

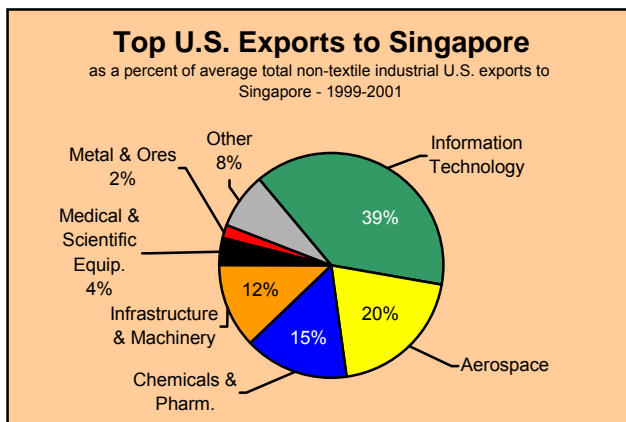
# U.S.-Singapore Free Trade Agreement

## Key Market Access Results and Benefits

The United States and Singapore signed a comprehensive free trade agreement (FTA) on May 6, 2003. The Agreement, which entered into force on January 1, 2004, is the United States' first FTA with an Asian nation and the first FTA signed by President Bush.

The U.S.-Singapore FTA expands U.S. market access in goods, services, investment, government procurement, intellectual property, and provides for groundbreaking cooperation in promoting labor rights and the environment. This FTA further enhances an already strong and thriving commercial relationship with America's 12<sup>th</sup> largest trading partner. Annual two-way trade of goods and services between the U.S. and Singapore approached \$40 billion in 2002. This FTA will serve as the foundation for other possible FTAs in Southeast Asia under President Bush's Enterprise for ASEAN initiative, including the U.S.-Thailand FTA.

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### Manufactured Goods

- The U.S.-Singapore FTA guaranteed zero tariffs immediately on all exports of U.S. goods to Singapore, and ensured that Singapore could not increase its duties on any U.S. product. Most U.S. tariffs on Singaporean goods were eliminated immediately upon entry into force of the Agreement, while remaining tariffs are being phased out over three- to 10-year periods. Singapore guaranteed zero tariffs immediately on all U.S. products.

### Textiles and Apparel

- All textiles and apparel duties were eliminated immediately promoting new opportunities for U.S. and Singaporean fiber, yarn, fabric and apparel manufacturing.
- Extensive monitoring and anti-circumvention commitments were established – including reporting, licensing, and unannounced factory checks – to ensure

that only Singaporean textiles and apparel benefit from these tariff preferences.

### Services

- The FTA provides market access to a broad range of sectors, including but not limited to: financial services including banking, insurance, securities, and related services; computer and related services; direct selling; telecommunications services; audiovisual services; construction and engineering; tourism; advertising; express delivery; professional services; distribution services; adult education and training services; environmental services; and energy services.
- Traditional market access to services is supplemented by strong and detailed disciplines on regulatory transparency.
- *Financial Services.* Licensed full-service banks are able to offer all their services at up to 30 locations in the first year, and at an unlimited number of locations within 2 years. Singapore ended its prohibition on foreign firms supplying insurance cross-border from their home country. Singapore treats U.S. firms the same as local firms for the cross-border supply of financial information, advisory and data processing services.
- *Telecommunications.* Users of the telecom network are guaranteed reasonable and non-discriminatory access to the network. This prevents local firms from having preferential or “first right” of access to telecom networks. U.S. firms seeking to build a physical network in Singapore granted non-discriminatory access to buildings that contain telephone switches and submarine cable heads. U.S. firms are able to lease elements of Singaporean telecom networks on non-discriminatory terms and to re-sell telecom

services of Singaporean suppliers to build a customer base.

- *E-Commerce.* The FTA establishes explicit guarantees that the principle of non-discrimination applies to products delivered electronically (software, music, videos, text), thus providing fair treatment to U.S. firms delivering digital products via the internet. The U.S.-Singapore FTA establishes a binding prohibition on customs duties charged on digital products delivered electronically, such as legitimate downloads of music, videos, software or text. For digital products delivered on hard media (such as a DVD or a CD), customs duties are based on the value of the media (e.g. the disc), not on the value of the movie, music or software contained on the disc.

## Government Procurement

- The FTA contains strong commitments by Singapore on non-discrimination in government services procurements. Singapore adopted a negative list of services, effectively increasing coverage to a broad range of services including certain education, engineering, and medical services that were not covered under the GPA.
- Monetary thresholds that establish when government procurement disciplines apply were lowered, thus expanding the number of contracts that are subject to FTA disciplines.

### Best Prospects

The U.S. – Singapore FTA increases openness in service sectors. The government procurement section of this FTA offers increased opportunities for financial services, telecommunication equipment and parts, logistics services, medical services, education, construction services, and information technology including computers and parts, x-ray equipment, medical instruments, photo equipment, vitamins, and distilled spirits.

*Highlights:* Enhanced protection of intellectual property will expand U.S. firms' market access in franchising, licensing, information technology, communications including satellite dishes and broadcasting equipment, and microelectronics such as optical fibers and appliances. The FTA also provides new opportunities for U.S. manufactures of equipment for hotels and restaurants.