

For Immediate Release

EUROPEAN PARLIAMENT APPROVES EU-SINGAPORE FREE TRADE AGREEMENT AND EU-SINGAPORE INVESTMENT PROTECTION AGREEMENT

1. Singapore welcomes the news that the European Parliament has given its consent to the EU-Singapore Free Trade Agreement (EUSFTA) and EU-Singapore Investment Protection Agreement (EUSIPA) in a vote on 13 February 2019 in Strasbourg, France. The consent by the European Parliament sends a strong signal on the robust and longstanding relations between the EU and Singapore. The EUSFTA and EUSIPA are the first trade and investment agreements concluded between the EU and an ASEAN member state.
2. Minister-in-charge of Trade Relations S Iswaran said, "This is an important milestone in Singapore's bilateral relations with the European Union. The EUSFTA and EUSIPA will bring strategic and economic benefits to both the EU and Singapore. Singapore and EU companies, in particular our SMEs, can look forward to significant benefits from the reduction of tariff and non-tariff barriers. The two agreements are also strategic pathfinders to an eventual EU-ASEAN trade and investment agreement. They are a tangible demonstration of the EU and Singapore's shared commitment to open and rules-based trade and will anchor the EU's presence in ASEAN. We look forward to the expeditious entry-into-force of the agreements, which will bring the EU and Singapore closer together and ultimately benefit EU citizens and Singaporeans by creating good jobs and new opportunities."
3. Following the approval by the European Parliament, both the EU and Singapore will undertake their respective internal administrative processes to enable the EUSFTA to enter into force as soon as possible. As a mixed agreement¹, the EUSIPA under the EU's processes will be sent to the regional and national parliaments of the EU member states for approval before entry into force.
4. Singapore companies that are interested in business and investment opportunities in the EU can contact Enterprise Singapore at enquiry@enterprisesg.gov.sg. For more details on the key benefits of the agreements, please refer to the business guide jointly produced by the Ministry of Trade and Industry, Singapore, and the European Commission at <https://www.mti.gov.sg/-/media/MTI/Microsites/EUSFTA/SG-EU-Trade-and-Investment-7.pdf>

¹ As a mixed agreement, the EUSIPA falls under the shared competence of the EU and its member states.

ANNEX A: Key benefits of the EUSFTA & EUSIPA
ANNEX B: Factsheet on EU-Singapore relations

MINISTRY OF TRADE AND INDUSTRY
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Annex A: Key benefits of the EUSFTA & EUSIPA

EU-SINGAPORE FREE TRADE AGREEMENT (EUSFTA)

1. 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

2. **Singapore will remove tariffs on all EU products entering Singapore. The EU will remove tariffs on 84% of all Singapore products entering the EU within the first year, and the remaining 16% over a period of 3 to 5 years.**
3. 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.
4. The EUSFTA is the first bilateral FTA where Singapore **incorporated enhanced market access for Asian food products made in Singapore**, such as *lap cheong* (dried Chinese sausage) and *sambal ikan bilis* (spicy crispy anchovies). These can enter the EU tariff free under flexible ROOs², up to a combined quota of 1,250 tonnes annually.

Reduced Non-Tariff Barriers

5. **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.
6. 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 for meat-producing establishments so that inspection of individual abattoir / food processing plants for companies to export their goods will not be required.

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.

7. 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

8. 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.
9. 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.
10. 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

11. 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.
12. 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.
13. 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.
14. 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

15. 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)**.
16. Following the European Parliament's consent for the EUSFTA, 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)

17. 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.
18. 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 at least 2 years.

Investment Dispute Resolution Mechanism

19. The EUSIPA 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**.
20. 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

1. 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

2. The EU is Singapore's third largest trading partner, with bilateral trade in goods exceeding S\$114 billion in 2018. Singapore is also an important trading partner for the EU, and is the largest EU trading partner in ASEAN. In 2018, Singapore's total exports in goods to the EU were approximately S\$49 billion, while imports from the EU were roughly S\$65 billion.

Trade in Services

3. The EU is Singapore's largest market for services trade, with bilateral trade in services exceeding S\$79 billion in 2017. In that year, the EU was our top destination for services exports, valued at approximately S\$39 billion. It was also Singapore's second largest source of services imports, valued at over S\$40 billion.
4. Singapore is the EU's top ASEAN trading partner in services. In 2016, Singapore was the seventh largest destination for EU services exports, and fifth largest source of services imports for the EU.

Investment

5. The EU is the largest investor in Singapore, putting EU Foreign Direct Investment (FDI) stock in Singapore at over S\$376 billion in 2017. 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 2018, there are more than 10,000 EU companies in Singapore.
6. 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.