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#PartnerForTrade

China and Singapore negotiated to upgrade their FTA

China and Singapore to upgrade their FTA for the second time

Singapore and China have recently completed negotiations on an upgraded free trade agreement that will improve market access for businesses in both countries. The agreement will provide more transparent and advanced economic practices, including liberal and transparent rules to level the playing field for investors and service suppliers.

The China-Singapore Free Trade Agreement (CSFTA) was signed in 2008 and upgraded in 2018. The upgrade of the CSFTA will improve bilateral trade and investment. It was China's first comprehensive bilateral FTA that it concluded with an Asian country. The upgraded FTA will undergo ratification before coming into force which is expected to take place this year.

The improved agreement seeks to demonstrate that business ties between China and Singapore are on course to upgrade towards new levels, in line with both countries' strong commitment to the multilateral push for the regional integration of the Association of Southeast Asian Nations (ASEAN).

Other FTAs between China and Singapore

Besides the CSFTA, the two countries can use three other free trade agreements; the ASEAN – China Free Trade Area (ACFTA), ASEAN – Hong Kong, China Free Trade Area (AHKFTA), and the Regional Comprehensive Economic Partnership (RCEP).

Effects and other outcomes

The upgraded CSFTA will reinforce China and Singapore's economic and trade ties, effectively reducing the impact of geoeconomic fragmentation and creating new investment opportunities in each other's markets, according to trade experts and business leaders.

In addition to the upgraded CSFTA, Singapore and China signed six Memorandums of Understanding (MOUs) on April 1, 2023. Among the six agreements, there is one focused on food security, with China and Singapore agreeing to exchange information on food safety regulations and to boost cooperation in food trade. The two countries also signed MOUs on the management of international commercial disputes for the Belt and Road Initiative, and water and environmental research.

Furthermore, agreements were made to promote cultural and artistic exchanges and to work together on biodiversity conservation. The MOUs were signed between Singapore government officials in Prime Minister Lee Hsien Loong's delegation and their Chinese counterparts, with Mr Lee and China's new premier Li Qiang.

The upgrading of the CSFTA and the signing of the six MOUs between Singapore and China signify a strengthened bilateral relationship between the two countries. Since 2013 Singapore has been China's largest foreign investor, while since 2007, China has been Singapore's primary investment destination.

The agreements will not only benefit businesses in both countries but also promote regional integration and cooperation.

Are German businesses able to profit from CSFTA?

German companies that have a subsidiary in China or Singapore or produce in the territory of the contracting parties can benefit from the CSFTA concessions. This is particularly desirable for companies that want to achieve improved market access to markets with which the EU has not yet negotiated free trade agreements.

Benefit from free trade agreements

If you have any questions about the usage of Free Trade Agreements in the Asia-Pacific region, you can contact Mrs. Annika Huck, Divisional Head for Trade Policies (Asia/ASEAN). E-Mail: annika.huck@sgc.org.sg

Resources

[Singapore, China conclude 'substantive talks' on FTA, to expand cooperation in 6 areas \(channelnewsasia.com\)](http://channelnewsasia.com)

[China, Singapore enhance biz, trade ties - Chinadaily.com.cn](http://www.chinadaily.com.cn)

[China, Singapore enhance business and trade ties](#) | The Star

[Ministry of Trade & Industry \(mti.gov.sg\)](http://mti.gov.sg)

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