SOUTH AFRICA

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**ECONOMIC FREEDOM SCORE**

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**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.

**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.
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.

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 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.

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.