

SINGAPORE

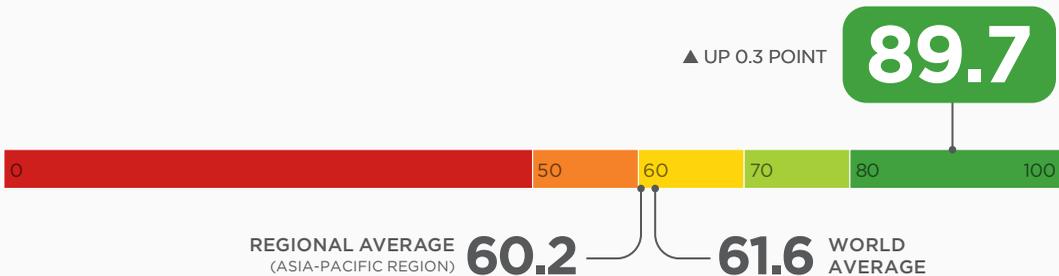
WORLD RANK: **1** | REGIONAL RANK: **1**
 ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 89.7, making its economy the freest in the 2021 *Index*. Its overall score has increased by 0.3 point, primarily because of an improvement in the score for **government spending**. Singapore is ranked 1st among 40 countries in the Asia-Pacific region, and its overall score is well above the regional and world averages.

Singapore's economy has been ranked the freest in the world again this year for the second year in a row. Singapore remains the only country in the world that is considered economically free in every *Index* category, although its indicator scores for fiscal health and financial freedom just barely make it over the threshold into the highest category.

IMPACT OF COVID-19: As of December 1, 2020, 29 deaths had been attributed to the pandemic in Singapore, and the economy was forecast to contract by 6.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.7 million

GDP (PPP):
\$593.8 billion
0.7% growth in 2019
5-year compound annual growth 2.9%
\$101,376 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
0.6%

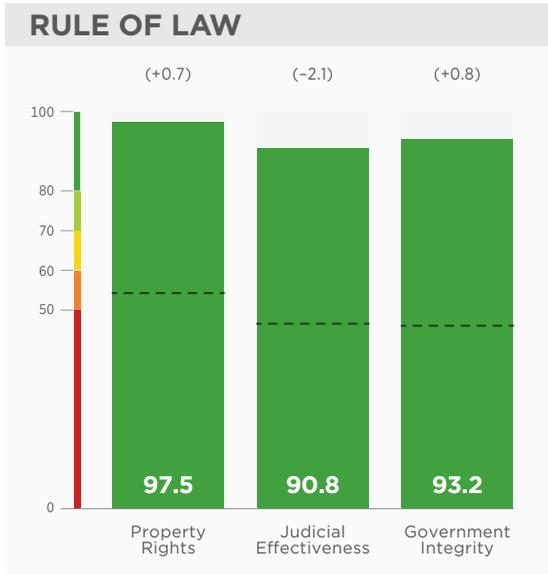
FDI INFLOW:
\$92.1 billion

PUBLIC DEBT:
111.8% of GDP

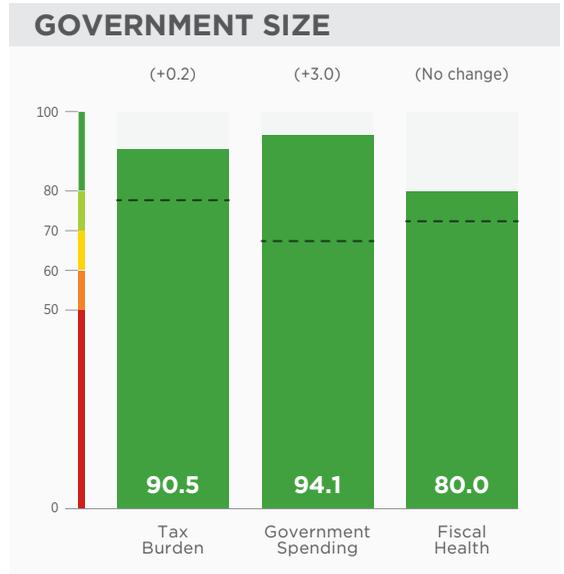
2019 data unless otherwise noted. Data compiled as of September 2020

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 has suggested a leadership transition by 2022. 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.

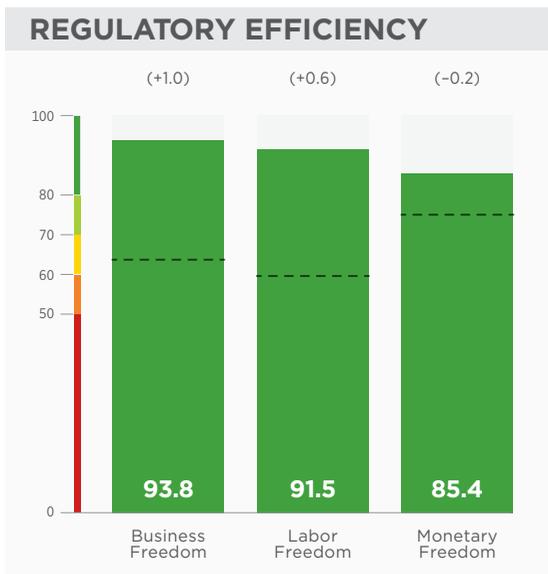
12 ECONOMIC FREEDOMS | SINGAPORE



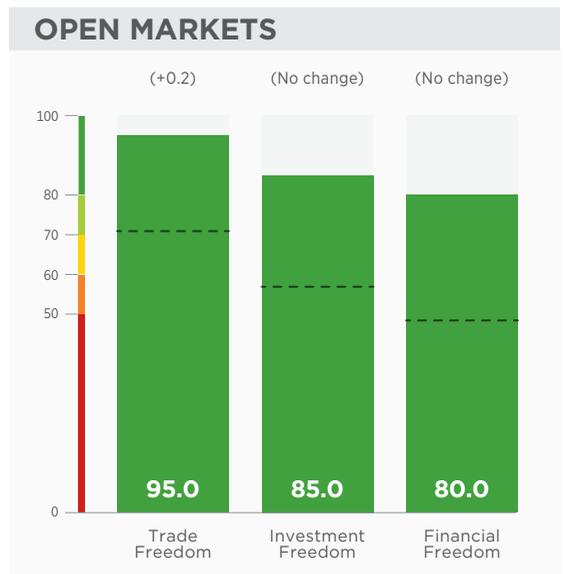
Property rights are recognized and enforced effectively. Judicial processes are procedurally competent, fair, and reliable, and the judiciary is regarded as independent. Singapore is ranked 12th in the World Justice Project's 2020 *Rule of Law Index* and is considered one of the world's least corrupt countries. The government actively enforces its strong anti-corruption laws, although there have been concerns about nepotism and cronyism.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 17 percent. Other taxes include a goods and services tax. The overall tax burden equals 13.1 percent of total domestic income. Government spending has amounted to 14.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 4.3 percent of GDP. Public debt is equivalent to 111.8 percent of GDP.



The government has enhanced its risk-based approach to construction inspections and simplified the permitting process. The law generally does not interfere with business hiring and firing practices. The government funds housing, transport, and health care subsidies; influences other prices through regulation and state-linked enterprises; and has grant programs to help high-growth local firms to innovate, grow, and internationalize.



Singapore has 25 preferential trade agreements in force. The trade-weighted average tariff rate is 0 percent, and 182 non-tariff measures are in effect. Well-institutionalized 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. No restrictive measures have been taken in the sector over the past year.