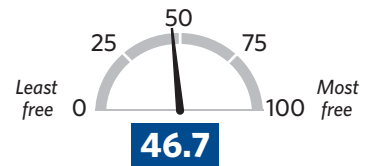


ANGOLA

Economic Freedom Score



World Rank: **160** Regional Rank: **38**

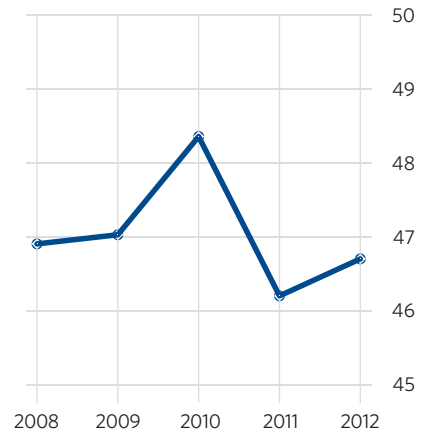
Angola's economic freedom score is 46.7, making its economy the 160th freest in the 2012 *Index*. Its overall score has improved by 0.5 point, primarily because of slightly better performance in government spending, business freedom, and labor freedom. Angola is ranked 38th out of 46 countries in the Sub-Saharan Africa region, and its score remains far below world and regional averages.

Pervasive corruption and a lack of judicial independence from political interference continue to undermine the foundations of Angola's economic freedom. The government, highly dependent on oil and diamond revenues, plays a dominant role in the economy that undermines efficiency. Monopolies and quasi-monopolies are common in the leading sectors.

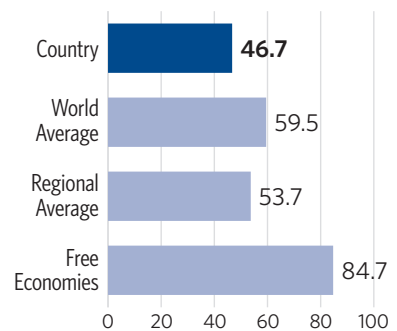
Angola gained notably in business freedom this year, achieving one of the largest improvements in that category in the 2012 *Index*. However, the overall regulatory environment remains constrained by a lack of commitment to policies that support open markets. Tariff and non-tariff barriers, coupled with burdensome investment regulations, hamper development of a dynamic private sector and diversification of the country's economic base.

BACKGROUND: Angola is still recovering from a 27-year civil war that ended in 2002. President José Eduardo dos Santos of the Popular Movement for the Liberation of Angola (MPLA) has been in power since 1979. A new constitution adopted in February 2010 eliminated executive elections and made the prime minister a vice president under presidential authority; the president will be selected by the party that wins the parliamentary elections. Angola has extensive oil and gas resources, diamonds, hydroelectric potential, and rich agricultural land, but many Angolans remain poor and dependent on subsistence agriculture. The recent decline in international oil prices has depressed economic growth and strained the budget. Corruption and public-sector mismanagement are pervasive, particularly in the oil sector, which accounts for approximately 85 percent of GDP, 95 percent of exports, and 80 percent of government revenue.

Freedom Trend



Country Comparisons



Quick Facts

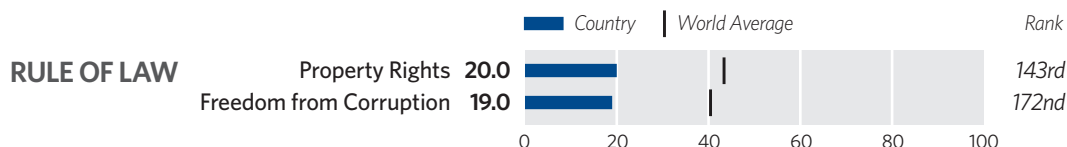
Population: 19.1 million
GDP (PPP): \$107.3 billion
 1.6% growth in 2010
 5-year compound annual growth 11.9%
 \$5,632 per capita
Unemployment: n/a
Inflation (CPI): 14.5%
FDI Inflow: \$9.9 billion
Public Debt: 35% of GDP

How Do We Measure Economic Freedom?

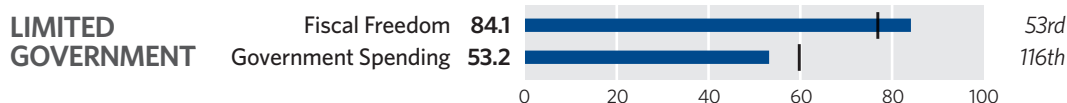
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

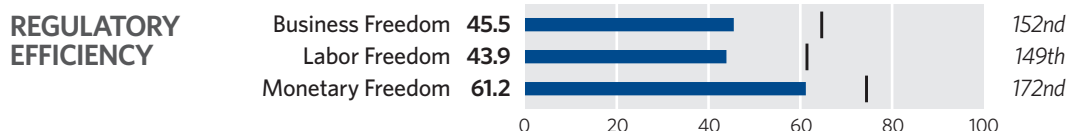
THE TEN ECONOMIC FREEDOMS



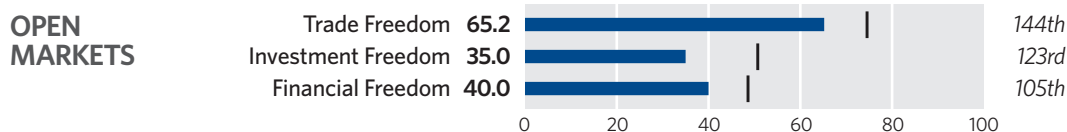
Recourse to the judicial system is discouraged by time-consuming procedures and the appearance of extensive executive influence on outcomes. Legal fees and property registration can be prohibitively expensive, and the overall protection of property rights is weak. Corruption is widespread among government officials at all levels. Investigations and prosecutions of government officials are practically nonexistent.



The top income tax rate is 17 percent. The top corporate tax rate is 35 percent, though the mining and oil industries are subject to rates as high as 50 percent. Other taxes include a fuel tax and a consumption tax, with the overall tax burden amounting to 9 percent of total domestic income. Government spending is about 40 percent of GDP. Budget surpluses are the norm because of oil revenue, and public debt is moderate at 35 percent of GDP.



Despite the recent implementation of more streamlined business start-up procedures, burdensome regulations continue to hinder private-sector development. Overall, the regulatory system lacks transparency and clarity, and regulations are enforced inconsistently. The formal labor market is underdeveloped. Key sectors remain government-owned, and price controls are pervasive in many sectors, including fuel and electricity.



Tariff and non-tariff barriers to trade persist. In 2010, a new government procurement law increased local content requirements. Foreign investment has been hindered by requirements for government approval in many industries. Only about 10 percent of the population has access to banking. Development of capital markets has not progressed. After years of delay, the opening of the Luanda Stock Exchange has been further postponed.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
0	-0.4	+4.1	-5.0
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
0	+5.1	+1.6	0
		Monetary Freedom	Financial Freedom
		-0.6	0