

# DOMINICA

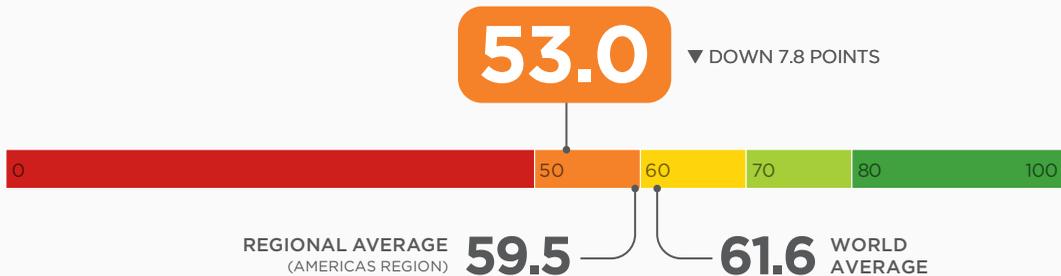
Dominica's economic freedom score is 53.0, making its economy the 147th freest in the 2021 *Index*. Its overall score has decreased by 7.8 points, primarily because of a large decline in **fiscal health**. Dominica is ranked 25th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Dominica's economy fell deeply into the mostly unfree category this year—the first time it has not been scored as moderately free since 2009 when *Index* scoring of the country began. The decline resulted primarily from a vastly expanded budget deficit and higher debt, much of it related to hurricane recovery. To get back on track, the government needs urgently to get spending and borrowing under control.

**IMPACT OF COVID-19:** As of December 1, 2020, no deaths had been attributed to the pandemic in Dominica, but the economy was forecast to contract by 8.8 percent for the year.

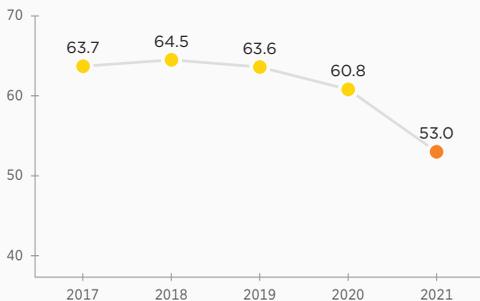
WORLD RANK: **147** | REGIONAL RANK: **25**  
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -9.6

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.1 million

**GDP (PPP):**  
\$0.8 billion  
9.2% growth in 2019  
5-year compound annual growth 0.0%  
\$12,659 per capita

**UNEMPLOYMENT:**  
n/a

**INFLATION (CPI):**  
1.6%

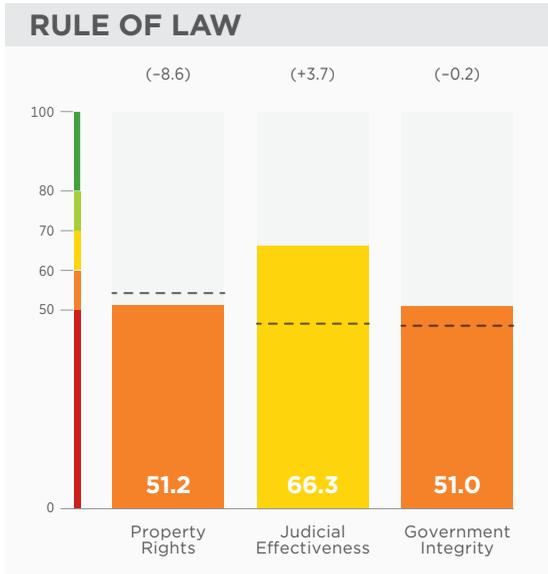
**FDI INFLOW:**  
\$32.6 million

**PUBLIC DEBT:**  
83.3% of GDP

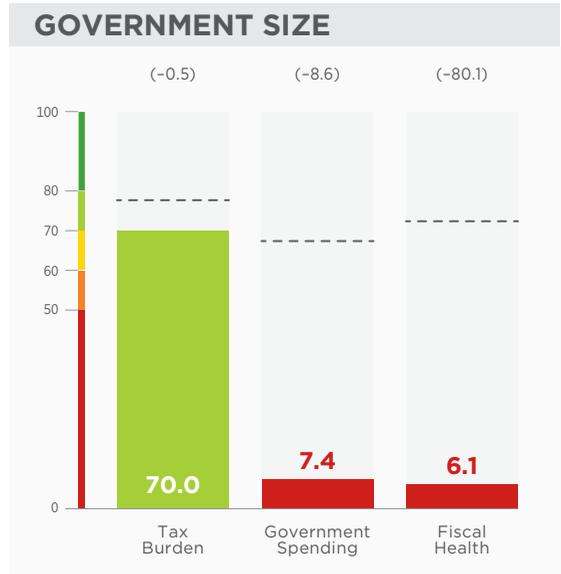
2019 data unless otherwise noted. Data compiled as of September 2020

**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 Dominica Labour Party (DLP) has been in office since 2004 and was elected for a fifth consecutive term in December 2019. The DLP also has an absolute majority in parliament. Hurricane Maria destroyed nearly 90 percent of the island's buildings in 2017, and the cost of reconstruction continues to strain public resources. Electricity and water service has returned to much of the island. Dominica offers the Caribbean's cheapest citizenship-by-investment program, but the government has stepped up efforts to prevent use of the program to evade taxes.

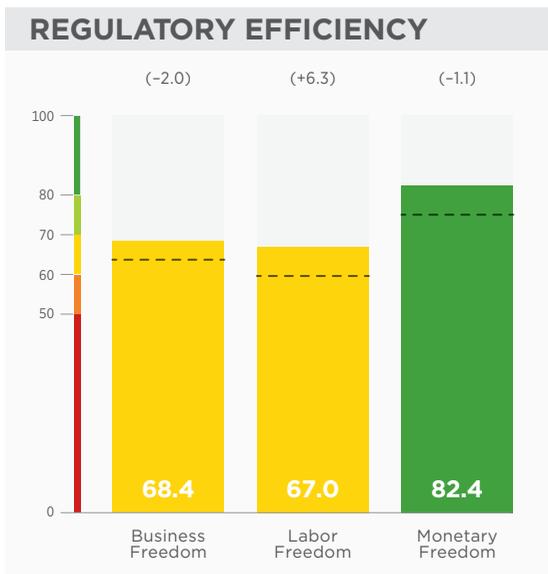
# 12 ECONOMIC FREEDOMS | DOMINICA



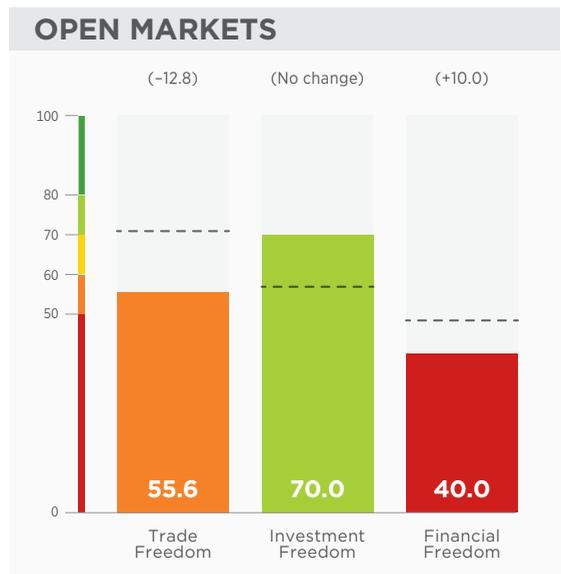
Even though civil law protects physical property and mortgage claims, Dominica ranks near the bottom of the 2020 World Bank *Doing Business* survey with respect to property registration. The judiciary is independent and based on English common law. Anticorruption statutes are implemented effectively, but there are credible reports that the government’s Citizenship by Investment program is susceptible to abuse by criminal actors.



The top individual income tax rate is 35 percent, and the top corporate tax rate has been cut to 25 percent. Other taxes include a value-added tax. The overall tax burden equals 33.9 percent of total domestic income. Government spending has amounted to 55.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.5 percent of GDP. Public debt is equivalent to 83.3 percent of GDP.



Dominica has lost ground in business freedom, and the cost of starting a business has increased. Labor laws are generally not restrictive. The economy, once driven primarily by bananas, has been led more by tourism in recent years. Employers are free to determine whom to hire. Government expenditures to repair hurricane damage to state-owned electricity, water, and sanitation infrastructure continued to outpace revenues in 2019 and 2020.



Dominica has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.7 percent, and two nontariff measures are in effect. Foreign investment may be screened by the government. Several investment-facilitating measures that allow foreign investors to repatriate all profits and dividends have been implemented. The financial sector remains underdeveloped, but the banking system is stable and growing, albeit gradually.