

## **SUBSTANTIAL CONCLUSION OF THE AGREEMENT ESTABLISHING THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA UPGRADE NEGOTIATIONS**

1. Singapore and other ASEAN Member States, Australia and New Zealand have successfully substantially concluded negotiations to upgrade the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). Prime Minister Lee Hsien Loong along with AANZFTA Leaders and Ministers announced this today at the sidelines of the 40<sup>th</sup> and 41<sup>st</sup> ASEAN Summit and Related Summits in Phnom Penh, Cambodia.

2. The AANZFTA is the first FTA ASEAN has upgraded with its Dialogue Partners since the onset of the COVID-19 Pandemic. In upgrading the AANZFTA, Parties shared a common objective to ensure that the Agreement remains of high quality, responsive to emerging challenges and relevant to our businesses.

3. Building on existing foundations including the Regional Comprehensive Economic Partnership (RCEP) Agreement, Singapore-based companies will benefit from the upgraded AANZFTA's improvements, namely in more facilitative rules in trade in goods, rules of origin, customs procedures, investment, trade in services and e-commerce, amongst others.

4. The upgraded Agreement introduces some new features to Singapore's and ASEAN's Free Trade Agreements (FTAs), such as commitments on working together to ensure the continued flows of essential goods during times of crisis, a pathfinder amongst ready Parties on full cumulation, new commitments on sterilisation to support bulk breaking operations, education services cooperation and a standalone Chapter on Trade and Sustainable Development. Collectively, these will make it easier for business to operate during times of crises, help them to better plug into regional value chains and promote a more conducive environment for businesses, as well as professional and education services players to engage with overseas partners to explore opportunities.

5. Minister for Trade and Industry Gan Kim Yong said, "The upgraded AANZFTA seeks to address emerging issues and position the AANZFTA well to deal with future crises and challenges. This Agreement's novel provisions on supply chain resilience for essential goods, sustainability, rules of origin and enhancements in areas such as e-commerce and services will further open up opportunities for our businesses, especially our small and medium enterprises, and our people. The substantially concluded negotiations is testament to the AANZFTA Parties' collective resolve to ensure our economies remain open, the importance we place on continued cooperation amidst an increasingly challenging global economic environment and the enduring relations between ASEAN, Australia and New Zealand over the years. I look forward to signing the upgraded Agreement as soon as possible and its early entry into force."

6. The AANZFTA effectively creates a free trade area of over 710 million people with a combined GDP of more than USD 4.5 trillion. In 2021, ASEAN's total trade in goods with Australia and New Zealand amounted to USD 92.73 billion, an increase of 45% from 2020. Meanwhile, Australia and NZ's Foreign

Direct Investment into ASEAN was at USD 588.77 million, a rise of 86% from 2020.

**Annex A: Factsheet on the AANZFTA Upgrade**  
**Annex B: Joint Statement**

**Ministry of Trade and Industry**  
**13 November 2022**

*For media enquiries, please contact:*

Naadiah Badib  
Assistant Director, Communications and Engagement Division  
Email: [Naadiah\\_Badib@mti.gov.sg](mailto:Naadiah_Badib@mti.gov.sg)

## Annex A

### Factsheet on the AANZFTA Upgrade

The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) entered into force in 2010, establishing a free trade area of over 710 million people with a combined GDP of more than USD 4.5 trillion.

2 The AANZFTA Upgrade will introduce three new chapters:

- Trade and Sustainable Development (TSD): The upgraded AANZFTA is the first FTA involving ASEAN to include a standalone TSD chapter. This will facilitate cooperation, information sharing and capacity building for Parties to collectively enhance efforts and cooperation on sustainable development. Through these, this chapter seeks to enhance understanding on the value of fostering rules and standards to promote cross-border green activities and a conducive environment for businesses and other stakeholders to access green opportunities.
- Government Procurement: Businesses will benefit from transparency of rules, regulations and procedures, and certainty in the regulatory environment. It will also promote environmentally sustainable procurement and the use of electronic means in procurement, going beyond the RCEP Agreement.
- Micro, Small and Medium Enterprises (MSMEs): This chapter promotes collaboration between governments to enhance the capabilities of our MSMEs and improve the business environment for MSMEs. Building on the RCEP Agreement, this Chapter will promote cooperation in areas including supporting MSMEs to capture opportunities in new and emerging areas including in the green economy and enhancing MSMEs' capacity to utilise FTAs.

3 Other new or enhanced commitments in existing Chapters include:

- Trade in Goods and Customs Procedures & Trade Facilitation - Promotes certainty in the supply of essential goods during future crises for businesses and consumers: Learning from the COVID-19 pandemic, Parties agreed in the upgraded AANZFTA to cooperate to facilitate the continued flows of essential goods during humanitarian crises, epidemics or pandemics. In particular, Parties will refrain from introducing trade-restrictive NTMs on essential goods; expedite movement, release and clearance of essential goods; and can request of each other essential goods that are in shortage during crises. This helps business continuity as well as consumers who rely on the continued flows of essential products in their daily lives. This is a first for Singapore's and ASEAN's FTAs.
- Rules of Origin - Helping businesses better plug into regional supply chains: The Upgraded AANZFTA includes a pathfinder programme on full

cumulation. When implemented, this will allow businesses to use intermediate inputs from any AANZFTA Party in meeting the originating criteria for final products. This lowers the barriers for companies, especially SMEs, to meet the originating criteria for their products so as to benefit from the AANZFTA's preferential tariffs, better plugging them into the regional value chain. The Upgraded AANZFTA is the first ASEAN FTA to effectively operationalise full cumulation.

- Services - Deeper collaboration on Professional and Education Services and greater ease of doing business in the region: The inclusion of two new annexes on Education and Professional Services will encourage deeper cooperation in these two key sectors, including through information exchange and standards setting. Both Annexes go beyond the RCEP commitments, with the Education Services Cooperation Annex being the first across ASEAN FTAs. Services providers can potentially benefit from clearer and more business-friendly domestic regulations. Companies providing Education and Professional services can harness both these Annexes to operate in AANZFTA markets with greater confidence. Parties have also committed to further discuss changing the scheduling approach for market access commitments and potentially reducing performance requirements for businesses. These discussions could pave the way for reduced restrictions in business operations.
- Financial Services – Enhanced commitments in the financial services sector: The upgraded Agreement includes modern articles to make domestic law and regulations applicable to the activities of financial service suppliers more transparent and to support the development of efficient, safe and secure cross-border electronic payments.
- E-Commerce – Enhanced cooperation to promote interoperability: The upgraded Agreement introduces new areas of cooperation in areas such as digital trade standards, and e-invoicing, going beyond the RCEP Agreement; promoting interoperability and regulatory coherence for businesses. Consumers and businesses also stand to benefit from greater transparency of domestic regulations consistent with international norms, as well as from enhanced rules on consumer protection and personal information protection.
- Investment – enhanced rules for investors: Investors will benefit from improved transparency and certainty around AANZFTA Parties' respective investment regimes as regulatory measures are clearly set out. Foreign investors will also enjoy treatment that is at least as favourable as treatment accorded to local investors in like circumstances. There are also plans to further discuss reducing performance requirements for businesses' operations in AANZFTA Parties via a work programme.
- Competition – Enhanced commitments to implement consumer protection laws and regulations, beyond the RCEP Agreement: The upgraded AANZFTA also includes other new elements such as appropriate

measures against anti-competitive activities, confidentiality of information,  
and consultation.

**Joint Statement**



**JOINT STATEMENT ON THE SUBSTANTIAL CONCLUSION OF THE  
ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA (AANZFTA)  
UPGRADE NEGOTIATIONS**

**13 November 2022, Phnom Penh, Cambodia**

1. Leaders from ASEAN, Australia, and New Zealand, together with their respective Ministers, gathered at the sidelines of the 40<sup>th</sup> and 41<sup>st</sup> ASEAN Summits and Related Meetings in Phnom Penh, Cambodia, on 13 November 2022, to announce the substantial conclusion of negotiations upgrading the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

2. AANZFTA is not only the first region-to-region free trade agreement for both ASEAN and CER (Australia and New Zealand) but also remains as ASEAN's most ambitious single undertaking since it embarked on an outward-looking economic regime aimed at integrating the ASEAN Member States, individually and collectively, into the global economy. In September 2020, Ministers launched the upgrade negotiations and the first negotiating meeting took place in April 2021, amidst unprecedented challenges brought about by the COVID-19 pandemic. The substantial conclusion of the upgrade negotiations, even as the region continues to grapple with the effects of the pandemic and multiple regional and global challenges, is a testament to the AANZFTA Parties' resolve to accelerate post-pandemic economic recovery by deepening and broadening economic integration and cooperation to bolster more robust and resilient supply chains, keep markets open for trade and investment and catalyse longer-term growth by leveraging digital trade and sustainable development.

3. The upgraded AANZFTA will open up new opportunities as Parties to the Agreement have ensured it remains of high quality, responsive towards emerging challenges, takes into account modern trade practices, and remains commercially meaningful to businesses in the region. The upgraded AANZFTA will, among other benefits, accelerate supply chain integration and resilience; ensure the smooth flow of essential goods during periods of crises; deepen

services and investment liberalisation; and support electronic commerce and digital transformation. With the inclusion of new Chapters on (i) Government Procurement; (ii) Micro, Small, and Medium-Enterprises (MSMEs); and (iii) Trade and Sustainable Development it will also facilitate growth and development of an inclusive and sustainable regional economy.

4. Recognising that the real benefits from the upgraded AANZFTA could only be achieved and realized upon the early signing and timely implementation of the Second Protocol to Amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area, Leaders tasked Ministers to work towards the signing of the Second Protocol in 2023.