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**SINGAPORE AND SRI LANKA KEEN ON FREE TRADE AGREEMENT**

1. Singapore and Sri Lanka are keen to pursue a Sri Lanka-Singapore Free Trade Agreement (SLSFTA). This was announced by Minister for Trade and Industry (Industry) S Iswaran at the Sri Lanka-Singapore Business Forum, held on 1 June 2016 in Colombo. The business forum was attended by more than 140 participants from Singapore and Sri Lanka companies.
2. At a meeting before the Forum, Mr Iswaran and his counterpart, Minister for Development Strategies and International Trade, Malik Samarawickrama agreed that there are mutual benefits for both countries to pursue a comprehensive SLSFTA, and directed their officials to study it. The SLSFTA is expected to comprise commitments in trade in goods, services, investment and government procurement.
3. Mr Iswaran said, "The Sri Lanka-Singapore Free Trade Agreement will deepen economic relations between our two countries. It signals both governments' commitment to facilitate bilateral trade and investments and foster the growth of linkages between our business communities. The SLSFTA will enhance economic flows by lowering barriers to entry and providing greater market access for both Singapore and Sri Lanka companies."
4. To date, Singapore companies have established a presence in Sri Lanka in the construction, infrastructure, manufacturing, food processing and service sectors. Singapore companies such as Woh Hup and Shing Kwan Group are involved in construction and development projects. Prima Holdings has substantive food processing operations across Sri Lanka in wheat and poultry. During his trip, Mr Iswaran will visit one of Prima's facilities in Trincomalee, the Prima Ceylon Flour Mill Complex, an integrated flour milling complex in Sri Lanka.
5. The SLSFTA will assure Singapore companies of a more transparent and predictable market and open up new opportunities in this fast growing South Asian market.

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Minister for Trade and Industry (Industry) S Iswaran calls on Minister for Development Strategies and International Trade, Malik Samarawickrama, to affirm their commitment to conclude the scoping study of the Sri Lanka-Singapore Free Trade Agreement in the next few months.



Minister for Trade and Industry (Industry) S Iswaran spoke to Sri Lanka and Singapore companies at the Sri Lanka-Singapore Business Forum, highlighting the strong partnerships between both countries and that more can be done to strengthen partnerships between the two business communities.

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**Annexes**

**Annex A** – Factsheet on Singapore-Sri Lanka economic relations

**Annex B** - Mr S Iswaran’s speech at the Sri Lanka-Singapore Business Forum

**MINISTRY OF TRADE AND INDUSTRY  
1 JUNE 2016**

For media queries, please contact:

Puurani Ragupathy  
Senior Assistant Director, Corporate Communications Division  
Tel: 6332 7511 or Hp: 9451 8220  
Email: [puurani\\_ragupathy@mti.gov.sg](mailto:puurani_ragupathy@mti.gov.sg)

Sarah Natasha Raziff  
Senior Executive, Corporate Communications Division  
Tel: 6332 7296 or Hp: 9386 6495  
Email: [Sarah\\_Natasha\\_RAZIFF@mti.gov.sg](mailto:Sarah_Natasha_RAZIFF@mti.gov.sg)

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**ANNEX A**

**Factsheet on Sri Lanka-Singapore Economic Relations**

**Trade**

1. In 2015, Sri Lanka was Singapore's 39<sup>th</sup> largest trading partner and bilateral trade amounted to S\$2.05 billion. In 2015, Singapore's exports to Sri Lanka totalled S\$1.9 billion, while Singapore's imports from Sri Lanka totalled S\$146 million. Sri Lanka was Singapore's 29<sup>th</sup> largest export destination in 2015.
2. Top exports to Sri Lanka include petroleum oils and oils from bituminous minerals; automatic data processing machines; and apparatuses for transmission or reception of voice messages. Top Imports from Sri Lanka include petroleum oils and oils from bituminous minerals; precious stones and semi-precious stones; and tea.
3. Singapore's exports of services to Sri Lanka in 2014 amounted to S\$230 million and imports of services from Sri Lanka amounted S\$143 million.

**Investment**

4. Singapore's stock of Direct Investment Abroad (DIA) into Sri Lanka amounted to S\$656 million as of end-2014. Singapore's investments were mainly in the manufacturing sector. Stock of Foreign Direct Investment from Sri Lanka into Singapore amounted to S\$203 million as of end-2014.

**Existing Agreements between Singapore and Sri Lanka**

5. The **Bilateral Investment Treaty (BIT)** was signed and entered into force in 1980.
6. The **Avoidance of Double Taxation Agreement (DTA)** was signed in May 1979. A revised DTA was signed in April 2014 and is pending ratification.

**Singapore's Interests in Sri Lanka**

7. Singapore companies have established a presence in Sri Lanka since the early 1990s. To date, Singapore companies have established a presence in Sri Lanka in the construction, infrastructure, manufacturing, food processing and service sectors. Notable companies include:

| Sector        | Company Interests   |
|---------------|---|
| Manufacturing | <p><b>Prima Holdings</b> is the largest Singapore-based investor in Sri Lanka. It is one of the pioneering companies in Sri Lanka and has substantive business operations in Sri Lanka, including:</p> <ul style="list-style-type: none"> <li>• <i>Prima Ceylon</i> – Wheat flour milling and related activities. Operates an integrated flour milling complex in Trincomalee, Sri Lanka.</li> <li>• <i>Ceylon Grain Elevator Industries</i> – Focus primarily on feed milling, commercial farming and retail of poultry products,</li> </ul> |

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|                                   |   |
|-----------------------------------|---|
|                                   | <p>and production of animal feed. The company is the largest poultry player in Sri Lanka.</p> <ul style="list-style-type: none"> <li>• <i>Ceylon Agro Industries</i> – Manufacture and supply of range of wheat and poultry food products.</li> <li>• <i>Prima Land</i> – Manages the Royal Park Apartments, a luxury apartment.</li> <li>• <i>Prima Management Services</i> – Offers a range of IT services to organizations both locally and internationally.</li> </ul>  |
| <b>Master planning</b>            | <p>In 2004, CESMA, now known as <b><u>Surbana Jurong</u></b>, developed the master plan for Sri Lanka’s Megapolis in the Western Province. Prime Minister Ranil Wickremesinghe has recently appointed Surbana Jurong to revise the master plan, and also invited the planners to develop one for Trincomalee.</p>   |
| <b>Security</b>                   | <p>Certis Lanka, a joint venture formed in 1995 with <b><u>Certis Cisco</u></b>, offers a wide range of Loss Prevention, Secure Logistics and Caring Services.</p>  |
| <b>Construction</b>               | <p><b><u>Woh Hup</u></b> has been in Sri Lanka since 1986 and was involved in the construction of the iconic Bank of Ceylon building, comprising a 32-storey office tower with 4-storey podium and 3-level basement carpark.</p> <p><b><u>Ley Choon</u></b>, through its wholly-owned subsidiary Teacly (S) Pte Ltd, secured a contract under the Greater Colombo Waste Water Management Project for the rehabilitation of 10 km of sewer lines and assessment of 125 km of sewer lines within Colombo Municipal Council Area.</p>  |
| <b>Infrastructure Development</b> | <p>The 39-storey World Trade Centre in Colombo, is owned by Overseas Reality (Ceylon) Ltd, which in turn is majority owned by the <b><u>Shing Kwan Group</u></b>. The group is also the developer and co-owner of Havelock City in Colombo, a prime property including a 300-room hotel, 1,080 apartments, food courts, sports complex and a commercial area.</p> <p><b><u>SilverNeedle Hospitality</u></b> entered into a joint venture with conglomerate Abans Group to develop a mixed-use lifestyle centre which is inclusive of a 200 room NEXT Hotel™, a 4-storey lifestyle mall and a 30-storey condominium tower.</p> |

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**ANNEX B**

**SPEECH BY MR S ISWARAN,  
MINISTER FOR TRADE AND INDUSTRY (INDUSTRY),  
MINISTRY OF TRADE AND INDUSTRY AT THE  
SRI LANKA-SINGAPORE BUSINESS FORUM,  
AT HILTON RESIDENCES COLOMBO, SRI LANKA ON  
WEDNESDAY, 1 JUNE 2016, 10.15 AM**

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Your Excellency, Minister Malik Samarawickrama, Minister of Development Strategies and International Trade;

Mr Arjuna Mahendran, Governor of the Central Bank of Sri Lanka;

Mr Upul Jayasuriya, Chairman of the Board of Investment of Sri Lanka;

Mr Shamil Mendis, President of the Sri Lanka-Singapore Business Council

Distinguished Guests;

Ladies and Gentlemen,

Good Morning.

**Opening**

1. Let me start by expressing on behalf of the Government and people of Singapore, our deepest condolences and sympathies to the Sri Lankan people and Government for the lives that were lost during the recent landslides and floods caused by Cyclone Roanu. In the past two weeks, we in Singapore have been struck by the resilience of Sri Lankans and the way in which organisations – including the Ceylon Chamber of Commerce – have rallied to the aid of their fellow citizens with donation drives and other forms of assistance. Singapore stands ready to do our part to assist Sri Lanka. With the strength of the Sri Lankan people, the will of the Government, and the goodwill of your friends from around the world, Sri Lanka will be able to quickly overcome this tragedy.

**Sri Lanka-Singapore ties go back a long way**

2. I would like to thank Minister Malik and Mr Mendis for their kind words on Singapore and how we can cooperate with each other. We, in Singapore, have been involved in the important process of nation-building and economic development over the past five decades. We recognise that this is an ongoing challenge; sustaining and maintaining Singapore's economic development and growth in the context of the globalised economy. We are here to learn as much as we are here to share what we can do together, to mutually benefit Sri Lankans and Singaporeans.

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3. Sri Lanka and Singapore's history are intertwined in many ways and go back a long way. The Sri Lankan Community was already present in Singapore in the early 1900s. Though small in number, many of its members were prominent in a wide range of professions from education and engineering to medicine and law. They were among the pioneer leaders of independent Singapore and played an important role in the growth and development of modern Singapore. One notable leader was Dr S Rajaratnam, whom we count as one of our Founding Fathers. He served in various ministerial roles from Culture Minister to Labour Minister to Foreign Affairs Minister, before he retired as Singapore's Deputy Prime Minister in 1985. Dr Rajaratnam was also instrumental in drafting the Singapore Pledge, which encapsulates our core values and is recited each day by every Singaporean student in school.

4. Today, many members of our Sri Lankan community continue to retain strong ties to their ancestral homeland and these links have contributed greatly to the economic, political and cultural links between Sri Lanka and Singapore.

**Economic Relations**

5. In 1977, one of the first Singapore companies to establish operations in Sri Lanka was the Prima Group. Prima decided to make Trincomalee its South Asia hub and grow its investment and presence in Sri Lanka. Since then many other companies have followed in their footsteps with a sizeable presence of Singapore companies in Sri Lanka by the early 1990s. They were in diverse sectors ranging from Real Estate and Construction to Manufacturing and IT Services. These early entrants have since been joined by other companies in the consumer products, education services and R&D sectors.

6. Many Singapore companies have formed strong partnerships with their Sri Lankan counterparts, while the growth of foreign direct investments from Singapore to Sri Lanka has been significant. In the ten years from 2004 - 2014, the stock of Singapore's Foreign Direct Investments in Sri Lanka increased by about two and a half times, bringing it to a total of 520 million US Dollars.

7. In turn, Singapore is home to about 360 Sri Lankan companies in a wide array of sectors. They range from trading companies to professional services. Foreign Direct Investment from Sri Lanka into Singapore stood at 170 million US Dollars in 2014. While modest in absolute terms, the amount nonetheless represents a 40-fold increase from 10 years ago and affirms the scope for opportunities at the business-to-business level between our two economies.

8. Indeed, the Colombo skyline also bears testament to the Sri Lanka-Singapore partnership. You might be aware that Singapore companies Shing Kwan Group and Woh Hup Group invested in and were involved in the construction of the World Trade Centre and the Bank of Ceylon buildings respectively.

9. The economic links between Sri Lanka and Singapore have thus been growing organically, but I share Minister Malik's assessment that they are still far from their full potential. There is more that our respective governments can do to encourage broader and deeper partnerships between our two business communities.

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### **Importance of Trade Infrastructures**

10. Given Singapore's small market and population, our companies have embraced internationalisation as the basis for growth. To support and encourage that trend, Singapore has worked hard to establish, and extend, our network of bilateral, regional, and multilateral trade and investment agreements. That architecture of free trade agreements has been an important contributing factor in the ability of Singapore-based businesses to internationalise and find new opportunities in diverse markets.

11. For example, through the ASEAN Economic Community, Singapore is well connected to the Southeast Asian region, which has a total market size of 625 million people and the GDP growth rates are expected to average in the five per cent region in the next five years or so, which is significantly higher than the global average. This growth is driven by fundamentals and it is a growth rate that we expect to be sustained for some time to come because of the pace at which some countries are growing. While such agreements help our companies in venturing abroad, they also confer advantages to our trading partners. They will also be useful to Sri Lankan companies who wish to explore new export markets for their goods, just as Singapore companies can also tap on Sri Lanka's economic links with the countries of South Asia and beyond.

12. When Prime Minister Wickremesinghe visited Singapore in October 2015, he emphasised his view that there should be a Sri Lanka-Singapore Free Trade Agreement (SLSFTA). We took careful note of his clear message which reconciled with Singapore's own instincts to deepen economic links. Hence, I asked my officials to explore with their Sri Lankan counterparts the possibility of restarting negotiations on a SLSFTA.

13. I am happy to share with you today that my officials have reported to me that their initial studies strongly suggest that *both* Sri Lanka and Singapore stand to gain much from concluding a modern, comprehensive Free Trade Agreement. I have discussed the matter with Minister Malik and we have agreed to instruct our officials to finalise their studies quickly so that a decision on how to proceed with a Sri Lanka-Singapore Free Trade Agreement can be taken soon, perhaps when Prime Minister Wickremesinghe visits Singapore shortly.

### **Closing**

14. In a highly competitive globalised economy, all businesses need to look beyond their traditional markets for new growth opportunities if they are to succeed. I just got back from Europe and it is quite clear that the European businesses are looking for opportunities in Asia because the centre of gravity of global growth has shifted to this part of the world. They are looking for partners who understand the terrain, nuances of our markets and preferences of our consumers so that they can better address these needs by working with their counterparts in Asia. We should be working closely on these efforts to bring our economies more closely together. A Free Trade Agreement between our two countries is one effective way to enable such interactions and growth.

15. Another means to deepen and broaden the existing economic linkages between Sri Lanka and Singapore is for our businesses to form partnerships and seize the opportunities in each other's markets and regions. In this regard, the Sri Lanka-Singapore Business Forum by the Sri Lanka-Singapore Business Council of the Ceylon Chamber of Commerce



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is a useful platform to foster greater cooperation between our companies. I am glad to see the strong representation from both our business communities here today.

16. I urge all of you to take full advantage of this opportunity to network and form long lasting partnerships.

17. I wish all of you a fruitful and productive session. Thank you.