



# Trade in Services under the EUSFTA: Concepts, Commitments, Opportunities

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- » Introduction to Trade in Services
- » Overview of Services and Commitments under the EUSFTA
- » Case Study

# Outline



## Modes of Services



### Mode 1 - Cross-Border Supply

- Service delivered within the territory of the Member, from the territory of another Member
- E.g., Consultant in Germany providing advice to a client in Singapore over the phone



### Mode 2 - Consumption abroad

- Service delivered outside the territory of the Member, in the territory of another Member, to a service consumer of the Member
- E.g., European tourists travelling to Singapore to enjoy retail therapy.



### Mode 3 - Commercial presence

- Service delivered within the territory of the Member, through the commercial presence of the supplier
- E.g., French education company setting up a subsidiary in Singapore to provide French language courses



### Mode 4 - Presence of natural persons

- Service delivered within the territory of the Member, with supplier present as a natural person.
- E.g., An Italian consultant traveling to Singapore to provide consultancy services

# Overview of Trade in Services commitments under the EUSFTA



## Market Access

- In sectors where market access commitments are undertaken, Singapore has committed to remove or not impose quota type restrictions such as limitations on:
  - The number of establishments;
  - The total value of transactions or assets;
  - The total number of operations;
  - The total quantity of output;
  - Total number of employees;
  - Equity ceilings or total investment values; and
  - Restrictions or requirements on specific types of legal entity or joint venture requirements.



## National Treatment

- In sectors where national treatment commitments are undertaken, Singapore and the EU have committed to accord treatment no less favorable to EU service suppliers than that it accords to its own service suppliers across several service sectors.
- This means foreign suppliers must be treated the same as domestic suppliers who provide similar services.



## Regulatory Framework

- **Mutual Recognition of Professional Qualifications**
- **Transparency**
- Domestic Regulation
  - Relates to licensing requirements and procedures or qualification requirements for the provision of services.
- **Sector specific disciplines**
  - Computer services
  - Postal services
  - Telecommunication services
  - Financial services
  - International Maritime Transport Services
  - E-commerce

## Examples of Committed Sectors (2 sample sectors out of 12)

	EU	Singapore
Professional Services	<ul style="list-style-type: none"> <li>• Architectural services</li> <li>• Accounting</li> <li>• Engineering and integrated engineering services</li> <li>• Urban planning and landscape architectural services</li> <li>• Management consulting services</li> </ul>	<ul style="list-style-type: none"> <li>• International commercial arbitration services</li> <li>• Legal services</li> <li>• Accounting</li> <li>• Taxation</li> <li>• Architectural services</li> <li>• Integrated engineering</li> <li>• Medical and dental services</li> <li>• Veterinary services</li> </ul>
Business Services	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Market research</li> <li>• Management consulting services</li> <li>• Advisory and consulting related to manufacturing</li> <li>• Printing and publishing</li> <li>• Convention services</li> <li>• Translation</li> <li>• Design services</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Market research</li> <li>• Management consulting services</li> <li>• Technical testing and analysis services of automobiles</li> <li>• Services related to manufacturing</li> <li>• Security consultation</li> <li>• Alarm monitoring</li> <li>• Photographic services</li> <li>• Convention and exhibition management services</li> <li>• Translation services</li> </ul>

## Key Benefits

### » **Anti-roll backs**

- › Prevents governments from imposing additional restrictions beyond what has been guaranteed in the EUSFTA.

### » **Preferential market access**

- › Ability to provide a service on better market access terms compared to other foreign service suppliers from non-EU countries.

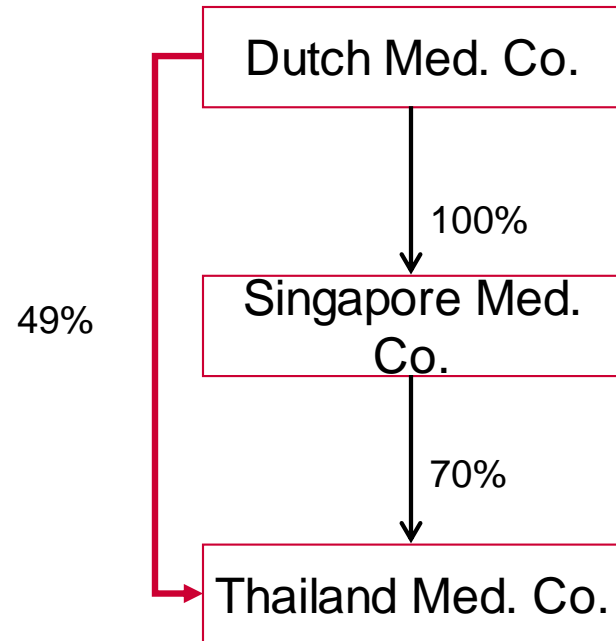
### » **Certainty of how domestic regulations will be enacted and implemented**

- › Transparency, disciplines around domestic regulation.

### » **Recognition of professional qualifications**

- › Professionals have access to fair, non-discriminatory licensing and qualification requirements and procedures.
- › Mutual recognition of qualifications is encouraged.

## Case Study



- » Dutch medical service provider establishes a subsidiary in Singapore to provide medical services in Singapore.
  - › **Benefits under EUSFTA**
    - Guaranteed market access and anti-roll back of service commitments
    - Domestic regulations must be applied in a manner consistent with EUSFTA disciplines
  - › **Other considerations**
    - Availability of Double Tax Agreement between Singapore and the Netherlands
    - Investment protection – EUSFTA (when ratified) and Bilateral Investment Treaty
    - Incentives and grants
- » Singapore Company establishes a subsidiary in Thailand to provide medical services in Thailand
  - › **Preferential market access under ASEAN Framework Agreement in Services**
    - Access to Singapore's FTA network of 15 bilateral FTAs and 11 regional FTAs
  - › **Double Tax Agreement between Singapore and Thailand**
    - Access to Singapore's DTA network of 89 comprehensive DTAs (excluding 6 DTAs which have been signed but not yet ratified)
  - › **Investment Protection**
    - Investments from Singapore into Thailand entitled to investment protection provisions and are covered under Investor State Dispute Settlement under the ASEAN and other bilateral investment treaties