



## Deepening trade and business links

The European Union-Singapore Free Trade Agreement  
celebrates its first year of entering into force

# EU-SINGAPORE **FTA**



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**MESSAGE FROM MINISTER S ISWARAN**

# Shared outlook, mutual interests cement firm EU-Singapore ties

Both economies are deeply intertwined, anchored by significant trade, investment, and people-to-people ties. By **S ISWARAN**

**S**INGAPORE and the European Union (EU) share excellent and growing bilateral relations. We are like-minded partners with enduring mutual interests and a shared outlook on many international issues, most notably the primacy of the open and rules-based multilateral system that underpins global peace and prosperity.

Amid the Covid-19 pandemic, Singapore and the EU continue to work with one another and our partners to keep trade links open and supply chains connected.

Our economies remain deeply intertwined, anchored by significant trade, investment, and people-to-people ties.

For decades, large and small European companies alike have contributed to the Singapore economy, creating exciting jobs and opportunities for Singaporeans.

Today, Singapore plays host to more than 10,000 European businesses, while the vibrant European community contributes to the rich tapestry and dynamism of our society. Singapore, in turn, is the EU's largest ASEAN trading partner and the third-largest Asian investor in the EU.

The EUSFTA epitomises the strong and multi-faceted nature of our robust economic partnership.

**COMPREHENSIVE AGREEMENT**

It is a high-standard and comprehensive agreement, containing extensive tariff liberalisation and market access commitments, as well as provisions on 21st century trade issues like intellectual property, renewable energy, and sustainable development.

The continued relevance of the EUSFTA – more than a decade since the launch of negotiations in 2009 – is testament to its high quality.

Like Singapore's other FTAs, the EUSFTA provides certainty and predictability while opening doors to overseas markets. This is especially important for businesses navigating the current global economic slowdown.

I encourage businesses, particularly our SMEs, to continue to take full advantage of this agreement to access new markets and new growth opportunities abroad.

While we manage the health and economic challenges brought about by the Covid-19 pandemic, the

EUSFTA would help bolster our recovery by facilitating trade and investment.

The EUSFTA is also a strategic agreement to enhance region-to-region connectivity between the EU and ASEAN.

The agreement is the EU's first FTA with an ASEAN Member and a pathfinder towards our shared vision of an eventual EU-ASEAN FTA.

There is immense potential here. The EU is the world's largest single market. As for ASEAN, we are a young and fast-growing market of over 600 million people. By some estimates, ASEAN will be the fourth largest economic bloc by 2030.

As we mark the first anniversary of the EUSFTA, I would like to express my appreciation to our business chambers and stakeholders who are helping companies tap the full potential of the agreement.

Indeed, we have many friends of Singapore and the EU who continue to champion and advocate an ever-closer Singapore-EU partnership.

I would also like to thank the Singapore and EU officials who have worked tirelessly to bring the EUSFTA to fruition, and who continue to ensure its smooth implementation.

**UNTAPPED POTENTIAL**

Looking ahead, another major area for EU-Singapore cooperation is the digital economy. The ASEAN region's internet economy could treble to US\$300 billion by 2025 and there is much untapped potential.

The EU and Singapore are both progressive, digitally mature economies and there are many areas of common interest between us. I am glad that we are continuing discussions on how we can strengthen our digital cooperation, especially given the increasing digitalisation of trade.

Such bilateral discussions will further complement our shared efforts at the WTO to create baseline rules for global digital commerce. I am confident that our Singapore-EU partnership and cooperation will continue to grow from strength-to-strength in the years and decades to come.

“Looking ahead, another major area for EU-Singapore cooperation is the digital economy. The EU and Singapore are both progressive, digitally mature economies and there are many areas of common interest between us,” says Mr Iswaran.

PHOTO: MTI



“The EU-Singapore Free Trade Agreement (EUSFTA) epitomises the strong and multi-faceted nature of our robust economic partnership. It is also a strategic agreement to enhance region-to-region connectivity between the EU and ASEAN. The agreement is the EU's first FTA with an ASEAN Member and a pathfinder towards our shared vision of an eventual EU-ASEAN FTA.”

– S Iswaran

*S Iswaran is Singapore's Minister for Communications and Information and Minister-in-charge of Trade Relations.*

**MESSAGE FROM EXECUTIVE VICE PRESIDENT VALDIS DOMBROVSKIS**

# The EU and Singapore: strong partners for open, fair and free trade

The EU–Singapore Free Trade Agreement is a testament to both parties' determination to strengthen solid economic ties. By **VALDIS DOMBROVSKIS**

**I**N times of the current global economic recession caused by the unprecedented Covid-19 pandemic, of uncertainties linked to the multilateral trading system and of geopolitical tensions, the European Union (EU) and Singapore stand together as strong partners to promote free, fair and open trade.

On Nov 21, 2019, the landmark EU–Singapore Free Trade Agreement (EUSFTA) came into force, showing both parties' determination to strengthen the foundations of our solid economic ties.

Together with the EU's trade agreements with South Korea, Japan and Vietnam, it demonstrates the EU's strong commitment to the Asia-Pacific region, and South-east Asia in particular, as part of a global network of 77 countries trading with the EU under bilaterally agreed preferential conditions.

In these challenging times, companies – especially small and medium-sized ones – need a clear framework and rules to be able to fully tap into the benefits of trade agreements and so contribute to economic growth and job creation.

**PREFERENTIAL ACCESS**

The EUSFTA ensures preferential market access for European and Singaporean companies in each other's markets.

It opens up trade in goods and services, offers increased opportunities for government procurement and eliminates unnecessary barriers to trade.

While the pandemic has sent shockwaves through our societies, economies and industries, we also need global partners to speed up the economic recovery so that we can achieve sustainable growth and facilitate long-term investments in new technologies and infrastructure.

The EU is determined to fully embrace the green and digital transitions to build up economic resilience and boost future opportunities.

We are also keen to work together with like-minded countries such as Singapore to build international alliances to mitigate the effects of climate change.

Further to the commitments on trade and sustainable development embedded in the EUSFTA, the EU and Singapore are keen to step up global efforts for a sustainable economic order.

As driving members of the International Platform on Sustainable Finance – a grouping of 14 members representing 50 per cent of greenhouse gas emissions, 50 per cent of the world population and 45 per cent of global GDP – the EU and Singapore recognise the need to mobilise much more private capital towards environmentally sustainable investments as part of the recovery.

**REFORM NEEDED**

At the same time, we need to reform the rules-based system of global economic governance, while putting the United Nations' Sustainable Development Goals and climate change at the core of multilateralism, and responding to the digital revolution, harnessing the full potential of the free flow of data.

Restoring economic activities, global value chains and connectivity ties in a post-pandemic world will be key for companies, especially smaller businesses, to continue to fully benefit from the opportunities presented by our bilateral trade agreement with Singapore.

As part of our efforts to help small businesses, we have just launched a new, free and fresh online portal, called Access2Markets, to help European and non-European companies navigate the world of international trade.

As we celebrate the first anniversary of the EUSFTA, we are aware of the challenges ahead, but stand ready to deepen our economic and trade partnership with Singapore in a sustainable manner, to the benefit of all, towards a bright future.

“Restoring economic activities, global value chains and connectivity ties in a post-pandemic world will be key for companies, especially smaller businesses, to continue to fully benefit from the opportunities presented by our bilateral trade agreement with Singapore,” says Mr Dombrovskis.

PHOTO: EUROPEAN COMMISSION



~  
“As driving members of the International Platform on Sustainable Finance – a grouping of 14 members representing 50 per cent of greenhouse gas emissions, 50 per cent of the world population and 45 per cent of global GDP – the EU and Singapore recognise the need to mobilise much more private capital towards environmentally sustainable investments as part of the recovery.”  
~

– Valdis Dombrovskis

*Valdis Dombrovskis European Commission Executive Vice-President  
for an Economy that Works for People.*

## COMPANY FEATURE

# Tee Yih Jia stays the course in Europe despite pandemic

The continent is one of the frozen food manufacturer's largest markets in terms of sales. By **LYNETTE TAN**

**T**HE coronavirus pandemic may be heavily disrupting Tee Yih Jia's export business in Europe now, but it has not dampened the Singaporean frozen food manufacturer's plans to expand further in the region.

Europe is one of Tee Yih Jia's largest markets in terms of sales, apart from the US and Oceania, which includes Australia and New Zealand.

Yet, the company is facing its "biggest setback" there, with countries across Europe now also experiencing a resurgence in cases of the deadly virus.

Collin Sim, Tee Yih Jia's assistant market development manager, said that the company's core spring roll pastry products feature "very prominently" in the food service sector, so when food establishments were made to close temporarily under lockdowns, sales were inevitably affected.

In addition, buyers are being more conservative during this period.

"They're not open to taking new products, especially the supermarkets, which just want to focus on driving sales," he said.

"For instance, in terms of presenting to them ideas or a new range of products for their shelves or for their festive periods, they may be more reluctant."

And now, with Europe bracing for a second wave of the coronavirus, some of Tee Yih Jia's distributors have asked to pause shipments, meaning some products have to be held in cold storage.

"It is turning out to be quite a challenge for us," Mr Sim said.

The overall impact, however, has been slightly offset by an uptick in the sales of Tee Yih Jia's frozen paratha.

According to Mr Sim, more consumers bought the paratha to consume at home during the lockdowns.



Still, Tee Yih Jia is undaunted in its plans to grow its presence in Europe. It is already present in most European countries but "we hope to dive in deeper and really maximise the market presence," he said.

It means moving beyond Asian or ethnic grocers to getting mainstream supermarkets to stock Tee Yih Jia's products.

In terms of markets, Tee Yih Jia will focus on gaining ground in eastern Europe. The company is most established in countries in western Europe, such as the Netherlands, France and Germany.

Collin Sim, assistant market development manager, with an array of the company's products. A new brand and range of plant-based frozen food products is also in the works, with plans to retail and export them next year.

BT PHOTO: YEN MENG JIIN

For example, in Romania, Asian stores may carry the company's products, but the country overall may not be as receptive to Asian products yet.

In terms of markets, Tee Yih Jia will focus on gaining ground in eastern Europe, Mr Sim said.

The company is most established in countries in western Europe, such as the Netherlands, France and Germany. It is also "fairly strong" in the south, in countries like Italy, Malta and Greece, for instance.

A new brand and range of plant-based frozen food products is also in the works, with plans to retail and export them next year.

The European Union-Singapore Free Trade Agreement (EUSFTA), which came into force last November, will give Tee Yih Jia's export business a further boost.

Among the benefits is the EU removing 84 per cent of all its tariffs for exports from Singapore, with virtually all of the remaining 16 per cent to be removed over a period of three to five years.

Also, Asian food products made in Singapore, such as spicy anchovies and other fishery products, can now enter the EU tariff-free under flexible rules of origin, up to a combined quota of 1,250 tonnes annually.

"This will enable more cost savings for our distributors, which could then lower the end price of the product, making us more competitive to locally made products," Mr Sim said.

With the EUSFTA now in force, customers are already enjoying cost savings of about 2-3 per cent on average, he added.

Alternatively, Tee Yih Jia hopes that its distributors could make use of the cost savings to do more marketing for the brand.

"Over time, both sides will gain more," Mr Sim said.

## COMPANY FEATURE

# Tariff elimination, dispute resolution mechanism are EUSFTA highlights for Patec

The many benefits of the Free Trade Agreement have boosted opportunities for the engineering solutions provider. By **LEILA LAI**

**W**ITH more than a decade of experience in Hungary under its belt, Singapore-based engineering solutions provider Patec certainly knows something about the pros and cons of operating in the vast European market.

The company started out building and designing mechanical stamping machines in Singapore, and later diversified into metal forming components for the hard disk drive and automotive industries. Recently, it has ventured into medical equipment trading and robotics products and services.

It established a components manufacturing facility in Hungary in 2008 at the request of its European clients, who wanted to reduce the timeline and inventory risks associated with the five-week process of shipping goods from Asia to Europe. Patec also has presence in Malaysia, Taiwan, Indonesia and China.

Deputy CEO Kelvin Wee, who was tasked with picking the country for Patec's European operations, says the region is a "wonderfully attractive" market for Singaporeans looking to invest in businesses there, companies seeking to expand and firms keen to bring European products or services to Singapore or Asia.

## LARGEST SINGLE MARKET

The European Union boasts strong engineering and design capabilities, as well as more than 500 million consumers, making it the world's largest single market. The number of countries packed into the relatively dense region also means one can reach multiple countries with just a few hours of driving.

Another bonus is the strength of the Singapore brand in overseas markets, which paves the way for local companies venturing abroad.

"The government has done a wonderful job of pro-

moting the strength of the Singapore brand, its efficiency, performance and reliability," said Mr Wee. "Europeans in general welcome Singaporeans and Singapore companies."

With the European Union-Singapore Free Trade Agreement (EUSFTA) that has been in force since November 2019, Singapore firms have even more reason to seek out business opportunities there.

The EUSFTA's key benefits include the immediate elimination of tariffs for more than 80 per cent of Singapore's exports to the EU, more opportunities for Singapore companies to bid for government procurement projects in the region and an investment dispute resolution mechanism.

Mr Wee noted that the EU has already reduced its import tariffs over the years, so Patec has been paying just 1.7 per cent tariffs on its products before the FTA. It is now able to lower its prices further to make its offerings more attractive.

The EUSFTA will reduce the need to take the legal route in pursuing claims or resolving disputes, which can be complicated and costly. In the past, companies would have to engage local lawyers for such cases and might choose to drop some disputes if the amount at stake is small in comparison to annual revenue.

Said Mr Wee: "Having a dispute resolution channel is definitely something that makes us feel a lot more comfortable. We hope we will not have to use it, but it's good to know that the option is there."

Although the tangible benefits of the EUSFTA may be limited for now, given how new the agreement is, Mr Wee feels that the psychological boost it provides to local firms should not be overlooked.

"Our company's point of view is always that we don't go somewhere because there's a grant or support; we go there because we believe that there's a market," he said.

"But it's very reassuring to see our government, the Ministry of Trade and Industry and the Ministry of Foreign Affairs support Singaporean companies being more competitive and involved in the European market. This support intrinsically boosts the confidence of Singaporean companies seeking partners or opportunities in Europe, knowing that our government is also focused on this."

Having a European manufacturing setup has boosted Patec's reputation and made it possible to respond more quickly to clients' needs, whether the products were manufactured in Europe or Asia, Mr Wee said.

"For manufacturing or industrial companies in general, one of the first questions that usually pop up is, 'Do you have service support locally?' Considering the time difference and distance, the time that it takes to send a technician or engineer over is sometimes not available to our industry." If we are supplying to automotive carmakers, operating with a just-in-time lean inventory system, nobody can afford to have a line down," he explained.

It will be easier for Singapore firms to venture to the



BT PHOTO: YEN MENG JIIN

~  
**"The government has done a wonderful job of promoting the strength of the Singapore brand, its efficiency, performance and reliability. Europeans in general welcome Singaporeans and Singapore companies."**  
 ~

- Kelvin Wee, deputy CEO, Patec

EU now, but Mr Wee flags one challenge that the FTA won't be able to solve - the cultural differences between Europe and Singapore.

Singapore firms will need to adapt to local customs, and adjust their expectations for performance and how the business world there works.

They also should not assume that they can understand Europe as a whole from their experience in one or two European countries, given how diverse the region is.

"We spent a lot of time asking questions and listening to our local contacts, local government officials, friends, business associates there," Mr Wee said.

"One of the biggest lessons was to not bring comparisons of Singapore or Asia over. That really helps a lot, to not have an expectation that this is done this way at home, therefore it should be this way there."

**IN FOCUS:  
SINGAPORE BUSINESS FEDERATION**

# Dim sum in the EU? SBF aims to help Singapore companies make inroads into Europe

Singapore Business Federation to reach out to food manufacturers about opportunities in European markets. By **SHARON SEE**

**W**ITH food security becoming an increasing concern for many countries during a pandemic, the food manufacturing sector could gain prominence, creating new business opportunities, including for export, said the Chief Executive Officer of the Singapore Business Federation (SBF), Ho Meng Kit.

This is especially opportune now that the European Union-Singapore Free Trade Agreement (EUSFTA) came into force on Nov 21 last year.

The agreement allows certain Asian food products to enter the EU market tariff-free under more flexible rules of origin, up to a combined quota of 1,250 tonnes per year.

"We have yet to utilise this quota. I wonder how many of our food manufacturers even know that such a quota is available and that such opportunities are available," said Mr Ho.

He said this is one area the SBF hopes to work on, possibly with the Singapore Food Manufacturers' Association, to reach out to companies with key information on the size of the market in Europe and which cities or countries the opportunities lie in.

On the part of SBF, Mr Ho hopes to find business-to-business (B2B) marketplaces in Europe that the Federation can connect Singapore's food manufacturers, particularly small and medium-sized enterprises (SME), with.

"The agreement facilitates growth, but first there must be a demand," Mr Ho said.

"What we want to do is to generate the demand. I

think that demand is generated if we can put businesses together. We can provide them with more information, then they can use the FTA to facilitate and optimise that trade."

Such market events to boost networking among companies – beyond just food manufacturers – in both Singapore and the EU is one initiative Mr Ho hopes to bring back, with Covid-19 pandemic bringing business travel to a standstill.

## ONLINE MARKETPLACES

Previously, SBF used to mount business delegations together with political leaders on official trips to the EU, which led to many people-to-people and business-to-business exchanges between the two, Mr Ho said, adding that he hopes these will resume when travel is allowed.

In the meantime, a useful complement to this format would be having online marketplaces for busi-

SBF CEO Ho Meng Kit is aiming to find business-to-business marketplaces in Europe that the Federation can connect Singapore's food manufacturers, particularly SMEs, with.

BT PHOTO: YEN MENG JIN

nesses on both sides, particularly SMEs, to connect with one another, Mr Ho said.

"Our aim, really, is to cascade the benefits of (the FTA) to the smaller companies. For the smaller companies, it'll be harder now because they can't travel, and they don't know the European partners," he added.

This can take the form of virtual events, or an online platform with a listing of companies so that buyers and sellers can look one another up.

"If I'm a company selling a whole range of dim sum, I can put my shop front there ... and you have to onboard buyers, and they could be from Frankfurt or Spain," Mr Ho said.

The entire transaction, from payment to order fulfilment and shipping, can be conducted online.

"I think this is the way to go – try to connect our SMEs to customers through digital marketplaces as one additional means of facilitating and enhancing trade," he said.



SMEs also face challenges in unpacking the terms of the FTA, which Mr Ho said is "not written in plain English," and this requires the help of experts and lawyers to interpret.

This is where SBF hopes its FTA Education and Outreach Advisory service can help SMEs that do not have the resources that larger companies have.

In the last year or so, the Federation has offered about 110 advisory services free of charge to companies on technical areas such as rules of origin and self-certification.

In particular, the SBF has received enquiries about the FTA from interested companies that specialise in industrial equipment and machinery, chemicals, food products, cocoa, frozen food, electronics and glassware.

One aspect of the EUSFTA that Mr Ho said he hopes businesses can eventually take advantage of is that of regional cumulation.

## RULES OF ORIGIN

"It allows us to use ASEAN origin materials to produce the goods, and qualify those under rules of origin for export to the EU," he said, noting that this would become more useful when more countries in South-east Asia eventually ink FTAs with the EU, and the relevant arrangements are put in place.

Vietnam is the only country other than Singapore to have an FTA with the bloc at the moment, which opens up opportunities for collaboration between Singapore and Vietnamese companies hoping to trade with the EU, he said.

As the EUSFTA gains traction among companies in both EU and Singapore, Mr Ho is hoping that a "generation two agreement" can take shape in the next five years to position it for the future, tailoring it to the digital economy as well as a crisis readiness plan that can respond to future pandemics.

Taking lessons from the Covid-19 crisis, a pandemic response plan could reduce supply chain disruptions, allowing medical equipment and food to flow freely across the borders, he said.

As for the digital economy, while the EUSFTA currently has an e-commerce chapter, Mr Ho believes it can be made even more progressive, given that there is "great fintech development" in Singapore and many European cities like Berlin and Frankfurt.

"We should try to modernise our e-commerce (chapter) to look at other features, things like artificial intelligence, data protection, even looking at data privacy matters, which are very important to the EU," he said.

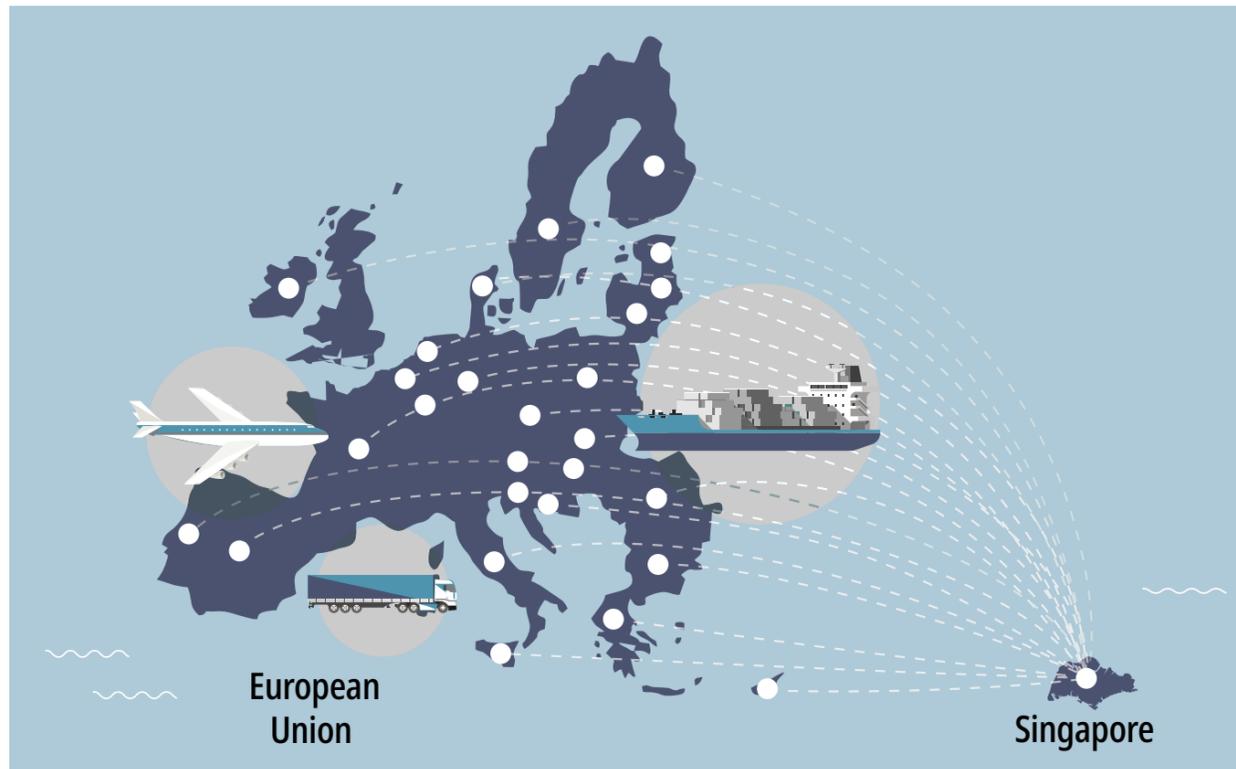
For example, provisions could be made to enable Singapore and EU fintech companies to cooperate or participate in one another's regulatory sandboxes.

Such digital economy agreements are in place between Singapore and countries like Australia and New Zealand, and Mr Ho believes they can be tailored for the EU as well.

## INSIGHT: INTERVIEW WITH SINGAPORE'S TRADE NEGOTIATORS

# Singapore's trade strategy to serve it well into 21st century

The Ministry of Trade and Industry's goal is to negotiate free trade agreements that bring value to Singapore companies and the community. By **LEE U-WEN**



**S**INGAPORE'S trade strategy has evolved over the last three decades and it is well positioned to stay relevant to the business realities of the 21st century.

"When we started negotiating free trade agreements (FTAs) in the 1990s, bilateral agreements were not considered orthodox," said Luke Goh, the Deputy Secretary for Trade at the Ministry of Trade and Industry.

Mr Goh, who is responsible for Singapore's trade and external economic relations, noted that Singapore was one of the first countries in the world to pursue bilateral FTAs, at a time when this was not in vogue.

"At that time, some questioned if FTAs would undermine free trade embodied by the World Trade Organization as the FTA commitments applied only to signatories, rather than a more general liberalisation and opening up of markets. We took the view that FTAs complemented rather than detracted from multilateralism," he added.

Giving his take, Singapore Tourism Board chief executive Keith Tan made the point that the Republic's trade strategy is premised on the fundamental principle that free trade undergirds the country's economic growth and prosperity.

"As a small and open economy, it is manifestly in our interest to ensure an open and rules-based international trading environment for goods and services to flow freely," he said.

## FREE TRADE SUPPORTER

This is why Singapore is a firm supporter of the multilateral trading system centred on the WTO, where it actively participates in efforts to formulate rules to promote free trade.

These rules, said Mr Tan, ensure a level-playing field for all economies, big or small, and promote deeper integration between trade partners.

With the world moving into an increasingly digital



Luke Goh, Deputy Secretary for Trade at the Ministry of Trade and Industry, says: "Agreements like the EUSFTA engender confidence and a greater understanding of the benefits, and make it easier for other countries to join in to jointly develop plurilateral networks."

PHOTO: MTI



Singapore Tourism Board chief executive Keith Tan says: "As a small and open economy, it is manifestly in our interest to ensure an open and rules-based international trading environment for goods and services to flow freely."

PHOTO: SINGAPORE TOURISM BOARD

future, Mr Tan, who was Singapore's chief negotiator for the European Union-Singapore FTA (EUSFTA) from 2010 to 2013, said that MTI has worked on ambitious new agreements to bring value to Singapore companies and the community.

He cited two examples - the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and Singapore's Digital Economy Agreements (DEAs) - that have helped set rules and standards for new areas such as e-commerce and cross-border data flows.

"These rules reflect the realities of doing business in a digitally-enabled world. We are confident that they will facilitate and attract research and development activities, grow innovative businesses and create high-value employment opportunities," said Mr Tan.

Looking ahead, Mr Goh noted that multilateral negotiations will remain the foundation for global free trade.

"With FTAs, we can more quickly seek out new areas and aspire towards higher standards with like-minded and willing members. Singapore's FTAs have served as high-standard pathfinders and building blocks for larger plurilateral and regional agreements," he said.

Mr Goh cited the EUSFTA as being a "good example" of a high-standard, pathfinder FTA that serves as a building block towards an eventual FTA between the EU and ASEAN.

"Agreements like the EUSFTA engender confidence and a greater understanding of the benefits, and make it easier for other countries to join in to jointly develop plurilateral networks," he said.

The two officials were also asked about their biggest takeaways from the extremely lengthy and complex negotiation process to bring the EUSFTA to fruition.

Mr Goh said the EUSFTA's negotiations and ratification process stood out among all of Singapore's other FTA negotiations, largely due to the EU's unique structure.

"As a country which imports virtually everything that we need including raw materials, Singapore's stakeholders, businesses and citizens generally understand the importance of open trade and its benefits," he said.

This, however, was not always the case in Europe with its large common market where some constituents felt that certain sectors were better off without having to compete with foreign imports, he said.

"We were fortunate that in areas such as agriculture and automobiles, which tend to be highly sensitive in most countries' negotiations, Singapore is not a net ex-

porter and does not tend to generate resistance," said Mr Goh.

Mr Tan recalled how some of the difficulties boiled down to having different mindsets and how different sectors were treated.

"For the EU, maintaining protections for some of their most cherished food and wine products as 'geographical indications' was politically important," he said.

"Singapore does not have that sort of mindset. But we worked hard to understand their thinking, and found ways to accommodate their interests without compromising the interests of consumers in Singapore."

## SAFEGUARDS

On the flip side, the Europeans - who typically do not have a problem with securing potable water - found it hard to understand why the Singapore government maintained a certain position on the procurement of water.

"We had to educate them on our own history with water and why water has remained an existential issue for Singapore, and hence why we needed certain safeguards that we negotiated in the FTA," said Mr Tan.

With the EUSFTA now a year old with so much more that it can achieve, both officials outlined their visions for the agreement as it continues to grow in stature and importance.

"The basic measure of a good FTA is whether it opens up new business and job opportunities for our companies and workers. Such a boost to Singapore companies' overseas businesses in turn grows local employment and career prospects," said Mr Goh.

"At the same time, we also look to increased investment from EU companies as the FTA reduces trade barriers and encourage companies to internationalise. If the EUSFTA does these for our companies and workers, it would have accomplished what it was designed to do, and I would be very proud of what we have achieved."

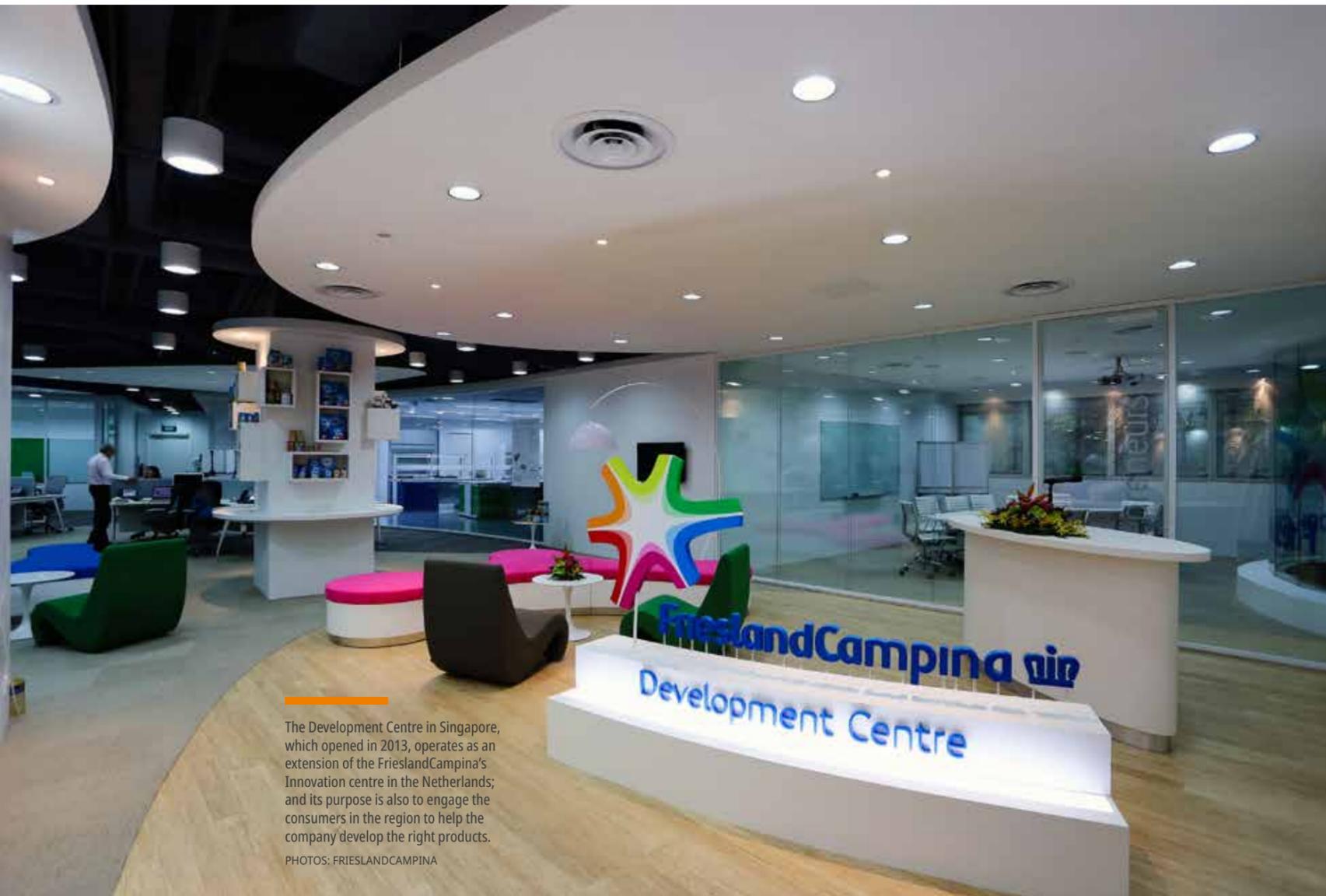
Mr Tan expressed his wish that the EUSFTA can remain the "gold standard" for what can be achieved with a "progressive, like-minded and highly engaged" trading partner like the EU.

"I hope it can also remain as a standard for openness and connectivity between Europe and Asia. Finally, I hope that more and more companies will utilise and take full advantage of the EUSFTA, to bring benefits to the economies and consumers of the EU and Singapore," he said.

## COMPANY FEATURE

# Strong IP regime essential for FrieslandCampina's innovation efforts

Singapore's strategic geographic location is a key reason why the dairy cooperative chose to establish a regional office here in 2011 for its Consumer Products International business group. By **DYLAN TAN**



The Development Centre in Singapore, which opened in 2013, operates as an extension of the FrieslandCampina's Innovation centre in the Netherlands; and its purpose is also to engage the consumers in the region to help the company develop the right products.

PHOTOS: FRIESLANDCAMPINA

**A**S one of the world's top three dairy cooperatives, FrieslandCampina's products such as Dutch Lady and Friso are enjoyed around the globe by people of all ages.

Headquartered in the Netherlands, milk lies at the heart of its business and the 150-year-old company boasts a unique grass-to-glass proposition for its customers and consumers where it manages the entire chain – from the grass that the cows eat all the way to finished dairy products.

As one would expect, innovation is an important aspect of FrieslandCampina's operations and two research and development (R&D) nodes – an Innovation Centre in the Dutch town of Wageningen, and a Development Centre in Singapore – oversee that.

Though 13,000 km apart, both centres play a key role in unlocking the nutritional power of dairy products.

"The development centre in Singapore is a full end-to-end R&D centre and we focus on the development of dairy-based beverages and infant and toddler nutrition, tailored specifically for Asian customers," said FrieslandCampina's global human resources director of Specialised Nutrition, Manoj Viswanathan.

He added that the Singapore centre, which opened in 2013, operates as an extension of the FrieslandCampina's Innovation centre in the Netherlands; and its purpose is also to engage the consumers in the region to help the company develop the right products.

All the R&D for Frisian Flag, one of the biggest brands in Indonesia, for instance, is developed out of Singapore – not just in taste, but also sensory so that includes recipe development.

Singapore's strategic geographic location – which puts it close to the company's other local operations in China, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand and Vietnam – is one of the main reasons FrieslandCampina chose to establish a regional office here in 2011 for its Consumer Products International business group.

About three years ago, the role of the Singapore office grew into that of a satellite headquarters.

"We call it an extension of the global HQ because of the fact that we have structured most of the people in our Singapore office to have global or regional responsibilities," said Mr Viswanathan.

"For example, our global Infant Nutrition and Toddler Nutrition business is based out of here; we have an extension of the procurement business based out of Singapore; and some of the global sales organisation is also situated here," he said.

Besides tariffs elimination and reduced non-tariff barriers, some of the other benefits of the EU-Singapore Free Trade Agreement (EUSFTA) include enhanced intellectual property (IP) rights as both the European Union and Singapore rely on innovation as a driving force to support its economies.

"Being in the food business, we have a strong em-



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**"Singapore's strong regulatory and IP regime is something we appreciate. This is on top of the economic policies, tax structures and pro-business environment."**

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**– Manoj Viswanathan, global human resources director of Specialised Nutrition, FrieslandCampina**

phasis on IP; and Singapore's strong regulatory and IP regime is something we appreciate," said Mr Viswanathan. "This is on top of the economic policies, tax structures and pro-business environment."

With the EUSFTA now in force, Mr Viswanathan even sees it potentially playing a part in growing the FrieslandCampina's Singapore Development Centre into a global hub one day.

To do that, FrieslandCampina is looking to increase its pool of R&D talents, including hiring interns and trainees in order to build up the dairy expertise.

"We believe that FTAs provide opportunities at work place and the EUSFTA will provide the same platform," he said.

Mr Viswanathan noted that Singapore currently has 25 FTAs with single and blocs of trading partners; and added that the EUSFTA is therefore a much welcome agreement which levels the playing field for European companies – where the agreement "equalises" the advantages offered by FTAs with other trading partners outside of the EU.

"For a business like ours which places huge emphasis on the supply chain, the EUSFTA will enhance cooperation to simplify and harmonise trade procedures, and potentially cut transaction costs," he said.

**IN FOCUS: EUROPEAN CHAMBER OF COMMERCE**

# EuroCham head calls on Singapore firms to take advantage of EUSFTA

Federico Donato looks forward to a Digital Economy Agreement with Singapore soon; Sustainable farming and digital solutions such as fintech hold great potential for collaboration. By **SHARON SEE**

**B**EING a diverse world of 27 countries, Europe holds ample opportunities for Singapore businesses looking to venture abroad, said the head of the European Chamber of Commerce, Singapore (EuroCham).

"There is significant re-shoring of production capacity from China back to Europe and its domestic markets including Eastern Europe for its cost effectiveness," said Federico Donato, the Italian-born president of EuroCham in an interview with *The Business Times*.

"They are price-competitive and the quality of the output is quite high," he said, describing it as a good compromise between quality and price.

However, he believes that the reason many local entrepreneurs do not regard Europe as a priority is beyond simple economics. "There is a perception that Europe is bureaucratic," he said.

However, by relying on trade agreements, such as the European Union-Singapore Free Trade Agreement (EUSFTA) which came into force on Nov 21 last year, doing business in Europe does not have to be more complicated than doing business in the region.

"Singapore is profiting from easier access to Europe, and I think Singapore must show the way by remaining committed to global trade because if certain countries in the world become protectionist, then you need as many friends as you can to keep trading," Mr Donato said.

"In a world presenting multiple challenges, having these relationships established will make it more difficult to dismantle global trade later, and this relationship is now here to stay," he added.

**LEVEL PLAYING FIELD**

As for the EU, the FTA allows European companies to compete on a level playing field, Mr Donato said.

"Tariffs were already very low so it is mainly licensing, testing, regulatory aspects, so the benefits for European companies are mainly in non-tariff barriers, which sometimes can be even worse than tariff barriers," he said.

In addition, European companies benefit from Singapore's strong intellectual property (IP) laws.

"That is something that is increasingly valuable and that you can be reassured of in fewer places," Mr Donato said.

"IP will become an (even more) crucial field of competition and confrontation, and I think places which remain a bit more equidistant are places where people will feel more reassured... and Singapore has a very strong tradition (of that)," he said.

While the impression is that FTAs benefit larger companies, Mr Donato said small and medium-sized enterprises (SMEs) reap indirect advantages as well.

Using European plane maker Airbus as an example, Mr Donato said: "Besides managing Asia-Pacific and controlling a significant component of the company's global turnover out of Singapore, Airbus' contribution does not stop at only employing a sizable number of people, but also at supporting a whole group of smaller SMEs that sometimes work exclusively for them."

He added: "We are talking about livelihoods sustaining many families because Airbus and many other European companies contribute to support entire business ecosystems both big and small."

Mr Donato believes that Singapore companies looking to invest in the EU should also consider the potential of a sector rather than just its geographical location.

In that regard, sustainable farming and digital solutions such as fintech hold great potential for collaboration, he said.

In recent years, interest in urban agriculture has grown in land-scarce Singapore, which has set a target to produce 30 per cent of its nutrition needs by 2030.

"Sustainable food could be a huge driver of the next wave of investments, and Singapore understood it exactly very early. We have a lot of technology in agritech and sustainable nutrition at large in the Netherlands and other countries within the EU," Mr Donato said.

In fact, sustainability has become more important

"Sustainable food could be a huge driver of the next wave of investments, and Singapore understood it exactly very early. We have a lot of technology in agritech and sustainable nutrition at large in the Netherlands and other countries within the EU," Mr Donato said.

PHOTO: EUROCHAM



than ever for the EU, with the European Green Deal launched last November paving the way for the bloc to become climate-neutral by 2050.

Mr Donato believes there is a natural alignment between the EU and Singapore where sustainability is concerned.

Singapore and Europe, both philosophically and practically, are pursuing solutions to similar problems such as rising sea levels, he said.

"As a diverse continent, Europe allows you to examine what you're interested in, in a specific field, at a specific time and it has recognised leadership in sustainable technologies and a credible political agenda," he said.

"Singapore, specifically, has a platform for all of Asia-Pacific to become a place where sustainable investments are made," he added.

EuroCham, on its part, has also organised a flurry of activities, including holding classes, compiling a white book and giving out sustainability awards to both European and Singapore companies.

"As we commemorate the passage of one year since the EUSFTA entered into force, Singapore and the EU must continue to look for new ways to take our partnership forward," said Mr Donato.

"I am convinced that the EU and Singapore would benefit greatly from finalising and inking a Digital Economy Agreement soon. Such an Agreement could mark another important milestone in our bilateral relationship and would demonstrate our strong commitment to upholding the fair and rules-based approach of data treatment," he added.

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**"There is significant re-shoring of production capacity from China back to Europe and its domestic markets including Eastern Europe for its cost effectiveness."**  
 ~

– Federico Donato, president,  
 European Chamber of Commerce  
 in Singapore

**INSIGHT: INTERVIEW WITH SINGAPORE  
AMBASSADOR TO EU JAYA RATNAM**

# EU-Singapore FTA a cushion against Covid-19

The Free Trade Agreement came into force on Nov 21 last year, which proves to be timely and effective in providing some ballast for trade between EU and Singapore during the pandemic, says Jaya Ratnam, Singapore's Ambassador to the EU.

By **SHARON SEE**

**A**t a time when trade is expected to dwindle in the face of a global health crisis, Singapore appears to be beating the odds when it comes to trading with the European Union (EU).

In April, the World Trade Organization estimated that world trade could plummet by 13 to 32 per cent due to disruptions brought by the ongoing Covid-19 pandemic.

But Singapore's Ambassador to the EU, Jaya Ratnam, says that merchandise trade between the EU and Singapore decreased by a far lower proportion of 4.4 per cent "at the height of the pandemic" between January and May 2020.

"This was significantly smaller than the EU's drop in trade with the rest of the world, which fell by almost 13 per cent in the same period," says Mr Ratnam in an interview from Brussels, where he is based.

At the same time, Singapore's exports to the EU grew by 12 per cent in the six months since the EU-Singapore Free Trade Agreement (EUSFTA) came into force on Nov 21 last year, a timing that Mr Ratnam has called "providential".

"A few months after its implementation in November 2019, the effects of Covid-19 started to take its toll, and now we are in the midst of a substantial crisis in terms of trade and investment flows," Mr Ratnam says.

"In that regard, the FTA has proven to be actually extremely timely and effective in cushioning the impact of Covid-19 and providing some ballast on the trade between EU and Singapore."

Singapore's growing exports to the EU are driven by a number of factors, Mr Ratnam says, with one key area being biomedical and pharmaceutical exports to the bloc.

"This also reflects not just the FTA but our broader policy, in terms of ensuring that Singapore always pro-



vides a safe regulatory framework for our investors to operate. Unlike many other countries, we did not impose import and export restrictions," he says.

The EUSFTA has been a long time coming. While negotiations were launched in 2009, Mr Ratnam says preparations behind the scenes have gone on for more than two decades.

He recalls the day he met his predecessor four-times removed when he first took over the role in Brussels, the de facto capital of the EU, in 2016.

"He was here in the late 1990s, he's retired and he's doing a road trip in Europe. We had a beer, and he asked what keeps me busy. I said, 'The FTA,' and he said, 'Oh, me too, in the 1990s,'" Mr Ratnam says with a laugh.

"It has been so much a part of the picture in our relationship," he says.

The EU had plenty of suitors looking to seal an FTA with the bloc - many were larger countries with outstanding trade issues, Mr Ratnam says, which means getting Singapore to the head of the queue was a challenge.

But Singapore positioned the EUSFTA in two ways, he says, first emphasising the compelling value in terms of the agreement itself, and secondly for its stra-

Singapore's Ambassador to the European Union Jaya Ratnam (centre), speaking with the Chair of "Friends of Singapore" Pedro Silva Pereira, Vice President of the European Parliament (left).

PHOTO: SINGAPORE EMBASSY IN BRUSSELS

tegic relevance in terms of the EU's strategy towards Asia and Asean.

"In the early 2000s, it would have been a less obvious argument, but as the world's geopolitical and geo-economic centre shifts towards the Asia Pacific, that argument clearly gained salience," he says.

"And we were there. Because we made our case early and made our case so repeatedly," he adds.

Mr Ratnam also pays tribute to a group of European parliamentarians dubbed "Friends of Singapore" for helping to realise the EUSFTA.

This is a group of about 20 to 30 Members of the European Parliament (MEPs), who have an interest in Singapore and the region and are keen to develop their relations here, he says.

"So we use them as a platform to engage the much wider European parliamentary system. In effect, they become our ambassadors because they understand our issues and they also convey issues which they feel are important to them and seek to understand how we can address them," he says.

It helps Singapore to navigate the complex European Parliament, which currently has 705 members and is

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"What we have established is a strong foundation, not just of the legal foundation as evidenced by the FTA, but a strong foundation of trust and understanding. That actually provides us with the basis to move forward."  
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- Jaya Ratnam,  
Singapore's Ambassador to the EU

made up of multiple interest groups, he says.

In the time since the EUSFTA was signed in October 2018, the EU also signed an FTA with Vietnam in June the following year.

It is an indication that the EUSFTA is living up to its promise of being a "pathfinder", Mr Ratnam says, noting that the EU is now "actively pursuing several other FTAs with other Asean member states.

It is also hoped that the EUSFTA can also serve as a pathfinder for a possible Asean-EU FTA, which Singapore has been pushing for, he says.

"When you're looking at relationships, it's not about the rhetoric. It's about interests at the end of the day that will drive it," says the ambassador.

For him, one key takeaway from this exercise is that the EU recognises Singapore's value proposition as a partner, and that is not something that the Republic, as a small country, can take for granted.

"What we have established is a strong foundation, not just of the legal foundation as evidenced by the FTA, but a strong foundation of trust and understanding. That actually provides us with the basis to move forward."

As a symbol of trust, the EUSFTA creates opportunities for both Singapore and the EU to pursue similar shared interests in sustainability and the digital agenda.

Singapore recently concluded digital economy partnership agreements with New Zealand and Chile as well as Australia, and Mr Ratnam says Singapore is interested to see how similar agreements can be explored with the EU.

"The EU is an obvious partner - this is an area in which they excel in - in terms of how both sides can align digital rules and standards, enhance cooperation in digital areas such as data flows, AI (artificial intelligence) and digital identities," he says.

## INSIGHT: INTERVIEW WITH EU AMBASSADOR TO SINGAPORE BARBARA PLINKERT

# A concerted push to create more jobs and boost economic growth

The EUSFTA can effectively contribute to a sustainable economic recovery after the Covid-19 pandemic, says the EU's Ambassador to Singapore. By **LEE U-WEN**

**A** SMOOTH implementation of all the commitments of the EU-Singapore Free Trade Agreement (EUSFTA) is a key priority for Singapore and the European Union (EU), said the European Union's Ambassador to Singapore Barbara Plinkert.

This continued effort, she said, will allow companies – especially small and medium-sized enterprises (SMEs) – to enjoy a level playing field and enhanced market access to reap the full benefits of the agreement.

“Thanks to this consolidated effort, the EUSFTA can contribute to creating more jobs and economic growth. I strongly hope that this agreement can result in deeper economic integration of the EU and Singapore for the benefit of all, and convergence in terms of setting standards,” she said in an interview with *The Business Times*.

“Given the present circumstances in which the economic forecast is rather gloomy, FTAs like the one with Singapore can effectively contribute to a sustainable economic recovery after the Covid-19 pandemic,” she added.

Ms Plinkert also expressed hope that the EUSFTA, in tandem with the recently applied EU-Vietnam FTA, can serve as pathfinders for a future free trade deal with the entire Southeast Asia region.

“The recovery in the aftermath of Covid-19 and the adaptation of economic business operations to the new normal are part of our most immediate challenges,” she said.

Ms Plinkert began her term as the EU Ambassador to Singapore in 2017 – a significant year as the EU turned 60 while ASEAN celebrated its Golden Jubilee. EU and ASEAN also marked 40 years of relations that year.

### KEY PARTNER

Singapore is a key partner of the EU, with the Republic now serving a three-year role as ASEAN's coordinator for EU relations since the middle of 2018.

In October 2018, three landmark agreements were signed – the EUSFTA, the EU-Singapore Investment Protection Agreement, and the EU-Singapore Partnership and Cooperation Agreement.

Among the 10 Asean member states, Singapore is the largest trade and investment partner of the EU in the

region, with an annual bilateral trade in goods and services figure of 100 billion euros (\$\$160 billion) and EU foreign direct investment stocks in Singapore reaching 191 billion euros.

Currently, more than 10,000 EU companies use Singapore as a strategic trade, transport and finance hub for their business operations in ASEAN or the wider Asia-Pacific region.

There is an ongoing effort to help more Singapore businesses tap into the benefits of the EUSFTA, said Ms Plinkert.

The EU Delegation to Singapore, European Chamber of Commerce in Singapore, Singapore's Ministry of Trade and Industry, Enterprise Singapore and the Singapore Business Federation have conducted many outreach events to raise awareness of the FTA, and more such events are in the pipeline.

Apart from guidance material online, Singapore and EU exporters can also make use of a free online tool launched recently by the European Commission called

Access2Markets to understand all the requirements needed to export to the EU and Singapore respectively.

“The first anniversary of the entry into force of the agreement (on November 21, 2020) provides a great opportunity to step up the efforts in advertising the EUSFTA and its benefits to the general public,” said Ms Plinkert.

“The EU Delegation is currently organising a series of sectorial outreach events to explain to business representatives and relevant stakeholders the specific provisions of the EUSFTA and how they can benefit from them,” she added.

Asked about the biggest challenges and opportunities for EU-Singapore trade in the coming years, Ms Plinkert said that both parties must continue the hard work to preserve the multilateral trading system in times of rising protectionism.

“The EUSFTA is already a proof of our joint commitment to open and free trade. Sustainability is another key aspect of our trade relations, and we must ensure that increased trade goes together with enhanced environmental and labour standards, so it can benefit com-



“The pandemic calls for a coordinated approach and response by all international actors. Relaunching the economy does not mean going back to the status quo before the crisis, but bouncing forward by investing in our long-term future for new generations,” says Ms Plinkert.

PHOTO: EUROPEAN UNION DELEGATION TO SINGAPORE

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**“The recovery must be green, taking into account the challenges linked to climate change, geared towards the digital transition, and be inclusive, to make sure nobody is left behind.”**  
 ~

– **Barbara Plinkert, European Union's Ambassador to Singapore**

panies, small businesses, workers, consumers and civil society at large,” she said.

While she noted that the Covid-19 pandemic has negatively affected trade flows in the region, there are also opportunities over the longer term for the EU to engage in new initiatives to boost bilateral and regional relations.

This, said Ms Plinkert, is in addition to the existing cooperation at the regional level with ASEAN and in multilateral settings such as the World Trade Organization and the Group of 20.

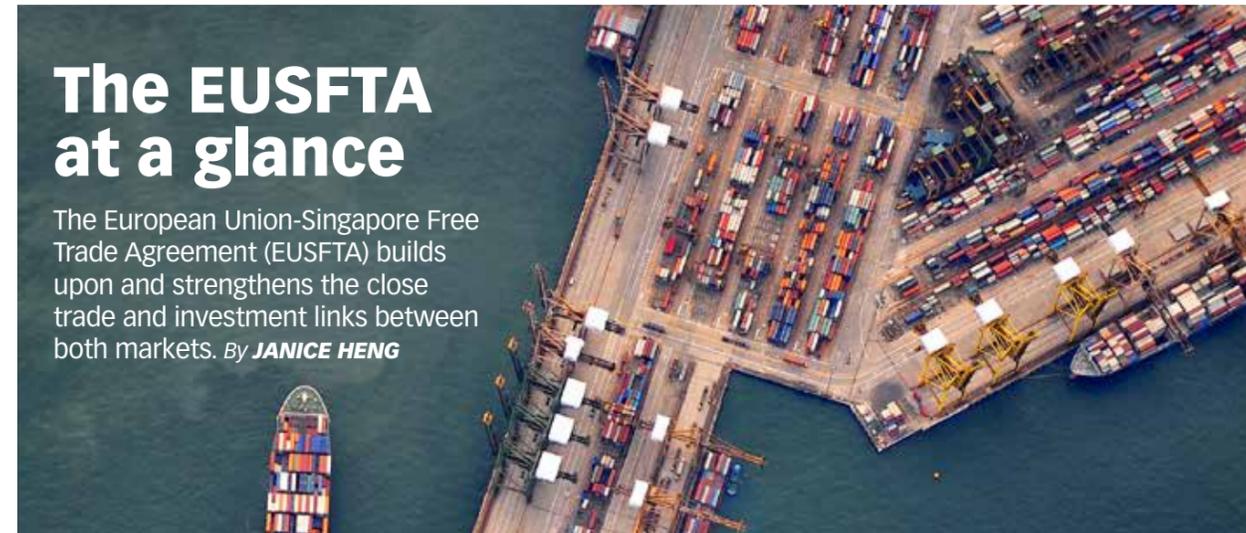
“The pandemic calls for a coordinated approach and response by all international actors. Relaunching the

economy does not mean going back to the status quo before the crisis, but bouncing forward by investing in our long-term future for new generations,” she said.

“The recovery must be green, taking into account the challenges linked to climate change, geared towards the digital transition, and be inclusive, to make sure nobody is left behind.

“Strong international alliances will be needed to make sure we can fight climate change and achieve our global Sustainable Development Goals. Ultimately, the pandemic also gives us opportunities to further strengthen our relations with Singapore in areas of common interest.”

ABOUT THE EU-SINGAPORE FREE TRADE AGREEMENT



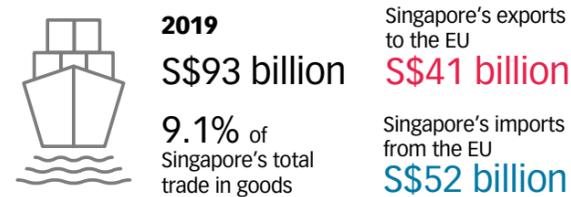
# The EUSFTA at a glance

The European Union-Singapore Free Trade Agreement (EUSFTA) builds upon and strengthens the close trade and investment links between both markets. *By JANICE HENG*

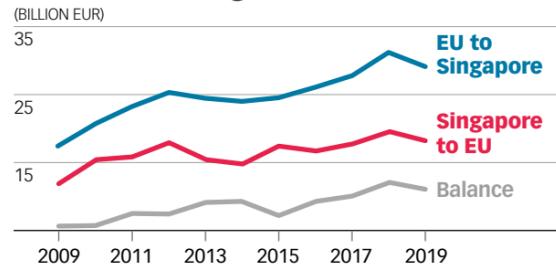
PHOTO: ST

## Trade and investment More than 10,000 EU companies in Singapore\*

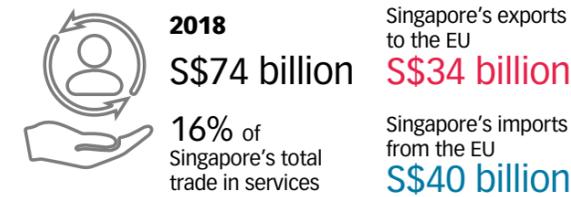
### Bilateral trade in goods



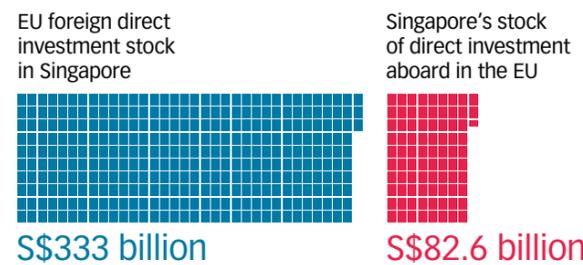
### Bilateral trade in goods (2009-2019)



### Bilateral trade in services



### Investment (as of end 2018)



### The EU is Singapore's ...

- 4th largest goods trading partner
- 2nd largest services trading partner
- Largest foreign investor

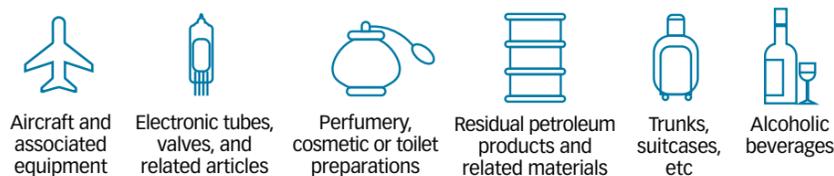
### Singapore is the EU's ...

- Largest trading partner in Asean for both goods and services
- Largest investment destination in Asia
- 3rd largest Asian investor

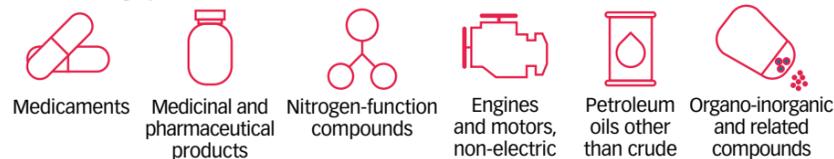
\* As of March 2020

### Most-traded products

#### From the EU



#### From Singapore



Sources: Eurostat, MTI

# The EUSFTA

The EU's first FTA with an ASEAN member state. *By JANICE HENG*

### Elimination of customs duties

- Tariffs have been eliminated for 84 per cent of all tariffs lines for exports to the EU, upon the EUSFTA's entry into force.
- From the third to fifth year onwards, tariffs will be removed for remaining products, such as selected meat and seafood produce, fruits, textiles and consumer goods.

### Liberal and flexible rules of origin

- Most key exports allow exporters to choose between types of rules of origin to qualify as an "originating product".
- There is also the new concept of ASEAN cumulation that allows manufacturers to include the use of materials from ASEAN member states with which there are specific arrangements.

### Improved market access to services sectors



### Reduction of technical and non-tariff barriers

- Exporters will not have to duplicate testing and certification procedures for their products.
- Electronics
  - Motor vehicles and parts
  - Pharmaceuticals and medical devices
  - Renewable energy generation

### More government procurement opportunities

- Singapore companies can bid for more such projects, including at the city and municipal level.
- Railway services
  - Computer services
  - Telecommunications
  - Landscape architecture services

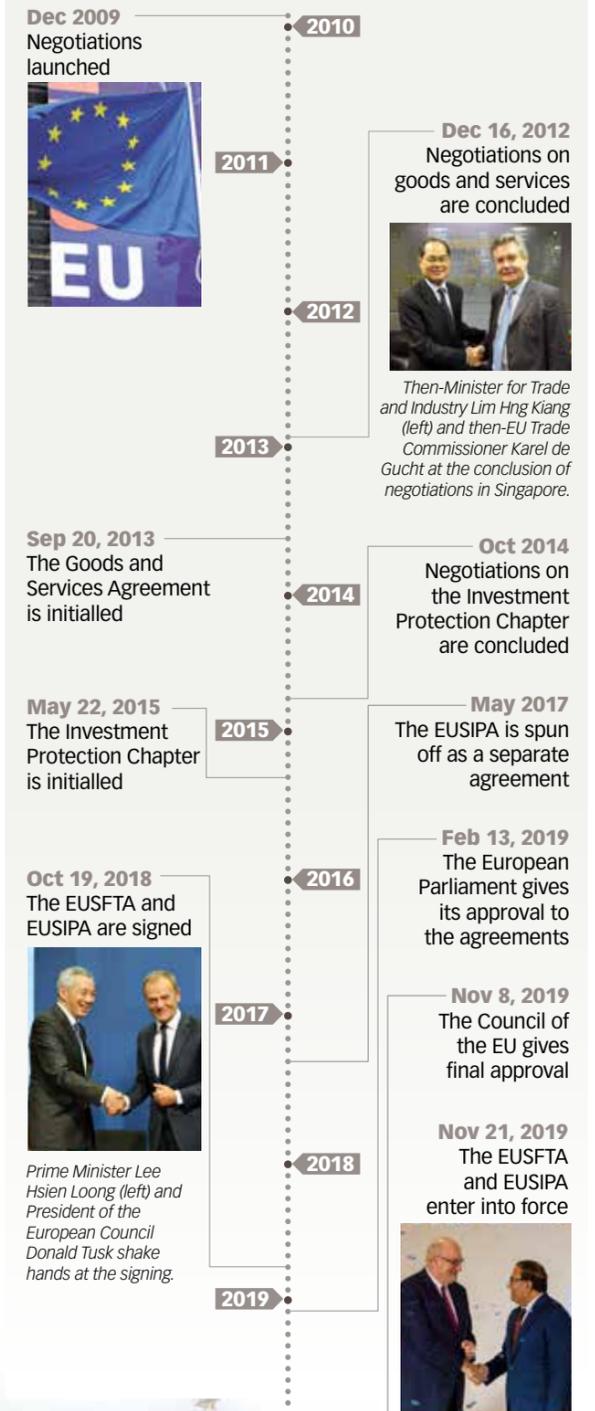
### Better protection of intellectual property rights

- 70 years of copyright protection
- Enhanced protection for registered Geographical Indications such as Bordeaux wine and Prosciutto di Parma ham



- Singapore-based producers can collect broadcasting and performance royalties for productions exported to the EU

### MILESTONES



Prime Minister Lee Hsien Loong (left) and President of the European Council Donald Tusk shake hands at the signing.

European Commissioner-Designate for Trade Phil Hogan and Minister-in-charge of Trade Relations S Iswaran at the celebration for the entry into force.

Sources: Eurostat, MTI Photos: Bloomberg, ST file, CMG, MTI



PHOTO: ST

# Benefits of the EUSFTA

## Trade in goods

### Tariff elimination

The timelines for tariff elimination vary by categories of goods.

#### 1 Upon entry into force

84% of tariff lines including:



Beer & stout      Pharmaceuticals

#### 2 Over three years

These will be removed in four stages, with each stage seeing the same size of reduction, e.g. 5 percentage points each time. They will be fully removed after three years from the EUSFTA's entry into force.



Measuring instruments      Plastics      Selected dim sum

#### 3 Over five years

These will be removed in six stages, with each stage seeing the same size of reduction. They will be fully removed after five years from the EUSFTA's entry into force.



Conveyor & transmission belts      Audiovisual products

### Rules of origin



#### Flexibility

Most key exports have 'co-equal' rules, which give companies flexibility to use different rules of origin (change in tariff classification rule or regional value content rule) to qualify for preferential tariff treatment.



#### ASEAN cumulation

For certain products, there are provisions within the Agreement that allow Singapore companies to cumulate materials from ASEAN countries with which there are specific arrangements.



#### Asian food products

Under specialised rules of origin, Asian food products from Singapore get enhanced market access.

Such products can enter the EU tariff free, up to a combined quota of 1,250 tonnes annually.

- Sambal ikan bilis
- Canned luncheon meat
- Fishballs
- Various dim sum
- Samosas



Source: MTI

## Trade in services



### Enhanced market access

Firms have preferential market access to the respective markets, and face fewer restrictions that could hinder them from providing services.

Reduced or removed restrictions on:

- Number of service suppliers
- Value of service transactions or assets
- Number of service operations or quantity of service outputs
- Number of persons that may be employed
- Specific type of legal entity permitted
- Foreign shareholding/equity limits



### Government procurement

Singapore companies have access to more government procurement opportunities in the EU, across an additional 187 central-level government ministries, agencies and other bodies, as well as entities active in certain utility sectors

More types of public services contracts covered by open tendering:



Railway services      Computer services      Telecommunications services      Landscape architecture

## Intellectual property



PHOTO: ST

## Non-tariff barriers



### Electronics

Duplicative testing and unnecessarily burdensome conformity testing have been reduced.



### Motor vehicles and vehicle parts

With mutual recognition of international standards, no additional testing or certification is needed.



### Pharmaceutical products and medical devices

Both sides will use international standards, practices, and guidelines for pharmaceutical products or medical devices.

In the manufacturing of active pharmaceutical ingredients (API), the EU recognises Singapore's standards of good manufacturing practices as equivalent to its own, facilitating exports of Singapore API to the EU.



### Renewable energy generation

Both sides have committed to keeping their investment regimes open and investor-friendly for renewable energy generation. This is the first time that Singapore has done so in a bilateral FTA.

For a level playing field, companies investing in this sector will not face mandatory local sourcing requirements, and will not have to form partnerships with local companies, unless necessary for technical reasons.



PHOTO: CMG



### Geographical Indications (GI)

These identify products – particularly food and beverages – that have special qualities or enjoy certain reputation or other characteristics due to their geographical origin, helping consumers recognise authentic products.

A GI registry has been set up to improve the certainty of protection given to GIs.



Wine & spirits      Cheese      Meat & seafood



### Copyright and related rights

The EUSFTA provides for 70 years of copyright protection. Singapore-based producers can collect broadcasting and public performance royalties for productions that are exported into the EU. This will be implemented within two years of the EUSFTA's entry into force.



FROM LEFT: Dr Sher Lin Ee, head of Digital Lab Asia, and Shirley Qi, regional president, Evonik South East Asia, New Zealand & Australia. "In Asia, we start quick and we start small. If we fail, we try again," says Ms Qi.

BT PHOTO: YEN MENG JIIN

## COMPANY FEATURE

# Singapore an ideal hub to steer growth in Asia

The open mindset and dynamism of Asia are key draws for specialty chemical company Evonik, and Singapore, with its robust intellectual property regime, is the perfect gateway to the region. By **MINDY TAN**

**A**SK specialty chemical company Evonik why it chose Singapore as a key node in its global network and some of the factors listed will no doubt sound familiar.

These range from Singapore's robust intellectual property (IP) regime to, of course, the city-state being the perfect gateway to the region.

But it is also other "softer" factors, such as supportive government agencies, a robust talent pool and perhaps a little surprisingly, a spirit of trying and failing (and of

course trying again) that keep them coming back.

The German company has a long history in Singapore, having set up its first office in 1969. Indeed, Evonik has been one of the largest investors in Singapore in recent years and in the last five years has invested more than one billion euros (S\$1.6 billion) on Jurong Island alone.

Shirley Qi, who is both president for the Southeast Asia, Australia, and New Zealand region (SEAANZ) and head of nutrition and care division for Asia-Pacific, credits the

"open mindset" and dynamism of Asia as key draws.

Evonik opened its Asia Research Hub in Singapore in 2018 with a mandate to focus on Evonik's growth topics including additive manufacturing (3D printing) for industrial application, particularly photoresin-based technology. In July this year, Singapore was elevated as the regional headquarters for Asia-Pacific.

### HELPING HAND

Like all other organisations, Covid-19 has impacted Evonik. Which makes the decision to move personnel in the midst of a pandemic an interesting one.

Ms Qi credits government organisations, such as the Economic Development Board (EDB), for helping both in the relocation of staff here, and keeping Evonik open throughout the circuit breaker.

Evonik is widely represented in the food industry – from the anti-caking agent in paprika to natural flavour extracts, amino acids and functional coatings for food supplements – and was identified as an essential business.

"We are thankful and we don't take that for granted," says Ms Qi, adding that Evonik is equally invested in the country. Beyond their investments over the years, they are also supporting the Singaporean labour force.

"We had some applications under the SGUnited scheme and are now hiring 15 trainees under this programme. This Singapore programme is an important support scheme in these challenging times. As one of the largest German employers in the city state, we feel a responsibility to support this," says Ms Qi.

That Sher Lin Ee, who today heads Evonik's Digital Labs Asia, returned to the company after a one-year stint at an American company, is perhaps the best testament to the company's commitment to its people.

Dr Ee joined Evonik in 2011 as a senior process engineer because, as she puts it plainly, Evonik offered her a stint in Germany.

She left Evonik in 2018 but rejoined a year later after Evonik, who had stayed in touch with her, offered her a role that married her expertise in mathematics (Dr Ee's PhD is in mathematical modelling in applied mathematics) and her passion for chemistry.

Digital Labs Asia is working on the development of artificial intelligence solutions for areas where the data, information, or the know-how is confidential. These AI solutions help the company identify the best formulations, ultimately increasing the speed of new product-to-market processes.

"In Asia, we start quick and we start small. If we fail, we try again," says Ms Qi. And this is why it makes sense to base their research hub here, she says.

"Basing strong innovation here makes a lot of sense because we are able to quickly do the development and testing and then start system pilot productions.

"Take for example our high-toughness photoresin products which have a multitude of 3D printing applications. Within three months, for instance, our team in Singapore were able to create a special prototype advancing the material toughness even further in our

labs and after two months we had orders from customers. The challenging task now is to move this R&D-success into mass production," she says. "In Asia there is the speed element. And that's quite a big advantage especially for new technologies."

Today, Evonik has five manufacturing facilities in Singapore. This includes their two world-scale production complexes for essential amino acid DL-methionine, as well as an oil additives production site on Jurong Island. It also has a manufacturing facility producing epoxy curing agent, ink and hotmelt resin, and polyurethane catalyst blends.

Furthermore, the acquisition of Houston-based Porocel in August has further expanded Evonik's footprint in Singapore, adding one more manufacturing facility in Tuas which is focused on catalysts, enabling its customers to make their processes and products more efficient and resource-saving.

### GOOD EXPORT NETWORK

"We see Singapore as a really good hub because we feel very safe with our intellectual property. In addition, Singapore has a very good export network and the lead time is quite short so the customer benefits."

Notably, in November, Evonik was honoured by the European Chamber of Commerce Singapore Sustainability Awards 2020 in the category of "Circular Economy".

Besides researching and developing solutions for mechanical and chemical recycling, the company's methionine plant for instance has an integrated digital platform to ensure efficiency and good use of all material flows.

Its latest acquisition also sees Evonik expanding its catalyst business and shifting its portfolio towards sustainability and especially the circular economy.

That Singapore and the European Union (EU) have a free trade agreement in place – the EUSFTA is the first FTA between the EU and an Asean country – benefits the company both directly and indirectly, in that Evonik and its customers and suppliers enjoy the elimination of custom duties. But more importantly, it's key because other countries are now starting to move in a similar direction, says Ms Qi.

The EU-Vietnam FTA for instance entered into effect on August 1 this year and the EU has expressed interest in pursuing a number of FTAs in the region.

Significantly, Germany announced in September this year its first ever policy guidelines for the Indo-Pacific region.

"It is a really good sign for further cooperation between Germany and Asia, especially South East Asia. The EU and Germany plan to strengthen the cooperation with the ASEAN-countries, in part through FTAs. That is really an important milestone."

Asked about future plans, Ms Qi says: "At this point, we cannot say when we are going to open our next facility here in Singapore. However, our large footprint in Singapore shows our commitment that Evonik is here to stay. We have strategic and long-term growth plans in Asia. Singapore is definitely a very important part of that strategy, as its position as a hub steers this growth."

## INSIGHT: INTERVIEW WITH FORMER MEP DAVID MARTIN

# The many benefits of the European Union-Singapore FTA

The landmark free trade deal can serve as a pathfinder for similar EU agreements with other Asean member states, says former European Parliament member David Martin.

By **JANICE HENG**

**I**N the decade-long journey behind the European Union-Singapore Free Trade Agreement (EUSFTA), former Member of the European Parliament David Martin has seen the coming and going of trade ministers and ambassadors; the spinning-off of the investment protection elements into the EU-Singapore Investment Protection Agreement (EUSIPA); and even the agreements being cited in EU law.

As rapporteur for the EUSFTA and EUSIPA, he has had a front-row seat to proceedings, and a first-hand understanding of what kept the team going.

Singapore is an extremely important market in its own right, with over 10,000 EU companies here, he tells *The Business Times* in an interview. But of course, it is also crucial as a connection to the fast-growing region of South-east Asia.

One major perceived benefit for Europe, at the start of negotiations, was to get protection for geographical indications (GIs).

These identify goods – usually food or beverages – as being of specific geographical origin, where this is essential to the good's quality or reputation.

"We were aware that they largely didn't exist in Asia, with some exceptions," recalls Mr Martin. The United States, too, had and still has "serious reservations" about GIs. "So persuading Singapore to accept GIs was, for us, a big win."

GIs are important for both sides, he adds. "Hopefully Singapore consumers, if it worries them, will know that their parma ham really comes from Parma," he quips.

"The reason they are so important to Europe, though, is it keeps jobs local. If you really have to produce a generic product in the region where it originally comes from, you keep the jobs there, and the jobs cannot go."

In turn, Singapore gained concessions in other areas: "So a lot of Singapore specialist foods, for example, now have access to the EU market where they didn't before."

Food products were one of the few areas where there were still tariffs and quotas, he notes. If Singaporean food products can enter Europe without tariffs, consumers in Europe can pay less for a taste of Singapore.

That all goes back to the point of trade and trade

deals, he says: "It should generally create jobs, generally reduce prices, generally create more competition in public sector contracts and so on, and so should advance both the economy at the macro level and individual welfare."

The EUSFTA's benefits go beyond goods, of course. "We keep talking about goods and services. In actual fact, they are almost one, in many cases," he notes.

"If you sell a high-tech product, you have to service it – you have to send engineers to install it, you have to send people to train (the client) in how to use the product, and that's a service."

"I think what will benefit some Singapore companies is the fact that they can now attach service contracts to the products."

Apart from facilitating firms, the EUSFTA gives more opportunities to Singaporeans, making it easier for them to go to Europe to provide such attached services.

But the road to these accomplishments was not easy. One early stumbling block was some scepticism about Singapore's labour laws, and worries over labour exploitation.

"If people don't know Singapore well, there's sometimes ... a very false impression of what the economy's built on," says Mr Martin.

To correct this, Singapore engaged the European Parliament and explained its labour laws, tax system, and so on.

The Friends of Singapore group of European parliamentarians were also true to their name, doing work in Brussels as well as bringing groups here to show what was really happening in the Singapore economy.

Other snags had to do with the complexity of the EU. In 2011, the EU gained the right to negotiate investment agreements.

Investment protection was thus added to the deal. But that would turn the EUSFTA into a "mixed agreement", requiring extra ratification – so in the end, those provisions were hived off as the EUSIPA.

"Actually, it may not have been such a bad thing," muses Mr Martin. If the deal had gone to the European Parliament in its original form, it might have been voted down. "It wasn't the reason that the commission (hived it off), but it might have saved the day."



"We see Singapore as a template for the rest of Asean," says Mr Martin. Across the region, there are major opportunities for European countries in areas such as public procurement and services, he adds.

BT PHOTO: YEN MENG JIIN

~  
**"(Trade deals) should generally create jobs, generally reduce prices, generally create more competition in public sector contracts and so on, and so should advance both the economy at the macro level and individual welfare."**  
 ~

– David Martin, former Member of the European Parliament

As the matter had been brought to the Court of Justice of the European Union, it became an important precedent. The judgement is now quoted in European law, regarding the division of competencies between the EU and member states.

Says Mr Martin: "Singapore probably didn't expect to be part of setting European law!"

The EUSFTA may set something of a precedent in other ways, too: as a pathfinder for EU agreements with other Asean member states.

"We see Singapore as a template for the rest of Asean," says Mr Martin. The potential gains are great. Unlike Singapore, where few tariffs remained even before

the EUSFTA, there is plenty of scope to bring tariffs down with other countries.

Across the region, there are also major opportunities for European countries in areas such as public procurement and services, he adds.

Having the EUSFTA made it easier to conclude the EU-Vietnam FTA, which entered into force this August; in turn, the hope is that both the EUSFTA and EU-Vietnam agreement will make it easier for future deals with Malaysia, Thailand and others.

"Every set of talks is unique, of course. But if you can start with a general framework, it really does help the process," he says.

## MARKET INSIGHTS: GUIDE TO EU MARKETS

European Union member states have a wide variety of strengths, with plenty of opportunities for Singapore firms that are looking to invest, find partners, or enter new markets. Here is an overview of promising sectors, and key markets for each one



# Industry 4.0 a national priority

European manufacturers are staying globally competitive by adopting “future of manufacturing” solutions such as the Internet of Things, blockchain technology, and robotics

**T**HE EU is a leading manufacturing hub, with most member states having made Industry 4.0 a national priority. European manufacturers are staying globally competitive by adopting “future of manufacturing” solutions, such as the Internet of Things (IOT), blockchain technology, and robotics.

### OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore, too, is transforming its manufacturing sector with Industry 4.0 technologies. A robust infrastructure of testing, inspection and certification services ensures that quality benchmarks are met and standards upheld, particularly for manufacturing. Last year, for

instance, the Singapore Standards Council published a new Technical Reference for the use of additive manufacturing in military and non-military applications here.

There is potential for Singapore companies with Industry 4.0 solutions to partner EU manufacturers in coming up with products and solutions, or expanding into Asia.

### GERMANY

A global manufacturing powerhouse, Germany has a strong emphasis on “Industrie 4.0” thought leadership and research & development.

It offers a conducive environment in which Singapore companies can find partners, with a large base of

corporates and “Mittelstand” or medium-sized firms.

Singapore businesses can leverage the reliability of this sector, providing outsourcing services to German manufacturers in areas such as aerospace, food, furniture, medical technology, and offshore wind energy.

### FACTS AND FIGURES

- Since the mid-1990s, manufacturing has accounted for just over a fifth of Germany's gross domestic product.
- The sector accounts for some 7.7 million jobs in Germany.
- German firms account for over a quarter of the EU's manufacturing turnover, and over a tenth of the EU's global exports of manufacturing products.
- Every year, Singapore firms attend Hannover Messe in Germany, one of the world's largest industrial shows, to showcase their products and make connections. Since 2018, Singapore has hosted Industrial Transformation Asia-Pacific, the Asian edition of Hannover Messe.

### CZECH REPUBLIC, HUNGARY, POLAND, AND SLOVAKIA

Known collectively as the Visegrad 4, these countries are key manufacturing and R&D centres for international automotive, aerospace and white goods companies, as well as first-tier component suppliers in Central and Eastern Europe.

Besides being part of the global manufacturing supply chain, the Visegrad 4 also have their own domestic products. In particular, the Czech Republic and Poland have a long history and are major global players in the manufacturing of lightweight aircraft.

The Visegrad 4 countries enjoy a high level of labour productivity, thanks to education systems that combine theoretical and practical training, and relatively lower labour costs, making them attractive as a destination for manufacturing operations.

### FACTS AND FIGURES

- More than 100 Polish companies have a presence in Singapore, while many Singapore companies operate in Poland in sectors such as precision engineering, shipbuilding and food manufacturing.
- In Cushman & Wakefield's 2020 Global Manufacturing Risk Index, which ranks the most suitable locations for global manufacturing, the Czech Republic was ranked top in Europe and fourth globally.
- The automotive sector is a heavyweight in Hungary, accounting for nearly 30 per cent of the country's manufacturing.
- Slovakia is the world's largest car manufacturer per capita.

An assembly line at the Volkswagen construction plant in Bratislava, Slovakia. Slovakia is the world's largest car manufacturer per capita.  
PHOTO: REUTERS

## EU markets at a glance



### AUSTRIA

GDP: 397.6 billion euros  
Population: 8.9 million  
Languages: German



### BELGIUM

GDP: 473.1 billion euros  
Population: 11.5 million  
Languages: Dutch, French, German



### BULGARIA

GDP: 61 billion euros  
Population: 7 million  
Languages: Bulgarian



## MARKET INSIGHTS: GUIDE TO EU MARKETS

# Exciting innovations in medtech products and services

The onset of Covid-19 has accelerated investments into Europe's medtech sector

EUROPE'S medical technology (medtech) sector is one of the most innovative and scientifically advanced in the world.

Medtech is also becoming an important employer within the broader European healthcare sector, with over 730,000 people employed across 32,000 medtech companies. Of these firms, some 95 per cent are small and medium-sized enterprises, contributing to the majority of R&D efforts.

### OPPORTUNITIES FOR SINGAPORE COMPANIES

The onset of Covid-19 has accelerated investments into Europe's medtech sector, with a push towards digital health technologies, medical devices, and in-vitro diagnostics, opening the door to opportunities for international collaboration.

Singapore is an attractive source of partners for EU firms, as the country has been working to develop standards and quality benchmarks to support medtech innovations and bring new products to market swiftly.

Singapore was the first Asian country to be recognised by the Organisation for Economic Co-operation and Development for the Good Laboratory Practice (GLP) compliance programme in 2009.

This facilitates regulatory approval for new products, and expedites exports in the pharmaceutical, biomedical sciences, and chemical sectors.

Studies conducted in Singapore's GLP-registered facilities are accepted in more than 40 economies worldwide, including over 20 EU markets. Firms that are keen to enter the EU should watch out for the proposed update of the EU Medical Device Regulation in 2021.

## GERMANY

At 30 billion euros (\$48 billion), Germany's medtech market is the largest in the EU. The country has a strong demand for medtech products and services, due to its large ageing population and relatively high healthcare expenditure.

Its medtech sector is characterised by deep and in-

novative collaborations among the private sector, clinicians and knowledge institutions.

These activities are supported by more than 30 medtech clusters across the country, such as Tuttlingen and Düsseldorf. These are potential soft-landing pads for Singapore companies keen to venture into the German market.

### FACTS AND FIGURES

- Since January 2020, a digital healthcare law has allowed digital solutions to enter the German healthcare system through a fast lane process.
- Singapore firms interested in bringing their products to Germany can consider attending the annual MEDICA exhibition in Düsseldorf, where Singapore is regularly present with a national pavilion co-organised by Enterprise Singapore.

## FRANCE

Europe's second-largest medtech sector is that of France, worth nearly 20 billion euros in 2020 and set to grow at 4.7 per cent annually.

French medtech manufacturers are highly sophisticated, with many involved in the production of non-invasive surgical devices and intensive care equipment, and now undertaking R&D for Covid-19 treatments.

Innovative medtech solutions developed by French startups include the digitalisation of healthcare services through mobile apps, and the remote training of surgical procedures.

The government plans to digitalise the healthcare sector, invest in the modernisation of technical equipment and infrastructure, and attract foreign investors with a pro-business environment.

## THE NETHERLANDS

The medtech sector in the Netherlands is at the forefront of implementing new technologies. Among European countries, it had the third most medtech patent applications at the European Patent Office in 2019, behind Germany and France.

The country has strengths in medical imaging, rehabilitation technologies, minimal invasive devices and digital health.

The Netherlands actively promotes public-private partnerships among science, industry and government. It is an ideal test-bed, with a streamlined healthcare and a population that is open to early adoption of technology. Singapore medtech companies can consider test-bedding their solutions with Dutch clinicians or co-innovating with Dutch medtech companies.

### FACTS AND FIGURES

- The Netherlands has 12 research universities and 82 hospitals, and invests more than US\$2 billion (\$2.72 billion) in R&D annually.

French pharmaceutical company Sanofi's world distribution centre in Val-de-Reuil. French medtech manufacturers are highly sophisticated, with many involved in the production of non-invasive surgical devices and intensive care equipment, and now undertaking R&D for Covid-19 treatments.

PHOTO: AFP



## CROATIA

GDP: 53.9 billion euros

Population: 4 million

Languages: Croatian



## CYPRUS

GDP: 21.9 billion euros

Population: 888,000

Languages: Greek



## CZECH REPUBLIC

GDP: 220 billion euros

Population: 10.7 million

Languages: Czech



## DENMARK

GDP: 310 billion euros

Population: 5.8 million

Languages: Danish

## MARKET INSIGHTS: GUIDE TO EU MARKETS

# Drive to create cleaner, safer transport systems

The European Commission is looking to examine new technologies and determine their impact on mobility systems and services

THE EU has been evaluating innovative technologies in mobility and transportation in a bid to move towards cleaner, more sustainable and safer transport systems.

In 2017, the European Commission (EC) adopted the Strategic Transport Research and Innovation Agenda Roadmap for Smart Mobility and Services.

The aim is to examine new technologies – such as multimodal, electric and automated driving, as well as drones – and determine their impact on transport and mobility systems and services. The roadmap sets out action plans up to 2050, towards the EU's aim of transport decarbonisation. The EC has also been advocating smart mobility research and innovation projects and trials.



## OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore companies can offer their expertise in innovating and developing sustainable and safer transport and mobility systems.

In land transport, Singapore has launched standards in areas such as autonomous vehicles and electric vehicle charging systems. For sea transport, Singapore has developed new standards to promote the use of liquefied natural gas as marine fuel.

Volkswagen's ID.3 electric car. Under Germany's 2030 Climate Action Programme, the government aims to have up to 10 million electric vehicles and one million charging stations on German roads by 2030.

PHOTO: REUTERS



## GERMANY

Germany is the EU's largest automotive market in terms of production and sales. With an annual industry turnover of 435 billion euros (\$696 billion), it is one of the country's core industrial sectors.

Germany is home to many of the world's renowned automotive brands, and invests heavily in R&D and innovation. The automotive sector accounts for more than a third of Germany's total R&D expenditure, and absolute innovation investment spending has been on the rise.

Under its 2030 Climate Action Programme, the government aims to have up to 10 million electric vehicles and one million charging stations on German roads by 2030 – paving the way for smart mobility solution providers in Singapore to explore co-innovation opportunities with interested German players.

## ITALY

Italy is among the largest automotive markets in the EU in terms of production. Its consumers are also increasingly aware of electric vehicles, with new electric car registrations more than doubling in 2019 from the year before.

The automotive market in Italy is also paying increasing attention to smart mobility technologies and services such as self-driving cars, vehicle-to-everything communications, and shared mobility.

Smart mobility is one focus area under the national Smarter Italy programme, with the government recently investing 20 million euros in developing smart mobility solutions.

## CZECH REPUBLIC AND HUNGARY

Due to solid fundamentals such as a highly educated and trained workforce and relatively lower labour cost base, the Czech Republic and Hungary became manufacturing hubs for global automotive companies.

As a result, large automotive companies have sited manufacturing facilities and R&D for electric and autonomous vehicles in these countries as well, to reap synergies with their existing investments and in the regional supply chain.

This year, the Czech Republic launched a Mobility Innovation Hub, focusing on areas such as autonomous driving, clean mobility, and digitalisation.

French automotive supplier Valeo has established its main research centre for autonomous technologies in Prague.

As for Hungary, a key focus is electric vehicles or "electromobility", in terms of both production and uptake. Major Asian electric vehicle battery manufacturers such as Samsung have also chosen Hungary to serve as their European manufacturing hub.

The German engineering supplier Bosch Group invested 120 million euros in 2018 to expand its Budapest Engineering Centre, which includes a 10,000 square-metre proving ground and will focus on automated and electrified mobility.



## ESTONIA

GDP: 28 billion euros

Population: 1.3 million

Languages: Estonian



## FINLAND

GDP: 241 billion euros

Population: 5.5 million

Languages: Finnish, Swedish



## FRANCE

GDP: 2.4 trillion euros

Population: 67.1 million

Languages: French



## GERMANY

GDP: 3.4 trillion euros

Population: 83.2 million

Languages: German



## MARKET INSIGHTS: GUIDE TO EU MARKETS

# Being smart about living in cities

Many European cities have been transitioning into low-carbon, resource-efficient and competitive economies

EUROPE has a highly urbanised population, with 78 per cent of its citizens living in cities, and 85 per cent of the European Union's GDP generated from cities. Many European cities have been transitioning into low-carbon, resource-efficient and competitive economies.

Yet, it has not been easy to link and upgrade infrastructure, technology and services in key urban sectors, due to challenges such as a fragmented market, financing obstacles, and a lack of business model innovation.

In recognition of such challenges, the European Commission has initiated a European Innovation Partnership on Smart Cities and Communities to guide the development of smarter cities.

Many European countries have set their respective sustainability and environmental goals which have come to form the basis of their Smart Cities endeavours.



### OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore firms can ride on the country's reputation as one of the world's top smart cities and an established player in urban solutions and sustainability.

The Asean Smart Cities Network, established during

Singapore's Asean chairmanship in 2018, also provides opportunities for EU firms interested in the region.

With the EUSFTA granting improved access to city-level and municipal-level government procurement opportunities in Europe, Singapore firms can bring their smart city expertise to bear in areas such as telecommunications, maintenance and repair services, and waste management.

### SWEDEN

Sweden, which was ranked first in the 2020 edition of the Sustainable Development Report, has invested heavily in areas like climate, energy and environment, mobility, digitalisation, urban planning and social sustainability.

The country's capital, Stockholm, aims to be free of fossil fuels and "climate positive" by 2040.

The Swedish government welcomes international investors to co-create solutions with Swedish companies through a public platform called Smart City Sweden.

In 2019, the Nordic Innovation House in Singapore was also opened, to help connect businesses in Singapore and the Nordic countries, including Sweden.

### CENTRAL AND EASTERN EUROPE

Cities in Central and Eastern European countries such as Poland and Romania are in the process of implementing smart city plans and are keen to learn from Singapore's Smart City and Smart Nation experience.

Generally, larger cities benefit from the strong technical capability of their own domestic companies. They typically look for innovative solutions and case studies of implementation of digital technologies such as e-payments, data analytics and 5G.

Smaller cities, on the other hand, tend to require more infrastructure and hardware solutions which include renewable energy projects, water and waste treatment, and smart metering.

In 2014, the Polish capital Warsaw began to work on the Virtual Warsaw project, an Internet-of-Things-enabled initiative to help the visually impaired make their way around the city.

In 2019, the Visegrad countries of the Czech Republic, Hungary, Poland, and Slovakia signed an agreement for collaboration in the area of smart cities.

Sweden, which was ranked first in the 2020 edition of the Sustainable Development Report, has invested heavily in areas like climate, energy and environment, mobility, digitalisation, urban planning and social sustainability. Sweden's capital, Stockholm (above), aims to be free of fossil fuels and "climate positive" by 2040.

PHOTO: AFP



### GREECE

GDP: 187 billion euros

Population: 10.7 million

Languages: Greek



### HUNGARY

GDP: 144 billion euros

Population: 9.8 million

Languages: Hungarian



### IRELAND

GDP: 356 billion euros

Population: 5 million

Languages: Irish, English



### ITALY

GDP: 1.8 trillion euros

Population: 60.2 million

Languages: Italian

**MARKET INSIGHTS: GUIDE TO EU MARKETS**

# Home to a robust fintech sector

European startups are quick to use technology to bridge gaps in services provided by traditional banks



**T**HE financial services sector has traditionally had high barriers to entry, but has evolved significantly in Europe over the last decade. This change followed the 2008 global financial crisis, and happened under the influence of key trends, regulations and innovations – including open banking, digital economy, artificial intelligence, blockchain, and cryptocurrency.

European startups were quick to use technology to bridge gaps in services provided by traditional banks, giving rise to the robust financial technology (fintech) sector in the EU.

Today, the EU is home to many companies in alternative banking, payments, wealth management, lending and mortgage, and insurance, with about 40 companies valued above US\$1 billion.

**i**  
**DID YOU KNOW?**

• *Fintech receives the largest share of total investor capital in the EU, accounting for 20 per cent of total deal flow in Europe in 2019.*



**OPPORTUNITIES FOR SINGAPORE COMPANIES**

Singapore firms benefit from the country's position as a leading international financial centre, and the high levels of global confidence and trust that it enjoys. Singapore's regulatory approach to the fintech sector ensures that risk management safeguards are in place.

To facilitate financial transactions among organisations and with Singapore's trading partners, Singapore's financial sector has adopted the international standard ISO 20022, on electronic data transfers in the financial industry.

Its adoption by the Singapore Exchange, for instance, has enabled greater automation and straight-through processing, and helped to reduce data processing risks.

The financial district of Frankfurt. Germany has a growing fintech sector, with some 900 fintech firms. Its traditional banks and companies are also developing innovative digital solutions by cooperating with startups.

PHOTO: REUTERS

**POLAND**

Economies in Central and Eastern Europe are notable for their growing opportunities in payments, even as established payments companies in Europe consolidate their payment, point-of-sale and remittance services.

Traditional banks in this region are also upgrading their domestic ecosystems through innovation.

For example, Poland established a mobile payment system and the first non-card payment scheme BLIK, created by Polish Payment Standard – a joint venture of Poland's six largest banks – back in 2015.

Almost the whole Polish population of 38 million are online banking users today and about 8.7 million use mobile banking.

As early as 2017, the Monetary Authority of Singapore and the Polish Financial Supervision Authority signed a fintech cooperation agreement.

Polish firms have shown interest in collaborating with their Singapore counterparts, with a strong presence at the Singapore FinTech Festival x Singapore Week of Innovation and TeCHnology event in 2019. In conjunction with that event, the Polish Embassy in Singapore held a networking meeting called "Fintech Made in Poland".

**WESTERN EUROPE**

The scene in Western European markets differs slightly. While there remain opportunities in payments, as nations aspire towards a cashless society, these markets pay relatively more attention to complementary aspects within the fintech value chain.

The Danish capital Copenhagen is a fintech hub in the Nordic region and is known to have strengths in areas like AI-enabled cybersecurity, process optimisation and investment software.

In 2018, the DanSing FinTech Bridge was established to help financial institutions on both sides gain access to new partnerships and talents.

Spain has experienced tremendous growth in the fintech sector, and its government has been refining its fintech regulatory sandbox. It devotes significant resources to developing investment and tax accounting innovations, B2B solutions, and 5G.

Germany has a vibrant and growing fintech sector, with some 900 fintech firms. Its traditional banks and companies are also developing innovative digital solutions by cooperating with startups. They often favour working through a corporate innovation arm, accelerator or financial networks with startups to speed up their product development.

Singapore fintechs and startups that are interested to work with German banks or financial companies can consider getting into contact with these innovation arms and networks, such as TechQuarter and Plug and Play Fintech in Frankfurt.



**LATVIA**

GDP: 30 billion euros

Population: 1.9 million

Languages: Latvian



**LITHUANIA**

GDP: 48 billion euros

Population: 2.8 million

Languages: Lithuanian



**LUXEMBOURG**

GDP: 64 billion euros

Population: 626,000

Languages: French, German



**MALTA**

GDP: 13 billion euros

Population: 514,000

Languages: Maltese, English

## MARKET INSIGHTS: GUIDE TO EU MARKETS

# Leveraging the EU-Singapore FTA to export Asian food products

The EU's food and beverage sector accounts for the largest share of both jobs and value-added

**I**N the EU's manufacturing scene, the food and beverage (F&B) sector accounts for the largest share of both jobs and value-added. The EU's F&B exports have doubled over the last decade, amounting to some 110 billion euros (\$175 billion) in 2019.

The European Commission plays an active role in the food supply chain, leading policy formulation, promoting price transparency, combating unfair trading practices, and providing platforms for dialogue among members. It also manages the trade regime for processed agricultural products.

## OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore companies looking to export their food products to the EU can leverage the EU-Singapore FTA, which provides preferential tariff treatment for qualifying Asian food products made in Singapore.

To drive Singapore's development as a trusted food hub, the government has built up a strong quality and

standards infrastructure that continuously strengthens the food supply.

For instance, Singapore is developing an integrated cold chain management standard to strengthen the supply chain of fresh produce and chilled products. This standard will cover fresh produce such as meat, fish, vegetables and dairy products.

To support the national initiative of producing 30 per cent of nutritional needs by 2030, Singapore is also developing a world-first "clean and green" standard for urban farms.

This differentiates modernised farming from conventional farming, by requiring a clean, resource-efficient environment without pesticides and antibiotics.

On the testing, inspection and certification front, the food and agriculture sector has the second-highest demand for such services in Asean. In short, Singapore's strong quality and standards regime positions the country as an ideal partner for trade in food products.

Grape harvesting in Burgundy, France. Famed for gourmet products such as wine and cheese, France is Europe's top-ranked food exporter.

PHOTO: AFP

## FRANCE

Famed for gourmet products such as wine and cheese, France is Europe's top-ranked food exporter. In 2018, its most important food exports included wines and beverages (16.3 billion euros) and dairy products (6.5 billion euros).

The organic agriculture sector in France is growing rapidly, with organic farms covering 9.5 per cent of the country's farm area, and organic food sales rising 15.7 per cent in 2019, making France the second-largest organic market in the EU behind Germany.

With the French being known as sophisticated consumers, establishing a food manufacturing business in France is one way to ease products into Europe. The world's largest food innovation exhibition, SIAL Paris, is one avenue for food firms keen on entering the French market.

## THE NETHERLANDS

The food sector is one of the Netherlands' key sectors, due to the country's strengths in knowledge-intensive, high-tech and productive farming. While the country ranks 134th in the world by land surface area, it ranks among the top five globally in terms of food exports.

Dutch agricultural entrepreneurs use efficient and sustainable production systems and processes, resulting in productivity that is five times higher than the European average and the highest in the world. Some of the country's top food exports are dairy, eggs, meat and vegetables.

The Netherlands is home to more than 1,500 international food companies, and it has the second highest private R&D investment in agrifood in Europe. Of the world's top 40 food and drinks companies, 12 have R&D centres in the Netherlands.

## POLAND

In Central and Eastern Europe, Poland stands out as a leading producer and exporter of fruits, dairy products and meat.

Four regions in north-west Poland lead the whole of the EU with the highest levels of employment in the food manufacturing sector.

Agriculture is one of Poland's biggest industries, accounting for 3.8 per cent of the country's GDP in 2018, and employing 12.7 per cent of the country's labour force.

Among others, Poland is Europe's largest apple producer, and second largest blueberry and raspberry producer.

Polish food companies are keen to increase their exports of eggs, meat, canned and frozen vegetables to Singapore as a springboard to access the rest of the Southeast Asia region.



## THE NETHERLANDS

GDP: 810 billion euros

Population: 17.4 million

Languages: Dutch



## POLAND

GDP: 529 billion euros

Population: 38 million

Languages: Polish



## PORTUGAL

GDP: 212 billion euros

Population: 10.3 million

Languages: Portuguese



## ROMANIA

GDP: 223 billion euros

Population: 19.3 million

Languages: Romanian

**MARKET INSIGHTS:  
GUIDE TO EU MARKETS**

# An attractive market for consumer goods

The EU has a population of 446 million with high purchasing power, and a rapidly growing e-commerce sector

**W**ITH a population of 446 million – the world’s third largest market after China and India – the EU is an attractive market for producers of consumer goods.

With their relatively high purchasing power on a global scale, EU citizens are also ideal consumers of high-value manufactured products.

Supporting high consumption is a rapidly growing e-commerce sector which is expected to be worth 717 billion euros (\$1.1 trillion) by the end of 2020, a 12.7 per cent increase over the previous year.

## OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore is well positioned as a trade hub in the growing Southeast Asia region, where the online economy is valued at US\$100 billion (\$136 billion). Along with strong capabilities in logistics, this makes Singapore an attractive destination for EU firms.

The country’s e-commerce expertise also makes it a promising source of partners for EU firms.

To facilitate the growth of e-commerce, Singapore has developed quality and standards benchmarks that foster trust and confidence.

It has also launched standards for transparent e-commerce processes and policies, and for data exchanges to facilitate last-mile delivery.

To support seamless and secure trade flows and ensure that systems are secure and resilient to cyber-attacks, the Singapore Accreditation Council has initiatives such as a certification programme to assure consumers that e-commerce platforms have the proper cybersecurity management systems in place.

**FRANCE**

France is an ideal marketplace for international brands in the lifestyle goods sector, due to its relatively affluent consumer base.

Widely regarded as the world’s fashion capital, Paris is a base from which cosmetics and lifestyle brands may enter Europe and gain international recognition. There is also a large network of distributors and retailers that can support Singapore brands.

Some key emerging trends in France include a rising demand for ethnic and Asian-inspired fashion, and a movement towards sustainable production chains.

**CENTRAL AND EASTERN EUROPE**

While Western Europe has the highest share of online shoppers at 83 per cent, the strongest growth is in Central and Eastern Europe, with online shoppers in Bulgaria and Romania both increasing by 30 per cent year-on-year in 2019.

Chanel models presenting the Spring/Summer 2020/2021 collection during Paris Fashion Week. Widely regarded as the world’s fashion capital, Paris is a base from which cosmetics and lifestyle brands may enter Europe and gain international recognition.

PHOTO: AFP

This e-commerce growth requires supporting infrastructure such as broadband or mobile device access, credit card penetration, and localised platforms – creating opportunities for Singapore firms.

The region’s retail sector growth is expected to be led by countries such as Poland, which has a strong info-communication and technology sector, a cost-competitive labour force and a sizeable domestic consumer base, making it an ideal testing ground for new market entrants.

The Central and Eastern European region also plays an important role as a geographical bridge between production centres in Asia and European consumers.

Poland has become one of the region’s most significant logistics hubs, given its good sea, land and air connectivity both into the EU and with the rest of the world, especially China. Global companies such as Amazon have chosen Poland as the location for their main EU regional distribution centres for e-commerce.

Singapore retail and logistics companies could look at co-operating with Polish logistics companies to seize EU-wide opportunities.

### DID YOU KNOW?

• E-commerce has been driving investment in Poland’s warehouse market, with more than a third of the country’s warehouse space having been built in the last three years.

**SLOVAKIA**

GDP: 94 billion euros

Population: 5.5 million

Languages: Slovak

**SLOVENIA**

GDP: 48 billion euros

Population: 2.1 million

Languages: Slovenian

**SPAIN**

GDP: 1.2 trillion euros

Population: 47.3 million

Languages: Spanish

**SWEDEN**

GDP: 474 billion euros

Population: 10.3 million

Languages: Swedish

