

## **EU-Singapore trade and investment agreement**

### **Connecting regions, creating opportunities**

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Singapore, 16 November 2018

#### *[Singapore as symbol of open trade]*

- It is always humbling, as a trade official, to set foot in Singapore. Few places symbolise the benefits of trade and investment like Singapore.
- Singapore sits at the crossroads of trade routes that have been active for millennia, and is still at the centre of new ones being developed.
- Its decision to embrace openness and globalisation has transformed a city-state without natural resources into one of the most prosperous countries in the world. Suffice to take a walk around the city to appreciate this.
- That openness has attracted investment, and brought over 10,000 EU businesses to Singapore. With them, Singapore has welcomed many Europeans that have made home here.
- The port, which I had the occasion to visit during an earlier visit, is the world's second busiest, and its biggest trans-shipment hub. And I see that Singapore is expanding it even further. If its magnitude is already

breath-taking, it is more to learn that every year 140,000 vessels transport through Singapore enough cargo containers to stretch halfway to the moon.

- Then, Changi Airport handles enough passengers a year to populate my home country five and a half times over and has become a hub to the Asia-Pacific region.
- Its dynamism and openness have helped Singapore develop and its people prosper; and Singapore has become a model of development, particularly of economic transformation, for many countries in the region, big and small.
- And of course, Singapore is also a prime example of how trade and sustainable development can, and should, go hand in hand.

*[same as the EU...]*

- The EU, like Singapore, is also based on the idea of embracing openness. It has served us well in the past, and it can still shine a light on the way forward when facing the issues of today.
- While the European project is going through turbulence (as indeed the rest of the world), it is always good to remember where we took off from, how far we have travelled and where we are heading.

- It was last year that we celebrated the 60<sup>th</sup> anniversary of the Treaty of Rome; the Treaty that set the foundations of today's European Union.
- In the aftermath of a war that had devastated half of Europe, the underlying principles of the Treaty were simple:
  - ...we are better off when we work together;
  - ...cultural and economic differences need not stand in the way of the shared objective of prosperity;
  - ...closer commercial relations would bring, not just economic growth, but also peace,
  - ...and European unity would make us stronger on the world stage.
- Much has changed since 1957, but these principles have stayed the same and have allowed us to prove that free and fair trade, openness and a rules-based international order are the only viable way to prosperity.

### *[EU trade agenda]*

- With this in mind, the EU (not unlike Singapore) has been pursuing a very ambitious trade and investment agenda during the past years.
- And while there has been some disappointment around the uncertainty of our trade partnership across the Atlantic, the EU has doubled down in

advancing its own trade agenda with partners around the world, with a very clear focus in the Asia-Pacific region.

- The Asia-Pacific region is central to EU's trade policy. This is logical – our bilateral trade is booming, and degree of our integration in global value chains is extraordinary. From machinery to food to chemicals, the Asia-Pacific is an important market for EU exports and investments, and vice versa. And its importance can only increase, as over the next years, much of the global growth will occur here, in Asia, and the continent is becoming a hub of innovation.
- Following the FTA with South Korea (entered into force in 2011), others have followed with Canada, Japan, Singapore, Vietnam, and more recently Mexico.
- Then, we have also negotiations at different stages with Mercosur, Chile, Australia, New Zealand, and with all big ASEAN economies.

### ***[Importance of EU- Singapore agreements]***

- To this regard, the trade and investment agreements with Singapore have both to be seen in the bilateral context and in the wider one.
- The benefits of the agreements are many and unquestionable:  
  
...tariffs on Singapore's exports to the EU will be removed in full: in the first year, for 84% of products, and in the fifth year for 100%;

...it will cut the non-tariff and regulatory barriers that get in the way of exports for cars, pharmaceuticals, electronics or renewables;

...it will also offer better access to service and procurement markets;

...and with this, create opportunities for businesses and individuals on both sides.

- And this is important because Singapore is among our top 20 trading partners for goods, top 5 trading partners for services, and top 10 partner in foreign direct investment. And trade and investment flows between the EU and Singapore continue to grow.
- Yet, Singapore is much more than a privileged bilateral trade and investment partner to the EU; it is also the beating commercial heart of the Southeast Asian region.

### *[Shaping globalisation together]*

- In this sense, the EU-Singapore agreements, constitute a sort of North Star for our negotiations with other ASEAN member states.
- The agreements with Singapore guide us in our negotiations with countries such as Indonesia, but also in our future negotiations with ASEAN as a block.

- And these agreements will also help promote integration and the further development of value chains within the region.
- But - as important perhaps as their economic benefits – is the message that the EU-Singapore agreements give to the rest of the world. This message is that the EU and its friends are coming together to:
  - shape globalisation,
  - stand up for open trade,
  - and to agree on a rule book that's fair and works for everyone.
- Allow me to underline two elements I find of particular importance as regards this last point.

### *[Values agenda]*

- For the past years, the EU has been strengthening the values dimension of its trade policy.
- We have been doing so through a variety of trade policy instruments. Our values agenda is thus very prominent in our bilateral agreements.
- The FTA between the EU and Singapore contains a comprehensive trade and sustainable development chapter that:
  - ...includes obligations in relation to international conventions on workers' rights and the environment;

...covers areas like biodiversity, eco-labelling, and corporate and social responsibility;

...and gives a strong role to EU and Singaporean civil society groups in making sure that the commitments made in the FTA are put into practice.

- These are all elements we consider essential for the stability and sustainability of our trade relations with partners.

### *[Investment protection reform]*

- The second element I wanted to point at is investment protection. As you know, together with the FTA, we have negotiated an investment protection agreement.
- Investment protection is an area we have been working on intensely for the past few years in the EU. This work has led to a comprehensive reform of investment protection policy-making in the EU.
- We have been working together with our partners on this reform and I am very pleased that the investment protection agreement between the EU and Singapore (that will replace over a dozen BITs between EU MS and Singapore) contains all the key elements of the new approach.
- First, the new approach has brought the overhaul of investor-to-state dispute resolution mechanisms. Our civil society had raised serious

questions about the traditional system of private investment arbitration. This now has been replaced by an investment court system that operates more like a domestic or international court, with judges, greater transparency of proceedings and possibility of appeal.

- Together with the reform of investment dispute resolution mechanisms, we have also worked hard to make sure that our investment protection agreements:

...lay down clear and developed standards and rules for the protection of investment, so as to prevent abuses;

...fully safeguard governments' right to make new laws to protect health, environment or other public interests;

### ***[Conclusion]***

- The trade and investment agreements with Singapore are thus progressive, modern agreements, that have been negotiated with the involvement, and listening to, civil society and stakeholders on both sides.
- This is why we are confident that they will bring benefits to both our societies and bring the EU and Singapore closer.
- We expect the FTA to enter into force in the first half of 2019 so that we can enter a new area in our bilateral relationship.

- The EU has always found in Singapore a strong, likeminded partner with whom to work together, stand up and show leadership and these agreements are in a sense the living proof of it.

Thank you.