

Singapore's GDP to grow 3%-5% in 2022, Budget to cover GST hike: Lee Hsien Loong

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Prime Minister Lee Hsien Loong. (SCREENSHOT: Prime Minister's Office/YouTube)

SINGAPORE — Singapore's economy is expected to grow by three to five percent in 2022 as it recovers steadily amid the COVID-19 pandemic, Prime Minister Lee Hsien Loong said in his New Year message.

In his statement on Friday (31 December), Lee said that the year ahead will be a time of transition and that Singapore's economy should grow in step with global recovery barring fresh disruptions.

Singapore will progressively phase out emergency support measures as businesses revive, though a few sectors will take longer.

“We will safely expand cross-border travel and re-connect with the rest of the world, Omicron permitting. We will also press on to bring in much needed migrant workers, and ensure international talents feel welcome and are able to complement Singaporeans,” Lee said.

Beyond the immediate outlook, Singapore is planning ahead to achieve its longer term goals, Lee added. It will press on with the industry transformation efforts, seek out new growth areas like the digital and green economies, and help companies restructure and workers upgrade their skills.

Singapore will also deepen its engagement with its trading partners, pursue trade liberalisation and regional integration, including through the Regional Comprehensive Economic Partnership, which comes into force on the first day of 2022.

Lee also spoke about the need to generate additional revenues to support Singapore’s goals including carrying out its social programmes, funding the expansion of our healthcare system and supporting schemes for older Singaporeans.

“Those who are better off should contribute a larger share, but everyone needs to shoulder at least a small part of the burden. This is the rationale for raising a broad-based tax like the GST, coupled with a comprehensive scheme of offsets to cushion the impact on lower income households,” Lee said.

The GST is one important component of Singapore’s system of taxes and transfers that also includes income and wealth taxes. “Overall, our system will remain progressive and fair.”

As the economy is emerging from COVID-19, Singapore have to start moving on the issue, Lee said. Budget 2022 will lay

the basis for sound and sustainable government finances for the next stage of Singapore's development, he added.

Turning to the pandemic, Lee said the fight against COVID-19 is not over while the Omicron variant has brought new uncertainties.

Singapore's position in dealing with the pandemic is much stronger compared to two years ago, with steps taken to expand vaccination and booster jabs, and better manage the public health challenges. "As we brace ourselves for the impact of Omicron, we can be quietly confident that we will cope with whatever lies ahead," Lee said.

The pandemic has been "a crucible of fire" for Singaporeans and has shown the crucial importance of standing united as one.

"Going forward, we will strive to solidify our social compact – mending rifts deepened by the pandemic, uplifting those falling behind, enhancing safety nets for those in need, caring for the mental health of people, and meeting the needs of an aging society."