

UNITED ARAB EMIRATES
MINISTRY OF ECONOMY



الإمارات العربية المتحدة
وزارة الإقتصاد

Gulf Cooperation Council – Singapore Free Trade Agreement (GSFTA)



Brief Guide



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Vision & Mission

«United Arab Emirates , Ministry of Economy»

Vision

Internationally competitive and diversified economy under the leadership of efficient and knowledgeable nationals.

Mission

To develop the national economy and create a pro-business environment that contributes to achieve balanced and sustainable development of the country, through the enactment and modernization of economic legislations , foreign trade policies, development of national industries and exports, promotion of investment, regulation of competition and Small and Medium Enterprises (SMEs) sector, protection of consumer and intellectual property rights, and diversification of economic activities, under the leadership of efficient nationals, in line with international standards of creativity, excellence and knowledge economies.

Values

- Transparency
- Excellence
- Participation
- Respect of Rights
- Team Spirit
- Creativity

Objectives

- To develop economic policies and legislations according to the best international standards of a competitive knowledge economy.
- To develop and diversify national industries.
- To regulate and develop the Small and Medium Enterprises (SMEs) and national business pioneering sectors.
- To increase the country's attractiveness for investments.
- To enable appropriate business practices and protect consumers and intellectual property rights.
- To enhance the country's competitiveness in foreign markets and develop its relations with other countries in a way that serves its commercial interests.
- To secure providing all administrative services as per quality, efficiency and transparency.




Introduction

Global trade has developed at a steady pace over recent decades. Fundamental changes in international commerce and finance, such as lower transport costs, advances in telecommunications technology, and the decline in trade barriers have fueled a rapid increase in global economic integration. This has led to heightened competition amongst companies in both national and international goods and services markets.

In light of this fact, and because trade is a vital element for UAE economic development, The UAE Government, alongside the rest of the GCC members, have sought to negotiate free trade agreements (FTAs) with the major economic partners of the GCC around the world. The main purpose of these FTAs is to deliver preferential market access gains to the UAE industry and exporters through the elimination or lowering of trade barriers provide to the UAE exports of goods and services with broader competitive edge in the global markets.

The GCC countries and Singapore agreed to launch negotiations on a free trade agreement during Singapore's Prime Minister Lee Hsien official visit to Saudi Arabia in November 2006. The



negotiations began in Jan 2007 and after 5 rounds of negotiations, the GCC-Singapore FTA (GSFTA) was signed in Doha, Qatar on 15 December 2008 and entered into force on the 1st Jan 2015 following an exchange of diplomatic notes.

This FTA is a milestone agreement in strengthening ties between the GCC countries and Singapore, particularly because it is the first Free Trade Agreement signed by the GCC as economic group, with another country. The Agreement is comprehensive, fully consistent with WTO rules and it covers mainly Trade in Goods, Trade in Services and Government Procurement.

Why Singapore

Singapore is an important hub for the South-East Asian region. It has a dynamic economy, with strong service and manufacturing sectors. Notwithstanding its small population (5.6 million), Singapore has one of the most developed economies in Asia (GDP per capita estimated at (56,284) \$ in 2014.

The UAE and Singapore share many similarities. Both relatively small countries, but both are very outward-oriented and very well-plugged into the global network, not just trade-wise but politically as well. Both countries have excellent infrastructure and offer safe, stable and secure environments for businesses to operate.

Both are also superbly connected by air and sea to the rest of the world. Therefore both countries act as natural hubs for their respective regions and have similar views on a range of economic issues.

Both are strong supporters of multilateral trade liberalization through the World Trade Organization. Both are also looking to develop new economic links with countries within and outside their regions.



Key Outcomes of GSFTA for the United Arab Emirates



GSFTA offers greater opportunities in the goods and services sectors to a wide range of UAE exporters, and further strengthens trade and investment links between the UAE and Singapore.

Trade in Goods

GSFTA eliminates remaining Singapore tariffs. The GSFTA's Trade in Goods Chapter provides for comprehensive tariff eliminations that will guarantee the UAE's goods more competitive edge vis-à-vis other foreign imports entering Singapore. The GSFTA will qualify 100% of UAE's originating exports to Singapore for tariff-free concessions. The GSFTA will also qualify 99% of Singaporean originating exports to the GCC for tariff-free concessions. The remaining 1% of Singapore originating exports shall remain subject to customs duties for five years after the entry into force of the Agreement. Thereafter, such goods shall be allowed import into the GCC free of customs duties.

The Concept of Originating Goods

Only goods of the origin of a GCC country or Singapore will qualify for the preferential tariff concessions. Goods will be deemed as "originating goods" when they satisfy the provisions of Chapter 3 (Rules of Origin) to the Agreement which can be summarized as outlined below:

Goods of a Party will be deemed originating in that Party if:

- They are wholly obtained or produced in the territory of that Party such as vegetables, fruits, animals born and raised in a Party, minerals and the like, or
- Have undergone sufficient working or production.

A good is considered to have undergone sufficient working or production in the territory of a Party if the good attains a qualifying value added of not less than thirty five percent (35%) based on the ex-works price.

Simple operations or processes, such as packing and breaking up and assembly of consignments, removal of dust, sifting or screening, sorting, classifying, matching, washing, painting, cutting and the like shall not be considered as sufficient production.

Rules for Trade Facilitation

The Agreement provides for trade facilitation between the two parties through provisions that guarantee faster customs clearing. Therefore, each Party to provide for the issuance of written advance rulings as to whether the good qualifies as an originating good. Also the Parties shall adopt a risk management approach in its customs activities in order to facilitate the clearance of low risk consignments. Furthermore, the Parties shall endeavor to provide an electronic environment that supports business transactions between their respective customs administration and their trading entities .

Trade in Services

The GSFTA builds on the commitments made by Singapore and the GCC countries at the multilateral level, in particular, the WTO General Agreement on Trade in Services (GATS). The services sector dominates the Singapore economy and the trade in services Chapter of GSFTA will provide UAE's service suppliers enhanced business opportunities in Singapore.

The provisions of the services chapter guarantees liberal conditions of access for many service suppliers. UAE financial, including insurance, and construction service exporters, for example, will benefit from outcomes on services that are more advanced than those in the WTO because Singapore have committed to liberalize various services sectors beyond its WTO commitments.

There are three main principles that GCC and Singapore have agreed on:

- Ability to provide services in the other's market (Market access).
- Same treatment as local companies, with some exceptions (National Treatment).
- Objective impartial application of measures (Domestic Regulation).

Therefore, under GSFTA, Singapore is required to treat UAE's services suppliers on the same terms as Singapore businesses (national treatment) and to remove quantitative and other market access restrictions on service suppliers. All of these obligations must be listed (positive listing) in special schedules, one for each Party. As a result, GSFTA offers improved conditions of access for many UAE's service suppliers, and provides more certainty in the operating environment. GSFTA binds Singapore's current regulatory regime in a number of important services sectors. Singapore is thereby committed not to introduce more restrictive measures in these areas .

Government Procurement (GP)

GSFTA ensures that UAE's firms will have more secure access to Singapore's government procurement market. The legal provisions of the Chapter on Government Procurement is derived from the WTO Agreement on Government Procurement (GPA), of which, the UAE is not a party.

Under these provisions, Singapore will guarantee for the UAE firms non-discriminatory national treatment in tendering for government business with 42 Singapore ministries, agencies and statutory authorities. GSFTA guarantees this access within the limits on thresholds and product coverage that are included in the annexes to the Chapter on GP.

Under GSFTA, Singapore is also committed to providing opportunities for government procurement to be undertaken through electronic means, or e-procurement. Intellectual property and confidential information supplied in tender processes will be protected.

This will increase the business opportunities open to companies and reduce the costs of doing business for both government and industry. Furthermore, and during a transitional period of ten (10) years, a GCC Member State may grant a price preference of ten percent (10%) for the use of any goods and services produced domestically for the procurement of goods and services. In addition, the Parties reserve the right to apply a ten percent (10%) price preference for the Small and Medium Sized Enterprises (SMEs) in their respective countries.

More Open & Predictable Business Environment Across a Range of Areas

GSFTA also provides a more open and predictable business environment across a range of areas, including telecommunications regulation, competition policy technical standards, intellectual property, e-commerce, customs procedures and business travel.

The Agreement presents new trade and investment opportunities for businesses in both the UAE and Singapore and make it easier for the UAE businesses to export to and invest in Singapore. The FTA arrangements will guarantee the UAE exporters predictability of the terms of trade with Singapore and avoid them any costly sudden changes in terms of trade. It also provides a more open and predictable business environment.

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