ANGOLA

Angola’s economic freedom score is 50.6, making its economy the 156th freest in the 2019 Index. Its overall score has increased by 2.0 points, with improved scores for government spending and labor freedom, in particular, offsetting declines in monetary freedom and business freedom. Angola is ranked 33rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

President João Manuel Gonçalves Lourenço has tried to restructure Angola’s economy away from dependence on oil, but his proposals have encountered resistance from vested interests in the ruling party. A small number of businesses have long enjoyed a stranglehold on most economic sectors. These monopolies have kept prices high, limited choice for consumers, and erected trade barriers and investment restrictions. Modest reforms have somewhat modernized the regulatory environment, but pervasive corruption and institutional weaknesses continue to undermine other important reforms.

ECONOMIC FREEDOM SCORE

50.6

(▲ UP 2.0 POINTS)

REGIONAL AVERAGE (SUB-SAHARAN AFRICA REGION) 54.2

WORLD AVERAGE 60.8

RELATIVE STRENGTHS:
Tax Burden and Government Spending

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+23.2

CONCERNS:
Government Integrity and Judicial Effectiveness

BACKGROUND: When former President José Eduardo dos Santos stepped down in 2017 after 38 years in power, former Defense Minister João Manuel Gonçalves Lourenço from dos Santos’s ruling Popular Movement for the Liberation of Angola was elected president. Lourenço quickly moved to terminate the dos Santos family’s control of the Sonangol state oil company and Angola’s sovereign wealth fund. 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, hydroelectric potential, and rich agricultural land, most Angolans remain poor and dependent on subsistence farming. The long global oil price slump has battered the economy.

UNEMPLOYMENT: 8.2%
INFLATION (CPI): 31.7%
FDI INFLOW: -$2,254.5 million
PUBLIC DEBT: 65.3% of GDP

2017 data unless otherwise noted. Data compiled as of September 2018
Protection of property rights is weak. The judiciary is subject to extensive political influence. Courts suffer from a lack of trained legal professionals, poor infrastructure, and a large case backlog. Government corruption and nepotism are widespread. The former president’s daughter was ousted as CEO of the state-owned oil company, and in 2018, his son was caught trying to steal $500 million from the central bank.

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 20.6 percent of total domestic income. Over the past three years, government spending has amounted to 25.3 percent of the country’s output (GDP), and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 65.3 percent of GDP.

Despite the recent implementation of more streamlined business start-up procedures, burdensome regulations still hinder private-sector development. Overall, the regulatory system lacks clarity, and regulations are enforced inconsistently. The formal labor market is underdeveloped. Seeking greater macroeconomic stability, the government says it will reduce subsidies on utilities and make public spending more efficient.

The combined value of exports and imports is equal to 57.6 percent of GDP. The average applied tariff rate is 9.4 percent. Nontariff barriers significantly impede trade. Government policies such as sectoral restrictions limit foreign investment. Banking continues to expand, but public use of banking services remains low. About 10 percent of Angolans maintain bank accounts.