

## SINGAPORE AND COSTA RICA SIGN FREE TRADE AGREEMENT

**SINGAPORE, 6 April 2010** - Singapore and Costa Rica today signed the Singapore-Costa Rica Free Trade Agreement (SCRFTA), strengthening bilateral ties between the two countries.

The agreement was signed by Costa Rica's Minister of Foreign Trade, Mr Marco Ruiz and Singapore's Senior Minister of State for Trade & Industry and Education, Mr S Iswaran in Singapore.

The SCRFTA is a broad-based and comprehensive agreement, covering issues such as trade in goods, rules of origin, customs procedures, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), trade remedies, government procurement, competition policy, trade in services, investment, electronic commerce (e-commerce), intellectual property rights (IPR), bilateral cooperation, transparency, institutional provisions and dispute settlement.

The SCRFTA will enhance bilateral economic relations by 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 for the Agreement include:

- Tariff elimination for all products – Costa Rica will be eliminating customs duties for 90.6% of its tariff lines upon entry into force of the agreement with the tariff on the remaining products to be eliminated over a period of 10 years, with the possibility of accelerated tariff elimination. On our part, Singapore would be granting immediate duty free access for all imports from Costa Rica upon entry into force of the agreement;
- Increased trade facilitation by enhancing cooperation and improving transparency relating to sanitary and phytosanitary measures, standards and conformance as well as customs procedures;
- A liberalising framework that will encourage trade in services and investments flows between the countries;
- A commitment from the parties to ensure that companies from the other party would be able to compete on an equal footing with domestic suppliers for government procurement contracts, above certain thresholds; and
- Establishing a framework for cooperation in wide-ranging areas to promote economic and social development in both countries.

Singapore and Costa Rica announced the launch of negotiations for a bilateral FTA on 2 December 2008. The announcement was made during an official visit to Singapore by the President of Costa Rica, Dr Oscar Arias Sanchez. Formal FTA negotiations commenced in April 2009 and concluded after four rounds of negotiations.

International Enterprise Singapore (IE Singapore) will organise seminars and workshops to inform companies how they can utilise the benefit of the SCRFTA when the FTA is about to enter into force. For more information, companies may refer to the official FTA website at <http://www.fta.gov.sg>.

Trade between Costa Rica and Singapore

Costa Rica is Singapore's 8th largest trading partner in Latin America, with trade in 2009 valued at S\$413.7 million, while Singapore is Costa Rica's 2nd largest trading partner in South East Asia and largest destination for Costa Rican intelligent cards and medical prosthesis in the region.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**  
**6 APRIL 2010**



The Singapore-Costa Rica Free Trade Agreement (SCRFTA) was signed by Costa Rica's Minister of Foreign Trade, Mr Marco Ruiz and Singapore's Senior Minister of State for Trade & Industry and Education, Mr S Iswaran in Singapore this morning.

**Annex A**

**Singapore-Costa Rica Free Trade Agreement  
(SCRFTA)**

**Background**

The Singapore-Costa Rica Free Trade Agreement (“SCRFTA”) was signed in Singapore on 6 April 2010 by Singapore’s Senior Minister of State for Trade and Industry, Mr S Iswaran, and Costa Rica’s Minister of Foreign Trade, Mr Marco Ruiz. Costa Rica and Singapore announced the launch of negotiations for a bilateral FTA on 2 December 2008. The announcement was made during an official visit to Singapore by the President of Costa Rica, Dr Oscar Arias Sanchez. Formal FTA negotiations commenced in April the following year and was concluded after four rounds of negotiations.

2. The SCRFTA is the third bilateral FTA between Singapore and a South American country. There has been a steady step-up of engagement between both countries in recent times and the SCRFTA will serve to bolster bilateral relations and accelerate progress towards global trade liberalisation.

3. The Parties are targeting for the Agreement to enter into force by the first half of 2011.

**Key Elements of the Singapore-Costa Rica FTA**

4. The SCRFTA is a broad-based and comprehensive agreement, covering issues such as trade in goods, rules of origin, customs procedures, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), trade remedies, government procurement, competition policy, trade in services, investment, electronic commerce (e-commerce), intellectual property rights (IPR), bilateral cooperation, transparency, institutional provisions and dispute settlement.

**Key Outcomes of the Singapore-Costa Rica FTA**

**MARKET ACCESS**

For the market access package, Singapore and Costa Rica have agreed to tariff elimination for all products. Specifically, Costa Rica has agreed to eliminate customs duties for 90.6% of its tariff lines upon entry into force of the agreement, while tariffs on the remaining products would be eliminated over a period of 10 years, with possibility of accelerated tariff elimination. Based on 2009 trade figures, this means that more than 95% of Singapore’s domestic exports to Costa Rica are scheduled for immediate tariff elimination upon entry into force of the agreement. Key exports that will benefit are electrical and electronics products, machineries, petrochemicals, steel-related products

and processed food. Singapore would grant immediate duty free access for all imports from Costa Rica upon entry into force of the agreement.

### ***RULES OF ORIGIN (ROO)***

The Rules of Origin (ROO) chapter determines the “nationality of the product”. The chapter sets out the rules to determine the origin of products and their eligibility for preferential tariff treatment. Under the SCRFTA, a product can qualify for preferential treatment if at least 35% of the value-add has taken place in the originating country, or the product has undergone change in tariff classification at the 6 digit level. This is the first time that Singapore has managed to secure such liberal rules of origin in our FTAs. The agreement also recognizes most industrial products produced from recovered goods in the territory of a Party as originating. These goods must have the same life expectancy and meet the same performance standards as new goods.

### ***CUSTOMS PROCEDURES***

The thrust of this chapter is to structure customs procedures in a way that will promote and facilitate the entry of goods exported from Singapore to Costa Rica and vice versa. Hence the texts contain the required trade facilitative measures and good practices to ensure the efficient clearance of goods at the entry and exit points of both countries. Amongst the trade facilitative measures incorporated in the customs text is the availability of advance rulings whereby the traders in either Party can request the respective Customs Administration to provide an advance ruling on the eligibility of originating goods for preferential tariffs and tariff classification. It gives the traders greater certainty on the status of their goods at the country of import. Another example of trade facilitative measure incorporated is the agreed waiver of requirement for a Certification of Origin in respect of originating goods that are of low value. This enables traders to save on time and cost for the import of originating goods that are of low-value.

### ***Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS)***

The TBT and SPS chapters serve to facilitate trade by enhancing cooperation and improving transparency. They also provide a framework to address potential barriers to trade posed by standards and technical regulations.

### ***TRADE REMEDIES (Anti-dumping and Safeguards)***

Singapore and Costa Rica reaffirm our commitments under the WTO Agreement on Safeguards, Agreement on Subsidies and Countervailing Measures. Both parties also agreed to strengthen the disciplines in the anti-dumping provisions beyond WTO commitments to ensure that the measures are not taken in an arbitrary and protectionist manner.

### **GOVERNMENT PROCUREMENT**

This chapter provides comprehensive coverage on the procurement of goods and services to enhance market access between Costa Rica and Singapore. Apart from making the traditional lists of public procurements available to Singapore, Costa Rica has also open up to Singapore its master planning and consultancy services for ports and airports as well as its concessionaire operation of ports or airports in Costa Rica.

### **COMPETITION**

The Competition Policy Chapter outlines general principles of competition that both Parties will adopt in their respective national competition laws. In order to maximise the benefits from trade and investment liberalisation afforded by the FTA, both Parties undertook to promote fair competition and prohibit anticompetitive business practices, and work towards greater cooperation and coordination in the application of competition policy and law.

### **SERVICES**

The Services Chapter is a comprehensive chapter which binds both Parties to their current levels of liberalisation, as well as any future liberalisation in most services sectors. In addition to non-discriminatory and regulatory disciplines, the Services chapter covers key areas of interest for Singaporean companies, including construction services, private education services, and hotel and restaurant services.

### **INVESTMENT**

Beyond providing better market access, the Investment Chapter would accord protection as well as guarantee non-discriminatory treatment for Singapore investors and investments in Costa Rica. Singapore investors in Costa Rica would be compensated in the event of indiscriminate expropriation of their investments. Singapore investors would also have access to international arbitration for disputes between the investor and Costa Rican government.

### **E-COMMERCE**

Both sides committed to the non-discriminatory treatment of digital products transmitted electronically and the permanent duty-free status of products delivered electronically.

### **IPR**

Singapore and Costa Rica have agreed to engage in dialogue and possible cooperation in IP-related matters, for example, in IP management, licensing, registration, technology and market intelligence. Both sides reaffirmed their commitments established in existing international agreements in the field of intellectual property rights to which both are Parties, in particular the TRIPS Agreement. The parties also reaffirmed their obligations on Geographical Indications (GIs) in the TRIPS Agreement, and agreed that GIs will be protected in the respective jurisdictions to the extent permitted by and

according to the terms and conditions set out in their respective domestic laws.

***BILATERAL COOPERATION***

Both sides agreed to explore opportunities for bilateral cooperation and implement programs that would be mutually beneficial. Possible areas of cooperation include trade and investment promotion, science and technology, sports and culture, food, labour, environment, healthcare, infrastructure, dispute settlement and information communication technology.

***DISPUTE SETTLEMENT***

In any international agreement, while we do not expect nor hope for disputes between the Parties as to what the agreement means, it would nevertheless be prudent to prepare for such an eventuality. In view of this, Singapore and Costa Rica have negotiated a comprehensive set of dispute settlement procedures to ensure that in the event of a dispute, a predictable and effective framework is in place to resolve the issue as quickly as possible. Like in the WTO, disputes are subject to consultations, mediation, conciliation and arbitration, thereby enhancing the rule of law in international trade.

***REVIEW OF THE AGREEMENT***

The Parties' respective Ministers in charge of trade, or their designated officials, will meet every two years after the FTA enters into force for a review unless both sides decide otherwise.

**Ministry of Trade and Industry  
Singapore  
6 April 2010**