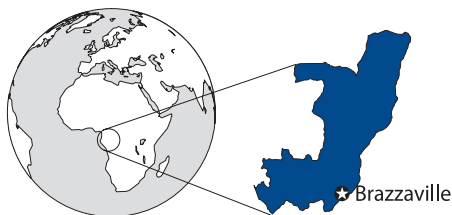
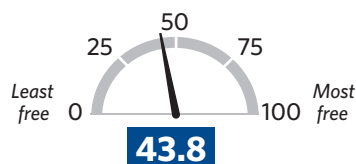


# REPUBLIC OF CONGO



## Economic Freedom Score



World Rank: **167**

Regional Rank: **42**

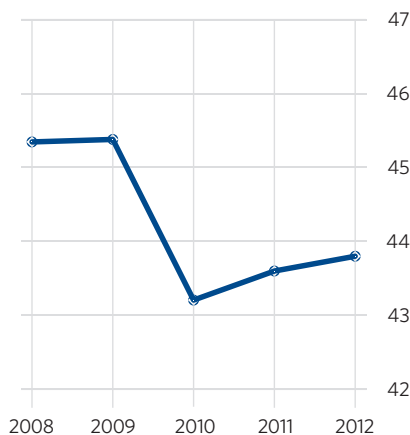
The Republic of Congo's economic freedom score is 43.8, making its economy the 167th freest in the 2012 *Index*. Its overall score is marginally better than last year, with improved scores in freedom from corruption and labor freedom counterbalanced by losses in five other freedoms. Congo is ranked 42nd out of 46 countries in the Sub-Saharan Africa region, and its overall score is much lower than the global and regional averages.

The four pillars of economic freedom remain fragile in Congo. Repressive governance, exacerbated by the weak rule of law, continues to deprive the Congolese people of economic freedom. The weak judiciary fuels corruption, and extensive state controls persist from the period of state socialism. Failing to provide basic public goods and infrastructure, the ineffective government has pushed many people into the informal economy, which accounts for most of the country's limited private-sector growth.

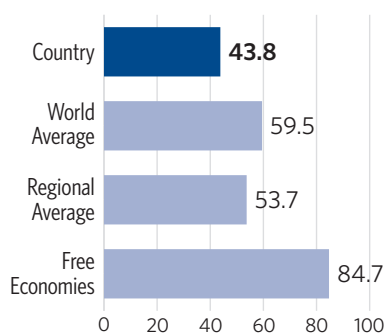
Many aspects of doing business, from obtaining licenses to attracting foreign investment, are subject to intrusive regulations. The slow pace of reform, coupled with political instability, has left the institutional capacity inadequate for modern economic activity.

**BACKGROUND:** Congo has endured internal conflict and recurring coups since becoming independent in 1960. After seizing power in 1979, President Denis Sassou-Nguesso governed the country as a Marxist-Leninist state before moderating economic policy and allowing multi-party elections in 1992. Sassou-Nguesso lost the 1992 election to Pascal Lissouba. Then, backed by Angolan troops, he again seized power following a 1997 civil war, won a flawed 2002 election, and was re-elected in July 2009. The 2003 and 2007 peace agreements with rebel groups have curtailed unrest in the Pool region, but many of the rebels have turned to banditry and criminality. Congo's economic performance in 2010 owes a great deal to the increase in its oil production, which generates roughly 80 percent of fiscal revenue and represents 70 percent of GDP.

## Freedom Trend



## Country Comparisons



## Quick Facts

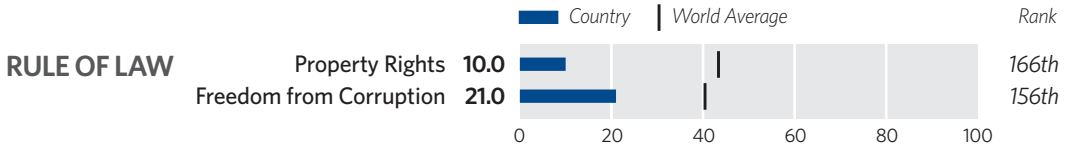
**Population:** 3.9 million  
**GDP (PPP):** \$17.1 billion  
 9.1% growth in 2010  
 5-year compound annual growth 5.3%  
 \$4,427 per capita  
**Unemployment:** n/a  
**Inflation (CPI):** 5.0%  
**FDI Inflow:** \$2.8 billion  
**Public Debt:** 23.8% of GDP

### How Do We Measure Economic Freedom?

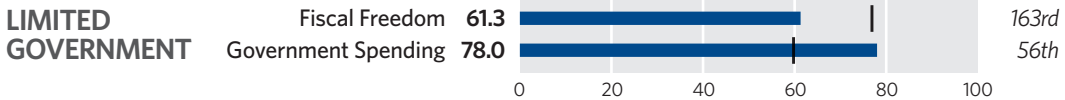
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

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

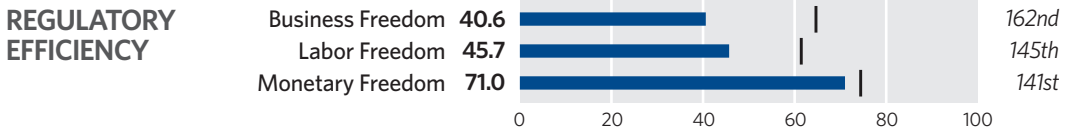
THE TEN ECONOMIC FREEDOMS



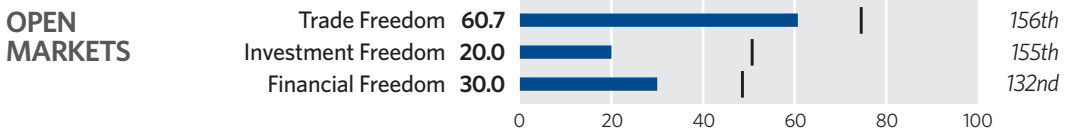
The civil war that ended in 2003 left the judiciary almost without records and subject to bribery. With a modern and independent judicial system not developed, traditional courts often handle local disputes. Contracts and intellectual property rights are not strongly guaranteed. Inadequate accounting systems and conflicts of interest in the state-owned oil company’s marketing of oil are sources of corruption.



The top income tax rate is 50 percent, and the top corporate tax rate is 36 percent. Other taxes include a value-added tax (VAT), a tax on rental values, and an apprenticeship tax, with the overall tax burden equal to 8.6 percent of GDP. Government spending is 27.1 percent of total domestic output. Public debt has fallen to below 30 percent of total domestic income, while the budget surplus has nearly quadrupled to 16 percent of GDP due to large oil revenues.



The cost of launching and running a business is high, and regulations are not enforced effectively. Starting a business takes over five times the world average of 30 days. In the absence of a modern labor market, the public sector remains the largest source of formal employment. Inflationary pressure persists. The prices of a range of goods and services are affected by government ownership and subsidization of the large public sector.



The trade weighted average tariff rate is quite high at 14.7 percent, and non-tariff barriers considerably increase the cost of trade. The investment regime remains hampered by heavy bureaucracy and a lack of transparency. The few state-owned enterprises have a disproportionate influence on investment conditions. Bank accounts are held by less than 3 percent of the population, and credit to the private sector has been limited.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.5	Business Freedom	-0.2	Trade Freedom	-0.3
Freedom from Corruption	+2.0	Government Spending	-1.7	Labor Freedom	+3.4	Investment Freedom	0
				Monetary Freedom	-0.4	Financial Freedom	0