

## FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND SINGAPORE

### SUMMARY

The Free Trade Agreement between the EFTA States and Singapore was signed in Egilsstaðir (Iceland) on 26 June 2002. It will enter into force on 1 January 2003. The Agreement covers trade in goods (industrial products as well as fish and marine products), trade in services and investment. The Agreement covers also processed agricultural products. In addition, bilateral agreements on basic agricultural agreements between the individual EFTA countries and Singapore have been concluded which form part of the instruments creating the free-trade area.

Among the objectives of the Agreement (link: [Article 1](#)) are the progressive liberalisation of trade in goods in conformity with Article XXIV of the GATT and the liberalisation of trade in services in conformity with Article V of the GATS. It is thus a so-called second generation Free Trade Agreement in so far as in addition to covering trade in goods, it also includes within its scope trade in services, investment and related areas, such as public procurement, competition and protection of intellectual property rights. Under the Agreement a Joint Committee is established which supervises the Agreement.

### NAVIGATING THE AGREEMENT

The Agreement consists of ten Chapters with a total of 73 Articles, twelve Annexes, and a Record of Understanding (link: [table of contents](#)).

- **Trade in Goods**
- **Services**
- **Investment**
- **Competition**
- **Government Procurement**
- **Intellectual Property**
- **Institutional Provisions**
- **Dispute settlement**

## **TRADE IN GOODS**

Singapore is one of the EFTA States' most important trading partners in South-East Asia and an important market for its exports, with significant growth potential.

In 2001, the EFTA States exported goods worth 1.238 million US dollars to Singapore and imported goods worth 312 million US dollars from Singapore. 97,5 per cent of total trade was in industrial products. (link: [EFTA trade statistics/ Singapore](#)).

### ***Industrial Goods and Fish and marine products***

All trade in industrial products and fish and other marine products from the EFTA States will benefit from duty-free access to the respective markets as of entry into force of the Agreement.

With regard to industrial products, the Agreement provides for effective market access in terms of elimination of tariffs and liberal rules of origin. Furthermore, for a restricted number of products, it allows in outward processing an increased 50 per cent limit applicable to the total added value in and outside the territories of the Parties.

The EFTA States and Singapore also concluded bilateral Agreements on agriculture, which form part of the instruments establishing the free trade area EFTA-Singapore.

### ***Agricultural products***

Trade in processed agricultural products are covered in an Annex under the main Agreement (link: [Chapter II, Article 6](#) and [Annex III: Processed Agricultural Products](#)). The Annex grants concessions for products such as sugar confectionary, chocolates, pasta, prepared foods, sauces and preparations, soups, waters etc.

In addition, trade in basic agricultural products is covered in three bilateral agreements on basic agricultural products negotiated between the respective EFTA State (Iceland (link: [Agricultural Agreement between Iceland and Singapore](#)), Norway (link: [Agricultural Agreement between Norway and Singapore](#)) and Switzerland/Liechtenstein (link: [Agricultural Agreement between Switzerland and Singapore](#)) and Singapore.

These agreements form part of the instruments establishing the free trade area and are subject to the relevant disciplines for trade in goods in the main agreement. They provide for concessions on both sides. Each agreement contains specific rules of origin, generally based on the "wholly-obtained" criteria.

## **SERVICES**

The Chapter on trade in services (link: [Chapter III, Articles 21 to 36](#)) covers trade in services, including separate annexes on financial services and telecommunication services.

The Agreement with Singapore is the most substantive agreement with regard to services the EFTA States have concluded with a third country so far.

The chapter on trade in services covers the liberalisation of all four modes of service supply, as defined under the WTO GATS (link: [Article 21](#)). Further, it covers all services sectors – including communication services, construction and related engineering services and transport – with the exception of air transport.

The EFTA States will benefit from non-discriminatory treatment from all services sectors in Singapore. The liberalisation shall take place according to schedules of specific commitments (link: [article 27 and Annex VII](#)). The schedules of commitments will be reviewed at least every two years, and the Parties have committed themselves to liberalise substantially all trade in services within a timeframe of 10 years.

The two annexes on financial services and telecommunication services contain additional disciplines which are of specific relevance to these sectors.

## **INVESTMENT**

As regards investment, the Agreement covers both access for foreign investors to the respective markets and the protection of existing and future investments (link: [Chapter IV](#)). This is the first time that the right of establishment for foreign investors is contained in an EFTA free trade agreement (link: [Chapter IV, Article 40](#)). The disciplines concerning investment protection correspond to those usually found in bilateral investment protection agreements, including provisions on promotion and protection (link: [Article 39](#)), national and MFN treatment (link: [Article 40](#)), taxation (link: [Article 41](#)), dispossession and compensation (link: [Article 42](#)), domestic regulation (link: [Article 43](#)), transfers (link: [Article 44](#)) and key personnel (link: [Article 45](#)). The Agreement also foresees the possibility of direct dispute settlement between a Party to the Agreement and an investor of another Party. Such disputes may be submitted to binding arbitration provided both parties to the dispute agree upon this (link: [Article 48](#)). Reservations to the Chapter are contained in a separate link: [Annex XI](#).

## **COMPETITION**

Regarding competition (link: [Chapter V, Article 50](#)), the agreement includes provisions on co-operation and exchange of information with the aim of ensuring and facilitating the enforcement of the Parties' respective competition laws.

## **GOVERNMENT PROCUREMENT**

The Chapter on government procurement (link: [Chapter VI](#)) confirms the respective commitments under the WTO Agreement on Government

Procurement (link: Article 51, para. 1). The Agreement also provides for co-operation between the Parties (link: Article 51, para. 2) and for the establishment of contact points to exchange information on rules in this field (link: Article 52).

## **INTELLECTUAL PROPERTY**

The provisions on protection of intellectual property rights (link: [Chapter VII, Article 54 and Annex XXII](#)) cover, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

## **DISPUTE SETTLEMENT**

A separate Chapter on dispute settlement (link: [Chapter IX, Articles 56 to 66](#)) aims at ensuring effective dispute settlement and implementation of the provisions of the Agreement.