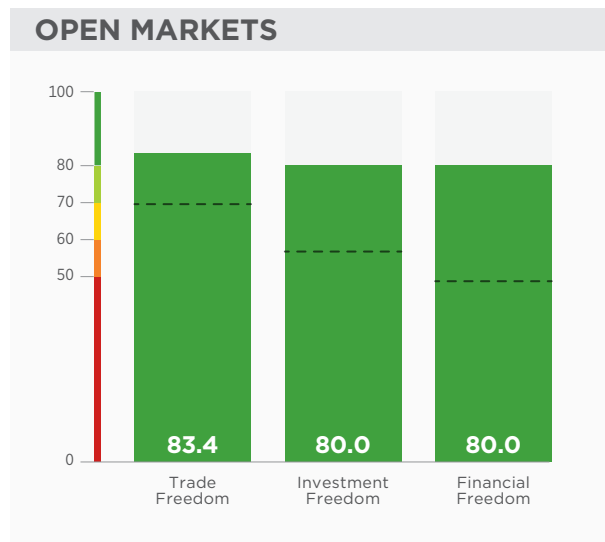
The overall rule of law is well respected in Canada. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 33 percent and 15 percent. The tax burden equals 34.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 46.6 percent and -5.5 percent of GDP. Public debt equals 112.9 percent of GDP.



The regulatory framework is highly conducive to business formation and operation, and no minimum capital is required to start a company. The average cost of necessary licenses is not burdensome. Flexible labor regulations enhance employment growth. The most recent available inflation rate is 3.4 percent.



The trade-weighted average tariff rate is 3.3 percent, and more than 400 nontariff measures are in force. The government caps foreign investment in some sectors. The banking sector, dominated by six major banks, remains sound and offers a wide range of financial services.