

# SINGAPORE

WORLD RANK: **1** | REGIONAL RANK: **1**

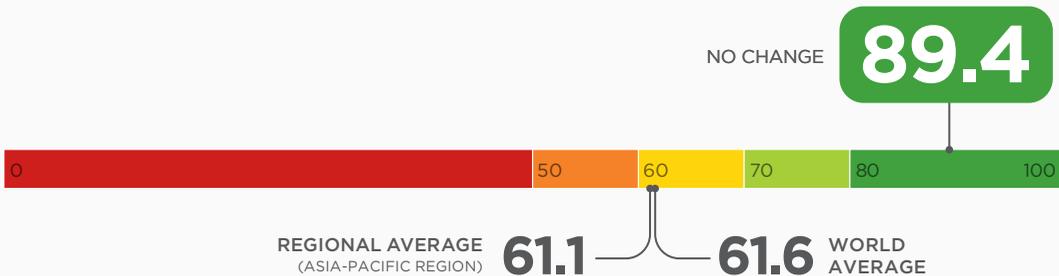
ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 89.4, making it the world's freest economy in the 2020 *Index*. Its overall score is unchanged from 2019, with a small improvement in the **business freedom** score offset by a small decline in the **government integrity** score. Singapore is ranked 1st among 42 countries in the Asia-Pacific region, and its overall score is well above the regional and world averages.

Singapore has ranked among the freest economies in the world over the life of the *Index* but gains the top spot this year for the first time. Its sustained extraordinary performance has resulted in one of the world's highest per capita incomes and solid rates of GDP growth.

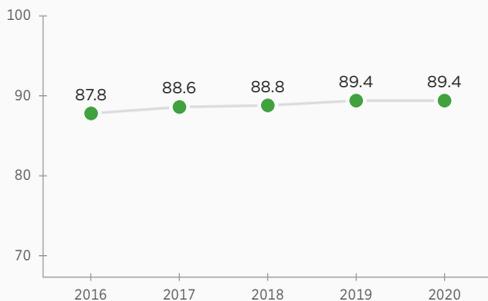
Singapore is the only country in the world that is considered economically free in every *Index* category. Ongoing restrictions on civil liberties, while not directly affecting the country's score, may have an indirect impact on economic freedom and remain a concern.

## ECONOMIC FREEDOM SCORE



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

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
5.6 million

**GDP (PPP):**  
\$565.8 billion  
3.2% growth in 2018  
5-year compound annual growth 3.3%  
\$100,345 per capita

**UNEMPLOYMENT:**  
3.8%

**INFLATION (CPI):**  
0.4%

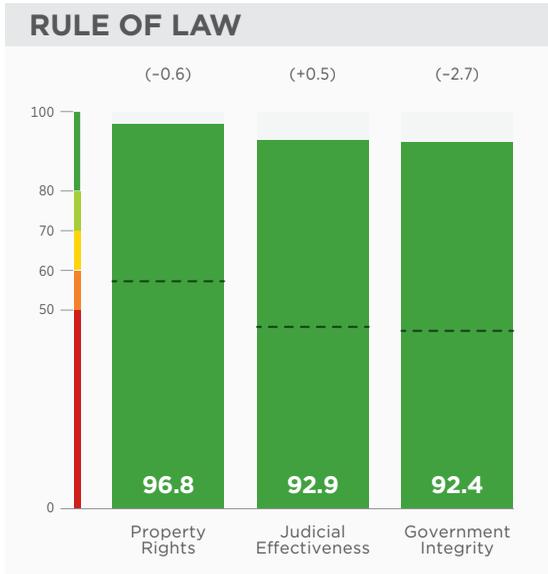
**FDI INFLOW:**  
\$77.6 billion

**PUBLIC DEBT:**  
108.3% of GDP

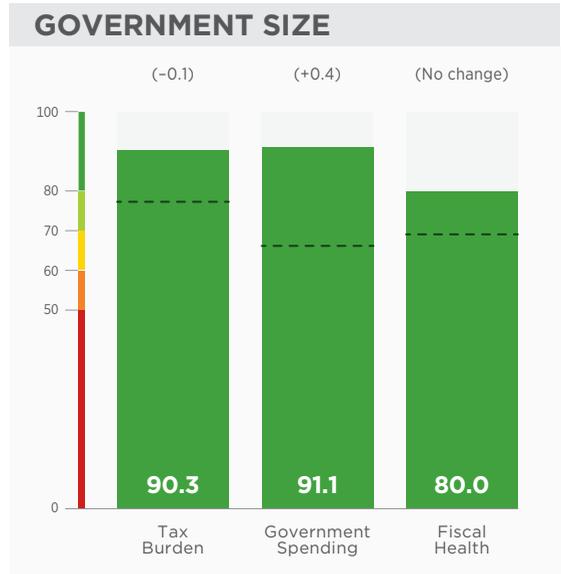
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** Singapore is one of the world's most prosperous nations, with a business-friendly regulatory environment and a very low unemployment rate. 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, which is slated for 2021. Although certain civil liberties remain restricted, the PAP has championed 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. Principal exports include integrated circuits, refined petroleum, and computers.

# 12 ECONOMIC FREEDOMS | SINGAPORE



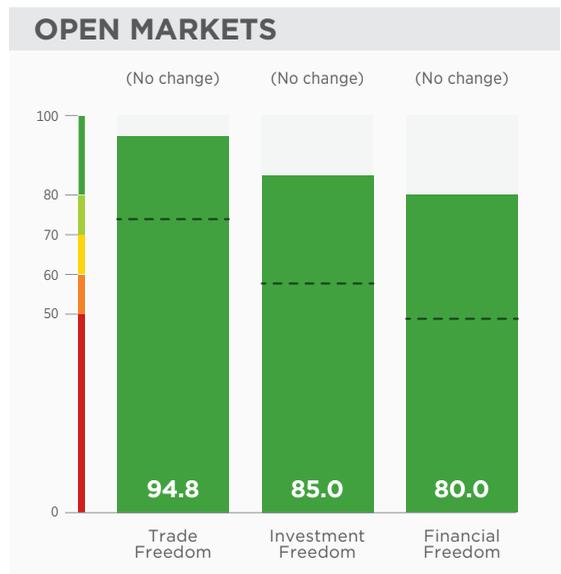
Property rights are recognized and enforced effectively. Judicial processes are procedurally competent, fair, and reliable, and the judiciary is regarded as independent, although the government does have an overwhelmingly successful record in court cases. The government actively enforces its strong anticorruption laws and maintains well-institutionalized anticorruption processes. Singapore is considered one of the world's least corrupt countries.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 17 percent. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 17.2 percent of the country's output (GDP) over the past three years, and budget surpluses have averaged 4.7 percent of GDP. Public debt is equivalent to 108.3 percent of GDP.



Singapore is consistently ranked as one of the world's most business-friendly countries. In 2019, the government introduced measures to decrease the ratio of foreign workers to local employees, threatening labor supply in the services sector. The government funds generous housing, transport, and health care subsidy programs and influences other prices through regulation and state-linked enterprises.



The total value of exports and imports of goods and services equals 326.2 percent of GDP. The average applied tariff rate is 0.1 percent, and 182 nontariff measures are in force. Foreign and domestic businesses are treated equally under the law, and nearly all sectors of the economy are open to 100 percent foreign ownership. The sophisticated financial sector is robust, and the number of foreign banks in the market has steadily increased.