

SINGAPORE

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

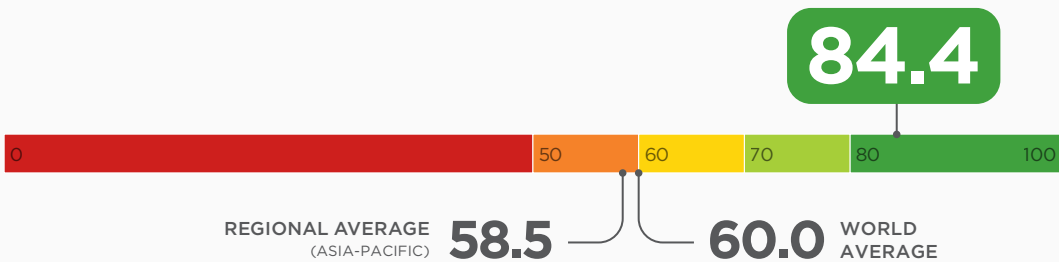
ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 84.4, making its economy the freest in the 2022 *Index*. Singapore is ranked 1st among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Over the past five years, Singapore's economy has grown slowly except in 2020, when it contracted. Economic freedom has been maintained at a very high level during that period, at or near the top of the *Index*. Singapore's highly developed free-market economy owes its success in large measure to its remarkably open and corruption-free business environment, prudent monetary and fiscal policies, and a transparent legal framework. Trade freedom is strong, and well-secured property rights promote entrepreneurship and innovation effectively. The overall rule of law is undergirded by a high degree of transparency and government accountability.

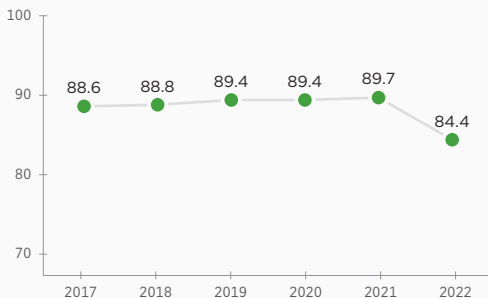
IMPACT OF COVID-19: As of December 1, 2021, 726 deaths had been attributed to the pandemic in Singapore, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.7 million

GDP (PPP):
\$560.2 billion
-5.4% growth
in 2020
5-year compound
annual growth 1.5%
\$97,057 per capita

UNEMPLOYMENT:
5.2%

INFLATION (CPI):
-0.2%

FDI INFLOW:
\$90.6 billion

PUBLIC DEBT:
128.4% of GDP

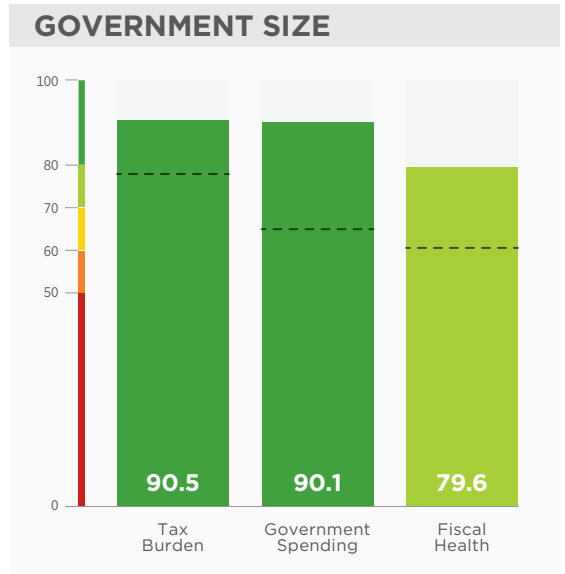
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Singapore is one of the world's most prosperous nations and has both 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 near-term leadership transition. 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.

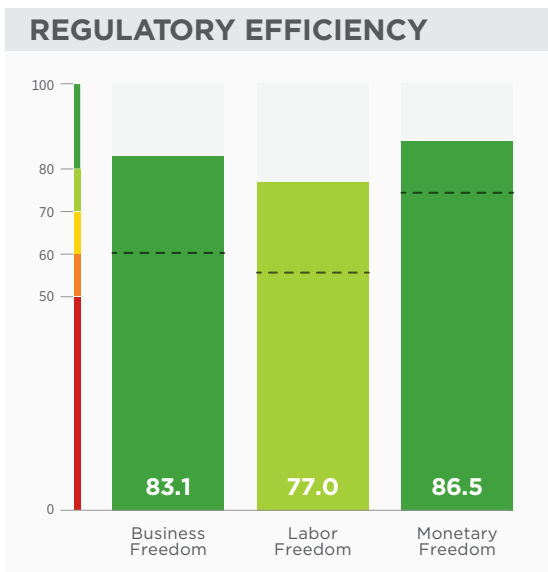
12 ECONOMIC FREEDOMS | SINGAPORE



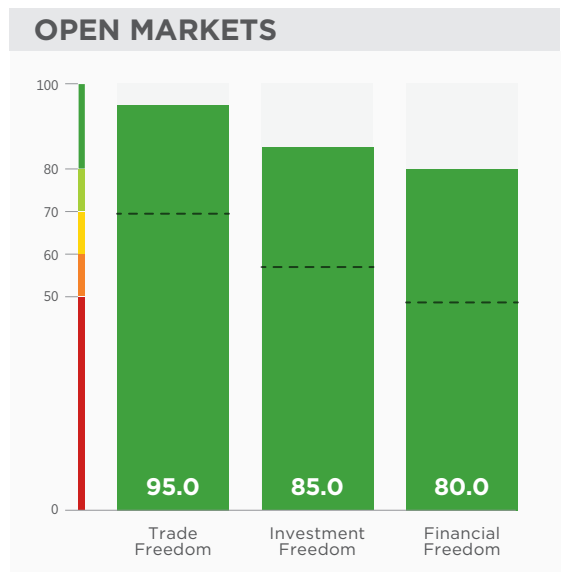
Although there are limitations on foreign ownership, property rights are recognized and enforced effectively. Judicial processes are reliable in business-related matters but tend to favor the government in politically sensitive cases. Singapore was ranked third out of 180 countries in Transparency International's 2020 *Corruption Perceptions Index* and is considered one of the world's least corrupt countries. The anticorruption agency is very effective.



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 13.2 percent of total domestic income. Government spending has amounted to 18.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.5 percent of GDP. Public debt is equivalent to 128.4 percent of GDP.



Singapore's business-friendly legal and tax structure, reliable infrastructure, and dependable regulatory processes provide a positive commercial environment. The government tightened restrictions on foreign labor in 2020. In 2021, the IMF estimated that government subsidies, grants, subventions, and capital injections to businesses and other organizations consume about 17 percent of GDP.



Singapore has 27 preferential trade agreements in force. The trade-weighted average tariff rate is 0.0 percent, and 182 non-tariff measures are in effect. 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 risen steadily.