



Customs and International Trade

News Flash

New agreements with Singapore ease customs duties burden for EU and Singapore

As of 21 November 2019, the Free Trade Agreement (FTA) and the Investment Protection Agreement (IPA) between the EU and Singapore will enter into force. The goal of these agreements is to improve trade between the EU and Singapore while also encouraging both investors from Singapore and the EU to invest more in each others territory. Singapore is currently the largest trading partner of the EU in Southeast Asia. If your business activities involve trading of goods between Singapore and the EU, the FTA will in most cases reduce the customs duties burden for goods with EU respectively Singapore origin.

FTA removes over 80% of customs duties immediately

The FTA foresees in gradually removing all customs duties for goods originating in the partner country. Upon entry into force, all EU customs duties will be removed immediately, for approximately 84% of the import volume from Singapore. Products that will benefit from a 0%-import duty tariff are in the category of electronics, food products and pharmaceuticals. Import duties on the rest of the products will be gradually removed within a period of 3 years or in a 5 years period. These reductions will be in 4 respectively 6 equal parts, the first reduction will be applied as from the start. The 3 years reduction will amongst others apply to certain textiles and carpets, the 5 years reduction regards the more sensitive products such as bikes, fruits, cereals and sports footwear.

FTA addresses human and labour rights and environment

In addition to the impact from a customs perspective, the FTA focuses on protecting human and labour rights and looks into environmental aspects as well. Obstacles for trading in green technology are removed, for example unnecessary testing procedures that are both conducted in Singapore and the EU.

IPA creates single set trading rules

The IPA will replace the existing bilateral investment treaties between member states and Singapore and will create a single set of rules that applies throughout the whole of the EU while trading with Singapore. These rules aim to provide more legal certainty to investors on both sides of the agreement and to further improve the investment climate.

What does this mean for your business?

If your business activities involve trading of goods between Singapore and the EU, the FTA will in most cases reduce the customs duties burden for goods with EU respectively Singapore origin. Furthermore, the trade facilitation for goods and services will provide further benefits and thus costs savings.

Consider reviewing your supply chain

If your business activities currently do not or only marginally include trade between the EU and Singapore, this may be a moment to review your supply chain. Such a review should look into the possibility of changing sourcing channels to benefit from this FTA. In addition, since the IPA aims to encourage investments from parties in the EU, this may make adjusting your supply chain easier.

Your contacts for Indirect Tax matters in PwC Cyprus

Theo Parperis

Head of Tax and Legal - theo.parperis@pwc.com

Chrysilios Pelekanos

In charge of Tax Reporting Strategy and Indirect Tax Advisory - chrysilios.pelekanos@pwc.com

Martha Lambrou

Director, Indirect Tax Advisory - martha.lambrou@pwc.com

Michael Michael

Director, Indirect Tax Advisory - michael.michael@pwc.com

PricewaterhouseCoopers Limited

PwC Central

43 Demostheni Severi Avenue

CY-1080 Nicosia

Cyprus

Tel. +357 - 22 555 000

www.pwc.com.cy