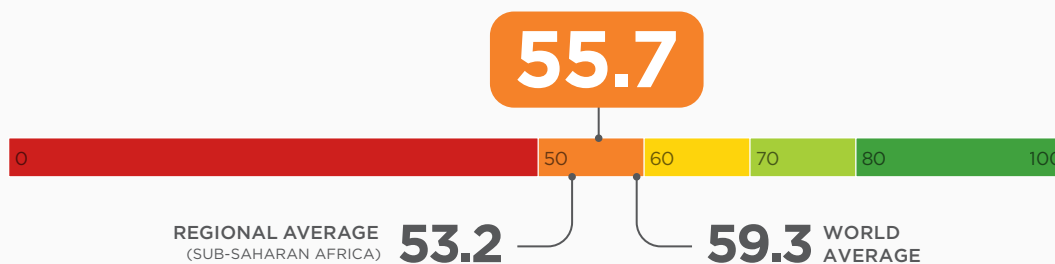


SOUTH AFRICA

South Africa's economic freedom score is 55.7, making its economy the 116th freest in the 2023 *Index*. Its score is about the same as last year. South Africa is ranked 17th out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the world average.

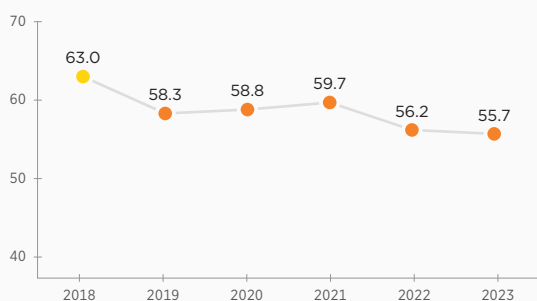
A relatively competitive trade regime has encouraged the development of a growing entrepreneurial sector. To ensure long-term economic development, further reform will be needed to strengthen the foundations of economic freedom. Corruption and the weak rule of law add to the cost of doing business and erode overall economic competitiveness.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
60.0 million

GDP (PPP):
\$865.8 billion
4.9% growth in 2021
5-year compound
annual growth 0.2%
\$14,396 per capita

UNEMPLOYMENT:
29.2%

INFLATION (CPI):
4.5%

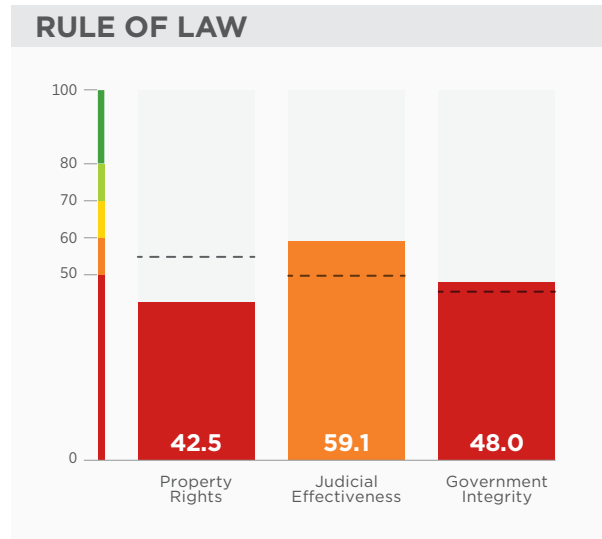
FDI INFLOW:
\$40.9 billion

PUBLIC DEBT:
69.0% of GDP

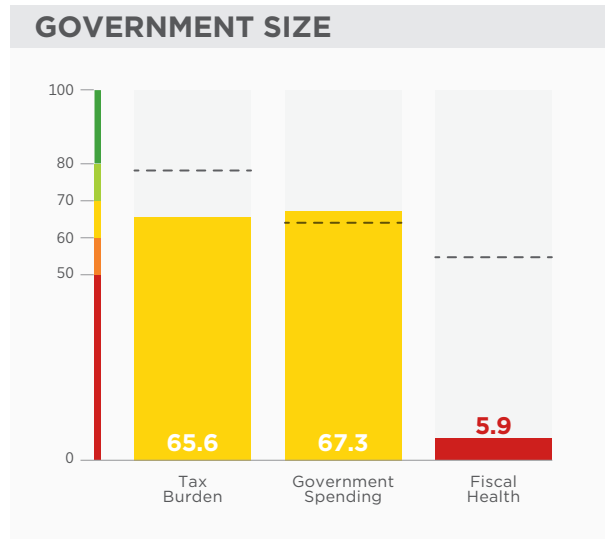
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The African National Congress has dominated South African politics since the end of apartheid in 1994. Corruption scandals forced President Jacob Zuma to resign in 2018. Cyril Ramaphosa won a five-year term in 2019 and was involved in a corruption scandal in 2022. Rioting erupted in 2021 after Zuma was jailed. South Africa has a highly developed economy and an advanced infrastructure. One of the world's largest exporters of gold, platinum, and other natural resources, it also has well-established financial, legal, communications, energy, and transport sectors and Africa's largest stock exchange. However, rates of formal-sector unemployment and crime are high.

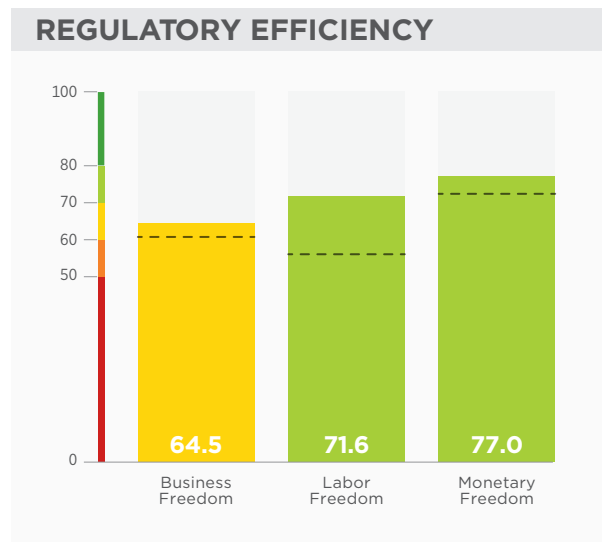
12 ECONOMIC FREEDOMS | SOUTH AFRICA



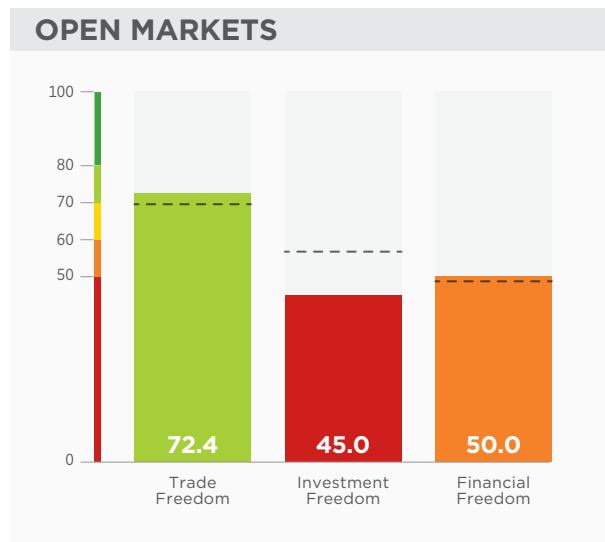
The overall rule of law is weak in South Africa. The country's property rights score is below the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 45 percent and 27 percent. The tax burden equals 26.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 33.0 percent and -6.8 percent of GDP. Public debt equals 69.0 percent of GDP.



No minimum capital is required to establish a business. The cost of licensing requirements has been reduced, but the overall regulatory framework remains costly. Labor regulations are not applied effectively, and the labor market lacks flexibility. The most recent available inflation rate is 4.5 percent.



The trade-weighted average tariff rate is 6.3 percent, but extensive nontariff barriers limit trade freedom. Nontransparent laws discourage private investment, and foreign investment is subject to additional inefficiency. The financial sector has undergone modernization, and the banking sector is regarded as resilient.