The Republic of Congo’s economic freedom score is 39.7, making its economy the 176th freest in the 2019 Index. Its overall score has increased by 0.8 point, with increases in scores for government spending, monetary freedom, and business freedom exceeding drops in fiscal health and trade freedom. The Republic of Congo is ranked 46th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Repressive governance continues to deprive the Congolese people of economic freedom. The authoritarian socialist government could not furnish basic public goods and infrastructure despite the commodity boom. Although rising oil output and prices are providing relief for Congo’s fiscal and external accounts, public debt remains unsustainably high. The weak judiciary undermines the protection of property rights and fuels corruption. Many are trapped in subsistence-level poverty. The large informal economy provides most of Congo’s limited private-sector growth.

**BACKGROUND:** The Republic of Congo became independent from France in 1960. Denis Sassou-Nguesso seized power in 1979 and ruled until he allowed a multiparty election, which he lost, in 1992. He seized power again following a 1997 civil war and then won flawed elections in 2002, 2009, and 2016. A referendum approved in 2015 modified the constitutional limits to permit Sassou-Nguesso to run again. One of sub-Saharan Africa’s largest oil producers, Congo lacks infrastructure to exploit its natural gas reserves and hydropower potential. China plans to build a special economic zone in the port city of Pointe-Noire, and the government also plans to build an oil pipeline from Pointe-Noire to the north.
Laws to acquire or dispose of real property are not always followed. Contract terms are not transparent, and “informal” tax collectors regularly solicit bribes. The judiciary is underfunded and crippled by executive intervention, institutional weakness, and a lack of technical capability. Corruption remains pervasive. Deals involving the state oil company negotiated by people close to the president’s family have been used as vehicles for graft.

The top individual income tax rate is 45 percent. The top corporate rate is 34 percent. Other taxes include a value-added tax and a tax on rental values. The overall tax burden equals 29.5 percent of total domestic income. Over the past three years, government spending has amounted to 44.5 percent of the country’s output (GDP), and budget deficits have averaged 19.0 percent of GDP. Public debt is equivalent to 119.1 percent of GDP.

Many aspects of doing business are subject to inefficient regulations. Bureaucracy and a lack of transparency continue to hinder the entrepreneurial environment. Existing regulations are not enforced effectively. A modern labor market has not been developed, and the public sector remains the largest source of formal employment. The government has dissolved some of its heavily subsidized and loss-making power and water utilities.

The combined value of exports and imports is equal to 138.6 percent of GDP. The average applied tariff rate is 11.6 percent, and nontariff barriers further impede trade freedom. Diversifying investment beyond the petroleum sector, which accounts for over 90 percent of foreign direct investment inflows, is a key government priority to stimulate development. The financial sector remains underdeveloped, hampered by state interference.