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SINGAPORE CUSTOMS

55 Newton Road
#10-01 Revenue House
Singapore 307987
Tel : 63552000
Fax : 62509606
E-mail : customs_roo@customs.gov.sg
<http://www.customs.gov.sg>

To: All Manufacturers registered with
Documentation Specialists Branch of
Singapore Customs



AMENDMENTS TO THE CEPT RULES OF ORIGIN AND THE REVISED OPERATIONAL CERTIFICATION PROCEDURES FOR THE RULES OF ORIGIN OF THE ASEAN COMMON EFFECTIVE PREFERENTIAL TARIFF (CEPT) SCHEME FOR THE ASEAN FREE TRADE AREA (AFTA)

With immediate effect, the ASEAN countries have introduced the following amendments to the CEPT Rules of Origin and the revised Operational Certification Procedures. The full text of the latest CEPT Rules of Origin and the Operational Certification Procedures is available in the ASEAN Secretariat's website: <http://www.aseansec.org/17281.htm>

Highlights of the Amendments

Rules of Origin

2 The major amendments to the CEPT Rules of Origin are highlighted below:

a) Rule 4b

This rule has been inserted to allow for the adoption of Partial Cumulation in the CEPT Rules of Origin.

Currently, the CEPT Rules of Origin allows for parts and components which are sourced from any ASEAN member country to be used as inputs for a finished product in another ASEAN country, with the condition that such parts and components must each individually fulfill the 40% value-added origin requirement.

With the adoption of Partial Cumulation, in addition to the above, the partial ASEAN qualifying content in intermediate products can also

be counted towards the 40% ASEAN local content of the final product, provided that the partial ASEAN qualifying content is not less than 20%. The implementing guidelines for Partial Cumulation are at Annex A.

b) Alternative Substantial Transformation Rule (Change in Chapter) for Wheat Flour

A substantial transformation rule (Change in Chapter) has been adopted as part of the CEPT Rules of Origin for wheat flour. The wheat flour will be considered to have undergone a substantial transformation or process if it has been transformed by means of substantial manufacturing or processing into a new and different article of commerce. The full details on The CEPT Rules of Origin for Wheat Flour is available at the following URL: <http://www.aseansec.org/17281.htm>.

Operational Certification Procedures

3. The major amendments to the revised Operational Certification Procedures for the Rules of Origin are highlighted below:

a) Rule 13

The time limit for the presentation of Certification of Origin to the Customs Authorities of the importing Member State has been changed from within four (4) months to within six (6) months from the date of endorsement by the relevant Government Authorities of the exporting Member State.

b) Rule 15 (a)

This rule has been amended to include the underlined wordings:

Where the ASEAN origin of the product is not in doubt, the discovery of minor discrepancies, such as tariff classification differences between the Issuing and Receiving Authorities, or between the statements made in the Certificate of Origin and those made in the documents submitted to the Customs Authorities of the importing Member State for the purpose of carrying out the formalities for importing the products shall not ipso-facto invalidate the Certificate of Origin, if it does in fact correspond to the products submitted.

This means that the CEPT Form Ds should not be rejected by the importing country's Customs (Receiving) Authorities should

there be a difference in the HS code so long as the origin of the product is determined.

c) Rule 17(1)(d)

This rule has been amended to include the underlined wordings:

“The retroactive check process, including the actual process and the determination of whether the subject product is originating or not, should be completed and the result should be communicated to Issuing Authorities within six (6) months.

While awaiting the results of the retroactive check, Rule 17(1)(c) shall be applied.”

d) Rule 21

This rule has been amended to accept Certificates of Origin in cases where the sales invoice is issued by a company located in a third country, provided that the product meets the requirements of the CEPT Rules of Origin.

This means that Importing ASEAN country can accept invoices issued by a third party either in Singapore or from another country. eg inter-company goods or multi-national companies (MNCs).

4. Please familiarise yourself with the CEPT Rules of Origin and Operational Certification Procedures in order to take full advantage of the CEPT scheme for your exports to the ASEAN countries. Please also highlight the contents of this circular to other colleagues in your organisations and business partners if relevant.



MRS LAM MENG CHOO
HEAD
DOCUMENTATION SPECIALISTS BRANCH
For DIRECTOR-GENERAL OF CUSTOMS

Key Guidelines for Partial Cumulation under ASEAN Cumulative Rules of Origin

1 Criteria for Partial Cumulation

- a) The local/ASEAN content of the materials, parts or produce originating from the country of last manufacture should not be less than 20%;
- b) The formula as stipulated under Rule 3 of the Rules of Origin for CEPT Scheme for AFTA, shall be used to calculate the 20% local/ASEAN content necessary for the material, parts or produce.

2 Documentation and Verification Procedures

- a) Manufacturers who wish to qualify for partial cumulation for their materials, parts or produce to an ASEAN country must be registered with Singapore Customs;
- b) Upon successful registration as manufacturer, they must submit the relevant cost statement for our verification to determine that the material, part or produce is not less than 20%. The cost statement sample format is available in website : <http://www.tradenet.gov.sg>;
- c) With the cost statement verification, the manufacturer or his exporter can proceed to apply for the Form D certificate for CUMULATION PURPOSES;
- d) The export of these materials, parts or produce shall be accompanied by a valid Form D, duly marked or stamped "FOR CUMULATION PURPOSES ONLY", issued by Singapore Customs. No CEPT preference shall be extended by the importing ASEAN member country for these materials, parts or produce;
- e) The relevant sections of the Operational Certification Procedures, including Rule 17 on verification, shall apply to such Form D issued for partial cumulation.