

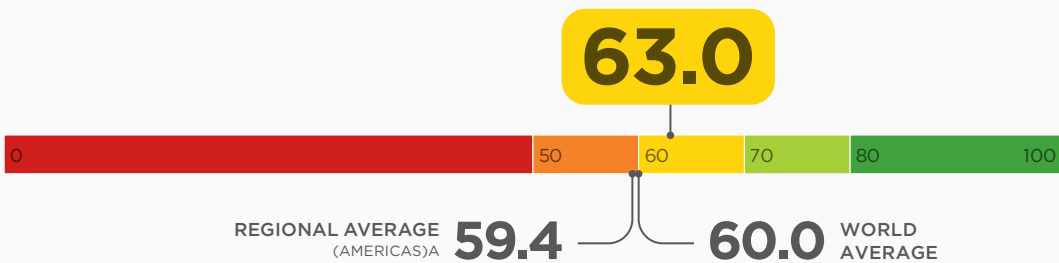
DOMINICAN REPUBLIC

The Dominican Republic's economic freedom score is 63.0, making its economy the 71st freest in the 2022 *Index*. The Dominican Republic is ranked 16th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Over the past five years, the Dominican Republic's economic growth accelerated through 2018, slowed in 2019, contracted in 2020, and rebounded in 2021. A five-year trend of stagnating economic freedom has been broken. With increases in **judicial effectiveness** and **business freedom** balanced by a sharp decrease in its **fiscal health** score, the Dominican Republic has recorded a 0.1-point overall gain of economic freedom since 2017 but remains stuck in the lower half of the "Moderately Free" category. Scores for **tax burden** and **government spending** are high, but **government integrity** and **financial freedom** are very weak.

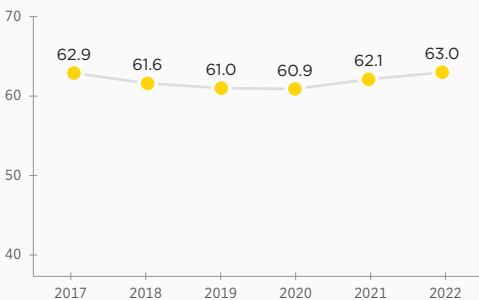
IMPACT OF COVID-19: As of December 1, 2021, 4,210 deaths had been attributed to the pandemic in the Dominican Republic, and the government's response to the crisis ranked 94th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.7 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.8 million

GDP (PPP):
\$194.6 billion
-6.7% growth in 2020
5-year compound annual growth 3.3%
\$18,608 per capita

UNEMPLOYMENT:
8.9%

INFLATION (CPI):
3.8%

FDI INFLOW:
\$2.6 billion

PUBLIC DEBT:
69.4% of GDP

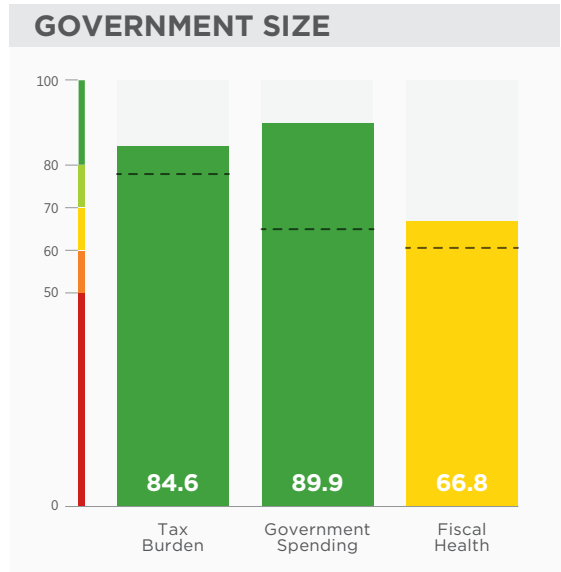
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Dominican Republic occupies the more verdant and arable eastern two-thirds of the island of Hispaniola. Former business executive Luis Abinader of the centrist Modern Revolutionary Party (PRM) was elected president in 2020 on promises to fight corruption, pursue economic reforms, expand some social programs, and strengthen ties with the United States. Abinader's election ended the 16-year reign of the Dominican Liberation Party. Fulfillment of long-standing promises in the national development strategy to impose fiscal discipline and reform the state-owned electric utility has been deferred until 2030. Recently established diplomatic and commercial relations with China have encouraged Chinese state-owned investment and financing. The island remains a major transshipment point for drugs bound for the United States and Europe.

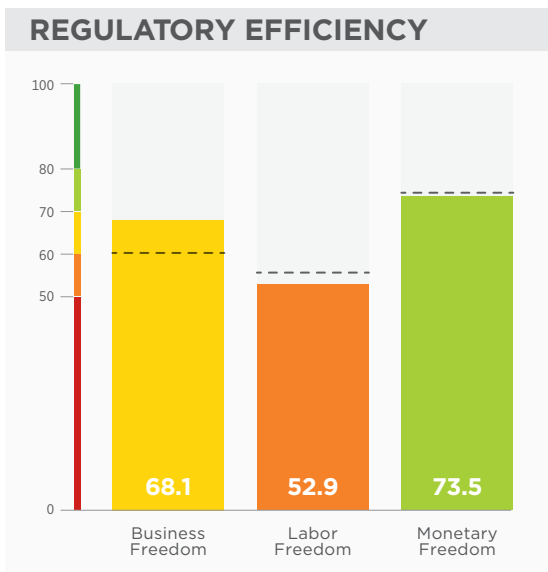
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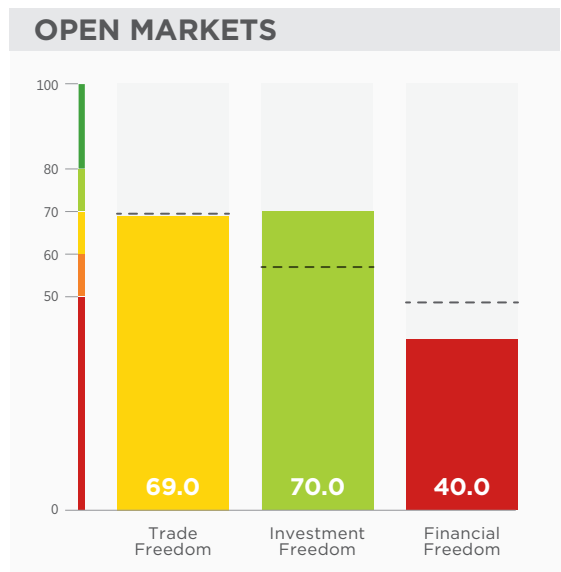
Property rights are generally well protected, although a patchwork history of land titling systems and sometimes violent political change has complicated the property registration system. There are numerous instances of fraudulent titles, expropriations, and disputes over property. The judiciary is susceptible to political pressure. Corruption remains a serious systemic problem at all levels of the government, the judiciary, and the security forces as well as in the private sector.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 13.5 percent of total domestic income. Government spending has amounted to 18.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.8 percent of GDP. Public debt is equivalent to 69.4 percent of GDP.



There is a lack of transparent, standardized rules for businesses, and existing rules are enforced haphazardly. Administrative decision-making regarding businesses is inconsistent. Disputes can be held up in labor courts for years. The law prohibits dismissal of workers for union activities, but in practice, companies reportedly do fire workers for such activity. The government continues to subsidize food staples, fuel, and electricity.



The Dominican Republic has five preferential trade agreements in force. The trade-weighted average tariff rate is 8.0 percent, and 89 nontariff measures are in effect. In general, government policies do not interfere significantly with foreign investment. The small financial sector remains relatively stable and continues to evolve. The underdeveloped and state-controlled banking sector limits access to credit.