



**Survey:  
European Union  
Singapore  
Free Trade Agreement  
May 2021**



**EUROPEAN CHAMBER OF  
COMMERCE (SINGAPORE)**



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# EXECUTIVE SUMMARY

This survey conducted by the European Chamber of Commerce (Singapore) polled individuals from both Singaporean and European companies based in Singapore across various industries.

The aim of the survey was to assess the impact that the European Union Singapore Free Trade Agreement (EUSFTA) has had since it entered into force in November 2019. The report shows that there is a wide knowledge of the EUSFTA but there is still room for improvement in terms of the use of the agreement mainly among European companies in Singapore. Even industries like 'Food & Beverage' have yet to see the significant improvements in the ease of the import processes. Similarly, the majority of the companies linked to green technology responded that they have not experienced significant changes following the implementation of the EUSFTA in this area. On the other hand, the automotive industry has seen a great improvement in EU standards and testing being accepted in Singapore.

Many of the surveyed companies have participated in a public tender successfully and felt that the tender was very transparent. The majority of the surveyed companies claimed that they have not used the trade facilitative tools or the programmes available under the Enterprise Europe Network (EEN).

Though the survey was focusing on the immediate effects of the EUSFTA on business of European companies in Singapore, we should not lose sight of the fact that this FTA is a landmark free trade deal that can serve as a pathfinder for similar EU agreements with other ASEAN member states. Singapore is indeed an extremely important market in its own right, with over 10,000 European companies but, of course, it is also crucial as a connection to the fast-growing region of South-East Asia. As such, the potential gains are significant. Unlike Singapore, where few tariffs existed even before the EUSFTA, there is plenty of scope to bring tariffs down in other countries.

Another indirect, but major, benefit of the FTA from a European perspective is the retaining of local jobs and this is due to the implementation of a geographical indications (GIs) scheme. A GI scheme identify goods - usually food or beverages - as having originated from a specific geographical location, where this is essential to the good's quality or reputation. If a generic product need to be produced in the region where it originally comes from, the jobs will be secured at that particular location.

Finally, the report shows that the majority of the respondents are aware of the Regional Comprehensive Economic Partnership (RCEP) agreement. There is a tendency towards wanting to use the agreement once it enters into force but respondents have expressed a slight concern regarding the overlap between the RCEP agreement and the EUSFTA.

## Introduction

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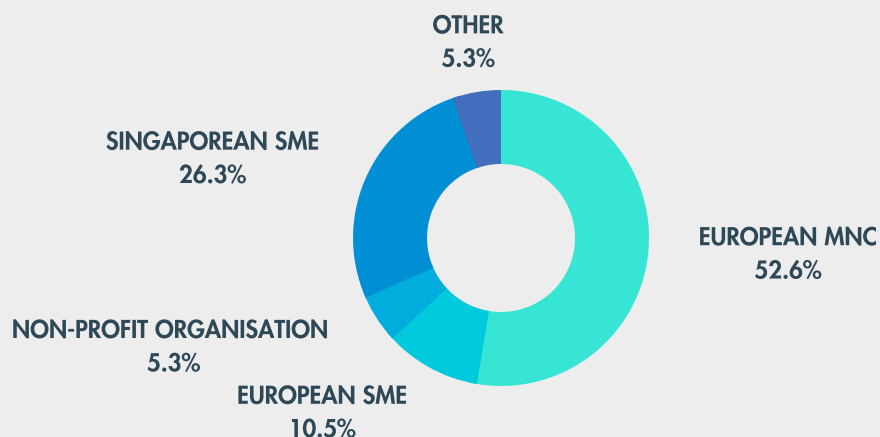
The EUSFTA was entered into force on November 21st, 2019 and is the first FTA signed between the EU and an ASEAN country. The EUSFTA should benefit businesses through improved market access, including the elimination of customs duties, greater access to services sectors, and the reduction of technical and non-tariff barriers. They should also have more opportunities to participate in government procurement projects in the EU, and benefit from enhanced Intellectual Property Rights protection, amongst others.

As the EUSFTA has now been in practice for 18 months, EuroCham was keen to understand the impact of the agreement on businesses and industries in Singapore.

Additionally, EuroCham also sought to understand the companies expectations of the new Regional Comprehensive Economic Partnership (RCEP) agreement which was signed last year on November 15 but has not yet entered into force.

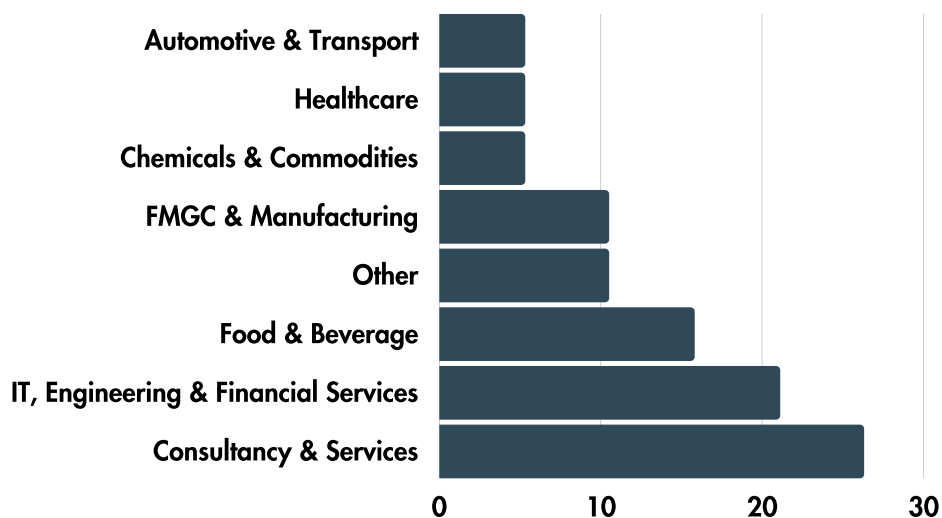
# RESPONDENT DEMOGRAPHICS

## COMPANY TYPE



For this study, large European Multinationals dominated the sample with 52.6%. The majority of the remaining respondents were from small and medium sized companies based both in Singapore and Europe.

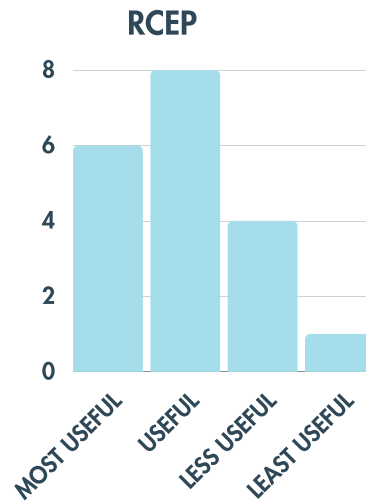
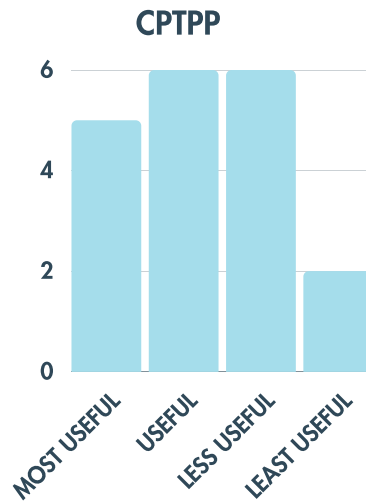
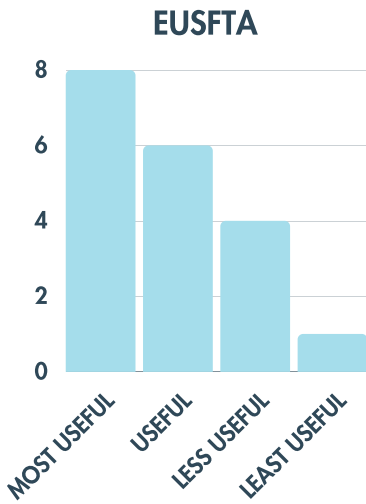
## COMPANY SECTOR



The majority of the respondents list Consultancy & Services (26.3%) as their company sector followed closely by IT, Engineering and Financial Services (21.1%).

Both FMGC & Manufacturing (10.5%) as well as Food & Beverages (15.8%) followed closely. The remaining respondents identified as Healthcare (5.3%), Chemicals & Commodities (5.3%) and Automotive & Transportation (5.3%). The final 10.5% list their sector as other.

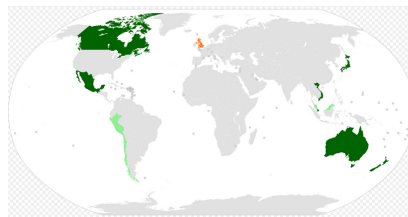
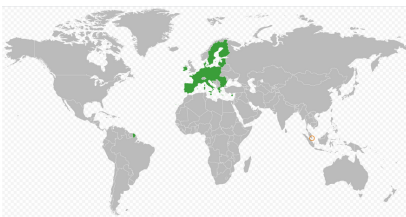
# TRADE DEALS



EUSFTA: Europe Singapore Free Trade Agreement

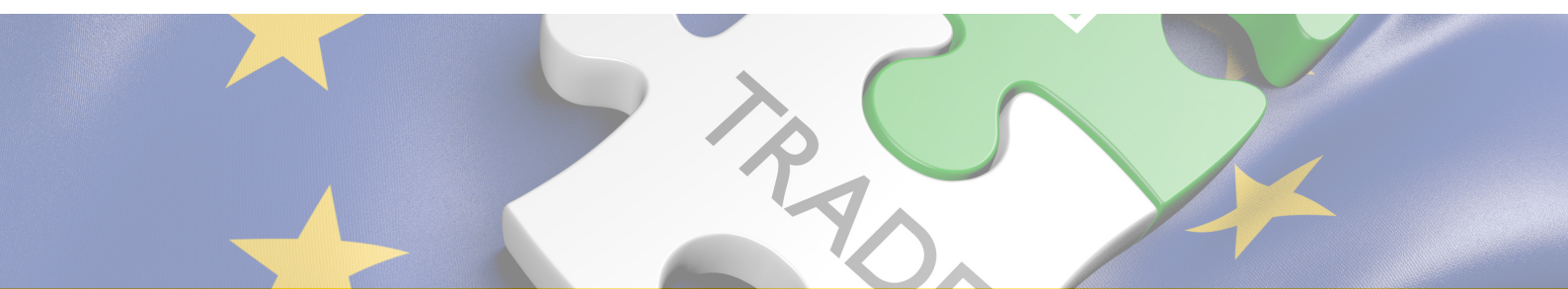
CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership

RCEP: Regional Comprehensive Economic Partnership

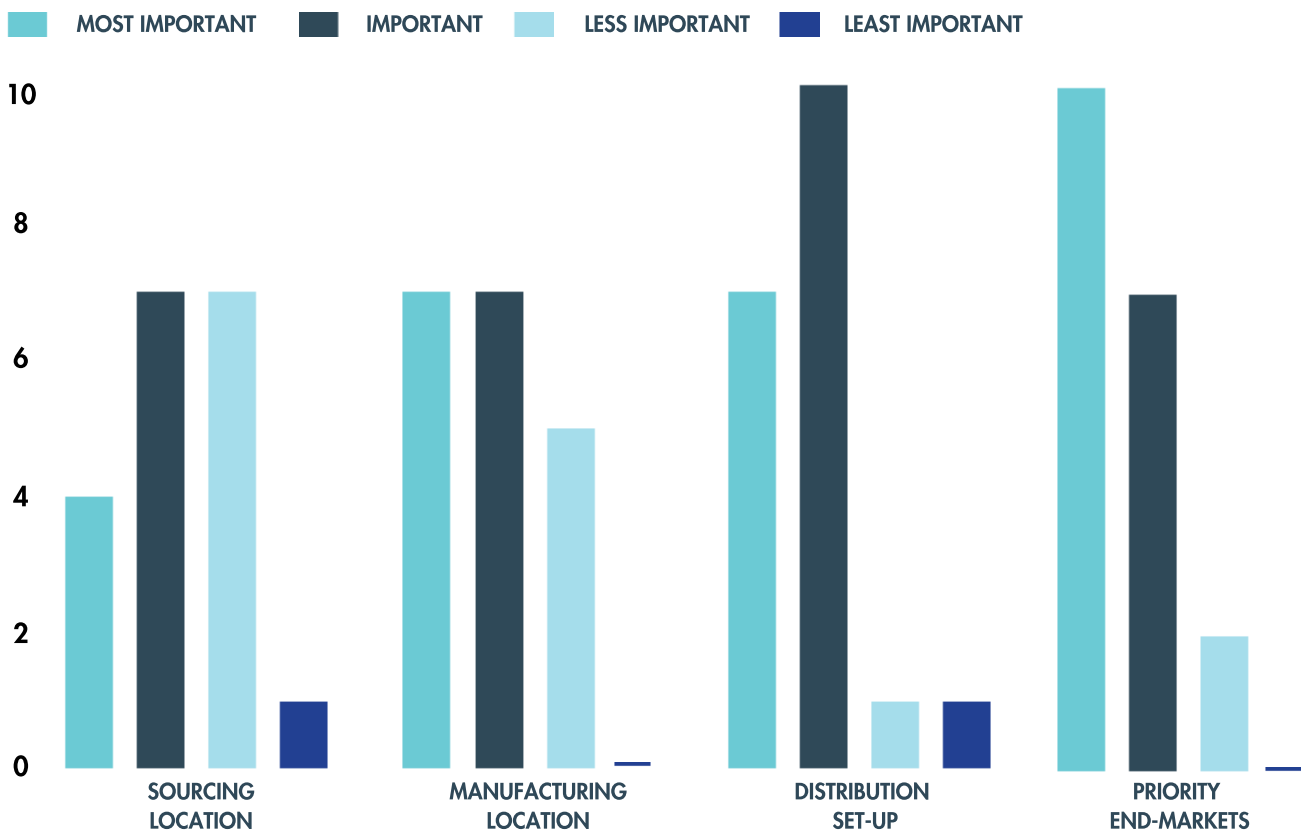


The respondents were asked to list the usefulness of the EUSFTA, CPTPP and RCEP. As evident in the graph above there is a significant variation in relation to the usefulness of the CPTPP when compared to the other trade agreements. The majority of the respondents find the EUSFTA most useful/useful, closely followed by the RCEP agreement.

From a breakdown of the responses it becomes noticeable that the majority of the respondents from the Food & Beverage industry and the Consultancy & Services industry finds the EUSFTA to be the most useful trade agreement. The majority of the IT, Engineering & Services industry finds the CPTPP agreement to be the most useful and is clearly stating by majority that neither the EUSFTA nor the RCEP is particularly useful. The Food & Beverage industry, on the other hand, finds the CPTPP trade agreement to be less useful. Lastly, it is worth noting that the majority of both the IT, Engineering & Services industry as well as the Consultancy & Services industry expects the RCEP agreement to be less useful in comparison. It is necessary to take into account that the RCEP agreement has not yet entered into force unlike the EUSFTA and the CPTPP.



## KEY FACTORS FOR THE DEVELOPMENT OF A FTA OPTIMASATION STRATEGY



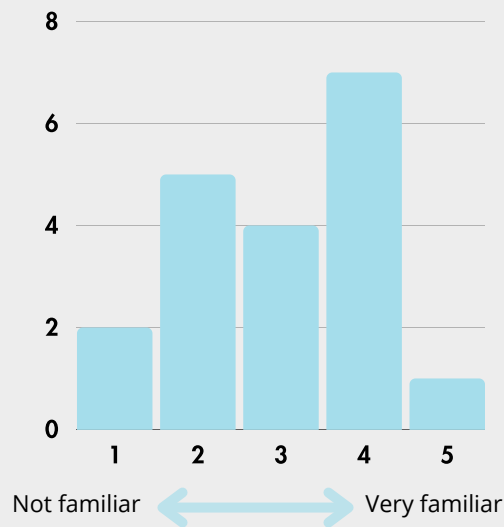
The surveyed respondents were asked to rank the key factors for the development of an FTA optimisations strategy in their company. As obvious in the above graph there is a consensus that 'priority end-markets' plays a key role across all business sizes. This was closely followed by 'distribution set-up'. The respondents list 'manufacturing location' as one of the lesser important factors in play as well as 'sourcing location'.

From a breakdown of the responses it becomes evident that 'priority end-markets' is a key factor for companies in the Food & Beverage industry as well as in the Consultancy & Services industry. 'Distribution set-up' is likewise listed as important by the Consultancy & Services industry as well as for the IT, Engineering & Financial Services industry. Not surprisingly, the FMCG & Manufacturing industry find 'manufacturing location' to be the most important in developing an FTA optimisation strategy.

From the breakdown it is highlighted that the Consultancy & Services industry especially find 'sourcing location' least important. This is similar for the FMCG & Manufacturing industry and the Food & Beverage industry. However, the Food & Beverage industry also find 'manufacturing location' to be less important.

# THE EUSFTA

## FAMILIARITY WITH THE EUSFTA

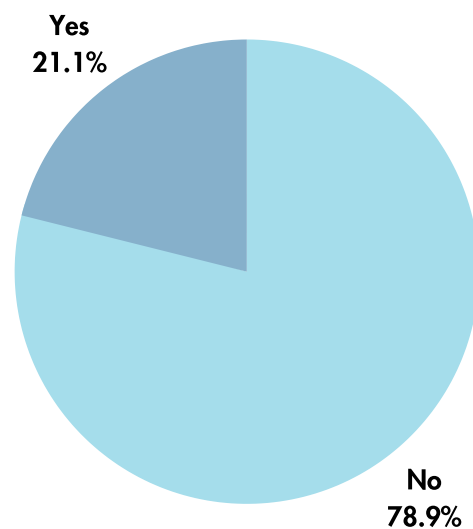


The majority of the respondents are almost evenly divided between being familiar with the EUSFTA and not being familiar with it. Some of the respondents are neither too familiar or unfamiliar with the agreement where as two respondents are not familiar with the agreement at all. This manifests that there is room for improvement in regard to greater awareness surrounding the EUSFTA.

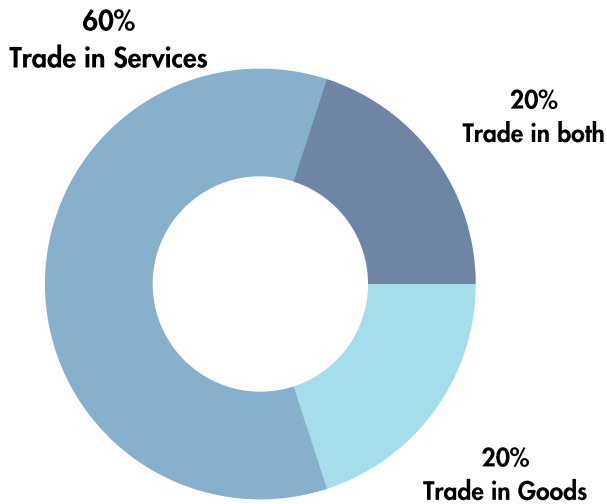
## DOES YOUR COMPANY MAKE USE OF THE EUSFTA?

As evident from the pie chart the majority of respondent answered no when asked if their company makes use of the EUSFTA.

For the respondents who do not use the EUSFTA, one of the main reasons listed is that they do not see the benefit of the agreement.



## IF YOUR COMPANY USE THE EUSFTA, WHAT IS YOUR MAIN AREA OF USE?



The survey shows that the majority of the respondents (60%) use the EUSFTA for Trade in Services. 20% of the respondents use the EUSFTA for Trade in Goods while 20% use it for Trade in both Services and Goods.

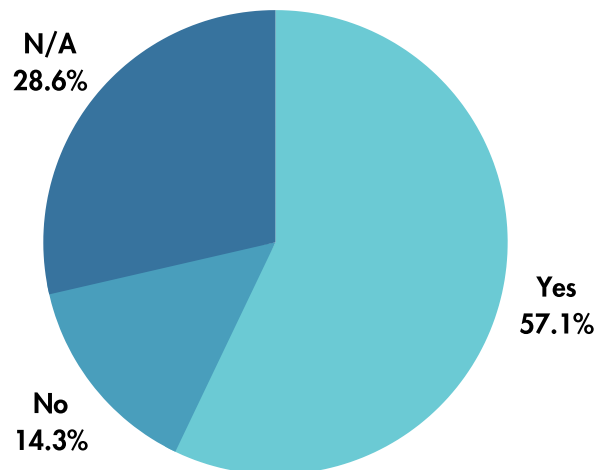
It was mentioned by some respondents that one of the benefits of the EUSFTA is that it helps to bypass bureaucracy. However, it was also noted that one of the constraints of the EUSFTA is that some products still face challenges from Singapore Authorities of not being cleared, in particular food related products. Additionally, it was brought up that Rules of Origin still has implementation constraints.

# THE EUSFTA - TRADE IN GOODS

## CUSTOMS PROCEDURES

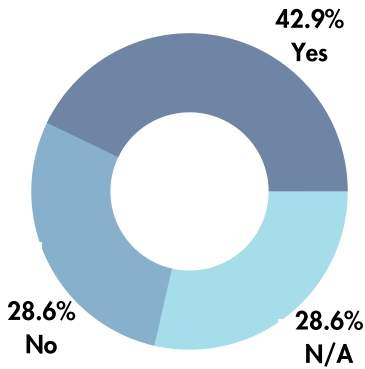
### DO YOU CONSIDER THE DIFFERENT PROVISIONS RELATED TO CUSTOMS PROCEDURES TRANSPARENT?

The chart on the right exposes that the majority of the respondents (57.1%) finds that the different provisions related to customs procedures and trade facilitation are transparent. However, 14.3% finds that this is not the case while 28.6% deems it not applicable for their business.



## RULES OF ORIGIN

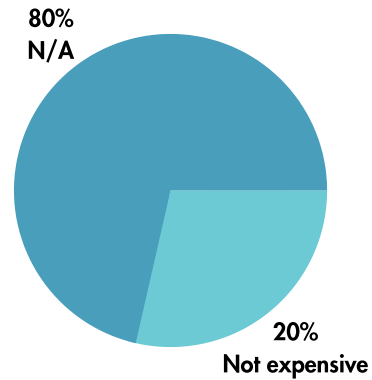
### DO YOU CONSIDER THE DIFFERENT PROVISIONS RELATED TO RULES OF ORIGIN TRANSPARENT?



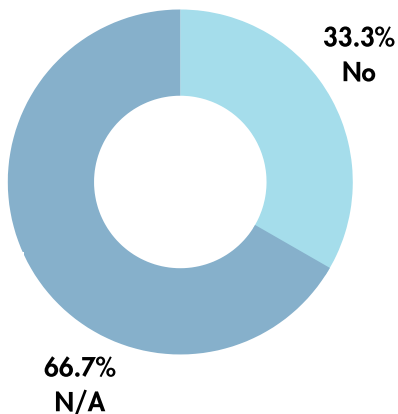
As evident from the chart on the left the majority of the respondents (42.9%) do find the procedures for the Rules of Origin (ROO) transparent. However, for 28.6% this is not the case.

### DO YOU CONSIDER THE PROCEDURE COST RELATED TO THE RULES OF ORIGIN IS EXPENSIVE?

20% of the respondent find that the cost of the procedures for obtaining COO FTAs are not expensive. For the remaining respondents the question is not applicable.



### DO YOU CONSIDER THE CRITERIA UNDER THE RULES OF ORIGIN ARE A BARRIER TO REACH SUFFICIENT LEVELS OF LOCALLY ADDED CONTENT?

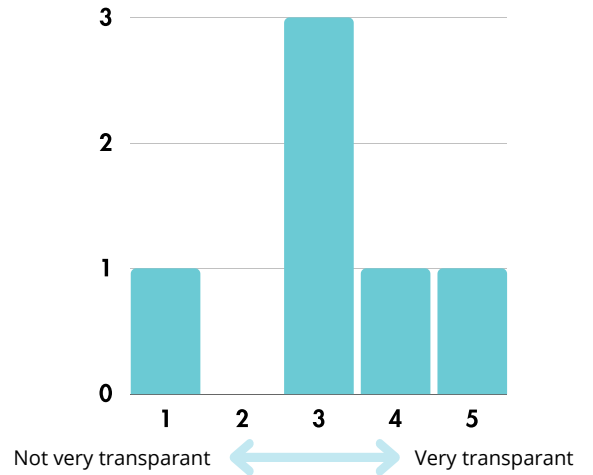


The results of the survey showed that the majority (33.3%) of the respondents for whom the EUSFTA is relevant, does not find that the criteria under ROO in the EUSFTA are a barrier to reach sufficient levels of locally added content (as in the FTA the ability to add up, or cumulate, content from elsewhere is absent).

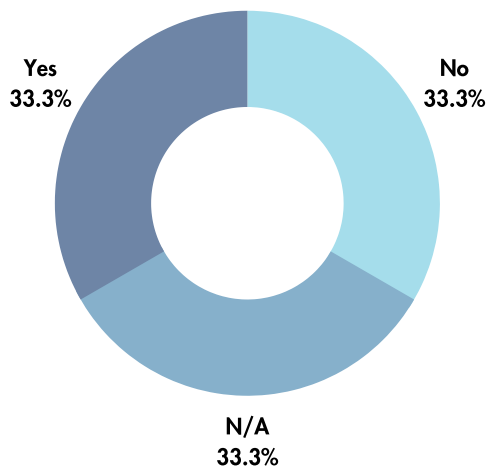
## CONFORMITY OF STANDARDS

### DO YOU CONSIDER THE PROVISIONS CONCERNING PRODUCT STANDARDS, TECHNICAL REGULATIONS AND CONFORMITY ASSESSMENT PROCEDURES TRANSPARENT?

As evident from the graph on the right the majority of the respondents finds that the provisions concerning product standards, technical regulations and conformity assessment procedures are neither fully transparent or not transparent. A handful of the respondents finds it transparent while a few finds it not transparent at all.

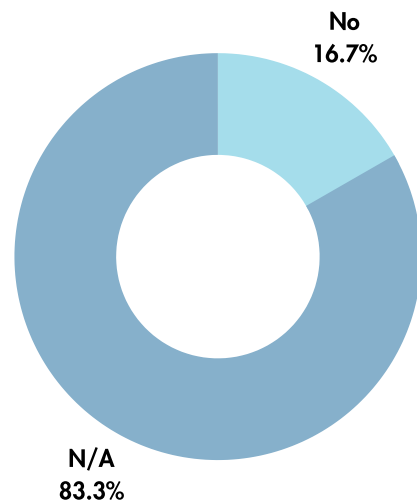


### DO YOU CONSIDER THE PROMISES AS DESCRIBED IN THE EUSFTA REGARDING CONFORMITY ASSESSMENTS AND INTERNATIONAL STANDARDS BODIES AS FULFILLED?



The results of the survey surfaced that the respondents are equally split on whether the promises as described in the EUSFTA regarding conformity assessments and international standards bodies are fulfilled. This indicates that there is room for additional conversation on this segment of the EUSFTA to ensure that companies understand this aspect to the fullest.

### HAVE YOU CLAIMED TARIFF PREFERENCES?



## TARIFFS

As evident from the chart on the right claiming tariff preferences has not been applicable for the majority of the respondent (83.3%). The remaining 16.7% of the respondent have not claimed tariff preferences even though it is applicable to their organisation.

# THE EUSFTA - SECTOR SPECIFIC QUESTIONS

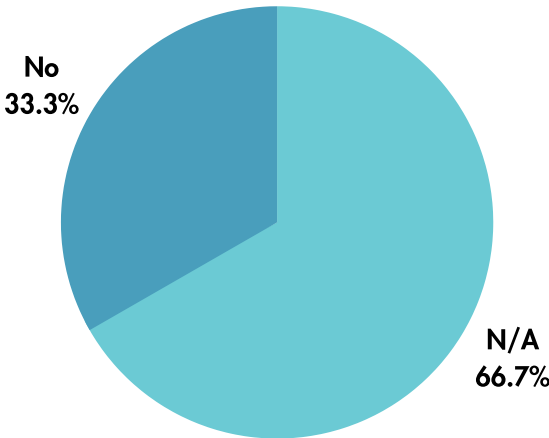
## FOOD & BEVERAGES

25% of the respondents view their business as related to the food and beverage sector. As shown in the chart to the right the businesses have not experienced easier import with less requirements for food and beverage products as a result of the EUSFTA

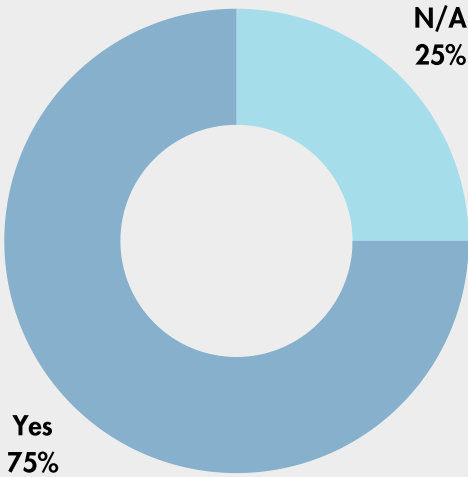
Additionally, the respondents do not believe that the customs procedures to check for compliance with relevant Sanitary and Phytosanitary Measures (SPS) rules are transparent.

Some of the respondents do have products which have been added to the geographical indications (GI) list and the majority (66.7%) do feel that this has protected their business

## HAS YOUR BUSINESS EXPERIENCED EASIER IMPORT WITH LESS REQUIREMENTS FOR FOOD AND BEVERAGE PRODUCTS THANKS TO THE EUSFTA?



## DO YOU BELIEVE THAT EU STANDARDS AND TESTING REGIMES FOR CARS AND CAR PARTS. ARE NOW WELL RECOGNISED BY SINGAPORE AND THIS IN COMPLIANCE WITH THE EUSFTA?



## AUTOMOTIVE

37.5% of the respondent view the automotive sector as relevant for their business. As indicated in the chart to the left the majority of the respondents (75%) believes that EU standards and testing regimes for cars and car parts are now well recognised by Singapore and that this in compliance with the EUSFTA.

However, the majority of the respondents (75%) do not agree that Singapore has sufficiently introduced green rebates for the promotion of more environmentally friendly vehicles

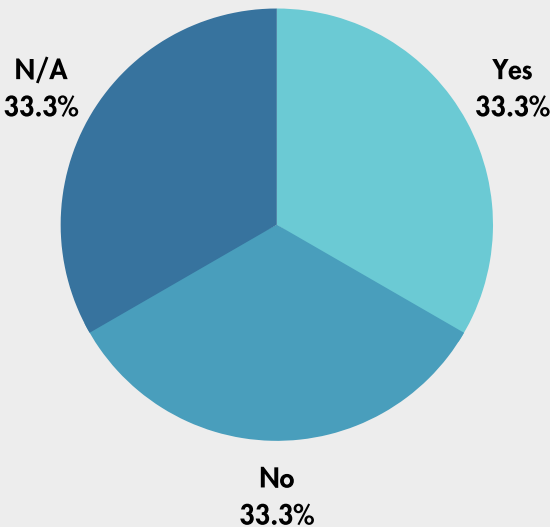
# THE EUSFTA - SECTOR SPECIFIC QUESTIONS

## ELECTRONICS

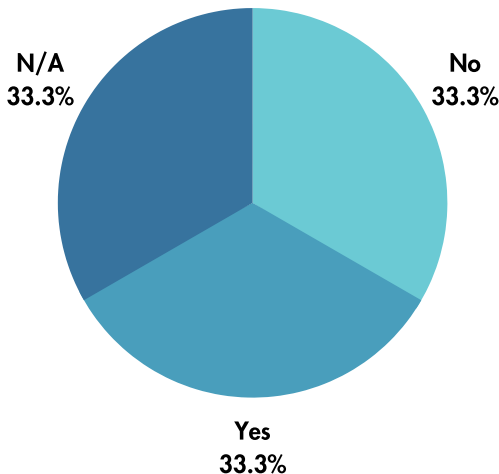
25% of the respondents view their business as related to the electronics sector. As indicated in the chart to the right the respondents are very divided on whether their businesses has bene-fitted from the (gradual) replacement of third-party testing of products as mentioned in the EUSFTA.

33.3% of the respondents believe they have benefitted from the replacement of third-part testing but similarly 33.3% feel that they have not benefitted from this.

## HAS YOUR BUSINESS BENEFITED THE (GRADUALLY) REPLACEMENT OF THIRD-PARTY TESTING OF PRODUCTS, AS MENTIONED IN THE EUSFTA?



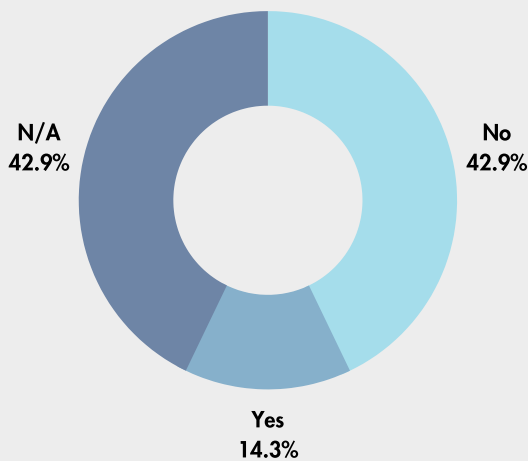
## HAS YOUR BUSINESS BENEFITED FROM GREATER TRANSPARENCY IN PRICING STRUCTURES AS MENTIONED IN THE EUSFTA?



## PHARMACEUTICALS

15.8% of the respondents view their business as relevant to the pharmaceuticals sector. As evident from the chart on the left, 33.3% of the respondents feel their business has benefitted from greater transparency in pricing structures. Likewise, 33.3% of the respondents feel that this is not the case for their business.

**HAS YOUR BUSINESS BENEFITED FROM THE RELEASING OF TESTING BARRIERS FOR RENEWABLE ENERGY EQUIPMENT TO MOVE EASILY BETWEEN THE EU AND SINGAPORE?**



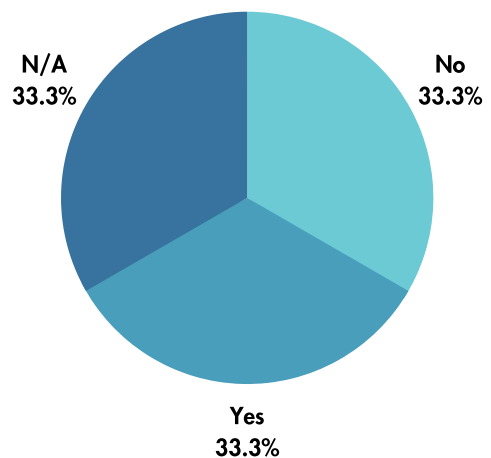
**GREEN TECHNOLOGIES**

27.3% of the respondent find that their business is relevant to the sector of green technologies. As the chart on the left shows, 14.3% of the respondents believe their business has benefited from the releasing of testing barriers for renewable energy equipment to move easily between the EU and Singapore. However, the majority of the respondents (42.9%) does not feel this is the case for their business.

**THE EUSFTA - TRADE IN SERVICES**

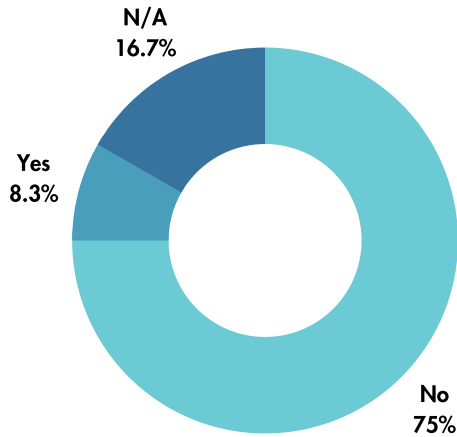
**HAS THE EUSFTA CHAPTER ON TRADE IN SERVICES OPENED UP CROSS BORDER BUSINESS OPPORTUNITIES FOR YOUR BUSINESS?**

33.3% of the respondents believe that the EUSFTA chapter on trade in services opened up cross border business opportunities for their business. Similarly, 33.3% does not find this to be the case.



# THE EUSFTA - TRADE FACILITATION TOOLS

## DO YOU USE THE SUPPORT PROGRAMME AVAILABLE UNDER ENTERPRISE EUROPE NETWORK (EEN)?



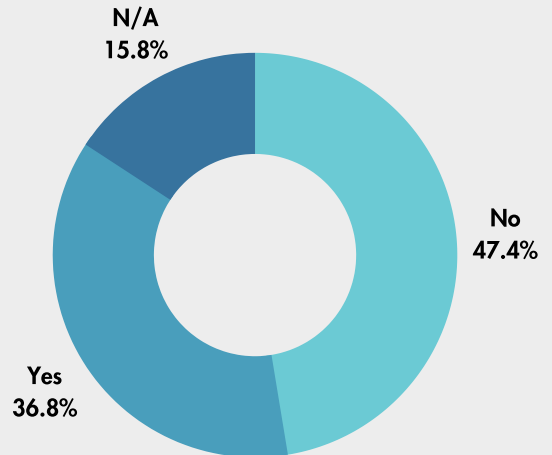
As showcased in the chart to the left the majority of the respondents (75%) does not use the support programme available under Enterprise Europe Network (EEN). Only 8.3% of the respondents proclaimed that they use the programme.

Similarly, only 25% of the respondent stated that they use any of the trade facilitative tools available online like Tariff Finder and the Trade Helpdesk. The majority (66.7%) does not use any of the trade facilitation tools.

# THE EUSFTA - GOVERNMENT PROCUREMENT

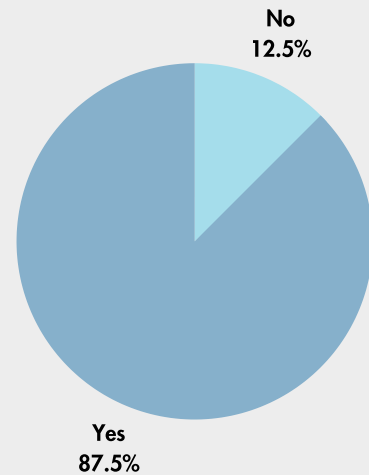
## HAVE YOU PARTICIPATED IN ANY PUBLIC TENDER?

As evident in the chart the majority, with 47.4% of the respondents, has not participated in a public tender of any kind. 36.3% of the respondents have participated in a public tender. 12.5% of the respondent noted that their main reason for not participating in a tender was due to the lack of information.



## IF YOU PARTICIPATED IN A PUBLIC TENDER, WAS YOUR BID SUCCESSFUL?

For the vast majority (87.5%), the public tender was a success and only 12.5% states that this was not the case for them. Additionally, the majority of the respondents (87.5%) agree that the procedure was very transparent. The sectors which the tenders were for include, ICT, Automotive, Security Printing, Oil & Gas, Public Sectors and Public Utilities.



## THE EUSFTA - ADDITIONAL INFORMATION

### IS THERE ANYTHING NOT COVERED BY THE EUSFTA WHICH YOU WOULD LIKE TO SEE COVERED?

Legal enforcement of judgments without reregistration in each side.

The role of Artificial Intelligence and Disruptors

Joint IP protection without new registration requirements

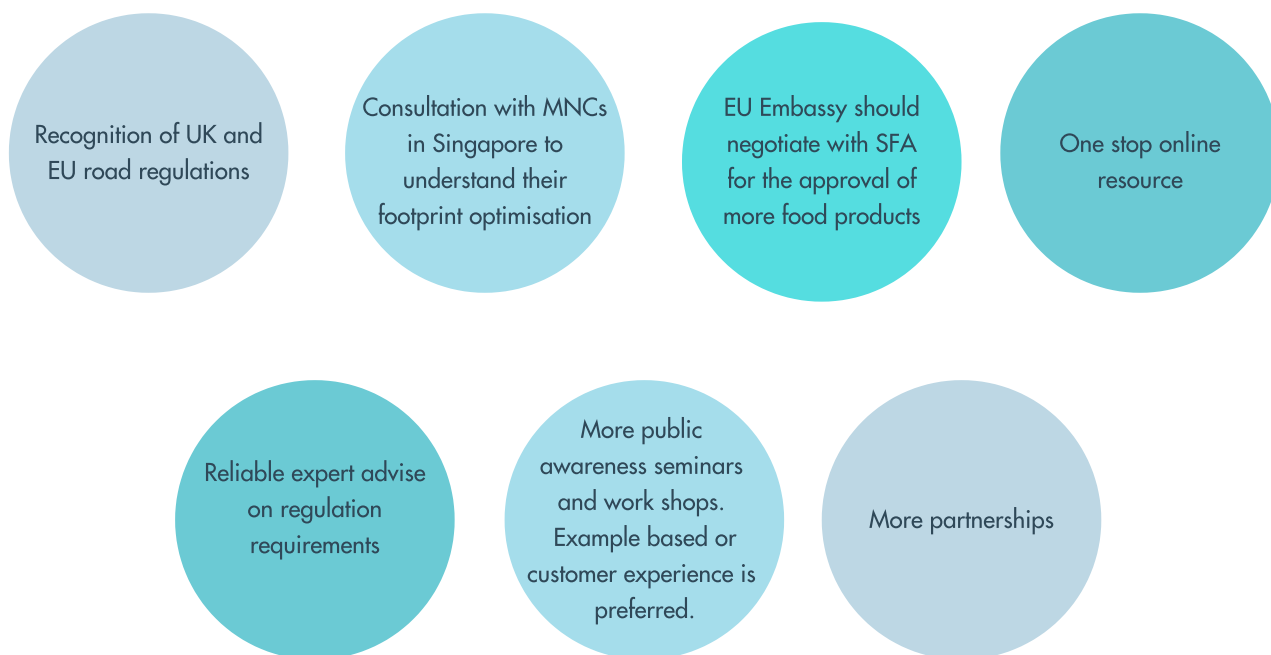
Facilitate approval of import of EU products

Real recognition of professional and academic titles

Importation of used euro 6d compliant vehicles

Digital Economy Agreement

**DO YOU HAVE ANY SUGGESTIONS ON WHAT KIND OF GOVERNMENT SUPPORT OR PRIVATE SECTOR'S INVOLVEMENT (INCLUDING BUSINESS ASSOCIATIONS ETC.) ARE NEEDED IN ORDER TO MAXIMISE THE USE OF THE EUSFTA?**



**MORE INFORMATION**

The respondents proclaimed that they have an interest in more information on the aspects of the EUSFTA covering:

- Digital Related Chapters
- Automotive Environmental Impact
- Tariffs Preferences

**OUTREACH EVENTS**

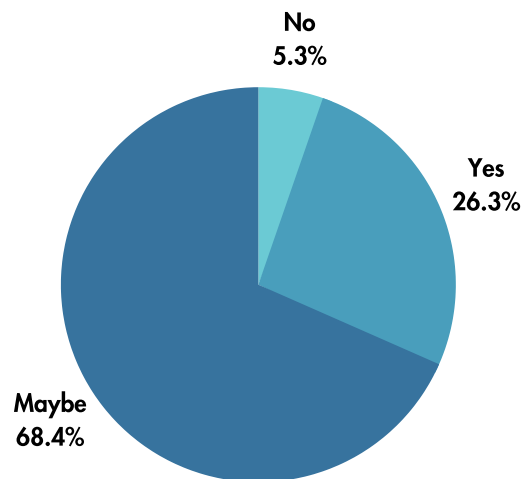
If public outreach events/webinars would be organised the respondents would like the following topics to be covered:

- Digital Related Aspects of the EUSFTA
- Legal
- Widening of FTAs within Asia Pacific
- The simplification of Import and Export Procedures
- How to best leverage the EUSFTA
- Trade and its Impact on Democracy
- Disease Awareness of the Different Chronic Illnesses

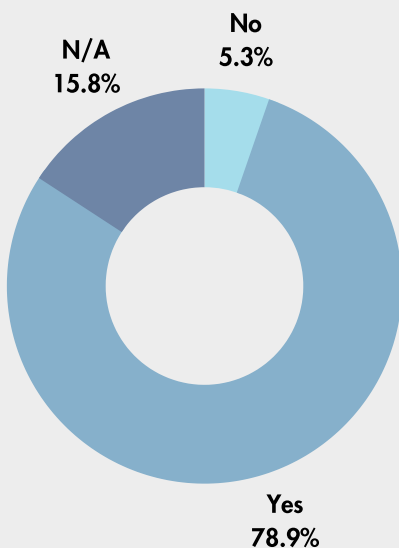
# THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

## DO YOU EXPECT YOUR COMPANY TO USE THE RCEP AGREEMENT ONCE IT ENTERS INTO FORCE?

The majority of the respondents (73.7%) stated that they are familiar with the RCEP agreement. As evident from the chart on the right, 26.3% believe that their company will use the agreement once it enters into force. 68.4% is undecided, leaving only 5.3% stating that they will not be using the RCEP agreement.



## WILL THE HARMONISATION OF RULES OF ORIGIN INCLUDED IN RCEP BE BENEFICIAL TO YOUR COMPANY'S REGIONAL TRADE ACTIVITIES, WHEN IMPLEMENTED?



As evident from the graph to the left, the large majority of the respondents (78.9%) believes that the harmonisation of Rule of Origin included in the RCEP agreement will be beneficial to their company's regional trade activities. However, the respondents did note that the RCEP agreement might have some challenges in the area of human resources and culture.

Additionally, there is a concern in relation to the free circulation of food given the many customs barriers and the potential issues faced with transshipment. Respondents also indicated a worry in relation to IP Protection and Competition Rules as well as a lack of labour harmonisation and a lack of e-commerce provisions. Finally respondents expressed concerns in relation to the different timelines of implementation as well as the reach of the agreement as it does not cover India.

# FINAL NOTES

Although not all industries are represented in the survey, the different aspects of the EUSFTA have been sufficiently covered with the given responses.

Some respondents proclaimed in the open field of final comments that they have not seen any improvement in import procedures and EU product approval after the implementation of the EUSFTA.

Finally, some respondents questioned what an overlap between EUSFTA and RCEP could imply, though the general perception is that the agreements can co-exist.

## THANK YOU



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