

REPUBLIC OF CONGO

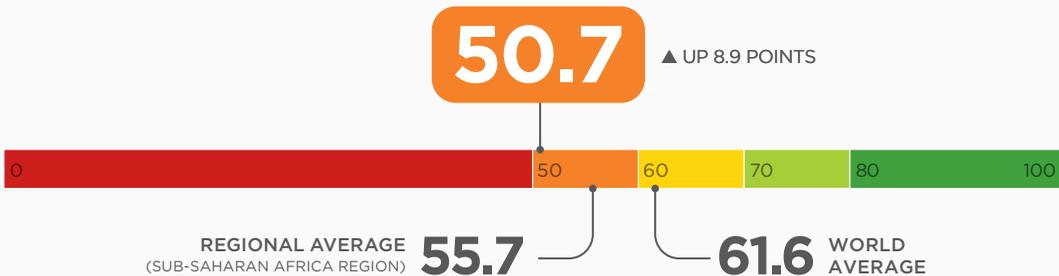
The Republic of the Congo's economic freedom score is 50.7, making its economy the 156th freest in the 2021 *Index*. Its overall score has increased by 8.9 points, primarily because of a huge improvement in **fiscal health**. The Republic of the Congo is ranked 37th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Although Congo's economy moved up this year, it had been in the ranks of the economically repressed for nearly a quarter of a century. The government remains under pressure from development banks and international donors to pursue economic and financial reforms aimed at achieving greater macroeconomic stability and debt sustainability and improving governance to achieve greater efficiency and transparency in the management of public resources.

IMPACT OF COVID-19: As of December 1, 2020, 94 deaths had been attributed to the pandemic in the Republic of the Congo, and the economy was forecast to contract by 7.0 percent for the year.

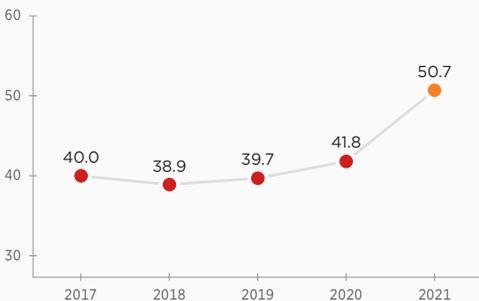


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.4 million

GDP (PPP):
\$31.2 billion
-0.9% growth in 2019
5-year compound annual growth -0.3%
\$3,435 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
2.2%

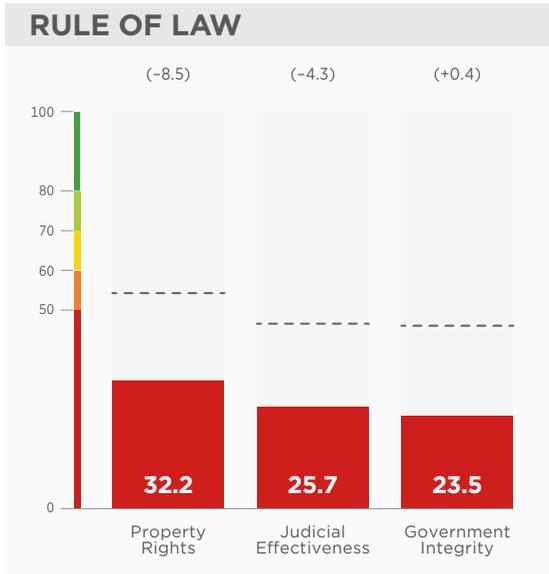
FDI INFLOW:
\$3.4 billion

PUBLIC DEBT:
95.3% of GDP

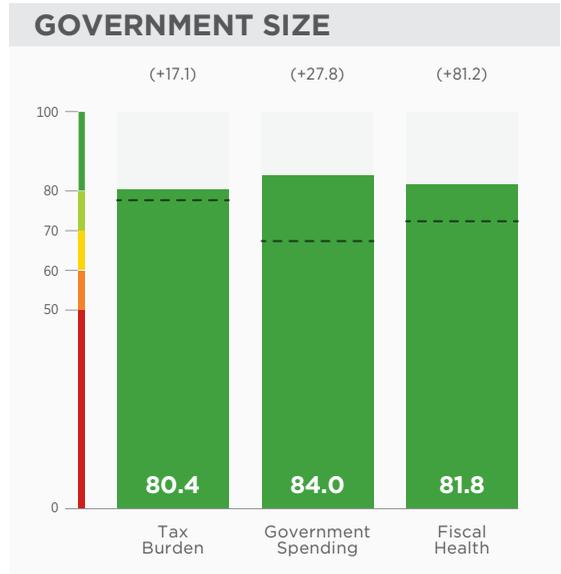
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The Republic of the Congo became independent from France in 1960. Denis Sassou-Nguesso seized power in 1979 and ruled as chief of state until 1992, when he allowed a multiparty election to be conducted and was defeated. 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 so that Sassou-Nguesso could run again. Congo is one of sub-Saharan Africa's largest producers of oil, but it lacks the infrastructure needed to exploit its natural gas reserves and hydropower potential. Congo shipped its first exports of iron ore in 2019.

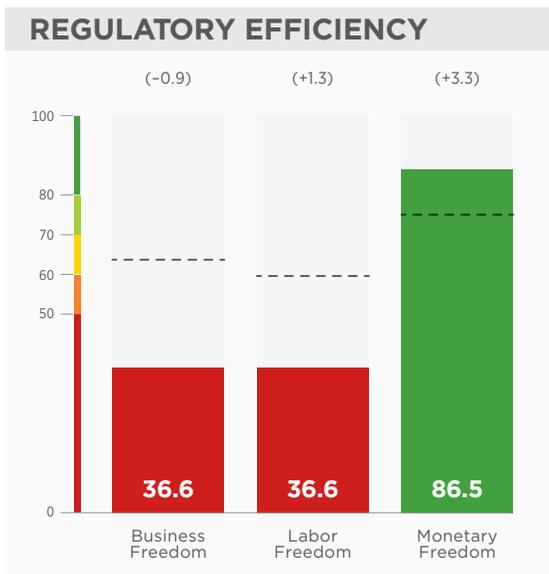
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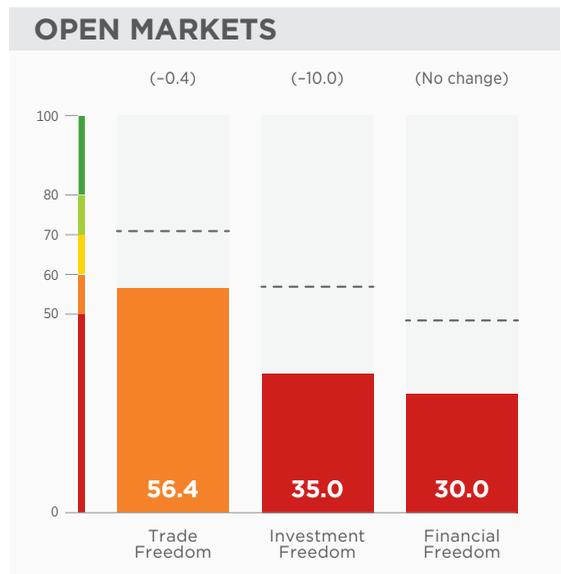
Property rights are codified in law, but complaints about the government’s administration of real property transactions are widespread. The judiciary, independent in principle, is crippled by institutional weaknesses and extremely vulnerable to political influence. Corruption remains pervasive, and government operations are opaque. “Informal” tax collectors regularly solicit bribes. The president’s family and advisers effectively control the state oil company without meaningful accountability.



The top individual income tax rate is 30 percent, and the top corporate tax rate is also 30 percent. The overall tax burden equals 12.5 percent of total domestic income. Government spending has amounted to 23.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.7 percent of GDP. Public debt is equivalent to 95.3 percent of GDP.



The number of procedures required to obtain a construction permit has increased, as have the costs, although access to credit has improved. Problems involving the government’s compensation of civil servants have led to strikes among doctors, nurses, teachers, and others. The economy was hit hard by the fall in world oil prices, and the subsequent decline in oil revenues forced the government to reduce subsidies.



The Republic of the Congo has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.8 percent, and nontariff barriers persist. Poor economic management aggravated by political instability has constrained the growth of much-needed domestic and foreign investment, trapping much of the population in an environment characterized by a persistent shortage of opportunity. Companies have very limited access to financial services.