

## **SINGAPORE AND PANAMA SIGN FREE TRADE AGREEMENT**

Bilateral ties between Panama and Singapore were further strengthened today with the signing of the Panama-Singapore Free Trade Agreement (PSFTA).

The PSFTA is a broad-based and comprehensive agreement, covering issues such as trade in goods and services, customs procedures, financial services, investment, telecommunications, e-commerce, competition policy and government procurement. It also provides for collaboration between Panama and Singapore in areas such as investment promotion and science and technology.

The PSFTA will provide Panamanian and Singapore companies with enhanced access to each other's markets, and will boost the growing trade and investment links between Singapore and Panama. Panama is already Singapore's largest trading partner in Latin America, with trade in 2005 valued at US\$1.96 billion. Meanwhile, Singapore was Panama's 6<sup>th</sup> largest trading partner in 2004.

The PSFTA was signed today by Singapore's Minister of State for Trade & Industry, and Education Mr Chan Soo Sen and Panama's Vice Minister of Commerce and Industry Ms Carmen Gisela Vergara. The signing ceremony was witnessed by DPM S Jayakumar and Panama's Second Vice President Ruben Arosemena.

MOS Chan Soo Sen said, "The PSFTA will enable Singapore and Panama to leverage on each other's strengths to enhance their access to the Latin American and Asian markets respectively. There is great scope for Singapore and Panama to enhance collaboration in a variety of fields such as maritime logistics, infrastructure development and knowledge industries."

Vice Minister Vergara said, "We are very excited by the business opportunities that this Agreement will produce. Panama is the air and land gateway to Latin America, as Singapore is to Asia. We are hopeful that this Agreement will encourage other Singapore-based companies to enter the Latin American market through Panama. We are certain that these companies will be able to replicate the success they have had in Singapore as our economies are very similar."

A number of Singapore companies have already ventured into the Panamanian market with promising results. In 2004, Inter-Roller Engineering won a US\$5.6 million contract to design and build a baggage handling system for Panama's Tocumen International Airport – its first job in Latin America. Last year, PSA Marine secured a US\$50 million global tender to provide the Panama Canal Authority with tugboats. More recently, ST Aerospace signed an MOU to invest US\$20 million in setting up a maintenance, repair and overhaul (MRO) facility for

airplanes in Panama's former Howard Airbase, now designated as a special economic area. As a major trade and financial hub in Latin America with major infrastructure projects - such as the development of the new US\$600 million Megaport on the Pacific side of the Panama Canal and the expansion of the Canal - in the pipeline, Panama is certain to attract increasing interest from Singapore companies to establish operations there.

### **Key features of the PSFTA**

Some of the key features of the PSFTA are summarised below:

(i) Under the Trade in Goods chapter, tariffs on 98% of Singapore's domestic exports (by value in 2004) will be eliminated upon entry into force of the agreement. Key exports that will benefit include orchids, beer, processed foods, refined oil, chemicals, paints and varnishes, auto parts, engines and electronics. On its part, Singapore has committed to providing duty-free access to all Panamanian goods immediately upon the entry into force of the FTA.

(ii) Under the Cross Border Trade in Services chapter, service suppliers from Panama and Singapore are guaranteed non-discriminatory access to each other's markets. Singapore companies in sectors such as computer & related services, real estate services and distribution services are among the key beneficiaries of this chapter. The chapter also contains an annex on maritime transport services which grants Singapore vessels the same treatment as Panamanian vessels in Panamanian ports and vice versa.

(iii) The Investment chapter grants investors from Panama and Singapore greater certainty over their investments in each other's markets with safeguards against unreasonable expropriation and provisions for non-discriminatory treatment and dispute settlement.

(iv) Under the Government Procurement chapter, both parties have committed to maintaining an open and transparent system of procurement that will maximize competitive opportunities for companies.

(v) Aside from trade liberalising elements, the PSFTA also facilitates trade by providing for cooperation in a number of areas such as customs procedures, sanitary and phytosanitary measures, competition policy and technical barriers to trade. The Strategic Partnership chapter also provides for cooperation in areas such as investment promotion and science and technology.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**

**MINISTRY OF COMMERCE AND INDUSTRY, PANAMA**

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