

EU and Singapore ready to take partnership to the next level

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Just two years after the EU-Singapore Free Trade Agreement (EUSFTA) entered into force, the EU and Singapore are ready to take our economic cooperation to the next level by pursuing a comprehensive digital partnership. One of the most important avenues for collaboration in global trade is in the digital realm, and we are pleased that the EU and Singapore are strongly committed to deepen our relations in this exciting new area.

The EU and Singapore share longstanding and robust economic ties. Singapore has been the EU's largest trade and investment partner in Southeast Asia, while the EU has been Singapore's third largest trading partner and second largest foreign investor. Our two-way trade amounts to over 100 billion Euros (\$\$154 billion) annually, while our combined investment stock in each other exceeds 348 billion Euros (\$\$536 billion).

The EUSFTA will further catalyse this strong trade and investment relationship, by removing customs duties and non-tariff barriers, protecting intellectual property, making investment easier, opening up public procurement, and supporting sustainable development. This enables EU and Singapore businesses to reap opportunities in both markets, and puts both economies solidly on the path of shared prosperity and sustainable growth.

In December, we met in Brussels to co-chair the inaugural EUSFTA Trade Committee meeting. The conclusions and initiatives arising from this meeting are positive and a strong signal of our forward-looking intent. There is a clear shared ambition to deepen our partnership in a range of new growth areas, such as digital trade, connectivity and sustainable growth, while upholding the open and rules-based multilateral trading system.

The most important development from the meeting was a shared commitment by both sides to strengthen digital trade cooperation, with a longer-term goal of a full-fledged digital partnership. This is a very substantial goal, and a Working Group has been established to get the ball rolling immediately.

Advancing into the digital space is imperative in today's hyper-connected economy where digitalization has fundamentally changed the way we transact goods and services. Today, over 60% of global GDP is digital, and online sales of physical products are valued at well over 21 trillion Euros (\$\$32 trillion). In Southeast Asia, the digital economy is large and fast-growing, with a value projected to more than triple from around 90 billion Euros (\$\$138 billion) to over 320 billion Euros (\$\$493 billion) between 2020 and 2025. Jobs and growth opportunities in the digital economy hold much promise for our workers and businesses. However, regulatory fragmentation in the digital sphere remains a significant barrier to trade, especially for small & medium enterprises (SMEs).

This is why digital cooperation between the EU and Singapore is so valuable. It will facilitate access to the digital economy by aligning digital trade rules, and establishing open and interoperable standards and systems that make it easier for businesses to reach new customers. It will create new opportunities for our companies, as well as a simpler and more seamless trading environment that lowers business costs

and improves operational efficiency. Greater access to digital solutions is especially valuable for our SMEs who may not always have the resources to navigate complex regulatory differences.

We also aim to build trust in digital systems by providing greater legal certainty for businesses, while protecting consumers. Consumers and businesses need to be safe in the knowledge that their information is protected, and that companies using emerging technologies are operating fairly and transparently, while remaining accountable. This will enable and encourage wider adoption of digital solutions by our enterprises, and broader participation in the digital economy by our people.

We will also collaborate to enhance the interoperability of standards for emerging technological areas, such as Artificial Intelligence, which will facilitate innovation and business opportunities for our start-ups and SMEs. Building more resilient technology supply chains is a priority, and we will work together on data governance, trusted data flows and data-based innovation.

As we start working towards a bilateral Digital Partnership Agreement, we hope that this effort will also contribute to the setting of global rules and standards. As like-minded partners, the EU and Singapore have already been working closely together at the global level, notably at the World Trade Organization (WTO) where e-commerce negotiations to set global rules on digital trade are ongoing. We both want to achieve significant progress at the next global meeting of trade ministers, because existing WTO rules need to be updated to keep pace with the realities of the fast-growing digital economy. Ultimately, digital trade – and international trade more generally – must serve the needs of, and derive tangible benefits for, our businesses and our people.

Beyond the digital economy, the EU and Singapore are global leaders on climate action and green growth, in which we both believe trade policy can play a meaningful part. With the right policy mix, trade can help to tackle biodiversity loss and pollution, as well as facilitate the transition towards a low carbon and circular economy. The new EU trade strategy, launched in February 2021, can help to point the way forward. It is without doubt the EU's greenest ever trade roadmap. The Singapore Green Plan 2030 has also set out ambitious targets and a comprehensive set of measures to achieve climate goals while growing the green economy. The EU and Singapore are both strong supporters of multilateral action to build a more sustainable future. We are keen to step up our cooperation with each other and with our respective regions to drive the green transformation of our economies.

All these developments point to an exciting new era for EU-Singapore trade relations. We ended 2021 on a positive note, and look to 2022 and beyond with confidence and optimism.

The commentary was first published in The Straits Times on Friday, 7 January 2022 (pg A22).