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EU-SINGAPORE TRADE & INVESTMENT 2015

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MESSAGE FROM THE EU TRADE COMMISSIONER

Today, the European Union (EU) is the world's largest economy. Trade has always been central to this achievement and at the heart of our prosperity. The commercial and political ties between the EU and its partners, which have grown strong over many centuries, have helped the EU become the most important trading partner and the world's biggest investor and recipient of foreign direct investments. The EU endeavours to promote free trade at home and abroad, creating a level playing field so that everyone can enjoy the benefits that this system can bring, such as jobs and growth.

In this respect, the close relationship between the EU and ASEAN is of vital importance. The rise of Asia is possibly the most important economic and political story of our times and the ten countries of ASEAN are playing a central part in it.

ASEAN is the EU's third largest trading partner outside of Europe, while the EU is ASEAN's second trading partner after China. The EU is also by far the biggest source of foreign direct investment in ASEAN. This close bond that we maintain through trade and investment means that we have a responsibility to work towards deepening our ties. The EU considers the ASEAN Economic Community (AEC) as an important step towards increasing connectivity in South East Asia, fostering deeper economic integra-

tion and facilitating freer movement of goods, services, capital and labour between the ten countries.

Singapore has long been a key partner for Europe. As one of the most liberalised economies in the world, its status as a trading hub for the region has been positively reinforced by its thriving economy, dynamic business environment and open market. The growing number of EU investments in Singapore is a strong testament to its continued adherence to these policies.

With Singapore the EU has negotiated one of its most ambitious trade deals to date. Addressing not only tariffs but also non-tariff barriers to trade such as technical standards and regulatory issues, I am sure that the new trade environment we have created will greatly benefit the EU, Singapore and the wider region. As we negotiate other agreements throughout ASEAN, we hope that these activities will foster closer economic integration, bringing our two regions still closer to each other.

CECILIA MALMSTRÖM

EU Trade Commissioner



MESSAGE FROM THE EU AMBASSADOR

The EU Delegation to Singapore has served to enhance bilateral ties between the EU and the City-State since opening its doors in 2003. Playing an important role in Singapore for over 10 years, it also actively promotes EU relations with ASEAN. Each year, the continued strength of the economic relationship that we enjoy with Singapore is highlighted in the Trade & Investment Booklet published by the Delegation. While presenting a comprehensive narrative of the EU's consistent strength in the global economy, this booklet showcases EU-Singapore trade and investment relations, as well as those between the EU and ASEAN on a region-to-region basis.

The EU continues to be one of the most important trade and investment partners for Singapore. Concluded in October 2014, the Investment Chapter of the EU-Singapore Free Trade Agreement completes the text and paves the way for its ratification. Once in force, this Agreement will provide additional benefits to EU actors operating in Singapore, especially those providing services and investing here. Additionally, it will enhance the EU's economic diplomacy in ASEAN, as Singapore plays an increasingly important role as 'hub' for the wider South East Asian region.

With over 10,000 EU companies operating in Singapore, its open trading system, good governance and businessfriendly environment, often make it

the preferred choice for companies entering this vibrant region. The European Chamber of Commerce and the National Business Groups play an important role in supporting business presence in the city state.

To complement the FTA, the EU launched the EU Business Avenues to South East Asia programme in Singapore last October. Modelled on the successful business support programmes in Japan and Korea, this initiative will bring 1,000 European SMEs to the region over the next five years, creating business links with local counterparts and fostering economic ties.

2015 will be an important year for Singapore, as the City-State marks its 50th anniversary of independence. I look forward to the additional activities and celebrations, which I am sure will give even more impetus to ongoing engagement between and among the European and Singaporean business communities.

This booklet is a tool which I hope will provide better understanding of the progress, impact and potential of EU-Singapore economic relations and hope that it can be used as a valuable reference.

DR MICHAEL PULCH

*Ambassador/Head of the European Union
Delegation to Singapore*

THE GLOBAL PERSPECTIVE : EU TRADE AND INVESTMENT WITH THE WORLD

More than ever, trade and investment flows play a pivotal role in the health of the global economy. They are a stabilising source of growth and support millions of jobs across the world. In the EU alone, some 31 million jobs – or over 14% of employment – depend on international trade. This figure is up by two thirds, or 12.5 million, since 1995 thanks to the expansion of the EU's exports and investments and the growth of global trade.

The EU remains a powerful force in global trade and investment but has to adapt to a new environment where economic growth in the coming years is to a large degree generated outside the EU. This means that international trade's contribution to growth and jobs in the EU is set to increase. The EU must build strong links with emerging centres of global growth, such as ASEAN, if it is to benefit from this growth.

EU TRADE IN GOODS WITH THE WORLD

In 2014 the EU remained the largest Single Market and trading block in the world with over €1,700 billion in exports and €1,680 billion in imports. The EU accounted for around 15% of world trade in goods, ahead of China, the United States and Japan.

EU28 exports of goods to the rest of the world are concentrated in a few sectors. Machinery and transport equipment make up the lion's share of EU exports, with 41.6% of total export value, followed by manufactured goods and articles (22.7%) and chemicals and related products (16.4%). Together, goods in these categories made up over 80% of EU exports in 2014. The top three destination countries for EU exports in 2014 were the United States, China and Switzerland. Singapore is the 17th most important export market for EU goods and the 22nd most important source of imports into the EU. If trade in goods and services are taken together, Singapore is the EU's 12th most important trade partner, ahead of Hong Kong and Australia.

EU28 EXPORTS TO THE WORLD, 2014		
PARTNER COUNTRIES	VALUE (€bn)	SHARE TOTAL (%)
USA	310.8	18.3
China	164.7	9.7
Switzerland	140.3	8.2
Russia	103.3	6.1
Turkey	74.6	4.4
Japan	53.3	3.1
Norway	50.2	2.9
South Korea	43.1	2.5
United Arab Emirates	42.8	2.5
Brazil	36.9	2.2
India	35.5	2.1
Saudi Arabia	35.1	2.1
Hong Kong	34.7	2.0
Canada	31.7	1.9
Australia	29.6	1.7
Mexico	28.5	1.7
Singapore	28.2	1.7
Algeria	23.4	1.4
South Africa	23.3	1.4
Morocco	18.2	1.1
TOTAL EXPORTS (all countries)	1,702.7	100.0

EU28 IMPORTS FROM THE WORLD, 2014		
PARTNER COUNTRIES	VALUE (€bn)	SHARE TOTAL (%)
China	302.6	18.0
USA	204.8	12.2
Russia	181.8	10.8
Switzerland	96.6	5.7
Norway	83.9	5.0
Japan	54.6	3.2
Turkey	54.3	3.2
South Korea	39.0	2.3
India	37.1	2.2
Brazil	31.2	1.9
Algeria	29.4	1.7
Saudi Arabia	28.8	1.7
Nigeria	28.2	1.7
Canada	27.4	1.6
Kazakhstan	23.9	1.4
Taiwan	23.2	1.4
Vietnam	22.1	1.3
Malaysia	19.7	1.2
Thailand	18.5	1.1
South Africa	18.4	1.1
Mexico	18.2	1.1
Singapore	16.6	1.0
TOTAL IMPORTS (all countries)	1,680.2	100.0

EU28 imports of goods from the rest of the world showed a similar sectorial distribution with machinery and transport equipment accounting for 26.8% of total value of imported goods, followed by mineral fuels, lubricants and related materials (26.4%) and manufactured goods and articles (24.3). Together, goods in these categories made up over 77% of EU imports in 2014. The top three source countries for EU imports in 2014 were China, the United States and Russia.

EU TRADE IN SERVICES WITH THE WORLD

As global trade has grown, so has the importance of the services sector. Services today represent about 40% of the value added to products that are exported from the EU. About a third of jobs generated by exports of manufactured goods are actually located in companies that supply exporters of goods with auxiliary services.

In 2013 (most recent data available), the EU exported €710 billion in services and imported €532 billion, for a net positive balance of €178 billion. Main services exports included business services (€219bn), transport services (€140bn) and travel services (€101bn). These same sectors also constituted the key service imports, with business services accounting for 28.5% of total imports, followed by transport services (22.7%) and travel services (17.1%).

DEVELOPMENT OF EU TRADE IN SERVICES BY TRADING PARTNER, 2012–13 (€bn)						
	2012			2013 ⁽¹⁾		
	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	BALANCE
United States	164.8	150.9	13.9	180.7	159.9	20.8
Switzerland	70.7	36.5	34.2	99.5	54.2	45.3
China	29.4	20.0	9.5	29.0	20.9	8.1
Russia	29.3	15.2	14.1	30.7	14.3	16.4
Japan	24.8	15.6	9.2	24.7	14.6	10.1
Canada	16.9	10.3	6.6	17.4	11.4	6.0
Singapore	13.7	11.3	2.4	16.5	13.1	3.4
India	11.9	10.7	1.2	11.5	12.2	-0.7
Brazil	13.5	6.4	7.1	14.8	6.3	8.5
Hong Kong	10.9	8.8	2.1	9.8	9.8	0
Other	254.7	196.6	58.1	275.1	214.9	60.2
TOTAL EU ⁽²⁾	640.6	482.3	158.3	709.7	531.6	178.1

(1) Preliminary figures based on annualised quarterly data.

(2) 2012 and 2013: Extra EU 28.

EU TRADE IN SERVICES, BY MAIN PRODUCT CATEGORIES (€bn), 2013

CATEGORY	EXPORTS	IMPORTS
Transport	140.2	115.8
Travel	101.2	87.4
Communications services	20.3	16.9
Construction services	17.8	7.8
Insurance services	18.9	8.7
Financial services	59.2	22.8
Computer & information services	47.3	20.3
Royalties & license fees	43.9	53.4
Other business services	219.2	145.9
Personal, cultural & recreational services	8.7	6.4
Govt. services	7.5	5.8
Other	25.6	40.6
TOTAL	709.8	531.8

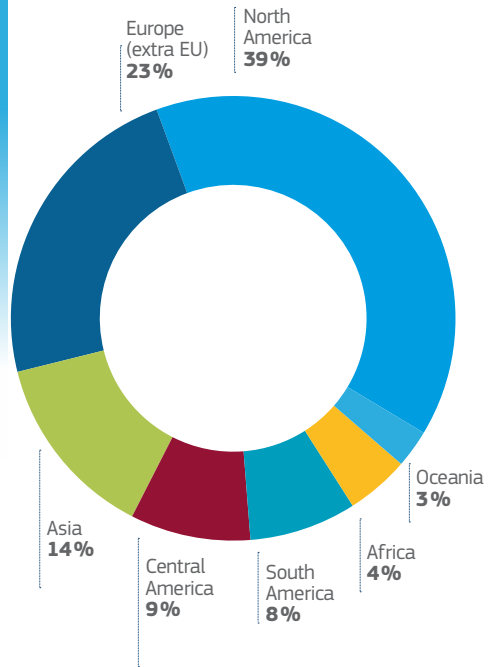
EU OUTWARD AND INWARD FDI STOCK

FDI stocks are an important indicator of globalisation and provide a measurement of the longstanding links between countries and continents. International investment flows contribute significantly to generating growth and jobs as well as to the widespread adoption of best business practices, more efficient technologies and products.

In 2013, the EU retained its position as the world's largest investor and the world's largest recipient of FDI. The EU held FDI stocks of €4,900 billion in the world, while stocks held by other countries in the EU amounted to €3,778 billion, meaning that the EU held a net investment position vis-à-vis the rest of the world of €1,122 billion. At the global level, in 2013, the EU accounted for 46% of world FDI inflows and 44% of world FDI outflows (excluding intra-EU flows).

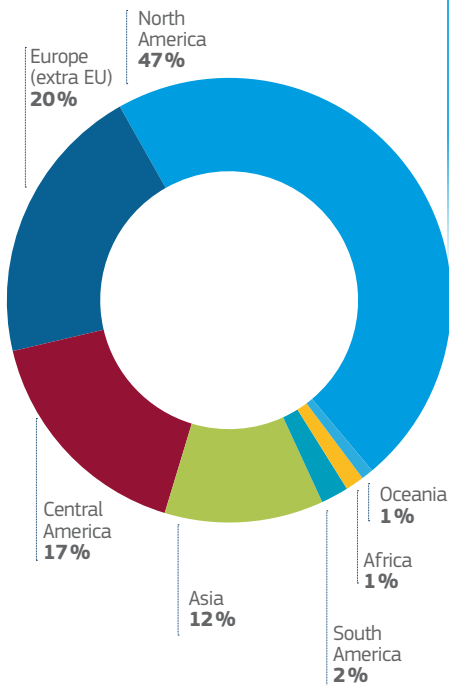
North America was the leading location of EU FDI stock with €1,911 billion, of which €1,135 billion held in the US and €225 billion in Canada. Europe (non-EU) was also a key destination for EU FDI, with over €1,135 billion at the end of 2013. Taken together, Asia accounted for €664 billion or 14% of EU FDI stock abroad.

SHARE OF EU FDI STOCKS HELD IN THE WORLD, 2013



The EU also confirmed itself as an attractive destination for FDI from abroad. In 2013, out of total foreign investments of €3,778 billion held in the EU, close to half (47%) came from North America, of which 44% from the United States. Europe (non EU) and Central America also held important FDI stock at the end of 2013, while Asia accounted for 12% of stocks, with €435 billion held in the EU.

SHARE OF FDI STOCKS HELD BY THE WORLD IN THE EU, 2013



WORLD FDI STOCK BY COUNTRY (€bn), 2013

	Inward	%	Outward	%
EU	3,778.0	20.6	4,900.0	25.4
US	3,716.0	20.2	4,780.0	24.8
China	720.4	3.9	462.0	2.4
Brazil	545.6	3.0	220.8	1.1
Canada	485.6	2.6	551.5	2.9
Japan	128.7	0.7	747.6	3.9
TOTAL WORLD	18,376.5	100.0	19,264.7	100.0

WORLD FDI FLOWS BY COUNTRY (€bn), 2013

	Inflows	%	Outflows	%
EU	523.0	46.2	477.5	43.5
US	141.2	12.5	254.7	23.2
China	93.9	8.3	76.0	6.9
Brazil	48.2	4.3	-2.6	-
Canada	46.9	4.1	32.1	2.9
Japan	1.7	0.2	102.2	9.3
TOTAL WORLD	1,132.9	100.0	1,096.8	100.0

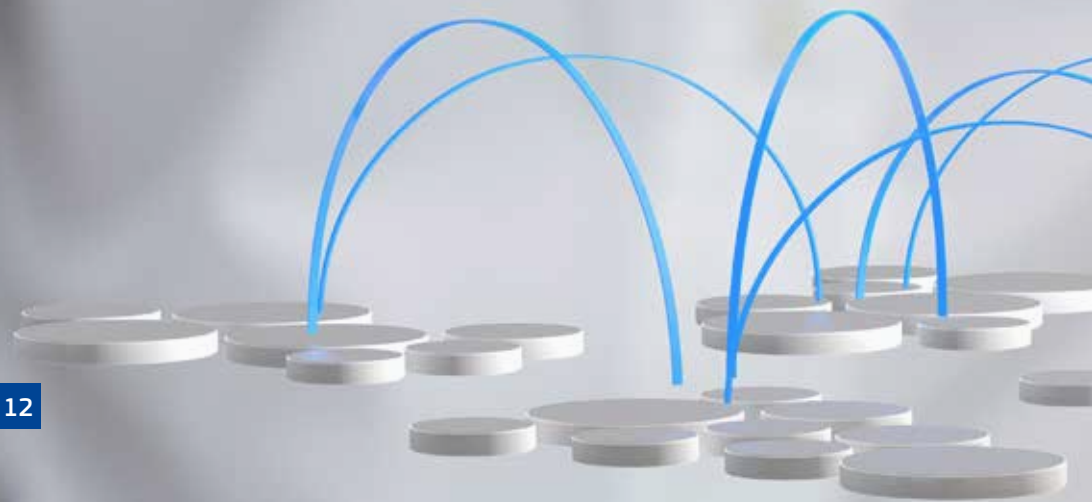
THE REGIONAL PERSPECTIVE: EU-ASEAN TRADE AND INVESTMENT

As Southeast Asia pushes to deepen regional integration and works towards the ASEAN Economic Community (AEC) by the end of 2015, economic relations between ASEAN and the EU have continued to grow. During their most recent consultations in April 2015, ASEAN Economic Ministers and the EU Trade Commissioner tasked senior officials to meet before the end of the year to take stock of (i) the state of play of ASEAN economic integration; (ii) the progress in the negotiations of bilateral FTAs between the EU and individual ASEAN countries and; (iii) evaluate how a region-to-region re-engagement could add value, building on bilateral FTAs.

EU-ASEAN TRADE IN GOODS

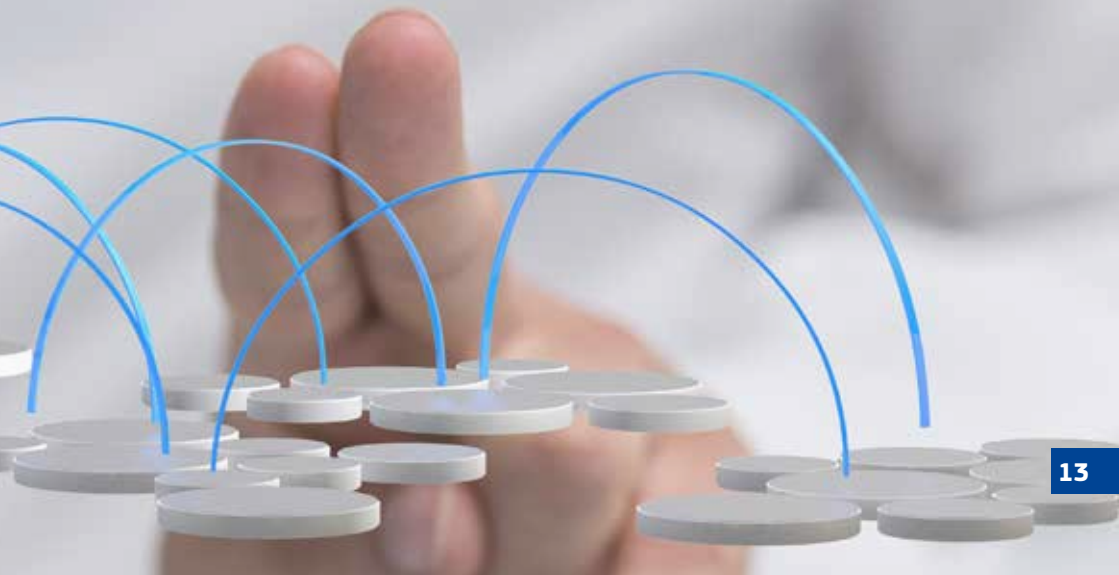
Trade between ASEAN and the EU has continued to expand over recent years. Taken as a single trading entity, ASEAN is the EU's fifth most important trading partner worldwide and the third most important trading partner outside of Europe, reaching almost €180 billion in bilateral trade in 2014. The EU remains ASEAN's second most important trading partner after China, accounting for around 13% of ASEAN's trade in goods with the world. Conversely, ASEAN accounts for around 5% of the EU's total trade with the world.

Despite the setbacks from the economic crisis, total ASEAN-EU trade between 2004 and 2014 has shown compound annual growth rates of 4.7%. During this period, imports from ASEAN to the EU have grown by 3.7% per year while exports from the EU to ASEAN have expanded by 6.2% per year, on a compound annual growth basis.



EU-ASEAN TRADE IN GOODS (MIO €), 2004-2014

	IMPORTS	EXPORTS	TOTAL TRADE	% CHANGE Y-O-Y
2004	69,707	43,071	112,778	-
2005	71,761	44,687	116,448	3.3
2006	79,271	48,590	127,861	9.8
2007	81,184	53,207	134,391	5.1
2008	80,306	56,349	136,655	1.7
2009	68,379	50,206	118,585	-13.2
2010	85,828	61,829	147,657	24.5
2011	94,156	69,176	163,332	10.6
2012	99,104	81,594	180,698	10.6
2013	96,797	81,697	178,494	-1.2
2014	100,539	78,631	179,170	0.4



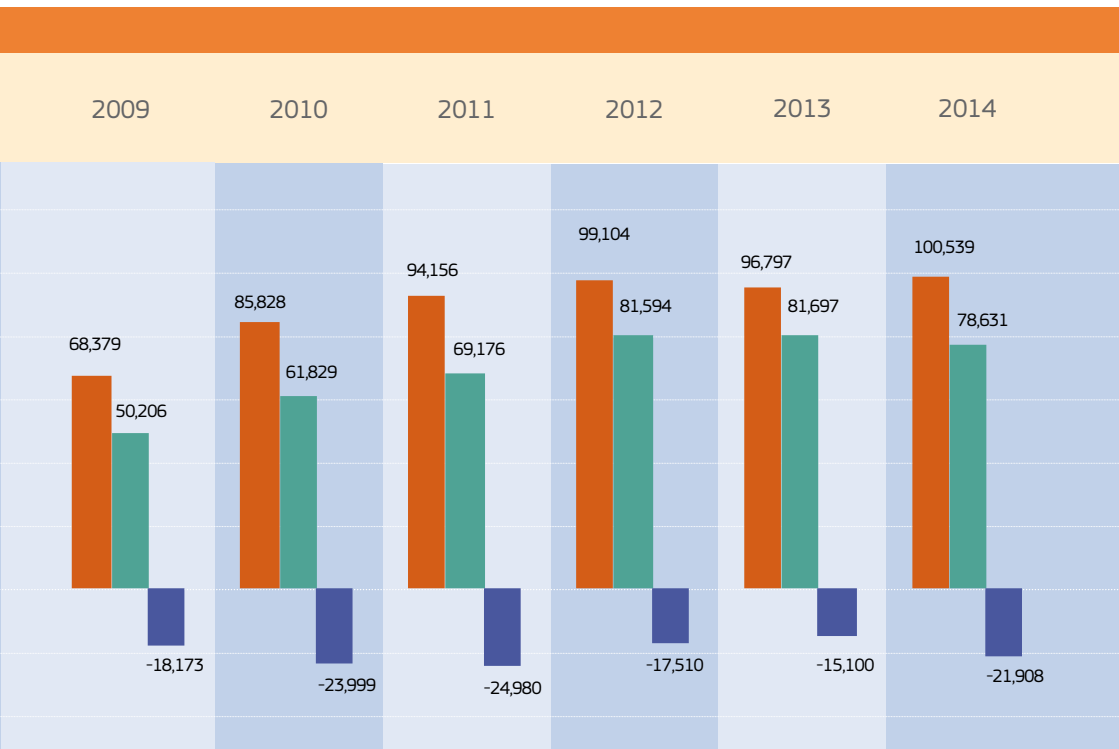
The EU maintains a structural trade deficit with ASEAN. In 2014, the EU imported €100.5 billion worth of goods and exported €78.6 billion worth of goods, resulting in a trade deficit of €21.9 billion.

EU TRADE FLOWS WITH ASEAN, 2004-2014



Bilateral trade between the EU and ASEAN continued to be concentrated in a few sectors, namely machinery and transport equipment (43.2% of imports and 50.7% of exports of the EU to ASEAN in 2014), chemicals and related products and textiles&clothing.

While manufactured products constitute the bulk of trade, the EU and ASEAN also have a sizeable exchange of primary products totalling almost €30 billion in 2014 (16.3% of the total).




EU TRADE IN GOODS WITH ASEAN BY MAIN PRODUCT CATEGORIES (MIO €), 2014


	IMPORTS	SHARE %	EXPORTS	SHARE %
Primary products	17,688	17.6	11,460	14.6
Manufactures	81,198	80.7	64,979	82.7
Chemicals	8,783	8.7	11,152	14.2
Machinery and transport equipment	43,439	43.2	39,871	50.7
Textiles	1,064	1.1	613	0.8
Clothing	8,064	8.0	524	0.7
Other products	442	0.4	1,424	1.8
TOTAL	100,539	100.0	78,631	100.0

ASEAN MEMBER STATES' SHARE OF EU-ASEAN TRADE IN GOODS 2014

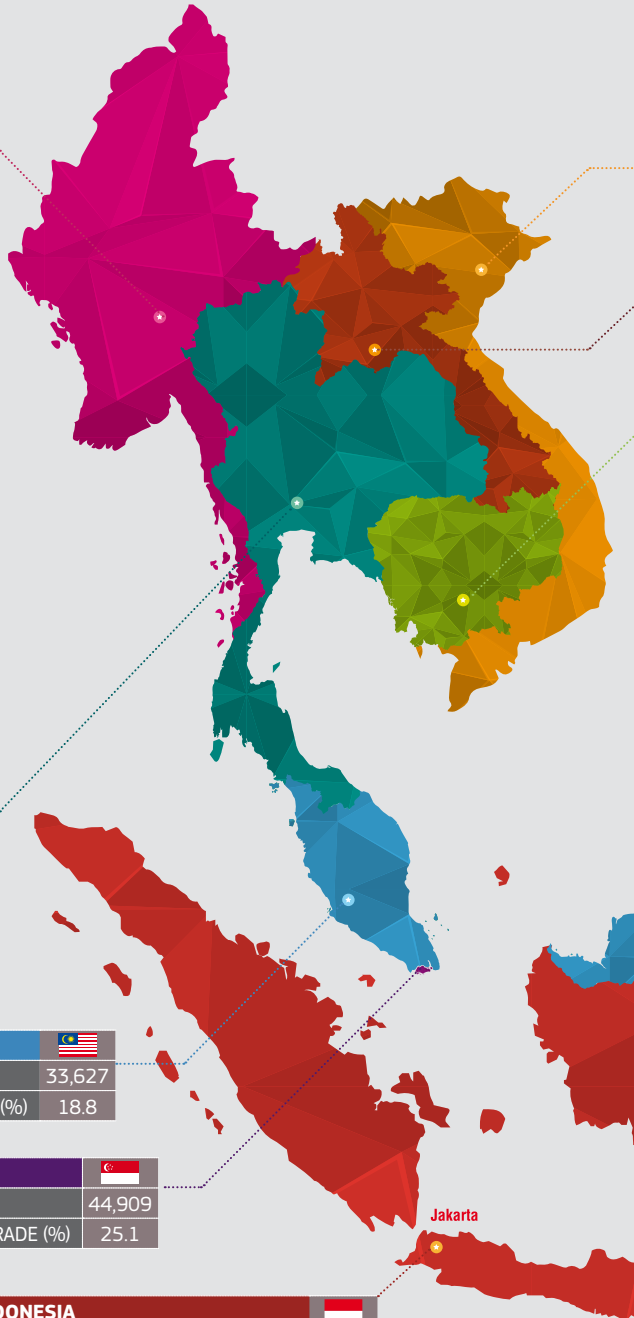
MYANMAR	
TOTAL TRADE WITH EU (MIO €)	889
SHARE OF TOTAL EU-ASEAN TRADE (%)	0.5

THAILAND	
TOTAL TRADE WITH EU (MIO €)	30,986
SHARE OF TOTAL EU-ASEAN TRADE (%)	17.3

MALAYSIA	
TOTAL TRADE WITH EU (MIO €)	33,627
SHARE OF TOTAL EU-ASEAN TRADE (%)	18.8

SINGAPORE	
TOTAL TRADE WITH EU (MIO €)	44,909
SHARE OF TOTAL EU-ASEAN TRADE (%)	25.1

INDONESIA	
TOTAL TRADE WITH EU (MIO €)	23,843
SHARE OF TOTAL EU-ASEAN TRADE (%)	13.3



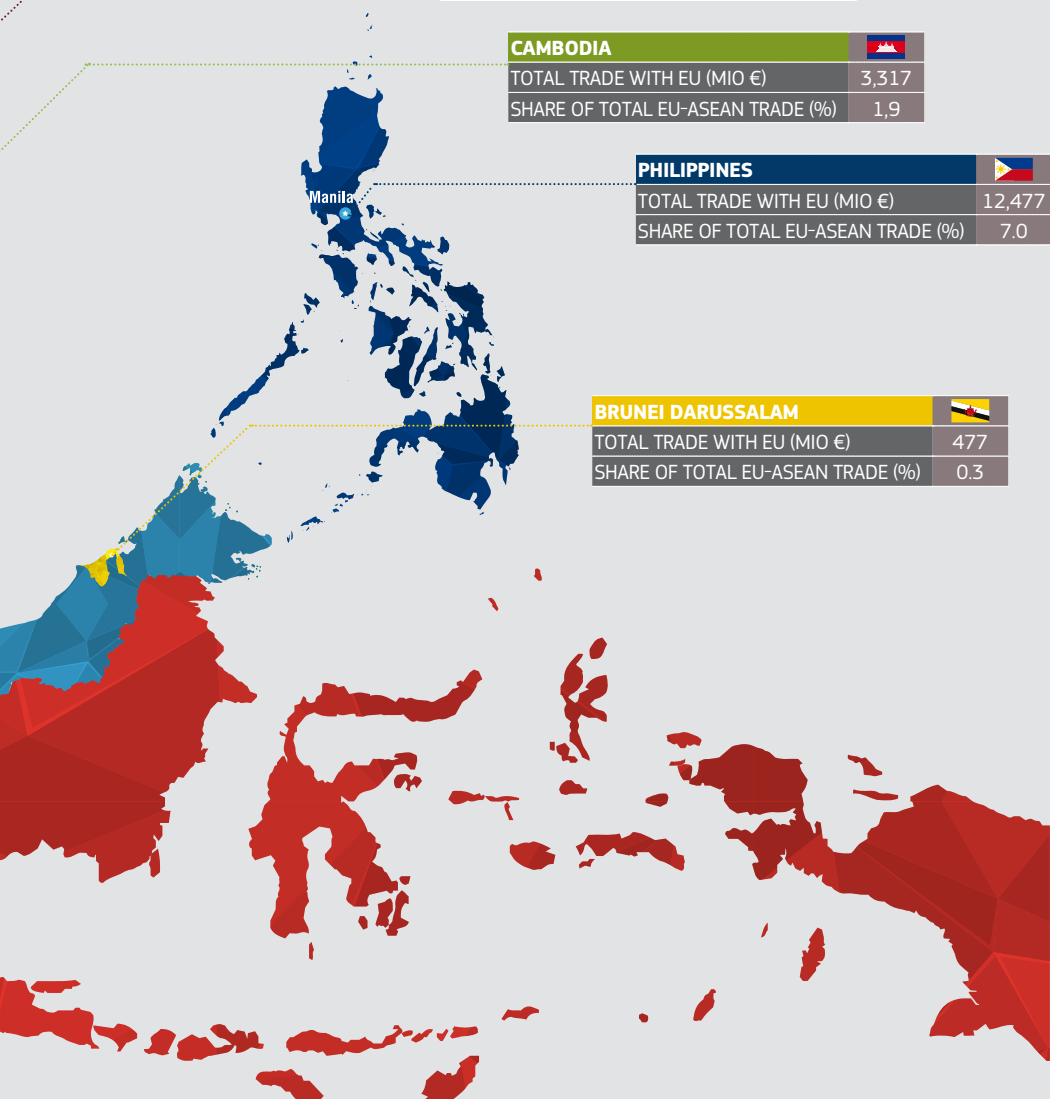
VIETNAM	
TOTAL TRADE WITH EU (MIO €)	28,240
SHARE OF TOTAL EU-ASEAN TRADE (%)	15.8

LAOS	
TOTAL TRADE WITH EU (MIO €)	405
SHARE OF TOTAL EU-ASEAN TRADE (%)	0.2

CAMBODIA	
TOTAL TRADE WITH EU (MIO €)	3,317
SHARE OF TOTAL EU-ASEAN TRADE (%)	1.9

PHILIPPINES	
TOTAL TRADE WITH EU (MIO €)	12,477
SHARE OF TOTAL EU-ASEAN TRADE (%)	7.0

BRUNEI DARUSSALAM	
TOTAL TRADE WITH EU (MIO €)	477
SHARE OF TOTAL EU-ASEAN TRADE (%)	0.3



EU-ASEAN TRADE IN SERVICES

In 2013 the EU's main partner for trade in services in ASEAN was Singapore (with €29.6 billion), followed by Thailand (€9.4 billion), Malaysia (€7.3 billion), Indonesia (€5.5 billion) and the Philippines (€3.1 billion). Total trade in services between these five ASEAN countries and the EU reached €54.9 billion in 2013, with a surplus of €3.3 billion in favour of the EU.

Main services imported by the EU from these five ASEAN countries included transport, travel, financial and business related services, while main services exported by the EU to these countries included telecommunication, business, transport and travel related services, as well as royalties for the use of intellectual property.

EU-ASEAN TRADE IN SERVICES BY KEY PARTNER COUNTRY (MIO €), 2013				
	EU IMPORTS	EU EXPORTS	BALANCE	TOT TRADE
SINGAPORE	13,115	16,491	3,376	29,606
THAILAND	5,964	3,454	-2,510	9,418
MALAYSIA	3,156	4,165	1,009	7,321
INDONESIA	1,879	3,657	1,778	5,536
PHILIPPINES	1,678	1,374	-304	3,052
TOTAL FOR ASEAN 5	25,792	29,141	3,349	54,933

EU-ASEAN FDI

In 2013, the EU was ASEAN's largest investor with €156 billion in FDI stocks held in the region at year-end. According to statistics on ASEAN FDI compiled from submissions of ASEAN Central Banks and National Statistical Offices, in 2013 the EU accounted for 22% of investment flows into ASEAN, followed by Japan (18.7% of investment flows).

If taken as a single entity, in 2013 ASEAN was the 6th most important location of EU FDI stock abroad, while ASEAN was the 8th most important source of FDI stock held in the EU.

EU FDI in ASEAN tends to be concentrated in Singapore, which alone accounts for close to 60% of EU FDI stock in the region, followed by Indonesia (15%) and Malaysia (11%). Similarly, Singapore accounts for the lion's share (76%) of ASEAN FDI stock held in the EU, followed by Malaysia.

EU-ASEAN FDI STOCK AND FLOWS (MIO €), 2013				
	STOCKS		FLOWS	
	HELD BY THE EU IN ASEAN COUNTRY	HELD BY ASEAN COUNTRY IN THE EU	FROM THE EU TO ASEAN COUNTRY	FROM ASEAN COUNTRY TO THE EU
SINGAPORE	93,163	43,652	10,975	6,817
INDONESIA*	22,838	-1,336	1,323	-139
MALAYSIA	17,438	14,010	1,941	618
THAILAND	10,378	720	-2,793	305
PHILIPPINES	6,233	573	283	204
VIETNAM	3,914	14	2,212	-55
CAMBODIA	1,574	24	9	25
BRUNEI DARUSSALAM	376	58	97	7
MYANMAR	263	0	61	0
LAOS*	251	-37	23	-1
ASEAN	156,428	57,678	14,131	7,781

* Negative FDI stock may be recorded when (i) continuous losses in the direct investment enterprise lead to negative reserves; (ii) the value of loans /debt securities extended by direct investment enterprise to foreign direct investors exceeds the corresponding value advanced by foreign direct investors to the direct investment enterprise.

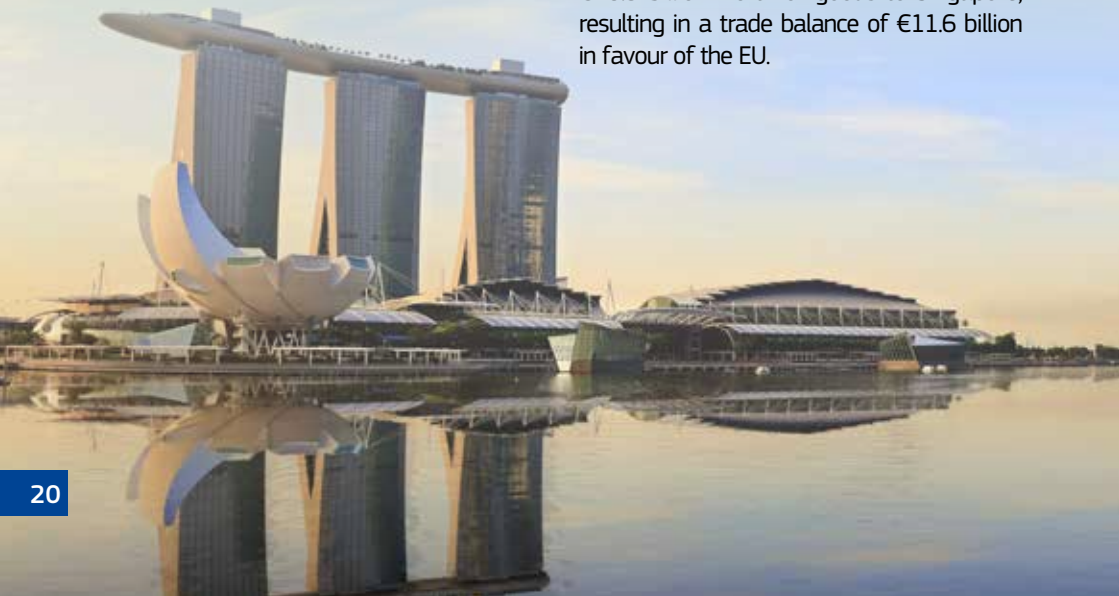
THE BILATERAL PERSPECTIVE: EU-SINGAPORE TRADE & INVESTMENT TIES

Singapore continues to be the EU's most important trading partner in ASEAN and a key destination for investments from the EU. Last year was an important milestone as the EU and Singapore concluded negotiations on the Investment Chapter of the EU-Singapore FTA. The chapter commits both the EU and Singapore to ensuring a stable and fair regime for foreign investors while preserving the right of the parties to regulate in the public's interest (see box on page 27). The conclusion of the investment chapter paves the way towards the ratification and implementation of the Agreement.

With extensive commitments by both parties to provide greater access to each other's markets, including through the liberalisation of services, investment and procurement markets, and the removal of tariff or non-tariff barriers to trade, once it is signed, the EUSFTA will further enhance the strong trade flows between the EU and Singapore.

EU-SINGAPORE TRADE IN GOODS

Trade in goods between the EU and Singapore has remained resilient despite the instability in the global economic environment. Between 2004 and 2014, total EU-Singapore trade grew by 3.1% per annum and in 2014 the EU remained Singapore's third most important trade partner, behind only China and Malaysia. In 2014, total EU imports from Singapore reached €16.6 billion, while the EU exported €28.3 billion worth of goods to Singapore, resulting in a trade balance of €11.6 billion in favour of the EU.



EU-SINGAPORE TRADE IN GOODS (MIO €), 2004-2014

	IMPORTS	EXPORTS	TOTAL TRADE	% CHANGE Y-O-Y
2004	16,935	16,212	33,147	-
2005	18,459	17,310	35,769	7.9
2006	19,307	19,597	38,904	8.8
2007	18,478	20,558	39,036	0.3
2008	16,152	22,272	38,424	-1.6
2009	14,594	20,440	35,034	-8.8
2010	18,772	24,556	43,328	23.7
2011	19,197	27,265	46,462	7.2
2012	21,559	30,414	51,973	11.9
2013	17,624	29,129	46,753	-10.0
2014	16,637	28,272	44,909	-3.9



EU TRADE WITH SINGAPORE, 2004-2014



Bilateral trade between the EU and Singapore is structurally dominated by a few manufactured products sectors. Machinery and transport equipment and chemical products are the largest categories for both imports and exports with the City State. In 2014, the combined value of these sectors represented 71.4% of Singapore's supply and 60.7% of EU sales to Singapore. Finally it is also worth noting that almost a fifth of EU exports to the City State are primary products (€5.3 billion value in 2014).



EU-SINGAPORE TRADE IN GOODS BY MAIN PRODUCT CATEGORIES (MIO €), 2014				
	IMPORTS	SHARE %	EXPORTS	SHARE %
Primary products	1,208	7.3	5,320	18.8
Manufactures	14,196	85.3	22,254	78.7
Chemicals	5,548	33.3	4,012	14.2
Machinery and transport equip.	6,342	38.1	13,135	46.5
Other manufactures	1,882	11.3	2,922	10.3
Other products	204	1.2	456	1.6
TOTAL	16,637	100	28,272	100

EU-SINGAPORE TRADE IN SERVICES

As mature economies, the EU and Singapore have a similar economic structure, with the services sector accounting for close to 75% of GDP. In 2013, bilateral trade in services between the EU and Singapore reached €29.6 billion with the EU importing €13.1 billion worth of services from Singapore and exporting €16.5 billion worth of services. This made Singapore the 8th most important country of destination for EU services – ahead of Hong Kong, South Korea, India and Brazil. Singapore was also the 8th most important supplier of services to the EU – ahead of Hong Kong, India, Canada, Australia, Brazil, Thailand and South Korea.

In 2013 the EU remained Singapore's most important trading partner for services, accounting for 18.1% of Singapore's imports of services – compared to 15.6% for the US and 5% for ASEAN – and 13.3% of Singapore's exports of services – compared to 11.8% for the US and 10.0% for ASEAN.

The EU's imports of services from Singapore were concentrated in a few sectors, namely transport services €5.0 billion (or 38.5% of total services imports), business services €3.7 billion (or 27.9% of total services imports) and financial services €2.1 billion (or 15.8% of total services imports). The EU's exports of services to Singapore were also dominated by transport services €4.8 billion (or 28.8% of total exports), business services €3.9 billion (23.7% of total exports) and royalties for the use of intellectual property €2.5 billion (15.0% of total exports).

TRADE IN SERVICES EU WITH SINGAPORE 2011-2013 (MIO €)⁽¹⁾

Manufacturing services on physical inputs owned by others
Maintenance and repair services n.i.e.
Transport
<i>Sea transport</i>
<i>Air transport</i>
<i>Other modes of transport</i>
Postal and courier services
Travel
Construction
Insurance and pension services
Financial services
Charges for the use of intellectual property
Telecommunications, computer, and information services
Other business services
Personal, cultural and recreational services
Government goods and services
Services not allocated

TOTAL

(1) 2011: EU-27. 2012 and 2013: EU-28.

DEBITS (IMPORTS)			CREDITS (EXPORTS)			NET (BALANCE)		
2011	2012	2013	2011	2012	2013	2011	2012	2013
84	108	85	336	264	234	252	156	149
88	92	167	230	192	245	141	100	77
4,192	4,190	5,044	3,198	3,421	4,755	-994	-769	-289
2,749	2,591	3,241	2,462	2,615	3,911	-287	24	670
1,146	1,286	1,460	511	557	560	-636	-729	-899
287	300	335	200	191	224	-88	-109	-111
8	10	10	25	56	60	17	46	51
334	440	470	464	532	507	131	93	37
133	199	182	83	167	147	-50	-32	-35
87	118	57	370	238	375	283	120	319
1,546	1,337	2,067	1,327	1,419	1,605	-219	81	-462
1	76	460	3,375	1,849	2,472	3,374	1,773	2,012
542	622	741	1,535	2,021	1,943	993	1,399	1,202
3,860	3,892	3,661	2,698	3,261	3,914	-1,162	-632	253
48	54	44	76	149	129	29	95	85
73	150	125	33	28	36	-40	-122	-90
2	4	2	-	146	128	-2	143	126
10,998	11,292	13,115	13,750	13,743	16,550	2,753	2,450	3,435

EU-SINGAPORE BILATERAL INVESTMENT TIES

Over the years, the EU and Singapore have made important investments in each other's economies. The EU is the most significant source of Foreign Direct Investment (FDI) in Singapore, representing over 25% of total FDI stock in Singapore. In 2013, FDI stocks held by the EU in Singapore totalled €93.2 billion, or 2% of total EU FDI held abroad, making Singapore the 9th most important destination for EU investments

globally. Conversely, at the global level, Singapore is the 8th largest investor in the EU, with an investment stock of €43.7 billion at the end of 2013. This makes Singapore the largest investor in the EU from ASEAN and the third largest investor in Asia, behind Japan and China. Singapore also holds more FDI from the EU than Japan and has invested more in the EU than Russia.

FDI STOCK HELD BY THE EU ABROAD, 2013

PARTNER COUNTRY	STOCKS HELD BY EU (€bn)	SHARE %
1 United States	1,686.5	34.4
2 Switzerland	667.1	13.6
3 Brazil	272.2	5.6
4 Canada	225.2	4.6
5 China	216.2	4.4
6 Russia	154.8	3.2
7 Australia	122.1	2.5
8 Mexico	102.3	2.1
9 Singapore	93.2	1.9
10 Japan	78.9	1.6
TOTAL	4,900	100.0

FDI STOCK HELD BY THE REST OF THE WORLD IN THE EU, 2013

PARTNER COUNTRY	STOCKS HELD BY PARTNER COUNTRY (€bn)	SHARE %
1 United States	1,651.6	43.7
2 Switzerland	430.8	11.4
3 Japan	160.5	4.2
4 Canada	117.0	3.1
5 China	71.7	1.9
6 Norway	68.7	1.8
7 Brazil	58.2	1.5
8 Singapore	43.7	1.2
9 Russia	36.2	1.0
10 Israel	30.7	0.8
TOTAL	3,778	100.0

INVESTMENT PROTECTION IN THE EUSFTA

The Chapter on Investment Protection introduces important innovations, ensuring a high level of investment protection while preserving the EU and Singapore's right to regulate and pursue legitimate public policy objectives such as the protection of health, safety, or the environment. These provisions not only set the basis for enhanced trade and investment relations between the EU and Singapore, but lead the way for the entire Southeast Asia region.

Many improvements are not present in the 12 Bilateral Investment Treaties (BITs) currently in place between Singapore and a number of EU Member States. Existing bilateral BITs will eventually be replaced by the EUSFTA, which will clarify investment protection rules and standards and improve how investment disputes are settled. The table below offers a top-line analysis of the key provisions in the EUSFTA.

INVESTMENT STANDARDS

Right to regulate	Made explicit in the Preamble, with a specific reference to public policy objectives
Fair and Equitable Treatment	A closed list of state behaviour that can constitute a violation (like denial of justice or arbitrariness)
Indirect expropriation	Annex containing guidance, including various safeguards against abuses

ISDS

Transparency	Full transparency
Choice of arbitrators	Disputing parties –if no agreement Parties use pre-established roster (EU and Singapore)
Ethics of arbitrators	Detailed and binding Code of Conduct – policed by independent actor
Prevention of fraudulent or manipulative claims	Explicit rules against abusive claims
Parallel claims	Prohibited
Party control	Binding interpretations + submissions in all proceedings
Costs	Loser pays
Appellate mechanism	Possibility to develop

INVESTMENT HIGHLIGHTS 2014 – SINGAPORE INVESTMENTS IN THE EU

As testament to Singapore's confidence in the recovery and long-term prospects of the EU, 2014 saw the City-State make an important number of investments in Europe. Figures from GIC, one of Singapore's Sovereign Wealth Funds (SWF), indicate that it increased its exposure in Europe considerably, with over 30 deals in the period 2013-2014, including a €300 million investment in real estate in Italy and Spain.

In 2014, Temasek, Singapore's other SWF, also increased its focus on Europe by opening an office in the United Kingdom from which to support and expand its investment interests. While Temasek is already an important investor in Europe – with participations in investments in Repsol; Evonik Industries AG; Standard Chartered; AS Watson; Lloyds Banking Group and Markit Group – it also invested over €500 million in a financial services group based in the Netherlands and a British peer-to-peer lender.

Other significant investments made by Singapore-based companies in 2014 include deals in the hospitality industry (with €107 million in hotel acquisitions in Germany and Denmark) and the acquisition of a data centre in the Netherlands by Keppel's telecommunications and transport unit.





INVESTMENT HIGHLIGHTS 2014 – EU INVESTMENTS IN SINGAPORE

In 2014, European companies reaffirmed their long-standing commitment to Singapore. Important commitments include an investment of over €20 million by a leading German transport and logistic company (DHL) in a new facility located within the Changi Airfreight centre, set to be concluded in 2016.

French telecommunications company Alcatel-Lucent also signed a contract in 2014 with South East Asia-Middle East-Western Europe 5 (SEA-ME-WE 5) a consortium of 15 leading telecommunications operators to create an under-sea cable system. With a system capacity of 24 Tbps, the SEA-ME-WE 5 system will span 20,000 km connecting 17 countries from Singapore to the Middle East to France and Italy, delivering ultra-broadband capacity and faster access to consumers and businesses.

European companies in a number of other sectors also announced the establishment of new regional headquarters in the City-State, including major investments by leading Dutch health and wellbeing company (Philips) and a large French ophthalmic optics company (Essilor), which opened a new HQ and innovation facility.

EU BUSINESS AVENUES: PARTNERING GROWTH IN SOUTHEAST ASIA

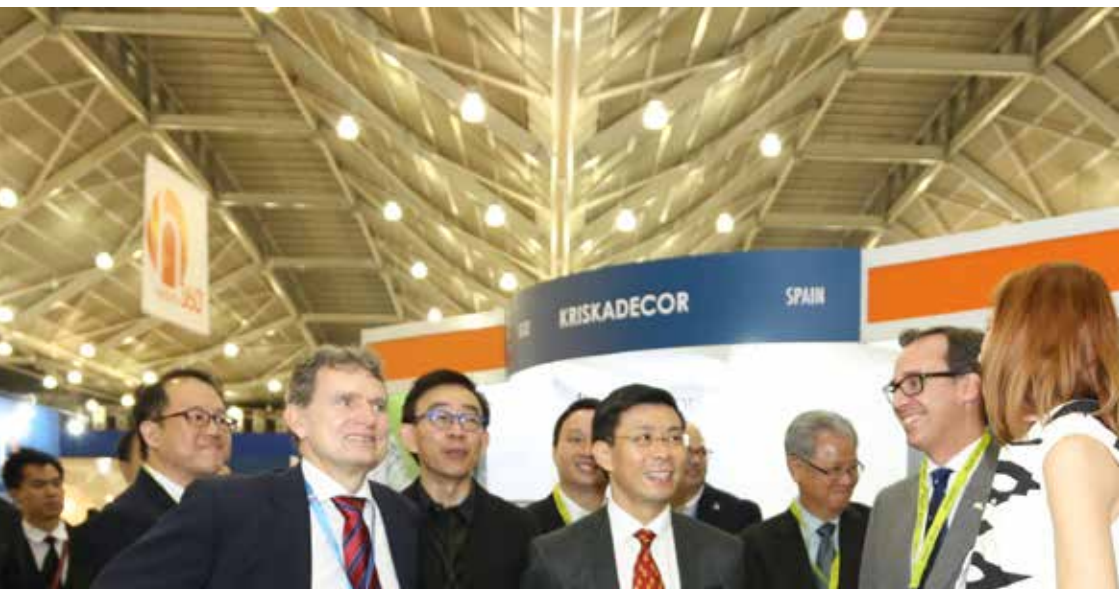


OPENING CEREMONY OF EU BUSINESS AVENUES TO SOUTHEAST ASIA ON 27 OCTOBER 2014 IN SINGAPORE

The importance of SMEs to the EU cannot be overstated. SMEs form the backbone of the EU's domestic economy and play a key role in the EU's trade performance. For instance, the EU has over 600,000 exporting SMEs – over 80% of the total number of EU exporting firms – accounting for about €500 billion or 1/3 of total extra-EU exports and employing over 6 million people across the continent. However, despite exporting SMEs representing a large share of total exporting enterprises, they constitute a small share of the millions of existing SMEs in the EU.

This is why, as part of its overall competitiveness strategy to support SMEs' economic activities outside the EU and in view of mobilizing their untapped export potential, in 2014 the EU launched the Business Avenues to Southeast Asia programme.

EU Business Avenues to Southeast Asia is a business support programme built on the successful EU Gateway model. Over the past 20 years, the EU Gateway to Japan and Korea has accompanied more than 3000 EU SMEs in the lifestyle, fashion, healthcare, environment, energy, construction and building related sectors to these countries. EU Gateway has resulted in significant new business collaborations and revenue growth for both European SMEs and local partners, with ex-post evaluations showing that for every €1 invested in the programme, EU companies got €5 back in extra revenue, within one year. Over the coming years, Business Avenues will look to replicate this success in Southeast Asia.



EU AMBASSADOR DR MICHAEL PULCH, AMBASSADOR OF SWEDEN MR HAKAN JEVRELL AND SENIOR MINISTER OF STATE MR LEE YI SHYAN AT EUROPEAN DESIGN 2015

During the pilot phase of the programme (March 2014 to October 2015) Business Avenues brought over 100 SMEs from across the European Union (EU) to Singapore, Malaysia and Vietnam to showcase a broad range of technologies, services and products in a bid to explore new business opportunities. Focusing on Clean Technologies (including energy and water management software, advanced materials for construction and green building applications and waste management technologies) and home décor (small furnishings, contemporary furniture and premium lighting, bathroom and home accessories) the pilot programme will be followed by a full-fledged 5 year business support programme that will bring 1000 European SMEs in a number of different sectors to the region between 2016-2020.

In a way, the inauguration of this programme marks the maturity of the ASEAN region as an important export market. As the regional 'hub' for Clean Technologies and premium 'home décor' products, Singapore was chosen as the entry point from which to extend to neighbouring countries. Companies participating in the future Business Avenues programme will also have the option of travelling to Indonesia, Malaysia, Philippines, Thailand and Vietnam to explore additional business opportunities in these emerging economies and to team up with local businesses to establish lasting partnerships for growth.

