

#PartnerForTrade**EU and Singapore Sign Digital Trade Agreement**

Introduction	<p>On 7 May 2025, Singapore and the European Union signed the EU-Singapore Digital Trade Agreement (EUSDTA), aimed at enhancing clarity and legal certainty for consumers and businesses and enabling more seamless online transactions. This deal is the first EU agreement of its kind and while the EUSDTA is a self-standing agreement, it will complement the 2019 EU-Singapore Free Trade Agreement (EUSFTA). Notably, negotiations were completed in just over a year, having commenced on 20 July 2023 and concluded on 25 July 2024.</p>
Why is that relevant?	<p>Digital trade is playing an increasingly important role in the global economy, with over 60% of global GDP now linked to digital transactions. In 2019, global online sales exceeded USD 26 trillion. The European Union, as the world's largest exporter of services, delivers 48% of those services digitally (excluding investment).</p> <p>Digital trade rules support consumer protection and create new opportunities for businesses, particularly micro, small and medium-sized enterprises (MSMEs), to participate in global value chains.</p>
EU-Singapore Trade Relations	<p>The EU is Singapore's fifth largest trading partner for goods, with bilateral goods trade reaching over S\$100 billion in 2024, representing 7.8% of Singapore's total goods trade.</p> <p>It is also Singapore's second largest partner in services trade, with bilateral services trade amounting to over S\$110 billion in 2023. Roughly 55% of the total services trade between the EU and Singapore was delivered digitally.</p> <p>Investment ties remain strong: the EU is Singapore's second largest source of foreign direct investment and its second largest overseas investment destination.</p>
What are the key features?	<p>1. Enabling and Facilitating Open and Secure Data Flows</p> <p><u>Cross-Border Data Flows:</u> Singapore and the EU will allow trusted cross-border data transfers and liberalise data localisation requirements.</p> <p><u>Personal Data Protection:</u> Both parties will maintain transparent legal frameworks to protect personal data, based on international standards.</p> <p><u>Open Government Data:</u> Public access to government data will be promoted to support innovation, economic development, and SME participation.</p> <p>2. Facilitating Digital Trade Operations</p> <p><u>Electronic Payments:</u> Both sides will support the development of cross-border e-payments through internationally accepted standards, interoperability, and competitive innovation.</p>

Electronic Invoicing: Measures will ensure cross-border interoperability of e-invoicing systems to increase efficiency and reliability in digital trade.

Paperless Trading: Trade documents for import, export, and transit will be made available electronically and accepted as legally equivalent to paper versions.

Customs Duties: No customs duties will be imposed on electronic transmissions.

3. Trusted and Secure Digital Systems

Source Code Protection: Neither party will require access to or transfer of source code as a condition for market access.

Cybersecurity Cooperation: Both sides will work together to address emerging cyber threats and enhance workforce capabilities.

Online Consumer Protection: Measures will be adopted or maintained to protect consumers from fraudulent or deceptive practices in e-commerce.

What are the next steps?

The EU and Singapore will now undertake their respective domestic procedures to move towards ratifying the EU-Singapore Digital Trade Agreement. On the EU side, formal ratification will require the consent of the European Parliament.

The text of the agreement will be made available on the European Commission's website in due course.

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If you have any questions about this publication or the usage of Free Trade Agreements in the Asia-Pacific region, please contact Mr Kai Neuber.

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Supported by:



Federal Ministry
for Economic Affairs
and Energy

on the basis of a decision
by the German Bundestag

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