



ASIA EXPLAINED

TO ANALYZE, TO DEBATE ,TO UNDERSTAND

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EU-Singapore trade agreement and its impact on Poland

What happened? On November 14 Council of the European Union released a decision [on the conclusion of the Free Trade Agreement between the European Union and the Republic of Singapore](#) that will come into force on November 21. The EU and Singapore have also concluded an investment protection agreement, which can enter into force after it has been ratified by all EU Member States according to their own national procedures.

Why it matters? Singapore is EU top trade partner in ASEAN with [trade value in goods and services over 100 bln EUR](#) and interesting market with wealthy middle class. EU already applies relatively low custom duties for imports from Singapore and in terms of import value agreement will have limited impact but the regulations concerning easing the access to market can facilitate EU export and bidirectional trade in services. Singapore is vibrant regional trade and investment hub that can serve as the gateway to ASEAN countries and other regional markets. In some groups of products listed in appendix D to the trade agreement the effective imports from ASEAN can increase as the materials and components imported and processed in Singapore from other countries can be classified as originated in Singapore.

Context. Singapore deal comes as the first major one with ASEAN countries preceding [FTA with Vietnam](#) and can encourage other countries [such as Thailand and Indonesia to speed up the negotiations](#). Implementation of the new trade and investment agreements with ASEAN countries can be a good alternative for EU companies to trade or investing in China and can increase strategically important diversification and decrease EU dependence on China in the Asia Pacific region. It is also the [first completed set of trade negotiations where trade and investment matters have been split into two separate deals to facilitate the ratification process](#). Trade agreements belong to exclusive EU authorities prerogatives while investments partially (e.g. dispute resolution with investors and portfolio investments) need consent and ratification by all EU members and the process of approval delays negotiations and adoption process.



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What it matters for Poland ?

According to PAIH agreement provides more opportunities for Polish enterprises and should help in balancing the trade exchange between countries. Polish export to Singapore according to [Statistics Poland](#) plummeted in recent years with 242 mln usd in 2017 and 278 mln usd in 2018, which is roughly a third of the amount recorded in the years 2014 and 2015 and less than half of export value in 2016. However, the sharp decrease was related to the export structure where fluctuations in dominant vessel exports (mainly [refurbishment and modernization](#)) in previous years were main culprit. Currently [PAIH office in Singapore receives tens of inquiries](#) monthly from the companies interested in export to Singapore. In 2015 over 900 Polish companies exported goods or services to Singapore with [77% being small and medium enterprises](#). In 2018 the main groups of products exported to Singapore included machinery and vehicle parts. The agreement can boost Polish export in other groups of products and export of services. The agreement can facilitate better access for Polish meat as Singapore accepts localization rule and can accept EU inspection of meat processing facilities instead of conducting its own as other e.g. Chinese authorities do. Singapore is a regional trade hub and can serve a [showcase for Polish exporters](#) e.g. of food and agricultural products wishing to enter other ASEAN markets such as Malaysia and Indonesia.