

AN INFORMAL OVERVIEW OVER THE CONTENT OF THE EU-SINGAPORE FTA

20 SEPTEMBER 2013

This summary is intended to give an informal overview of some of the key elements in the EU-Singapore Free Trade Agreement (EUSFTA), as initialled on 20 September 2013 by the respective chief negotiators. The draft EUSFTA will now be submitted to both sides' political authorities for approval. This summary is without prejudice to further developments, including in the area of investment protection in which negotiations are on-going. Only the final text of the agreement as approved and published sets out the content of the EUSFTA authoritatively.

A comprehensive trade agreement like the EU-Singapore FTA sets out to establish a free trade area between the negotiating parties. This decision to create a free trade area is generally underpinned by a number of policy objectives. The prime objective is, of course, to create new opportunities for businesses from both sides. FTA partners therefore negotiate new commitments on market access either through the liberalisation of services, investment and procurement markets, or the removal of tariff or non-tariff (i.e. regulatory or technical) barriers to trade.

Trade in Services

For many sectors, Singapore is the main services hub in Southeast Asia and many EU services providers also operate from Singapore across the region. As a result, Singapore accounts for more than half of all EU-ASEAN trade in commercial services.

Singapore has pursued a strategy of gradually opening many of its services sectors to international competition. Singapore's 2004 FTA with the United States ("USSFTA") already contains ambitious commitments for many services sectors. Given that the EU also has an important and sophisticated services industry, which sees substantial further business opportunities in Singapore as well as in the wider region, comprehensive liberalisation of many services segments is a key pillar for the EUSFTA. In the EU-Korea FTA the EU committed itself to the liberalisation of a wide range of services sectors on a preferential basis and so Singapore had an interest in obtaining a similar level of access.

The Commission sought at least the same as Singapore's best current commitments and additionally obtained valuable new commitments in a range of sectors: telecommunications, environmental services, financial services, engineering and architectural services, postal services, maritime transport, and computer services.

Singapore, for its part, sought and obtained commitments from the EU comparable to those granted by the EU in its ambitious and comprehensive FTA with Korea. Such commitments give Singaporean services providers the highest level of access to the EU's large services market available to any Asian country. When measuring these EU commitments against its current multilateral commitments as set out in the 1994 WTO General Agreement on Trade in Services (GATS), the EUSFTA substantially expands EU commitments for Singaporean operators in a broad range of business sectors. This includes telecommunications services, financial services, computer services, transport services,

environmental services as well as certain business services. In the EUSFTA, the EU has also gone beyond commitments in the EU-Korea FTA in a few areas, such as on postal services.

As for its part, Singapore has entered unqualified commitments (i.e. without sectoral limitations) in the EUSFTA in an unusually large number of services sectors and sub-sectors and this for the three main modes of supply (Table 1). These commitments are designed to ensure that EU services providers get the best possible access to Singapore's services market, and to help them operate on a level playing field with domestic competitors.

As for the financial services sector, it is a key pillar of Singapore's economy, and many European financial institutions have a presence – sometimes quite significant – in Singapore. Some EU banks use Singapore as their regional headquarters, not only for their operations in Southeast Asia, but for all of Asia in some market segments. Yet, compared to other parts of its economy, Singapore's banking market is tightly regulated, especially retail banking. This in part corresponds to the situation in most countries, including the EU, where stringent prudential requirements are applied. That being said, Singapore has undertaken comprehensive commitments in the financial services sector in the EUSFTA, thus setting a good benchmark for other countries in the region.

Financial institutions from the EU are active in a range of business activities in Singapore, including wealth management, wholesale and investment banking, insurance and re-insurance, or securities trading. In those sectors, the EU obtained commitments which are at least on par with what its global competitors obtained. As for Singapore's retail banking market, which is subject to particularly tight restrictions, the currently licenced EU banks will be able to double, under certain conditions, their number of customer locations. No restrictions apply as to the number of operators allowed in the more important segments of Singapore's financial services market relating to insurance, wholesale (where an additional location will be granted to EU operators) and merchant banking.

Elsewhere, the EUSFTA prohibits limitations, such as equity caps, to establishment in most non-services sectors, notably manufacturing. From a market access point of view, European manufacturers will remain unhampered, should they wish to set up factories in Singapore and retain full control of their operations.

The sector-specific rules of the EUSFTA are accompanied by disciplines on non-discrimination and transparency so as to create predictability and a level playing field in key sectors. Many of these rules reflect important elements of the EU *acquis* and advanced disciplines discussed in the WTO. For example, the rules governing trade in telecommunication services for both sides provide detailed provisions on issues such as interconnection, unbundling, co-location, resale, number portability, leased circuits, submarine cables, universal service obligations, as well as competitive safeguards and dispute resolution. Similarly, the rules pertaining to the postal sector contain guarantees for the independence of the regulator and prohibit anti-competitive practices in a sector typically dominated by large incumbents.

As a novelty for both the EU and Singapore, the EUSFTA also ensures in a cross-cutting manner that licensing requirements are not used to obstruct market entry. This is an important element for the EU, especially when looking at the regional context. The agreement also sets out detailed procedures aiming at mutually recognising professionals of both sides.

All in all, the services chapter is set to become a new benchmark in services negotiations. It will provide a valuable point of reference for the EU's other negotiations in Asia.

Trade in Goods

The centrepiece of all free trade agreements is the reduction, if not elimination, of all import duties levied on trade between the parties to an FTA (a). In addition, modern FTAs address a range of technical barriers to trade (b), including for products of animal or plant origin (d), all of which can be important obstacles to commerce. Another feature of the EUSFTA relevant to trade in goods are its rules to facilitate trade via more efficient customs procedures (c).

(a) Tariffs and rules of origin

WTO rules stipulate that in order for a free trade area to qualify for the exemption from the general WTO "most favoured nation" principle, the agreement should eliminate duties and other restrictive regulations of commerce on "substantially all trade between the constituent territories in products originating in such territories" (Article XXIV(8)(a)(i) GATT).

This is a benchmark which the EUSFTA easily meets: both parties have agreed to eliminate virtually all **tariffs** at the latest five years after the entry into force of the FTA. The EU will thus eliminate its tariffs on the basis of similar parameters as those agreed in the EU-Korea FTA.

Today, already more than half of EU imports from Singapore enter the EU free of import duties. This comparatively high figure can be explained by the fact that a good proportion of Singapore's exports to the EU is concentrated in sectors subject to special sectorial WTO tariff elimination agreements. Under the EUSFTA, the EU commits itself to eliminate tariffs on three quarters of all imports from Singapore immediately, and on virtually all other goods over a three- or five-year transition period.

To this effect, goods are classified into four categories: (i) tariffs fully eliminated upon the entry into force of the agreement; (ii) tariffs eliminated after three years; (iii) tariffs eliminated after five years, and (iv) products which are excluded from tariff elimination. Tariffs which are eliminated after a transition period (i.e. categories ii and iii) will be progressively reduced during that period.

In contrast, the point of departure for Singapore's tariff liberalisation is a different one. On the one hand, Singapore already autonomously applies zero MFN duties on the vast majority of imports, be they industrial, agricultural or fisheries products. For most products, Singapore has chosen to do so unilaterally, as part of their national development strategy as an open economy. On the other hand, about a third of all tariff lines in Singapore have not been bound at the WTO and for those tariffs which are bound at the WTO, these are normally bound at a significantly higher level than their current level of application. In particular, this applies to many manufacturing sectors of high interest to EU exporters. Without the agreement, Singapore could at any moment increase their tariffs applied on those goods to the levels bound multilaterally.

Moreover, under the EUSFTA, Singapore not only fully binds its current level of tariff free access for EU exporters it also eliminates all its remaining tariffs on certain alcoholic beverages, including beer.

Having appropriate **rules of origin** is part and parcel of any free trade agreement leading to a preferential reduction of tariffs. In today's global economy, many sectors are characterised by

successive steps of production organised in international value chains. As a result, final products are composed of components and inputs coming from various sources. It is important, therefore, to distinguish those goods which qualify for the preferences agreed in an FTA (because they 'originate' in the country in question), from those goods which do not. The rules of origin agreed in an FTA establish the parameters to determine which goods can be considered as "originating".

In the interest of cutting red tape, the EUSFTA uses rules of origin which have been simplified compared to earlier agreements, so as to further facilitate trade. The rules are also in line with the on-going modernisation of the EU's preferential rules of origin and will thus be familiar to European exporters.

With this in mind, the rules of origin in the EUSFTA also take into account the supply patterns of today's economies in two ways:

- first of all, the rules strike a prudent balance: on the one hand, they leave companies some degree of flexibility to source some of their parts elsewhere, which is a crucial element to preserve companies' international competitiveness. On the other hand, the agreed rules of origin establish with sufficient clarity the minimum conditions which have to be met to qualify for preferences under the FTA.
- Secondly, the EUSFTA acknowledges the fact that Singapore's economy – and that includes the many EU subsidiaries set up in the region – is well integrated into supply chains across the ASEAN region. The EUSFTA therefore contains a short list of tariff lines for manufactured products for which some degree of cumulation of origin inside the ASEAN region will be allowed. The principles governing this limited cumulation are similar to those applied – on a much wider scale – under the EU's GSP regulation, from which most ASEAN countries currently benefit. Moreover, once the EU has concluded additional FTAs with other ASEAN countries, a more wide-ranging regional ASEAN cumulation will be allowed between those FTA partners and the EU.

(b) Non-tariff barriers – Technical Barriers to Trade (TBT)

The Chapter on Technical Barriers to Trade (TBT) in the EUSFTA contains cross-cutting rules to address certain technical barriers to trade. These rules are based on the relevant provisions in the WTO TBT Agreement, and go beyond these provisions in some respects. In particular the EUSFTA contains WTO-plus rules on marking and labelling, which are particularly important, since such requirements can in some cases represent almost insurmountable barriers to entry.

Moreover, the EUSFTA contains sectoral disciplines which address a number of non-tariff barriers in several of the key EU export sectors:

- (i) According to the rules on **motor vehicles**, Singapore will recognise current EU standards and testing on cars and car parts. This is based on the assumption that cars which are safe to drive on European streets will not be unsafe on Singaporean ones. Looking beyond Singapore, the text also recognises that the car standards used in Europe are the relevant international standards.

Case Study 1: Motor vehicles

The European automotive industry – vehicle manufacturers, suppliers and aftermarket – is a key sector for the European economy, providing over 12 million jobs and a positive contribution to the trade balance of around €90 billion (in 2011), which is essential for continued European prosperity.

Searching for new sources of demand, the European motor vehicles industry is now looking with increasing interest to the car markets in Southeast Asia. These are currently dominated by cars produced in the wider region. The EU market share for both passenger cars and commercial vehicles, whilst relatively high in Singapore (+/- 40%), is stated to be small in most other ASEAN countries, usually between 1% and 5%. The combination of a low current market share, high current import barriers (which could be substantially reduced, if not eliminated, by the EU's FTA negotiations with other ASEAN countries) as well as a rapidly growing middle class indicate a high potential for further sales expansion.

Typical barriers to EU exports of cars can be both high tariffs, as they are still today found in many ASEAN countries, as well as technical regulations. The latter either prescribe standards different from the UN ECE regulations used in the EU or, whilst being based on similar standards, do not recognise international type approvals or require additional testing and certification. Meeting these tariff and regulatory requirements can easily double the price of a car made in Europe when sold in Asia.

Under the FTA, Singapore agrees to accept the UNECE Regulations used in the EU and elsewhere, as well as the relevant testing results and type approvals from the EU, with respect to both cars and car parts. Importers of new cars or car parts are thereby relieved of the need to test cars or parts again when they are imported into Singapore.

Moreover, during the course of the FTA negotiations Singapore also announced a change in its so-called "green rebate" programme promoting the purchase of environmentally friendly cars. In the past, such a rebate was only available to cars with specific propulsion technologies (electric or hybrid), but did not cover the latest generation of other environmentally friendly vehicles even if these presented a similar, if not better, environmental balance as the subsidised technologies. The revised green rebate programme is now also available to the cleaner combustion engines made in the EU and can bring a cost advantage of up to €12,000 per car, according to industry calculations.

- (ii) The sectoral rules on **electronics** will facilitate trade by removing red tape arising from double testing of certain products. The parties to the EUSFTA have agreed to gradually replace mandatory third party testing with lighter forms of conformity assessment (such as the supplier's declaration of conformity, i.e. the system prevalent in the EU), to the extent that this is compatible with consumer safety, health and environmental concerns. Singapore will review its list of products still requiring third party testing with a view to its progressive reduction.

Case Study 2: Avoiding double testing for electrical and electronic products

Cumbersome testing and certification requirements for electrical and electronic products, such as washing machines or TV sets, can considerably increase the cost of market entry, and thus pose potentially powerful barriers to trade. This applies all the more to comparatively small markets where economies of scale are more difficult to attain.

This has been recognised inside the EU's internal market and has led the EU to replace mandatory third party testing with suppliers' declaration of conformity for many consumer and industrial products. The EU is today actively promoting the concept of using suppliers' declarations of conformity elsewhere as a means to facilitate trade, both multilaterally in the WTO as well as bilaterally in FTAs. The FTAs with Korea and Singapore are good examples of this approach.

In the EUSFTA, Singapore has agreed to remove a first batch of consumer electronics products from the list of products for which third party certification has so far been mandatory. This first step applies to a number of product groups including certain TV sets, water heaters, and air conditioners. This move is based on the conviction that what is safe for consumers in Europe should generally also be safe for consumers elsewhere.

Singapore will also conduct regular risk assessments for other items remaining on the list of products subject to mandatory third party testing for the time being. These assessments will ascertain whether the continued recourse to mandatory third party testing for those products is still required by public safety concerns. If not, these products would also be subject to a more trade facilitative regulatory regime.

It is estimated that the current cost of certifying compliance with applicable rules in Singapore is in the range of €1,800-3,100 per product, plus an administrative registration fee of S\$180 (€110) plus tax. Simulations with a simple partial equilibrium model show that removing third party testing for this first batch of products at the entry into force of the agreement has the potential of increasing bilateral exports by an additional €0.4 million to €1.3 million in the first year of FTA application. This amount can grow considerably once third party testing requirements are removed for additional products.

(iii) The EUSFTA will enhance transparency in the way authorities set the prices of **pharmaceuticals**. As a result, operators from both sides will be better equipped to understand, and if needed challenge, the authorities' decisions on pricing and reimbursement.

(iv) As a novelty, the EUSFTA contains rules to facilitate trade and investment in **equipment to generate renewable energy**. The EUSFTA ensures that suppliers from both parties will get equal treatment and thus prohibits a party from granting preferences (for example via local content rules, a common phenomenon in the region) to its local suppliers. These sectoral rules also promote the international acceptance of technical standards and Singapore will accept without further requirements EU declarations of conformity or test reports for the purpose of placing such equipment on its market. The EU, for its part, will accept suppliers' declarations of conformity under the same terms as from European suppliers.

(c) *Customs*

Singapore's port is a major transit point for imports and exports travelling between Europe and East Asia. EU exporters in a number of sectors have also set up distribution centres in Singapore's harbour area from where they serve the wider region. Therefore, both sides share an interest in the efficiency of customs procedures.

To this effect, the FTA chapter on Customs and Trade Facilitation addresses key principles for the simplification, harmonisation, standardisation and modernisation of trade procedures. It seeks to reduce trade transaction costs at the interface between business and customs administrations and will provide a valuable benchmark for similar chapters with other FTA partners in the region.

At the same time, the importance of trade between the EU and Singapore also requires both sides to be vigilant about the safety and security of legitimate trade. The EUSFTA therefore contains initiatives to bolster supply chain security through strengthened cooperation. In particular, the EUSFTA envisages steps towards the mutual recognition of trade partnership programmes such as under the consolidated EU programme for 'Authorised Economic Operators' (AEO).

(d) Non-tariff barriers – Sanitary and Phytosanitary measures (SPS)

The removal of non-tariff barriers to trade is also relevant to raw or processed products of animal origin (e.g. meat and meat products) and of plant origin (e.g. fruits and vegetables). These product groups include food and feed products which are of course particularly sensitive to human, animal and plant life and health. As a result, most jurisdictions in the world, including the EU and Singapore, put laws and procedures in place, i.e. *sanitary and phytosanitary* (SPS) measures, in a particularly stringent manner.

Whilst this is legitimate, normally in line with relevant WTO rules and based on international standards and science, these rules are also potent barriers to trade. Often SPS measures can amount to a *de facto* import ban of products which are deemed perfectly safe for consumption elsewhere. Moreover, in some cases the procedures for approval of countries or products – to demonstrate that imported products are safe – can be so lengthy and unnecessarily complicated that the cost of compliance can be prohibitive for individual companies to bear.

To facilitate trade, while respecting the necessary levels of protection of importing countries, the EUSFTA establishes, especially for products of animal origin, that Singapore will update its import approval procedures. Currently, Singapore for most Member States applies a costly and burdensome system, especially for SMEs, of authorising imports on an establishment-by-establishment basis.

In the future, on the basis of its SPS import requirements, Singapore will switch to an evaluation of the performance of the inspection and certification systems put in place by the respective competent authorities of EU Member States. To some extent this reflects Singapore's current approach towards meat exports from a minority of EU Member States.

Case Study 3: Facilitating exports of products of animal origin (e.g. meat) on the basis of evaluations of inspection and certification systems rather than of individual establishments

Under Singapore's current regime applicable to most EU Member States, each meat exporting establishment has to be inspected and approved individually by Singapore, and for each type of meat

product, separately. Singapore's Agri-Food and Veterinary Authority's (AVA) resources to carry out the required visits to exporting countries in a timely fashion are also limited. These resource constraints can de facto be a further bottleneck for a quick expansion of EU meat exports from a larger circle of approved establishment.

As a result of these limitations, there is currently only a limited number of EU meat processors authorised individually to sell meat products to Singapore. Especially for European SMEs, the cost of gaining such authorisation has usually been prohibitive. AVA's table of establishments from which meat exports are allowed into Singapore shows that currently only establishments from 13 of the EU's 28 Member States have been authorised to export one or the other product category.

The EUSFTA foresees an alternative regime, which guarantees a high level of safety in traded agri-food commodities in a resource and trade-friendly manner and respectful of parties rights and obligations under the WTO SPS Agreement. The adopted approach follows international standards on auditing, is non-discriminatory and transparent, and reduces disruptions to trade, whilst maintaining an appropriate level of sanitary protection.

Under the EUSFTA, Singapore will switch its approval system to auditing whether the relevant SPS inspection and certification systems in place in EU Member States are sufficient to comply with Singapore's high SPS level of protection.

Once AVA is satisfied that these audits have successfully been completed, all meat exporters from a given Member State are in principle eligible to export meat products to Singapore. The competent authorities of the Member States will have to continue ensuring that exporting establishments comply with all the relevant import requirements of Singapore and Singapore will retain the possibility of performing follow-up audits in EU Member States and import controls at Singapore borders.

Public Procurement

Both the EU and Singapore are members of the WTO Government Procurement Agreement (GPA). As such, the EU and Singapore have already taken substantial commitments on public tendering.

In the EU, the value of tenders advertised across all Member States (i.e. above the value "thresholds" commonly applied in the EU as well as in the EU's free trade agreements) was estimated at €420 billion in 2010. The Commission estimates Singapore's procurement market to amount to some €5 billion to €8 billion annually. As far as the (more narrow) coverage under the GPA is concerned, Singapore has notified the WTO that public contracts worth close to €3.5 billion were passed in 2010, the latest year for which GPA figures are available.

Under the EUSFTA, both sides have agreed to substantially expand their commitments. The EU has committed additional entities of central government as well as entities active in certain utilities sectors. This expansion alone is worth €10-12 billion in annual opportunities. The EU is also ready to cover more types of public services contracts compared to its existing commitment vis-à-vis Singapore in the GPA.

Singapore, for its part, has been ready to cover additional procuring entities under the EUSFTA in an unprecedented fashion, including key entities in certain utilities sectors. The Commission estimates

that in the EUSFTA, the coverage of Singaporean procurement entities has increased from about half of relevant entities to about three quarters. In addition, Singapore has significantly expanded the types of public service contracts to be covered by its commitments on transparency and non-discrimination.

Case Study 4: Public tendering opportunities in the utilities sector

Business opportunities available in public tendering are an important market for many exporters. In the utilities sectors such as water and environmental services, postal services, and transport networks, public tendering often represents the primary source of all business opportunities. Many leading utilities suppliers come from the EU.

The EU has already covered substantial tendering opportunities in the WTO GPA. Under the EUSFTA, the EU has expanded coverage – for the first time in a bilateral FTA – to new tendering opportunities in the railway procurement market. Singapore, for its part, is covering – also for the first time – key procuring entities in the utilities sectors, such as the Public Utility Board, the National Environment Agency and the Energy Market Authority.

In addition, it is worth noting that some of the largest public tenders in the utilities sectors are typically passed as 'public-private-partnerships' (PPP) or 'concessions'. Under such contracts, the revenue of the successful tenderer derives at least in part from the right to exploit a certain infrastructure (e.g. a toll bridge) for some time.

In the EUSFTA, both parties have agreed to cover valuable public works concessions as part of their commitments. Once the EU has finalised its current reform of the rules pertaining to public tendering of services concessions, both sides envisage expanding coverage commitments into that area as well.

According to data from Singapore's official website on tendering opportunities ("GeBIZ"), the newly added Singaporean entities passed contracts worth €446 million in the first seven months of 2013. Among these, one single public concession contract passed by the National Environment Agency accounts for more than a third of that amount (€183 million).

Additionally, the central government entities have allocated €4.3 million worth of public contracts with values falling between the old (GPA-based) and new (EUSFTA-based) procurement thresholds. The lower thresholds agreed in the FTA thus represent additional opportunities for European service and goods suppliers to tap into Singapore's relatively voluminous public purchasing market.

Also EU companies have successfully tendered for public contracts and concessions in the Singapore's utilities sectors. To name some recent examples, various EU companies:

- won a tender worth €770 million for the building of the Singapore Sports Hub, a modern complex including the new National Stadium, a new Indoor Stadium, an Aquatic Centre as well as a multi-purpose arena. This project is considered to be the world's largest sports infrastructure PPP;
- supplied a new air traffic control system worth several hundred million euros to Singapore's civil aviation authorities;

- won public contracts from Singapore's National Environment Agency for cleaning most of Singapore public roads and expressways;
- won a public contract to provide refuse collection and recycling services to more than one million residents of Singapore; and
- supplied track equipment and passenger trains to Singapore's subway system.

Protection of Intellectual Property, including Geographical Indications

Both the EU and Singapore rely on innovation as a driving force to support their economies and social systems. Both parties have already established modern systems for the protection of intellectual property rights in their territories. The EUSFTA consolidates this high level of protection and sets out basic rules on enforcement, including at the border. The EUSFTA does not, however, contain rules on criminal enforcement.

The EUSFTA provides for 70 years of copyright protection; a single equitable remuneration for producers of phonograms for broadcasting by wireless means and public performance; provisions on the protection of test data submitted to obtain an administrative marketing approval to put both the pharmaceutical and agrochemical data on the market and on border measures provision with an extended scope.

Both parties have also agreed to maintain or set up a register for the protection of geographical indications ("GI", such as *Champagne* or *Parma ham*). Such a register provides more transparency and certainty as to which GI are protected in a given jurisdiction and can thus alleviate the costs for GI right holders. The EUSFTA also establishes that such GI will enjoy a high level of protection, going in part beyond the rules contained in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). In particular, agri-food items in Singapore will enjoy the same level of protection as wines and spirits, a policy change which also corresponds to a key objective for the EU in talks at the WTO level.

In view of the agreed provisions, Singapore has already carried a public consultation on the first batch of 196 GI terms which the EU has put forward for initial protection in Singapore. However, the future GI register in Singapore, once up and running, will be open for additional GI applications as well.

Case Study 5: Geographical Indications

The EU has a long history of protecting its geographical indications (GI), such as *Bordeaux* wines, *Parma ham* or *Bayerisches Bier*. Consumers in third countries are also beginning to be aware of the quality of many European GIs and are increasingly ready to pay a premium price for such goods of higher quality.

As a result, GIs play an increasingly prominent role in EU trade: globally, it is estimated that in 2010, some €11.5 billion worth of GIs were sold outside the EU. Half of those exports were wines, followed by spirits and foodstuff GIs (such as cheeses, meat products, or primary products such as oranges or olives).

According to a recent study, Singapore accounted for EU GI sales in 2010 of some €830 million in 2010, making it the EU's number two global GI export market together with Switzerland, after the US. Even though it is fair to assume that a part of EU GI exports to Singapore are subsequently re-exported to other parts of Asia, the affluence of the consumer base in Singapore makes it a key market for certain GI products.

Singapore has so far only protected a small number of European GI as trademarks, but has not offered GI protection as such. Under the EUSFTA, Singapore agrees to set up a new register for GI protection, and to protect registered GI to a higher level. The EU has put forward a list of 196 GIs which it would like to see registered in Singapore under this new register. Those GI terms accepted for registration in Singapore would thus gain exclusive protection in Singapore's market. For example, certain distinctive European-named cheese, meat or beer products of non-European origin will no longer be sold in Singapore unless co-existence has been exceptionally granted.

The EUSFTA will reinforce Singapore's position as a key export destination for European GIs. Here, the higher substantive level of protection for some GIs will play a role, as will the facilitation of enforcement with the new GI register. Moreover, customs enforcement at the border will be extended to GIs, thus allowing a more efficient crackdown on counterfeit trade. This is particularly important for a transport hub like Singapore. As a result, GI exports to Singapore are set to flourish further.

Moreover, consumers will over time be increasingly able to recognise the GI label as a sign of quality and thus possibly willing to pay premium prices. Last but not least, the exclusive protection to be granted in the future by Singapore to certain GIs, such as Parma ham, will also considerably strengthen the market position of certain EU products and especially of certain meat and dairy products.

Case Study 6: Enhanced protection for Phonogram producers

The EU-Singapore FTA will also bring benefits to the music sector because it includes provisions on sound recording performance rights which are already familiar in the EU. According to industry estimates, these rights generated close to €1.4 billion in royalties globally in 2012 and are an increasingly important source of financing for music production. The performance rights included in the FTA will enable music producers to obtain broadcasting and performance royalties in Singapore and will encourage investment in the Singapore market and artists. They will also help Singapore producers to compete with neighbouring Malaysia and other countries that have these rights.

Singapore's Copyright Act currently does not provide for a provision equivalent to Article 15 of 1996 WIPO Performances and Phonograms Treaty (WPPT). This provision establishes the right of performers and phonogram producers to remuneration for broadcasting and communication to the public. This is a right that many countries in the world, including all EU countries, grant.

Within two years from the entry into force of the Agreement, Singapore will introduce into its legal system a provision granting producers of phonograms a right to be remunerated, for example, (a) when their sound recording is being broadcasted by radio including the playing of the broadcast in a

public place; (b) for playing of a sound recording in a public place such as a shopping mall; or (c) when a sound recording played in a radio broadcast is played over the internet.

General trade rules

The EUSFTA also contains a number of cross-cutting chapters which are intended to provide operators from both parties with a regulatory framework conducive to trade, and to ensure that companies benefit from the full range of commitments undertaken in the EUSFTA.

In particular, both sides are committed to a high level of transparency in rule making. They agree to give operators from the other side the possibility as a matter of principle to state their views on draft rules of general application before these are adopted.

Trade can only flourish to the benefit of both parties if there is a level playing field for operators from both sides. To this effect, the EUSFTA also contains a basic set of rules on competition, including on anti-trust matters and state aid. In particular, the agreement prohibits the most distortive forms of subsidies on goods and services and makes this prohibition enforceable in bilateral arbitration.

More generally, the effective enforcement of commitments undertaken is of interest to both sides. Therefore, they have agreed on a framework for the settling of any dispute which may arise in the implementation of the EUSFTA in an effective, expeditious but also transparent manner. Rulings from the bilateral arbitration panel can be obtained faster than under the relevant WTO Dispute Settlement system. In addition, the EUSFTA offers an alternative avenue to discuss for example different interpretations on technical barriers via the means of a mediator.

Trade and Sustainable Development

Like the EU-Korea FTA, the EUSFTA contains a comprehensive chapter on trade and sustainable development. The thrust of that chapter is essentially four-fold. For one thing, it prescribes binding commitments to domestic levels of environmental and labour protection consistent with core international standards and agreements and to refrain from "race-to-the-bottom" practices as regards labour and environmental laws to attract trade or investment.

Second, it sets disciplines aiming at enhancing the contribution of trade and investment to sustainable development, including issues related to corporate social responsibility ("CSR"), sustainability assurance schemes, and the conservation and sustainable management of natural resources. The parties undertake for example to address trade in products stemming from illegal fishing and from illegal logging – issues which are particularly relevant in the regional context.

Moreover, the chapter on trade and sustainable development establishes how civil society will be involved in its implementation and monitoring. To this effect, the parties have agreed to establish channels for inclusive consultations and dialogue with independent stakeholders representing a range of interests, including in particular employers, workers, environmental interests and business groups. Obligations in this regard are taken both individually by each Party (through the use of domestic mechanisms such as advisory groups) and jointly (through public sessions of the joint Board

on Trade and Sustainable Development). Stakeholders may also submit views or recommendations to the parties on their own initiative.

Finally, in order to ensure an appropriate and effective system to deal with matters arising under the chapter on trade and sustainable development, that chapter foresees a specific track for settling any divergences on its implementation. This dedicated mechanism provides for both consultations and the possibility to unilaterally trigger a third-party independent arbitration system, coupled with a high degree of transparency to ensure public accountability.