

SINGAPORE AND EUROPEAN UNION TO NEGOTIATE FREE TRADE AGREEMENT

1 Singapore and the European Union (EU) have agreed to start negotiations for a free trade agreement (FTA). This represents a milestone in Singapore's relationship with the EU, with whom we have robust and long-standing economic ties. An FTA with the EU will be a key addition to Singapore's network of FTAs, as the EU is Singapore's largest trading partner.

2 In the first 11 months of 2009, Singapore's total trade with the EU stood at S\$78.6 billion, accounting for 11.6% of Singapore's total trade. The EU is also Singapore's largest investor. As at end-2007, Singapore's overall FDI stock from the EU stood at S\$150.8 billion.

3 In 2008, Singapore was the EU's 15th largest trading partner globally, and EU-Singapore trade accounted for a third of all EU-ASEAN trade, making Singapore the EU's largest trading partner amongst ASEAN member states.

4 The bilateral FTA will not only promote the flow of goods, services and investment, it is also likely to enhance collaboration in areas such as trade facilitation and technical regulations.

5 The FTA will contribute to regional economic integration by paving the way for an EU-ASEAN FTA. Negotiations on this region-to-region FTA began in 2007 but due to slow progress, both sides agreed to pause in March 2009.

6 Minister for Trade and Industry Lim Hng Kiang said, "The EU's decision to proceed with a bilateral FTA with Singapore is a positive development. It demonstrates the importance of this region. Singapore is keen to see a high quality agreement that includes substantial liberalisation across a wide range of areas. As the EU's first FTA with an ASEAN country, this will be a milestone agreement which will lay the ground for an even closer relationship between the EU and ASEAN."

**MINISTRY OF TRADE AND INDUSTRY
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