

## **ASEAN BOOSTS TRADE AND INVESTMENT LINKAGES WITH DIALOGUE PARTNERS; SIGNS UPGRADED ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA AGREEMENT**

1. On behalf of Minister for Trade and Industry Gan Kim Yong, Permanent Secretary for Trade and Industry (Policy) Gabriel Lim attended the ASEAN Economic Ministers' (AEM) Consultations with 12 Dialogue Partners (DP) <sup>1</sup> and the second Regional Comprehensive Economic Partnership (RCEP) Ministerial Meeting from 20 to 22 August 2023 in Semarang, Indonesia.
2. ASEAN and its DPs continued to inject momentum to collaborate on a range of issues such as updating trade and investment rules and connectivity, advancing digital economy and sustainable initiatives, and exploring cooperation in areas such as supply chain resilience to weather future shocks, amongst others. This reaffirms their joint commitment to upholding an open, inclusive and rules-based order, especially amidst increasing pressures to turn inwards, and address evolving needs and challenges to help the region capitalise on emerging opportunities.
3. Notably, Singapore signed the Second Protocol to Amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) at the sidelines of the AEM Meeting. The Upgraded AANZFTA delivers forward-looking outcomes, going beyond Singapore's and ASEAN's Free Trade Agreements (FTAs), such as strengthening of supply chain resilience for essential goods, simplified rules of origin, and a standalone Chapter on Trade and Sustainable Development. It also provides tangible benefits to businesses in areas such as e-commerce, investment, services, consumer protection and government procurement. (Information on the AANZFTA Upgrade can be found in [Annexes A and C.](#))
4. Other outcomes from the meetings include:
  - i. ASEAN and Japan endorsing the Future Design and Action Plan for an Innovative and Sustainable ASEAN-Japan Economic Co-creation to commemorate the 50<sup>th</sup> anniversary of ASEAN-Japan Economic partnership. The Action Plan lays the path for enhanced economic cooperation over the next ten years in a wide range of areas including trade facilitation, digitalisation and human capital development.
  - ii. ASEAN and Hong Kong welcomed the finalisation of the First Protocol to Amend the ASEAN-Hong Kong FTA (AHKFTA). The First Protocol, which will be signed by Parties on an ad-referendum basis, puts into effect the complete set of Product Specific Rules under the Agreement. When implemented, this will further facilitate trade between ASEAN and Hong Kong.

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<sup>1</sup> Australia, Canada, China, the European Union, Hong Kong China, India, Japan, Republic of Korea, New Zealand, Russia and the United Kingdom and the United States, including the ASEAN-Plus Three and East Asia Summit groupings.

- iii. Considerable progress in the respective ongoing ASEAN+1 FTA negotiations. With China, the ASEAN-China Free Trade Area (ACFTA) upgrade negotiations has continued to clock concrete progress and is working towards its targeted conclusion in 2024. There has also been steady momentum in the ongoing ASEAN Canda Free Trade Area (ACAFTA), which is targeted for substantial conclusion by 2025. ASEAN and India also finalised preparatory work to advance negotiations to review the ASEAN-India Trade in Goods Agreement (AITIGA).

**MINISTRY OF TRADE AND INDUSTRY  
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**Annex A: Key Features of the AANZFTA Upgrade**

**Annex B: Quotes from companies on the AANZFTA Upgrade**

**Annex C: Infographic on the AANZFTA Upgrade**

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## Annex A: Key Features of the AANZFTA Upgrade

1. 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. ASEAN, Australia and New Zealand share strong economic ties. In 2022, Australia and New Zealand were ASEAN's 6<sup>th</sup> largest trading partner amongst its Dialogue Partners, with merchandise trade amounting to USD 116 billion, a 24% increase from 2021. Meanwhile, Australia and New Zealand were ASEAN's 7<sup>th</sup> largest source of Foreign Direct Investment, at USD 2 billion in 2022, a rise of 430% from 2021.

3. The upgraded Agreement delivers forward-looking outcomes, with novel provisions beyond Singapore's and ASEAN's Free Trade Agreements (FTAs) in areas such as supply chain resilience for essential goods, simplified rules of origin, as well as Trade and Sustainable Development, which has a standalone chapter. Enhancements were also made in areas such as e-commerce, investment, services, consumer protection and government procurement. Collectively, these will create a conducive environment to enable businesses to better capture opportunities in the AANZFTA region.

4. Key features of the AANZFTA Upgrade are as follows:

- a. Promotes certainty in the supply of essential goods during future crises for businesses and consumers: The upgraded AANZFTA contains commitments on facilitating the continued flows of essential goods during humanitarian crises, epidemics or pandemics. This means that AANZFTA countries will refrain from introducing restrictions 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.
- b. Improves flexibility for businesses to tap on preferential market access with simplified Rules of Origin: The Agreement will implement full cumulation amongst ready Parties. When implemented, originating content of non-originating materials from any AANZFTA Party can be cumulated to meet the originating criteria for final products<sup>2</sup>. This provides businesses with more options to source for materials thus increasing their competitiveness. The Upgraded AANZFTA is the first

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<sup>2</sup> All inputs from within the AANZFTA region can be included in the calculation of the rules of origin of the final product to claim preferential treatment.

ASEAN FTA to operationalise full cumulation. In addition, the Upgraded AANZFTA introduces trade facilitative transit arrangements, such as streamlined processes to consolidate shipments, and for the first time for Singapore's FTAs, allows for the sterilisation of goods during transit.

- c. Enhances collaboration in the Professional, Education, Telecommunications and Financial Services sectors, for businesses to explore opportunities in AANZFTA markets with greater confidence:
- Building further from the Regional Comprehensive Economic Partnership (RCEP) Agreement, the two new annexes on Professional and Education Services will encourage deeper cooperation including through information exchange and standards setting. The Education Services Cooperation Annex is the first across ASEAN FTAs.
  - The enhanced Financial Services Annex provides better protection for service providers involved in investment disputes such as the requirement for appointed arbitrators to have expertise or experience in financial services law or practice. The Annex is also improved to include articles on the development of efficient, safe and secure cross-border electronic payments, and obligations on new financial services and self-regulatory organisations.
  - Meanwhile, the Telecommunication Services Annex has been improved to among others, safeguard the right to resale by telecommunications service providers to ensure quicker time to market by new entrants. In addition, telecommunications disputes resolution processes will now be made publicly available to help ensure that any disputes are promptly resolved. Services providers can also potentially benefit from clearer and more business-friendly domestic regulations.
- d. Enhances the ease of doing business for companies engaging in e-commerce: The Upgraded AANZFTA advances digital connectivity by fostering greater alignment of digital trade standards, promoting interoperability between different regimes such as in the area of e-invoicing, and encouraging transparency for the public to access and use government information and data. Enhanced application of dispute settlement could also pave the way for safer and more efficient digital transactions.
- e. Provides greater transparency and certainty for investors: The AANZFTA countries' respective investment regimes are more clearly set out through more transparent regulatory measures. Singapore investors will benefit from preferential treatment accorded by other AANZFTA

Parties to other foreign investors. They will also stand to enjoy treatment that is at least as favourable as treatment accorded to local investors in like circumstances.

- f. Better protects businesses and consumers: The upgraded AANZFTA protects all businesses, regardless of their size, from anti-competitive activity when operating in the region and facilitates cross-border enforcement cooperation among competition authorities. It is also the first FTA involving ASEAN that includes comprehensive coverage of consumer protection.
- g. Increases certainty in the regulatory environment through a new Government Procurement chapter: In providing services to Governments, businesses will have clearer and more transparent rules, regulations and procedures. Building on the RCEP Agreement, the Upgraded AANZFTA promotes environmentally sustainable procurement, the use of electronic means in procurement and integrity in procurement practices.
- h. Facilitates cooperation, information sharing and capacity building to enhance cooperation on sustainable development: The upgraded AANZFTA is the first ASEAN FTA to include a standalone Trade and Sustainable Development (TSD) chapter. This new chapter advances cooperation to catalyse green opportunities in support of Parties' transition into green economy.
- i. Support for Micro, Small and Medium Enterprises (MSMEs) to enhance their capabilities: This new chapter promotes collaboration between governments to enhance the capabilities of our MSMEs and improve the business environment for them. It promotes cooperation in areas including in the green economy and enhancing MSMEs' capacity to utilise FTAs.

**Annex B: Quotes from companies on the AANZFTA Upgrade**

Organisation	Quote & Spokesperson
<p>Olam Food Ingredients (OFI)</p>	<p>High quality trade agreements such as the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) have been instrumental in paving the way for shaping close business relationships and investment opportunities between Singapore and Australia and New Zealand for number of years.</p> <p>A good example of this is OFI's investment to develop a state-of-the-art dairy processing facility in New Zealand, which will add high value dairy products to our wider natural ingredients portfolio. As a global leader in food and beverage ingredients, we export to countries around the world, mainly in the Asia Pacific region.</p> <p>We believe it is important that agreements like the AANZFTA remain high quality and modern and therefore welcome the upgrade and the enhancements it brings, particularly around rules of origin which will allow OFI to take advantage of more integrated regional supply chains.</p> <p>Mr. Naval Sabri Senior Vice President Olam Food Ingredients (OFI)</p>
<p>Big Tiny</p>	<p>Big Tiny welcomes these changes to the AANZFTA. As a business that relies heavily on cooperation and trade between Singapore, Australia and New Zealand, the focus of these upgrades to the ASEAN-Australia-New Zealand Free Trade Area – including developing more facilitative rules around several key aspects of trade between our countries – promises to support our plans for growth in these markets.</p> <p>With the end of 2022 seeing the launch of our first tiny house collective in Australia, Tiny Away Escape @ Grampians Edge, and with plans to launch a second tiny home community, Tiny Away Escape @ Great Ocean Road, the importance of building strong business partnerships in the region and ensuring smooth movement of assets has never been greater for our business.</p> <p>Adrian Chia</p>

	<p>Co-Founder Big Tiny</p>
Coca-Cola	<p>Singapore is home to Coca-Cola's regional headquarters and also a key market from which we manufacture and supply beverage concentrate across the region. We continue to see high demand for our beverages in Singapore and beyond and look forward to improvements in supply chain integration and resilience, which we believe will benefit businesses and consumers alike.</p> <p>Coca-Cola</p>
ACKTEC TECHNOLOGIES (ACKTEC)	<p>The upgraded AANZFTA will accelerate and scale up collaborations in the region, making it easier for us to explore new business opportunities. In particular, we look forward to a more transparent exchange of information, including for education systems and standards, and collaboration across partners in the education ecosystem. This will allow ACKTEC to more readily introduce our quality education services and personalised Pre-K to K12 learning content, to help enable students fulfil their full potential. We are excited to see the impact this AANZFTA will catalyse.</p> <p>Rayvan Ho Founder ACKTEC TECHNOLOGIES (ACKTEC)</p>
Nium	<p>The upgraded AANZFTA provides the necessary rules and standards for efficient, safe, and transparent digital money movement across borders. It's upon this foundational framework that Nium can deliver its modern payment infrastructure that will serve to accelerate regional commerce. We applaud the collaboration across the region in support of the fintech industry and look forward to charting new frontiers in digital trade.</p> <p>Mr. Pratik Gandhi Co-founder and Chief Operating Officer Nium</p>



**Annex C: Infographic on the AANZFTA Upgrade**

01 | AANZFTA

# Upgraded ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)



The AANZFTA entered into force.



The AANZFTA is one of ASEAN's most comprehensive ASEAN-Plus FTAs in force to date (as at August 2023).



The First Protocol to Amend the AANZFTA entered into force.



The upgraded AANZFTA was signed.

### Three New Chapters Included



Trade and Sustainable Development (TSD)



Government Procurement



Micro, Small and Medium Enterprises (MSMEs)



### Did you know?

The Upgraded AANZFTA is the first ASEAN-Plus FTA that includes newer areas such as:



Supply chain resilience-related provisions



Full cumulation for ready countries



Trade and sustainable development



Education services cooperation





## Key Benefits Include:

### Trade in Goods



Greater certainty in the supply of essential goods during crises.

AANZFTA countries will refrain from introducing restrictions on essential goods. Expedited movement, release and clearance of essential goods during crises.

### Full Cumulation



Improved flexibility for businesses to tap on preferential market access.

When implemented, easier for final products of businesses to qualify as originating and thus enjoy preferential tariff treatment. Businesses can also widen their access to source materials, gaining production efficiencies.

### Trade in Services



Clearer and more business-friendly domestic regulations.



Harness both new annexes on Education and Professional Services to explore opportunities in AANZFTA markets with greater confidence.



Benefit from improved commitments on resale and unbundling of network elements for telecommunication services providers.



Investors involved in disputes relating to financial services will also have greater protection.

### E-Commerce



New areas of cooperation such as digital trade standards and e-invoicing.

Greater transparency of domestic regulations, interoperability of digital rules, and improved regulatory coherence.

### Investments



Transparent and more certain environment for investments, with regulatory measures set out more clearly.

Foreign investors will enjoy treatment that is at least as favourable as that accorded to local investors in like circumstances.

### Competition



First ASEAN-plus Agreement to include comprehensive coverage of consumer protection. Better protection from anti-competitive activity when operating in the region.

### Trade and Sustainable Development (TSD)



Improved access to green opportunities through cooperation, information sharing and capacity building amongst AANZFTA countries.

### Micro, Small and Medium Enterprises (MSMEs)



MSMEs can tap on opportunities through collaboration between governments to enhance their capabilities in supporting their green economy transition.

More information on the upgraded AANZFTA agreement is available at [www.go.gov.sg/fta-aanzfta](http://www.go.gov.sg/fta-aanzfta)