

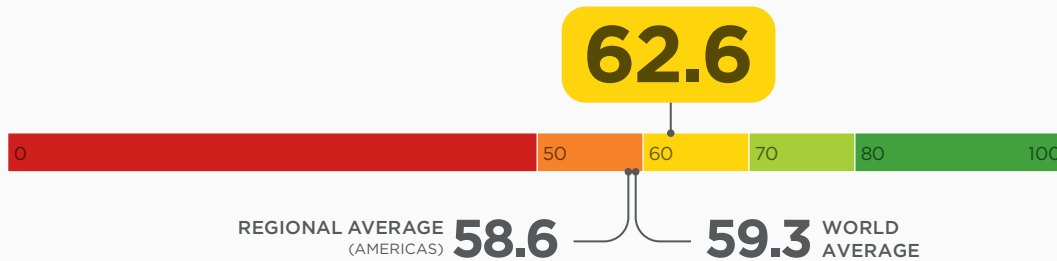
DOMINICAN REPUBLIC



The Dominican Republic's economic freedom score is 62.6, making its economy the 65th freest in the 2023 *Index*. Its score is 0.4 point lower than last year. The Dominican Republic is ranked 14th out of 32 countries in the Americas region, and its overall score is above the world average.

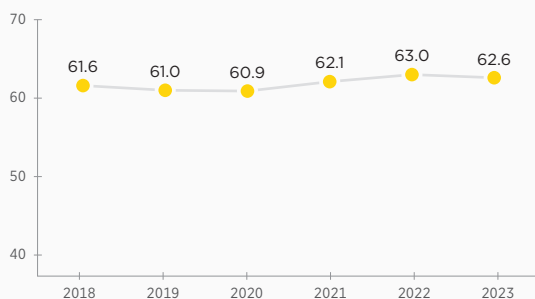
Wide-ranging reforms have somewhat improved regulatory efficiency. A relatively high degree of openness to global trade has aided the ongoing transition to a competitive economy. Substantial challenges remain to be overcome, particularly in implementing deeper institutional and systemic reforms that are needed to strengthen the foundations of economic freedom.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.0 million

GDP (PPP):
\$227.5 billion
12.3% growth in 2021
5-year compound annual growth 4.4%
\$21,583 per capita

UNEMPLOYMENT:
6.1%

INFLATION (CPI):
8.2%

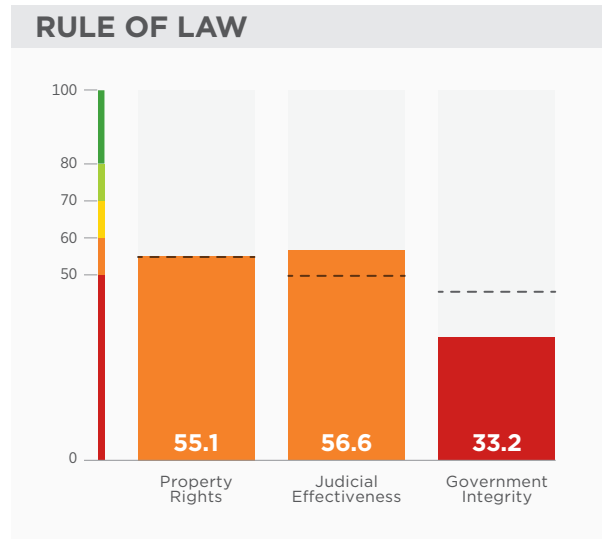
FDI INFLOW:
\$3.1 billion

PUBLIC DEBT:
63.1% of GDP

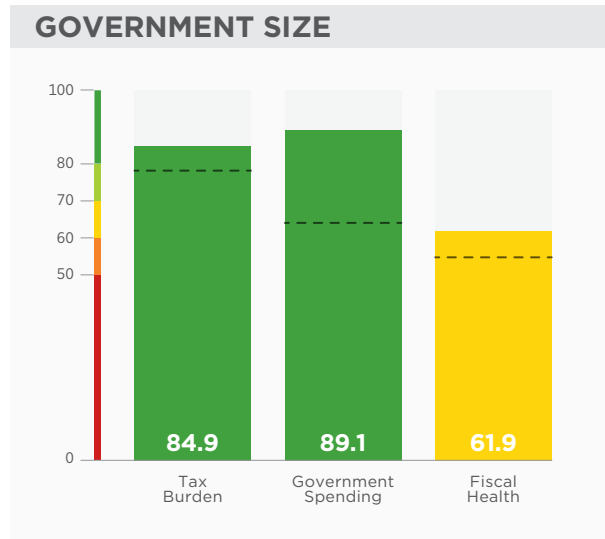
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The Dominican Republic occupies the eastern two-thirds of the island of Hispaniola. Luis Abinader of the centrist Modern Revolutionary Party was elected president in 2020 promising to fight corruption, pursue economic reform, expand some social programs, and strengthen ties with the United States. In 2021, instead of raising taxes, he focused on efforts to reduce public spending. Construction of a border wall with neighboring Haiti began in 2022. In four years of formal relations, there has been a sizable expansion of imports from China. The island remains a major transshipment point for drugs bound for the United States and Europe.

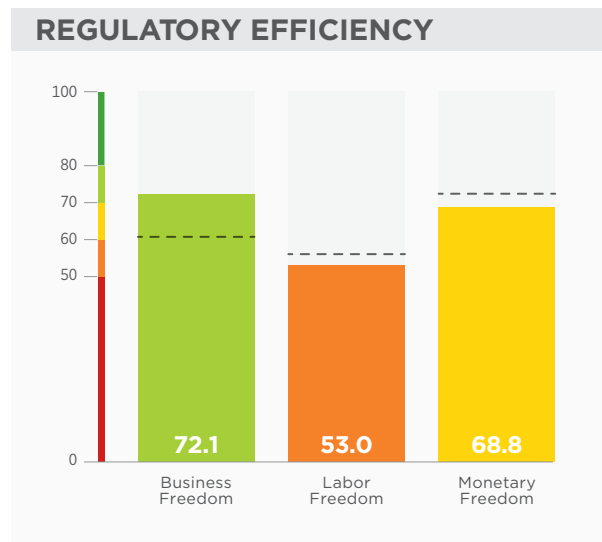
12 ECONOMIC FREEDOMS | DOMINICAN REPUBLIC



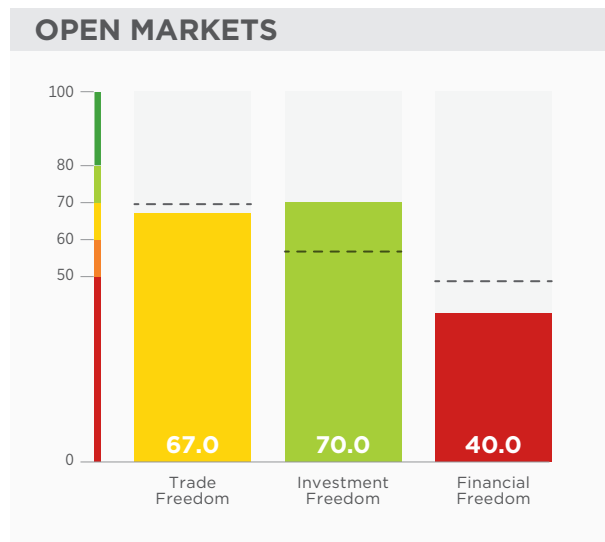
The overall rule of law is weak in the Dominican Republic. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 25 percent and 27 percent. The tax burden equals 12.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 19.1 percent and -4.3 percent of GDP. Public debt equals 63.1 percent of GDP.



The entrepreneurial environment is relatively streamlined, and launching a business is becoming less time-consuming. However, overall regulatory efficiency remains inefficient. The non-salary cost of employing a worker is moderate, but restrictions on work hours are rigid. The most recent available inflation rate is 8.2 percent.



The trade-weighted average tariff rate is 9.0 percent, and more than 80 nontariff measures are in force. In general, the government does not discriminate against or screen foreign investment. The financial sector has been growing, and the stock market continues to expand.