

The EU-Singapore free trade agreement has entered into force!

After the agreements between the European Union and Canada (“CETA”) and Japan (“JEFTA”), it is now the turn of the European Union - Singapore free trade agreement (the “Agreement”) to enter into force. The Agreement - the first free trade agreement between the European Union and a Member State of the Association of Southeast Asian Nations (“ASEAN”) - marks a further step towards the European Union’s external trade openness.

The Agreement entered into force on November 21, 2019.

A Brief overview.

Elimination of customs duties and removal of non-tariff barriers

As is traditionally the case for free trade agreements, the Agreement primarily aims at eliminating almost completely all customs duties.

Singapore has committed to remove all remaining tariffs on certain EU products (in particular alcoholic beverages) and to keep unchanged the current duty-free access for all other EU products.

In return, following the entry into force of the Agreement, over 80% of all imports from Singapore will enter the EU duty-free. As such, tariffs on electronics, pharmaceuticals or petrochemicals will be immediately removed.

However, the Agreement will not immediately apply to all categories of products. The remaining EU tariffs will be removed within three to five years, e.g. for textiles, fruits and cereals, depending on the product category.

The Agreement also addresses regulatory divergences that constitute significant non-tariff barriers to EU-Singapore trade. Both parties have agreed to base their regulations on relevant international standards and to

refrain from introducing measures that deviate from such standards in several strategic sectors, including electronics, pharmaceuticals and equipment for renewable energy generation.

Enhanced economic and customs cooperation

Another purpose of the Agreement is to offer companies real business opportunities for those wishing to establish or strengthen their presence in Singapore and the European Union. Access to service markets such as telecommunications, environmental services, engineering, computing and maritime transport is thus greatly facilitated.

In addition, Singapore and the European Union have agreed to expand the number of public contracts available for bidding, notably in the railways sector, by simplifying their respective tendering processes.

The Agreement also provides for a strengthened customs cooperation between the two parties in order to simplify and harmonize trade procedures on the one hand, and increase safety and security of trade on the other hand.

Particular attention is paid to the protection of intellectual property rights as customs authorities may detain counterfeit trademarks, goods protected by a geographical indication (GI), pirated copyrighted content and registered designs.

Binding commitments on trade and sustainable development

Fostering environmental protection and social development are now central objectives of the trade policy implemented by the European Union and the latter is trying to promote this approach during the negotiations with its external partners.

The Agreement thus includes a binding chapter to ensure that domestic levels of environmental and labor protection are in line with applicable international standards and agreements. Key sustainable development issues are addressed, e.g. the conservation and sustainable management of natural resources, corporate social responsibility, eco-labelling initiatives and fair and ethical trade.

What prospects?

At present, more than 50,000 European companies export to Singapore and more than 10,000 have established a regional headquarter there. Singapore is the European Union's largest trading partner in this geographical area. The economic impact of the Agreement is therefore not negligible.

This attractiveness is reinforced by the simultaneous conclusion of an investment protection agreement between the European Union and Singapore.

This rapprochement between the European Union and a Member State of the ASEAN could ultimately lead to the conclusion of a future trade agreement between the two regions in a context where negotiations with Mercosur on the other side of the Atlantic are at a standstill.

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