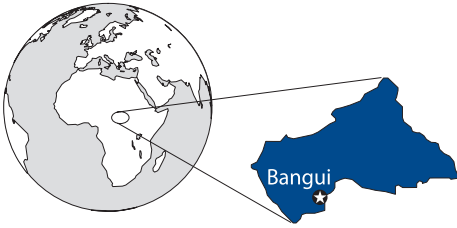


CENTRAL AFRICAN REPUBLIC



World Rank: **145**

Regional Rank: **31**

The Central African Republic's economic freedom score is 50.3, making its economy the 145th freest in the 2012 *Index*. Its overall score is 1.0 point higher than last year, primarily because of improvements in monetary and investment freedoms. The CAR is ranked 31st out of 46 countries in the Sub-Saharan Africa region, and its overall score is lower than the regional average.

The Central African Republic has pulled itself out of the "repressed economy" category. However, the country performs poorly in many of the four pillars of economic freedom and needs to build stronger momentum for reform. In particular, the foundations of economic freedom remain fragile because of pervasive corruption and a deficient judicial system, which undermine equity and erode the effectiveness of government.

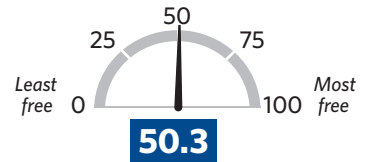
Despite overall progress this year, regulatory efficiency continues to be poor and unfavorable to the development of a more dynamic climate for entrepreneurial activity. The informal economy provides a large number of jobs for relatively unskilled labor. Existing policies aimed at promoting and sustaining open markets have been undercut considerably by a lack of determined implementation.

BACKGROUND: A December 2008 agreement between General François Bozizé (who overthrew the civilian government in 2003), opposition leaders, and some rebel groups established a consensus government. Elections scheduled for April 2010 were postponed, and Bozizé and parliament remained in office beyond the expiration of their terms. These elections were completed in March 2011. Bozizé was re-elected to a second term, and his party won 61 out of the 100 available legislative seats. Rebel groups remain active, and unrest in Sudan and the Democratic Republic of Congo continues to affect the CAR's security. Despite abundant timber, diamonds, gold, and uranium, the CAR is one of the world's least-developed countries. The majority of the population is engaged in subsistence farming. China is preparing to explore for oil.

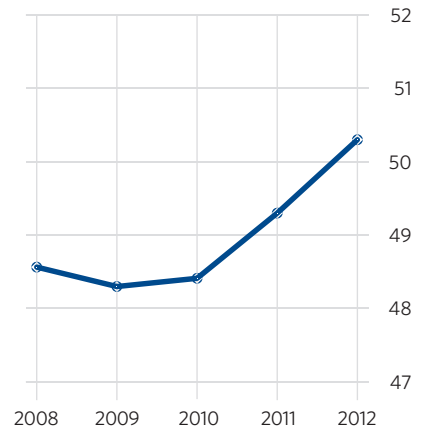
How Do We Measure Economic Freedom?

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

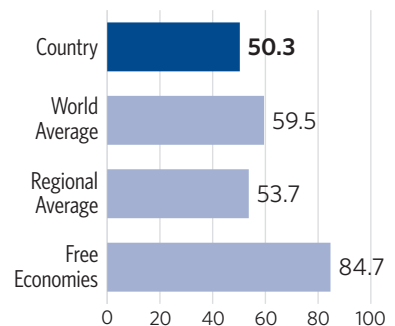
Economic Freedom Score



Freedom Trend



Country Comparisons

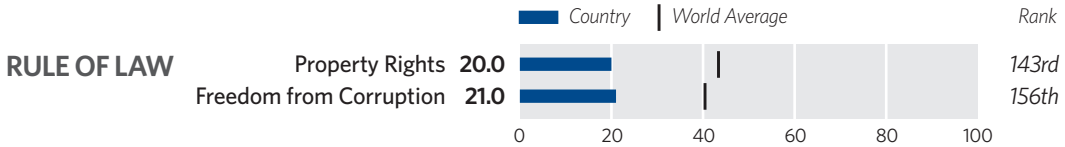


Quick Facts

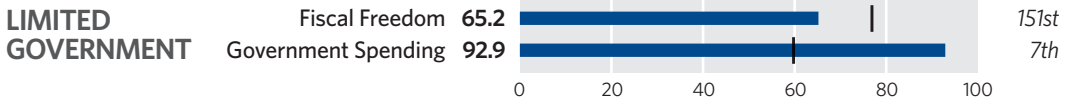
Population: 4.6 million
GDP (PPP): \$3.4 billion
 3.3% growth in 2010
 5-year compound annual growth 2.9%
 \$745 per capita
Unemployment: 8.0%
Inflation (CPI): 1.5%
FDI Inflow: \$72.0 million
Public Debt: 41.9% of GDP

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

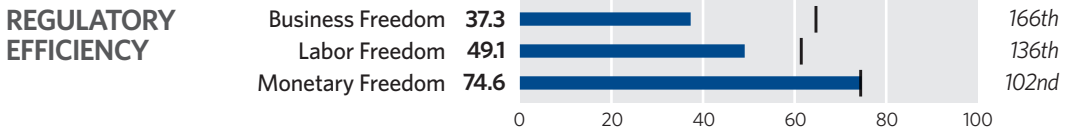
THE TEN ECONOMIC FREEDOMS



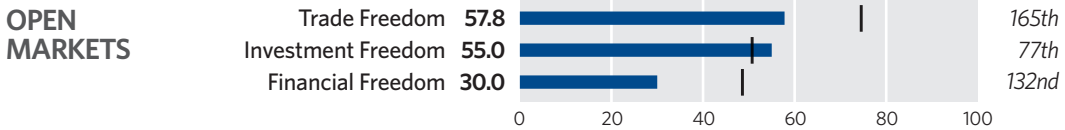
Protection of property rights is weak. Most of the country’s territory is not under central government control, and there is a high risk of renewed violence in rebel-controlled areas. The judiciary is subject to executive interference. Because of inefficient administration, the courts barely function. Misappropriation of public funds and corruption are widespread.



The top income tax rate is 50 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax (VAT), with the overall tax burden amounting to 8.7 percent of total domestic income. Government spending is equivalent to 15.4 percent of total domestic output. The budget balance has been in deficit in recent years, and public debt stands at 41.9 percent of GDP.



Establishing a business has become less time-consuming, but other regulatory requirements remain burdensome and opaque, increasing the cost of conducting business. The minimum capital required to start a business is over four times average annual income. The underdeveloped labor market continues to hinder employment growth. The government influences most prices through the public sector, subsidies, and price controls.



The trade weighted tariff rate is 13.6 percent. Myriad non-tariff barriers add to the cost of trade. Foreign and domestic investors are treated equally, and all sectors of the economy, including real estate, are open to foreign investment, typically without screening. The financial system is underdeveloped, and access to financing for businesses remains very limited. Less than 1 percent of the population has access to banking services.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.2	Business Freedom	+0.5	Trade Freedom	-0.3
Freedom from Corruption	+1.0	Government Spending	+0.1	Labor Freedom	+0.9	Investment Freedom	+5.0
				Monetary Freedom	+3.3	Financial Freedom	0