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To: All Manufacturers and Traders  
registered with Singapore Customs

## **RULES OF ORIGIN UNDER THE ASEAN-INDIA FREE TRADE AREA (AIFTA) TRADE IN GOODS (TIG) AGREEMENT**

We are pleased to inform you that the AIFTA Trade in Goods Agreement will be implemented on 1 Jan 2010. 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<sup>1</sup> and India.

2. The TIG Agreement 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 of Tariff Commitments as found in Annex 1 of the Agreement to obtain the appropriate preferential tariff rate that your overseas importer can enjoy for your products before applying for a Certificate of Origin for export to ASEAN and India.

### **Rules of Origin for Originating Goods**

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

- a. Product wholly produced or obtained in Singapore; or
- b. Product meeting the local value or the cumulative value content of 35% and a change in tariff sub-heading (6 digits) between the end product and the non-originating materials that are used in production.

4. For manufactured products, most likely you will need to comply with paragraph 3(b).

### **Application of Back-to-Back Form AI Certificate of Origin (CO)**

5. As provided for in Article 11 of the Operational Certification Procedures, the Agreement also allows for the application of Back-to-Back Form AI CO. This is applicable

<sup>1</sup> Please note that Malaysia and Singapore are Parties to the AIFTA as at the date of this Circular.

for AIFTA origin goods that are re-exported by the **same trader** from Singapore to another AIFTA country. The said goods must not enter into trade or consumption in Singapore.

**Documentation Procedures for Singapore-origin Products**

6. In order for your importer to claim preferential tariff, you must apply for the Form AI 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://appm4.internet.gov.sg/scripts/customs/mfgregn/MFR1\\_Form.asp](http://appm4.internet.gov.sg/scripts/customs/mfgregn/MFR1_Form.asp)”

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 model of a product 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 AI CO when your goods are exported to ASEAN and India. 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 AI CO and Export Permit

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

<u>Certificate Type</u>	<u>Description</u>
i. 27	ASEAN-India FTA Form AI
ii. 28	Back-to-Back AIFTA Form AI

d. Step Four - Submission of Form AI CO via TradeNet<sup>®</sup>

You must declare the Certificate Type as "27" in your application for CO via TradeNet<sup>®</sup>. If you do not have the TradeNet<sup>®</sup> 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.

<b>Rules of Origin Criterion</b>	<b>Text to Appear in Box 8 of CO</b>
(a) Goods wholly obtained or produced in the territory of the exporting Party	“WO”
(b) Goods satisfying Rule 4 of the AIFTA Rules of Origin	“RVC[]% + CTSH”
(c) Goods satisfying Rule 6 of the AIFTA Rules of Origin	Appropriate qualifying criteria

### **Documentation Procedures for Back-to-Back AIFTA Form AI CO**

7. If you are applying for Back-to-Back AIFTA Form AI CO, the above procedures in paragraphs 6 (a) to (b) do not apply to you. However, you need to select the Certificate Type “**28**” to indicate that you are applying for a Back-to-Back AIFTA Form AI CO in the TradeNet<sup>®</sup> software since you are re-exporting AIFTA origin goods to another AIFTA country. While the usual documentary requirements for back-to-back CO applications will apply, you will also need to indicate the information on the country which issued the original CO, and the date of issuance and reference number of that CO in Box No. 7 on the “Description of goods”.

### **Usage of the FORM AI CO**

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

9. Upon approval, Singapore Customs will retain the Duplicate copy of Form AI CO and return the Original, Triplicate and Quadruplicate to the applicant. The exporter must sign all the copies of the Form AI CO before dispatching the Original and Triplicate copies 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 period of the CO. The exporter should retain the Quadruplicate copy for record keeping.

10. Please note that the Form AI 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 AI 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 name and country of the company that issued the invoices shall be indicated in box 7.

- b. For Back-to-Back CO, the “Back-to-Back CO” box shall be indicated with a tick (✓) in accordance with Article 11 of the Operational Certification Procedures.
- c. If your products qualified under the Cumulative Rules of Origin the “Cumulation” box shall be indicated with a tick (✓) in accordance to Rule 5 of the Rules of Origin for AIFTA,

### **Retention of Documents**

11. Documents relating to the production and shipment of exports accompanied by the Form AI CO should be kept for at least 2 years from the date of issuance of the CO for post-verification checks by the Singapore Customs or at the request by the Customs authorities of ASEAN and India.

### **Website for Downloading of Details of Agreement**

12. The full details on AIFTA Agreement are available in the following websites:  
- <http://www.aseansec.org/22563.htm>
13. We encourage you to familiarise yourself with the Rules of Origin requirements and take advantage of the benefits of the AIFTA Agreement for exports to ASEAN and India. 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 India**

14. Another Circular 24/2009 dated 30 Dec 2009 relating to preferential tariff for imports under the AIFTA Trade in Goods Agreement will be separately issued. Both circulars can be downloaded at “<http://www.customs.gov.sg>”.

### **Enquiries**

15. For enquiries, you may:
  - a. email to “[customs\\_roo@customs.gov.sg](mailto:customs_roo@customs.gov.sg)” on the application procedures for Form AI CO; and
  - b. raise your queries to IE Singapore via the IE Singapore’s FTA website (<http://www.iesingapore.gov.sg>) on clarification of tariff reduction.



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

## SAMPLE FORMAT

**COST STATEMENT FOR THE EXPORT OF PRODUCT UNDER THE AIFTA AGREEMENT**

Name of Manufacturer : \_\_\_\_\_ UEN: \_\_\_\_\_  
 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 India	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 :

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

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 India origin and you wish to qualify your product under the AIFTA Cumulative Content.

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

- 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.

<p>1. Goods consigned from (Exporter's business name, address, country)</p>		<p><b>Reference No.</b></p> <p style="text-align: center;"><b>ASEAN-INDIA FREE TRADE AREA PREFERENTIAL TARIFF CERTIFICATE OF ORIGIN (Combined Declaration and Certificate)</b></p> <p style="text-align: center;"><b>FORM AI</b></p> <p style="text-align: center;">Issued in Singapore</p> <p style="text-align: right;">See Notes Overleaf</p>			
<p>2. Goods consigned to (Consignee's name, address, country)</p>		<p>3. Means of transport and route (as far as known)</p> <p>Departure date</p> <p>Vessel's name/Aircraft etc.</p> <p>Port of Discharge</p>			
<p>3. Means of transport and route (as far as known)</p>		<p>4. For Official Use</p> <p><input type="checkbox"/> Preferential Tariff Treatment Given Under ASEAN-India Free Trade Area Preferential Tariff</p> <hr/> <p><input type="checkbox"/> Preferential Tariff Treatment Not Given (Please state reason/s)</p> <hr/> <p style="text-align: center;">Signature of Authorised Signatory of the Importing Country</p>			
5. Item number	6. Marks and numbers on Packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing country)	8. Origin criterion (see Notes overleaf)	9. Gross weight or other quantity and value (FOB)	10. Number and date of Invoices
<p>11. Declaration by the exporter</p> <p>The undersigned hereby declares that the above details and statement are correct; that all the goods were produced in</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">(Country)</p> <p>and that they comply with the origin requirements specified for these goods in the ASEAN-INDIA Free Trade Area Preferential Tariff for the goods exported to</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">(Importing Country)</p> <p>Place and date, signature of authorised signatory</p>			<p>12. Certification</p> <p>It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>Place and date, signature and stamp of certifying authority</p>		
<p>13. Where appropriate please tick:</p> <p><input type="checkbox"/> Third Country Invoicing      <input type="checkbox"/> Exhibition      <input type="checkbox"/> Back-to-Back CO      <input type="checkbox"/> Cumulation</p>					

## OVERLEAF NOTES

1. Parties which accept this form for the purpose of preferential tariff under the ASEAN-INDIA Free Trade Agreement (AIFTA):

BRUNEI DARUSSALAM  
INDIA  
MYANMAR  
THAILAND

CAMBODIA  
LAOS  
PHILIPPINES  
VIETNAM

INDONESIA  
MALAYSIA  
SINGAPORE

2. CONDITIONS: To enjoy preferential tariff under the AIFTA, goods sent to any Parties listed above:
- (i) must fall within a description of goods eligible for concessions in the country of destination;
  - (ii) must comply with the consignment conditions in accordance with Rule 8 of the ASEAN-India Rules of Origin; and
  - (iii) must comply with the origin criteria in Rules of Origin for the AIFTA.
3. ORIGIN CRITERIA: For goods that meet the origin criteria, the exporter and/or producer must indicate in box 8 of this Form, the origin criteria met, in the manner shown in the following table:

Circumstances of production or manufacture in the first country named in box 11 of this form	Insert in box 8
(d) Goods wholly obtained or produced in the territory of the exporting Party	"WO"
(b) Goods satisfying Rule 4 of the AIFTA Rules of Origin	"RVC [ ]% + CTSH"
(c) Goods satisfying Rule 6 of the AIFTA Rules of Origin	Appropriate qualifying criteria

4. EACH ARTICLE MUST QUALIFY: It should be noted that all the goods in a consignment must qualify separately in their own right. This is of particular relevance when similar articles of different sizes or spare parts are sent.
5. DESCRIPTION OF GOODS: The description of goods must be sufficiently detailed to enable the goods to be identified by the Customs Officers examining them. Name of manufacturer, any trade mark shall also be specified.
6. HARMONIZED SYSTEM NUMBER: The Harmonized System number shall be that of the importing Party.
7. EXPORTER: The term "Exporter" in box 11 may include the manufacturer or the producer.
8. FOR OFFICIAL USE: The Customs Authority of the importing Party must indicate (√) in the relevant boxes in column 4 whether or not preferential tariff is accorded.
9. THIRD COUNTRY INVOICING: In cases where invoices are issued by a third country, "the Third Country Invoicing" box should be ticked (√) and such information as name and country of the company issuing the invoice shall be indicated in box 7.
10. EXHIBITIONS: In cases where goods are sent from the territory of the exporting Party for exhibition in another country and sold during or after the exhibition for importation into the territory of a Party, in accordance with Article 21 of the Operational Certification Procedures, the "Exhibitions" box should be ticked (√) and the name and address of the exhibition indicated in box 2.
11. BACK-TO-BACK CERTIFICATE OF ORIGIN: In cases of Back-to-Back CO, in accordance with Article 11 of the Operational Certification Procedures, the "Back-to-Back CO" box should be ticked (√). The name of original exporting Party to be indicated in Box 11 and the date of the issuance of CO and the reference number will be indicated in Box 12.