



MEDIA STATEMENT

Singapore and Russia to explore new business opportunities in consumerism and technology at

Russia Singapore Business Forum 2018

2 MOUs inked to foster closer collaboration between Singapore and Russia startup ecosystems

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Singapore, Thursday, 20 September 2018

1. Enterprise Singapore organised the Russia Singapore Business Forum (RSBF) in Singapore today, with Singapore Deputy Prime Minister and Coordinating Minister for Economic and Social Policies Tharman Shanmugaratnam and Russian Deputy Prime Minister Maxim Akimov engaging the business community in a keynote dialogue. Top industry leaders from both sides also discussed the potential opportunities and challenges of collaborating in two major sectors in Russia – consumerism and technology. More than 300 Singaporean and Russian business leaders attended the 13th edition of the forum.
2. This year marks the 50th year of diplomatic relations between Singapore and Russia. Economic relations between the two have been growing, with bilateral trade in goods growing at a compounded annual growth rate of 15% from less than S\$2 billion in 2007 to S\$7.4 billion in 2017. Singapore's stock of Direct Investment Abroad in Russia reached S\$420 million as at end 2015.

Leveraging Russia's growing consumerism and tech strengths

3. Russia's population of 150 million people provides a huge, scalable consumer market for Singapore companies in sectors including food, retail, consumer electronics and more. The e-commerce market is also rising rapidly. It grew at a

rate of about 20% annually over the past five years¹, and is expected to be worth US\$21 billion by 2020². This gives rise to opportunities for e-commerce enablers including data analytics, logistics and fulfilment services, and Customer Relationship Management systems.

4. Given Russia's strong science and technology capabilities, and established research and innovation culture, Enterprise Singapore sees potential for Singapore companies and startups to collaborate with Russian partners to co-create innovative tech solutions and products. To encourage such collaborations, two Memoranda of Understanding (MOU), among others, were signed at the High Level Russia-Singapore Inter-Governmental Commission meeting yesterday.
5. Enterprise Singapore signed an MOU with the Russian Export Centre, Skolkovo Foundation and Sistema Asia Capital to encourage the expansion of Russian and Singaporean companies across the respective markets. To facilitate this, 'innovation hubs' are identified in both Singapore and Russia. Singapore and Russia companies seeking expansion into the other market can use the Skolkovo Innovation Center in Moscow and Sistema Asia platform in Singapore respectively as a landing pad. In addition, Sistema will support Singapore companies to establish business relationships within its group.
6. The Action Community for Entrepreneurship (ACE) and Internet Initiatives Development Fund (IIDF) also signed an MOU to strengthen the connection between Singapore and Russian startup ecosystems and drive global innovation through joint initiatives. This partnership was brought together by Enterprise Singapore.

ANNEX – Welcome remarks at Russia Singapore Business Forum 2018 by Ms Kathy Lai, Deputy Chief Executive Officer, Enterprise Singapore

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¹ Source: <https://www.russia-briefing.com/news/understanding-russias-e-commerce-market.html/>

² Source: <https://www.statista.com/statistics/280929/b2c-e-commerce-sales-in-russia/>

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About Enterprise Singapore

Enterprise Singapore, formerly International Enterprise Singapore and SPRING Singapore, is the government agency championing enterprise development. We work with committed companies to build capabilities, innovate and internationalise.

We also support the growth of Singapore as a hub for global trading and startups. As the national standards and accreditation body, we continue to build trust in Singapore's products and services through quality and standards.

Visit www.enterprisesg.gov.sg for more information.

About Russia Singapore Business Forum (RSBF)

RSBF is the premier platform for fostering investment, trade and thought leadership between Russia and Singapore. Since its inauguration in 2006, the Forum has brought together over 3,000 government and business leaders from Russia and Singapore to discuss and explore partnerships in the two countries.

**WELCOME REMARKS BY MS KATHY LAI,
DEPUTY CHIEF EXECUTIVE OFFICER, ENTERPRISE SINGAPORE
AT THE RUSSIA SINGAPORE BUSINESS FORUM,
20 SEPTEMBER 2018
THE RITZ-CARLTON, MILLENIA SINGAPORE**

Mr Maxim Akimov, Deputy Prime Minister, the Russian Federation,
Mr Tharman Shanmugaratnam, Deputy Prime Minister and
Co-ordinating Minister for Economic and Social Policies, Singapore,
Your Excellencies,
Distinguished guests,
Ladies and Gentlemen

1. Good morning. Welcome to the Russia Singapore Business Forum 2018 (RSBF). To all our Russian guests, a very warm welcome to Singapore!
2. When we first opened our overseas centre in Moscow in 2006, only a handful of Singapore companies had ventured to this relatively unfamiliar market. One of them was Food Empire Holdings which entered Russia in the mid-1990s. Today, Food Empire's MacCoffee and MacChocolate instant beverages are household brands in Russia.
3. Similarly, Russian companies have also deepened their presence in Singapore. Leading players such as Sportmaster, Lukoil and Gazprom have chosen to establish their regional headquarters in Singapore.
4. As our companies deepen their roots, so have relations between Singapore and Russia. Bilateral trade grew at a compounded annual growth rate of 15%, from less than S\$2 billion in 2007 to S\$7.4 billion in 2017. In terms of investment, Singapore's stock of Direct Investment Abroad (DIA) in Russia reached S\$420 million as at end-2015.
5. As the government agency championing enterprise development, Enterprise Singapore views international expansion as a critical ingredient of growth. In 2006, we organised the first Russia Singapore Business Forum to link companies from both

regions and explore business opportunities. Today, among us are Singapore SMEs and startups that have a keen interest in the market, because they see huge potential in Russia, not just as an end market, but also as a gateway to emerging Europe and Central Asia.

Russia's Economic Recovery

6. The Russian economy has been through a challenging period, but is on a steady road to recovery. The Russian government also took decisive steps to steer the economy out of the downturn. In agriculture for example, self-sufficiency is a top priority. The government is investing US\$4 billion in 464 projects to drive import substitution of food.

7. In infrastructure, there is a renewed focus on improving physical connectivity within Russia, particularly by road and rail. Some US\$900 billion will be invested in infrastructure by 2030, with US\$464 billion in rail alone.

8. Russia now ranks 35th out of the 190 economies on the World Bank's annual Ease of Doing Business survey, a significant improvement from the 120th position in 2011. This demonstrates the country's commitment to enable investors, both local and foreign, to do more in Russia.

9. Aside from its rich resources and human capital base that make Russia an ideal location to do business, it also has a vibrant technology and consumer market. As such, we see opportunities for partnerships in two areas – consumerism and technology.

Russia's Consumer Market is Growing

10. Russia's consumer market is a vibrant one. It is a market of 150 million people with a median population age of below 40. In addition, wage recovery and growth has been fuelling consumer spending in Russia. With the average Russian spending 80% of his or her disposable monthly income, Singapore companies can tap on this thriving sector, be it food, retail or education.

11. In fact, Singapore companies have been gaining market share in the consumer space. Singapore company ACE Synergy's brand of 'Corniche' marshmallows are retailed at supermarkets nationwide in Russia, and among the top 10 products sold in the confectionaries category on Russia's top e-Commerce site, Ozon.RU. Camel Nuts,

a household favourite in Singapore, is retailed at Russia's top supermarket chains including the X5 group, and Azbuka Vkusa.

Growing Potential for Collaboration in Technology

12. Russia has strong science and technology capabilities, and an established research and innovation culture. The Russian e-commerce market alone has been growing at a rate of about 20% annually over the past five years, and is expected to be worth US\$35 billion by 2019. We see opportunities for Singapore startups to collaborate with Russian partners to co-create innovative tech solutions and products in e-commerce, warehousing services, fulfilment services, CRM systems and more.

13. This year, we timed the RSBF to coincide with the Singapore Week of Innovation and Technology (SWITCH). Over 11,000 participants including tech startups, investors, corporations and innovation agencies from Singapore and abroad are participating. As part of SWITCH, Enterprise Singapore organised SLINGSHOT, a global start-up competition. We received over 1,000 startup applications from 80 countries, including 18 from Russia. One Russian application has been selected to make the final shortlist.

14. We welcome and encourage startups, including those from Russia, to leverage Singapore's conducive environment as your home, to co-innovate and test-bed new technologies. Today, Singapore is home to over 4,000 tech startups, 100 incubators and accelerators and more than 150 venture capital investors.

15. As a testament to the growing collaboration between the startups and technology communities of both countries, I am pleased to note the conclusion of a Memorandum of Understanding between Enterprise Singapore, Skolkovo Foundation, Russian Export Centre and Sistema Asia Capital, to facilitate market entry for startups. Enterprise Singapore and Russian Export Centre will work together to identify startups suitable for entry into the respective markets; while Sistema Asia Capital and Skolkovo Foundation will house these startups at their co-working facilities. In addition, Singapore's Action Community for Entrepreneurship (ACE) and Russia's Internet Initiatives Development Fund (IIDF) also signed an MOU to strengthen the connection between Singapore and Russian startup ecosystems and drive global innovation through joint initiatives, such as market access programmes, workshops and access to in-market networks.

Conclusion

16. In conclusion, on behalf of Enterprise Singapore, I would like to express our sincere appreciation to our speakers and partners for making this forum possible. To all participants, thank you for taking time out of your busy schedules to attend today's event. I wish all of you a fruitful discussion and look forward to more partnerships between Russia and Singapore. Thank you.