

SA improves on 2018 Index of Economic Freedom

The Heritage Foundation has ranked South African 77th out of 100 world countries in terms of economic freedom, and 4th in the African region. The country's over-all economic freedom score improved by 0.7 from 2017.



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The index provides some insight into dimensions of the South African economic environment as the country continues to grapple with historical challenges, and the need to spur on entrepreneurship and innovation," says Dr Petrus de Kock, general manager for research for Brand South Africa.

"Notable improvements for South Africa in 2018 include the improvement in the area of investment freedom, and judicial effectiveness. The latter is significant coming in a year where the administration of President Ramaphosa made investment a key focal area of its work," says De Kock.

South Africa's improvement in the rankings comes as a result of advancements in the areas of property rights which is up from 67.6 in 2017 to 67.7 for 2018; judicial effectiveness increased from 59.7 in 2017 to 65.9; fiscal health sees an improvement of +4.6 from 70.7 in 2017; business freedom advanced by +3.1 points from 62.0 in 2017; labour freedom improved by +1.2 in 2018 from 58.9 in 2017; and investment freedom significantly improved by +10.0 from 40.0 in 2017. Notable is South Africa ranks higher than two European nations, being – Italy (79/180), and Greece (115/180).

Upward trend

"We are pleased with the upward trend of the nation's competitive performance, particularly since 2018 saw a declining global competitiveness of the economy, and South Africa also slipped into a technical recession during the first half of the year which it moved out of after the economy saw a 2.2% rebound in the third quarter. It is therefore promising that South Africa, according to the 2018 Index of Economic Freedom, is 'moderately free' in terms of its economic activity.

"Economic freedom is about much more than a business environment where business flourishes, it has a far reaching impact on other aspects such as human development and the power of choice. Consequently, it remains imperative for South Africa to continue safeguarding openness to its market, government size and rule of law," adds De Kock.

On the global front based on the measurements of this index, the Heritage Foundation finds that the global average economic freedom score is 61.1, the highest score since inception of the index 24 years ago. At an aggregate level, of the 180 economies measured by the index in 2018 – 102 scored better, while the economic freedom scores of 75 got worse. In the case of South Africa it can be noted that the country is one of the 102 that improved its economic freedom score.

Released on an annual basis by the Heritage Foundation, the Index of Economic Freedom provides insight into the extent to which governments enable an open and unrestricted economic environment for citizens and businesses to operate in.

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