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S'pore-EU free trade pact likely in next few months

Areas of concessions and compromises identified: EU envoy

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(SINGAPORE) Negotiations for a landmark free trade agreement (FTA) between Singapore and the European Union (EU) are well on track and a deal is expected to be reached in the next few months.



Mr Ungeheuer: Aims to see through the FTA and help wrap up PCA negotiations within the coming months

This was revealed by the new ambassador and head of the EU delegation to Singapore, Marc Albert Ungeheuer, who said that 'steady progress' was made after both sides concluded a fruitful fifth round of negotiations late last month.

Singapore is the first Asean country with which the 27-member EU launched bilateral FTA negotiations. Talks for an ambitious and comprehensive agreement kicked off in Singapore last March as both parties aim to iron out a deal that would benefit businesses and strengthen economic relations.

'We have identified two or three areas where both sides will have to make some concessions and compromises, but overall the (latest round of) talks went very well and we are on schedule,' said Mr Ungeheuer in an interview with BT, his first with a Singapore newspaper since assuming his posting here in January.

When asked what his top priorities were for his four-year term in Singapore, Mr Ungeheuer said it would be to see through the FTA as well as help wrap up the ongoing Singapore- EU Partnership and Cooperation Agreement (PCA) negotiations within the coming months.

A PCA is a comprehensive agreement on bilateral and multilateral cooperation ranging from politics, economics, trade and investment to other areas such as tourism, energy and environment.

Official figures show that in 2009, the EU was Singapore's largest trading partner with bilateral trade reaching S\$87 billion. This figure accounted for 11.6 per cent of Singapore's total external trade, putting the EU ahead of China, the United States and other Asean countries including Malaysia.

Asean, too, is moving towards an EU-style integration with its plan to integrate itself into a single market by 2015. This, said Mr Ungeheuer, is something that the EU has supported and will continue to support.

'This is important for Asean's economic development. While Asean will go its own way, (the EU) can serve as an inspiration and we are open to exchange experiences,' he said.

While the EU has been sealing individual FTAs across South-east Asia, the 'ultimate goal', said Mr Ungeheuer, is still to reach a region-wide trade deal between the EU and the 10-member Asean bloc in the future.

'We wanted to negotiate an FTA with Asean in the past, but this did not succeed. But I'm very optimistic that it can happen next time,' he said. 'The Singapore-EU FTA can be a building block for future deals, both bilateral and regional.'

Looking beyond enhancing relations with Asia, Mr Ungeheuer said it was crucial for the eurozone to bounce back strongly from the recent debt crisis and strengthen the regulatory frameworks of the continent's financial markets.

'The EU took decisive action by reinforcing its growth and stability, having more coordination on fiscal policies, (and imposing) sanctions if one member went too much in deficit,' he said. 'The EU has taken the necessary steps and we will come out stronger and better prepared for the next financial crisis.'

As far as the Singaporean investors' confidence in Europe is concerned, Mr Ungeheuer was upbeat.

'The Government of Singapore Investment Corp has recently invested in bonds of the European Financial Stability Facility,' he noted, referring to GIC's announcement last month that it had bought some of the European debt issued to finance Ireland's bailout.

'I think that's the best sign when Singapore's own sovereign wealth fund has shown they still have confidence in Europe,' said Mr Ungeheuer.

'There's a very strong political commitment of all the European leaders to never abandon the euro. The euro is one of the biggest achievements of the EU, and nobody doubts (the currency's) survival any more,' he added.

'(The EU) will come out stronger, although it might take one or two years before our growth reaches the same levels as before.'