



2018/0093(NLE)

10.10.2018

DRAFT RECOMMENDATION

on the proposal for a Council decision on the conclusion of the Free Trade Agreement between the European Union and the Republic of Singapore (COM(2018)0196 – C8-0000/2018 – 2018/0093(NLE))

Committee on International Trade

Rapporteur: David Martin

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	6

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on the conclusion of the Free Trade Agreement between the European Union and the Republic of Singapore (COM(2018)0196 – C8-0000/2018 – 2018/0093(NLE))

(Consent)

The European Parliament,

- having regard to the proposal for a Council decision (COM(2018)0196),
 - having regard to the draft Free Trade Agreement between the European Union and the Republic of Singapore (XXXXXX/2018),
 - having regard to the request for consent submitted by the Council in accordance with Articles 91, 100(2), 207(4) and Article 218(6), second subparagraph, point (a)(v), and Article 218(7) of the Treaty on the Functioning of the European Union (C8-0000/2018),
 - having regard to the opinion of the Court of Justice of the European Union of 16 May 2017 in procedure 2/15¹, pursuant to Article 218(11) TFEU, requested on 10 July 2015 by the European Commission,
 - having regard to Rule 99(1) and (4), and Rule 108(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade (A8-0000/2018),
1. Gives its consent to conclusion of the agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Republic of Singapore.

¹ Opinion of the Court of Justice of 16 May 2017, 2/15, ECLI:EU:C:2017:376.

EXPLANATORY STATEMENT

Negotiations for a free trade agreement between the EU and Singapore were launched in December 2009. This followed the impasse in the negotiations for a free trade agreement between the EU and the ASEAN region, which led the Council to authorising bilateral negotiations with ASEAN member states starting precisely with Singapore. This FTA should therefore be seen as a building block towards the ultimate objective of pursuing a region-to-region free trade agreement.

Negotiations were concluded in 2012 and the text was initialled in 2013. However, in light of the EU exclusive competence on foreign direct investment including investment protection acquired with the Lisbon Treaty, the Parties agreed to and included investment protection provisions in the agreement in 2014. In 2015 the Commission decided to request the opinion of the European Court of Justice on the EU competence to sign and conclude the agreement by itself or whether the participation of Member States was required. The ruling was issued in May 2017 and, on that basis, following discussions between the EU institutions on the new architecture of EU FTAs, the agreement was split into an EU-only free trade agreement and a mixed investment protection agreement. In light of the above, regrettably, the agreement has been referred to Parliament with a significant delay.

Singapore is a hub in the region and this deal will enhance EU trade flows with the rest of ASEAN. The agreement is also crucial to avoid EU exporters being at a competitive disadvantage compared with businesses from countries which Singapore has already concluded trade agreements with, such as the Comprehensive and Progressive Trans-Pacific Partnership.

Singapore is by far the EU's largest partner in the region, accounting for slightly under one-third of EU-ASEAN trade in goods and services, and roughly two-thirds of investments between the two regions. Over 10.000 European companies have their regional offices in Singapore.

Singapore and the EU share fundamental values such as democracy, rule of law and respect for human rights as well as a strong commitment to sustainable development and the multilateral trading system.

Considering that Singapore has already removed almost all of its tariffs on EU products which the agreement will eliminate completely, the main elements of the FTA are:

Non-tariff barriers (NTBs): Many NTBs have been addressed. Notably, Singapore will recognise the EU safety tests for car and car parts as well as for certain electronics. Singapore will also accept EU labels and markings for clothing and textiles.

Geographical indications (GIs): Singapore will protect around 190 EU GIs to the benefit of EU food and drink producers. Singapore is the fifth biggest export market in Asia for EU food and drinks, with annual exports worth around 2 billion euros.

Public Procurement: The EU will gain increased access to supply goods and services to the Singapore government as compared to the Government Procurement Agreement (GPA). This market has a value of 20 billion euros per year.

Trade in Services: The agreement safeguards the right of EU Member States' authorities to define, provide and regulate public services at all levels. It does not prevent governments from bringing any privatised service back to into the public sector. The liberalisation, which is based on a positive list approach, covers notably financial services, postal and courier, telecommunications, transport and information technology. The agreement also provides a framework to recognise each other's qualifications professions such as architects, lawyers and engineers.

Sustainable development Increased trade flows and economic growth must go in parallel with strengthened labour rights and environmental protections. The agreement commits the Parties to effectively implement the core ILO conventions that they have ratified and to make sustained efforts to ratify the outstanding ones. Singapore did not ratify the ILO core conventions on Discrimination and Right to Organise respectively and ratified and subsequently denounced the one on Forced Labour. The agreement also includes commitments to implement the Multilateral Environmental Agreements the Parties have signed up to including the Paris Agreement on climate change. The Parties also committed to the sustainable management of forests and fisheries. The EU and Singapore agreed to promote initiatives focused on corporate social responsibility, eco-labelling and fair trade among others. For all these reasons, the agreement can be considered progressive.

In case of lack of compliance with these provisions, the agreement foresees a mechanism of dispute resolution that involves governments, an independent panel of experts and civil society groups. Civil society plays an important role in monitoring the implementation of the trade and sustainable development provisions. In particular, the agreement foresees the establishment of domestic advisory groups (DAGs) composed of trade unions, environmental bodies and business associations that may submit recommendations to the Parties about the implementation of these provisions. Your rapporteur expects that these will be established quickly after the entry into force of the agreement.

Safeguards The agreement not only safeguards the EU right to apply its own standards to all goods and services sold in Europe but it also preserves the right to regulate i.e. to apply higher standards of labour and environmental protection and it upholds the EU precautionary principle.

Conclusion

The agreement is of key **geostrategic importance**. It is the first bilateral trade agreement the EU has negotiated with an ASEAN member and an important stepping stone towards a region to region FTA. Furthermore, it also serves as a benchmark for the FTAs the EU is currently negotiating with the other main ASEAN economies. At a time when we can no longer rely on the US as a trading partner, strengthening our relations with South-East Asia is even more crucial. Finally yet importantly, this is a progressive trade agreement. Increased trade flows with Singapore must go hand in hand with increased level of labour and environmental protection, promote EU values and uphold EU standards. All this has been ensured in the FTA.

Your rapporteur therefore recommends to give consent to the agreement.