

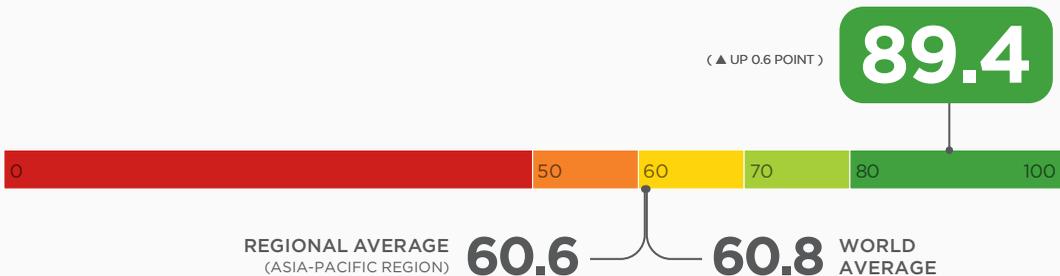
# SINGAPORE

WORLD RANK: **2** | REGIONAL RANK: **2**  
 ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 89.4, making its economy the 2nd freest in the 2019 *Index*. Its overall score has increased by 0.6 point, with increases in scores for **trade freedom** and **government integrity** outpacing modest declines in **labor freedom** and **property rights**. Singapore is ranked 2nd among 43 countries in the Asia-Pacific region, and its overall score is well above the regional and world averages.

Singapore owes its success as a highly developed free-market economy in large part to its remarkably open and corruption-free business environment, prudent monetary and fiscal policies, and a transparent legal framework. The government has continued to promote economic growth through an active industrial policy that targets fiscal incentives, increases public investment, promotes development of skill sets attractive to foreign investors, and focuses on economic diversification. Well-secured property rights promote entrepreneurship and productivity growth. The rule of law is undergirded by a societal intolerance of corruption.

## ECONOMIC FREEDOM SCORE

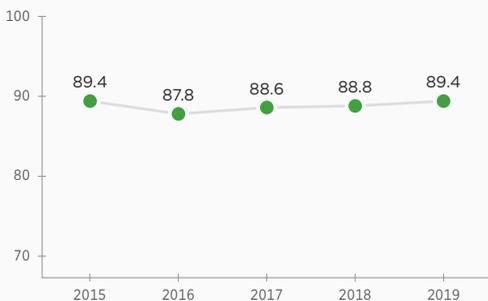


**RELATIVE STRENGTHS:**  
 Property Rights and Government Integrity

**HISTORICAL INDEX SCORE CHANGE (SINCE 1995):**  
 +3.1

**CONCERNS:**  
 Financial Freedom and Investment Freedom

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
 5.6 million

**GDP (PPP):**  
 \$527.0 billion  
 3.6% growth in 2017  
 5-year compound annual growth 3.5%  
 \$93,905 per capita

**UNEMPLOYMENT:**  
 2.0%

**INFLATION (CPI):**  
 0.6%

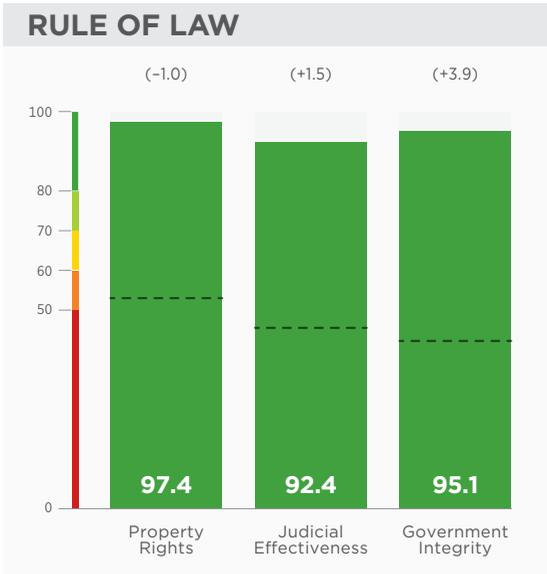
**FDI INFLOW:**  
 \$62.0 billion

**PUBLIC DEBT:**  
 110.9% of GDP

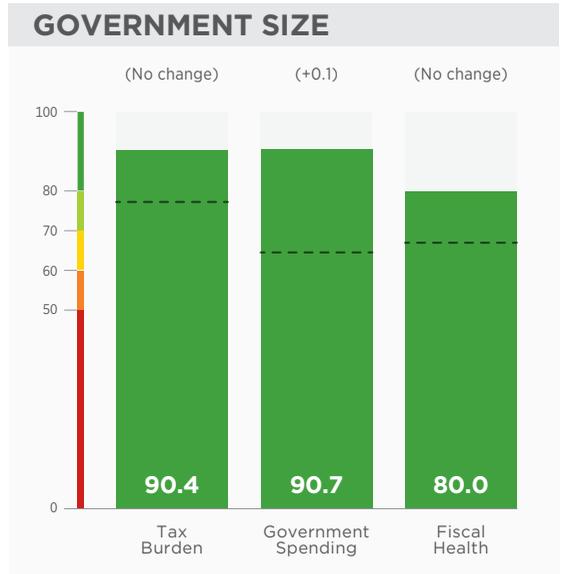
*2017 data unless otherwise noted. Data compiled as of September 2018*

**BACKGROUND:** Singapore is one of the world's most prosperous nations. Despite an active parliamentary opposition, it has been ruled by one party, the People's Action Party (PAP), for many decades. Prime Minister Lee Hsien Loong has led the government since 2004 and will oversee a PAP leadership transition before the next parliamentary election, due by 2021. Although certain civil liberties remain restricted, the PAP long ago embraced economic liberalization and international trade. Services dominate the economy, but Singapore is also a major manufacturer of electronics and chemicals and operates one of the world's largest ports. Its unemployment rate is one of the lowest in the developed world. Principal exports include integrated circuits, refined petroleum, and computers.

# 12 ECONOMIC FREEDOMS | SINGAPORE



Singapore protects property rights and enforces contracts effectively. Commercial courts function well, but the government’s overwhelmingly successful track record in court cases raises questions about judicial independence. Singapore is one of the world’s least corrupt countries and has numerous safeguards and audit controls in place. When corruption is discovered, it is dealt with swiftly, firmly, and publicly.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 17 percent. The overall tax burden equals 13.7 percent of total domestic income. Over the past three years, government spending has amounted to 17.6 percent of the country’s output (GDP), and budget surpluses have averaged 4.3 percent of GDP. Public debt is equivalent to 110.9 percent of GDP.



The overall entrepreneurial environment remains one of the world’s most transparent and efficient. The business start-up process is straightforward, with no minimum capital required. The labor market, supported by flexible labor regulations, is vibrant and functions well. The government funds generous housing, transport, and health care subsidy programs and influences other prices through regulation and state-linked enterprises.



The combined value of exports and imports is equal to 322.4 percent of GDP. The average applied tariff rate is 0.1 percent. As of June 30, 2018, according to the WTO, Singapore had 182 nontariff measures in force. The country’s openness to global investment encourages vibrant commercial activity. The government continues its ownership in the financial sector but has steadily been opening the domestic market to foreign banks.