

For Immediate Release

SINGAPORE AND AUSTRALIA RATIFY UPGRADED FREE TRADE AGREEMENT

1. Singapore and Australia marked a milestone in bilateral economic relations with the ratification of the upgraded Singapore-Australia Free Trade Agreement (SAFTA) today. The upgraded SAFTA which was signed by Minister for Trade and Industry (Trade) Lim Hng Kiang and Australia's Minister for Trade, Tourism and Investment Steven Ciobo in October 2016, will also enter into force today.

2. The SAFTA was upgraded under the ambit of the Singapore-Australia Comprehensive Strategic Partnership (CSP) agreement adopted by Prime Minister Lee Hsien Loong and Australia's then-Prime Minister Tony Abbott in June 2015. Under the CSP, Singapore and Australia opened a dynamic chapter in our bilateral partnership by deepening existing areas of cooperation and catalysing new ones, including in the area of economic cooperation and integration.

3. Key benefits of the upgraded SAFTA include updated trade rules in goods, increased opportunities for businesses to bid for Government Procurement contracts, enhanced access to each other's services sectors and greater facilitation for investments. There is also improved mobility for business persons and rules to facilitate trade in the digital economy.

4. Minister Lim said, "The ratification of the upgraded SAFTA is a significant outcome under the CSP. Since Minister Ciobo and I signed the agreement last year, both sides have been working expeditiously to bring the agreement into force so that Australian and Singapore businesses can reap the enhanced benefits. I look forward to greater collaboration between companies from both sides."

5. Singapore and Australia enjoy strong economic ties. Bilateral trade has grown steadily over the years and reached S\$18.2 billion in 2016. Australia was Singapore's 13th largest trading partner in 2016 while Singapore was Australia's seventh largest trading partner. Singapore is Australia's fifth largest investor, with about A\$98.9 billion¹ (S\$102 billion) worth of investments in real estate, telecommunications, tourism and utilities sectors across Australia. Australia's Foreign Direct Investment (FDI) into Singapore is S\$15.5 billion, mainly in the financial and insurance services sectors.²

6. Singapore companies that are interested in business and investment opportunities in Australia are encouraged to email IE Singapore at enquiry@iesingapore.gov.sg.

¹ Source: Australia Bureau of Statistics (Dec 2016)

² Source: Department of Statistics (latest statistics as at 2015)

Annex: Key benefits of the upgraded Singapore-Australia Free Trade Agreement

**Ministry of Trade and Industry
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Annex

Key Benefits of the Upgraded Singapore-Australia Free Trade Agreement

1. The Singapore-Australia Free Trade Agreement (SAFTA) is a wide-ranging and comprehensive agreement, covering tariff-free access for goods, improved market access for services and trade facilitation, as well as cooperation in key areas such as e-commerce, standards, education, intellectual property protection, competition policy, and customs procedures. It entered into force on 28 July 2003, and has since been reviewed twice. The third review took place under the ambit of the Singapore-Australia Comprehensive Strategic Partnership (CSP), a landmark agreement to deepen economic integration.

2. With the upgraded SAFTA, Singapore and Australian companies will enjoy greater access to each other's markets across many sectors. The key benefits of the upgraded SAFTA include:

- Improved rules of origin. Singapore and Australia have agreed to more flexible rules of origin, which will make it easier for Singapore exports into Australia to qualify for tariff-free treatment. To enhance trade facilitation, Singapore and Australia have also updated the SAFTA to reflect current customs procedures.
- Reduction of non-tariff barriers. Singapore and Australia will reduce regulatory barriers that impede trade in goods, such as wine and distilled spirits, cosmetics, medical devices, and pharmaceutical products.
- Access to government procurement contracts. Singapore companies will enjoy enhanced access to Australia's Government Procurement (GP) market. They will be able to bid for procurement contracts from Australia's Federal government as well as all eight States and Territories. Similarly, Australian companies will also benefit from improved access to Singapore's GP market.
- Investment facilitation. Singapore investors will benefit from greater facilitation of investments into Australia, in particular through higher thresholds for investments screened by Australia's Foreign Investment Review Board (FIRB). For example, investors will not need to seek approval from FIRB for investments below A\$1.094 billion (non-sensitive sectors) into Australia.
- Access to the services sectors. Singapore and Australia have committed to grant better access to each other's services markets. The upgraded SAFTA includes areas of interest to Singapore and Australian companies, such as the recognition of professional qualifications in areas such as Engineering and Accountancy.

- Improved mobility of business persons. Singapore and Australia have agreed to improve mobility and lengths of stay for our business people, for example, intra-corporate transferees.