



EU-SINGAPORE

Free Trade Agreement
Investment Protection Agreement

Guide to the

EU-Singapore
Free Trade Agreement and
Investment Protection Agreement

April 2018

EU-SINGAPORE

Free Trade Agreement
Investment Protection Agreement

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Two agreements to boost EU trade and investment and support jobs



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EU-SINGAPORE

Free Trade Agreement
Investment Protection Agreement

Overview

Two agreements to
boost EU trade and
investment and support jobs

EU-SINGAPORE

Free Trade Agreement
Investment Protection Agreement

Summary



About Singapore

Singapore is a small city state but an economic powerhouse in Southeast Asia.



5.6 m

Population



€250 bn

Annual size of the economy (gross domestic product)

It's also one of the ten countries in ASEAN - the Association of South-East Asian Nations.

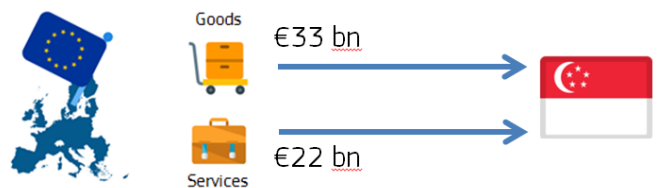
 ASEAN member countries			
	Brunei		Myanmar
	Cambodia		Philippines
	Indonesia		Singapore
	Laos		Thailand
	Malaysia		Vietnam

The EU and Singapore already export a lot to each other, and invest a lot in each other.

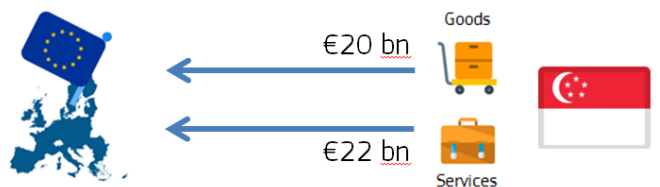
- EU companies can export any goods to Singapore without having to pay duties at Singaporean customs.
- EU companies can easily invest in Singapore, as can Singaporean firms invest in the EU.

¹

EU exports to Singapore



EU imports from Singapore



¹ Goods: 2017, services: 2016

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The agreements in a nutshell

Now the EU and Singapore are taking our trading and investment relationship to a whole new level. We've concluded a Free Trade Agreement and an Investment Protection Agreement.

And by doing so, we're providing even more opportunities for EU businesses to grow and create new jobs.

Free Trade Agreement



The agreement makes it easier for EU firms of all sizes to export more to Singapore.



It helps protect people's rights at work and the environment.



The trade agreement opens up Singapore's markets to EU companies for:

- services
- government contracts.

Investment Protection Agreement



In the past, individual EU countries had agreed investment treaties with Singapore. Now we're replacing these with a single, EU-wide investment protection agreement.



The agreement ensures governments treat foreign investors fairly.



And it protects governments' right to make new laws or update existing ones (the right to regulate).



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Free Trade Agreement
Investment Protection Agreement

In more detail

EU-Singapore
**Free Trade
Agreement**

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Free Trade Agreement
Investment Protection Agreement

The agreement's 9 main parts



Trade in services



Labelling and safety testing



Renewable energy



Customs procedures



Public procurement



Intellectual property



Smaller companies



Environment and labour



Trade in goods

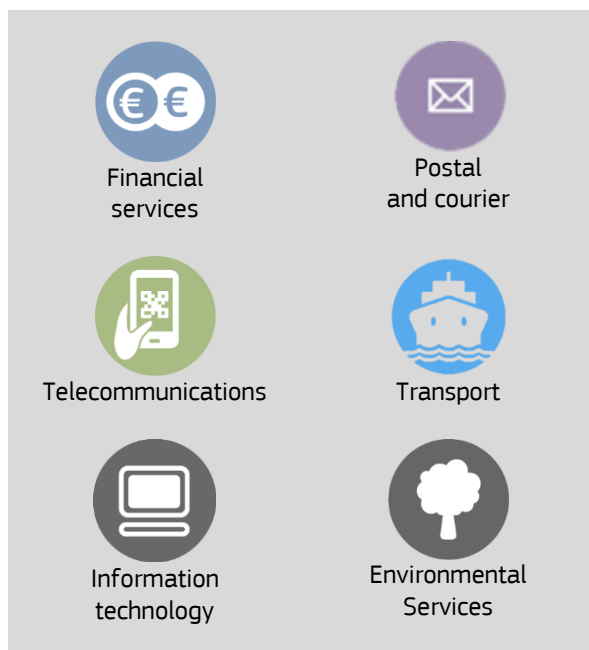
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Free Trade Agreement Investment Protection Agreement

The EU-Singapore trade agreement will create new opportunities for EU businesses to export to Singapore. A [study](#) conducted after negotiations were concluded suggests the EU economy could benefit to the tune of €550 million over 10 years. And every extra €1 billion in EU exports supports 14,000 higher-paying jobs in Europe, so the agreement will help create jobs too.

1. Trade in services

Singapore will now offer better access to its market to EU companies than it does to firms from elsewhere, in a number of sectors:



For sectors like computer or legal services, the Singaporean government will treat EU suppliers in just the same way as ones from Singapore.

Professional services

The agreement also provides a framework for the EU and Singapore to recognise each other's qualifications in certain regulated professions:



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2. Labelling and safety testing

Singapore has agreed to make it easier for the EU to export a wide range of goods on its market, by easing several obstacles to trade besides tariffs:

EU product	What Singapore will do
 Clothing and textiles	Singapore will accept the labels and markings that the EU uses on its products
 Cars and car parts	Singapore will recognise the EU's standards and safety tests
 Certain electronics	Singapore will recognise the EU's safety tests
 Meat, dairy and other animal products	Singapore will evaluate the EU's inspection systems rather than individual abattoirs or food processing plants.

3. Renewable energy

The agreement will make it easier to export and invest in equipment to generate renewable energy. It also tackles various barriers to trade in such products that go beyond customs tariffs.



4. Customs procedures

The agreement brings in new rules covering:

- **customs** - simplifying and speeding up paperwork and physical checks
- **supply chains** - working together more closely with Singaporean customs to ensure safety and security.



5. Public procurement

The agreement guarantees access for EU suppliers to Singapore's market to supply goods and services to the government.

Singapore's government spends

€20 bn

each year on goods and services

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6. Intellectual property

The agreement improves the protection in Singapore of intellectual property owned by EU individuals or companies.

This includes:

- the results of research and development which EU companies invest in
- the work which EU artists produce.



7. Smaller companies

The agreement helps small EU firms export more by:

- simplifying procedures at Singaporean customs
- putting in place more compatible technical requirements and testing for products.



8. Environment and labour rights

The agreement promotes sustainable development: economic growth going hand in hand with strengthening of people's rights at work and protecting the environment.

It does so by setting out strong, legally-binding commitments on:

- environmental protection
- respect for people's rights at work (labour rights).



It also promotes schemes that:

- encourage firms to operate responsibly and accountably (corporate social responsibility)
- allow companies to show they make their products in a way that respects people and the environment (sustainability assurance)
- certify that businesses are using natural resources in a way that preserves them for future generations.

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9. Trade in goods

9.1 Manufactured goods

The EU is already a major exporter of goods to Singapore.

Before the agreement, almost all goods from the EU could already enter Singapore free of customs duties.

The new agreement will cement this free access. It will also scrap customs duties on the remaining products within five years after the agreement starts applying.

9.2 Food and drink products

Singapore is the fifth biggest export market in Asia for EU food and drink exports, with annual exports coming to around €2 billion.

The agreement will make it easier for EU producers to export their products to Singapore not only by cutting customs duties, like the one on beer, but also by addressing issues not related to customs tariffs.



Geographical Indications (GIs) are distinctive food and drink products from specific regions in the EU.



Thanks to the agreement, European producers of some 190 products will see their GIs protected at a similar level of protection from imitations as EU law provides.

Examples of EU GIs that could be protected thanks to the agreement

Wines, beers, spirits	Spain	Jerez
Cheese	France	Comté
Meat	Germany	Nürnberger Bratwürste
Fruit, nuts, sweets	France	Pruneaux d'Agen
Flavourings	Italy	Aceto balsamico di Modena



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In more detail

EU-Singapore **Investment Protection Agreement**

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The EU-Singapore Investment Protection Agreement sets out rules that give EU investors and their investments in Singapore a high level of protection, while safeguarding EU governments' right to pass new laws and update existing ones. It will replace the investment treaties that 13 EU countries currently have in place with Singapore. And it will include innovative provisions that are not found in those treaties.

1. Encouraging investment

The EU and Singapore have already invested a lot in each other.

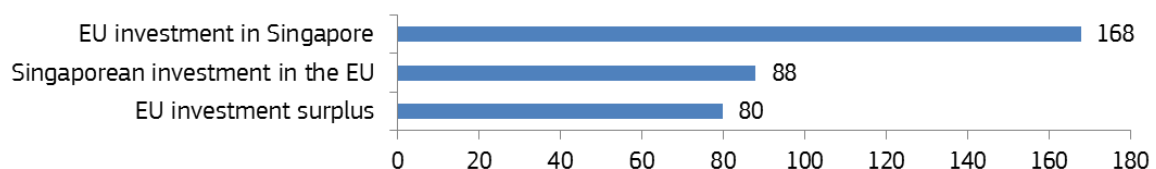
The investment agreement will encourage EU companies to invest more in Singapore, and Singaporean companies to invest more in the EU.



It will do so by:

- replacing old-style investment treaties between individual EU countries and Singapore with a single set of modern rules to protect investments that will apply to all 28 EU countries
- ensuring that governments in the EU and Singapore treat each other's investors equally and fairly and do not discriminate against them
- offering investors a modern Investment Court System for resolving investment disputes – with all the innovations of the EU's new approach in this area.

EU-Singapore investment stocks (€ bn)



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2. Ensuring governments treat foreign investors fairly

The agreement will give EU and Singaporean investors more certainty and predictability when they invest in each other's markets.

It will do so by ensuring that governments on both sides treat foreign investors fairly. In the agreement both sides offer basic guarantees to each other that they:

- won't discriminate against each other's investors, but instead
- will treat them in line with some basic principles known as 'standards of investment protection'.



3. Improving mechanisms for resolving investment disputes

The agreement includes mechanisms to settle disputes between investors and states.

These include a new Investment Court System (ICS), which will replace an old system for dealing with conflicts, known as investor-state dispute settlement (ISDS). This is part of many existing bilateral investment agreements between Singapore and individual EU countries.

Main features of the new ICS



Permanent

Permanent tribunal to ensure legal correctness and certainty



Transparent

Hearings held in public
Documents relating to cases published online



Fair

Clearly-specified grounds on which an investor can challenge a state

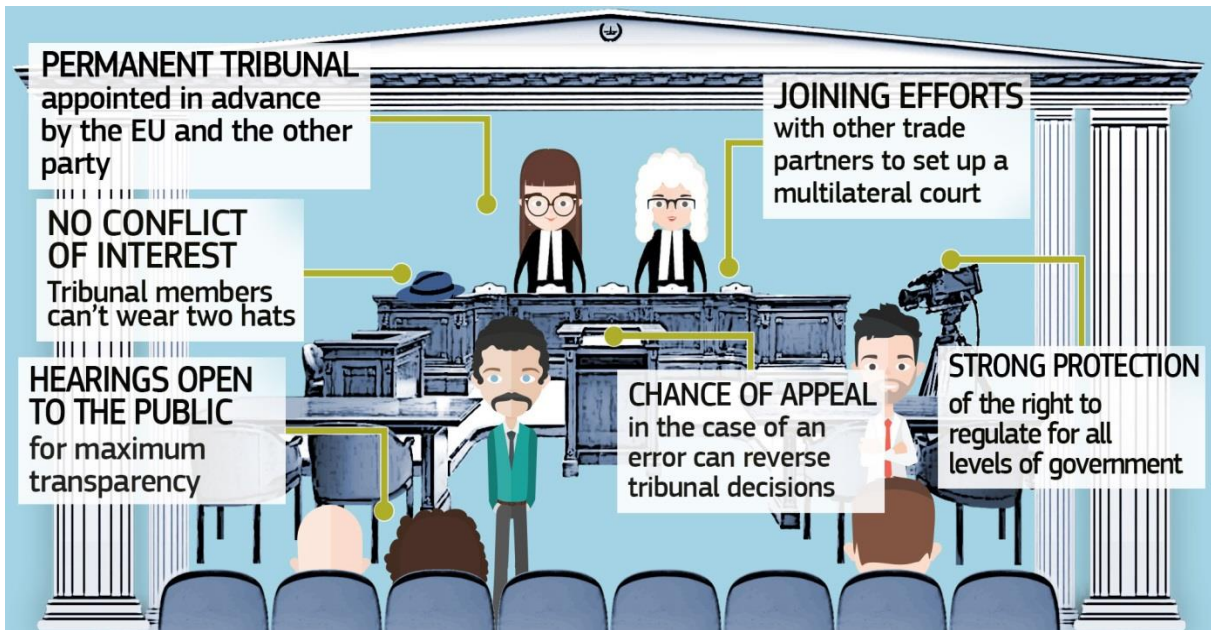
4. Protecting governments' right to make new laws or update existing ones

The agreement enshrines governments' right to make new laws and regulations to pursue their goals ('right to regulate in the public interest'), including when such regulations affect a foreign investor or her investment.

It also clarifies that governments remain free to change their laws in the future, even if that means the investor can expect to make less profit as a result.

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In figures¹

The EU's trade and investment relationship with Singapore

About Singapore



75%

Services' share of
Singapore's economy



€550 bn

Amount Singapore exports and
imports with the rest of the world
every year



Over 30

Number of trading partners with
which Singapore already has trade
agreements



€250 bn

Annual size of the economy
(Gross Domestic Product (GDP))



5.6 m

Population



€74,500







Average annual income
(Source: World Bank, IMF)

¹ All figures are for 2016 except for data on trade in goods, which is for 2017.
Source: European Commission (Eurostat, DG Trade), unless otherwise specified

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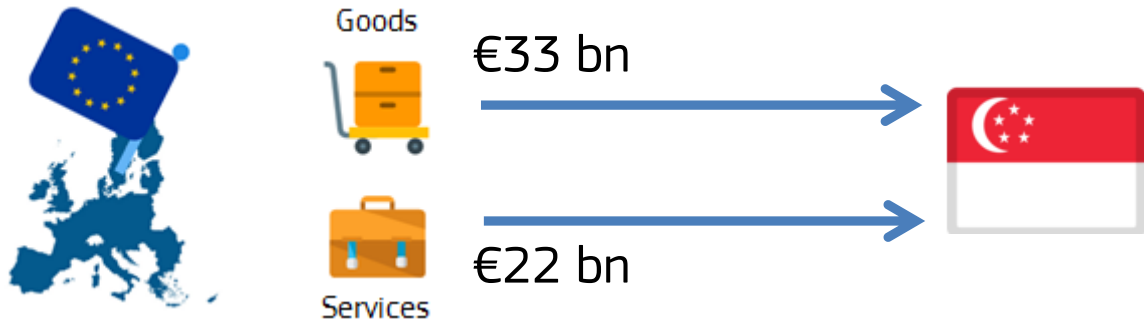
Trade partner rankings

					
	2nd	The EU is Singapore's 2 nd biggest trading partner in goods.		14th	Singapore is the EU's 14 th biggest trading partner in goods.
	1st	The EU is Singapore's biggest trading partner in services.		4th	Singapore is the EU's 4 th biggest trading partner in services.

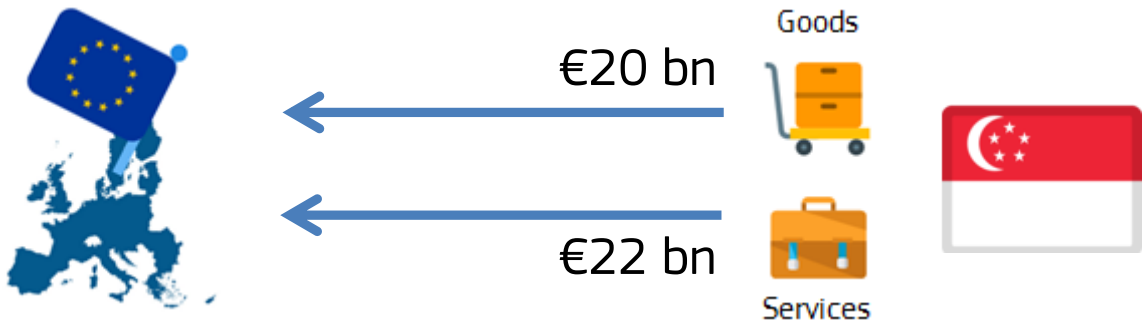
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EU exports to Singapore



EU imports from Singapore



EU balance of trade in goods with Singapore

$$\begin{array}{rcl} \mathbf{€33\ bn} & - & \mathbf{€20\ bn} & = & \mathbf{€13\ bn} \\ \text{in EU exports} & & \text{in EU imports} & & \text{EU} \\ \text{to Singapore} & & \text{from Singapore} & & \text{surplus} \end{array}$$

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EU exports to Singapore



	Machinery, appliances €11.2 bn, 27%
	Minerals €4.6 bn, 14%
	Chemicals €4.2 bn, 13%
	Transport equipment €3.7 bn, 11%
	Optical and photographic instruments €1.9 bn, 5%
	Food and drink €1.7 bn, 5%
	Other €5.9 bn, 18%
	Total €33.2 bn, 100%



	Intellectual property charges €6.9 bn, 31%
	Other business services €4.9 bn, 22%
	Transport (moving people or goods) €4.5 bn, 20%
	Telecommunications, computer services €1.9 bn, 9%
	Financial services €1.8 bn, 8%
	Travel (Singaporean visitors to EU) €0.9 bn, 4%
	Other €1.4 bn, 6%
	Total €22.4 bn, 100%

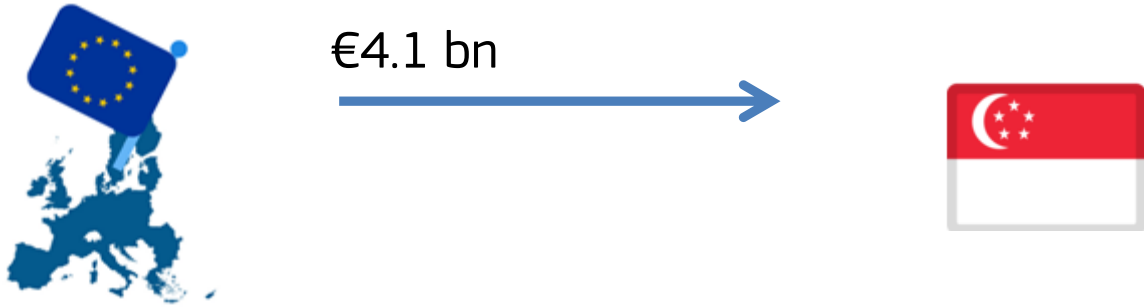
*Other business services' include:

Accountancy	Leasing
Advertising	Legal services
Architecture	Public relations
Consultancy	Research and development
Engineering	Waste treatment

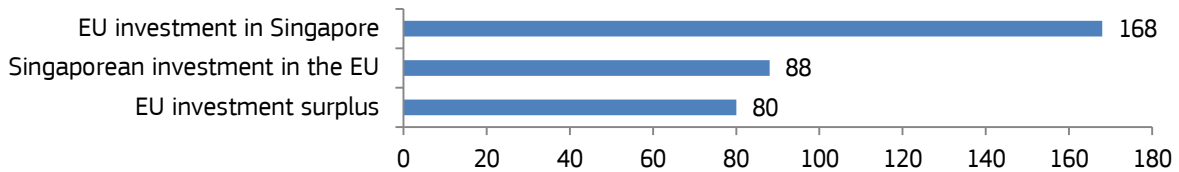
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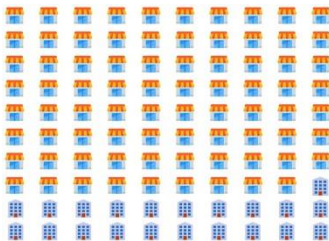
EU-Singapore investment flows



EU-Singapore investment stocks (€ bn)



EU companies linked to Singapore



50,000

Number of EU companies exporting to Singapore.



83%

Share of SMEs among EU companies exporting to Singapore



Over 10,000

Number of European companies that have set up regional offices in Singapore.

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The EU's trade and investment relationship with ASEAN

About ASEAN



\$2.7 trillion

The annual size of the ASEAN economy
(gross domestic product (GDP))



5.5%

Average annual rate of economic growth
across ASEAN since 2002



5

ASEAN's ranking amongst
the world's economies



650 million

The combined population of
ASEAN countries

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About the EU-ASEAN trade relationship



€208 billion

The value of EU-ASEAN trade
in goods in 2016



€300 billion

The value of EU investments in ASEAN
and ASEAN investments in the EU



€80 billion

The value of EU-ASEAN trade
in services in 2015



€30 billion

The amount by which an independent [study](#)
estimates the EU economy will grow once an EU-
ASEAN trade agreement is up and running.



3rd

ASEAN's ranking amongst the EU's top
trade partners outside Europe (1st US, 2nd China)



3rd

ASEAN's ranking amongst top sources of
economic growth in Asia (1st China, 2nd India)

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Strategic benefits

Building bridges,
shaping globalisation



An even
closer
relationship



Taking a
stand for
open trade



Working together
to **shape**
globalisation



Strengthening
our ties
with Asia

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The EU-Singapore trade and investment agreements will help us in the EU achieve our goals in the wider world. They'll allow us to deepen our already close relationship with Singapore, take a stand for open trade, and work to shape global trade rules. They could even pave the way for an agreement with the whole ASEAN region, strengthening the EU's position in Asia.

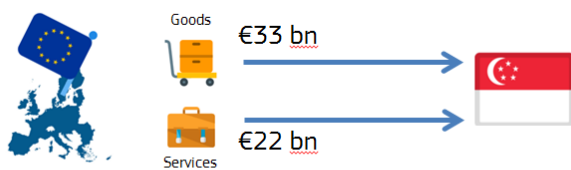


Building an even
closer
relationship

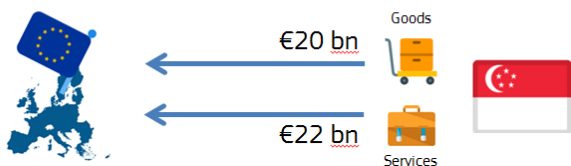
The EU and Singapore already have close trading and investment ties.

There are many reasons why Singapore is a natural trade and investment partner for the EU.

EU exports to Singapore



EU imports from Singapore



Gateway to major growth economies



EU's top trade partner in ASEAN



Trade and transport hub



High standards for trade



Wealthy middle class



Strong market for services

The EU-Singapore trade and investment agreements will help us bind our economies even more closely together. In so doing they will create opportunities for companies in both territories.

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Taking
a stand
for **open
trade**

Open trade happens when goods and services flow freely across borders. It:

- allows us to tap into new markets, creating growth and higher-paying jobs
- helps our companies compete by getting the parts they need to make their products
- helps us shape the rules of global trade so it promotes economic growth, labour rights and environmental protection, and is fair.

The EU-Singapore agreements promote open trade and investment. And by doing so they help us in the EU to reap the benefits of globalisation – the increasing flow of money, products and services, ideas and culture around the world.

For these reasons, the EU and Singapore believe that now is the time to build bridges, not walls.

We can only address the challenges our societies face by keeping trade and investment open – not by resorting to protectionism, which involves:

- imposing customs duties on imported goods,
- applying quotas (limits on the amount of imports), or
- restricting trade or investment in other ways.

The EU-Singapore agreements sends a signal to the rest of the world that two developed economies are committed to open trade – a signal echoed by the EU's agreements with other Asian partners like South Korea and Japan.



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Working together to
**shape
globalisation**

We in the EU need to work with like-minded countries and regions. And Singapore is a close partner of the EU, with similar values.

For example, we both:

- set high health and safety standards for products on the market
- apply some of the highest labour and environmental standards in the world
- share similar ideas about the rules needed to protect our societies.

We also face many challenges with a global dimension, such as:

- protecting the environment
- tackling climate change
- securing access to reliable energy supplies.

With the EU-Singapore agreements, we're building on our history of close cooperation, and on our shared values, to address these challenges.

We want to influence globalisation so everyone in our societies benefits – for example, by ensuring that trade between us promotes environmental protection and labour rights.



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Strengthening our ties with Asia

Singapore is one of the 10 member countries of ASEAN - the Association of South East Asian Nations.

Over the past seven years the EU has launched talks on trade agreements with six ASEAN states, including Singapore.

EU trade talks with ASEAN countries			
Country		Launched	Status
	Singapore	2010	Concluded
	Malaysia	2010	On hold
	Vietnam	2012	Concluded
	Thailand	2013	On hold
	Philippines	2014	Ongoing
	Indonesia	2016	Ongoing





The EU hopes that these agreements will serve as building blocks towards a future EU trade agreement with the whole of ASEAN.



The EU wants its partners to open up their markets in particular for:



ASEAN - a potentially valuable partner for trade agreements with the EU

	An alternative to investing in China		Young and dynamic population
	Fast-growing, wealthy middle class		A deepening Economic Community
	EU's 3 rd largest trade partner		Outward-looking region

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The agreements with our ASEAN partners aim to make trade and investment easier ...

...and they bring other benefits



Services

Lifting restrictions that stop EU companies from selling services.



Clear rules

The agreements put in place stable, predictable rules that encourage EU firms to:

- export to our partner countries and
- do business and invest in them.



Investment

Making it easier for EU companies to invest in partner countries and attract investment.



Transparency

The agreement will enable the EU and Singapore to work together more closely to foster transparency and involve civil society in their trade and investment policies.



Public procurement

Enabling EU suppliers to bid for contracts to supply goods and services to governments in partner countries.



Sustainability

The agreements enable the EU and our partners to develop our economies in a way that is sustainable, i.e. that respects:

- people's rights at work
- the environment



Research and development

Protecting intellectual property rights and enforce them more effectively; this includes:

- the results of research and development which EU companies invest in
- the work which EU artists produce.
- distinctive EU food and drink products from specific regions (geographical indications).



Jobs

The agreements help create jobs and prosperity in Europe. On average every extra €1 bn in EU exports supports around 14,000 higher-paying EU jobs.



Integration

The EU's two agreements with Singapore complement its trade agreements with Japan and South Korea. Together they strengthen our presence in Asia, and allow us to compete more effectively there.

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Standards and values

Progressive agreements
for sustainable development



**Labour
rights**



**Forests, fisheries,
biodiversity**



Co-operation



**Other
initiatives**



**No race to
the bottom**



**Enforcement and
civil society**

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The EU-Singapore trade agreement is progressive. That means it has some of the strongest commitments ever included in a trade agreement to promote sustainable development – where a country or region grows its economy, while strengthening people's rights at work and protecting the environment.

The agreement includes the EU's and Singapore's pledges to apply international rules on workers' rights, environmental protection and action to protect the climate. And these pledges are binding, with the same legal value as any other provision in the agreement, and are enforceable.



Upholding **labour rights**

The agreement commits the EU and Singapore to effectively implement the conventions of the International Labour Organization (ILO) that they have ratified. These protect people's basic rights at work.



Promoting **initiatives**

The EU and Singapore have agreed to promote initiatives focused on:

- encouraging companies to operate:
 - responsibly, including by respecting the environment, and people's rights at work,
 - accountably – for example, by being open about where they buy the inputs to make their products
- eco-labelling - which helps consumers identify environmentally-friendly products or services
- fair trade
- energy efficiency and the use of climate-friendly technologies
- recycling.



Working together on **sustainable development**

In the agreement the two sides also pledge to:

- cooperate on environmental and labour rights issues that have a link to trade
- put into practice all the Multilateral Environmental Agreements that they have signed up to, including the Paris climate accord

These commitments are wide-reaching and apply not only to goods from the EU or Singapore.

For instance, both sides pledge to combat the trade in products stemming from illegal fishing or logging, irrespective of where these products originate. Singapore has one of the world's biggest ports and is a major hub for the transshipment of products, so its pledges will have a real impact.



Pledges on **forests, fisheries, biodiversity**

The agreement includes commitments on managing forests and fisheries, and farming prawns, oysters and other seafood ('aquaculture'), in a sustainable way.

That means:

- respecting people and the environment, and
- preserving resources for future generations.

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Preventing a
**race to the
bottom** on
standards

A race to the bottom happens when governments compete to attract investment from foreign companies by lowering their labour or environmental standards - which makes those standards cheaper to meet.

In the agreement both sides also agree that more trade and investment should not be at the expense of environmental protection or labour rights.

On the contrary, the EU and Singapore are committed to ensuring that the agreement helps ensure that economic growth, social development, and environmental protection go hand in hand.



Enforcement
and a role for
civil society

The agreement gives a strong role to EU and Singaporean civil society groups in making sure that the commitments made in the agreement are put into practice. Such groups include trade unions, environmental bodies, and business associations.

These commitments are enforceable. That means there is a fully transparent procedure for resolving concerns that may arise about the way the commitments on sustainable development in the agreement are being implemented.

Both the EU and Singapore have to follow the procedure, within a certain period of time.

This involves:

- governments
- an independent panel of experts
- civil society groups
- the International Labour Organization.

The agreement also includes an open review clause. This allows the EU and Singapore to:

- examine how effectively they're putting their pledges into practice
- if need be, look again at enforcement - the way they make sure they're fulfilling those pledges.

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Safeguards

Five ways the EU-Singapore agreements
guarantee the EU's interests



Uphold
EU
standards



Guarantee
the right to
regulate



Prevent a **race
to the bottom**
on standards



Uphold the
**precautionary
principle**



Protect
**public
services**



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Like all EU trade agreements, the EU-Singapore trade and investment agreements provide safeguards on important issues – for example, ensuring that the EU's strict standards continue to be met.



Uphold
EU **standards**

The EU-Singapore trade and investment agreements safeguard the EU's right to apply our own standards to all goods and services sold in Europe.

All imports from Singapore have to meet EU rules on:

- technical standards for products
- consumer safety
- environmental protection
- animal and plant health and food safety
- genetically modified organisms (GMOs).



Guarantee the
right to **regulate**

The agreements allow us in the EU to regulate as we wish – in other words, to set higher standards and levels of protection for product and food safety, people at work, or the environment, if we want.

The agreements protect EU governments' "right to regulate" in these and other areas. The chapter in the trade agreement on trade and sustainable development includes those safeguards



Prevent a
**race to the
bottom** on
standards

A race to the bottom happens when governments compete to attract investment from foreign companies by lowering their labour or environmental standards – which makes those standards cheaper to meet.

The trade agreement prevents the risk of this happening. Governments can't allow exceptions to, or simply not enforce, their domestic laws as a way of encouraging trade and investment.

In fact the agreement encourages companies to operate responsibly and transparently – for example by saying who their suppliers are.



Uphold the
**precautionary
principle**

EU governments have a legal right to act to protect human, animal or plant health, or the environment, in the face of a perceived risk. The right applies even when scientific analysis is not conclusive. It is known as the 'precautionary principle'.

EU law, which EU trade agreements must respect, enshrines this principle. The agreements also uphold it.

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Protect
public services

EU governments fully retain the right to keep public services public, and decide for themselves, for example, how they want to deliver healthcare or education.



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Next steps

towards finalising the EU-Singapore agreements

