

## **Singapore Updates: EU-Singapore FTA - more than just free trade**

The European Union-Singapore Free Trade Agreement (EUSFTA) enters into force today (21 November 2019). The fact that it took the EU and Singapore, who see eye-to-eye on many trade matters, ten years to get this done indicates how hard it is to get wide and deep agreements negotiated and implemented. Don't be fooled by public announcements of ambitious timelines and quick conclusions of other agreements – those timelines are usually missed and the quickly concluded agreements tend to be quite narrow and shallow.

The EUSFTA is not like that. It offers, amongst other things:

- Significant tariff reductions: no tariffs on many goods as of today, with the remainder disappearing over the next five years. Especially useful for Singapore made electronics, pharmaceuticals, petrochemicals, agricultural products, textiles and consumer goods. And of course, EU beer and stout will be cheaper in Singapore.
- Ability to count some inputs from other ASEAN countries as Singaporean. This will help to meet the “made in Singapore” requirements. It is also intended to be a stepping stone for future agreements between the EU and ASEAN Member States, and an ultimate EU-ASEAN FTA.
- Removal of a wide range of non-tariff barriers, specifically for electronics, motor vehicles and vehicle parts, pharmaceutical products and medical devices, renewable energy generation, and food products. For example, only one-time testing and certification, in either the EU or Singapore.
- Greater market access in services in sectors such as telecommunications, environmental services, engineering, computing and maritime transport. The relevant chapter and its annexes is 352 pages long, indicative again of the width and depth of liberalization.
- Enhanced intellectual property protection with amongst others, 70 years of copyright protection.
- Better access to government contracts in either direction, such as for railway, landscape architecture, computer and telecommunication services.
- Strong rules on sustainable development to ensure trade does not undermine labour and environmental protection efforts.

In our experience many companies are only aware of the liberalization of trade in goods. Even then, they may have only done a perfunctory check when the agreement was signed five years ago. The message is simple: there is no easy summary that substitutes the value of analyzing the agreement in detail with your particular company in mind, be that for duty-free access for a pill, opening a branch of your travel agency in Luxembourg or bidding to upgrade the road infrastructure in Italy. The text of the agreement can be accessed here: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=961>

Companies that do their homework should find valuable cost saving and growth opportunities. If you need help with your homework, feel free to contact PwC!

### **Let's talk**

If you would like further advice in relation to the topic outlined above or a deeper discussion of how this issue might affect your business, please contact:

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