Trade agreements and economic diplomacy

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

An economy that lives on trade

Few economies depend on trade as heavily as Singapore. Its trade in goods and services was equivalent to about 320 per cent of gross domestic product in 2020.[1] The figure reflects the entrepôt function that Part A traced to the free port of 1819 and the re-export trade that still passes through the port and the airport. A city of this kind cannot protect itself behind tariffs. It must persuade its partners to keep their markets open, since it has every interest in rules that bind large economies as tightly as small ones.

For most of its history, Singapore pursued that interest through the multilateral system of the General Agreement on Tariffs and Trade and, from 1995, the World Trade Organization. The stalling of multilateral negotiations at the end of the 1990s led to a change of method. Singapore began to negotiate bilateral and plurilateral agreements, partly to secure market access, partly to set examples of high-standard rules that others might later adopt. In August 2026 the government counted 29 implemented agreements.[2]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The first bilateral agreements

The first wave of agreements went to partners who shared Singapore's commitment to open markets. The closer economic partnership with New Zealand was signed in November 2000 and took effect in January 2001. Japan followed with an economic partnership agreement that entered into force in November 2002.[3] The most significant was the agreement with the United States, signed on 6 May 2003 and in force since 1 January 2004.[4] Tommy Koh, whose role in the law of the sea is described above, led the Singapore negotiating team.

The agreement with Washington was the first free trade agreement the United States concluded with an Asian country. For Singapore it was also a political statement, since it bound the world's largest economy more closely to Southeast Asia. Its chapters on financial services, investment and intellectual property went beyond the WTO commitments of the time and served as a reference for later negotiations. The pattern of combining market access with high regulatory standards became a hallmark of Singapore's trade policy.

From four small economies to the CPTPP

The most ambitious initiative began with a small group. At the APEC meeting in Los Cabos in 2002, the leaders of New Zealand, Singapore and Chile started negotiations on a closer economic partnership. Brunei joined the negotiations in April 2005. Chile, New Zealand and Singapore signed the Trans-Pacific Strategic Economic Partnership in Wellington on 18 July 2005, with Brunei adding its signature on 2 August 2005.[5] This small agreement among four economies became the nucleus of the Trans-Pacific Partnership. After the withdrawal of the United States, its eleven remaining participants signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in Santiago on 8 March 2018. It entered into force on 30 December 2018 for the first six ratifying states, Singapore among them.[6]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The trajectory illustrates a technique that Singapore has used repeatedly. Small states start an agreement among themselves, set high standards and leave the door open to larger partners. When the larger partners arrive, they join an architecture that the small states designed. The accession of the United Kingdom in December 2024 extended the CPTPP beyond the Pacific.

RCEP and the ASEAN-centred network

The Regional Comprehensive Economic Partnership grew out of ASEAN's agreements with its dialogue partners. Signed by fifteen states on 15 November 2020 at a virtual ASEAN summit, it entered into force on 1 January 2022 for the first ten ratifying states.[7] Its members account for about 30 per cent of the world's population and of its output. RCEP is less ambitious than the CPTPP in its rules, but it is the first agreement to link China, Japan and South Korea in one free trade area, with ASEAN at its centre.

For Singapore, the coexistence of the two agreements is the economic expression of its balancing strategy. The CPTPP includes the United States' closest Pacific partners, while RCEP includes China. Singapore belongs to both and has supported the accession of further members to each. A firm based in Singapore can thus use preferential rules of origin and services commitments in both the trans-Pacific and the East Asian networks.

Europe and the digital agreements

With Europe, Singapore concluded the first free trade agreement between the European Union and a Southeast Asian state. It entered into force on 21 November 2019, while the parallel investment protection agreement still awaits ratification by all member states.[8] The economic stakes are considerable. EU goods trade with Singapore reached €47.8 billion in 2025 and services trade €82.9 billion in 2024. EU investment stock in Singapore stood at €249.8 billion in 2024, while Singapore's investment in the EU reached €273.9 billion.[9]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The newest generation of agreements concerns data. Chile, New Zealand and Singapore signed the Digital Economy Partnership Agreement virtually on 12 June 2020, which South Korea joined in May 2024.[10] The EU–Singapore Digital Trade Agreement, signed in May 2025, entered into force on 1 February 2026. Such agreements address cross-border data flows, electronic invoicing, digital identities and the treatment of source code. For a financial centre whose banks, asset managers and payment firms process data from clients across Asia, the right to move data across borders under agreed safeguards is as important as the right to move goods.

The tax treaty network

Economic diplomacy also includes tax. Singapore has concluded agreements for the avoidance of double taxation, limited agreements and arrangements for the exchange of information with around 100 jurisdictions.[11] These treaties allocate taxing rights between Singapore and the treaty partner, reduce withholding taxes on dividends, interest and royalties and give investors access to mutual agreement procedures. For fund managers and family offices, the treaty network determines whether income from investments in the region reaches Singapore without excessive tax leakage. It is also the legal channel through which Singapore exchanges tax information under the international standards, a subject that Chapter E.II examines in detail.

The limits of economic diplomacy

Trade agreements cannot protect a small economy from the policy choices of large ones. In April 2025 the United States announced a universal tariff of 10 per cent on imported goods, which applied to Singapore despite the bilateral free trade agreement and despite a trade balance in favour of the United States.[12] The episode showed that a treaty is only as strong as the political will of the larger party to honour it. Singapore responded by reaffirming its own commitment to open trade and by intensifying cooperation with partners in ASEAN, the CPTPP and Europe. Chapter K.V examines the consequences of this turn in American policy for the financial centre.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Notes

1. Wikipedia, “Economy of Singapore” (accessed November 2026): trade-to-GDP ratio of 320 per cent as of 2020; nominal GDP of US$659.57 billion (2026 estimate); population 6,211,400 (2026). ↩
2. Ministry of Energy, Trade and Industry, “Free Trade Agreements” (meti.gov.sg, page last updated 21 August 2026, accessed November 2026): “Over the years, it has forged an extensive network of 29 implemented agreements.” ↩
3. Agreement between New Zealand and Singapore on a Closer Economic Partnership, signed 14 November 2000, in force 1 January 2001; Agreement between Japan and the Republic of Singapore for a New-Age Economic Partnership, signed 13 January 2002, in force 30 November 2002. ↩
4. Wikipedia, “Singapore–United States Free Trade Agreement” (accessed November 2026): signed on 6 May 2003, implemented by both countries on 1 January 2004; ratified by the US Senate on 31 July 2003 and signed into law on 3 September 2003. ↩
5. Wikipedia, “Trans-Pacific Strategic Economic Partnership” (accessed November 2026): negotiations launched by New Zealand, Singapore and Chile at the 2002 APEC Leaders' Meeting in Los Cabos; Brunei joined as a full negotiating party in April 2005; agreement signed on 18 July 2005 in Wellington (Brunei on 2 August 2005 according to the table of parties); in force for New Zealand and Singapore on 28 May 2006. ↩
6. Wikipedia, “Comprehensive and Progressive Agreement for Trans-Pacific Partnership” (accessed November 2026): signed on 8 March 2018 in Santiago; in force on 30 December 2018 for Australia, Canada, Japan, Mexico, New Zealand and Singapore; Singapore ratified on 19 July 2018 as the third state; accession of the United Kingdom signed on 16 July 2023, in force on 15 December 2024. ↩
7. Wikipedia, “Regional Comprehensive Economic Partnership” (accessed November 2026): signed on 15 November 2020 at a virtual ASEAN Summit

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

hosted by Vietnam; in force on 1 January 2022; fifteen signatories representing about 30 per cent of world population (about 2.2 billion people) and about 30 per cent of global GDP. ↩

8. European Commission, Directorate-General for Trade, "EU trade relations with Singapore" (policy.trade.ec.europa.eu, accessed November 2026): EU–Singapore Free Trade Agreement in force since 21 November 2019; EU–Singapore Investment Protection Agreement "being adopted or ratified", to enter into force once ratified by all member states; EU–Singapore Digital Trade Agreement signed on 7 May 2025, in force since 1 February 2026. ↩
9. European Commission, "EU trade relations with Singapore" (accessed November 2026): goods trade of €47.8 billion in 2025 with an EU surplus of €12.4 billion; services trade of €82.9 billion in 2024 with an EU deficit of €9.2 billion; EU FDI stock in Singapore €249.8 billion and Singapore FDI stock in the EU €273.9 billion in 2024. ↩
10. Wikipedia, "Digital Economy Partnership Agreement" (accessed November 2026): signed virtually on 12 June 2020 by Chile, New Zealand and Singapore; South Korea joined on 3 May 2024 as fourth member; China's accession process formally began on 18 August 2022. ↩
11. Inland Revenue Authority of Singapore, "List of DTAs, Limited DTAs and EOI Arrangements" (iras.gov.sg, page last updated 4 February 2026, accessed November 2026): Singapore has signed agreements with "around 100 jurisdictions". ↩
12. Wikipedia, "Singapore–United States relations" (accessed November 2026): in April 2025 the Trump administration announced a 10 per cent universal tariff on imported goods, effectively applying 10 per cent to Singapore. ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com