

EU/Singapore Investment Protection Agreement

2018/0095(NLE) - 18/09/2018 - Legislative proposal

PURPOSE: to approve the conclusion, on behalf of the Union, of the Investment Protection Agreement between the European Union and its Member States, of the one part, and the Republic of Singapore, of the other part.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council can adopt the act only if the European Parliament has approved it.

BACKGROUND: in accordance with a Council decision, a Free Trade Agreement (FTA) between the European Union and the Republic of Singapore has been signed.

The fast-growing Southeast Asian economies, with their 600 million consumers and a rapidly rising middle class, are key markets for European Union exporters and investors. With a total EUR 208 billion of trade in goods and EUR 77 billion of trade in services (2016), the Association of Southeast Asian Nations (ASEAN) taken as a whole is the EU's third largest trading partner outside Europe, after the US and China.

Within the ASEAN, **Singapore is by far the EU's largest trade partner**, accounting for just under a third of EU-ASEAN trade in goods and services and about two-thirds of investment between the two regions.

CONTENT: the Council's draft decision aims at approving, on behalf of the Union, **the Investment Protection Agreement** between the European Union and its Member States, of the one part, and the Republic of Singapore, of the other part. The Agreement aims to enhance the investment climate between the two parties. It will ensure a high level of investment protection, while safeguarding the EU's and Singapore's rights to regulate and pursue legitimate public policy objectives such as the protection of public health, safety and the environment.

In accordance with the objectives set by the negotiating directives, the IPA:

- ensures that EU investors and their investments in Singapore will be granted **fair and equitable treatment** and not be discriminated against compared to Singaporean investments that are in like situations;
- protects EU investors and their investments in Singapore from **expropriation**, unless it is for public purposes, in accordance with due process, on a non-discriminatory basis and against payment of prompt, adequate, and effective compensation according to fair market value of the expropriated investment;
- offer investors the option of a **modern and reformed investment dispute resolution mechanism** and sets up a **standing international and fully independent dispute resolution system**, consisting of permanent First Instance and Appeal Tribunals that will conduct dispute settlement proceedings in a transparent and impartial manner

The EU-Singapore FTA and IPA include **institutional provisions** that lay down a structure for implementing bodies to continuously monitor the implementation, operation and impact of the

agreements. The agreements are an integral part of the overall bilateral relation between the EU and Singapore as governed by the Partnership and Cooperation Agreement (PCA), and the structures mentioned will form part of a common institutional framework with the PCA.