

WORLD RANK:

103

REGIONAL RANK:

10

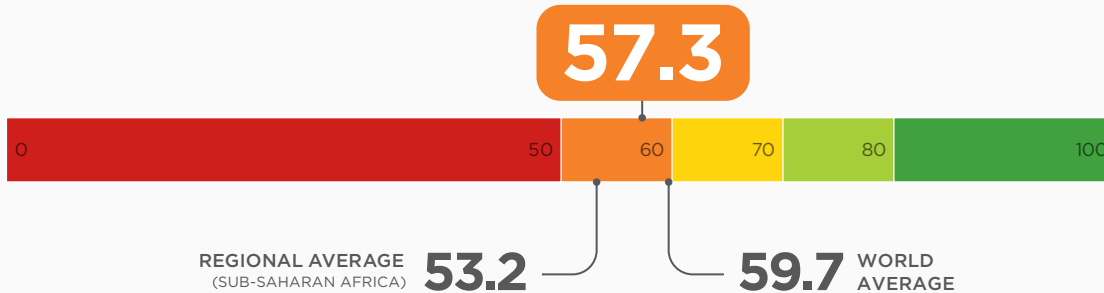
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

SOUTH AFRICA

South Africa's economic freedom score is 57.3, making its economy the 103rd freest in the 2025 *Index of Economic Freedom*. Its rating has increased by 2.0 points from last year, and South Africa is ranked 10th 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 2025 *Index*.

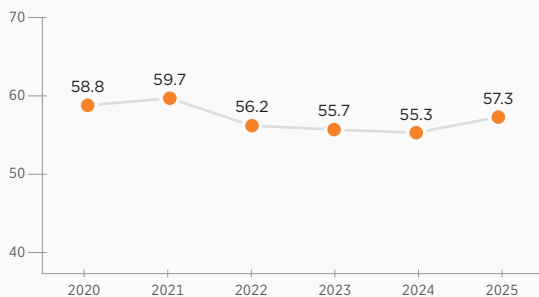
A relatively competitive trade regime has encouraged the development of a growing entrepreneurial sector, but the foundations of economic freedom will need to be strengthened to ensure long-term economic development. Corruption and the weak rule of law add to the cost of doing business and weaken economic competitiveness. The regulatory framework remains costly, and the labor market lacks flexibility. Rising public debt and spending pressures undermine macroeconomic stability and add to South Africa's fiscal vulnerability.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:

62.3 million

GDP (PPP):

\$960.5 billion
0.7% growth in 2023
3-year average growth rate: 2.5%
\$15,424 per capita

UNEMPLOYMENT:

28.0%

INFLATION (CPI):

5.9%

FDI INFLOW:

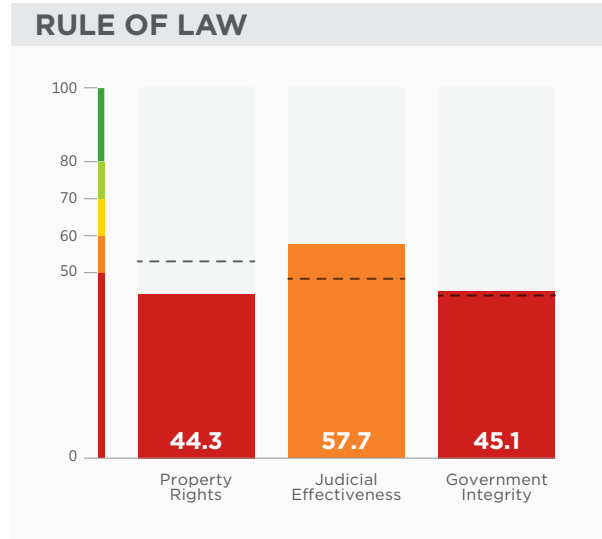
\$9.1 billion

PUBLIC DEBT:

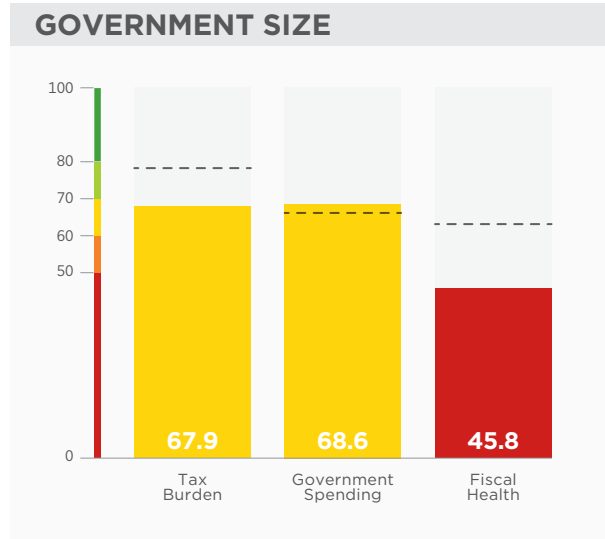
73.4% of GDP

2023 data unless otherwise noted. Data compiled as of November 2024.

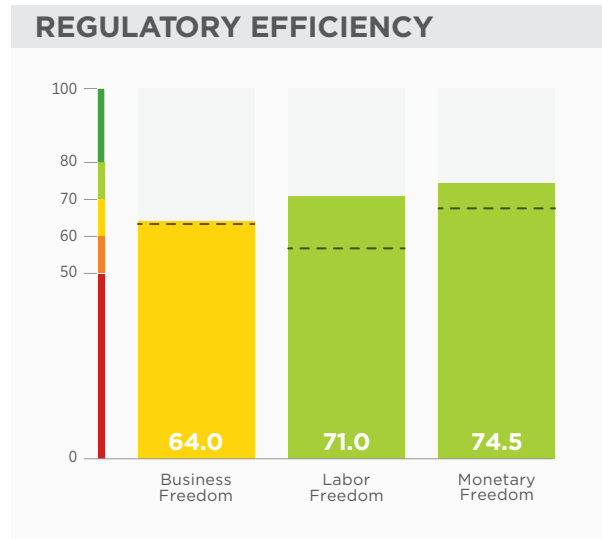
12 ECONOMIC FREEDOMS | SOUTH AFRICA



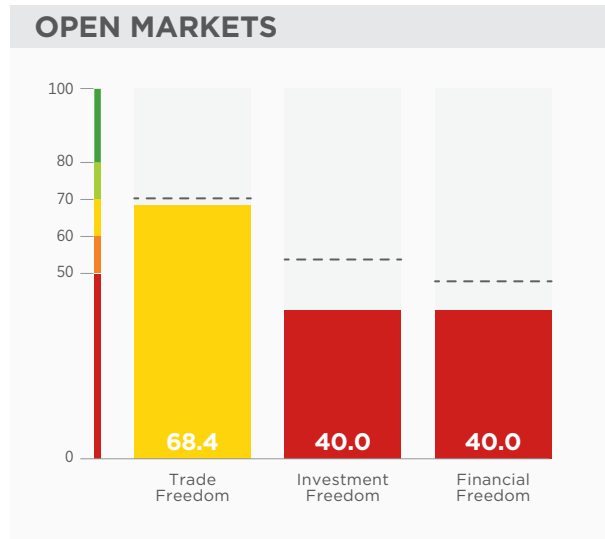
The overall rule of law is weak in South Africa. The country's property rights score is below the world average, and its judicial effectiveness score is below the world average. The judicial system has become vulnerable to political interference, and scandals and political infighting have severely undermined government integrity.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. The tax burden equals 21.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 32.3 percent and -5.2 percent of GDP. Public debt amounts to 73.4 percent of GDP.



South Africa's overall regulatory environment is relatively well institutionalized but lacks overall efficiency. The country's business freedom score is above 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 5.8 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.