

ANGOLA

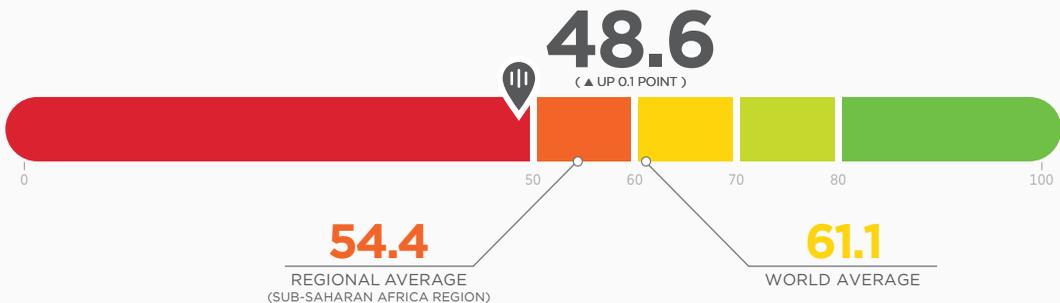
WORLD RANK: **164** REGIONAL RANK: **40**
 ECONOMIC FREEDOM STATUS: **REPRESSED**



Angola's economic freedom score is 48.6, making its economy the 164th freest in the 2018 *Index*. Its overall score has increased by only 0.1 point, with improvements in **government spending** and **labor freedom** barely offsetting sharp drops in **fiscal health** and **monetary freedom**. Angola is ranked 40th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Angola's economy needs to be fundamentally restructured to reduce dependence on oil, but the ruling party's commitment to the wide-ranging reforms that this would require seems to be half-hearted at best. Monopolies and quasi-monopolies dominate the leading sectors. Modest reforms have somewhat modernized the regulatory environment, but pervasive corruption and institutional weaknesses continue to undermine other important reforms. Trade barriers and burdensome investment regulations hamper development of a more dynamic private sector and interfere with diversification of the economic base.

ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:
 Tax Policy

CONCERNS:
 Rule of Law, Investment Freedom,
 and Financial Freedom

**OVERALL SCORE CHANGE
 SINCE 2014:**
 +0.9

FREEDOM TREND



QUICK FACTS

POPULATION:
 27.4 million

GDP (PPP):
 \$187.3 billion
 0.0% growth in 2016
 5-year compound
 annual growth 4.0%
 \$6,844 per capita

UNEMPLOYMENT:
 6.6%

INFLATION (CPI):
 32.4%

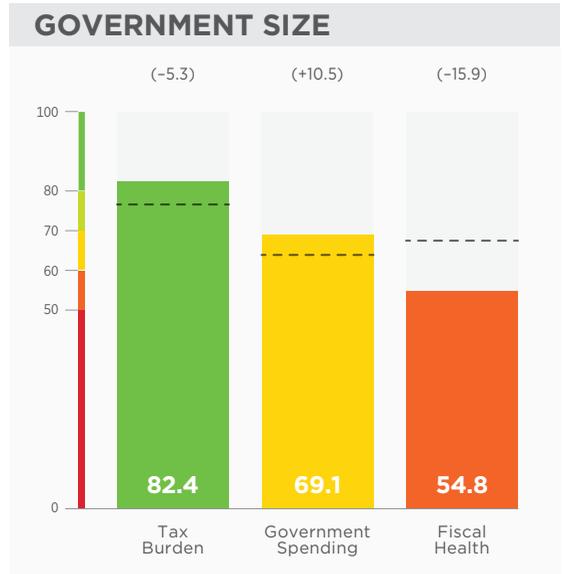
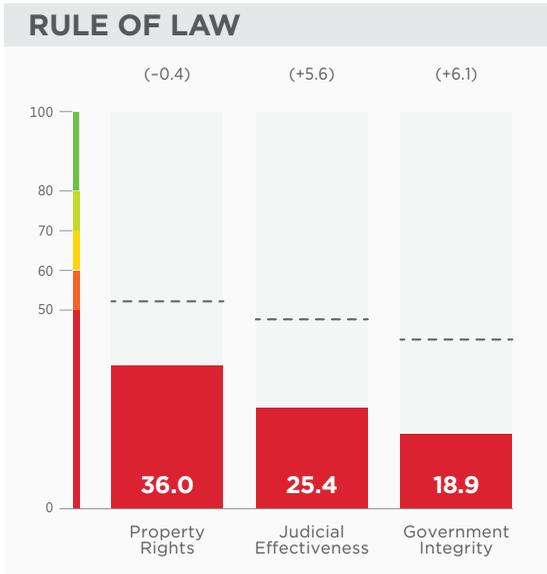
FDI INFLOW:
 \$14.4 billion

PUBLIC DEBT:
 71.9% of GDP

2016 data unless otherwise noted. Data compiled as of September 2017

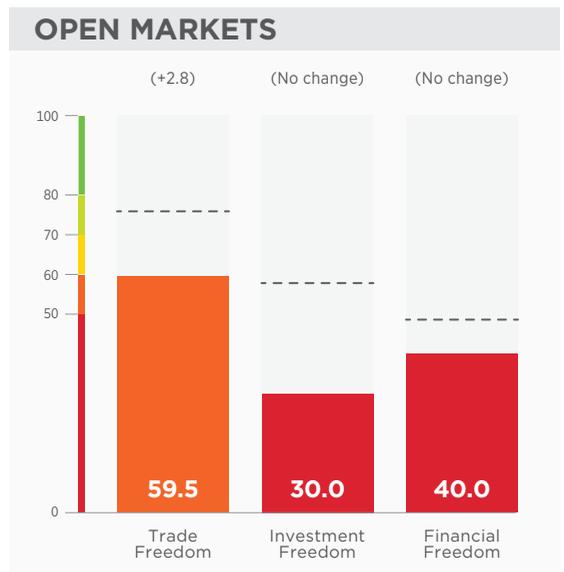
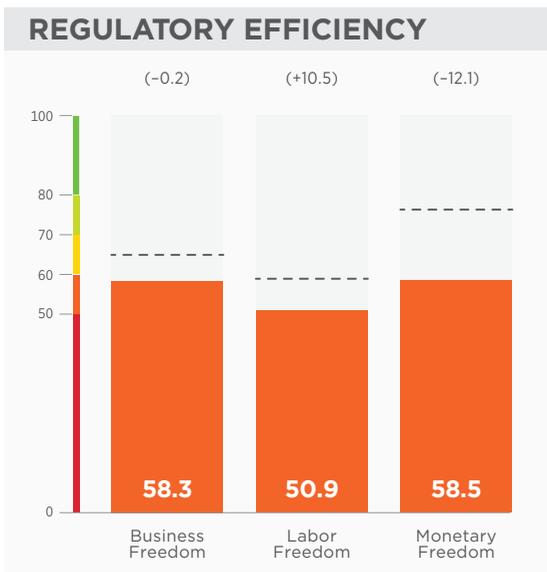
BACKGROUND: Former President José Eduardo dos Santos has stepped down after 38 years in power. His Popular Movement for the Liberation of Angola (MPLA) won the August 2017 election, and substantial changes in economic policy under the new president, former Defense Minister João Manuel Gonçalves Lourenço, are unlikely. Angola is one of Africa's largest oil producers, and most of its proven reserves are in Cabinda province, which is plagued by a separatist conflict. Despite the country's oil, diamonds, hydro-electric potential, and rich agricultural land, most Angolans remain poor and dependent on subsistence farming. The long global oil price slump has battered the economy. The MPLA plans to modernize Angola's extractive industry and forecasts a dramatic increase in diamond production.

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The Brazilian public corruption scandal reached across the South Atlantic in 2017 to implicate several Angolan government officials accused of taking bribes for construction contracts. Protection of property rights is weak. Property registration is time-consuming and can be prohibitively expensive. The judiciary is subject to political influence from the executive, and courts suffer from delays, a lack of trained legal professionals, and a large case backlog.

The top income tax rate is 17 percent. The top normal corporate tax rate is 30 percent, but rates for the mining and oil industries are as high as 50 percent. The overall tax burden equals 24.0 percent of total domestic income. Over the past three years, government spending has amounted to 32.1 percent of total output (GDP), and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 71.9 percent of GDP.



Although the minimum capital requirements for setting up a company were eliminated in 2016, Angola's business environment remains one of the most challenging in the world. Regulations are enforced inconsistently, corruption is pervasive, and the financial system is weak. The formal labor market is small. Inflation has risen sharply, reflecting higher domestic fuel prices, a weaker kwanza, and the lagged effects of looser monetary policies.

Trade is significant for Angola's economy; the combined value of exports and imports equals 66 percent of GDP. The average applied tariff rate is 10.2 percent. Nontariff barriers significantly impede trade. Government policies such as sectoral restrictions limit foreign investment. Public use of banking services remains low, and only about 10 percent of the population maintains bank accounts. The capital market is underdeveloped.