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**SINGAPORE AND SRI LANKA LAUNCH NEGOTIATIONS FOR
FREE TRADE AGREEMENT**

1. Singapore and Sri Lanka launched negotiations for a Sri Lanka-Singapore Free Trade Agreement (SLSFTA) on 18 July 2016.
2. Minister for Trade and Industry (Industry) S Iswaran and his counterpart Minister for Development Strategies and International Trade Malik Samarawickrama signed a joint statement to officially launch the negotiations. The signing was witnessed by Prime Minister Lee Hsien Loong and Sri Lanka Prime Minister Ranil Wickremesinghe, who is in Singapore from 18 to 19 July 2016 for an official visit.
3. Said Mr Iswaran, "The launch of the SLSFTA negotiations signals the commitment of both governments to promote stronger economic ties and enhance trade flows by lowering barriers of entry and providing increased market access for Singapore and Sri Lankan companies. Amidst an uncertain economic environment, Sri Lanka offers good potential for Singapore companies looking to tap opportunities in new markets. As Sri Lanka pushes ahead with infrastructure and industrial development, Singapore companies with capabilities in these sectors can partner Sri Lankan companies and contribute to Sri Lanka's growth. To facilitate this, IE Singapore also inked an agreement today to collaborate with Sri Lanka to develop its Western Region Megapolis."
4. Following Mr Iswaran's trip to Sri Lanka in June 2016, both Singapore and Sri Lanka conducted individual studies on how each would benefit from the SLSFTA, as well as a joint scoping study. The studies concluded that there are economic benefits for both countries to embark on a modern, comprehensive and high quality free trade agreement. The SLSFTA will include measures to liberalise key areas, such as Trade in Goods, Trade in Services, and Investment, and contain elements to simplify customs procedures.
5. The SLSFTA will deepen the strong bilateral relationship with Sri Lanka and assure Singapore companies of a more transparent and predictable market. It will also secure market access and create opportunities for Singapore investors. Singapore is committed to concluding negotiations expeditiously.

(Annex A – Factsheet on Singapore-Sri Lanka bilateral relations)

**MINISTRY OF TRADE AND INDUSTRY
18 JULY 2016**

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Factsheet on Sri Lanka-Singapore Economic Relations

Trade

1. In 2015, Sri Lanka was Singapore's 39th 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 29th 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>Prima Holdings 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"> • <i>Prima Ceylon</i> – Wheat flour milling and related activities. Operates an integrated flour milling

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	<p>complex in Trincomalee, Sri Lanka.</p> <ul style="list-style-type: none"> • <i>Ceylon Grain Elevator Industries</i> – Focus primarily on feed milling, commercial farming and retail of poultry products, and production of animal feed. The company is the largest poultry player in Sri Lanka. • <i>Ceylon Agro Industries</i> – Manufacture and supply of range of wheat and poultry food products. • <i>Prima Land</i> – Manages the Royal Park Apartments, a luxury apartment. • <i>Prima Management Services</i> – Offers a range of IT services to organizations both locally and internationally.
Master planning	<p>In 2004, CESMA, now known as <u>Surbana Jurong</u>, 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>
Security	<p>Certis Lanka, a joint venture formed in 1995 with <u>Certis Cisco</u>, offers a wide range of Loss Prevention, Secure Logistics and Caring Services.</p>
Construction	<p><u>Woh Hup</u> 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><u>Ley Choon</u>, 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>
Infrastructure Development	<p>The 39-storey World Trade Centre in Colombo, is owned by Overseas Reality (Ceylon) Ltd, which in turn is majority owned by the <u>Shing Kwan Group</u>. 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><u>SilverNeedle Hospitality</u> 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>