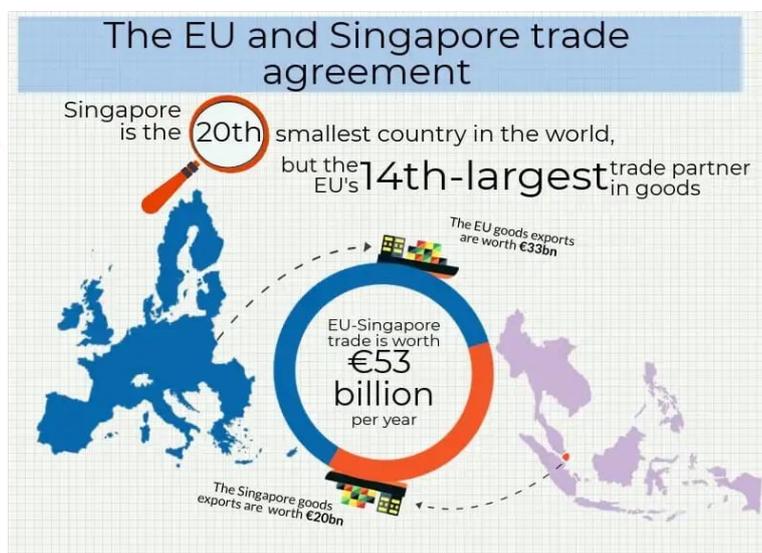


Information sheet: EU-Singapore Free Trade Agreement

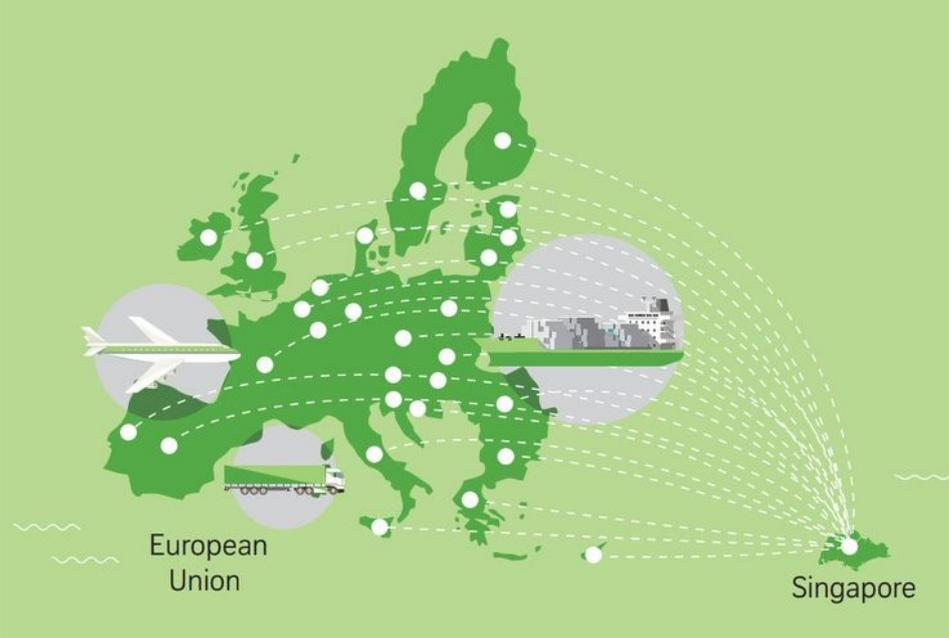
As at: 10 January 2018

1 Economic Partnership Agreement

- ➔ The free trade agreement consists of an **Economic Partnership Agreement (EPA)** and a separate **Investment Protection Agreement** (focusing on compensation claims brought by firms against States).
- ➔ Singapore is the EU's **largest trade partner in ASEAN**, is an economic powerhouse in South-East Asia, and offers great growth potential for European companies. The agreements also serve as an important **point of reference for further negotiations between the EU and other members of ASEAN (634 million citizens in total)**.
- ➔ Singapore already has free trade agreements with over 30 different countries, including the USA, China, Japan, and Australia. It is also a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This means that until a free trade agreement is set up with the EU, **European companies face poorer conditions** in their economic relations with Singapore **than many other important competitors**.
- ➔ During turbulent times for the global trading order, the EPA sends out a **message in support of rule-based, free and fair trade** and of multilateralism.
- ➔ The Free Trade Agreement sets out comprehensive, reciprocal market liberalisation in Singapore and the EU by **abolishing existing tariffs over the course of the next 5 years**, as well as **eliminating non-tariff barriers to trade** (e.g. in the vehicle industry, electronics, and in plant and machinery manufacturing). In the **services sector**, the new commitments to liberalising Singapore's financial, transport, environmental, information, communications, and postal service markets, as well as telecommunications are of particular importance.
- ➔ In the sustainability chapter, the parties have agreed on **high labour and environmental standards**.
- ➔ The Agreement also improves market access for European companies to the **public procurement** market in Singapore, which is worth around €20 billion.
- ➔ In addition, the agreement comprises **rules on competition and state-owned companies, and on intellectual property rights and geographical designations of origin**.



2 Investment Protection Agreement



European Union Singapore

European Union-Singapore FTA (EUSFTA)

- First bilateral trade agreement concluded and signed between the European Union and an Asean country.
- Signed on Oct 19 in Brussels, on the sidelines of the 12th Asia-Europe Meeting Summit.
- Agreements will be sent to the European Parliament for approval early next year, and the EU and Singapore will work towards ratifying them.
- EUSFTA will provide Singapore companies greater market access to all EU member states.
- EU is Singapore's third-largest trading partner and world's largest single market.

- ➔ The Investment Protection Agreement provides for modern, high-level investment protection, setting out precisely defined **protection standards, rules safeguarding government's right to regulate**, and the **institutionalisation of investor-state dispute settlement** based on the CETA model (Investment Court System, ICS).
- ➔ It guarantees investors **legal certainty** for their investments in the EU and in Singapore and also protects against malpractice. Investors are provided with **protection against discrimination, expropriation without compensation and treatment contrary to the rule of law**, such as the denial of justice and arbitrariness. **Legitimate state measures in the public interest remain permissible**.
- ➔ In the area of dispute settlement, a **transparent (bilateral) investment court with an appeal mechanism** has been agreed, in which judges are designated by the parties to the Agreement. As in CETA, there are **special provisions that ensure that unfounded actions which abuse the system are rapidly rejected and that the investor bears the cost**. Both sides seek to have a multilateral investment court set up, which is to eventually replace the bilateral investment court.

3 Contentious issues

- ➔ **Privatisation of services of general interest:** The Free Trade Agreement is in line with the EU's clear position on services of general interest. No obligations to privatise, and scope of local authorities to take action is maintained. The Agreement between the EU and Singapore does not contain any rules that provide for the privatisation of services of general interest or of water management. Rather, the right of governments – at all levels – to supply and support public services is both recognised and affirmed. The Agreement will neither force local authorities to privatise services, nor will it prevent them from returning services that have been privatised to municipal ownership. The scope of national government to organise water supply and sewerage as it will – as a sovereign task – is not limited. The Agreement reflects the obligations under international law under the WTO General Agreement on Trade in Services, which has been in force since 1995 and to which both Singapore and the EU are bound.



Singapore is also a member of the ASEAN group

The Association of Southeast Asian Nations has:

- 10 fast-growing states
- the 3rd-largest economy in Asia
- 620 million combined population

A green deal

The EU and Singapore legally commit to protecting environmental standards in the trade deal

Further opening Singapore's market

The deal opens up Singapore's market for European services such as transport and telecoms

European companies can get better access to Singaporean public contracts, worth €20bn each year.

Protecting bright ideas

70	20	10
years copyright protection	years patent protection	years trademark protection

All figures are from 2017 unless otherwise stated.

The agreement protects some 190 EU special regional food and drink products from imitations

Cutting red tape

Singapore will now recognise EU safety tests & inspections for various products, including clothing labels.

And it'll simplify customs paperwork and checks.

➔ Sustainable development

- ◆ **Environmental protection and precautionary principle:** The Agreement expressly confirms the obligations of the parties to the Agreement under the multilateral environment agreements. The right of the parties to the Agreement to create their own sustainable development goals and policies is expressly recognised. The parties emphasise their efforts to ensure a high level of protection and to promote this. They take into account the state of scientific knowledge and the precautionary principle (also enshrined in EU primary law: Article 191 TFEU); the impact of implementation of the Agreement on sustainable development will be monitored, evaluated and reviewed by both sides.
- ◆ **Employment protection:** Singapore has not yet ratified three fundamental International Labour Organization Conventions (on freedom of association, the abolition of forced labour, and discrimination in employment and occupation). In the chapter on sustainability, the parties, however, affirm their commitment to respecting, fostering and effectively implementing all of core working standards underlying the eight fundamental ILO Conventions (namely freedom of association, right to collective bargaining, abolition of forced and compulsory labour, elimination of child labour, prohibition of discrimination in employment and occupation). In this way, Singapore has committed to complying with the regulatory substance of all of the fundamental ILO Conventions – whether or not it has ratified them. This also applies to the three ILO Conventions which Singapore has yet to ratify. In addition, the parties to the Agreement commit themselves to striving consistently to ratify and effectively implement the fundamental ILO Conventions.

- ➔ **Classification as 'EU only':** The decisive legal criterion which is applied in order to determine whether an agreement can be classified as mixed, meaning that it requires the consent of the Member States, can be summarised as follows: does the EU have powers in every single area covered by the agreement? In particular, provisions on investment protection can make Member State involvement mandatory. Therefore, the EU-Singapore Investment Protection Agreement requires also the ratification by the Member States. In contrast, the classification of the EU-Singapore EPA as 'EU only' is not open to challenge.

4 Foreseen timeline

- ◆ **Vote in INTA** **24 January 2019**
- ◆ **Vote in plenary** **11-14 February 2019**

◆ Further information:

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