

## Introduction

Madagascar is an island nation in the Indian Ocean off the southeastern coast of Africa. Madagascar has a strategic location along the Mozambique Channel. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Madagascar transitioned from socialist economic policies to a market economy with policies of privatization and liberalization. Madagascar is a member of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).



**Location:** Eastern Africa

**Capital City:** Antananarivo (+3 GMT)

**Chief of State:** President Andry Rajoelina

**Head of Govt.:** Prime Minister Christian Ntsay

**Currency:** Malagasy ariary (MGA)

**Major Languages:** <p>Malagasy (official) 99.9%, French (official) 23.6%, English 8.2%, other 0.6% (2018 est.)</p>

**Primary Religions:** <p>Church of Jesus Christ in Madagascar/Malagasy Lutheran Church/Anglican Church 34%, Roman Catholic 32.3%, other Christian 8.1%, traditional/Animist 1.7%, Muslim 1.4%, other 0.6%, none 21.9% (2021 est.)</p>

**Calling Code:** 261

**Voltage:** 127/220

## Key Websites

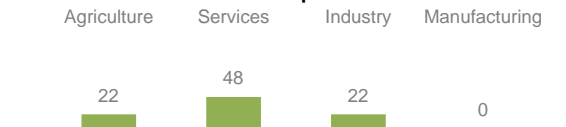
Commerce Ministry: [micc.gov.mg](http://micc.gov.mg)

Investment Promotion Agency: [edbm.mg](http://edbm.mg)

## Key Economic Facts

Income Level (by per capita GNI):	Low Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$52.53 billion (2022)
GDP growth (annual %):	3.80% (2022)
GDP per capita, PPP (current international \$):	\$1,774.07 (2022)
External debt stocks, total (DOD, current US\$):	\$5,347,115,135.20 (2021)
Manufacturing, value added (% of GDP):	9.50% (2021)
Current account balance (BoP, current US\$):	-\$0.73 billion (2021)
Inflation, consumer prices (annual %):	8.16% (2022)
Labor force, total:	15,498,528 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	2.14% (2022)
Imports of goods and services (current US\$):	\$6.00 billion (2022)
Exports of goods and services (current US\$):	\$4.65 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	144 / 178
Global Competitiveness Index	131 / 141
Global Enabling Trade Index	109 / 136
Index of Economic Freedom	91 / 176
International Logistics Performance Index (LPI)	128 / 160
Inward FDI Potential Index	128 / 139
KOF Index of Globalization	152 / 185
Networked Readiness Index (NRI)	135 / 139
Open Budget Index	91 / 114

## Risk Assessment (Provided by Coface)

**Country rating: C** - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

**Business Climate rating: A4** - The business environment is acceptable. Corporate financial information is sometimes neither readily available nor sufficiently reliable. Debt collection is not always efficient and the institutional framework has shortcomings. Intercompany transactions may thus run into appreciable difficulties in the acceptable but occasionally unstable environments rated A4.

### Strengths

- Large mining reserves (nickel, gold, titanium, graphite, cobalt, ilmenite and precious stones)
- Agricultural potential (world's leading vanilla producer and largest exporter of cloves) and fisheries potential
- Positive development of tourism (its share of GDP: 13%; arrivals expected to increase by around 25% in 2024 and 2025)
- Mainly concessional public debt (98% of total new debt in 2023)
- Several trade agreements: with the US (AGOA), the EU (EPA) and participation in three Regional Economic Communities (COMESA, SADC, IOC)

### Weaknesses

- Dependence on agriculture, livestock (more than 21% of GDP in 2023) and the mining sector, as well as on fuel imports
- Vulnerability to fluctuations in the terms of trade, extreme climatic hazards (recurrence of cyclones and severe drought)
- Very high levels of poverty (79.5% of the population) with widespread food insecurity
- Heavy dependence on foreign aid
- Weak road, water and electricity infrastructure (36% of the population had access to electricity in 2022)
- High level of corruption: Madagascar is ranked 145th out of 180 countries, with a score of 25/100 in Transparency International's Corruption Perceptions Index for 2023
- Chronic political instability (crises in 1972, 1991, 2002)

and 2009)

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**U.S. Embassy**

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