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To: All Manufacturers and Traders
Registered with Singapore Customs

RULES OF ORIGIN UNDER THE AGREEMENT ON COMPREHENSIVE ECONOMIC PARTNERSHIP AMONG MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND JAPAN (AJCEP AGREEMENT)

We are pleased to inform you that the AJCEP Agreement will be implemented on 1 Jan 2009. This Circular outlines the salient points of the Rules of Origin requirements and operational procedures for exports of originating goods claiming tariff preference in ASEAN and Japan.

2. The Trade in Goods Chapter does not have a common list of products which are subjected to a common tariff reduction. Instead each Party has a list of products that are subjected to tariff reductions at different time frames. You are advised to refer to the Schedules for the Elimination on Reduction of Customs Duties as found in Annex 1 of the Agreement to obtain the appropriate preferential tariff rate that your importer can enjoy for your products before applying for a Certificate of Origin for export to ASEAN or Japan.

Rules of Origin for Originating Goods

3. Your product may qualify for the preferential tariff treatment for importation into ASEAN and Japan under the following rules of origin:

- a. Product wholly produced or obtained in Singapore; or
- b. Product satisfying the Product Specific Rules as specified in Annex 2 of the Agreement, where applicable; or
- c. Product meeting the local value or the cumulative value content of 40% or a change in tariff heading (4 digits) between the end product and the non-originating materials that are used in production. This rule is applicable for products which are not listed in the Product Specific Rules as found in Annex 2 of the Agreement.

4. For manufactured products, the majority of you will need to comply with either paragraph 3(b) in the case of products where their specific rules of origin have been offered or paragraph 3(c) for products not covered in the Product Specific Rules.

Application of Back-to-Back Form AJ Certificate of Origin (CO)

5. As provided for in Rule 3 of the Operational Certification Procedures, the Agreement also allows for the application of Back-to-Back Form AJ CO. This is applicable for AJCEP origin goods that are re-exported from Singapore to another AJCEP country.

Documentation Procedures for Singapore-origin Products

6. In order for your importer to claim preferential tariff, you must apply for the Form AJ CO and Export Permit from Singapore Customs when you export the goods. The documentation procedures for Singapore origin products are as follows:

a. Step One - Factory Registration

The product must be manufactured by a factory that is registered with the Tariffs and Trade Services Branch (TTSB) of Singapore Customs. To register, the manufacturer may efile the "Application for Registration" via the following website:

“<http://www.customs.gov.sg/topNav/ese/Online+Services+and+Forms.htm>”

For most of you, this procedure may not apply as you are already registered with TTSB. However, for those who are producing new product lines, you are required to register your new product line with Singapore Customs.

b. Step Two - Submission of Manufacturing Cost Statement

Upon successful registration, the manufacturer is required to submit to TTSB the Manufacturing Cost Statement (MCS) for each product model to be exported. A sample copy of the MCS is in attached **Annex A**.

With our approval letter for the MCS, you or your exporter may apply for the Form AJ CO when your goods are exported to ASEAN or Japan. Each approved MCS is valid for one year and must be updated annually or earlier when there are changes during the year.

c. Step Three - Applying for the Form AJ CO and Export Permit

You must apply for the Form AJ CO and Export Permit electronically through TradeNet® before exporting your goods. You must also liaise with your software vendor to create the following new Certificate Types in your TradeNet® software:

	<u>Certificate Type</u>	<u>Description</u>
i.	25	ASEAN Japan CEP Form AJ
ii.	26	Back-to-Back AJCEP Form AJ

d. Step Four - Submission of Form AJ CO via TradeNet®

You must declare the Certificate Type as "25" in your application for CO via TradeNet®. If you do not have the TradeNet® software, you may engage your freight forwarder or a Service Centre to apply for it on your behalf.

The applicable origin criterion text is listed below. Please contact TTSB if you need clarification on origin criterion to be used for your exports.

Rules of Origin Criterion	Text to Appear in Box 8 of CO
(a) Goods produced entirely in the exporting Party exclusively from originating materials of one or more of the Parties – Article 24 (c)	“PE”
(b) Goods wholly obtained or produced in the territory of the exporting Party – Article 25	“WO”
(c) Goods satisfying Paragraph. 1 of Article 26	“CTH” or “RVC”
(d) Goods satisfying the Product Specific Rules (Annex 2 of Article 26 Paragraph 2)	
- Change in Tariff Classification	“CTC”
- Regional Value Content	“RVC”
- Specific Processes	“SP”
Additional Rules of Origin Criterion to be indicated	
(e) Goods which comply with De Minimis of Article 28	“DMI”
(f) Goods which comply with Accumulation of Article 29	“ACU”

Documentation Procedures for Back-to-Back Form AJ CO

7. If you are applying for Back-to-Back Form AJ CO, the above procedures in paragraphs 6 (a) to (b) do not apply to you. However, you need to select the Certificate Type “26” to indicate that you are applying for a Back-to-Back Form AJ CO in the TradeNet® software since you are re-exporting AJCEP origin goods to another AJCEP country. The usual documentary requirements for back-to-back CO applications will apply.

Usage of the FORM AJ CO

8. A sample copy of the Form AJ CO is in attached **Annex B** for your reference. The Form AJ CO comprises one original copy and two carbonised copies all in white colour.

9. Upon approval, Singapore Customs will retain the Duplicate copy of Form AJ CO and return the Original and Triplicate copies to the applicant. The exporter must sign all the copies of the Form AJ CO before dispatching the Original copy to his importer. This CO is valid for one (1) year from the date of issuance and the importer shall present the Original copy to his Customs Authority upon clearance of goods at the port within the validity of the CO. The exporter should retain the Triplicate copy for record keeping.

10. Please note that the AJ Form CO has an additional column 13 which may be applicable to some of you. Exporters are required to indicate a tick (✓) in the appropriate box of column 13 of Form AJ CO in the following scenarios.
 - a. Invoices which are issued by a third country, “the Third Country Invoicing” box must be indicated with a tick (✓) and the full legal name and address of the company or person that issued the invoices shall be indicated in box 7.
 - b. For Back-to-Back CO, the “Back-to-Back CO” box should be indicated with a tick (✓) in accordance with paragraph 4 of Rule 3 of the Operational Certification Procedures.
 - c. The box for “Issued Retroactively” should be ticked when the AJ Form CO is issued after 3 days from the date of shipment in accordance with Rule 7 of the Implementing Regulations.

Retention of Documents

11. Documents relating to the production and shipment of exports accompanied by the Form AJ CO should be kept for at least 3 years after the date on which the CO was issued for post-verification checks by the Singapore Customs or ASEAN and Japan Customs authorities.

Website for Downloading of Details of Agreement

12. The full details on AJCEP Agreement are available in the following websites:
 - <http://www.asean.org/4973.htm> ; or
 - <http://www.mofa.go.jp/policy/economy/fta/asean/agreement.html>

13. We encourage you to familiarise yourself with the Rules of Origin requirements and take advantage of the benefits of the AJCEP Agreement for exports to ASEAN and Japan. Please share the contents of this circular with other colleagues in your organisation and business partners if relevant.

Operational Procedures for Preferential Tariff for Imports from ASEAN and Japan

14. Another Circular 26/2008 dated 18 Dec 2008 relating to preferential tariff for imports under the AJCEP Agreement will be separately issued. Both circulars can be downloaded at "<http://www.customs.gov.sg>".

Enquiries

15. For enquiries, you may:
- a. call our Customs Call Centre at telephone number 6355-2000 on the application procedures for Form AJ CO; and
 - b. raise your queries to IE Singapore via the feedback form available at IE Singapore's FTA website (<http://www.iesingapore.gov.sg>) on clarification of tariff reduction.



MR DAVID FOO
HEAD
TARIFFS AND TRADE SERVICES BRANCH
for DIRECTOR-GENERAL OF CUSTOMS

Annex A

SAMPLE FORMAT

COST STATEMENT FOR THE EXPORT OF PRODUCT UNDER THE AJCEP AGREEMENT

Name of Manufacturer : _____ CR No : _____
 Description of Product : _____ HS Code: _____
 Model No : _____ Unit Price: _____ S\$ _____ (FOB)
 Country exported to : _____

This Cost Statement is for _____ Unit(s) Date of Cost Statement : _____

	HS Code *	Country of Origin	Supplier's Name (if Locally Manufactured)	Unit Cost (CIF)			
				Local	Foreign	ASEAN or Japan	Total
1. Raw Materials, Parts & Components (Please give detailed breakdown)							
a)							
b)							
c)							
d)							
2. Direct Labour Cost : Wages Other benefits (CPF, medical benefits etc) (Please give detailed breakdown)							
3. Direct Overhead Cost : (eg Factory rent, Depreciation costs, Maintenance) (Please give detailed breakdown)							
4. Ex-Factory Cost (1+2+3)							
5. Profit							
6. Ex-Factory Price (4+5)							

*** Please declare the HS Subheading Code (first 6-digit) of foreign materials and materials of undetermined origin.**

Calculations :

$$\text{Regional Value Content (See Note 5 overleaf)} = \frac{\text{Local, ASEAN \& Japan Material Cost + Direct Labour \& Direct Overheads + Profit}}{\text{FOB Price}} \times 100 = \text{\%}$$

Declaration : I declare that the information provided by me is true and correct. I will permit, as and when required, inspection of our factory/goods by officers of the Singapore Customs and undertake to maintain up-to-date costing records.

Signature & Name of Managing Director

Signature & Name of Accountant

This cost statement is prepared by :

Signature : _____

Tel :

(Please see next page for Guidelines)

SINGAPORE CUSTOMS

TARIFFS AND TRADE SERVICES BRANCH

GUIDELINES ON THE PREPARATION OF THE MANUFACTURING COST STATEMENT

The following procedures will apply when submitting the Manufacturing Cost Statement for the Tariffs and Trade Services Branch's verification:

- 1) Check with the Tariffs and Trade Services Branch of the Singapore Customs on the origin criteria that your product must comply with to qualify for preferential treatment.
- 2) Prepare the Cost Statement for every product model to be exported. This must be prepared on your Company's letterhead according to the format prescribed by the Tariffs and Trade Services Branch.
- 3) Submit your Cost Statement for the product which must reach the Tariffs and Trade Services Branch at least 7 working days before the export of goods.
- 4) Give actual cost of materials used, labour and overhead costs in each Cost Statement. Projection of production costs is not allowed.
- 5) Submit supplier's invoice for
 - a. every material used that is manufactured locally; and
 - b. material used is of ASEAN or Japan origin and you wish to qualify your product under the AJCEP Cumulative Content.

For item (b), you must obtain the Form AJ CO as proof that the material originates in ASEAN or Japan.

- 6) Update your costing yearly or earlier when there are variations in your prices, costs, sources of materials used, etc.
- 7) Ensure that the Cost Statement is declared to be true and correct by the Managing Director and the Accountant.
- 8) Contact the Tariffs and Trade Services Branch for advice when you need clarification in preparing the Cost Statement.

ORIGINAL

1. Goods consigned from (Exporter's name, address, country)		Reference No. THE AGREEMENT ON COMPREHENSIVE ECONOMIC PARTNERSHIP AMONG MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND JAPAN (AJCEP AGREEMENT) CERTIFICATE OF ORIGIN FORM AJ Issued in Singapore See Notes Overleaf			
2. Goods consigned to (Importer's/Consignee's name, address, country)					
3. Means of transport and route (as far as known) Shipment date Vessel's name/Aircraft etc. Port of discharge		4. For Official Use <input type="checkbox"/> Preferential Treatment Given Under AJCEP Agreement <input type="checkbox"/> Preferential Treatment Not Given (Please state reason/s) _____ _____ Signature of Authorised Signatory of the Importing Country			
5. Item number	6. Marks and numbers of packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing Party)	8. Origin criteria (see Notes overleaf)	9. Quantity (gross or net weight or other quantity) and value, e.g. FOB if required by exporting Party	10. Number and date of Invoices
11. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in _____ (Country) and that they comply with the requirements specified for these goods in the AJCEP Agreement for the goods exported to _____ (Importing Country) _____ Place and date, name, signature and company of authorised signatory			12. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. _____ Place and date, signature and stamp of certifying authority		
13. <input type="checkbox"/> Third Country Invoicing <input type="checkbox"/> Back-to-Back CO <input type="checkbox"/> Issued Retroactively					