



WORLD RANK: **28** | REGIONAL RANK: **17**

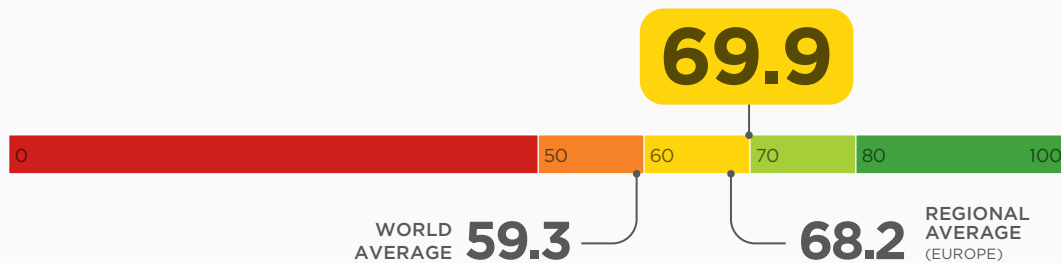
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

UNITED KINGDOM

The United Kingdom's economic freedom score is 69.9, making its economy the 28th freest in the 2023 *Index*. Its score is 2.8 points lower than last year. The U.K. is ranked 17th out of 44 countries in the Europe region, and its overall score is much higher than the world average.

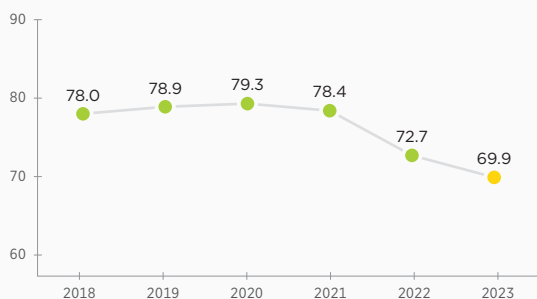
The size and scope of the state have expanded dramatically since 2020, and significant reforms are needed to place the economy on a solid path of recovery. Restoring the soundness of public finances remains the most critical issue and will require a sustained commitment to downsizing government spending.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.0

RECENT FREEDOM TREND



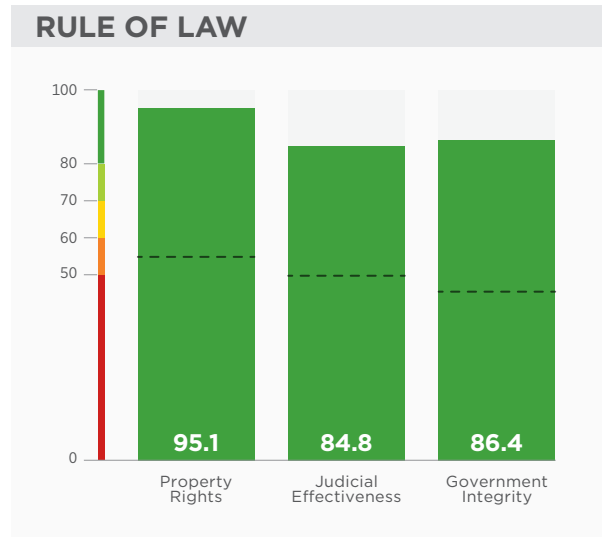
QUICK FACTS

POPULATION: 67.3 million	UNEMPLOYMENT: 3.7%
GDP (PPP): \$3.4 trillion 7.4% growth in 2021 5-year compound annual growth 0.7%	INFLATION (CPI): 2.6%
FDI INFLOW: \$27.6 billion	PUBLIC DEBT: 95.3% of GDP

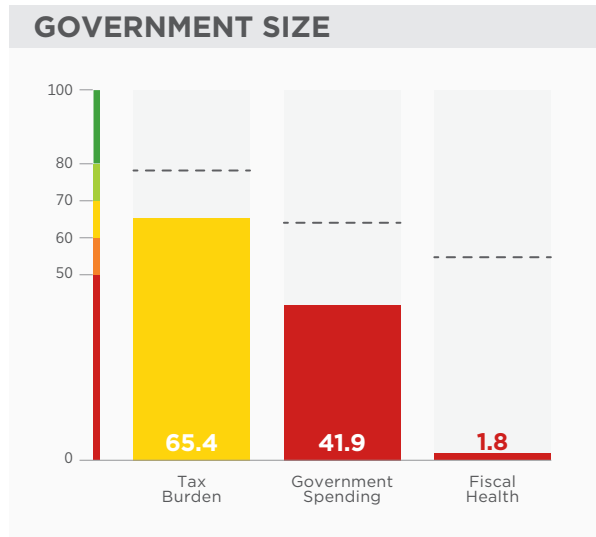
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Britain has one of the world's leading economies, and services, particularly banking, insurance, and business services, remain key drivers of GDP growth. However, the economy struggles to emerge from the economic slowdown. The expansion of government and growth of government spending have damaged Britain's competitive edge. Public debt is now almost 100 percent of GDP, and budget deficits persist. In 2016, British voters approved departure from the European Union, and the U.K. formally left the EU on January 31, 2020. A U.K.-EU Trade and Cooperation Agreement was concluded in December 2020, but some aspects of the relationship remain uncertain.

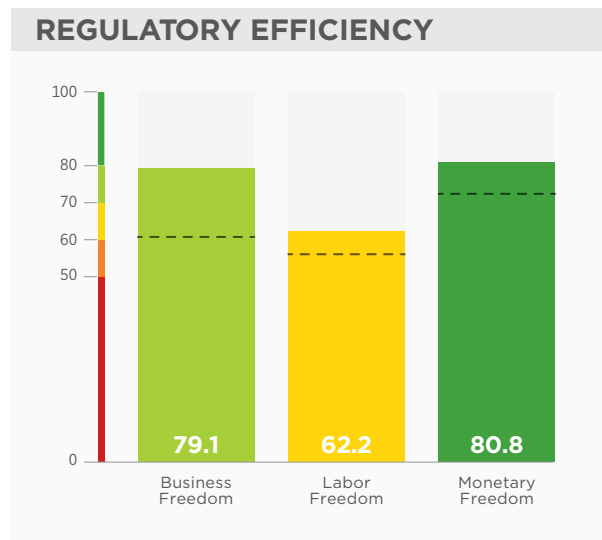
12 ECONOMIC FREEDOMS | UNITED KINGDOM



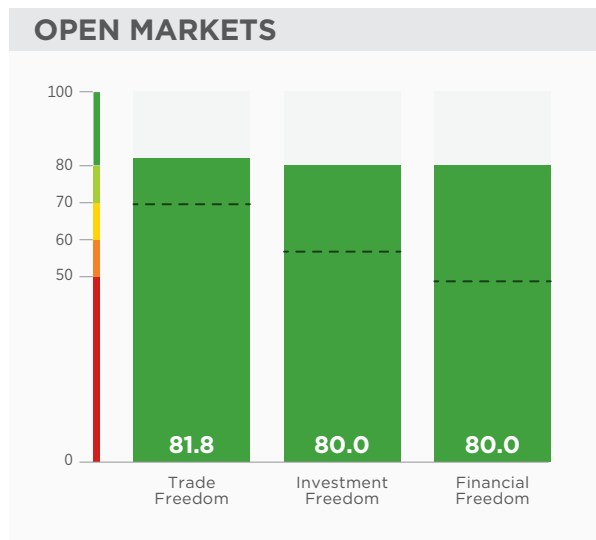
The overall rule of law is well respected in the United Kingdom. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 45 percent and 19 percent. The tax burden equals 32.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.0 percent and -7.7 percent of GDP. Public debt equals 95.3 percent of GDP.



The efficient and transparent regulatory framework encourages entrepreneurial growth. The labor market is relatively flexible. The non-salary cost of employing a worker is moderate, and severance payments are not overly burdensome. Despite inflationary pressures, monetary stability has been relatively well maintained.



The trade-weighted average tariff rate is 4.1 percent. The U.K. has signed three new trade agreements since leaving the EU and is negotiating additional trade pacts with various countries. Under the efficient investment regime, foreign investment is welcomed. The financial sector is resilient and competitive.