

SINGAPORE AND CHINA LAUNCH UPGRADE NEGOTIATIONS FOR THE CHINA-SINGAPORE FREE TRADE AGREEMENT AND EMBARK ON THIRD GOVERNMENT-TO-GOVERNMENT PROJECT IN WESTERN CHINA

1. Singapore Prime Minister (PM) Lee Hsien Loong and People's Republic of China (PRC) President Xi Jinping witnessed the launch of the China-Singapore Free Trade Agreement (CSFTA) upgrade negotiations and the signing of three Agreements to launch the third Government-to-Government (G-to-G) project based in Chongqing Municipality in Western China today at the Istana. President Xi's visit to Singapore from 6 to 7 November 2015 completes the exchange of State Visits between Singapore and China this year, as both countries commemorate the 25th anniversary of the establishment of diplomatic relations.

Launch of the Upgrade Negotiations of the CSFTA

2. The CSFTA is an important legal framework that supports our bilateral economic cooperation. Since the CSFTA entered into force in 2009, bilateral economic relations have progressed immensely. China is currently Singapore's largest trading partner, while Singapore has been China's largest foreign investor since 2013. Singapore also became China's largest overseas direct investment destination in ASEAN in 2014.

3. During Singapore President Tony Tan's meeting with President Xi on 3 July 2015, both countries jointly agreed to launch a Joint Scoping Study for the CSFTA upgrade, recognising that the upgrade will inject new dimensions into the CSFTA and refresh its relevance to businesses.

4. The upgraded CSFTA will provide our businesses with enhanced trade facilitation and greater investment protection in China, as well as address investment barriers. Both sides will also explore greater cooperation in areas such as legal services and financial services. To keep abreast of global developments, the CSFTA will also be enhanced with new generation elements such as E-commerce and environment.

5. Commenting on the launch of the CSFTA upgrade negotiations, Minister for Trade and Industry (Trade) Lim Hng Kiang said, "A forward-looking, substantive and comprehensive upgrade of the CSFTA will enhance support for on-going and future collaborations between Singapore and China. Both sides will endeavour to complete the review by 2016."

Third G-to-G Project in Chongqing, Western China

6. The signing of the Framework Agreement and Supplementary Agreement between Singapore and the PRC Central Government and the Implementation Agreement between MTI and the Chongqing Municipal Government marks the start of a partnership between Singapore and China on the third G-to-G project. Based on the theme of “modern connectivity and modern services”, the third G-to-G project will focus on the four priority areas of collaboration: (i) financial services; (ii) aviation; (iii) transport & logistics; and (iv) information & communications technology (ICT).

7. China and Singapore leaders agreed that the project will be of a high starting point, high standard and it should be innovative. It will also serve as a priority demonstration project for China’s regional strategies like the “Belt and Road Initiative”, Western Region Development and Yangtze River Economic Belt strategies.

8. Both sides agreed to select Chongqing as the base for the collaboration, named “China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity” [“中新（重庆）战略性互联互通示范项目”]. As the project aims to develop a network effect as it strengthens connectivity within and beyond China, collaborations with other cities in Western China would be considered subsequently based on the developmental needs of the project.

9. Chongqing is advantageously located on the upper reaches of the Yangtze River. As an important growth pillar of the “Belt and Road” initiative, Chongqing is well-positioned as a base to pilot innovative measures arising from China’s comprehensive deepening of reforms and to drive the development of Western China.

10. Commenting on the project, Minister in the Prime Minister’s Office Chan Chun Sing said, “The third G-to-G project reflects our mutual commitment to take bilateral relations to a higher level. We will explore innovative measures and policy breakthroughs to catalyse the development of Western China. Given Western China’s strong potential for development in modern connectivity and modern services, this is an opportunity for Singapore companies to share their expertise and expand their presence in China.”

11. The launch of the CSFTA upgrade negotiations and the third G-to-G project in Western China signal the strong commitment by both countries to strengthen our bilateral economic relations on the occasion of the 25th anniversary of diplomatic relations. These milestone collaborations will serve

to break new ground and chart the direction of our relations in the years ahead.

Ministry of Trade and Industry
7 November 2015

Annex A: Factsheet on the Launch of CSFTA Upgrade Negotiations

Annex B: Factsheet on the Framework Agreement, Supplementary Agreement and Implementation Agreement for the Launch of the Third G-to-G Project in Western China

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ANNEX A: FACTSHEET ON LAUNCH OF UPGRADE NEGOTIATIONS FOR THE CHINA-SINGAPORE FREE TRADE AGREEMENT

1. The China-Singapore Free Trade Agreement (CSFTA) entered into force on 1 January 2009. It is the first comprehensive bilateral FTA that China concluded with an Asian country, and an important legal framework that supports our bilateral economic cooperation. The CSFTA is a comprehensive FTA which covers trade in goods, services, investment, trade remedies, customs procedures and economic cooperation, among others.

2. During Singapore President Tony Tan's meeting with PRC President Xi Jinping on 3 July 2015, both countries jointly agreed to launch a Joint Scoping Study for the CSFTA upgrade. Two Joint Scoping Group meetings were held in August and September 2015, during which officials from both sides identified a mutually beneficial scope which would contribute a forward-looking and substantive CSFTA upgrade. On this basis, both countries have agreed to launch the CSFTA upgrade negotiations and will endeavour to complete the negotiations by the end of 2016.

An Upgraded CSFTA

3. Since the CSFTA entered into force in 2009, our bilateral economic relations have progressed immensely. Bilateral trade has increased 33% since 2009 to reach over SGD 120 billion in 2014. China is currently Singapore's largest trading partner, while Singapore has been China's largest foreign investor since 2013. Singapore became China's third largest trading partner and largest overseas direct investment destination in ASEAN in 2014.

4. To keep pace with the developments in bilateral collaboration, an upgrade will inject new dimensions into the CSFTA and refresh its relevance to our respective business communities. Commensurate with our strong bilateral investment ties, both sides have agreed to a high-quality upgrade of the Investment Chapter which will enhance investor protection and address investment barriers. Given increasing bilateral trade in services, both sides will also explore deeper cooperation in services sectors such as legal services and financial services. To enhance goods flows, both sides will work towards enhancing trade facilitation, simplifying customs procedures, enhancing trade remedies and improving rules of origin. Both sides will also explore new generation elements such as environment and E-commerce, which will serve to enhance the CSFTA and keep it abreast of global developments.

5. The launch of the CSFTA upgrade negotiations was formalised through the exchange of letters between Singapore Minister for Trade and Industry (Trade) Lim Hng Kiang and PRC Minister of Commerce Gao Hucheng at the Istana on 7 November 2015.

ANNEX B: FACTSHEET ON AGREEMENTS BETWEEN SINGAPORE AND CHINA ON THE THIRD GOVERNMENT-TO-GOVERNMENT PROJECT IN WESTERN CHINA

1. Singapore and the People's Republic of China (PRC) have signed the Framework Agreement, the Supplementary Agreement and the Implementation Agreement on the Development of the "China-Singapore (Chongqing) Demonstrative Initiative on Strategic Connectivity" ["中新（重庆）战略性互联互通示范项目"]. This initiative will be the third Government-to-Government (G-to-G) project between Singapore and China, after the China-Singapore Suzhou Industrial Park and the Sino-Singapore Tianjin Eco-city.
2. The third G-to-G project will be a priority demonstration project for China's regional strategies like the "Belt and Road Initiative", Western Region Development and Yangtze River Economic Belt strategies. The project will focus on four priority areas of collaboration, namely financial services, aviation, transport & logistics, and information & communications technology (ICT).
3. The scope of the Agreements are as follows:
 - a. **Framework Agreement**, signed between Singapore Deputy Prime Minister and Coordinating Minister for National Security Teo Chee Hean and PRC State Councillor Yang Jiechi. The agreement outlines the broad principles and agreed areas for the project, which will be based in the Chongqing Municipality;
 - b. **Supplementary Agreement**, signed between Singapore Minister in the Prime Minister's Office Chan Chun Sing and PRC Minister of Commerce Gao Hucheng. The agreement focuses on the role that the project will play in piloting innovative measures in Western China and the first tranche of innovative measures which China will accord to the project based on the four priority areas of collaboration; and
 - c. **Implementation Agreement**, signed between Singapore Minister in the Prime Minister's Office Chan Chun Sing and Mayor of the Chongqing Municipal Government Huang Qifan. The agreement focuses on the implementation details of the project.