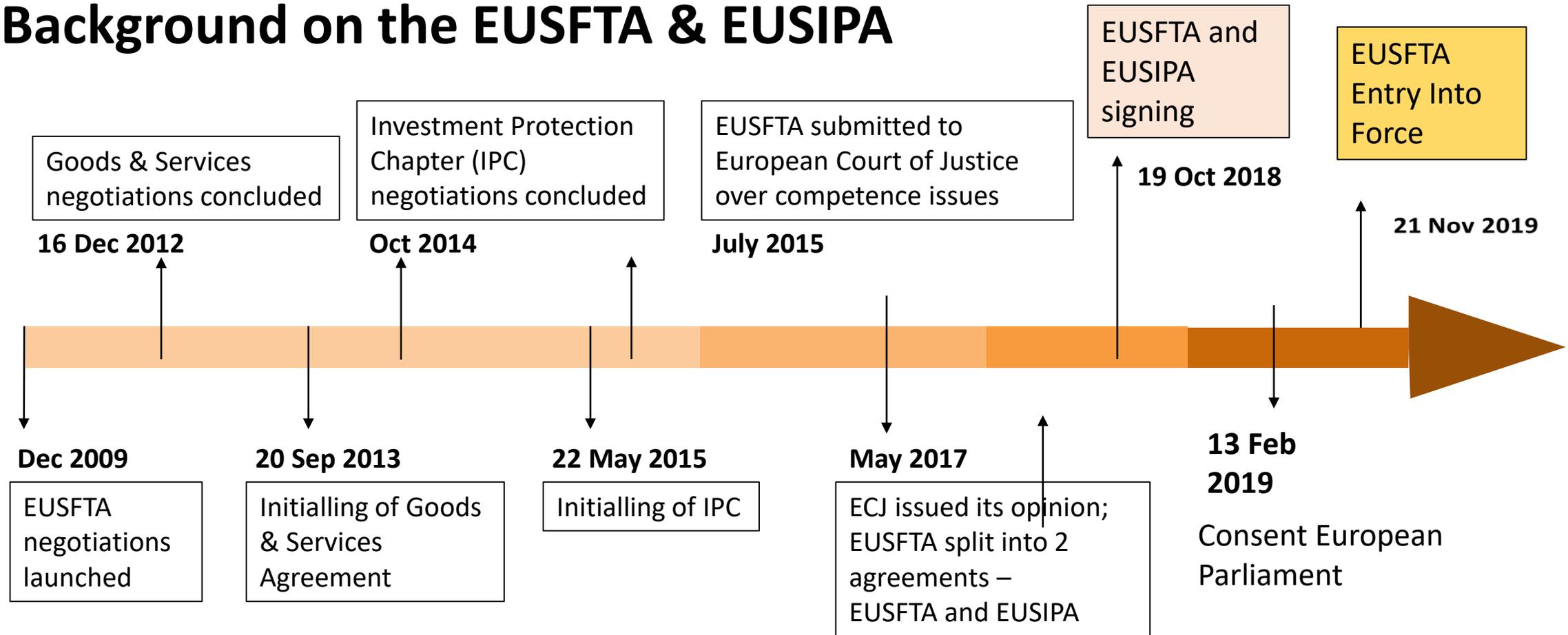


The EUSFTA: New Opportunities for our Businesses

Background on the EUSFTA & EUSIPA



As the first trade and investment agreements signed between the EU and ASEAN,
the EUSFTA and EUSIPA serve as pathfinders to a wider ASEAN-EU FTA

What is in the EUSFTA?

16 Chapters

Comprehensive Market Access

- Goods
- Services
- Government Procurement

Updated Rules in Traditional Areas

- Customs
- Rules of Origin
- Sanitary and Phytosanitary Measures
- Technical Barriers to Trade

Addresses Emerging Business Challenges

- E-commerce
- Environment
- Intellectual Property Rights
- Labor

Key Outcomes of the EUSFTA

Tariff Elimination

Flexible Rules of Origin

Enhanced Market Access for Various Services Sectors

Expanded Opportunities in Government Procurement

Reduction of Non-Tariff Barriers in 4 Major Sectors

Addresses new trade challenges in the modern economy

Tariff Elimination – Singapore's Commitments

- Singapore will fully bind its current level of duty-free access for all products originating in the EU.
- Singapore will also eliminate all its remaining tariffs on beer, stout and *samsu*. EU beers and stouts will enjoy zero tariffs when exported to Singapore.
- Consumers in Singapore can expect to benefit from lower prices for these EU products.

Tariff Elimination – The EU’s Commitments

1st Year

84%² customs duties on goods of Singapore’s domestic exports to the EU will be removed

3rd Year

90% of Singapore’s domestic exports will enter the EU tariff-free

5th Year



² Based on the trade patterns of 2012

No. of years from Entry-into-force	Tariff Staging (Upon Implementation)	Examples of Products
Entry Into Force (EIF)	Immediate Elimination	Beer and stout (SG), crab balls, Pharmaceuticals
3	Removed in 4 equal annual stages beginning at EIF	Petrochemicals, plastics, selected dim sum, measuring instruments, audio visual products, ball bearings
5	Removed in 6 equal annual stages beginning at EIF	Motor vehicles, conveyor & transmission belts, roti prata

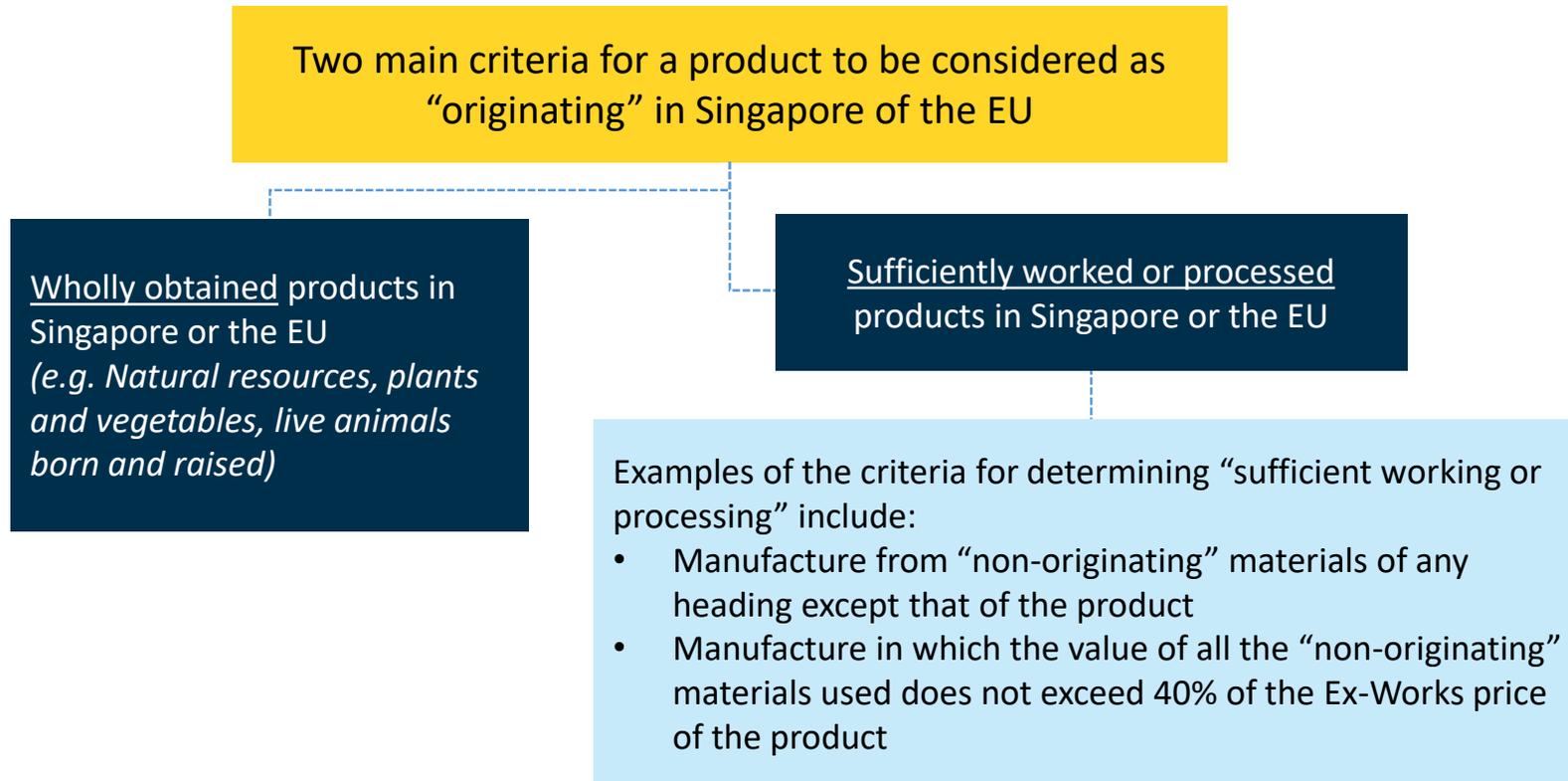
As many companies in Singapore primarily export intermediaries, companies in the EU can source these products from these companies at a cost savings advantage. This opens up business opportunities for many EU and Singapore companies.

Flexible Rules of Origin (ROO)

- In today's global economy, both large and small companies often operate global value chains and their products generally contain domestically produced components as well as others sourced from abroad.
- The trade agreement provides for flexible rules of origin similar to the criteria under the various EU GSP schemes. As the ROO operates on an approved exporter basis, familiarity with this EU system will be advantageous for the EU companies located in Singapore seeking to take advantage of the benefits the FTA will bring.

Flexible Rules of Origin (ROO)

- EUSFTA provides for flexible rules of origin that will allow products from the EU and Singapore to qualify for preferential tariff treatment.



1st trade agreement to secure enhanced market access for Asian food products under specialised ROOs

- Asian food products made in Singapore can enter the EU under specialized rules of origin, up to a combined quota of **1,250 tonnes** annually. Duty free treatment within 3 to 5 years.
- EU consumers will be able to enjoy a wider range of Singapore cuisine that may otherwise not be easily available in their local markets.



Spicy ikan bilis
(Fried anchovies)



Siew Mai
(Chinese dumplings)



Samosa



Fishballs

Enhanced Market Access across Various Services Sectors

- Preferential market access for Singapore and EU-based firms and removal of certain restrictions that would hinder these firms from providing services in the EU and Singapore respectively.
- These include reducing and/or removing 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

Examples of Enhanced Market Access

Examples of services sectors where the EU and Singapore have agreed to enhanced market access for each other's services providers

	EU	Singapore
Professional services	<ul style="list-style-type: none"> Accounting Engineering and integrated engineering services Management consulting services 	<ul style="list-style-type: none"> International commercial arbitration services Legal services Accounting Integrated engineering
Computer and related services	All related services in this field	
Business services	<ul style="list-style-type: none"> Advertising Market research Management consulting services 	
Environmental services	<ul style="list-style-type: none"> Waste water services Protection of ambient air and climate treatment and clean-up of soil and waters Protection of biodiversity and landscape 	<ul style="list-style-type: none"> Refuse collection and disposal services, except landfill services Cleaning services of exhaust gases Nature and landscape protection services



Expanded Opportunities in Government Procurement

- Both the EU and Singapore have gone beyond their WTO commitments to offer expanded opportunities in government procurement.

EU's Commitments	Singapore's Commitments
Companies have access to procurement opportunities such as :	
<ul style="list-style-type: none">• 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, such as railway services, computer services, telecommunications services, and landscape architectural services.	<ul style="list-style-type: none">• Additional procuring entities, for example entities in certain utility sectors such as the Energy Market Authority.• More types of public service contracts covered by commitments on transparency and non-discrimination.

Reduction of Non-Tariff Barriers in 4 key sectors

- In addition to clarifying how marking and labelling should be used so as not to create an obstacle to trade between the EU and Singapore, the EUSFTA will improve the business environment by addressing technical barriers to trade via a variety of administrative measures that will make it easier and cheaper for companies to sell products that are classified in the following four major sectors:

1

Electronics

2

**Motor Vehicles &
Vehicle Parts**

3

**Pharmaceutical
Products & Medical
Devices**

4

**Renewable Energy
Generation**

Reduction of Non-Tariff Barriers in *Electronics*

1

Electronics

- Both Parties have agreed to:
 - Avoid duplicative and unnecessarily burdensome conformity testing procedures.
 - Avoid requiring mandatory third party conformity assessment for regulated products, wherever possible.
 - Promote trade facilitative measures such as **accepting supplier's declaration of conformity** and post-market surveillance mechanisms, so long as this is compatible with consumer safety, health and environmental concerns.
- Singapore has also introduced a tiered-risk conformity assessment framework, where a supplier's declaration of conformity can be accepted for products deemed to be of low risk.

Reduction of Non-Tariff Barriers in *Motor Vehicles & Vehicle Parts*

2

**Motor Vehicles &
Vehicle Parts**

- The EUSFTA promotes the recognition of international standards for motor vehicles and vehicle parts.
 - The EU and Singapore will refrain from introducing new regulatory measures which differ from these standards.
 - This means no additional testing or certification is required provided these products are certified in line with international standards accepted in the EU, notably the United Nations Economic Commission for Europe (UNECE) type approval regulations.
 - Recognition by parties that WP.29 of UNECE would be the relevant international standard-setting body for these products.
 - No delays even if the product incorporates new technology that has yet to be regulated, unless the technology can be shown to be a risk for human health, safety or the environment.
- This facilitates the sale of products incorporating new technologies and thereby allows Singapore and the EU to collaborate on smart urban solutions together.

Reduction of Non-Tariff Barriers in *Pharmaceuticals & Medical Devices*

3

Pharmaceutical
Products & Medical
Devices

- Both Parties
 - have agreed to use international standards, practices, and guidelines for pharmaceutical products or medical devices.
 - Have agreed to having transparency with respect to measures of general application relating to pharmaceutical products and medical devices
- The EU will also recognise Singapore's standards of "Good Manufacturing Practices" (GMP) in the manufacture of active pharmaceutical ingredients (API) as equivalent to its own. **This will facilitate the exports of Singapore API into the EU.**

Reduction of Non-Tariff Barriers in *Renewable Energy Generation*

4

Renewable Energy
Generation

- In line with global efforts to reduce greenhouse gas emissions, and in addition to encouraging trade in renewable products, both the EU and Singapore have committed our respective **regimes for investment** in renewable energy generation **to remain open and investor friendly**. This is the first time that Singapore has agreed to do so under a bilateral FTA.
- Both Singapore and the EU will facilitate a level playing field for all investments in renewable energy generation. Specifically:
 - Companies investing in this sector will not be subjected to mandatory local sourcing requirements;
 - Companies will not be required to form partnerships with local companies, unless such local partnerships are necessary for technical reasons; and
 - The rules concerning authorization, certification and licensing procedures relating to investment in this sector would have to be objective, transparent, non-arbitrary and non-discriminatory.

Intellectual Property Rights – Geographical Indications (GIs)

Addressing New Trade Challenges in the Modern Economy

GIs, terms used to inform consumers that a product comes from a particular place, are already protected in Singapore under the Geographical Indications Act, in accordance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TRIPS provides a two-tiered scheme of protection:

- a) All GI products: Basic level of protection where GI labels cannot be used on products which do not come from the place indicated by the GI, if this misleads the public as to the true geographical origin of those products.
- b) Wines and spirits: Enhanced level of protection where GI labels cannot be used even if consumers are *not* misled as to the true geographical origin of the goods in question. One example of this is the use of the term "Bordeaux-like". This may not mislead consumers but is nevertheless not allowed.

The present Act does not require GIs to be registered before they enjoy the relevant type of protection under TRIPS. However, in practice, the absence of a registration system means that a term can only be conclusively determined that it is a GI through a Court ruling in a civil suit.

Intellectual Property Rights – Geographical Indications (GIs)

Addressing New Trade Challenges in the Modern Economy

Under the EUSFTA, we have agreed to:

- a) Establish a GI Registry to improve certainty of protection given to GIs;
- b) Enhance the protection of GIs in Singapore, not just for wines and spirits, but all successfully registered GIs including agricultural products such as cheese, meat and seafood; and
- c) Provide improved border enforcement measures for GIs.

Registration will be a 3-stage process of application, examination, and publication and opposition, that seeks to be transparent and fair.

Once registered in Singapore, EU GIs will enjoy enhanced protection to strengthen consumers' recognition of authentic quality EU food products, wines and spirits in Singapore.

E-Commerce

Addressing New Trade Challenges in the Modern Economy

Singapore and the EU recognise the importance of free flow of information, and have agreed not to impose custom duties on electronic transmissions.

Both sides nonetheless also agree that

- E-Commerce should not impair the rights of intellectual property rights holders
- The development of e-commerce must be compatible with international standards of data protection.

To encourage e-commerce, the EU and Singapore have agreed to maintain a dialogue to discuss how best to address issues such as:

- Consumer protection
- The liability of intermediary service providers – for example search engines and social media platforms – with regard to transmitting or storing information.

Competition

- Provisions, via respective domestic legislation, that parties will ensure respective business conduct and transactions do not have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalization, focussing on matters such as :-
 - Abuse of dominant position
 - Ensuring that public undertakings that are entrusted with special or exclusive rights are subject to anti-competitive regulations so long as doing so does not obstruct the performance, in law or in fact, of the particular tasks assigned to them

Trade and Sustainable Development

- Recognition that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development.
- Recognizing and respecting the right of each party to establish its own levels of environment and labor protection , parties also note the benefit of cooperation on trade-related social and environmental issues.
- Amongst other matters, cognizant of the impact of climate change, Parties commit to work together to strengthen the multilateral, rules-based regime under the UNFCCC and have also undertaken commitments with respect to the recognition of the importance of global conservation and sustainable management of forests as well as conservation and management of fish stocks.



**European Union – Singapore
Trade *and* Investment
Agreements**



Upcoming Materials on the EUSFTA & EUSIPA

Guide on the EUSFTA & EUSIPA jointly produced by MTI and the European Commission

Will be made available on MTI's website at www.mti.gov.sg.

THANK YOU