

**For Immediate Release**

**SRI LANKA-SINGAPORE FREE TRADE AGREEMENT ENTERS INTO  
FORCE ON 1 MAY 2018**

1. The Sri Lanka-Singapore Free Trade agreement (SLSFTA) has been ratified and will enter into force on 1 May 2018.
2. Negotiations on the SLSFTA were launched by Minister of Trade and Industry (Industry) S Iswaran and his counterpart Minister for Development Strategies and International Trade Malik Samarawickrama, in the presence of Prime Minister Lee Hsien Loong and Sri Lanka Prime Minister Ranil Wickremesinghe on 18 July 2016. The agreement was subsequently signed on 23 January 2018.
3. Mr Iswaran said, "Bilateral relations between Singapore and Sri Lanka have reached a new milestone with the implementation of the Sri Lanka-Singapore FTA. This agreement provides another avenue for Singapore companies to internationalise, grow their business and find new partnerships in the Sri Lankan market. Sri Lanka can also be a base for our companies to venture into the larger South Asia market. I urge more Singapore companies to tap on the SLSFTA and take advantage of the opportunities in Sri Lanka."
4. The SLSFTA is Sri Lanka's first modern and comprehensive free trade agreement and will cover areas such as Trade in Services, E-Commerce, Telecommunications, Investments, Intellectual Property and Government Procurement.
5. Singapore companies that are interested in business and investment opportunities in Sri Lanka can contact Enterprise Singapore at [enquiry@enterpriseSG.gov.sg](mailto:enquiry@enterpriseSG.gov.sg). Companies can also refer to the Enterprise Singapore website<sup>1</sup> for more information.

**Annex A:** Key Benefits of the Sri Lanka-Singapore Free Trade Agreement

**Annex B:** Factsheet on Singapore-Sri Lanka bilateral relations

**Ministry of Trade and Industry  
20 April 2018**

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<sup>1</sup> <https://ie.enterprisesg.gov.sg/Trade-From-Singapore/International-Agreements/free-trade-agreements/Singapore-FTA>

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### **Annex A: Key Benefits of the Sri Lanka-Singapore Free Trade Agreement**

With the conclusion of the SLSFTA, Singapore and Sri Lanka companies will gain greater access to each other's markets across many sectors.

The key benefits include:

- Tariff elimination. Sri Lanka will eliminate tariffs for Singapore's exports on 80% of all tariff lines in up to 15 years from when the SLSFTA enters into force. Singapore's exports will enjoy potential tariff savings of about \$10 million each year. The SLSFTA also contains one of the most liberal rules of origin (ROO) which will allow more exports from Singapore to qualify for the lower tariffs negotiated.
- Access to government contracts. The SLSFTA includes Sri Lanka's first treaty commitment on Government Procurement, allowing Singapore companies to bid for projects by several of its large central entities and state-owned enterprises.
- Access to a wider range of services. Singapore and Sri Lanka have committed to granting better access to each other's services markets. The SLSFTA includes sectors of interest to Singapore companies such as professional, environmental, construction, tourism and travel-related services.
- Cross-border transfer of information by electronic means. The SLSFTA includes an E-Commerce Chapter that covers relatively new disciplines including cross-border transfer of information by electronic means and data flows. This will benefit Singapore and Sri Lanka companies given the increase in demand for e-commerce and digital services.
- Greater protection of investments. The SLSFTA's Investment Chapter is the first where the Singapore International Arbitration Centre is listed as an institution under which Investor-State disputes can be brought. This is aligned with the objective of promoting Singapore as an arbitration hub. The SLSFTA also includes safeguards against discriminatory treatment based on nationality, as well as provide protection against expropriation.

## **Annex B: Factsheet on Singapore-Sri Lanka bilateral relations**

### **Trade**

1. In 2017, Sri Lanka was Singapore's 36<sup>th</sup> largest trading partner and bilateral trade amounted to S\$2.7 billion (+26.7% y-o-y). In 2017, Singapore's exports of goods to Sri Lanka totalled S\$2.5 billion, while Singapore's imports of goods from Sri Lanka totalled S\$178 million. Sri Lanka was Singapore's 27<sup>th</sup> largest export destination in 2017.
2. Top exports to Sri Lanka include petroleum oils and diesel fuel; non-monetary gold; and jewellery. Top Imports from Sri Lanka include motor spirit; fuel oils; perfumes; clothing accessories; and wheat flour.
3. Singapore's exports of services to Sri Lanka in 2016 amounted to S\$338 million and imports of services from Sri Lanka amounted to S\$221 million.

### **Investment**

4. Singapore's stock of Direct Investment Abroad (DIA) into Sri Lanka amounted to S\$680 million as of end-2016. Singapore's investments were mainly in the manufacturing sector. Stock of Foreign Direct Investment from Sri Lanka into Singapore amounted to S\$250 million as of end-2016.

### **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 entered into force on 01 January 2018.

### **Singapore's Interests in Sri Lanka**

7. Singapore companies have established a presence in Sri Lanka since the early 1990s. To date, close to 90 Singapore companies have established a presence in Sri Lanka in the construction, infrastructure, manufacturing, food processing and service sectors.