

For immediate reporting

CHINA AND SINGAPORE SIGN UPGRADED AGREEMENT

1. The China-Singapore Free Trade Agreement (CSFTA) Upgrade Protocol was signed by Minister for Trade and Industry Chan Chun Sing and the People's Republic of China (PRC) International Trade Representative and Vice Minister of Commerce Fu Ziying today during PRC Premier Li Keqiang's Official Visit to Singapore. The signing was witnessed by Prime Minister Lee Hsien Loong and Premier Li Keqiang.
2. The upgraded CSFTA will provide Singapore businesses with improved Rules of Origin for certain petrochemical products and greater access into China's legal, maritime and construction services sector. It also includes enhancements in investment protection, customs procedures and trade facilitation, trade remedial measures, as well as commitments in new areas such as e-commerce, competition, environment. The upgraded CSFTA will take effect after both countries have ratified the Protocol.
3. Mr Chan said, "The signing of the China-Singapore Free Trade Agreement Upgrade sends a strong signal of both countries' commitment towards closer bilateral economic collaboration and evolving our open and rules-based market trading system according to the market needs. The CSFTA is the cornerstone of our bilateral relations and I look forward to the swift ratification of the upgraded agreement."
4. Upgrade negotiations for the CSFTA were launched in November 2015 during PRC President Xi Jinping's State Visit to Singapore. Eight rounds of negotiations were held over three years in both Singapore and Beijing. China and Singapore announced the conclusion of the CSFTA upgrade negotiations on 5 November 2018 on the sidelines of the China International Import Expo in Shanghai.
5. The CSFTA entered into force on 1 January 2009 and was the first comprehensive bilateral FTA that China concluded with an Asian country. Since the CSFTA was signed, bilateral trade grew at 4.6% and investments grew at 12.2% per year on average. In 2017, total bilateral trade between Singapore and China reached S\$137.1 billion. In 2016, Singapore's cumulative investment in China amounted to S\$123.5 billion while China's cumulative investment in Singapore amounted to S\$24 billion. China is Singapore's largest trading partner while Singapore is China's largest foreign investor since 2013.

**MINISTRY OF TRADE AND INDUSTRY
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ANNEX A: KEY FEATURES OF THE UPGRADED CSFTA

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Annex A: Key Features of the Upgraded CSFTA

Trade in Goods

1. The upgraded CSFTA **enhances market access for goods through improvements in the Rules of Origin (ROO)**. These ROO improvements allow more petrochemical exports from Singapore to qualify for preferential treatment when imported into China. Petrochemical products are among Singapore's top exports into China, accounting for one-quarter of Singapore's total exports to China in 2017.
2. Both sides agreed to establish the **Electronic Origin Data Exchange System (EODES)** between Singapore and China. Traders will no longer need to submit the Certificate of Origin issued by Singapore Customs in hardcopy to China and both sides can transmit the relevant documents directly through the EODES. This system is scheduled to be implemented from July 2019.

Trade in Services

3. The upgraded CSFTA **improves Singapore companies' access into China's legal, maritime and construction services sector**.
 - a. Legal. Singapore law firms that have established their offices in the Shanghai Free Trade Zone (FTZ) are permitted to form commercial associations with Chinese law firms in the Shanghai FTZ. These commercial associations can offer Chinese domestic and international legal services to clients anywhere in China.
 - b. Maritime. Singapore shipping companies and ship management companies will be able to take on majority owned and form wholly-owned foreign enterprises respectively in China's major port cities – Shanghai, Guangdong, Tianjin and Fujian FTZs.
 - c. Construction. Singapore construction companies established in the Shanghai FTZ, China-Singapore Suzhou Industrial Park, Sino-Singapore Tianjin Eco-city, or the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity will be able to undertake joint construction projects in the whole of Shanghai, Suzhou, Tianjin, and Chongqing respectively. These companies will be exempted from China's foreign investment ratio requirement.
4. Singapore will liberalise Air Transport, Courier and Environment sectors to Chinese companies. For Air Transport, the sub-sector of Computer Reservation System services will be opened to Chinese companies. For Courier services, Chinese companies will be able to deliver documents and parcels¹ in

¹ These exclude letters which weigh 500 grams or less, and postcards.

Singapore. For Environment services, Chinese companies can provide refuse collection, refuse disposal and waste management services.

5. On Financial Services, Singapore will grant Qualifying Full Bank (QFB) privileges to one additional Chinese bank. This will allow the Chinese bank to conduct the full range of banking businesses in Singapore, add to our diverse ecosystem of international banks, and contribute to the continued expansion of trade and financing flows between China and Singapore. The Monetary Authority of Singapore (MAS) and the China Banking and Insurance Regulatory Commission (CBIRC) have also committed to cooperate on issues of mutual interest through regular supervisory exchanges.

Investment

6. The upgraded Investment Chapter **enhances investment protection for Singapore investors in China**. Notable improvements to the Investment Chapter includes **a more robust Investor-State Dispute Settlement (ISDS) mechanism**. Under the **Most-Favoured-Nation (MFN) treatment**, Singapore investors will benefit from any preferential treatment accorded by China to other foreign investors in its future agreements.

7. Both sides are also committed to discuss further investment liberalisation through a **Work Programme** to allow more investment opportunities for investors in both countries. Discussions for further liberalisation will start within one year after the Upgrade enters into force.

Customs Procedures and Trade Facilitation (CPTF)

8. The upgraded CPTF Chapter in the CSFTA **surpasses existing commitments in the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) in Release of Goods, Advance Rulings and Express Shipments**. In particular, China will: (a) issue advance rulings for the origin of goods, tariff classification and customs valuation method within 60 days of application, and these shall be valid for up to three years, instead of two; (b) release all goods within 48 hours of arrival; (c) release express shipments within six hours, where possible, after the goods arrive. These commitments will bring about potential cost-savings for Singapore exporters through more efficient custom processes.

Trade Remedies

9. The strengthened procedural elements in the upgraded Trade Remedies Chapter **enhances the transparency and fairness of anti-dumping (AD) investigations on Singapore companies in China** by including new elements such as clear timelines within the investigation process, which is otherwise lacking in the WTO Agreement.

Economic Cooperation

10. The upgraded Economic Cooperation Chapter **strengthens cooperation between Singapore and China under the Belt and Road Initiative (BRI)**, through infrastructure connectivity, financial connectivity and third-party cooperation.

Competition

11. Competition is a new chapter under the upgraded CSFTA. The Competition Chapter is comprehensive, requiring both Singapore and China to **adhere to principles of transparency, non-discrimination and procedural fairness in competition law enforcement**.

Environment

12. Environment is a new chapter under the upgraded CSFTA. The Environment Chapter underscores the commitment by both countries to **promote economic and trade development in a manner that takes into consideration environmental protection and sustainable development**. It comprises provisions such as those that relate to encouraging high levels of environmental protection, cooperation on multilateral environmental agreements and promotion of bilateral cooperation.

E-commerce

13. E-commerce is a new chapter under the upgraded CSFTA. The e-commerce Chapter **facilitates e-commerce for business and protects consumers through improved commitments in online consumer protection and personal information protection**.

Manpower

14. The existing Labour Cooperation Working Group between Singapore and China's government agencies is expanded to discuss Employment Pass application issues by Chinese enterprises and applicants.