

## Singapore–Australia Free Trade Agreement Amendments

### Introduction

- 4.1 The *Singapore-Australia Free Trade Agreement Amendments (the Amendments)* make four general amendments to the *Singapore-Australia Free Trade Agreement (SAFTA)*. The Amendments relate to the recognition of law degrees from two additional universities, the national treatment provision on government procurement, rules of origins, and the conclusion of two Sectoral Annexes on food standards and horticultural goods.

### Background

- 4.2 Under Article 3 of Chapter 17 of SAFTA, a Ministerial Review was to be conducted a year after its entry into force and biennially thereafter. SAFTA entered into force on 28 July 2003. The first Ministerial Review took place in Sydney on 14 July 2004, resulting in the proposed Amendments.
- 4.3 The next Ministerial Review is scheduled for July 2006.<sup>1</sup>

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<sup>1</sup> Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, p. 2.

## The Amendments

### Law degrees

- 4.4 Under SAFTA, Singapore recognises law degrees from eight Australian universities for admission as qualified lawyers in Singapore. These universities are the Australian National University, Flinders University, Monash University, University of Melbourne, the University of New South Wales, the University of Queensland, the University of Sydney and the University of Western Australia. The Amendments add two more universities to this list – Murdoch University and the University of Tasmania.
- 4.5 This provision allows students who are citizens or permanent residents of Singapore graduating from these universities to have their law degree recognised for practice in Singapore. Students seeking recognition of their law degree in Singapore must have graduated in the top 30 percent of their year and must also obtain the Diploma in Singapore Law.
- 4.6 The recognition of only certain law degrees is not necessarily a reflection on the quality or the standing of the university.<sup>2</sup> Rather, it is a result of the original negotiating process and consultation undertaken by the Attorney-General's Department in determining which universities had a strong interest in recognition, as well as a desire to ensure a geographic spread of universities from across Australia.<sup>3</sup>
- 4.7 Representatives of the Department of Foreign Affairs and Trade informed the Committee that the recognition of more Australian law degrees is likely to occur gradually:
- We are trying to obtain recognition of all 29 law degrees ... Singapore has indicated a preference for a phased approach, we expect at the next review, which is due in the middle of next year, we possibly will only be able to get a couple more accepted.<sup>4</sup>
- 4.8 Recognising Singapore's wish to limit the number of lawyers working in Singapore, the requirement for Singaporean citizens and permanent residents to graduate within the top 30 percent of their
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2 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005 pp. 4-5.

3 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, p. 4.

4 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, p. 3.

year is not a reciprocal provision for Australian citizens or permanent residents wanting to have their law degree recognised from the National University of Singapore.

- 4.9 However, as part of a wider push towards further liberalising legal services in Singapore, Australia will seek to have that requirement removed.<sup>5</sup>

## Government procurement

- 4.10 The Amendments add four new entities to the list of Australian government agencies subject to the national treatment provision on procurement. These agencies are the Inspector General of Taxation, the Office of Renewable Energy Regulator, the Seafarers Safety, Rehabilitation and Compensation Authority, and the National Blood Authority.
- 4.11 The national treatment provision on procurement obliges each Party to afford suppliers of the other Party no less favourable treatment than treatment afforded domestic suppliers in procurement by a specified list of agencies. These agencies are listed at Annexes 3A and 3B of SAFTA.

## Rule of origin

- 4.12 Article 11 of Chapter 3 of SAFTA will be amended to incorporate changes to Certificates of Origin.
- 4.13 At present an Australian importer needs a Declaration, issued by the Singapore exporter, and a Certificate of Origin, issued by the Government of Singapore, to claim a preferential rate of customs duty under SAFTA.<sup>6</sup> A Certificate of Origin can be used for multiple shipments within two years of its issue, provided that the first shipment occurs within the first year of issue.<sup>7</sup> A Declaration is required for each shipment. Both documents must be issued before the goods are exported from Singapore to Australia.<sup>8</sup>
- 4.14 Following the SAFTA Amendments, an Australian importer would be required to have either a Certificate of Origin for each shipment (provided that the Certificate was used within one year of issue) or, a

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5 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, pp. 4 and 8.

6 Australian Customs Service, *Submission 5*, p. 1.

7 Australian Customs Service, *Submission 5*, p. 1.

8 Australian Customs Service, *Submission 5*, p. 1

Certificate of Origin for multiple shipments (provided that the Certificate was used within two years of the date of issue and the first shipment occurred within the first year) and a Declaration.<sup>9</sup>

- 4.15 Where a Certificate of Origin is to be used for multiple shipments, a Declaration would not be required for the first shipment but would be required for all subsequent shipments.<sup>10</sup>
- 4.16 At a practical level, the changes mean that a Declaration and a Certificate of Origin will not both be required for the initial shipment of goods. Instead, a Certificate of Origin is required for the initial shipment of goods, and for each subsequent shipment, a Declaration is required that states that the goods are identical to the first shipment.<sup>11</sup>
- 4.17 Following the changes, importers of goods need only possess a Declaration before the goods enter the territory of the importing country for the goods to be afforded preferential treatment. This will give exporters roughly a week of extra time and will reduce delays in situations where it is difficult to determine the quantity of bulk cargo – a requirement for the Declaration – until after the cargo has been loaded onto a vessel.<sup>12</sup>
- 4.18 The revised arrangements relating to Certificates of Origin will facilitate the movement of goods from Singapore to Australia and help to reduce administrative costs for Australian manufacturers.<sup>13</sup>

## Sectoral annexes on food standards and horticultural goods

- 4.19 Under Article 10, Chapter 5 of SAFTA, the Parties can conclude Sectoral Annexes. Following the first Ministerial Review, Australia and Singapore have concluded Sectoral Annexes on food standards and horticultural products.
- 4.20 Under the Sectoral Annex of food standards, Australia and Singapore will recognise the other's food standards as equivalent, even if that standard differs from its own, once it is demonstrated that the food standard achieves the same purpose, i.e. the same level of sanitary protection or regulatory objectives.

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9 Australian Customs Service, *Submission 5*, p. 1

10 Australian Customs Service, *Submission 5*, p. 2.

11 Mr Wayne Baldwin, *Transcript of Evidence*, 20 June 2005, p. 5.

12 Mr Wayne Baldwin, *Transcript of Evidence*, 20 June 2005, p. 5.

13 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, p. 2.

- 4.21 The Sectoral Annex on horticultural products provides for the trade in certain horticultural goods. A list of horticultural goods for which trade is permissible is listed in the Schedule to the Annex and includes fresh cut flowers, cut foliage without roots, aquarium plants without soil as a growing medium, and ornamental plants without soil as a growing medium.
- 4.22 The incorporation into SAFTA of these Sectoral Annexes will provide for streamlined compliance and inspection arrangements for approved products.<sup>14</sup>

## Consultation

- 4.23 The Department of Foreign Affairs and Trade consulted with other interested Australian Government Departments. The Minister for Trade wrote to Federal Ministers whose portfolios were directly affected by the SAFTA Amendments and to State and Territory Trade Ministers, Premiers and Chief Ministers.<sup>15</sup>
- 4.24 Business consultation meetings were held in all State capitals, with the exception of Tasmania, to seek feedback on additional issues to be addressed at the first review of SAFTA and in the SAFTA forward work program.<sup>16</sup>

## Implementation and costs

- 4.25 Amendments to the *Customs Acts 1901 (Cth)* are required to incorporate the Certificate of Origin amendments to Articles 11 and 12 of SAFTA.
- 4.26 The SAFTA Amendments will not introduce additional costs above those associated with SAFTA.

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14 Mr Graeme Lade, *Transcript of Evidence*, 20 June 2005, p. 2.

15 National Interest Analysis (NIA), Consultation Annex, paras 1 and 2.

16 NIA, Consultation Annex, para. 3.

## Entry into force

- 4.27 The SAFTA Amendments will enter into force with an Exchange of Notes following the completion of the Parties' respective domestic procedures.<sup>17</sup>

## Conclusion and recommendation

- 4.28 The Committee recognises that the SAFTA Amendments will enhance Australia's broader trade, economic and security interests in the region.<sup>18</sup>
- 4.29 The Committee supports regular reviews of SAFTA as a means to identify emerging issues and further build on the opportunities provided by it.<sup>19</sup>

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### Recommendation 5

**The Committee supports the *Singapore-Australia Free Trade Agreement Amendments* and recommends that binding treaty action be taken.**

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17 NIA, para. 1.

18 NIA, para. 11.

19 NIA, para. 8.