

DOMINICA

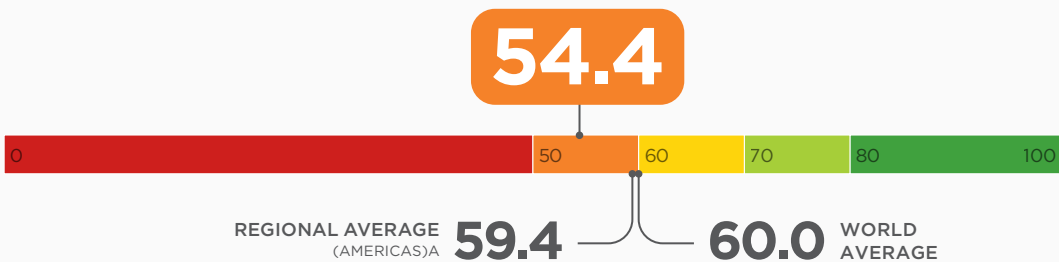
Dominica's economic freedom score is 54.4, making its economy the 125th freest in the 2022 *Index*. Dominica is ranked 24th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, Dominica's economic growth accelerated through 2019, contracted in 2020, and recovered in 2021. A five-year trend of shrinking economic freedom has been interrupted. With scores for **government spending** and **fiscal health** in free fall, Dominica has recorded a steep 9.3-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category deep into the "Mostly Unfree" category. Rule of law has strengthened, but **financial freedom** exhibits weakness.

IMPACT OF COVID-19: As of December 1, 2021, 38 deaths had been attributed to the pandemic in Dominica, and the government's response to the crisis ranked 4th among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.4 percent in 2020.

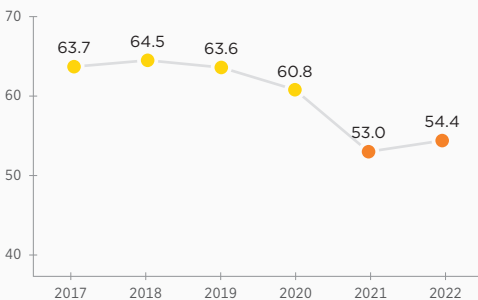
WORLD RANK: **125** REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -8.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.8 billion
-10.4% growth
in 2020
5-year compound
annual growth -1.9%
\$11,073 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
-0.3%

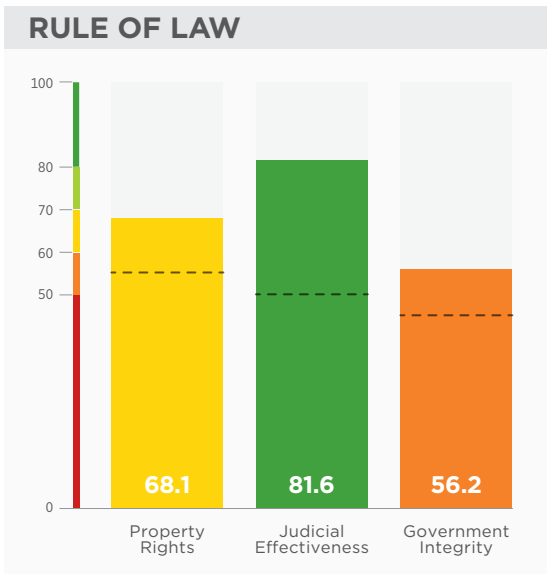
FDI INFLOW:
\$25.0 million

PUBLIC DEBT:
97.1% of GDP

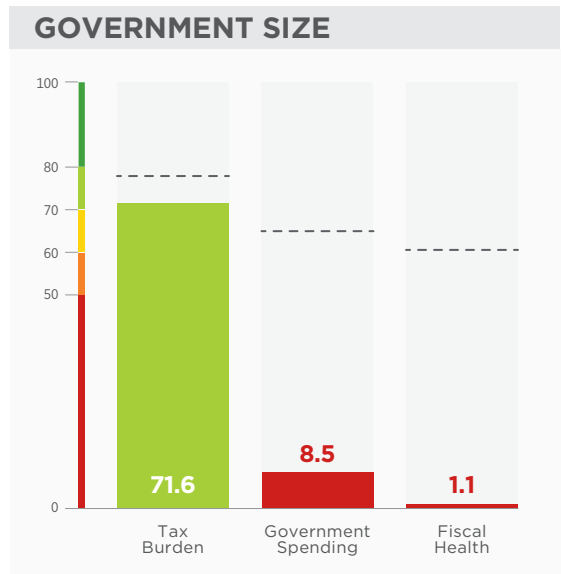
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A small and mountainous island in the Lesser Antilles, Dominica is a member of the Organization of Eastern Caribbean States (OECS). Prime Minister Roosevelt Skerrit of the center-left Dominica Labour Party (DLP) has been in office since 2004 and was elected to a fifth consecutive five-year term in 2019 with a parliamentary majority. The country continues to recover from the devastating impact of Hurricane Maria, which destroyed nearly 90 percent of the island's infrastructure in 2017. The cost of reconstruction (especially of electricity and water service) continues to strain public resources. Dominica offers the Caribbean's cheapest program of citizenship by investment, but the government has stepped up efforts to prevent use of the program to evade taxes.

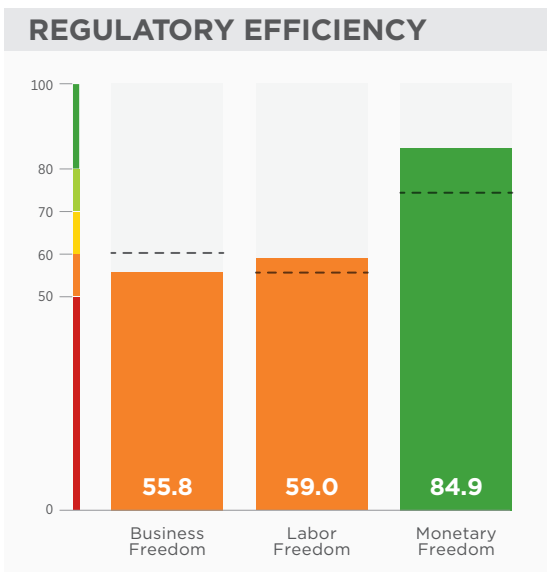
12 ECONOMIC FREEDOMS | DOMINICA



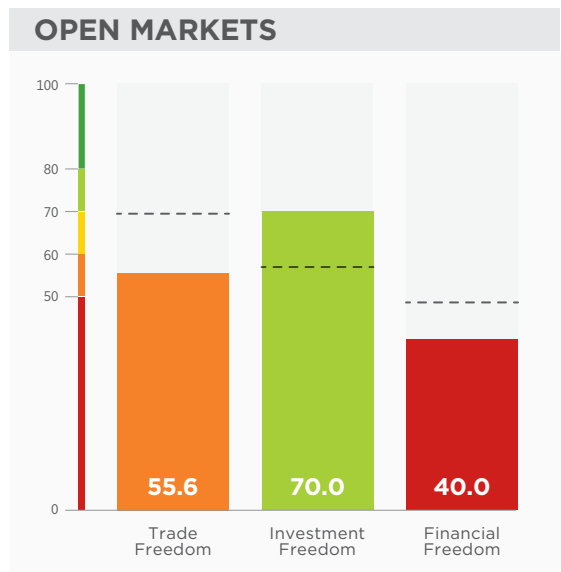
Property rights are generally safeguarded, but the property registration process is costly and lengthy. Rights holders must wait about four months to obtain land titles. The judiciary is independent and based on English common law. The government has attempted to enforce its anticorruption statutes, but it lacks adequate personnel and resources to handle complicated money-laundering and public corruption cases.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 31.5 percent of total domestic income. Government spending has amounted to 55.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.2 percent of GDP. Public debt is equivalent to 97.1 percent of GDP.



The Companies and Intellectual Property Office (CIPO) has an e-filing portal for its services, including company registration, but a related payment must be made at the Supreme Court office. Overtime pay is mandated for anyone working more than 40 hours in a five-day or six-day workweek. The government subsidizes agriculture and housing in addition to the state-owned electricity, water, and sanitation infrastructure.



Dominica has three preferential trade agreements in force. The trade-weighted average tariff rate is 14.7 percent, and two nontariff measures are in effect. Gradual reform has improved the overall investment framework over the years, but the financial sector remains underdeveloped. Shallow markets and a lack of available financial instruments restrict overall access to credit.