

**FREE TRADE AGREEMENT BETWEEN
THE EFTA STATES AND SINGAPORE**

GOODS ASPECTS

Communication from the Parties

The following communication, dated 2 September 2004, is being circulated at the request of the Delegations of Iceland, on behalf of the EFTA States and Singapore.

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership And Dates Of Signature, Ratification And Entry Into Force

The Parties to the Agreement (hereinafter “the Agreement”) are the States of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) on the one hand, and the Republic of Singapore (hereinafter “Singapore”), on the other hand. The Agreement applies to the customs territories of the Parties.

The Agreement and the bilateral agricultural agreements concluded between each of the EFTA States and Singapore were signed on 26 June 2002 in Egilsstaðir, Iceland, and entered into force on 1 January 2003.

The Agreement and the bilateral agricultural agreements, as the instruments creating the Free Trade Area between the EFTA States and Singapore, were notified on 14 January 2003 to the Council for Trade in Goods and to the Council for Trade in Services in accordance with Article XXIV:7(a) of GATT 1994 and Article V:7(a) of the GATS.

2. Type Of Agreement

The Agreement and the bilateral agricultural agreements create a free trade area in conformity with the criteria set out in Article XXIV:8(b) of GATT 1994.

The objectives of the Agreement are in addition to the liberalisation of trade in goods and services to achieve the further liberalisation of the government procurement markets, to mutually enhance investment opportunities and accord constant protection for investors and investments, to ensure adequate and effective protection of intellectual property rights and to promote competition in their economies.

3. Scope

The free-trade area established by the Agreement and the bilateral agricultural agreements provide the framework for future trade relations between the EFTA States and Singapore.

The Agreement covers trade in industrial products falling within HS Chapters 25 to 97, trade in processed agricultural products with due regard to the arrangements provided for in Annex III, and trade in fish and other marine products as provided for in Annex IV. The products covered are products originating in the EFTA States or in Singapore according to the rules of origin set out in Annex I of the Agreement. The bilateral agricultural agreements cover trade in basic agricultural products.

4. Trade Data

In 2003, total trade between the EFTA States and Singapore amounted to 1,693 million US dollars. The EFTA States imported goods from Singapore for 274 million US dollars and exported goods worth 1,419 million US dollars. This represents 0.2 per cent of total EFTA imported goods and 0.83 per cent of total EFTA exported goods. For Singapore this trade represented 0.44 per cent of total exports and 1.78 per cent of total imports. Trade in industrial products accounted for 98 per cent and agricultural products for 2 per cent of total trade.

Ninety nine per cent of traded industrial products enjoy duty-free treatment under the Agreement. With regard to agricultural products, 96 per cent of traded goods enjoy duty-free treatment under the Agreement, while 4 per cent are without any concessions.

Trade data, including trade flows and trade coverage, can be found at the Annex.

II. TRADE PROVISIONS

1. Import Restrictions

1.1 Duties And Charges

According to Article 8 of the Agreement, the Parties have abolished all customs duties on imports of products originating in an EFTA State or in Singapore upon the entry into force of the Agreement, excluding a very limited number of products originating in Singapore listed in Annex V.

1.2 Quantitative Restrictions

According to Article 9 of the Agreement, all import prohibitions or restrictions on trade in goods between the EFTA States and Singapore, other than customs duties and taxes, whether made effective through quotas, import licenses or other measures, have been eliminated on all products of each Party upon the entry into force of the Agreement.

2. Export Restrictions

2.1 Duties And Charges

According to Article 8 of the Agreement, the Parties have abolished all customs duties on exports amongst themselves.

2.2 Quantitative Restrictions

According to Article 9 of the Agreement, all export prohibitions or restrictions on trade in goods between the EFTA States and Singapore, other than customs duties and taxes, whether made effective through quotas, export licenses or other measures, have been eliminated on all products of each Party upon the entry into force of the Agreement.

3. Rules Of Origin

The definition of the concept of “originating products” and methods of administrative co-operation between the Parties are set out in Annex I and its Appendices and are in compliance with Annex II of the Agreement on Rules of Origin of the WTO.

Annex I establishes the general requirements to determine the originating status of a product, as well as the necessary administrative procedures to claim preferential treatment.

Products are considered of Singaporean or EFTA origin either if they are: wholly obtained; manufactured exclusively from originating materials; or if they have been sufficiently worked or processed. Appendix 2 to Annex I lists the different rules that apply for determining whether a product has been sufficiently worked or processed. While they differ from product to product, the rules fall into several broad categories:

- The materials used must undergo a change of tariff classification under the Harmonised System;
- Products are considered to be originating if sufficient value is added in the EFTA States or Singapore. Percentages involved may vary from product to product; or
- For some products, the rule defines the production process to be followed.

Upon request of an importer, exporter or producer, the competent authorities of Singapore or EFTA, as the case may be, shall provide an opinion concerning the originating status and tariff classification of a product. They shall seek to answer within 90 days after having received the request.

All information which is by nature confidential or which is provided on a confidential basis shall be covered by the obligation of professional secrecy, in accordance with the respective laws of each Party. It shall not be disclosed by the Parties’ authorities without the express permission of the person or authority providing it.

4. Standards

4.1 Technical Barriers To Trade

Under Article 13 of the Agreement, both Parties confirm their rights and obligations relating to standards, technical regulations and conformity assessment procedures under the WTO Agreement on Technical Barriers to Trade. The Agreement further provides for the Parties to cooperate and exchange information and assistance in the field of technical regulations, standards and conformity assessment. The Parties shall hold consultations in the Joint Committee in case one Party considers another to have created or is likely to create an obstacle to trade.

4.2 Sanitary And Phytosanitary Measures

Article 12 of the Agreement stipulates that the Parties shall apply their regulations in sanitary and phytosanitary matters in non-discriminatory manner and shall not introduce any new measures that have the effect of unduly obstructing trade. These principles shall be applied in accordance with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which is incorporated into and made part of the Agreement.

5. Safeguards

5.1. Emergency Action On Imports Of Particular Products

According to Article 17 of the Agreement, each Party may take appropriate measures where the import of a product originating in another Party, as a result of the reduction or elimination of a customs duty under the Agreement, is being imported into its territory in such increased quantities and under such conditions as to constitute a substantial cause of serious injury or threat thereof to domestic industry. Whether there is a serious injury or threat thereof shall be determined pursuant to an investigation in accordance with the procedures laid down in the WTO Agreement on Safeguards.

5.2 Balance-Of-Payments Difficulties

Article 18 allows for the application of measures when a Party experiences serious balance of payment difficulties. A Party in serious balance of payments difficulties, or under imminent threat thereof, may, in accordance with the conditions established under the GATT 1994 and the Understanding on Balance-of-Payments provisions of the GATT 1994, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory. The relevant provisions of the GATT 1994 and the WTO Understanding of the Balance-of-Payments Provisions are incorporated and made part of the Agreement.

6. Anti-Dumping And Countervailing Measures

Article 16 provides that the Parties shall not apply anti-dumping measures as provided for under the WTO Agreement on Implementation of Article VI of the GATT 1994 in relation to products originating in another Party. Furthermore, in order to prevent dumping, the Parties shall undertake the necessary measures as provided for under Chapter V (Article 50: Competition).

7. Subsidies And State-Aid

Article 15 states that the rights and obligations of the Parties in respect of subsidies shall be governed by Articles VI and XVI of the GATT 1994, the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture.

8. Sector-Specific Provisions

8.1 Agriculture

Due to the different agricultural policies of the EFTA States, trade in basic agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland, Norway, and Switzerland) and Singapore. These agreements also form part of the instruments establishing the free trade area. Each protocol contains a review clause and specific rules of origin, generally based on the “wholly-obtained” criteria but also including specific list with rules with exceptions from the “wholly-obtained” criteria.

8.2 Fish And Other Marine Products

The Agreement covers trade in fish and other marine products as specified in Annex IV. The EFTA States and Singapore have committed themselves to liberalise substantially all trade in these products under the FTA upon entry into force of the Agreement.

9. Other

9.1 Co-Operation In Customs Administration

Article 7 in conjunction with Annex I lays down the rules of origin and methods of administrative co-operation.

III. GENERAL PROVISIONS OF THE AGREEMENT

1. Exceptions And Reservations

Article 19 (General Exceptions) and Article 20 (Security Exceptions) of the Agreement correspond to the respective Articles in the GATT (Article XX and XXI).

2. Accession

According to Article 70 of the Agreement, any State may become a Party to the Agreement. The terms and conditions are subject to an agreement between the Parties and the invited State.

3. Dispute Settlement Procedures

Chapter IX of the Agreement provides for dispute settlement procedures between the Parties relating to the understanding and interpretation of the Agreement. In a first step, the Agreement provides for consultations between the Parties. Disputes which have not been settled within 60 days after the beginning of the consultations may be subject to arbitration by means of written notification from one Party to the other. Provisions on the constitution and functioning of the arbitration panel are provided for in the Agreement. The panel is to settle the dispute in accordance with international law and the decisions of the arbitration panel are binding upon the Parties to the dispute.

4. Relation with other trade agreements

Article 4 states that the provisions of this Agreement shall be without prejudice to the rights and obligations of the Parties under the WTO to which they are a party and any other international agreement to which they are a party.

5. Institutional framework

Article 55 of the Agreement establishes a Joint Committee comprising representatives of each Party, which is to supervise and administer the Agreement. Information shall be exchanged and consultations can be held within the Joint Committee. The Joint Committee can take decisions in cases provided for by the Agreement or make recommendations. The Joint Committee is to keep under review the removal of further barriers to trade and other restrictive measures concerning commerce between the EFTA States and Singapore.

IV. OTHER

1. Provisions In Services

Chapter III of the Agreement covers services and is in conformity with Article V of GATS.¹

¹ See document WT/REG148/4 containing the Standard Format on Services.

2. Investment

Chapter IV covers both access for foreign investors to the respective markets and the protection of existing and future investments. The disciplines concerning investment protection correspond to those usually found in bilateral investment protection agreements, including provisions on promotion and protection, national and MFN treatment, taxation, dispossession and compensation, domestic regulation, transfers and key personnel. The Agreement also foresees the possibility of direct dispute settlement between a Party to the Agreement and an investor of another Party. Such disputes may be submitted to binding arbitration provided both parties to the dispute agree upon this. Reservation lists to the Chapter are contained in Annex XI.

3. Intellectual Property Rights

In accordance with Article 54 of the Agreement, the Parties shall grant and ensure adequate, effective and non-discriminatory protection of intellectual property rights, in conformity with international law and the provisions of the Agreement and its Annex XXI. Article 54 contains provisions regarding the principles of the protection of intellectual property rights, national treatment and MFN treatment. Article 54 further provides for the possibility of holding consultations on issues concerning the protection of intellectual property rights. Annex XXI provides for the definition and scope of protection and lists relevant international conventions to which the Parties shall undertake to adhere.

4. Competition

Chapter V on competition includes the Parties' commitment to make sure that the benefits of the Agreement are not frustrated by anticompetitive business conduct. The Chapter establishes a consultation mechanism between the Parties with a view to eliminate these anticompetitive practices. Arbitration under Chapter IX of the Agreement with respect to matters arising under the Chapter on Competition is excluded.

5. Government Procurement

Chapter VI states that the WTO Agreement on Government Procurement shall govern the rights and obligations of the Parties to the Agreement in respect of public procurement. If a Party grants a non-Party additional benefit with regard to the access to its public procurement market after the entry into force of the Agreement, it shall agree to enter into negotiations with a view to extending these benefits to another Party on a reciprocal basis. The Parties shall also exchange contact points with regard to exchange of information.

6. Transparency

Article 67 (Transparency) contains horizontal provisions on transparency (publication of laws and exchange of information between Parties).

The full text of the Agreement is available from:

- WTO Secretariat (WT/REG148/1)
- EFTA Secretariat (incl. bilateral agricultural agreements)
(<http://secretariat.efta.int/Web/ExternalRelations/PartnerCountries/Singapore>)
- EFTA States
- Republic of Singapore
(<http://app.fta.gov.sg/asp/fta/esfta.asp>)

ANNEX

Key EFTA-Singapore FTA trade coverage figures 2003	Value (US\$)	Share of total
EFTA imports	274,032,771	16%
EFTA exports	1,419,625,976	84%
Total trade	1,693,658,747	
Trade in agricultural products (HS 1-24)	31,719,520	2%
Trade in industrial products (HS 25-97)	1,661,939,227	98%
Duty free trade	1,679,045,341	99%
Trade subject to no concessions	14,613,406	1%
Duty free trade in agricultural products (of total agricultural trade)	30,453,518	96%
Trade in agricultural products subject to no concessions	1,266,002	4%
Duty free trade in industrial products (of total industrial trade)	1,648,591,823	99%
Trade in industrial products subject to no concessions	13,347,404	1%

Source: World Trade Atlas

Trade coverage of the EFTA-Singapore Free Trade Agreement in 2003

Main agreement and bilateral agricultural arrangements

HS	Total trade	Duty free	Reduced duty	Without concessions	Duty free	Reduced duty	Without concessions
	In US dollars	In US dollars			In per cent		
01	5,234	1,102		4,132	21%		79%
02	121,407	121,407			100%		
03	12,484,376	12,484,376			100%		
04	2,639,999	2,639,999			100%		
05	2,033	2,033			100%		
06	124,508	13,060		111,448	10%		90%
07	0						
08	11,619	11,619			100%		
09	269,462	266,550		2,912	99%		1%
10	770	770			100%		
11	0						
12	26,092	24,281		1,811	93%		7%
13	123,481	115,804		7,677	94%		6%
14	11,016	11,016			100%		
15	164,032	57,546		106,486	35%		65%
16	824,450	824,450			100%		
17	480,690	480,690			100%		
18	2,325,626	2,325,626			100%		
19	2,118,007	1,455,277		662,730	69%		31%
20	686,038	667,021		19,017	97%		3%
21	5,282,788	5,109,064		173,724	97%		3%
22	1,523,660	1,347,595		176,065	88%		12%
23	513,262	513,262			100%		
24	1,980,970	1,980,970			100%		
25	114,912	114,912			100%		
26	148,147	148,147			100%		
27	13,893,189	13,893,189			100%		
28	1,793,997	1,793,997			100%		
29	128,281,565	128,281,565			100%		
30	67,700,985	67,700,985			100%		
31	547	547			100%		
32	32,188,474	32,188,474			100%		
33	24,543,474	24,543,474			100%		
34	6,154,966	6,154,966			100%		
35	534,460	534,460			100%		
36	35,560	35,560			100%		
37	228,899	228,899			100%		
38	41,647,919	41,647,919			100%		
39	21,080,381	21,080,381			100%		
40	6,121,464	6,121,464			100%		
41	4,728,670	4,728,670			100%		
42	3,816,853	3,816,853			100%		
43	1,147	1,147			100%		
44	1,303,308	1,303,308			100%		
45	3,127	3,127			100%		
46	450	450			100%		
47	369,132	369,132			100%		

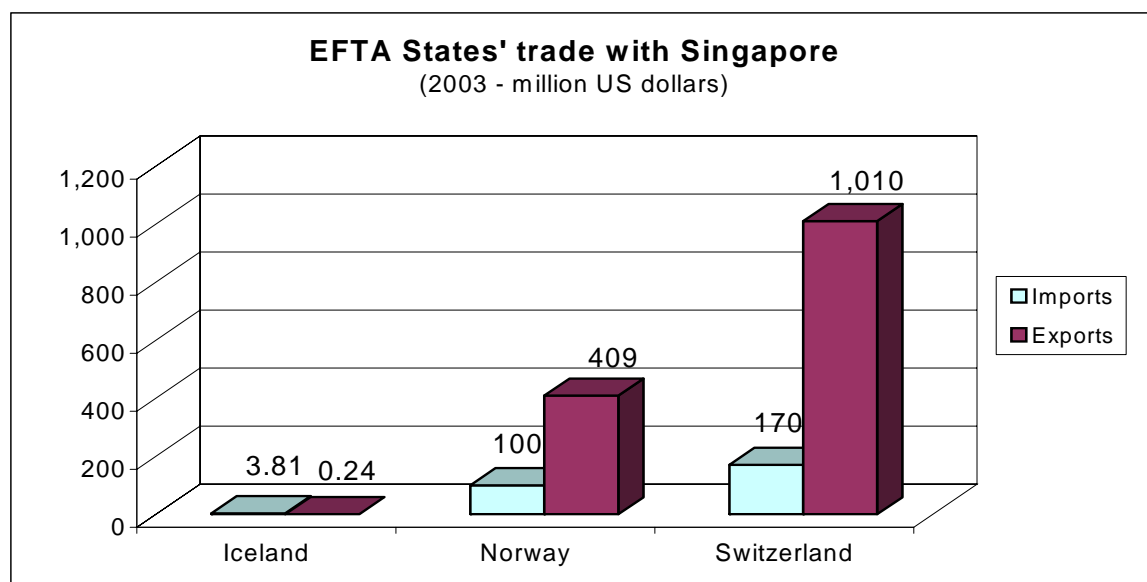
HS	Total trade	Duty free	Reduced duty	Without concessions	Duty free	Reduced duty	Without concessions
	In US dollars	In US dollars			In per cent		
48	7,818,127	7,818,127			100%		
49	4,116,355	4,116,355			100%		
50	93,240	93,240			100%		
51	425,937	425,937			100%		
52	524,701	524,701			100%		
53	6,428	6,428			100%		
54	218,173	218,173			100%		
55	50,798	50,798			100%		
56	532,716	532,716			100%		
57	403,891	403,891			100%		
58	139,257	139,257			100%		
59	3,124,269	3,124,269			100%		
60	8,283	8,283			100%		
61	1,643,918	1,643,918			100%		
62	4,930,047	4,930,047			100%		
63	441,263	441,263			100%		
64	1,091,583	1,091,583			100%		
65	9,483	9,483			100%		
66	8,161	8,161			100%		
67	122	122			100%		
68	838,475	838,475			100%		
69	1,395,924	1,395,924			100%		
70	2,434,923	2,434,923			100%		
71	76,121,550	76,121,550			100%		
72	1,793,615	1,793,615			100%		
73	16,002,046	16,002,046			100%		
74	1,154,021	1,154,021			100%		
75	2,862,302	2,862,302			100%		
76	3,888,902	3,888,902			100%		
78	4	4			100%		
79	4,642	4,642			100%		
80	3,961	3,961			100%		
81	603,411	603,411			100%		
82	17,980,277	17,980,277			100%		
83	2,908,448	2,908,448			100%		
84	370,208,123	370,208,123			100%		
85	173,708,287	173,708,287			100%		
86	896,755	896,755			100%		
87	799,668	799,668			100%		
88	3,487,722	3,487,722			100%		
89	183,828,063	183,828,063			100%		
90	95,810,981	95,810,981			100%		
91	297,053,744	297,053,744			100%		
92	168,697	168,697			100%		
93	4,353,775	4,353,775			100%		
94	5,006,883	5,006,883			100%		
95	1,592,344	1,592,344			100%		
96	2,631,865	2,631,865			100%		
97	774,037	774,037			100%		
99	13,347,404			13,347,404			100%
Total	1,693,658,747	1,679,045,341		14,613,406	99.1%		0.9%

Source: World Trade Atlas

EFTA STATES' TRADE WITH SINGAPORE

	2000	2001	2002	2003	2001/00	2002/01	2003/02
	In thousand US dollars				Percentage change		
IMPORTS							
Iceland	3,320	2,899	3,171	3,807	-12.7	9.4	20.1
Norway	83,033	122,233	129,048	100,056	47.2	5.6	-22.5
Switzerland	168,651	186,905	160,339	170,170	10.8	-14.2	6.1
EFTA	255,004	312,037	292,558	274,033	22.4	-6.2	-6.3
<i>Share in EFTA's tot. imports</i>	<i>0.21%</i>	<i>0.27%</i>	<i>0.24%</i>	<i>0.20%</i>			
EXPORTS							
Iceland	209	221	153	244	6.0	-30.7	59.3
Norway	235,282	301,963	376,490	408,990	28.3	24.7	8.6
Switzerland	943,716	936,333	975,972	1,010,392	-0.8	4.2	3.5
EFTA	1,179,207	1,238,517	1,352,615	1,419,626	5.0	9.2	5.0
<i>Share in EFTA's tot. exports</i>	<i>0.83%</i>	<i>0.88%</i>	<i>0.90%</i>	<i>0.83%</i>			
IMPORTS + EXPORTS							
Iceland	3,529	3,120	3,324	4,052	-11.6	6.5	21.9
Norway	318,316	424,196	505,538	509,046	33.3	19.2	0.7
Switzerland	1,112,367	1,123,238	1,136,311	1,180,562	1.0	1.2	3.9
EFTA	1,434,211	1,550,553	1,645,173	1,693,659	8.1	6.1	2.9
<i>Share in EFTA's total trade</i>	<i>0.55%</i>	<i>0.60%</i>	<i>0.61%</i>	<i>0.55%</i>			

-- no percentage calculated



Source: World Trade Atlas

EFTA STATES' TRADE WITH SINGAPORE BY SELECTED COMMODITIES (HS)

Source: World Trade Atlas		2001	2002	2003	2001	2002	2003
IMPORTS		In thousand US dollars			In per cent		
Iceland							
Total imports from Singapore		2,899	3,171	3,807	100.0	100.0	100.0
<i>In per cent of imports from the world</i>		0.14%	0.15%	0.15%			
HS 84	Machinery, mechanical appliances	1,459	1,345	1,713	50.3	42.4	45.0
HS 32	Tanning, dye, paints, putty, inks	274	501	788	9.5	15.8	20.7
HS 85	Electrical machinery	671	946	734	23.1	29.8	19.3
Norway							
Total imports from Singapore		122,233	129,048	100,056	100.0	100.0	100.0
<i>In per cent of imports from the world</i>		0.39%	0.38%	0.25%			
HS 84	Machinery, mechanical appliances	46,920	53,753	56,836	38.4	41.7	56.8
HS 85	Electrical machinery	36,048	22,486	23,884	29.5	17.4	23.9
HS 90	Optical, medical, surgical instruments	2,149	3,538	4,075	1.8	2.7	4.1
HS 39	Plastic, plastic articles	629	746	3,235	0.5	0.6	3.2
HS 49	Books, newspapers, pictures, manuscripts	1,493	1,565	1,846	1.2	1.2	1.8
HS 32	Tanning, dye, paints, putty, inks	426	483	1,592	0.3	0.4	1.6
HS 83	Misc. articles of base metal	1,845	1,695	1,576	1.5	1.3	1.6
HS 95	Toys and sports equipment	433	395	676	0.4	0.3	0.7
Switzerland							
Total imports from Singapore		186,905	160,339	170,170	100.0	100.0	100.0
<i>In per cent of imports from the world</i>		0.22%	0.19%	0.18%			
HS 90	Optical, medical, surgical instruments	21,857	27,289	39,168	11.7	17.0	23.0
HS 71	Prescious stones and metals	56,034	41,420	35,723	30.0	25.8	21.0
HS 84	Machinery, mechanical appliances	18,170	28,497	35,617	9.7	17.8	20.9
HS 85	Electrical machinery	66,426	37,237	33,330	35.5	23.2	19.6
HS 29	Organic chemicals	3,545	4,672	5,324	1.9	2.9	3.1
HS 41	Hides and skins	3,621	4,924	4,459	1.9	3.1	2.6
HS 39	Plastic, plastic articles	308	1,382	2,692	0.2	0.9	1.6
HS 91	Clocks and watches	3,951	3,847	2,405	2.1	2.4	1.4
HS 88	Aircraft, spacecraft	12	77	2,188	0.0	0.0	1.3
HS 33	Pefumery, cosmetics	2,949	3,588	1,914	1.6	2.2	1.1
EXPORTS		In thousand US dollars			In per cent		
Iceland							
Total exports to Singapore		221	153	244	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>		0.01%	0.01%	0.01%			
HS 84	Machinery, mechanical appliances	0	0	174	0.0	0.0	71.1
HS 03	Fish, crustaceans	12	0	26	5.4	0.0	10.4
HS 99	Salvage and reparations	0	1	17	0.1	0.3	6.9
Norway							
Total exports to Singapore		301,963	376,490	408,990	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>		0.53%	0.62%	0.61%			
HS 89	Ships, boats and floating structures	20,265	97,408	183,761	6.7	25.9	44.9
HS 84	Machinery, mechanical appliances	96,621	150,725	118,593	32.0	40.0	29.0
HS 85	Electrical machinery	45,525	31,421	29,455	15.1	8.3	7.2
HS 90	Optical, medical, surgical instruments	52,513	31,394	15,463	17.4	8.3	3.8
HS 99	Salvage and reparations	9,879	7,051	13,139	3.3	1.9	3.2
HS 03	Fish, crustaceans	8,811	11,030	11,226	2.9	2.9	2.7
HS 38	Misc. chemical products	4,293	4,820	6,657	1.4	1.3	1.6
HS 34	Soap, wax, dental preparations	3,035	4,581	4,907	1.0	1.2	1.2
Switzerland							
Total exports to Singapore		936,333	975,972	1,010,392	100.0	100.0	100.0
<i>In per cent of exports to the world:</i>		1.14%	1.11%	1.00%			
HS 91	Clocks and watches	260,094	280,770	294,624	27.8	28.8	29.2
HS 84	Machinery, mechanical appliances	158,193	197,798	157,274	16.9	20.3	15.6
HS 29	Organic chemicals	100,166	93,432	122,185	10.7	9.6	12.1
HS 85	Electrical machinery	68,203	60,006	86,305	7.3	6.1	8.5
HS 30	Pharmaceutical products	62,485	71,303	67,351	6.7	7.3	6.7
HS 71	Prescious stones and metals	33,161	33,615	39,603	3.5	3.4	3.9
HS 90	Optical, medical, surgical instruments	43,798	46,542	36,946	4.7	4.8	3.7
HS 38	Misc. chemical products	42,715	20,816	34,791	4.6	2.1	3.4
HS 32	Tanning, dye, paints, putty, inks	28,297	29,446	29,224	3.0	3.0	2.9
HS 33	Pefumery, cosmetics	20,100	18,992	22,522	2.1	1.9	2.2