

## 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 economic with policy 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>Christian, indigenous, Muslim</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 \$):	\$44.11 billion (2020)
GDP growth (annual %):	-4.20% (2020)
GDP per capita, PPP (current international \$):	\$1,593.07 (2020)
External debt stocks, total (DOD, current US\$):	\$4,065,354,125.40 (2019)
Manufacturing, value added (% of GDP):	10.10% (2018)
Current account balance (BoP, current US\$):	-\$0.33 billion (2019)
Inflation, consumer prices (annual %):	4.20% (2020)
Labor force, total:	13,850,442 (2020)
Unemployment, total (% of total labor force) (modeled ILO estimate):	1.92% (2020)
Imports of goods and services (current US\$):	\$4.16 billion (2020)
Exports of goods and services (current US\$):	\$3.19 billion (2020)

## 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	149 / 180
Global Competitiveness Index	131 / 141
Global Enabling Trade Index	109 / 136
Index of Economic Freedom	114 / 179
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	77 / 115

## 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: C** - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

### Strengths

- Significant mineral reserves (precious stones, nickel, cobalt) and petroleum reserves
- Agricultural potential, world's leading producer of vanilla
- Tourism development
- Support from international multilateral and bilateral donors (United States and France)
- Public debt mainly on concessional terms (65% of total)

### Weaknesses

- Reliant on agricultural and mining products (petroleum oil), vulnerable to terms of trade fluctuations
- Vulnerable to climatic hazards and natural disasters: ranked seventh most affected by climate risk in 2018 by the Global Climate Change Index
- Poverty, with 75% of the population living below the extreme poverty line of USD 1.90 per day
- Dependent on foreign aid
- Inadequate road, water, and electricity networks (only 13% of people have access to electricity)
- Chronic political instability (crises in 1972, 1991, 2002, and 2009)
- Political corruption

## U.S. Embassy

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<https://mg.usembassy.gov>