

For Immediate Reporting

SINGAPORE DEEPENS ECONOMIC TIES WITH TURKEY AS BOTH COUNTRIES COMMEMORATE 50 YEARS OF DIPLOMATIC RELATIONS

1 Minister-in-charge of Trade Relations S Iswaran was on an official visit to Istanbul and Ankara, Turkey, from 2 to 4 April 2019. Mr Iswaran's visit reaffirms Singapore's economic ties with Turkey, as both countries commemorate 50 years of diplomatic relations this year.

2 Mr Iswaran had meetings with Turkish Minister of Trade Ruhsar Pekcan, Singapore's Honorary Consul-General in Turkey Murat Özyegin, and Singapore and Turkish businesses operating in Turkey. He discussed with them the potential to deepen economic relations between Turkey and Singapore, leveraging Turkey's favourable demographics, strategic location, growing economy, and the Turkey-Singapore Free Trade Agreement (TRSFTA). The FTA, which has been in force since October 2017, opens up trade and investment opportunities across a diverse range of sectors for businesses from both countries, and enhances people-to-people links.

3 At the meeting between the Ministers, Mr Iswaran and Ms Ruhsar Pekcan agreed to encourage and support businesses from both countries to venture into each other's markets and form partnerships. Singapore companies already operating in Turkey are benefitting from Turkey's large and dynamic market of 81 million people and a GDP of nearly US\$784 billion. Some of these companies are CCRManager, a homegrown Singapore Fintech company whose first overseas foray is into Turkey; textiles player Indorama Corporation; and serviced residence operator Ascott Limited. Both Singapore and Turkey can also serve as gateways to wider regional markets in Asia and Europe respectively. Mr Iswaran said "These will build even stronger bilateral ties between Turkey and Singapore, which can pave the way for economic growth, and open up even more opportunities for both countries as our economies evolve and adapt to new realities."

4 Mr Iswaran also participated in Istanbul's Fintech Week 2019, where he spoke to an audience of Turkish and international industry experts and practitioners on "The Role of Government in Boosting Innovation". Mr Iswaran shared some of the strategies and initiatives that Singapore has put in place to foster innovation and create an enabling environment for new and emerging sectors like Fintech.

5 Mr Iswaran said "It is important to have a holistic approach, with a business-friendly environment and conducive regime, to build an ecosystem that attracts talent and innovation". He added that building startups' capabilities to internationalise was also crucial. The presence of Singapore companies at Istanbul Fintech Week showed the industry's global outlook. Mr Iswaran encouraged startups from Turkey and Singapore to plug into each other's

ecosystems, as this would allow them to learn new technologies from each other and scale globally. He also invited Fintech players to attend Singapore's Fintech Festival in November 2019.

6 While in Ankara, Mr Iswaran also met with Turkey's Minister of Justice Abdulhamit Gül and invited him to Singapore for the signing ceremony of the Singapore Convention on Mediation on 7 August 2019. This is a United Nations Convention that provides an efficient framework for enforcing and invoking international commercial settlements resulting from mediation.

7 Mr Iswaran was accompanied on the trip by officials from the Ministry of Trade and Industry and the Ministry of Communication and Information.

Ministry of Trade and Industry
4 April 2019

ANNEX A: Photos and Captions

ANNEX B: Key benefits of the Turkey Singapore Free Trade Agreement

ANNEX C: Factsheet on Singapore Turkey Economic Relations

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ANNEX A: Photos and Captions



Caption: Minister-in-charge of Trade Relations S Iswaran meeting with Turkish Minister of Trade Ruhsar Pekcan in Ankara.



Caption: Minister-in-charge of Trade Relations S Iswaran at Istanbul's Fintech Week.



Caption: Minister-in-charge of Trade Relations S Iswaran meeting Singapore companies based in Turkey.

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

The Turkey-Singapore Free Trade Agreement (TRSFTA) entered into force on 1 October 2017, and will provide Singapore and Turkish companies with 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 from when the TRSFTA entered 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 has granted immediate duty-free access for all imports from Turkey.
- A reduction of 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 and protection for investors. 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 C: Factsheet on Singapore-Turkey Economic Relations

Turkey's population is large, young, and growing. In 2018, its population comprised 81.3 million¹ people, with the majority aged between 25 to 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 2018, Turkey ranked as Singapore's 42nd largest trading partner, with total bilateral trade in goods amounting to S\$1.54 billion. Last year, imports of goods from Turkey amounted to S\$851 million, and mostly comprised metals (steel and iron); petroleum oils; turbo propellers parts; and articles of jewellery. Meanwhile, exports of goods to Turkey amounted to S\$693 million and mostly comprised turbo jets and propeller parts; aluminium; and electronic integrated circuits.

Trade in Services

In 2017, total bilateral trade in services amounted to S\$722.9 million. In the same year, Singapore's imports of services from Turkey amounted to S\$401.4 million, and mostly comprised of transport and business services. Meanwhile, exports of services to Turkey amounted to S\$321.5 million, and mostly comprised transport and maintenance and repair; and business services.

Investment

By end-2017, Turkish Direct Investment in Singapore amounted to S\$70 million⁴. Singaporean Direct Investment in Turkey amounted to S\$650 million⁵.

Economic Partnerships

Apart from the TRSFTA⁵, Singapore has an Avoidance of Double Taxation Agreement (DTA) with Turkey. The DTA was signed in July 1999 and came into force in August 2001. The agreement incorporated the internationally-

¹ Source: Central Intelligence Agency (CIA) World Factbook, last accessed 26 March 2019.

² Source: Central Intelligence Agency (CIA) World Factbook, last accessed 26 March 2018.

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.

⁵ The Singapore-Turkey IPPA, which was signed in February 2008 and came into force in March 2010, was superseded by the TRSFTA when it entered into force on 1 October 2017.

agreed standard for the Exchange of Tax Information (EOI). The EOI protocol entered into force in August 2013.

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 brands, BEKO, is the leading Turkish domestic appliance and consumer electronics manufacturer. It established its ASEAN hub for BEKO in Singapore.
<u>GenPower</u>	Turkey's largest diesel and gasoline generator manufacturer. It established its Asia sales, distribution and technical support office in Singapore. GenPower won the bid to supply power for Singapore's Formula 1 night race from 2011 to 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.

Singapore companies in Turkey

Listed below are some of the Singapore 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 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, on 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 Saudibased Abduljawad Group of Companies.

Opportunities for Singapore Companies in Turkey

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

Sector	Details
Consumer Goods & E-Commerce	<p>With a young 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 Turkey⁷. For example, eBay acquired Turkish online auction marketplace Gittigidiyor for US\$200 million in 2011⁸.</p>

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

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

⁷ Source: "Feature – Turkey E-Commerce Firms Set for Shakeout." Reuters. 16 January 2013.

⁸ 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 sectors⁹:</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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⁹ Source: Republic of Turkey Prime Ministry Investment Support and Promotion Agency, last accessed 15 August 2017.