

Singapore and Colombia Sign Investment Guarantee Agreement to Promote Greater Investment Flows

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SINGAPORE AND COLOMBIA SIGN INVESTMENT GUARANTEE AGREEMENT TO PROMOTE GREATER INVESTMENT FLOWS

The Singapore Minister for Trade and Industry, Mr Lim Hng Kiang and Colombia Minister of Trade, Industry and Tourism, H.E. Sergio Díaz-Granados Guida, signed the Colombia-Singapore Investment Guarantee Agreement (IGA) in Bogota, Colombia, on 16 July 2013 (Colombian time).

The agreement serves to protect investors' interests from Colombia and Singapore and opens up more business and investment opportunities for Colombian and Singapore companies. It underscores the increasing bilateral trade and growing economic ties between the two countries.

Singapore Minister Mr Lim Hng Kiang said: "The Investment Guarantee Agreement was a direct and significant outcome of the state visit by His Excellency President Santos to Singapore in May 2012. This bilateral investment agreement will provide a legal framework to give greater confidence to investors from both sides, thus promoting even greater investment flows between our countries. It also reaffirms the friendship between our countries and our commitment to mutual collaboration."

Agreement opens up more opportunities

Colombia is Singapore's 6th largest trading partner in Latin America and the Caribbean. Bilateral trade between Colombia and Singapore has been increasing. In 2012, Colombia's bilateral trade with Singapore amounted to S\$1.06 billion, an increase of 40.1% from 2011. Singapore's exports to Colombia amounted to S\$138.7 million in 2012, a 15.4% increase from 2011. Top exports include civil engineering equipment parts and medical apparatus.

Colombia also offers access to larger markets under the Pacific Alliance, which was established in 2012 with Mexico, Chile and Peru. This creates a combined market of 215 million consumers with total GDP of more than US\$2 trillion.

There are currently a number of Singapore firms with a presence in Colombia, for example, Olam International Limited, Pacific International Lines (PIL) and Hyflux. Minister Lim met up with some of these Singapore companies, as well as Colombian firms, during his trip.

With this IGA, Singapore companies can further explore new business and investment opportunities in Colombia, especially in sectors such as oil and gas, infocomms technology, water and master planning (urban, industrial and mobility projects).

About the agreement

The IGA was first proposed by Minister Diaz-Granados during the State Visit of Colombian President Juan Manuel Santos to Singapore in May 2012. Three rounds of negotiations were held before the agreement concluded in April 2013. The agreement will enter into force after both countries complete their requisite internal legal procedures.

The IGA puts in place a legal framework to protect bilateral investments. Key features of the agreement include:

- i. non-discriminatory treatment for Singapore investors and investments in Colombia, and vice versa;
- ii. prompt, adequate and effective compensation in the event of expropriation;
- iii. guarantee transfers of capital, proceeds and other funds related to investments; and
- iv. access to international arbitration to resolve investment disputes.

Singapore currently has 41 IGAs in force.

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