

For immediate reporting

EUROPEAN UNION AND SINGAPORE SIGN FREE TRADE AND INVESTMENT PROTECTION AGREEMENTS

1. The European Union (EU) and Singapore signed the EU-Singapore Free Trade Agreement (EUSFTA) and the EU-Singapore Investment Protection Agreement (EUSIPA) today, on the sidelines of the 12th Asia-Europe Meeting (ASEM) Summit in Brussels, Belgium.
2. The EUSFTA was signed by Prime Minister Lee Hsien Loong for Singapore, as well as President of the European Council Donald Tusk; Federal Chancellor of the Republic of Austria, Presidency of the Council of the European Union Sebastian Kurz; and President of the European Commission Jean-Claude Juncker for the EU.
3. The EUSIPA was signed by Minister for Communications & Information and Minister-in-charge of Trade Relations S Iswaran for Singapore, as well as Permanent Representative of the Republic of Austria, Presidency of the Council of the European Union Nikolaus Marschik; and EU Commissioner for Trade Cecilia Malmström for the EU.
4. Mr Iswaran said, “The EUSFTA and EUSIPA are progressive agreements, with ambitious provisions to create more opportunities for businesses from both sides. This is the first free trade agreement between the EU and an ASEAN country, and reflects the EU’s continued interest in engaging ASEAN and anchoring its presence in the region. Both agreements serve as building blocks towards an eventual EU-ASEAN FTA, paving the way for future region-to-region cooperation”.
5. The EU and Singapore will now work towards ratifying both agreements, which will be sent to the European Parliament for approval. Once approved, the EUSFTA can be ratified and entered into force. As a “mixed agreement”¹, the EUSIPA will additionally be sent to the regional and national parliaments of the EU member states for approval, before it enters into force. Singapore looks forward to an expeditious ratification of both agreements so that businesses from both sides can reap the benefits.

ANNEX A: Key benefits of the EUSFTA & EUSIPA

ANNEX B: Factsheet on EU-Singapore relations

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¹ As a mixed agreement, the EUSIPA falls under shared competence, whereby both the agreement has to be ratified by both the EU and the individual EU member states, before it enters into force.

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Annex A: Key benefits of the EUSFTA & EUSIPA

EU-SINGAPORE FREE TRADE AGREEMENT (EUSFTA)

When the EUSFTA enters into force, EU and Singapore companies will benefit from greater market access across many sectors, increased government procurement opportunities and the progressive elimination of tariffs on exports into Singapore and the EU, amongst others. Key benefits for companies include:

Tariff Elimination

- **Singapore will remove tariffs on all EU products entering Singapore. The EU will remove tariffs on 84% of all Singapore products entering the EU, and the remaining 16% over a period of 3 to 5 years.**
- The EUSFTA will provide **for liberal and flexible rules of origin (ROO)** for the EU's and Singapore's key exports to each other's markets including automobiles, chemicals, clothing and textiles, electronics, machinery, pharmaceuticals, and petrochemicals. Notably, the EUSFTA will incorporate the concept of ASEAN cumulation for Singapore's key export interests. This means that materials sourced from ASEAN Member States would be deemed as originating from Singapore when determining whether such exports can qualify for tariff concessions.
- The EUSFTA is the first bilateral FTA where Singapore has **secured enhanced market access for Asian food products made in Singapore**, such as *lap cheong* (dried Chinese sausage) and *roti prata* (Indian flat bread). These can enter the EU tariff free under flexible ROOs², up to a combined quota of 1,250 tonnes annually.

Reduced Non-Tariff Barriers

- **Unnecessary technical barriers to trade (TBT)** for Singapore and EU exporters which sometimes makes it difficult for companies to sell their products in different markets **will be removed**. The provisions in the agreement go beyond the requirements of the World Trade Organization's Technical Barriers to Trade (TBT) Agreement, and are aimed at reducing costs for exporters.
- Provisions include rules on marking and labelling, reducing duplicative conformity testing for a range of electronic goods, promoting the recognition of international standards for motor and vehicle parts, and certifying systems

² There is no need to ensure that the ingredients used in these processed food products were grown or produced in Singapore. All that is necessary is to show that the product was made in Singapore. These food products will be subjected to relevant EU sanitary and phytosanitary requirements.

for meat-producing establishments so that inspection of individual abattoir / food processing plants for companies to export their goods will not be required.

- This will create a level playing field for EU and Singapore companies to facilitate trade between EU and Singapore. A wide range of sectors in both the EU and Singapore will benefit, such as electronics, motor vehicles and vehicle parts, pharmaceuticals, renewable energy, as well as meat and meat products.

Trade in Services Sectors

- Services sectors are crucial for both the EU and Singapore economies, and the EUSFTA aims to further boost the dynamic trade in services between Singapore and the EU.
- The EUSFTA provides **enhanced market access for service providers, professionals and investors**, and creates a level-playing field for businesses in each other's markets, including through certain sector-specific rules on non-discrimination and transparency.
- The agreement covers a wide range of services sectors including financial services, professional services, computer and related services, research and development, business services, telecommunication services, environmental services, and tourism and travel related services.

Government Procurement Opportunities

- The EUSFTA's Government Procurement chapter includes rules on transparency and non-discrimination that go beyond the WTO's Agreement on Government Procurement, which Singapore and the EU are signatories to.
- The EU, which has the largest government procurement market in the world, will **grant Singapore enhanced access to city-level and municipal-level government procurement opportunities**. Given the significant role of the EU's sub-central level government entities as purchasers of goods and services, this represents sizeable new opportunities for Singapore companies.
- Companies that will benefit include those with strengths in computer-related services, telecommunications services, land transport services, maintenance and repair services, sewage and refuse disposal, and architecture and engineering services.
- In return, Singapore's commitments in the GP Chapter will allow EU companies more opportunities to participate in our public tenders.

Enhanced Intellectual Property Rights

- Both the EU and Singapore rely on innovation as a driving force to support their economies, and have established modern systems for protecting and enforcing intellectual property rights in their territories. To continue encouraging innovation, the trade agreement includes a **comprehensive intellectual property rights chapter covering provisions on copyright, designs, enforcement and geographical indications (GIs)**.
- After the EUSFTA has been ratified by the European Parliament, Singapore will **enhance its existing GI regime by setting up a GI Registry** to receive applications for GI registration. Once registered in Singapore, GIs will enjoy enhanced protection. Consumers will also be better able to recognise authentic quality EU food and drink products in Singapore.

EU-SINGAPORE INVESTMENT PROTECTION AGREEMENT (EUSIPA)

Accompanying the EUSFTA is the EUSIPA, which covers bilateral investments. The EUSIPA will replace the 12 existing bilateral investment treaties between Singapore and various EU Member States. It offers enhanced investment protection through modern provisions on investment protection that are not contained in the existing bilateral agreements.

The EUSIPA will enter into force after it has been approved by the regional and national parliaments of the EU member states. This is expected to take around 2 to 3 years after the signing.

Investment Dispute Resolution Mechanism

- The investment protection agreement offers investors a new investment dispute resolution mechanism under which the EU and Singapore **will set up a standing international, fully independent dispute resolution system**.
- This system ensures that investment protection rules are adhered to and strikes a balance between protecting investors in a transparent manner and safeguarding a state's right to regulate to pursue public policy objectives.

Annex B: Fact Sheet on EU-Singapore relations

The European Union (EU) is made up of 28 Member States who have adopted a framework of a Single Market with free movement of goods, services, capital, and people. Out of these 28, 19 member states have adopted the Euro as the common currency, and are known collectively as the Eurozone.

Trade in Goods

In 2017, the EU was Singapore's third largest trading partner, with bilateral trade in goods exceeding S\$98 billion. Likewise, Singapore is also an important trading partner for the EU, and is the largest EU trading partner in ASEAN. Singapore's total exports in goods to the EU were approximately S\$43 billion, while imports from the EU were roughly S\$55 billion. In the same year, Singapore was the 15th largest export destination of EU goods, and 19th largest source of goods imports.

Trade in Services

In 2016, the EU was Singapore's largest market for services trade, with bilateral trade in services exceeding S\$74 billion. The EU was our top destination for services exports, valued at approximately S\$38 billion. It was also Singapore's second largest source of services imports, valued at over S\$36 billion.

In the same year, Singapore was the 7th largest destination for EU's services exports, and fifth largest source of services imports. Within ASEAN, Singapore is the EU's top ASEAN trading partner in services.

Investment

The EU is the largest investor in Singapore, putting EU Foreign Direct Investment (FDI) stock in Singapore at over S\$340 billion in 2016. The robust inflow of EU FDI has also made us the largest EU FDI destination in ASEAN. The top sectors for EU FDI in Singapore are manufacturing, wholesale and retail trade, and financial and insurance services. As of December 2017, there are more than 10,000 EU companies in Singapore.

Singapore's Direct Investment Abroad (DIA) in the EU stood at approximately S\$140 billion in 2017, making us the EU's 7th largest investor.