

SINGAPORE AND THE EUROPEAN UNION CONCLUDE INVESTMENT DISCUSSIONS UNDER EUSFTA

1 Singapore and the European Union (EU) have concluded the negotiations of the Investment Protection Chapter of the EU-Singapore Free Trade Agreement (EUSFTA). This marks the successful conclusion of the negotiations of the entire EUSFTA following the initialling of the other parts of the agreement in September 2013. Negotiations on investment protection had started later based on a new EU competence under the Lisbon Treaty. The Investment Protection Chapter will now undergo legal scrubbing before both sides formally finalise the negotiations. After the agreement has been translated into all official EU languages, the agreement will be signed and ratified by both parties.

2 The Investment Protection Chapter in the EUSFTA will strengthen investment relations between the EU and Singapore. The chapter commits both the EU and Singapore to ensuring a stable and fair regime for foreign investors while preserving the right of the parties to regulate in the public's interest.

3 The EUSFTA is a comprehensive agreement with extensive commitments by both parties to provide greater access to each other's markets, including through the liberalisation of services, investment and procurement markets, and the removal of tariff or non-tariff (i.e. regulatory or technical) barriers to trade. Singapore exporters of electronics, pharmaceuticals, chemicals and processed food products in particular will benefit from the removal of the EU's tariffs, while EU exporters will be granted immediate duty-free access to the Singaporean market for all products. Businesses from both sides will also be able to gain access to each other's services markets in a wide range of sectors. Furthermore, the EUSFTA will see the removal of a number of non-tariff measures between the EU and Singapore, improving access for exporters of pharmaceuticals and electronics. Both sides have made a special effort to use the agreement as a means to stimulate green growth. In addition to removing obstacles to trade and investment in certain green technologies, the EUSFTA will foster green public tendering and create new opportunities in environmental services.

4 Singapore and the EU are important trading and investment partners. In 2013, the EU accounted for close to 10% of Singapore's global trade and was Singapore's 3rd largest trading partner, with bilateral trade standing at S\$96.5 billion. Singapore was the EU's 15th largest global trading partner and 5th largest trading partner in Asia. In terms of investment flows, the EU was the largest contributor of Foreign Direct Investment (FDI) into Singapore, accounting for almost S\$190 billion and 25.9% of the total stock of FDI in Singapore, while Singapore was the 2nd largest Asian investor into the EU with S\$60.3 billion FDI in 2012.

5 The EUSFTA is the first deal between the EU and a Southeast Asian economy and constitutes a stepping stone to greater engagement between the two regions. There are over 10,000 European companies in Singapore, many of which use Singapore as a hub. The agreement will open the door for Europe to the ASEAN market with 600 million consumers.

MINISTRY OF TRADE AND INDUSTRY
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