

For Immediate Release

BILATERAL INVESTMENT TREATY BETWEEN SINGAPORE AND KAZAKHSTAN TO PROMOTE STRONGER ECONOMIC TIES

1. Singapore and Kazakhstan strengthened economic ties with the exchange of a Bilateral Investment Treaty (BIT) today. The agreement was exchanged by Senior Minister of State for Trade and Industry Dr Koh Poh Koon and Kazakhstan Minister for Investment and Development Zhenis Kassymbek, in the presence of Prime Minister Lee Hsien Loong and Kazakhstan Prime Minister Bakytzhan Sagintayev.

2. The BIT will support greater investment flows between both countries through protecting the interests of investors from Singapore and Kazakhstan and providing them with more confidence to seize investment opportunities in either country.

3. Dr Koh said, “Emerging markets such as Kazakhstan have strong potential for growth. Kazakhstan’s rapidly improving economic reforms, highly literate workforce and growing urban middle class present opportunities for Singapore companies. I strongly encourage our companies to venture into Kazakhstan and the rest of Central Asia.”

4. Kazakhstan is Singapore’s most significant economic partner among the five Central Asian states¹. Kazakhstan is also part of the Eurasian Economic Union (EAEU), a customs union formed among Russia, Armenia, Belarus, Kyrgyzstan and Kazakhstan. Singapore is in the process of negotiating a Free Trade Agreement with EAEU, and the signing of the BIT will serve as a good foundation to the ongoing negotiations.

Annex A: Singapore-Kazakhstan Bilateral Investment Treaty Annex B: Factsheet on Singapore-Kazakhstan Economic Relations

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¹ The five Central Asian states are Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan

ANNEX A

Singapore-Kazakhstan Bilateral Investment Treaty

The Singapore-Kazakhstan Bilateral Investment Treaty (BIT) is a legally-binding agreement between Kazakhstan and Singapore. It establishes rules and disciplines on how Kazakhstan should treat investments from Singapore and vice versa. With this treaty, Singapore companies operating in Kazakhstan will enjoy protection on their investments, on top of that already accorded under Kazakhstan's domestic laws.

The Kazakhstan-Singapore BIT will also grant investors from both countries the following protection:

- Non-discriminatory treatment compared to other foreign investments (Most Favoured Nation treatment);
- Fair and equitable treatment and full protection and security based on customary international law;
- Protection from illegal expropriation;
- Non-discriminatory compensation for losses arising from war, armed conflict and civil strife;
- Freedom to transfer capital and returns in and out of country; and
- Access to international arbitration for investment disputes.

ANNEX B

Fact Sheet on Singapore-Kazakhstan Economic Relations

Trade in Goods

1. In 2017, total bilateral trade in goods between Singapore and Kazakhstan was S\$133.6 million. Singapore's imports from Kazakhstan amounted to S\$110.7 million, while Singapore's exports to Kazakhstan amounted to S\$23 million.

2. Top exports to Kazakhstan include lubricating oils, unwrought tin, and disc tapes and storage devices. Top imports from Kazakhstan include petroleum oils, unwrought zinc alloys and automatic data processing machines.

Services

3. Trade in services between Singapore and Kazakhstan amounted to S\$40 million in 2016. Singapore's export of services to Kazakhstan, mainly in construction services, was valued at S\$23 million. Singapore's import of services from Kazakhstan was valued at S\$17 million, mainly in transport and insurance services.

Investment

4. Bilateral investments between Kazakhstan and Singapore are increasing, with potential for growth. The Singapore-Kazakhstan BIT will provide investors with more confidence and protection, and encourage bilateral investments. As of 2016, Kazakhstan's stock of FDI in Singapore amounted to S\$2.5 billion, mainly in the financial and insurance services sector. Singapore's stock of investment in Kazakhstan was S\$180 million in the same year.

Agreements between Singapore and Kazakhstan

5. The Singapore-Kazakhstan Avoidance of Double Taxation Agreement (DTA) was signed on 19 September 2006 and entered into force on 14 August 2007. The DTA benefits companies on both sides by providing for a reduction or exemption of tax.

7. Singapore and Kazakhstan, along with Russia, Belarus, Armenia, and Kyrgyzstan, are negotiating a Eurasian Economic Union (EAEU)-Singapore Free Trade Agreement (FTA). The EAEU is a customs union formed among Russia, Armenia, Belarus, Kyrgyzstan and Kazakhstan, representing a combined market of 179 million people with a total GDP of US\$1.8 trillion in 2017.² The FTA, when concluded, will strengthen trade infrastructure between

² Source: CIA World Factbook, October 2018.

Singapore and the EAEU member countries, including Kazakhstan. It will also encourage bilateral trade flows between Singapore and the EAEU.

Singapore Companies in Kazakhstan

8. Singapore's commercial interests in Kazakhstan are in the oil and gas and food processing sectors, as well as in the provision of services such as master-planning, ICT and education. Notable Singapore companies that have undertaken activities in Kazakhstan include:

- i. **Surbana Jurong**, which has completed the Industrial Positioning Study and Master Plan for Special Economic Zone (SEZ) Astana Phase 2. Surbana Jurong (as Jurong Consultants) was involved in several master planning projects in Kazakhstan, including the Taraz Chemical Park, Atyrau Petrochemical Park (NIPT) and Atyrau SME park in early 2014.
- ii. **Educare**, which provides training and teaching workshops to Kazakh educators supported by Temasek Foundation. Educare hosted a 10-man delegation led by First Deputy Chairman of National Centre for Professional Development (NCPD) "ORLEU" of Kazakhstan from 6 to 17 February 2015. The delegation was consulted on (i) the best practices in professional development for early childhood teachers; and (ii) input for writing a "Concept Paper" on "Level-Based Professional Development Courses for Early Childhood Teachers of the Republic of Kazakhstan". The visit established relations with the early-childhood educators/leaders from Kazakhstan and resulted in the extension of an MOU with ORLEU.