

SINGAPORE AND CHINA SIGN FREE TRADE AGREEMENT

China and Singapore signed the China-Singapore Free Trade Agreement (CSFTA) today, a key step forward that will further enhance bilateral economic relations. The FTA, concluded after two years of negotiations, is set to bring about advantages for Singapore businesses and consumers. This FTA also comes at a particularly important time, as it underscores Singapore's commitment to the trade liberalization process amidst an increasingly challenging global economic environment.

2. The Agreement was signed by Singapore Minister for Trade and Industry Mr Lim Hng Kiang and PRC Minister for Commerce Mr Chen Deming at the Great Hall of the People in Beijing, China. The signing ceremony was witnessed by Singapore Prime Minister Lee Hsien Loong and PRC Premier Wen Jiabao.

3. The CSFTA is the first comprehensive bilateral Free Trade Agreement concluded by China with an Asian country.

4. Building on the ASEAN-China FTA (ACFTA), the CSFTA is a comprehensive agreement covering areas including trade in goods, rules of origin, trade remedies, trade in services, movement of natural persons, investment, customs procedures, technical barriers to trade, sanitary and phytosanitary measures and economic cooperation.

5. The CSFTA will enhance bilateral economic relations by further reducing and removing barriers to trade. This will create opportunities for businesses from both countries to grow their links in each other's markets. The key outcomes of the Agreement include:

- All Singapore goods, except for about 260 products, will enjoy tariff-free access to China by 2010. These make up about 95% of Singapore's exports to China. Key exports that will benefit include petrochemicals, processed foods, and electronics and electrical products. Specifically, more than 85% of Singapore's exports to China will enjoy duty-free access upon the FTA's entry into force on 1 January 2009. The tariffs on the other 10% of exports will be eliminated on 1 January 2010. All Chinese exports to Singapore will be granted tariff-free access on 1 January 2009.

- Singapore and China will liberalise various services sectors beyond its WTO commitments. They include business services, hospital services and education services. Singapore also committed to recognise degrees from two Chinese Traditional Chinese Medicine (TCM) universities, while China will recognise degrees from two Singapore medical institutions, provided they meet each other's criteria. Approved Chinese TCM universities will also be able to conduct TCM External Degree Programmes in Singapore.
- Singapore and China will promote cooperation in areas such as standards and conformance as well as customs procedures. Both sides also look forward to negotiating Mutual Recognition Agreements on Electronics and Electrical Equipment and Telecommunications Equipment, in order to further facilitate trade in these areas.
- The FTA will promote greater movement of business persons between Singapore and China. Both sides will allow eligible business visitors, intra-corporate transferees and contractual service suppliers to enter and stay in each other's country for a fixed period.
- The FTA also aims to encourage freer movement of professional bodies between Singapore and China through the negotiation of Mutual Recognition Agreements in professional services areas such as Accounting & Auditing as well as Architecture.
- Both sides agreed to further strengthen cooperation in areas such as trade and investment promotion, Singapore's participation in China's regional development, tourism cooperation, human resource development and facilitation of the "Go Global" efforts of Chinese companies.

6. Minister Lim and Minister Chen also signed an MOU on Bilateral Labour Service Cooperation at the ceremony. Under the MOU, both countries agreed to collaborate closely to enhance sharing of information, promote education of workers and employers, as well as exchange good labour practices.

7. Singapore and China currently enjoy excellent bilateral ties. Singapore's trade with China rose to a record high of S\$91.6 billion in 2007. China is currently Singapore's 3rd largest trading partner, and Singapore is China's 8th largest trading partner. China is also Singapore's top investment destination, and Singapore is China's 7th largest investor. Singapore's cumulative actual investments amounted to more than US\$33 billion as of end-2007.

8. Singapore and China earlier announced the launch of negotiations for a bilateral FTA at the 3rd Joint Council for Bilateral Cooperation (JCBC) Meeting in August 2006, which was jointly chaired by DPM Wong Kan Seng and then Vice-Premier Wu Yi. Formal FTA negotiations commenced in October 2006. The conclusion of the CSFTA negotiations, after eight rounds of negotiations, was announced on 4 September at the 5th JCBC in Beijing, co-chaired by DPM Wong Kan Seng and Vice-Premier Wang Qishan.

9. International Enterprise Singapore (IE Singapore) will be organising seminars and workshops to explain to companies how they can take advantage of the CSFTA. The first seminar will be jointly organised by Singapore Manufacturers' Federation (SMa) and it will take place in December 2008.

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