

EUROPEAN UNION-SINGAPORE FREE TRADE AGREEMENT FACT SHEET

5 THINGS YOU SHOULD KNOW

“Singapore is a dynamic market for EU companies and is a vital hub for doing business across Southeast Asia. The agreement is key to unlocking the gateway to the region and can be a catalyst for growth for EU exporters. After our agreement with South Korea, sealing this deal with Singapore clearly puts the EU on the map in Asia.”



~ EU Trade Commissioner
Mr Karel De Gucht

“There are numerous opportunities and benefits that EU and Singaporean companies can look forward to, once the Agreement enters into force. Singapore is confident that the EUSFTA will further enhance our bilateral economic relations, and pave the way for a region-to-region trade deal between the EU and ASEAN.”



~ Singapore’s Minister
for Trade and Industry
Mr Lim Hng Kiang

01 WHAT IS THE EUROPEAN UNION-SINGAPORE FREE TRADE AGREEMENT (EUSFTA)?

The EUSFTA is a comprehensive agreement between the EU and Singapore covering the following key areas:

Elimination of import duties and taxes	Improved market access for trade in services and establishment	More government procurement opportunities
Strengthened cooperation in customs and trade facilitation matters	Removal of technical and non-tariff barriers to trade	Working together in the implementation of sanitary and phytosanitary measures
Enhanced protection of intellectual property rights	Robust disciplines on competition policy	Renewed commitment to sustainable development

- It is a significant milestone that will deepen Singapore and EU bilateral and economic relations.
- It will result in cost savings for both businesses and consumers and bring new opportunities for the businesses.
- The EUSFTA will make Singapore a more attractive springboard for EU companies to serve the ASEAN market, and help Singapore companies be more competitive in the 28 Member States of the EU.
- The EUSFTA also acts as a pathfinder for the EU’s FTA efforts with other ASEAN countries.

02

WHAT DO YOU NEED TO KNOW ABOUT THE EU & SINGAPORE MARKETS?

The EU is Singapore's 3rd largest trading partner. Our bilateral trade hit S\$97 billion in 2013. This is about 10% of Singapore's bilateral trade with the rest of the world.

The EU is also Singapore's largest foreign investor, with a total foreign direct investment (FDI) stock of nearly S\$227 billion in 2013.

Singapore is a strategic gateway to ASEAN and larger Asia. More than 10,000 EU companies have operations in Singapore. Many of them use Singapore as their regional HQ to source from and trade from the region.

Singapore is the EU's 5th largest trading partner in Asia and 15th largest in the world. Our top export products are electronics and refined petroleum products, while we import mainly refined petroleum products, electronics and transport vehicle parts.

Singapore's investment into the EU is S\$76.6 billion in 2013.



03

WHAT IS SO SPECIAL ABOUT THE EUSFTA?

The EUSFTA is the first bilateral Free Trade Agreement (FTA) concluded by the EU with an ASEAN country. It is the second agreement between the EU and an Asian country¹. The EUSFTA also potentially opens up more trade and investment opportunities between EU and Singapore and the larger ASEAN region. The EUSFTA scores many firsts:



- Import duties will be eliminated on most products as soon as the FTA enters into force. Goods produced from components and parts sourced from other ASEAN countries for Singapore's key exports can also be considered as originating inputs.
- To make the EUSFTA a 21st century FTA, and in line with global efforts to reduce greenhouse gas emissions, the EUSFTA includes a chapter on renewable energy generation, which aims to promote, develop and increase the generation of energy from renewable and sustainable non-fossil sources.

04

WHAT IS IN THE EUSFTA?

a. Elimination of Import Duties and Taxes

Under the EUSFTA, tariffs on qualifying Singapore exports into the EU will be progressively eliminated over a period of 5 years. Singapore exporters of electronics, pharmaceuticals, petrochemicals and processed food products will be among the main beneficiaries from the removal of import duties.

The EUSFTA marks the first bilateral FTA where processed Asian food products made in Singapore, such as chicken and pork floss, *samosa* (fried/baked pastry with a savoury filling), canned luncheon meat, *shaomai* (Chinese dumplings), fish balls and crab balls can enter the EU tariff free within an annual quota.

Meanwhile, Singapore will grant immediate duty-free access for all imports from EU, including beer and stout.

¹ after South Korea

With the lowering of tariffs, consumers in Singapore and the EU can expect to benefit from lower prices for imports.

Rules of Origin (ROO)

The EUSFTA provides liberal and flexible ROO for Singapore's key exports to the EU. This includes, but is not limited to, electronics, machinery, pharmaceuticals and petrochemicals. The ROO of each product would depend on what is listed under the Product Specific Requirements. Key exports have co-equal rules, which mean companies can choose to utilise one type of ROO or another to qualify as an originating product, thus providing exporters with significant flexibility.

Notably, the EUSFTA is the first bilateral FTA concluded by Singapore that incorporates the concept of "ASEAN cumulation" for key exports. This allows Singapore manufacturers to count the use of components and parts sourced from other ASEAN member countries as originating content when determining whether their exports can meet the required ROO to enjoy the tariff concessions.

b. Removal of Technical and Non-Tariff Barriers to Trade

The EUSFTA contains disciplines to reduce and prevent obstacles to trade between the EU and Singapore by the adoption of relevant international standards, eliminating duplicative testing and certification requirements and enhancing transparency of technical requirements.

Specifically, the EUSFTA addresses non-tariff barriers between the EU and Singapore in three sectors: electronics, motor vehicles and vehicle parts, as well as pharmaceuticals and medical devices. It will be easier for both Singapore and EU exporters of these products to sell these goods in each others' markets with greater certainty of the relevant technical requirements, and in some instances, exporters will benefit from the removal of duplicative and expensive testing and certification requirements.

In line with global efforts to reduce greenhouse gas emissions, the EUSFTA includes a chapter on renewable energy generation, which aims to promote, develop and increase the generation of energy from renewable and sustainable non-fossil sources. Significantly, both the EU and Singapore will refrain from adopting measures providing for local content requirements, so as to reduce technical barriers to trade and investment in this sector. This is the first time that Singapore is making such a commitment under a bilateral FTA.

c. Improved Market Access for Trade in Services and Establishment

The EUSFTA provides preferential market access and elimination of discriminatory barriers for a range of sectors of interest to EU and Singapore's services suppliers. These sectors include environmental services, computer and related services, professional and business services, financial services, maritime transport services, as well as telecommunications and postal services.

This ensures that both EU and Singapore's services suppliers will benefit from a level playing field created in each others' markets.

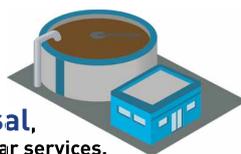
d. More Opportunities in Government Procurement

The EUSFTA will widen access to government procurement opportunities in the EU and Singapore. The EU, which has the largest and most competitive government procurement market in the world, will grant Singapore access to city-level and municipal-level government procurement opportunities.

**Maintenance
and repair services**



**Sewage and
refuse disposal,
sanitation and similar services.**



**Computer
and related services**



Given the significant role of the EU's sub-central level government entities as purchasers of goods and services, this represents sizeable opportunities for Singapore companies, and especially for those with strengths in computer and related services, telecommunications services, land transport services, maintenance and repair services, sewage and refuse disposal, and architecture and engineering services.

In return, Singapore will grant the EU significantly more opportunities in public tenders compared to most other countries. Both EU and Singapore suppliers can therefore look forward to even more government tendering opportunities.

e. Enhanced Protection of Intellectual Property Rights

The EUSFTA puts in place an enhanced level of Intellectual Property Rights (IPR) protection. The key changes that Singapore will undertake are as follows:

- i. Singapore will enhance our domestic regime to allow for the formal registration and enhanced protection of goods bearing geographical indications (GI).
- ii. Two years after the EUSFTA's entry into force, Singapore will amend our Copyright Act to allow producers of sound recordings to receive remuneration when their music is broadcast to the public or played in a public location.

A GI is a name or sign used on certain products which corresponds to a specific geographical location or origin. It may act as a certification that the product possesses certain qualities, is made according to traditional methods, or enjoys a certain reputation, due to its geographical origin.

The recognition and enhanced protection for GIs will strengthen Singapore consumers' recognition of top-quality EU food products, wines, spirits and beers.

Within three years after the EUSFTA's entry into force, Singapore will expand the scope of border enforcement measures to include goods which has infringed the IPR of GIs and designs.



f. Renewed Commitment to Sustainable Development

Both Singapore and the EU share the view that sustainable development should be promoted through open markets and the liberalisation of environmental goods and services. Hence, the principles of sustainable development in trade are enshrined in the EUSFTA to ensure that trade supports environmental protection and social development, and does not come at the expense of the environment and labour rights. Rules to boost trade and investment in environmental technologies will also be simplified.

WHAT'S NEXT?

05



* subject to the domestic administrative procedures on both sides

For more information:

- EUSFTA Text: ec.europa.eu/trade/policy/countries-and-regions/countries/singapore/
- Singapore's other FTAs: www.fta.gov.sg