

SINGAPORE BUILDS NEW TRADE LINKAGES TO LATIN AMERICA

1. On 26 January, Minister for Trade and Industry Gan Kim Yong and his counterparts from the Pacific Alliance (PA) Member States (Chile, Colombia, Mexico, and Peru) signed the PA-Singapore Free Trade Agreement (PASFTA) and PA-Singapore Joint Declaration at the 16th PA Summit in Colombia. Also present at the Summit was Minister of State, Ministry of Culture, Community and Youth & Ministry of Trade and Industry Alvin Tan. Prime Minister Lee Hsien Loong delivered remarks virtually and was part of the signing ceremony, along with Leaders of the PA Member States who witnessed the signing.

2. The PASFTA is a modern and comprehensive agreement that complements Singapore's network of FTAs and builds on the existing agreements that Singapore has with the PA countries, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Trans-Pacific Economic Partnership (P4), and the Peru-Singapore Free Trade Agreement.

3. The PASFTA will enable Singapore companies to enjoy greater market access to the PA, by reducing their export costs so that their goods and services can be priced more competitively. In addition to chapters on the traditional areas of trade in goods, services, and investment, the PASFTA also includes a chapter on international maritime transport services, a first for a Singapore FTA. This chapter aims to enhance physical connectivity between Singapore and the PA, and encourage the exchange of best practices and training for those in the maritime sector.

4. With the signing of the PASFTA and PA-Singapore Joint Declaration, Singapore will become the first Associate Member of the PA. This will enable Singapore and the PA to explore economic cooperation in sectors of mutual interest, such as the digital economy, logistics and infrastructure, and food trade.

5. Mr Gan said, "The PASFTA is a demonstration of Singapore and the Pacific Alliance's shared commitment to greater economic integration and a rules-based, multilateral trading system. The PASFTA will allow us to create more opportunities for our businesses and support good jobs for our people. We look forward to the swift implementation of the agreement. As an Associate Member of the PA, Singapore is also committed to working with the PA on areas of mutual interest, to improve the quality of lives in our countries and regions."

6. Countries will now work on their respective ratification processes to bring the agreement into force. The PASFTA will enter into force after Singapore and two PA Member States have ratified the agreement.

7. Mr Gan and Mr Tan, who are in Colombia from 23 to 27 January, also met their counterparts from Colombia's Ministries of Commerce, Industry &

Tourism, Environment & Sustainable Development, Mines & Energy, and Foreign Affairs, as well as Singapore and Colombian companies and business leaders. In addition, they met with the Ministers and Vice-Ministers of Chile, Peru, and Mexico's Ministries of Trade and Foreign Affairs. Mr Gan and Mr Tan are accompanied by officials from the Ministry of Trade and Industry, Enterprise Singapore, and the Attorney-General's Chambers.

**MINISTRY OF TRADE AND INDUSTRY
27 JANUARY 2022**

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ANNEX A: Pacific Alliance-Singapore Joint Declaration

The Republic of Chile, the Republic of Colombia, the United Mexican States and the Republic of Peru, as States Parties to the Pacific Alliance Framework Agreement (the “Pacific Alliance”), and the Republic of Singapore, hereinafter referred to as the “Participants”,

Resolved to reaffirm ties of friendship, solidarity, and cooperation between them;

Convinced of the importance of free trade for improving competitiveness and resilience and fostering sustainable socio-economic development and social inclusion in their countries;

Welcoming the strengthening of political, economic, and cooperation ties which began with Singapore’s entry as a Pacific Alliance Observer State in 2013 and now with the Pacific Alliance-Singapore Free Trade Agreement, amongst others;

Determined to increase dialogue and deepen relations in areas of common interest,

HEREBY DECLARE

FIRST, the Republic of Singapore in becoming the first Associate State to the Pacific Alliance.

SECOND, the Participants’ willingness to deepen cooperation in areas of common interest that contribute to the free movement of goods, services, capital and people, and that the Participants will:

1. Enhance warm, productive, and long-lasting relations, based on a shared vision of open trade, investment, and sustainable development.
2. Identify opportunities to:
 - a. Increase two-way investment, trade, and tourism flows;
 - b. Enhance collaboration to maximise the Participants’ complementary economic strengths for mutual benefit;
 - c. Encourage private sector collaboration and exploration of trade and investment opportunities in sectors such as food, infrastructure, technology, and the digital economy, amongst others;

- d. Strengthen collaboration and cooperation in the field of digital economy;
- e. Identify trade facilitation measures, including measures related to logistic services and transport;
- f. Foster cooperation between the Participants' arts, culture, and heritage institutions;
- g. Foster cooperation in matters related to inclusive growth, to strengthen people-to-people ties; and
- h. Work on any other areas of cooperation that the Participants mutually decide upon.

THIRD,

that given the importance of collaborating on the aforementioned areas of cooperation, the Participants will consider the following initiatives:

- a. Meetings between the authorities of the Participants, at the side of the annual Pacific Alliance Summit, or any other opportune occasions as determined by the Participants;
- b. Drafting of a joint work plan which will be reviewed regularly to assess the progress made by the Participants towards the achievement of common objectives mutually decided by the Participants. The implementation of the joint work plan will be monitored by the National Coordinators of the Pacific Alliance and the relevant Ministries of Singapore; and
- c. Establishment of Ad-hoc Working Groups of specialised officials for the implementation of the joint work plan.

Signed in Bahía Málaga, Colombia on January 26th, 2022, in both the English and Spanish language, with each version being equally valid.

On behalf of the Republic of Chile,

ANDRÉS ALLAMAND
Minister of Foreign Affairs

On behalf of the Republic of Colombia,

MARTA LUCÍA RAMÍREZ
Minister of Foreign Affairs

MARIA XIMENA LOMBANA
Minister of Commerce, Industry and
Tourism

On behalf of the United Mexican States,

MARCELO LUIS EBRARD CASAUBON
Secretary of Foreign Affairs

TATIANA CLOUTHIER CARRILLO
Secretary of Economy

On behalf of the Republic of Peru,

ÓSCAR MAÚRTUA DE ROMAÑA
Minister of Foreign Affairs

ROBERTO SÁNCHEZ PALOMINO
Minister of Foreign Trade and Tourism

On behalf of the Republic of Singapore,

GAN KIM YONG
Minister of Trade and Industry

ANNEX B: Factsheet on the PASFTA

What is the Pacific Alliance (PA)?

- **The Pacific Alliance (PA) is the 8th largest economy worldwide, and Singapore's trade with the PA forms a significant part of trade with Latin America and the Caribbean.**
 - The PA comprises Chile, Colombia, Mexico, and Peru, which are some of the largest economies in the Latin American and Caribbean region. Collectively, the four PA countries make up the 8th largest economy worldwide, with a combined GDP of more than US\$2 trillion in nominal terms¹. This accounts for 40% of the total GDP for the region². Average growth of the PA is expected to be 3.3% over the next five years, higher than the regional average of 2.5%³.
 - The PA, with its large population of almost 230 million people and expanding middle class and purchasing power, provides opportunities for companies to meet the region's growing demand for quality consumer products and services. Further, its young and increasingly educated population provides for a skilled labour force which companies can tap on.
 - There are opportunities for Singapore companies in the PA in several areas, such as in technology and the digital economy, food trade, infrastructure, and maritime (port management and logistics).

What is the PASFTA?

- **The Pacific Alliance-Singapore Free Trade Agreement (PASFTA) establishes a modern, high-quality, and mutually beneficial economic partnership that caters to today's business needs and contemporary realities. It builds on the existing agreements that Singapore has with the PA States, and facilitates greater economic integration between our markets and regions.**
- The PASFTA was signed on 26 January 2022 by the Economic Ministers of the four Pacific Alliance States (Chile, Colombia, Mexico, and Peru) and Singapore, at the 16th Pacific Alliance Summit in Colombia.
 - Negotiations for the PASFTA were formally launched in 2017 at the 10th Pacific Alliance Summit, where the PA invited five like-minded Trans-Pacific Partnership countries to be Candidate Associate States (CAS) of the PA. These countries were: Australia, Canada, Japan, New Zealand, and Singapore. For the CAS to be an Associate State, it must conclude an FTA with the PA. Australia, Canada, New Zealand, and Singapore launched FTA negotiations with the PA.
 - Of the four PA-CAS FTAs, the PASFTA is the first to be concluded, making Singapore the first Associate State of the PA.

¹ Source: World Bank, last accessed Nov 2021.

² Source: World Bank, last accessed Nov 2021.

³ Source: Economic Outlook Latin America Q4 2021: Settling Into The New Post-Pandemic Normal Of Slow Growth, published by S&P Global Ratings, 2021.

Features of the PASFTA

- The PASFTA contains 25 chapters. A number of chapters complement the traditional areas of trade in goods, services, and investment, such as the chapters relating to the promotion of small and medium sized enterprises, good regulatory practices for trade and investment, and electronic commerce.
- The PASFTA is Singapore's first FTA with a chapter on international maritime transport services (IMTS). This chapter aims to enhance physical connectivity between the PA and Singapore, and our respective regions. It also seeks to foster closer people-to-people ties through the exchange of best practices, knowledge, and education and training opportunities for maritime students.
- The PASFTA will apply bilaterally between Singapore and each PA Member, unless otherwise provided (for example, in relation to the Free Trade Commission). Intra-PA economic relations are governed by the PA's own Framework Agreement and Additional Protocol.

Key Benefits of the PASFTA

1. Trade in Goods. There will be no tariffs imposed on the majority of the tariff lines. In particular, Colombia – with whom we have no other FTAs at present – will reduce/ eliminate tariffs on 85.7% of tariff lines.
2. Rules of Origin. Businesses can use materials originating in any PASFTA Party to contribute towards a good's originating status, so that their exports can qualify for preferential tariff treatment more easily, subject to certain conditions.

Singapore and the PA have also agreed to hold consultations on the review of the rules of origin, whenever the PA modifies the rules of origin among themselves.

3. Customs Procedures and Trade Facilitation. There will be improved transparency in customs procedures and integrity in customs administrations through simplified customs procedures and enhanced trade facilitation provisions. Smooth customs processing, including the expeditious release of express consignments and perishable goods, will benefit businesses and promote regional supply chains.
4. Technical Barriers to Trade. Easier access to markets through transparent and non-discriminatory rules for developing technical regulations, including rules that will facilitate the acceptance of the results of conformity assessment procedures from the conformity assessment bodies in any of the PASFTA Parties.

Parties have also agreed to ensure a reasonable interval between the publication of technical regulations/ conformity assessment procedures and their entry into force. This will allow businesses sufficient time to meet any new requirements.

5. Investment. The PASFTA provides basic investment protection found in other investment-related agreements, including national treatment and most-favoured-nation treatment. Investments will be treated fairly and equitably, and will be given protection and security in accordance with customary international law. In addition,

Singapore businesses operating in the PA need not appoint individuals of any particular nationality to senior management or board of directors' positions. This provides investors with more reassurance when investing overseas.

6. Trade in Services and Investment. Includes core obligations found in the WTO and other trade agreements, such as national treatment; most-favoured nation treatment; market access; and commitments that go beyond multilateral obligations under the WTO Trade-Related Investment Measures Agreement, such as no performance requirements as a condition for establishing, acquiring, or managing investments in Singapore or the PA markets. In addition, Singapore and the PA are working towards the mutual recognition of professional qualifications and certifications, to facilitate trade in professional services. These will allow businesses to benefit from a fair, open, and equitable trading environment.

Singapore service providers can enjoy lower operating costs as they need not establish or maintain a local representative office in the PA for sectors which have been committed for liberalisation. Service providers can also be assured of efficient transfers and payments for cross-border supply of services.

Commitments in relation to Trade in Services and Investment are undertaken in the negative list modality. This makes it user-friendly for businesses as discriminatory measures are listed and made known, and is aligned with Singapore's modern FTA practice.

7. International Maritime Transport Services. Singapore's first FTA with a dedicated Maritime Chapter. Strengthens cooperation in maritime transport services between Singapore and the PA through the exchange of best practices, knowledge, and education and training opportunities.
8. Temporary Entry. Singapore's commitments are identical to those under the CPTPP, i.e. investors and business visitors can enter the PA for 30 days.
9. Telecommunications Services. Key provisions are similar to those in the CPTPP. Businesses can benefit from a pro-competition and market-based regulatory environment and disciplines that prevent anti-competition behaviours. International Mobile Roaming cooperation are to reduce mobile roaming costs for consumers.
10. Electronic Commerce. Comprehensive and high-level commitments on cross-border data flows and location of computing facilities. Companies which sell products with embedded software would not be obliged to release their source code, except for legal reasons. There are also safeguards for the protection of personal information, as well as cooperation on unsolicited commercial messages.
11. Government Procurement. Singapore companies will have access to Colombia's government procurement market. This is significant as Colombia is not a party to the WTO's Government Procurement Agreement.

Singapore and the PA have committed to core disciplines of national treatment and non-discrimination, and agreed to publish relevant information in a timely manner so that suppliers have sufficient time to obtain the tender documentation and

submit a bid. Suppliers can be assured that their tenders will be treated fairly, impartially, and with confidentiality.

12. Competition. Singapore and the PA are to maintain legal regimes that prohibit anticompetitive business conduct so that businesses can enjoy fair competition. Consumers will also be protected from fraudulent and deceptive commercial activities.
13. Economic and Trade Cooperation. Businesses can benefit from more trade and investment opportunities, particularly in the following sectors: (i) industrial and services; (ii) innovation, science, and technology, including information and communications technology; and (iii) trade infrastructure, transport, and urban mobility infrastructure.
14. Small and Medium Enterprises (SMEs). Singapore and the PA recognise the importance of SMEs in their respective economies, and have agreed to explore ways to promote an environment that supports the development, growth, and competitiveness of SMEs.
15. Good Regulatory Practices. Businesses can benefit from an open, fair, and predictable regulatory environment as Singapore and the PA have committed to achieving a coherent regulatory approach by encouraging transparency and coordination across each government.

Next steps

- After the signing, Singapore and the PA Member States will begin their respective domestic processes to expeditiously bring the Agreement into force.
- The PASFTA will enter into force after Singapore and two PA Member States have ratified the agreement.

ANNEX C: Infographic on the PASFTA

Pacific Alliance-Singapore Free Trade Agreement (PASFTA)

2017 (SEP) Negotiations for the PASFTA are formally launched.

2021 (JUL) Negotiations on the PASFTA are concluded.

2022 (JAN) Singapore and the Pacific Alliance sign the PASFTA.

Did You Know?

- The Pacific Alliance is the 8th largest economy worldwide.
- The PASFTA is Singapore's first FTA with a Maritime Chapter.



Key Benefits Include:

Trade in Goods

Tariff Elimination
Tariff elimination on the majority of the tariff lines.

Originating Status
Materials originating in another Party can contribute towards the originating status of a good produced to qualify more easily for preferential tariffs.

Customs Procedures
Improved transparency and smoother processing in customs procedures.

Technical Regulations
Transparent and non-discriminatory rules for developing technical regulations, and sufficient time given to businesses to meet any new technical regulations.

Trade in Services and Investment

Service Providers
Singapore service providers and investors to be treated as favourably as other service providers and investors present in the Pacific Alliance.

Local Representative Office
Singapore service providers are not required to establish or maintain a local representative office in the Pacific Alliance for sectors which have been committed for liberalisation.

Professional Services
Mutual recognition of qualifications or certifications, with a view to facilitating trade in professional services.

Cross-border Supply
Efficient transfers and payments for cross-border supply of services.

Senior Management
Singapore companies operating in the Pacific Alliance are not required to appoint individuals of any particular nationality to senior management or their board of directors.

Government Procurement Opportunities

Singapore companies can bid for the Pacific Alliance's government procurement projects.

E-commerce

Electronic Transmissions
No customs duties on electronic transmissions.

Software
Companies which sell products with embedded software are not obliged to release their source code.

International Maritime Transport Services

Cooperation in maritime activities with the removal of barriers to the supply of maritime transport services.



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<https://t.me/MTISingapore>

<https://go.gov.sg/helloesg>



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Information is accurate as of January 2022

ANNEX D: Infographic on the Pacific Alliance

About the Pacific Alliance

A Latin American trade bloc, comprising four member states.

Chile Colombia Mexico Peru

8th largest economy in the world

80% of exports are shipped by sea

Combined population of **220 million people**

Each Pacific Alliance country borders the Pacific Ocean, the world's largest shipping zone

The Pacific Alliance

- Builds an integrated region among the four Pacific Alliance member states, focused on the free movement of goods, services, investment, and people
- Promotes commercial, innovation, technological, and investment exchanges between its member states and the world, with a strong emphasis on engaging the Asia-Pacific region
- Has 59 Observer States from all around the world

About the Pacific Alliance States

Chile

One of Latin America's fastest-growing economies

A signatory to the Digital Economic Partnership Agreement (DEPA) with Singapore and New Zealand

Products traded with Singapore

- Agri-products
- Turbo jets and gas turbines
- Electrical components
- Frozen Fish
- Wine
- Chemicals

Products imported into Singapore

- Frozen salmon
- Wine
- Cherries

Sectors of Opportunity

- Agri-trade
- Green energy
- Digital, innovation and technology

Colombia

The 4th largest economy in Latin America

Products traded with Singapore

- Vehicle parts
- Electronic integrated circuits
- Refined petroleum products
- Precious stones

Products imported into Singapore

- Coffee
- Chocolates

Sectors of Opportunity

- Agri-trade
- Digital, innovation and technology
- Infrastructure

Mexico

The 2nd largest economy in Latin America and 15th largest economy in the world

Products traded with Singapore

- Electronic circuits
- Telephone sets
- Storage devices
- Medical instruments
- Data processing machines

Products imported into Singapore

- Avocados
- Tequila

Sectors of Opportunity

- Digital, innovation and technology
- Infrastructure
- Logistics
- Oil and gas
- Trade and connectivity

Peru

One of its region's fastest-growing economies with abundant natural resources

Products traded with Singapore

- Machinery
- Minerals
- Agri-produce
- Prepared food
- Mechanical appliances

Products imported into Singapore

- Cocoa beans
- Chilled vegetables
- Blueberries

Sectors of Opportunity

- Agri-trade
- Infrastructure
- Technology solutions

Singapore and the Pacific Alliance

FTA Singapore has signed a Free Trade Agreement (FTA) with the Pacific Alliance. This is the Pacific Alliance's first FTA as a bloc.

There are more than 100 Singapore companies in the Pacific Alliance across a variety of sectors including agri-food; trade; technology and innovation; and infrastructure.

Singapore's trade and investment with the Pacific Alliance accounts for one-third of Singapore's trade and investment with Latin America and the Caribbean.

Singapore and the Pacific Alliance plan to embark on further initiatives together to grow ties and deepen links.



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ANNEX E: Examples of Singapore Companies in the Pacific Alliance

Shopee

Shopee is a leading e-commerce platform in Southeast Asia and Taiwan. It offers a wide variety of products, and is visited by tens of millions of consumers daily.

In 2021, Shopee launched its e-commerce marketplace platform in Mexico, Chile, and Colombia, to empower underserved consumers and small businesses in these markets so that they can benefit from the opportunities of the digital economy.

Olam International

Olam International Limited (“Olam”) is a leading integrated supply chain manager in agri-commodities. The company offers end-to-end supply chain solutions to its customers, from sourcing and purchasing agricultural products and food ingredients, to delivering them to the destination markets. Olam has built a global leadership position in edible nuts, cocoa, spices and vegetable ingredients, coffee, and cotton.

Olam is present in Colombia and Peru. In Colombia, Olam sources café, cacao, and teak, with 7 warehouses and 3 processing facilities, and is one of the largest exporters of coffee and plantation teak.

Tribe Accelerator

Tribe Accelerator (“Tribe”) is a blockchain accelerator that aims to provide promising startups with a hyperconnected platform to develop innovative solutions to real-world problems.

Tribe has a strong network of global corporations, government agencies, and top blockchain companies, including AXA, BMW Group Asia, Citibank, ConsenSys, Ethereum Foundation, EY, IBM, Intel, Nielsen, PwC, R3, Temasek, Ubisoft, and others. Tribe has incorporated in Bogota, Colombia.

Taiger

Taiger makes use of semantic and natural language processing technologies to process unstructured information, so as to help enterprises drive business value by optimising operational efficiencies. The company is present in Mexico.

CrimsonLogic

The CrimsonLogic Group (“CrimsonLogic”) works with governments and companies globally to find innovative and sustainable IT solutions and services.

In 2016, CrimsonLogic was commissioned by the Inter-American Development Bank to connect the Single Electronic Windows for Foreign Trade of the Pacific Alliance countries. This involved developing a customised interoperable solution that allows the Pacific Alliance countries to exchange, validate and mutually accept data, permits and authorisations, in real time, to increase the efficiency and transparency of foreign trade in the region.