DOMINICA

Dominica's economic freedom score is 59.7, making its economy the 86th freest in the 2023 Index. Its score is 5.3 points higher than last year. Dominica is ranked 19th out of 32 countries in the Americas region, and its overall score is above the world average.

Institutional reform in Dominica has been uneven, and economic growth is constrained by structural weaknesses that continue to undercut economic freedom. The rule of law is not strongly supported by the judicial system, particularly because of corruption. Inefficient and high public spending has imposed a considerable fiscal burden on the population.

BACKGROUND: Dominica is a member of the Organization of Eastern Caribbean States. Prime Minister Roosevelt Skerrit of the leftist Dominica Labour Party was elected to a fifth five-year term in 2019. Dominica has made considerable investments to prepare for recurrent hurricanes since the devastating effects of Hurricane Maria in 2017. In 2022, it also committed billions to a new international airport. Dominica offers the Caribbean’s cheapest program of citizenship by investment but has stepped up efforts to prevent use of the program to evade taxes. Dominica maintains relations with Venezuela’s Maduro regime and has maintained formal relations with China since 2004.
The overall rule of law is relatively well respected in Dominica. 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 above the world average.

Dominica has made progress in eliminating regulatory bottlenecks and reducing the overall cost of conducting business. The non-salary cost of employing a worker is moderate, but the labor market lacks flexibility in other areas. The most recent available inflation rate is 0.5 percent.

The top individual and corporate tax rates are, respectively, 35 percent and 25 percent. The tax burden equals 22.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 56.8 percent and –3.8 percent of GDP. Public debt equals 102.7 percent of GDP.

The trade-weighted average tariff rate is 15.1 percent, and myriad nontariff measures are in force. The government may screen foreign investment. Measures to facilitate investment have been implemented. The financial sector remains underdeveloped, but the banking system is stable and growing, albeit gradually.