

For Immediate Release

TURKEY AND SINGAPORE RATIFY FREE TRADE AGREEMENT

1. Turkey and Singapore marked another milestone in their bilateral economic relations with the ratification of the Turkey-Singapore Free Trade Agreement (TRSFTA) today. The agreement, signed in November 2015, will enter into force on 1 October 2017.
2. Negotiations on the TRSFTA were launched by Prime Minister Lee Hsien Loong and Turkey's then-Prime Minister and current President Recep Tayyip Erdoğan in January 2014 and concluded in October 2015. The ratification of the agreement builds upon the Strategic Partnership signed between Prime Minister Lee and Turkey's Prime Minister Ahmet Davutoğlu in October 2014.
3. Minister for Industry, Mr S. Iswaran said, "Singapore and Turkey's bilateral ties have reached a new milestone with the ratification of the Turkey-Singapore FTA. It will create more business and investment opportunities for companies from both countries. Singapore and Turkey are strategically located in Asia and Europe respectively, and can serve as gateways to larger regional markets. I look forward to the further growth of business and investment ties between Turkey and Singapore."
4. The TRSFTA is Turkey's first comprehensive free trade agreement in a single undertaking. It includes Turkey's first treaty commitments in Government Procurement and newer elements such as intellectual property rights, e-commerce, competition and transparency. The TRSFTA will reduce barriers to trade and investment between Turkey and Singapore, enhance access to services sectors and procurement markets, as well as promote greater connectivity between businesses and people. Tariffs for Singapore's exports to Turkey on 80 per cent of all tariff lines will be eliminated immediately once the TRSFTA enters into force. This will increase to more than 95 per cent of all tariff lines over a period of 10 years.
5. The TRSFTA will help more Singapore companies to leverage Turkey's strategic location as a gateway to the larger regional markets in Europe, Central Asia, the Middle East and Africa. Turkish firms are also encouraged to use Singapore as their base to seek opportunities in the rapidly growing ASEAN region and beyond.

ANNEX A: Key Benefits of the Turkey-Singapore Free Trade Agreement

ANNEX B: Factsheet on Turkey & Singapore-Turkey Economic Relations

Ministry of Trade and Industry
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For media queries, please contact:

Ms Huang Wanxin
Assistant Director, Corporate Communications Division
DID: 6332 7109, HP: 9159 3059
Email: HUANG_wanxin@mti.gov.sg

ANNEX A:

Key Benefits of the Turkey-Singapore Free Trade Agreement

When the Turkey-Singapore Free Trade Agreement (TRSFTA) is in force, Singapore and Turkish companies will enjoy greater access to each other's markets across many sectors. The key benefits include:

- Tariff elimination. Turkey will eliminate tariffs for Singapore's exports on more than 95 per cent of all its tariff lines - 80 per cent when the TRSFTA comes into force and the rest over a period of 10 years. Singapore exporters, including exporters of electronics, pharmaceuticals, chemicals and processed food products, will benefit from the removal of Turkey's tariffs under Rules of Origin that take into account Singapore's unique regional supply chain and local production processes. Singapore in turn will grant immediate duty-free access for all imports from Turkey upon the entry into force of the TRSFTA.
- Fewer non-tariff barriers. Turkey and Singapore will reduce non-tariff barriers that impede trade. Both countries agreed to adopt international standards and practices, where applicable, and prevent marking and labelling requirements from being barriers to trade.
- Access to government procurement contracts. The TRSFTA includes Turkey's first treaty commitments in Government Procurement (GP). Singapore companies will be able to bid for procurement contracts from Turkish government entities, such as Turkey's central government and all 30 of Turkey's metropolitan municipalities, including Istanbul, Ankara and Izmir. Turkish companies will likewise benefit from access to Singapore's GP market.
- Access to the services sectors. Singapore and Turkey will commit to granting better access to each other's services markets. The TRSFTA includes areas of interest to Singapore and Turkish companies, such as retail services, business services, and construction services. Together with commitments to protect bilateral investments, the TRSFTA is expected to encourage greater cross-border trade and investment flows between Singapore and Turkey.

ANNEX B:

Factsheet on Singapore-Turkey Economic Relations

Turkey's population is large, young and growing. In 2016, its population comprised 80.3 million¹ people, with the majority aged 25-54². The Turkish economy is one of the fastest growing economies in the world, with an average annual growth rate of 4.9% since 2010. This surpasses the global average of 2.9% over the same time period³.

Trade in Goods

Since 2007, Singapore's trade in goods with Turkey has consistently surpassed the S\$1 billion mark. In 2016, Turkey ranked as Singapore's 46th largest trading partner, with total bilateral trade in goods amounting to S\$1.41 billion. Last year, imports of goods from Turkey amounted to S\$753 million, and mostly comprised petroleum oils; turbo propellers & parts; and semi-manufactured silver. Meanwhile, exports of goods to Turkey amounted to S\$657 million and mostly comprised polyethylene and turbo jet components.

Trade in Services

In 2015, total bilateral trade in services amounted to S\$0.5 billion. In the same year, Singapore's imports of services from Turkey amounted to S\$298 million, and mostly comprised transport and insurance services. Meanwhile, exports of services to Turkey amounted to S\$190 million, and mostly comprised transport, maintenance and repair services.

Investment

By end-2015, Turkish Direct Investment in Singapore amounted to S\$135 million⁴. Singaporean Direct Investment in Turkey amounted to S\$218 million⁵.

¹ Source: World Bank, last accessed 11 August 2017.

² Source: Central Intelligence Agency (CIA) Factbook, last accessed 15 August 2017.

³ Source: World Bank and World Bank Group study: "Global Economy Prospects: A Fragile Recovery", June 2017.

⁴ Source: Latest figures from DOS.

⁵ Source: Ibid.

Economic Partnerships

Apart from the TRSFTA, Singapore has two other economic agreements with Turkey:

- i. **Investment Promotion and Protection Agreement (IPPA)**
The Singapore-Turkey IPPA was signed in February 2008 and came into force in March 2010. It will be superseded by the TRSFTA when it comes into force.
- ii. **Avoidance of Double Taxation Agreement (DTA)**
The Singapore-Turkey Avoidance of Double Taxation Agreement (DTA) was signed in July 1999 and came into force in August 2001. This agreement incorporated the internationally-agreed standard for the Exchange of Tax Information (EOI). It was in August 2013 that the EOI protocol entered into force.

Turkish companies in Singapore

Listed below are some of the Turkish companies in Singapore.

Company	Interests
<u>Koc Holdings</u>	Turkey's largest industrial and financial conglomerate in the Fortune 500. One of its brand, BEKO, is the leading Turkish domestic appliance and consumer electronics manufacturer. It has established its ASEAN hub for BEKO in Singapore.
<u>GenPower</u>	Turkey's largest diesel and gasoline generator manufacturer. It has established its Asia sales, distribution and technical support office in Singapore. Notably, GenPower has won the bid to supply power for Singapore's Formula 1 night race from 2011-2017.
<u>Vesbo Asia</u>	A leading manufacturer in the thermoplastic piping industry, Vesbo established an Asia Pacific office in Singapore in 1994. It is a subsidiary of KAR Group of Companies and the Asia Pacific marketing arm of VESBO pipes and fittings.
<u>Mili Reasurans</u>	Insurance agency/broker in Singapore operating a compulsory reinsurance system which includes facultative reinsurance for fire, accident, hull insurance, marine liabilities and aviation.

Singaporean companies in Turkey

Listed below are some of the Singaporean companies in Turkey.

Company	Interests
<u>Port of Singapore Authority (PSA)</u>	Since 2007, PSA has been in a Joint Venture (JV) with its Turkish partner, Akfen Holding to operate a container port in Mersin. The JV has been granted operational rights to Mersin Port till 2043.
<u>ST Electronics</u>	ST Electronics was awarded a contract by their partner, CSR Zhuzhou Electric Locomotive Co. Ltd, to install passenger information systems on the Izmir Light Rapid Transit. The project had officially concluded in March 2011.
<u>Surbana Jurong</u>	Surbana Jurong secured a master-planning contract to model the development of leading Turkish petroleum company Petkim's existing site in Aliaga, Turkey to Singapore's Jurong Island.
<u>The Ascott Limited</u>	Ascott secured a contract to manage its first serviced residence in Turkey, Somerset Maslak Istanbul. The management contract was awarded by real estate company Maslak Konaklam, an affiliate of the Saudi-based Abduljawad Group of Companies.

Opportunities for Singaporean Companies in Turkey

The following sectors may present business opportunities for Singaporean companies in Turkey: Consumer Goods, Technology (Fintech, Industry 4.0, E-Commerce), Healthcare and Urban Solutions (Transport, Environmental Technology).

Sector	Details
Consumer Goods & E-Commerce	<p>With a youthful and growing population, it is likely that the Turkish demand for consumer goods will continue rising in the coming years. Notably, online shopping is rising in popularity⁶, with the majority of Turkish online shoppers purchasing apparel and sporting goods⁷.</p> <p>Major e-commerce companies have capitalised on this growing consumer trend in Turkey⁸. For example, eBay acquired Turkish online auction marketplace Gittigidiyor for US\$200 million in 2011⁹.</p>

⁶ Source: Euromonitor International, Consumer Lifestyles in Turkey, last accessed 15 August 2017.

⁷ Source: Turkish Statistical Institute, last accessed 15 August 2017.

⁸ Source: "Feature – Turkey E-Commerce Firms Set for Shakeout." Reuters. 16 January 2013.

⁹ Source: Kadaster, Peri. "Turkey is Becoming a New Kind of Silicon Valley." Forbes. 9 July 2014.

Healthcare & Urban Solutions	<p>In 2011, President Erdogan laid out the ‘2023 Vision’, a series of goals that aim to create greater socioeconomic prosperity for Turkey. Notably, this involves major infrastructural developments and healthcare reformations. The following ‘2023 Vision’ targets pertain to the healthcare and transport sectors¹⁰:</p> <ul style="list-style-type: none">• 35 health campuses and city hospitals will be built to improve Turkey’s healthcare accessibility and affordability. In addition, the Turkish Ministry of Health will launch 10 tax-free medical zones to cater to the growing medical tourism market.• A third bridge across the Bosphorus Strait will be built to strategically link the Black Sea and the Sea of Marmara.• A third airport in Istanbul will be built to increase Turkey’s international connectivity and air transport efficiency.
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¹⁰ Source: Republic of Turkey Prime Ministry Investment Support and Promotion Agency, last accessed 15 August 2017.