

Chapter 6

The Countries

This chapter reports data on economic freedom in each of the 183 countries covered in the *Index of Economic Freedom*, including 21 countries added this year to further expand the reach of the publication's economic analysis.¹ Only 179 countries are fully scored and ranked because of data constraints for Afghanistan, Iraq, Sudan, and Liechtenstein. Each graded country is given a score ranging from 0 to 100 for all 10 components of overall economic freedom, and these scores are then averaged (using equal weights) to get the country's final *Index of Economic Freedom* score.

In addition to these scores, the country pages include a brief introduction describing economic strengths and weaknesses and the

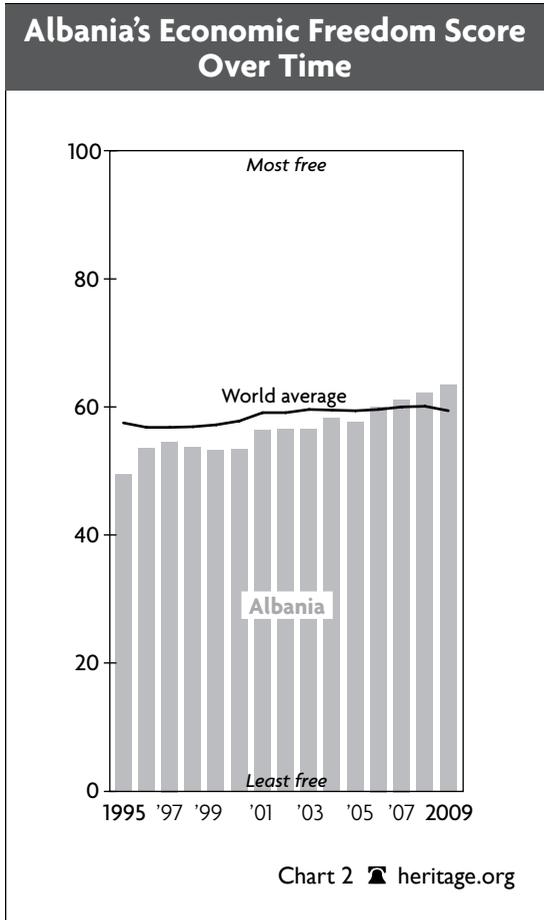
1. The 21 newly added countries are Afghanistan, Bhutan, Comoros, Dominica, Eritrea, Kiribati, Liberia, Liechtenstein, Macao, Maldives, Micronesia, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, São Tomé and Príncipe, Seychelles, Solomon Islands, Timor-Leste, Tonga, and Vanuatu.

political and economic background influencing a country's performance, as well as a statistical profile giving the country's main economic indicators. These statistics and their sources are outlined in detail below.

Three charts are included for each country. The first indicates the total economic freedom score earned in the 2009 *Index*. The range of scores, from 0 to 100, is displayed on a 180 degree arc, and a pointer indicates the country's exact score.



The second shows a time series of the country's overall economic freedom score for each year from 1995 (or the earliest year for which data are available) through 2009, compared to the world average. In some cases, a country is not graded continuously for all 15 years, often because grading did not begin in the 1995 edition and frequently because violence, political instability, or natural disaster has resulted in a lack of reliable information.



The third chart graphs the country's 10 freedom component scores for 2009 using horizontal bars. A hash mark is included to show the world average so that one can quickly identify the comparative strengths and weaknesses of economic freedom in each country. Additionally, up or down arrows are placed to illustrate the direction of score changes from the 2008 *Index* to the 2009 *Index*.



The charts for Albania presented here are examples of what the reader will see on each country page.

To assure consistency and reliability for each of the 10 components on which the countries are graded, every effort has been made to use the same source consistently for all countries; when data are unavailable from the primary source, secondary sources are used. (See appendix, "Methodology for the 10 Economic Freedoms.")

DEFINING THE "QUICK FACTS"

Each country page includes "Quick Facts" with eight different categories of information. Unless otherwise indicated, the data in each country's profile are for 2006 (the year for which the most recent data are widely available) and in current 2006 U.S. dollars (also the most recent available). The few cases in which no reliable statistical data were available are indicated by "n/a." Definitions and sources for each category of information are as follows.

Population: 2006 data from World Bank, *World Development Indicators Online*. For some countries, another source is the country's statistical agency and/or central bank.

GDP: Gross domestic product—total production of goods and services—adjusted to reflect purchasing power parity (PPP). The primary source for GDP data is World Bank, *World Development Indicators Online 2008*. The

major secondary source is International Monetary Fund, *World Economic Outlook Database April 2008*. Other sources include a country's statistical agency and/or central bank.

GDP growth rate: Annual percentage growth rate of real GDP derived from constant national currency units, based on country-specific years. Annual percent changes are year-on-year. The primary source is International Monetary Fund, *World Economic Outlook Database April 2008*. Secondary sources include World Bank, *World Development Indicators Online 2008*; Economist Intelligence Unit, *Country Reports, 2007–2008*; Asian Development Bank, *Asian Development Outlook 2008*; and a country's statistical agency and/or central bank.

GDP five-year compound annual growth: The geometric average growth rate measured over a specified period of time. The compound annual growth rate is measured using data from 2001 to 2006, based on real GDP expressed in constant national currency units, based on country-specific years. It is calculated by taking the n th root of the total percentage growth rate, where n is the number of years in the period being considered. The primary source is International Monetary Fund, *World Economic Outlook Database, April 2008*. Secondary sources are World Bank, *World Development Indicators Online 2008*, and Asian Development Bank, *Asian Development Outlook 2008*. In two instances, for Afghanistan and Montenegro, a four-year compound annual growth rate has been used.

GDP per capita: Gross domestic product (adjusted for PPP) divided by total population. The sources for these data are World Bank, *World Development Indicators Online 2008*; International Monetary Fund, *World Economic Outlook Database April 2008*; U.S. Central Intelligence Agency, *The World Factbook 2008*; and a country's statistical agency and/or central bank.

Unemployment rate: A measure of the portion of the workforce that is not employed but is actively seeking work. The primary sources are U.S. Central Intelligence Agency, *The World Factbook 2008*; Economist Intelligence Unit, *Country Reports, 2007–2008*, and *Country Pro-*

files, 2006–2008; International Monetary Fund, *Article IV Staff Reports, 2007–2008*; and a country's statistical agency.

Inflation: The annual percent change in consumer prices as measured for 2007 (or the most recent available year). The primary source for 2007 data is International Monetary Fund, *World Economic Outlook Database, April 2008*. Secondary sources are Economist Intelligence Unit, *Country Reports, 2007–2008*, and *Country Profiles, 2006–2008*; Asian Development Bank, *Asian Development Outlook 2008*; and a country's statistical agency and/or central bank.

Foreign direct investment (FDI) inward flow: This series indicates the total annual inward flow of FDI. Data are in current 2006 U.S. dollars, reported in millions. FDI flows are defined as investments that acquire a lasting management interest (10 percent or more of voting stock) in a local enterprise by an investor operating in another country. Such investment is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments and both short-term and long-term international loans. Data are from United Nations Conference on Trade and Development, *World Investment Report 2007*, and Economist Intelligence Unit, *Country Reports, 2007–2008*, and *Country Profiles, 2007–2008*.

COMMONLY USED ACRONYMS

CIS: Commonwealth of Independent States, consisting of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

EU: European Union, consisting of Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

IMF: International Monetary Fund, established in 1945 to help stabilize countries during crises, that now includes 185 member countries.

MERCOSUR: Customs union that includes Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

OECD: Organisation for Economic Co-operation and Development, an international organization of developed countries, founded in 1948, that now includes 30 member countries.

SACU: Southern African Customs Union, consisting of Botswana, Lesotho, Namibia, South Africa, and Swaziland.

WTO: World Trade Organization, founded in 1995 as the central organization dealing with the rules of trade between nations and based on signed agreements among 153 member countries.