

## Factsheet on Trans-Pacific Partnership

### What is the Trans-Pacific Partnership?

- The Trans-Pacific Partnership (“TPP”) is a Free Trade Agreement (“FTA”) being negotiated by 12 countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. All 12 TPP countries are members of APEC.
- The TPP has its roots in the Trans-Pacific Strategic Economic Partnership (TPSEP), otherwise known as the Pacific 4 (P4) agreement, which came into effect in May 2006 between Singapore, Brunei, Chile and New Zealand. In 2008, the US, Australia and Peru formally indicated their interest in negotiating an FTA with the P4. This FTA became known as the TPP. In 2010, Malaysia and Vietnam formally joined negotiations. This was followed by Mexico and Canada in October 2012 and Japan in July 2013.

### Why is Singapore interested in the TPP?

- As a small and open economy, Singapore’s survival depends on a free and open global trading system. Our total trade in goods and services amounts to around four times our GDP.<sup>1</sup> More than half the jobs in Singapore are related to trade in one way or another.<sup>2</sup>
- Singapore is a strong proponent of free trade. Currently, Singapore has 21 FTAs and Economic Partnership Agreements (EPAs) in force with 32 economic partners, which collectively account for 80% of our exports.
- It therefore makes sense for Singapore to be part of the TPP, especially when it is a standard-bearer for the region. The TPP is envisioned to be a high-standard, comprehensive regional FTA, which will move the Asia Pacific region towards greater economic integration. Singapore already has FTAs with nine of the 11 TPP countries, and the TPP can complement these existing FTAs by improving market access and creating an integrated production and manufacturing base. This will facilitate regional supply chains and provide more opportunities for our businesses which are trading and investing in the region.

### What are the benefits and opportunities for Singapore businesses and our people?

- **The TPP spurs economic development and raises living standards in the region.**
  - The TPP will boost trade and investment flows between TPP countries, as well as integrate the Asia-Pacific region into a single manufacturing base and market. As a participant to the TPP, Singapore companies stand to benefit from

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<sup>1</sup> Source: MTI, Economic Survey of Singapore 2012.

<sup>2</sup> Source: WTO and IDE-JETRO, Trade Patterns and Global Value Chains in East Asia: From Trade in Goods to Trade in Tasks.

increased market access and integration with both new and existing trade partners.

- This increased market access is further enhanced by rules that will promote fair competition, support innovation as well as ensure the growth of the digital economy. The TPP also seeks to address cross-cutting trade-related concerns in the area of labour and the environment. All of these are designed to unlock more opportunities for businesses and workers, to improve living standards for all.

- **It makes it easier to do business in the region.**

- One of the key advantages of the TPP agreement is regional integration. Businesses operating within the TPP region will find it easier, faster and cheaper to get their products to market. By committing to be more trade facilitative, the TPP will enable traders to enjoy reduced compliance costs and improved supply chain efficiencies. Common rules of origin will also give businesses greater flexibility to manage their manufacturing operations and supply chains across TPP markets.

- **It promotes new sources of economic growth and expands Singapore's external economic space.**

- The TPP countries represent a large market for Singapore businesses, with a population of 800 million and a combined Gross Domestic Product ("GDP") of around US\$30 trillion, which represents 40% of global GDP<sup>3</sup>. Collectively, these TPP countries are important trading partners of Singapore. The TPP comprises some of our biggest trading partners such as Malaysia, the United States, Japan, Australia and Vietnam. In 2013, the TPP countries accounted for 30% of Singapore's total goods trade, worth S\$300 billion<sup>4</sup>. TPP countries also accounted for 30% of foreign direct investment in Singapore, amounting to S\$240 billion.
- As a possible pathway to a Free Trade Area of the Asia Pacific (FTAAP), the TPP will boost regional economic integration. This means stronger and better linkages between Singapore and valuable sources of investment and technology in the US, Japan and other advanced economies. Singapore-based companies will be better placed to tap growth opportunities around the Asia-Pacific, including in fast growing Latin America. Also, as Singapore does not yet have FTAs in place with Canada and Mexico, the TPP will open these new markets for Singapore-based companies. SMEs, which contribute to more than 50% of Singapore's GDP, will also find it easier to participate in the global economy and be plugged into the regional supply chain.

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<sup>3</sup> Source: IMF, World Economic Outlook Database, October 2014.

<sup>4</sup> Source: IE Singapore.

## **What is the progress of the TPP so far?**

- Negotiations began in March 2010. Since then, there have been a total of 32 rounds of negotiations. The various member countries have been hosting the negotiation rounds and the Ministerial Meetings. Singapore hosted Round 6 in March 2011 and Round 16 in March 2013, as well as Ministerial Meetings in December 2013, February 2014 and May 2014.
- The TPP Ministers and Chief Negotiators last met in Maui, Hawaii, in July 2015. Owing to the prevailing differences in market access and rules, we were not able to conclude. Nonetheless, Parties have been striving to bridge the remaining gaps, and Singapore is optimistic that we are only a few steps away from the successful conclusion of the negotiations.
- Trade Ministers and Chief Negotiators are due to meet again in the coming days, in Atlanta, Georgia, US.

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**Ministry of Trade and Industry**