

CHINA-SINGAPORE FREE TRADE AGREEMENT (CSFTA) UPGRADE PROTOCOL ENTERS INTO FORCE

1. At the 15th Joint Council for Bilateral Cooperation (JCBC) Meeting in Chongqing, China today, Deputy Prime Minister Heng Swee Keat and People's Republic of China (PRC) Vice Premier Han Zheng announced the entry into force of the China-Singapore Free Trade Agreement (CSFTA) Upgrade Protocol. The upgraded CSFTA will take effect from 16 October 2019 except for the articles relating to Rules of Origin, which will take effect on 1 January 2020.
2. Minister for Trade and Industry Chan Chun Sing who signed the upgraded agreement last year said, "Singapore welcomes the ratification of the China-Singapore Free Trade Agreement Upgrade Protocol. The CSFTA Upgrade is a substantive, meaningful and mutually beneficial agreement. It will strengthen the foundation for Singapore and China to deepen our trade and investment linkages. The entry into force of the agreement is an important signal of both countries' commitment to free and open trade."
3. The upgraded CSFTA provides Singapore businesses with improved Rules of Origin that allows more petrochemical products to qualify for preferential treatment. The upgraded agreement will also grant Singapore companies greater access into China's legal, maritime and construction services sector. In addition, the upgrade included enhancements in investment protection, customs procedures and trade facilitation, trade remedial measures, as well as commitments in new areas such as e-commerce, competition and environment.
4. Negotiations for the upgrade of the CSFTA were launched in November 2015 during PRC President Xi Jinping's State Visit to Singapore. Following eight rounds of negotiations over three years, the CSFTA Upgrade Protocol was signed by Minister Chan Chun Sing and PRC International Trade Representative and Vice Minister of Commerce Fu Ziyang on 12 November 2018 during PRC Premier Li Keqiang's Official Visit to Singapore. The signing was witnessed by Prime Minister Lee Hsien Loong and Premier Li Keqiang.
5. The CSFTA entered into force on 1 January 2009 and was China's first comprehensive bilateral FTA with an Asian country. Since its entry into force, bilateral merchandise trade between Singapore and China grew at 6.6% and investments grew at 11.9% per year on average. China is Singapore's largest trading partner while Singapore is China's largest foreign investor since 2013. In 2018, total bilateral trade between Singapore and China reached S\$135 billion. In 2017, Singapore's cumulative investment in China amounted to S\$140 billion while China's cumulative investment in Singapore amounted to S\$36.3 billion.

MINISTRY OF TRADE AND INDUSTRY
15 October 2019

ANNEX A: KEY FEATURES OF THE CSFTA UPGRADE PROTOCOL
ANNEX B: INFOGRAPHIC ON THE CSFTA UPGRADE PROTOCOL

ANNEX A: KEY FEATURES ON THE CSFTA UPGRADE PROTOCOL

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 approximately 28% of Singapore's total exports to China in 2018. The articles related to ROO will take effect from 1 January 2020.
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 will be implemented from 1 November 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.**
 - a. Air Transport. The sub-sector of Computer Reservation System services will be opened to Chinese companies.

- b. Courier services. Chinese companies will be able to deliver documents and parcels¹ in Singapore.
 - c. 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 Protocol 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.

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

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. Under the upgraded Economic Cooperation Chapter, both sides commit to **strengthen 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 also 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 another 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.

ANNEX B: INFOGRAPHIC ON THE CSFTA UPGRADE PROTOCOL

CHINA - SINGAPORE FREE TRADE AGREEMENT (CSFTA) UPGRADE

Did you know?

China is Singapore's largest trading partner since 2013

JAN 2009

The CSFTA first entered into force

NOV 2018

The CSFTA was upgraded

OCT 2019

The upgraded CSFTA entered into force

Upgraded CSFTA will provide businesses with:

Improved market access

Enhanced investment protection

Simplified Customs Procedures

KEY BENEFITS

TRADE IN GOODS

Improvements in Rules of Origin (ROO) – more exports from Singapore will qualify for preferential treatment. The value of Singapore exports covered by improved ROO amounts to more than a quarter of Singapore's total domestic exports to China.

Products include:

Mineral fuels

Organic chemicals

Plastics

ELECTRONIC ORIGIN DATA EXCHANGE SYSTEM (EODES)

Traders will no longer need to submit the Certificate of Origin in hardcopy to China. This system will be implemented from November 2019.

CUSTOMS PROCEDURES AND TRADE FACILITATION

Increased efficiency and predictability for traders in the areas of Release of Goods, Advance Rulings and Express Shipments.

INVESTMENT

Enhanced investment protection standards with a more robust Investor-State Dispute Settlement (ISDS) mechanism and compensation clause for Singapore investors. Singapore companies will also benefit from any preferential treatment China accords to other foreign investors in its future agreements.

TRADE IN SERVICES

Maritime – Singapore shipping and ship management companies will be able to take on majority ownership or form wholly-owned foreign enterprises in China's major port cities - Shanghai, Guangdong, Tianjin, and Fujian Free Trade Zones (FTZ).

Construction – Singapore construction companies that undertake joint construction projects in Shanghai, Suzhou, Tianjin, and Chongqing will be exempted from China's foreign investment ratio requirement. The latter three areas are where Singapore's three G-to-G projects with China are located.

Legal – Singapore law firms that have established their representative offices in Shanghai FTZ will be permitted to form a commercial association with Chinese law firms in the Shanghai FTZ and offer legal services to clients in China regardless of location.

NEW CHAPTERS

COMPETITION

Adherence to the principles of transparency, non-discrimination and procedural fairness in competition law enforcement.

ENVIRONMENT

Commitment to promote environment protection and sustainable development.

E-COMMERCE

Commitment to promote online consumer protection and personal information protection.

Full upgraded CSFTA text will be available on www.enterprisesg.gov.sg.

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Information is accurate as of October 2019.