

THE UNITED KINGDOM (UK) AND SINGAPORE ENHANCE BILATERAL ECONOMIC RELATIONS BY SIGNING A FREE TRADE AGREEMENT AND AGREEING TO WORK TOWARDS A DIGITAL ECONOMY AGREEMENT

Minister for Trade and Industry Chan Chun Sing and United Kingdom (UK) Secretary of State for International Trade Elizabeth Truss signed the UK-Singapore Free Trade Agreement (FTA) in Singapore today. They also agreed to start scoping the modules of a UK-Singapore Digital Economy Agreement (DEA), with a view to launching negotiations on the DEA in 2021.

2. The UK-Singapore FTA will provide Singapore and UK companies with certainty and clarity in trading arrangements between both countries. Under the UK-Singapore FTA, Singapore and UK companies will enjoy the same benefits that they are receiving under the EU-Singapore FTA (EUSFTA). These include tariff elimination for goods trade, increased access to their respective services and government procurement markets, as well as reduction of non-tariff barriers including in four major sectors: electronics; motor vehicles and vehicle parts; pharmaceutical products and medical devices; and renewable energy generation.

3. The FTA will also support the regional operations and supply chains of companies in the UK and Singapore by allowing for both EU-27 and ASEAN cumulation. In line with the current arrangement under the EUSFTA, UK and Singapore companies can continue to use materials and parts sourced from the EU-27 in their exports to each other's markets. The EUSFTA provision on ASEAN cumulation would also remain. Once the relevant arrangements¹ are put in place, Singapore exports using ASEAN materials and parts can qualify for preferential tariff treatment when entering the UK. This will strengthen Singapore and the UK's roles as business hubs in our respective regions. As the first FTA between the UK and an ASEAN Member State, the UK-Singapore FTA will also serve as a pathfinder for the UK's engagement of the ASEAN region.

4. The UK-Singapore DEA will serve as a pathfinder for modern rules on digital trade and financial services between Europe and Southeast Asia. It will facilitate more seamless digital trade and business between the UK and Singapore by promoting cross-border digital connectivity and interoperability of digital standards and systems.

5. Mr Chan said, "The signing of the UK-Singapore FTA strengthens and deepens the relationship between Singapore and the UK. The agreement will provide continuity and certainty for businesses in both countries and send a strong signal of the UK's commitment to deepen its engagement of the region. Our intention to launch negotiations on a pioneering DEA between the UK and Singapore early next year also reflects both countries' desire, as forward-

¹ Similar to the EUSFTA, the UKSFTA requires ASEAN countries to provide undertakings of cooperation and compliance in order to allow for ASEAN cumulation.

looking and digitally advanced economies, to set the template for digital trade rules of the future. The UK has also indicated clear interest in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which Singapore supports and welcomes.”

6. In addition to the FTA, the UK and Singapore have committed to commence negotiations and endeavour to conclude a high standard investment protection agreement within two and four years respectively of the UK-Singapore FTA's entry into force. This will ensure that bilateral investments are covered by robust and up-to-date treaty safeguards, as well as provide businesses and investors with the certainty of investment protection.

7. Singapore and the UK will now work on their respective ratification processes for the entry into force of the UK-Singapore FTA.

Annex A: Joint Ministerial Statement by the Republic of Singapore and the United Kingdom (UK) on the signing of the UK-Singapore Free Trade Agreement (UKSFTA) and negotiations on a UK-Singapore Digital Economy Agreement (DEA)

Annex B: Factsheet on the UK-Singapore FTA (UKSFTA)

Annex C: Infographic on the UK- Singapore FTA (UKSFTA)

MINISTRY OF TRADE AND INDUSTRY, SINGAPORE

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For media queries, please contact:

Athena Michael
Senior Assistant Director, Communications & Engagement Division
Tel: +65 9323 2769
Email: Athena.Michael@mti.gov.sg

Annex A: Joint Ministerial Statement by the Republic of Singapore and the United Kingdom (UK) on the signing of the UK-Singapore Free Trade Agreement and negotiations on a UK-Singapore Digital Economy Agreement

The UK and Singapore are pleased to announce today the signing of the UK-Singapore Free Trade Agreement (FTA). Both countries also agreed to start scoping the modules of a UK-Singapore Digital Economy Agreement (DEA), with the aim of launching negotiations on the DEA in early Spring 2021.

1. The UK and Singapore are like-minded partners with shared historical ties and excellent economic relations. Singapore is the UK's largest trade and investment partner from ASEAN, while the UK is amongst Singapore's top three European trading partners and Singapore's top investment destination in Europe. As island trading nations, both countries share a strategic commitment to global trade, and the free flow of capital and investments. We enjoy broad-based collaboration in areas such as science and technology, climate and sustainability, defence, education and culture.
2. The UK-Singapore FTA will take our excellent economic relations further. It will cover more than £17 billion of bilateral trade in goods and services. Companies will continue to benefit from tariff elimination for goods trade, increased access to our respective services and government procurement markets, and reduction of non-tariff barriers in key sectors such as electronics, motor vehicles and vehicle parts, pharmaceutical products and medical devices, and renewable energy generation.
3. In particular, the UK and Singapore have committed to maintain the same timeline for tariff reductions as compared to the EU-Singapore FTA. Upon the UK-Singapore FTA's entry into force, tariffs will remain eliminated for 84% of all tariff lines for Singapore exports to the UK. Singapore Asian food products such as *har gow* (prawn dumplings) and *sambal ikan bilis* (spicy crispy anchovies) will continue to enter the UK tariff-free under flexible rules of origin, up to a combined quota of 350 tonnes annually. Singapore will also continue to bind our current level of duty-free access for all UK products entering Singapore, and maintain protections on iconic UK goods such as Scotch Whisky.
4. The UK-Singapore FTA will support financial services trade and investment in both countries, and provide opportunities for existing UK Qualifying Full Banks in Singapore to expand their footprint, including through additional customer service locations. Both countries will continue to discuss strengthening their financial and economic cooperation and building links between their financial markets, including through the annual UK-Singapore Financial Dialogue.
5. Beyond the UK-Singapore FTA, the UK and Singapore have committed to commence and endeavour to conclude negotiations to deliver updated, high

standard and ambitious investment protection commitments within two years and four years respectively of the UK-Singapore FTA's entry into force.

6. Both countries also plan to strengthen our trading relationship further. We will start scoping the modules of a UK-Singapore DEA, with the aim of launching negotiations in early Spring 2021 on a DEA that aspires to be a model for international digital trade rules and cooperation. It is the shared desire of both countries, as forward-looking and digitally advanced economies, to explore emerging and innovative areas in digital trade.
7. Under the DEA, the UK and Singapore will aim to ensure an open, thriving, and safe digital environment for our consumers and businesses. The agreement will promote the flow of data across borders while maintaining high levels of personal data protection. It will also promote interoperable digital systems to connect our thriving innovation ecosystems, harness the interaction between financial services and the digital economy, and help shape global standards for effective regulation in key areas such as cyber security and emerging technology. The DEA will also form a strong basis for our cooperation in the WTO and other multilateral fora in pursuing a likeminded approach to global trade rules.
8. The signing of the UK-Singapore FTA serves as a significant step in the UK's interest to seek membership of the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP). Singapore supports and welcomes the UK's intent to submit its application to accede to the CPTPP in early 2021. This will bring us closer to the CPTPP's vision of advancing economic integration and supporting the liberalisation of trade and investment globally. As vice-chair of the CPTPP Commission, Singapore will work with the chair and other CPTPP members to form an Accession Working Group for the UK as expeditiously as possible.
9. As we approach the second anniversary of our Singapore-UK Partnership for the Future, we are confident that the UK-Singapore FTA and UK-Singapore DEA, and the UK's accession to CPTPP, will deepen the foundation for the UK and Singapore to take our strong and modern economic partnership into the 21st century.

Annex B: Factsheet on the UK-Singapore FTA (UKSFTA)

1. The UKSFTA ensures trade continuity and provides companies with certainty in trading arrangements between the UK and Singapore. It will allow companies to continue enjoying the same EU-Singapore Free Trade Agreement (EUSFTA) benefits when trading between the two countries. This includes tariff elimination for goods trade, increased access to services and government procurement markets, as well as reduction of non-tariff barriers including in four major sectors: electronics; motor vehicles and vehicle parts; pharmaceutical products and medical devices; and renewable energy generation.
2. The UK and Singapore are working to provisionally apply the UKSFTA immediately after the Brexit transition period ends.²

Tariff Elimination

3. In the spirit of continuity, the UK and Singapore have committed to maintain the **same timeline for tariff reductions as the EUSFTA** and start the clock from the entry into force of the EUSFTA. Upon the UKSFTA's entry into force, tariffs will remain eliminated for 84% of all tariff lines for Singapore exports to the UK. Virtually all of the remaining tariffs will be eliminated by 21 November 2024, similar to the EUSFTA. Singapore will also continue to bind our current level of duty-free access under the EUSFTA for all UK products entering Singapore.
4. The UKSFTA will continue to provide **for liberal and flexible rules of origin (ROO)** for the UK and Singapore's key exports to each other's markets, including automobiles, chemicals, clothing and textiles, electronics, machinery, pharmaceuticals, and petrochemicals.
5. Singapore companies will also continue to enjoy **enhanced market access in the UK for Asian food products made in Singapore**, such as *har gow* (prawn dumplings) and *sambal ikan bilis* (spicy crispy anchovies). These will be able to enter the UK tariff-free under flexible ROOs,³ up to a combined quota of 350 tons annually.

EU and ASEAN cumulation

6. In line with the current arrangement under the EUSFTA, UK and Singapore companies can **continue to use EU-27 materials and parts** in their exports to each other's markets. **Materials and parts sourced from ASEAN Member States** can also be used and qualified under the rules of origin for

² The UKSFTA will enter into force after the UK completes its relevant parliamentary procedures.

³ These processed food products will only be required to meet certain qualifying operations. They will also be subjected to relevant UK sanitary and phytosanitary requirements.

exports to the UK, when the relevant arrangements⁴ are put in place. This would enable such products to **more easily qualify for preferential tariff treatment**.

Reduced Non-Tariff Barriers

7. The UKSFTA will **remove unnecessary technical barriers to trade (TBT)** for Singapore and UK exporters. The provisions in the agreement go beyond the requirements of the World Trade Organization's Technical Barriers to Trade (TBT) Agreement and Sanitary and Phytosanitary Measures (SPS) Agreement, and are aimed at reducing costs for exporters.

8. This will create a level playing field for UK and Singapore companies and facilitate trade between the UK and Singapore. A wide range of sectors in both the UK and Singapore will benefit, such as electronics, motor vehicles and vehicle parts, pharmaceuticals, renewable energy, as well as meat and meat products.

9. Provisions within the chapters on TBT and SPS 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.

10. In pharmaceuticals, the UK will endeavour to deem Singapore's standards of "Good Manufacturing Practices" in the manufacture of active pharmaceutical ingredients as equivalent to its own.

Customs Facilitation

11. In addition to customs procedures, the UK and Singapore will work to mutually recognise each other's authorised economic operator (AEO) schemes⁵ within two years of the UKSFTA's entry into force. This would enable AEO companies certified by Singapore Customs to **benefit from facilitated documentary and cargo clearance for their shipments**.

Trade in Services Sectors

12. Services sectors are crucial for both the UK and Singapore economies, and the UKSFTA aims to further boost the dynamic trade in services between Singapore and the UK.

⁴ Similar to the EUSFTA, the UKSFTA requires ASEAN countries to provide undertakings of cooperation and compliance in order to allow for ASEAN cumulation.

⁵ An AEO is a party involved in the international movement of goods (e.g. importers, exporters, shipping agents), that has been approved by a national Customs administration as complying with World Customs Organisation (WCO) or equivalent supply chain security standards. They are deemed to be of lower risk.

13. The UKSFTA 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 sector-specific rules on non-discrimination and transparency.

14. The agreement covers a wide range of services sectors including architecture, engineering, management consultancy, advertising, computer-related, environmental, postal and courier, maintenance and repair of ships and aircraft, international maritime transport, as well as hotels and restaurants services.

Government Procurement Opportunities

15. The UKSFTA's Government Procurement chapter includes rules on transparency and non-discrimination that go beyond the WTO's Agreement on Government Procurement, to which Singapore and the UK are signatories.

16. The UK will grant Singapore enhanced access to city-level and municipal-level government procurement opportunities. Companies that will benefit include those with strengths in transport, financial services and utilities. The UK and Singapore's commitments in the GP Chapter will give our respective companies more opportunities to participate in our public tenders.

Enhanced Intellectual Property Rights

17. The UKSFTA will allow Singapore and the UK to **continue enjoying the benefits of a comprehensive Intellectual Property Rights Chapter which includes enhanced rights for copyright, enforcement, and geographical indications**.

Investment Protection

18. Beyond the UKSFTA, the UK and Singapore have committed to **commence and endeavour to conclude negotiations for a high standard investment protection agreement within two and four years respectively of the UKSFTA's entry into force**. This will ensure that our bilateral investments will be covered by robust and up-to-date treaty protections, and provide our businesses and investors with the certainty of investment protection.

Annex C: Infographic on the UK- Singapore FTA (UKSFTA)

