

Oman among top 20 countries in economic freedom ranking

MUSCAT — The Sultanate of Oman has entered the top 20 in the global world economic freedom rankings moving from 24 last year to grab the 18th spot, according to the 'Economic Freedom of the World: 2007 Annual Report' released yesterday by the International Research Foundation (IRF) of Oman.

Oman still has challenges like reducing size of government consumption and improving its legal structure if it is to achieve its goal of joining the world's top 10 freest nations. But the Sultanate has scored in key components of economic freedom measurements on a scale of 1-to-10 where a higher value indicates a higher level of economic freedom.

The score for size of government changed from 5.9 in last year's report to 5.7; legal structures and security of property rights changed from 7.5 to 7.7; access to sound money changed from 8.6 to 9.4; freedom to trade internationally changed from 7.8 to 7.3; while regulation of credit, labour and business went up from 6.6 to 8.

The Sultanate is essentially tied with the UAE for the regional lead but is well above the global average on all counts, disclosed Fred McMahan, director of Centre for Globalisation Studies of The Fraser Institute.

The Canada-based Fraser Institute prepared the report in cooperation with independent research organisations in 71 countries including the IRF in Oman.

McMahon along with Dr Salim bin Nasser Al Ismaily, CEO of Omani Centre for Investment Promotion and Export Development (Ociped) revealed the results yesterday at a press conference held at Shangri-La's Barr Al Jissah Resort and Spa.

The Economic Freedom of the World Index is an annual compilation of data representing factors which make a country economically free. The index includes a compendium of 42 variables affecting economic freedom based on objective data or independent surveys and provides rankings of 141 countries representing 95 per cent of the world's population.

The report measures the extent to which individuals and families are free to make their economic decisions on where to work, what to buy, what to sell, where to invest, and on entrepreneurship.

Studies have shown that economic freedom is the most important driver of economic growth and prosperity. Research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans.

Places that were once desperately poor like Hong Kong, Singapore, and South Korea have created prosperous lives for their citizens by establishing economically free economies.

Such is the power of economic freedom that people now forget these places were poorer than most African nations not too long ago.

Hong Kong once again tops international rankings for economic freedom, with Singapore a close second and New Zealand in third spot. Zimbabwe and Myanmar had the lowest economic freedom ratings of the 141 countries measured.

The annual peer-reviewed report uses 42 different measures to create an index ranking countries around the world based on policies that encourage economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of private property.

The 2007 edition of the Economic Freedom of the World report also includes new research from Russell Sobel, economics professor at West Virginia University; and Peter Leeson, professor in the study of capitalism at George Mason University, showing how economic freedom spreads between countries.

Their research indicates that free trade agreements allowing a number of nations to simultaneously coordinate trade liberalisation could have a sizeable influence on spreading economic freedom to economically repressed regions of the world, Sobel and Leeson said.