

WORLD RANK:

111

REGIONAL RANK:

18

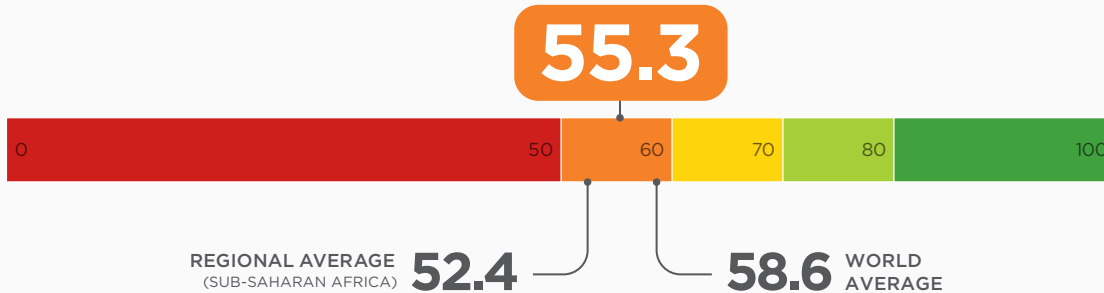
ECONOMIC FREEDOM STATUS:  
MOSTLY UNFREE

# SOUTH AFRICA

South Africa's economic freedom score is 55.3, making its economy the 111th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 0.4 point from last year, and South Africa is ranked 18th out of 47 countries in the Sub-Saharan Africa region. The country's economic freedom score is lower than the world average and higher than the regional average. South Africa's economy is considered "mostly unfree" according to the 2024 *Index*.

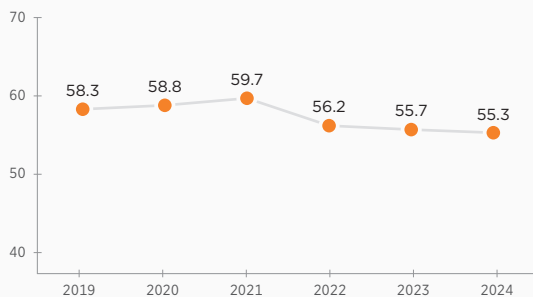
A relatively competitive trade regime has encouraged development of a growing entrepreneurial sector. To ensure long-term economic development, however, the foundations of economic freedom will need to be strengthened. Corruption and the weak rule of law add to the cost of doing business and erode economic competitiveness. The regulatory framework remains costly, and the labor market lacks flexibility. Undermining macroeconomic stability, a combination of rising public debt and spending pressures contributes to increasing fiscal vulnerability.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -5.4

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**

60.0 million

**GDP (PPP):**

\$953.2 billion  
1.9% growth in 2022  
5-year average growth rate: 0.5%  
\$15,728 per capita

**UNEMPLOYMENT:**

33.6%

**INFLATION (CPI):**

6.9%

**FDI INFLOW:**

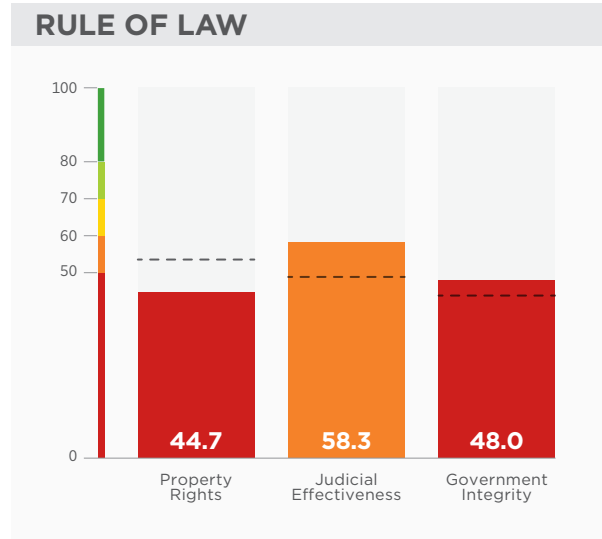
\$9.1 billion

**PUBLIC DEBT:**

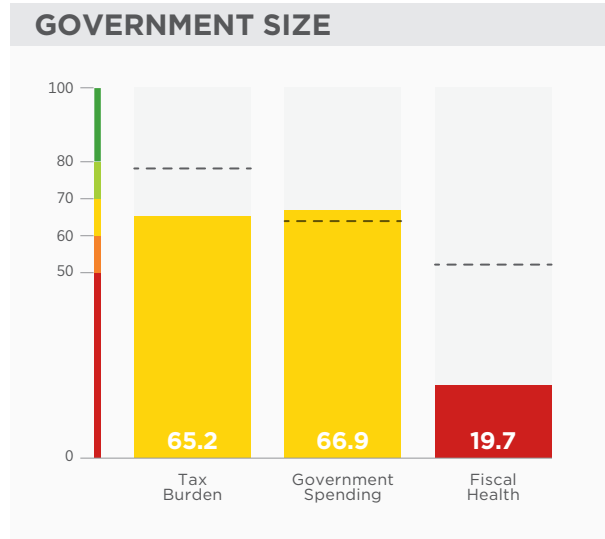
71.1% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

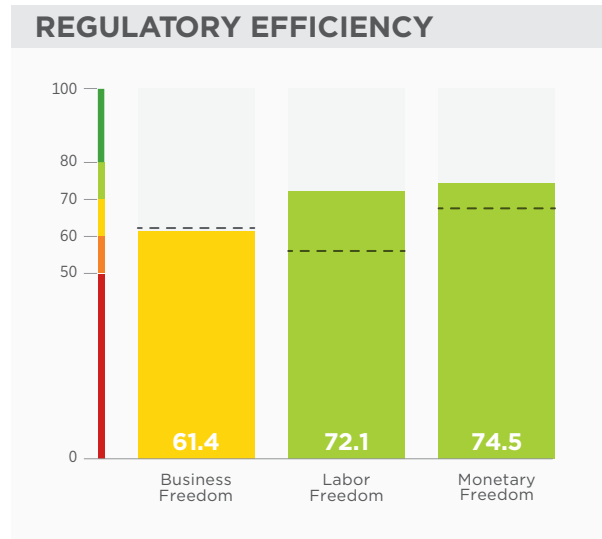
# 12 ECONOMIC FREEDOMS | SOUTH AFRICA



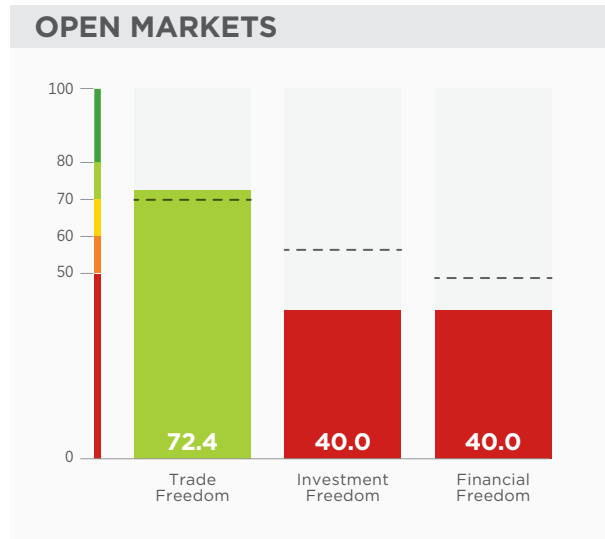
Performing far below its potential, South Africa's economy has been stifled by political instability and a weakening rule of law. The judicial system has become vulnerable to political interference, and numerous scandals and frequent political infighting have severely undermined government integrity.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. The tax burden equals 27.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 33.2 percent and -6.6 percent of GDP. Public debt amounts to 71.1 percent of GDP.



South Africa's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is below the world average; its labor freedom score is above the world average; and its monetary freedom score is above the world average.



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.