



Media Release

For Immediate Release

3 in 4 businesses surveyed benefitted from improved market access through FTAs as familiarity with FTAs increased from 62% to 85%

Thursday, 18 July 2024 [Singapore] – The Free Trade Agreement (FTA) Survey 2023 found that more businesses are familiar with and have benefitted from FTAs compared to 2021. The ASEAN Trade In Goods Agreement (ATIGA) and ASEAN - China Free Trade Agreement (ACFTA) were the most cited FTAs that benefitted businesses. However, businesses continue to face issues with non-tariff barriers and understanding how to make the best use of FTAs.

2 Conducted by Singapore Business Federation between 9 October and 17 December 2023, the survey covers more than 800 businesses, across diverse industry sectors in Singapore. The findings were supplemented with closed-door focus group discussions to enable a deeper understanding of challenges faced in cross-border trade and investment.

Survey Unveils Significant Gains and Ongoing Hurdles for Singapore Businesses Using FTAs

3 The key findings are: -

- i. An increasing number of Singapore businesses were familiar with FTAs (85% in 2023 vs 62% in 2021).
- ii. More businesses reported that they have benefitted from improved market access through FTAs (73% in 2023 vs 50% in 2021).
- iii. Key FTAs that have reaped benefits: The ASEAN Trade In Goods Agreement (ATIGA) (81%) and ASEAN - China Free Trade Agreement (ACFTA) (41%) were consistently cited as key agreements that businesses have benefitted from over the past three years.

4 Amongst the new regional FTAs that have entered into force, the Regional Comprehensive Economic Partnership (RCEP) (43%) and the Comprehensive and

Progressive Agreement for Trans-Pacific Partnership (CPTPP) (38%) were cited by Singapore businesses as the most-used regional FTAs.

5 Businesses which indicated that they did not benefit from FTAs most often cited the two following reasons: -

- i. FTA was not applicable to their business (43%)
- ii. Insufficient knowledge of FTAs (25%)

6 About 2 in 5 businesses who faced issues in obtaining tariff concessions were unable to meet the rules of origin to qualify for tariff preferences. A similar proportion said they experienced discrepancies in how export and import authorities classified goods.

7 Businesses that trade goods, supply services and invest overseas faced a range of difficulties despite the presence of FTAs: -

- i. For businesses **trading goods** overseas – the top 3 issues faced are (i) Obtaining information on standards/certifications, labelling and market conditions (39%); (ii) Requiring more time to comply with new regulations by importing authorities (35%); (iii) Meeting technical regulations (33%).
- ii. For businesses **supplying services** overseas – Issues faced included (i) Accessing markets with local monopolies or exclusive service suppliers or restrictions on the number of foreign service suppliers (46%); (ii) Receiving decisions on applications or authorisations in a timely fashion (34%).
- iii. For businesses **investing overseas** – Issues faced included (i) Accessing regulatory information (53%); (ii) Understanding the tax and social systems (53%); (iii) Overcoming formal restrictions on foreign equity participation in particular sectors (47%).

SBF Initiatives to Enable Singapore Businesses for Internationalisation

8 SBF is committed to supporting Singapore businesses in deepening their understanding of FTAs and enabling them to fully leverage the benefits of FTAs. Singapore's extensive network of 27 Free Trade Agreements (FTAs) with 64 trading partners provides Singapore businesses with greater access to markets abroad.

9 Since 2019, SBF has been operating an FTA Education and Outreach Programme, supported by the Ministry of Trade and Industry (MTI) and Enterprise Singapore (EnterpriseSG), to promote and enable the use of FTAs. To date, SBF has helped more than 1,800 Singapore businesses through ~1,000 FTA advisories and 60 seminars, webinars and workshops.

10 Under the programme, businesses can attend FTA workshops aimed at developing technical skills, and seminars focusing on the latest FTA developments. SBF also conducts industry consultations in collaboration with MTI, to understand the concerns that businesses have about cross-border trade and investment, to improve FTA provisions and directly benefit the business community.

11 SBF will be sharing new initiatives to better support businesses over difficulties in cross-border trade and investment during the Future of Trade Forum @ Singapore Apex Business Summit on 25 July 2024. These initiatives reflect SBF's ongoing commitment to equip Singapore businesses with the necessary tools and knowledge to navigate the complexities of international trade and capitalise on the opportunities presented by FTAs.

12 Musa Fazal, Chief Policy Officer of SBF, said, "SBF is dedicated to supporting Singapore businesses in navigating international trade and investment. Through our comprehensive capability-building programmes, we aim to equip businesses with the necessary tools and knowledge to succeed in international trade. We encourage Singapore businesses to reach out to us if they require any assistance to overcome challenges and capitalise on the opportunities presented by FTAs.

Annex A – Free Trade Agreement Survey 2023

- End -

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About Singapore Business Federation

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking.

For more information, please visit: www.sbf.org.sg

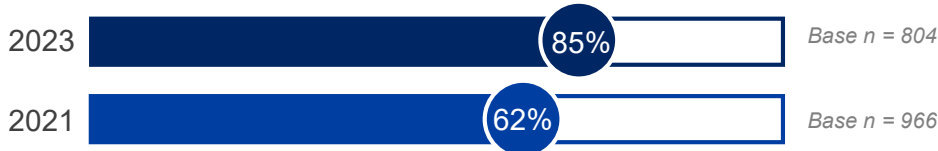
Free Trade Agreement Survey 2023

The Free Trade Agreement (FTA) Survey, commissioned by the Singapore Business Federation (SBF) and supported by Enterprise Singapore, was conducted between 9th October to 17th December 2023 to examine businesses' perception of FTAs. It involved more than 800 businesses across diverse sectors in Singapore

1. FAMILIARITY WITH FTAs

85% of businesses indicated that they were familiar or very familiar with FTAs.

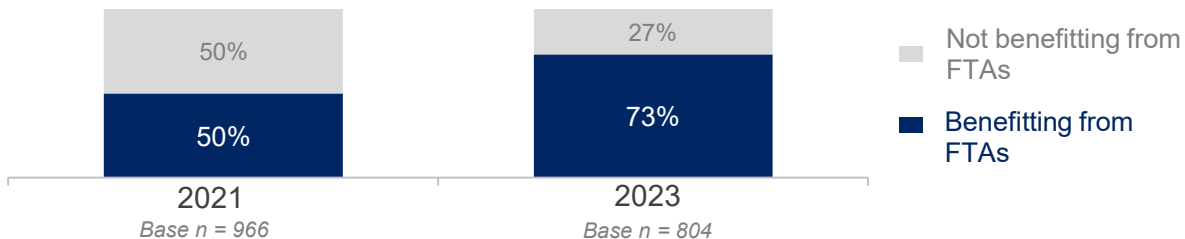
Share of Respondents Familiar with FTAs



2. BENEFITTING FROM FTAs

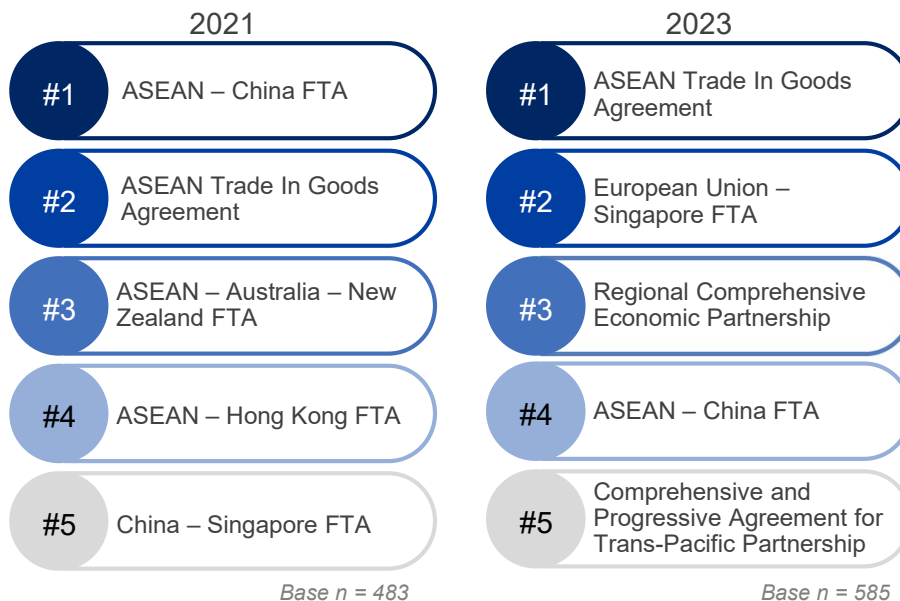
73% of businesses in Singapore indicated that they are benefitting from FTAs.

Share of Businesses Benefitting from FTAs



3. TOP FTAs THAT BUSINESSES HAS TAPPED ON

In 2023, most businesses has tapped on ASEAN Trade In Goods Agreement, followed by the European Union – Singapore Free Trade Agreement, and the Regional Comprehensive Economic Partnership.



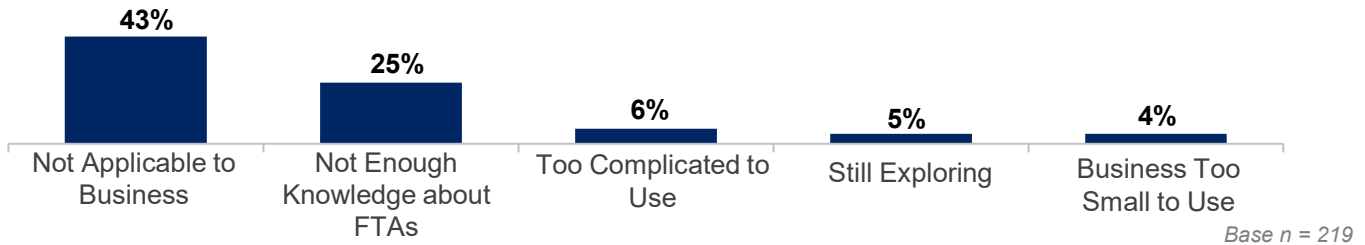
Base n = 483

Base n = 585

4. REASONS FOR NOT USING FTAs

Among those who indicated that they were not using FTAs (27% of all respondents), the majority stated that FTA was not applicable to their business (43%) and lack of understanding of FTAs (25%) as the top reasons for not being able to benefit from them.

Top Five Reasons for Not Using FTAs



5. FTA CHALLENGES AND AREAS OF SUPPORT

Some businesses using FTAs faced difficulties in accessing tariff concessions and self-certification but were open to receiving enhanced support from SBF and EnterpriseSG.

Faced Challenges In Obtaining Tariff Concessions

Unable to meet Rules of Origin or Product Specific Rules criteria



Discrepancy in HS Code between exporting and importing authorities



Product only undergoes minimal processing



Faced Issues With Issuing Self-Certification

Lack resources to comply with self-certification requirements



Customs authorities on the ground do not recognise self-certification



Unsure if process qualifies for substantial transformation



Additional Support In The Areas Of

Alleviating challenges in meeting technical standards and in self-certification



Provisions in trade agreements promoting e-commerce and digitalisation



6. INDUSTRY SPECIFIC CHALLENGES

Businesses engaged in different modes of cross-border trade faced different challenges.

...Trading Goods Overseas

#1

Unable to obtain info. on standards / cert., labelling and marking conditions

#2

Inadequate time for compliance with new regulations by importing authorities

#3

Difficulty in meeting technical regulations

...Supplying Services Overseas

#1

Local monopolies or exclusive service suppliers

#2

No response or long delays in receiving decisions on applications or authorisations

#3

Restrictions on number of foreign service suppliers

...Investing Overseas

#1

Lack of regulatory transparency

#2

Variances in tax and social contributions

#3

Formal restrictions on foreign equity participation in particular sectors