



Circular No: 12/2016
5 Dec 2016

To All Traders and Declaring Agents

Dear Sir/Madam

NEW REQUIREMENTS FOR THE DECLARATION OF GOODS FOR PROCESSING (GFP)

With effect from **1 Jan 2017**, goods for processing (GFP) are required to be explicitly identified and reported in **all** import and export permit applications. The information is required by the Department of Statistics (DOS) for the compilation of Singapore's international trade statistics and balance of payments statistics in accordance with international statistical standards, ensuring their international comparability.

2 GFP refers to the goods that undergo processing activities¹ (such as manufacturing, assembly, labelling and packing of goods, oil refining, liquefaction of natural gas etc.) and comprise the following:

- a) Materials owned by the principal² that are sent to another company³ for processing (i.e. goods before processing).
- b) Finished goods, which continue to be owned by the principal (i.e. goods after processing).

The materials can be supplied from the country of the company, the country of the principal and/or a third-party country. Similarly, the finished goods can either be dispatched or sold to the country of the company, the country of the principal and/or a third party country.

¹ Processing activities are essential steps to turn unfinished goods into finished goods in the production operation. Hence, activities such as breaking bulk, repacking and sorting done on the finished goods (e.g. to prepare them for shipment) are not considered as processing.

² The principal refers to the party procuring the processing service and has the ownership of the materials and finished goods.

³ The company refers to the party providing the processing service on goods owned by the principal. The company may further procure processing service from a third-party company to carry out the production such as in the case of sub-contracting. The company and third-party company do not have ownership of the goods.

Declaring Goods for Processing in Permit Applications

3 For the purpose of declaring the GFP requirements in the TradeNet® permit applications, it is necessary to identify whether the goods are processed in or outside Singapore. The following goods' movements will need to be identified and declared accordingly as 'GFP' and GFP Code '1', '2' or '3', in the existing TradeNet® fields 'CA/SC Product Code' and 'CA/SC Code 1', respectively:

A) Goods related to processing activities performed in Singapore (Inward processing)

Inward Processing	Goods Movement	What to declare		
		Type of Permit Application	TradeNet® Field	
			CA/SC Product Code ⁴	CA/SC Code 1
Goods before processing	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are expected to be returned overseas after processing.	Import	GFP	1
	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are not expected to return overseas after processing (i.e. finished goods are expected to be sold in Singapore).	Import	GFP	2
Goods after processing	Goods returned (i.e. exported) to overseas after processing in Singapore.	Export	GFP	3

Example of inward processing:

A company in Singapore receives S\$500 worth of materials from a client (i.e. principal) in Malaysia for processing in Singapore and the goods are expected to be returned to Malaysia after processing. After processing, the finished goods, now worth S\$550 (inclusive of the S\$50 processing service fee for the work carried out), are delivered

⁴ Amendment to this field is not allowed for these declarations.

back to the client (i.e. principal) in Malaysia. Throughout this process, the principal retains the ownership of the materials and finished goods. In this example, the goods involved should be declared as follows:

- (i) Goods before processing in Singapore (i.e. import of goods from Malaysia into Singapore for processing): Import of S\$500, CA/SC Product Code = GFP, CA/SC Code 1 = 1;
- (ii) Goods after processing in Singapore (i.e. export of goods to Malaysia after processing in Singapore): Export of S\$550, CA/SC Product Code = GFP, CA/SC Code 1 = 3.

B) Goods related to processing activities performed outside Singapore (Outward processing)

Outward Processing	Goods Movement	What to declare		
		Type of Permit Application	TradeNet® Field	
			CA/SC Product Code ⁵	CA/SC Code 1
Goods before processing	Goods sent (i.e. exported) overseas for the purpose of processing outside Singapore and are expected to be returned to Singapore after processing.	Export	GFP	1
	Goods sent (i.e. exported) overseas for the purpose of processing outside Singapore and are not expected to return to Singapore after processing (i.e. dispatched or sold overseas directly without returning to Singapore).	Export	GFP	2
Goods after processing	Goods returned (i.e. imported) to Singapore after processing overseas.	Import	GFP	3

Example of outward processing:

A client (i.e. principal) in Singapore sends S\$500 worth of materials to a company in Malaysia for processing and the goods are not expected to be returned to Singapore

⁵ Amendment to this field is not allowed for these declarations.



after processing. After processing, the finished goods now worth S\$550 (inclusive of the S\$50 processing service fee for the work carried out) are delivered to Vietnam. Throughout this process, the principal retains the ownership of the materials and finished goods before they are sold in Vietnam. In this example, the goods involved should be declared as follows:

- (i) Goods before processing in Malaysia (i.e. exports of goods from Singapore to Malaysia for processing): Export of S\$500, CA/SC Product Code = GFP, CA/SC Code 1 = 2;
- (ii) Goods after processing in Malaysia (i.e. exports of goods to Vietnam after processing in Malaysia): No declaration is required as the goods do not pass through Singapore.

4 For goods not associated with processing, there is no change to current declaration procedures. No additional declaration is required if the goods are not exported or imported for processing.

Clarification

5 Please refer to the *Frequently Asked Questions on Goods for Processing* in the Annex for more details. If you require further clarification on GFP, you may email to info@singstat.gov.sg. For enquiries on permit application, please email to customs_documentation@customs.gov.sg.

Yours faithfully

Ivy Chong (Ms)
Head Procedures & Systems Branch
for Director-General of Customs
Singapore Customs

(This is a computer-generated circular. No signature is required.)

We hope that this circular has been written in a way that is clear to you. If not, please let us have suggestions on how to improve this circular at customs_documentation@customs.gov.sg.

Frequently Asked Questions on Goods for Processing

1 Why is the declaration of goods for processing (GFP) required?

This is to ensure the compliance of Singapore's compilation of international trade statistics and balance of payments (BOP) statistics with international statistical standards, i.e. guidelines set out in the International Monetary Fund's (IMF) Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).

As more countries adopt the compilation guidelines set out in BPM6, the collection of data on GFP is necessary to ensure the international comparability⁶ of Singapore's international trade and BOP statistics.

The information on GFP, a measure of goods flow related to global production, also facilitates the compilation of new statistical indicators to monitor emerging developments (such as trade in value-added, outsourcing and factory-less⁷ goods production), and could be used in policy formulation as well as business planning decisions.

The monitoring of statistics pertaining to GFP is especially relevant to Singapore, given her current position as a global trading and processing hub.

2 Who is affected by the introduction of the GFP declaration requirement? Who is responsible for the declaration of GFP to Customs?

As per current practice, the importer, exporter and the appointed declaring agent are responsible for declaring GFP information to Customs via TradeNet®, if any.

3 When will the requirement for GFP be implemented?

The requirement will be implemented on 1 January 2017.

4 What can traders/declaring agents do to prepare for the introduction of the GFP declaration requirement?

From now until the implementation of the GFP declaration requirement starting on 1 January 2017, traders/declaring agents are strongly encouraged to review their work arrangements to better comply with the requirement. In particular, the

⁶ Several major economies and trading partners, including Australia, Hong Kong and European Union countries, such as Germany and France, have been collecting data on GFP.

⁷ An example of a factory-less goods producer would be a semiconductor firm based in Singapore that designs semiconductor chips but carries out the actual production in another country.

necessary information on GFP should be obtained from exporters and/or importers, if required.

5 Do we have to declare 'GFP' for exports/imports related to goods for processing under 'CA/SC Product Code', if we have already declared them under the other 'CA/SC Product Code', based on the requirements of other Competent Authorities (CAs)?

As long as the exports/imports fulfil the necessary GFP requirements, the 'GFP' and the corresponding GFP code values '1', '2' or '3' are required to be declared in the respective 'CA/SC Product Code' and 'CA/SC Code 1' fields.

TradeNet® currently allows up to 5 occurrences of the 'CA/SC Product Code' and 'CA/SC Code 1' fields to be declared for each item.

If the GFP involved are also controlled goods, they should be declared in addition to the other relevant product codes required by the CAs.

6 How do we declare if the goods we are exporting or importing contain some that are GFP and some that are not GFP?

Traders and declaring agents can continue to declare up to 50 line items per declaration or permit application as per current practice, regardless of GFP.

For goods that fulfil the GFP requirements, 'GFP' and the corresponding GFP code values '1', '2' or '3' are required to be declared in the respective 'CA/SC Product Code' and 'CA/SC Code 1' fields for each item.

For goods that are not exported or imported for processing, there is no requirement to declare the GFP information.

7 Are there any exemptions from the requirement to declare GFP information in the import and export permit applications?

There are no exemptions from the requirement to declare GFP information in the import and export permit applications.

8 How can we declare the GFP when we do not have sufficient information to provide a valid or accurate input, i.e. unclear (i) about the destination of goods after processing; (ii) if goods had gone through or would be going through processing; (iii) whether the ownership of the goods may change after goods are exported or imported?

At the point of submitting the permit application, information on GFP should be declared as accurately as possible, to the best of the declarant's knowledge. Traders and declaring agents should obtain the necessary information on GFP from exporters and/or importers, if required. Please note that amendments will not be allowed to the "CA/SC Product Code" field in the approved Customs permit for declarations made to this field for GFP.



UPDATE OF CIRCULAR BY SINGAPORE CUSTOMS

Circular No. 12/2016: NEW REQUIREMENTS FOR THE DECLARATION OF GOODS FOR PROCESSING (GFP) (dated 05/12/2016)			
Paragraph	Current Details	Updated Details	Date of Update
3 (A)	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are expected to be returned overseas after processing.	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are expected to be returned overseas to the principal after processing or exported to a third-party country for further processing or sale on behalf of the principal.	1 Apr 2022
3 (A)	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are not expected to return overseas after processing (i.e. finished goods are expected to be sold in Singapore).	Goods received (i.e. imported) from overseas for the purpose of processing in Singapore and are not expected to be returned overseas to the principal or not expected to be exported to a third-party country after processing (i.e. finished goods are expected to be sold in Singapore).	1 Apr 2022
3 (A)	Goods returned (i.e. exported) to overseas after processing in Singapore.	Goods returned (i.e. exported) overseas to the principal or goods sent on behalf of the principal to a third-party country after processing in Singapore.	1 Apr 2022

<p>Annex FAQs Qn 2</p>	<p>Who is affected by the introduction of the GFP declaration requirement? Who is responsible for the declaration of GFP to Customs?</p> <p>As per current practice, the importer, exporter and the appointed declaring agent are responsible for declaring GFP information to Customs via TradeNet®, if any.</p>	<p>Who is affected by the introduction of the GFP declaration requirement? Who is responsible for the declaration of GFP to Customs?</p> <p>As GFP reporting requirements are dependent on the party who retains ownership of the goods/materials and whether these goods/materials undergo processing activities, the importer, exporter and the appointed declaring agent (as per current practice) are responsible for declaring GFP information to Customs via TradeNet®, if they satisfy the GFP criteria.</p>	<p>1 Apr 2022</p>
<p>Annex FAQs (new)</p>		<p>9. For inward processing, is the GFP requirement only applicable if the client/principal who has ownership of the goods/materials is from outside Singapore?</p> <p>Yes. Inward processing refers to goods/materials that belong to an overseas client/principal and are imported into Singapore for processing on behalf of the overseas client/principal. The overseas client/principal retains the ownership of these goods/materials throughout the whole process.</p> <p>10. For outward processing, is the GFP requirement only applicable if the client/principal who has ownership of the goods/materials is from Singapore?</p> <p>Yes. Outward processing refers to goods/materials that belong to a client/principal in Singapore and are sent overseas for processing. Firms domiciled overseas will process these goods/materials on behalf of their Singapore client/principal. The client/principal from Singapore retains the ownership of these goods/materials throughout the whole process.</p>	<p>1 Apr 2022</p>

		<p>11. Defective items are received for repairs from an overseas client/principal, and subsequently returned after repairs are carried out. Is repair regarded as a processing activity?</p> <p>Simple or general repairs are not considered processing activities whereas extensive or substantial repairs (repairs that result in a significantly improved item) are considered as processing activities.</p> <p>12. What are some examples of processing activities?</p> <p>Please refer to the following table for some examples of processing activities. Kindly note that the list is not exhaustive; please contact info@singstat.gov.sg should you require further clarifications.</p> <table border="1"> <thead> <tr> <th>Processing Activities</th> </tr> </thead> <tbody> <tr> <td>Refining</td> </tr> <tr> <td>- Oil Refining</td> </tr> <tr> <td>- Gold Refining</td> </tr> <tr> <td>Liquefaction of natural gas</td> </tr> <tr> <td>Assembly</td> </tr> <tr> <td>- Assembly of clothing</td> </tr> <tr> <td>- Assembly of electronics</td> </tr> <tr> <td>- Assembly (others, except assembly of prefabricated constructions)</td> </tr> <tr> <td>Enhancement</td> </tr> <tr> <td>Packing of unfinished goods</td> </tr> <tr> <td>Recycling/Materials recovery</td> </tr> </tbody> </table>	Processing Activities	Refining	- Oil Refining	- Gold Refining	Liquefaction of natural gas	Assembly	- Assembly of clothing	- Assembly of electronics	- Assembly (others, except assembly of prefabricated constructions)	Enhancement	Packing of unfinished goods	Recycling/Materials recovery	
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	<ul style="list-style-type: none"> - Processing of metal and non-metal waste, scrap and other articles into secondary raw materials, or a form which is readily transformed into new raw materials. - Separating and sorting of recoverable materials from garbage - Separating and sorting of commingled recoverable materials into distinct categories like paper, plastics, used beverage cans, and metals - Dismantling of automobiles, computers, televisions and other equipment to obtain and re-sell usable parts 	
	Transformation	
	Manufacturing of goods	
	Conservation (addition of preservatives)	
	Treatment (e.g. rust removal)	
	Mixing goods of different qualities to produce goods of a new quality	
	Bottling of liquid (e.g., wine from barrels)	
	Canning of goods (e.g., tinned food)	
	Making of textiles into products (e.g., clothing, handbags, curtains)	
	Dilution or concentration of liquids (e.g., orange juice)	
	Painting of unpainted goods	
	Substantial repairs (repairs that result in a significantly improved item)	
	Refurbishing electronics, furniture	
	Refitting of ships, oil rigs and aircraft	
	Cutting and mincing of meat from frozen animal carcasses	

