

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>French (official), Malagasy (official), English</p>

Primary Religions: <p>Christian, indigenous beliefs, Muslim</p>

Calling Code: 261

Voltage: 127/220

Key Websites

Commerce Ministry: commerce.gov.mg

Investment Promotion Agency: edbm.mg

Key Economic Facts

| | |
|--|---------------------------|
| Income Level (by per capita GNI): | Low Income |
| Level of Development: | Developing |
| GDP, PPP (current international \$): | \$43.40 billion (2018) |
| GDP growth (annual %): | 4.56% (2018) |
| GDP per capita, PPP (current international \$): | \$1,652.40 (2018) |
| External debt stocks, total (DOD, current US\$): | \$3,716,241,963.30 (2018) |
| Manufacturing, value added (% of GDP): | 10.10% (2018) |
| Current account balance (BoP, current US\$): | \$0.08 billion (2018) |
| Inflation, consumer prices (annual %): | 5.63% (2019) |
| Labor force, total: | 13,851,805 (2019) |
| Unemployment, total (% of total labor force) (modeled ILO estimate): | 1.76% (2019) |
| Imports of goods and services (current US\$): | \$4.69 billion (2018) |
| Exports of goods and services (current US\$): | \$3.97 billion (2018) |

GDP Composition %

Agriculture Services Industry Manufacturing



**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 | 152 / 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
- Public debt mainly on concessional terms (65% of total)

Weaknesses

- Reliant on agricultural and mining products; vulnerable to terms of trade fluctuations
- Vulnerable to climatic hazards and natural disasters; ranked seventh most affected by climate risk in 2017 according to 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 (just 13% of people have access to electricity)
- Chronic political instability (crises in 1972, 1991, 2002 and 2009)

U.S. Embassy

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