

SINGAPORE-AUSTRALIA FREE TRADE AGREEMENT

AUSTRALIAN INDUSTRY GROUP



FURTHER INFORMATION

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Background

Australia's first free trade agreement (FTA) with an Asian country, the Singapore-Australia Free Trade Agreement (SAFTA), was signed on 17 February 2003, concluding negotiations that were launched in November 2000. The agreement came into force on 28 July 2003.

SAFTA is a wide-ranging and comprehensive agreement, covering tariff-free access for goods, improved market access for services (including specific commitments on sectoral markets for telecommunications, financial services and professional services), and on cooperation and trade facilitation in key areas such as e-commerce, standards, education, intellectual property protection, competition policy and customs procedures.

What does it mean for Australia?

The main direct benefit to Australia to date has been in the services sector, as trade in goods between Australia and Singapore was already substantially unencumbered. Importantly however, Australia stands to gain significant benefits by being strategically aligned with a dynamic partner in South East Asia. The partnership should promote Australia's engagement with the Asia Pacific region, and raise Australia's profile in Singapore, particularly as an investment destination.

Most goods imported from Singapore already entered Australia free of duty. While some individual firms may have experienced increased competition as a result of eliminating tariffs on imports from Singapore, overall the economy has benefited from lower input costs.

The agreement also provides investors with greater certainty through provisions on the protection and promotion of investment. Cooperation arrangements in areas such as customs, standards, and e-commerce facilitate commerce between the two countries.

The First SAFTA Review

The Minister for Trade, Mark Vaile, and his Singaporean counterpart, George Yeo, launched the first review of the Singapore-Australia Free Trade Agreement (SAFTA) on 14 July 2004. The review followed a process of Government evaluation and business consultations, and confirmed that SAFTA has already proven to be a beneficial Agreement. The more open and predictable business environment in Singapore had encouraged new Australian exporters to enter the market and established exporters to expand their operations in Singapore.

The Ministers launched the following as part of the review process:

- completion of two annexes to the agreement on Horticultural Goods (to facilitate Singapore's exports of orchids and foliage to Australia) and Food Standards (for mutual recognition of standards and compliance procedures);

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- Singapore will recognise law degrees from additional universities;
- Australia will add four agencies to the Government procurement chapter;
- commence work on modifying Australia's reservation lists on services and investment to extend coverage to the States and Territories;
- improve conditions for legal joint ventures and lift the quota on wholesale banking licenses in Singapore; and
- endorse a work program to maintain the pace of integration in ecommerce, services, investment, rules of origin and government procurement.

The review process highlights a key feature of FTAs – that they are living documents, which evolve over time.

Summary Of Key Outcomes for Australian Industrial Product Manufacturers

- Elimination of all tariffs
- Removal/easing of residency requirements for Australian professionals
- Mutual recognition agreements between architects and engineers under way
- The environmental services sector will be largely open to Australian businesses
- Open market access and national treatment for a range of other service sectors
- Transparency of investment restrictions in Singapore's government-linked companies
- Investors protected against expropriation
- Australia firms get national treatment in procurement by Singapore agencies
- Protection of intellectual property supplied in government tender processes
- Short-term entry for Australian business people extended from 1 to 3 months
- Long-term business residents in Singapore granted total stay up to at least 14 years
- Spouses of business people provided more secure career conditions
- Commitment to address anti-competitive business practices
- Consultation upon request on anti-competitive practices of particular concern
- Competitive neutrality disciplines to apply to government-owned businesses
- Cooperation on eliminating trade in goods infringing intellectual property rights
- Measures to prevent the export of goods infringing copyright or trade marks
- No customs duties on bilateral electronic transmissions
- Agreement to facilitate paperless trading in order to reduce business transaction costs
- Promotion of confidence in bilateral e-commerce, e.g in electronic signatures
- Cooperation on investigation and prevention of infringements of customs law