

# Committee on Ways and Means

## Benefits of the U.S.-Singapore Free Trade Agreement

- The U.S.-Singapore FTA marks the first time the United States has entered into a FTA with an Asia-Pacific nation.
- Because 99 percent of trade in goods with Singapore is already tariff free, this agreement focuses on removing restrictions on trade in services to the benefit of our massive service sector, which accounts for around 80 percent of our GDP.
- Singapore is the 12<sup>th</sup> largest trading partner with the United States, with two-way trade approaching \$40 billion last year. The U.S.-Singapore FTA will enhance and strengthen this trade relationship.
- Among the benefits of free trade with Singapore are new opportunities for U.S. service providers. U.S. negotiators secured key protections in a framework with minimal carveouts. Services firms will not only enjoy equal treatment in cross-border supply of services but will gain the right to invest and establish a local services presence.
- U.S. direct foreign investment in Singapore was \$27.3 billion in 2001. The new FTA will create a secure and predictable legal framework for U.S. investors operating in Singapore because they will be treated as favorably as local investors and will have access to meaningful dispute settlement.
- The U.S.-Singapore FTA contains state of the art protection for U.S. intellectual property, which is increasingly vital in the digital age.
- Trade in agricultural products represents a net trade surplus for the United States. In 2002, American farmers exported around \$259 million worth of food products to Singapore. By binding all of its tariffs at zero, Singapore will open its markets to American agricultural products and create new opportunities for American farmers to sell their produce to a nation whose small size prevents it from being able to grow enough food for consumption by its citizens.
- The U.S.-Singapore FTA will serve as the foundation for other possible FTAs in Southeast Asia. The FTA establishes standards for trade that mirror U.S. law and sets a precedent for future agreements.