

July 12, 2021

**The Acting Chair's Summing Up  
Singapore—2021 Article IV Consultation  
Executive Board Meeting 21/70  
July 9, 2021**

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the large and comprehensive policy response to the pandemic and ensuing economic crisis. Following a record contraction in 2020, the Singaporean economy is expected to recover this year. Nevertheless, significant uncertainty continues to cloud the outlook. Directors agreed that macroeconomic policies should remain supportive in the near term while efforts should continue to facilitate a transition toward a greener, smarter, and more inclusive economy over time.

Directors generally agreed that the fiscal response in 2021, with more targeted support, is in line with the recovering economy. Should downside risks materialize, Directors recommended using the ample fiscal space as the first line of defense to prevent a set-back in the recovery. They acknowledged that the authorities' plan to borrow for major infrastructure projects would generate benefits across several generations.

Directors noted that Singapore's external position remained substantially stronger than warranted by fundamentals in 2020, although some acknowledged the need to interpret the external sector assessment with caution given uncertainty surrounding the pandemic. They considered that higher government spending to address long-term challenges, along with the expected drawdown of household savings, should contribute to external rebalancing over time. In this context, they encouraged the authorities to quantify the costs of addressing challenges such as population aging, climate change, digitalization, and future pandemics, with a view to guiding future plans for revenue mobilization.

Directors supported maintaining the accommodative, data-dependent monetary policy stance until the recovery is fully entrenched. They welcomed the monetary authority's liquidity and credit support measures, which have ensured proper market functioning. Given pockets of risks remaining in the financial sector, Directors recommended continued supervisory vigilance, including a close monitoring of nonperforming loans in real estate markets and banks' foreign currency risk. They also encouraged the authorities to continue to strengthen US dollar liquidity among domestic systemically important banks (D-SIBs). Directors looked forward to further progress in enhancing the effectiveness of the AML/CFT framework and in implementing the 2019 FSSA recommendations.

Directors welcomed ongoing initiatives to facilitate economic transition post-pandemic. They noted that the authorities' focus on labor reskilling and training would help facilitate resource reallocation to high-growth sectors. The plans to accelerate digitalization, innovation, and climate-resilient infrastructure investment should help sustain medium-term economic growth.

It is expected that the next Article IV consultation with Singapore will be held on the standard 12-months cycle.