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RULES OF ORIGIN FOR EXPORTS OF NON-TEXTILE PRODUCTS TO UNITED STATES UNDER THE UNITED STATES-SINGAPORE FREE TRADE AGREEMENT (USSFTA)

The USSFTA will be implemented on 1 Jan 2004. This circular outlines the salient points of the Rules of Origin requirements and the operational procedures under the USSFTA for exports of non-textile products to the US.

Rules of Origin for Wholly Obtained or Produced Goods

2. Your product may qualify for the preferential tariff treatment for importation into the US under the following rules of origin:

- a. a mineral good extracted from the soil, waters, seabed, or beneath the seabed;
- b. a vegetable good harvested there;
- c. a live animal born and raised there;
- d. a good obtained from hunting, trapping, fishing or aquaculture conducted there;
- e. a good of sea fishing and other marine goods taken from the sea by vessels registered or recorded there;
- f. a good processed and/or made on board factory ships registered or recorded there exclusively from products referred to in paragraph (e) above;
- g. a good taken by a Party, or a person of a Party, from the seabed or beneath the seabed outside territorial waters, provided that the Party has rights to exploit such seabed;
- h. a good taken from outer space, provided they are obtained by a Party or a person of a Party and not processed in the territory of a non-Party;
- i. waste and scrap derived from production there;
- j. waste and scrap derived from used articles collected there, in whole or in part, provided such articles are fit only for the recovery of raw materials;
- k. recovered goods; or
- l. a good produced there exclusively from goods referred to in (a) through (k) above, or from their derivatives, at any stage of production.

Rules of Origin for Manufactured Products

3. These products will be considered originating in Singapore if they meet the product specific rules in the Agreement. The product specific rules can be found in **Annex 3A** of the Agreement. A copy of this **Annex 3A** can be downloaded at:

["http://www.mti.gov.sg/public/PDF/CMT/FTA_USSFTA_Agreement_Annex3A.pdf"](http://www.mti.gov.sg/public/PDF/CMT/FTA_USSFTA_Agreement_Annex3A.pdf)

4. Generally, the product specific rules of eligible products require the final product to be substantially transformed in Singapore. The following are examples of substantial transformation:

a. A Change in Tariff Classification (CTC) between the imported or non-originating materials and the end product must have occurred in Singapore. The CTC based on the Harmonized System (HS) of Classification requires the product to have a different HS Chapter, 4-digit or 6-digit HS heading or subheading from the non-originating materials used in its production;

b. The requirement of a Regional Value Content (RVC) based on the Adjusted Value of the product. In Singapore's context, the Adjusted Value is akin to the fob value of the product. Within this RVC, there are 2 different methods of calculation namely the Build-Down or Build-Up method as follows:

i) Build-down Method

$$RVC = \frac{AV - VNM \times 100}{AV}$$

Where RVC is the regional value content, expressed as a percentage;
AV is the adjusted value; and
VNM is the value of non-originating materials that are acquired and used by the producer in the production of the good

ii) Build-up Method

$$RVC = \frac{VOM \times 100}{AV}$$

Where RVC is the regional value content, expressed as a percentage;
AV is the adjusted value and
VOM is the value of originating materials that are acquired or self-produced and used by the producer in the production of the good

c. The requirement of a chemical reaction process where the process must have occurred in Singapore. This rule is applicable mainly to chemical products. For products of HS chapters 28 to 40, the chemical reaction rule is seen as an alternative rule to the CTC and/or RVC rules.

5. You may wish to note that some products need to meet both the CTC and RVC rules as these products are considered sensitive to the US. Please read **Annex 3A** to find out the specific rules of origin for your product.

Bilateral Accumulation

6. Singapore and US are treated as a single production area. This means that any good or material that originates in US is deemed to have originated in Singapore, and vice versa provided the good or material satisfies the rules of origin requirements under Annex 3A of the Agreement.

Documentation Procedures for Exports of Non-Textile Products to US

7. Under the Agreement, it is the US importer that makes a claim for preferential treatment based on the importer's knowledge that the good qualifies as an originating good, or based on information in the importer's possession that the good qualifies as an originating good. However, in order for the US importer to make such claim, you must be prepared to self-certify that the product originated from Singapore. There is no prescribed format for the self-certification and it may be submitted electronically to your importer, if feasible.

8. Another circular relating to the export of textile and garment products will be separately issued as the documentation procedures are different. This will be sent out when the implementation date for the export of textile and garment products under the USSFTA is confirmed.

Verification of Origin

9. The US Customs and Border Protection Bureau may conduct a verification of origin by requesting the manufacturer or exporter to provide information directly to them or through the US importer. The exporter or manufacturer who completed the origin declaration should provide a copy of the origin declaration and all documents used to support the originating status of each product listed in the origin declaration. Singapore Customs shall also have the right to carry out inspections of the exporter's accounts or any other controls and documents considered appropriate.

10. Upon request by the US Customs and Border Protection Bureau, Singapore Customs may facilitate visits to the premises of the Singapore manufacturer in order to verify the origin/preferential claims made by the US importer. Singapore manufacturers are advised that if you refuse to consent to the request, the preferential claim by the importer may be rejected by the US Customs and Border Protection Bureau. In addition, the US Customs and Border Protection Bureau may require your importer to pay back the full duty plus interests and penalties, if any, for previous shipments exported by you. In this regard, you should extend your fullest co-operation to the officers from Singapore Customs, the US Customs and Border Protection Bureau and to such other authorised officers when they conduct the on-site visits in Singapore.

Retention of Documents

11. Documents relating to the production and shipment of exports accompanied by the self-certified declaration should be kept for at least 5 years for post-verification checks by the Singapore Customs or the US Customs and Border Protection Bureau.

Advance Ruling on Country of Origin

12. The Singapore exporter may apply for an Advance Ruling to determine whether his good qualifies as an originating good based on the production carried out in Singapore. Applications are to be made in writing to the US at the following address:

US Customs and Border Protection Bureau
Office of Regulations & Rulings
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20229
United States of America

Preferential Tariff For Imports Under USSFTA and Other Details of the USSFTA

13. Another circular 43/2003 dated 16 Dec 2003 relating to preferential tariff for imports under USSFTA will be separately issued. Both circulars can be downloaded at "<http://www.customs.gov.sg>".

14. For other details on the USSFTA, please refer to MTI's website at: "http://www.mti.gov.sg/public/FTA/frm_FTA_Default.asp?sid=36". Of particular relevance to this notice will be **Chapter 3 [Rules of Origin] from pages 19 to 33 of the Agreement.**

15. We encourage you to familiarise yourself with the requirements of the Rules of Origin and take advantage of the benefits of the USSFTA for your exports to the US. Please highlight the contents of this circular to other colleagues in your organisation and business partners if relevant.

Enquiries

16. For further enquiries, you may call our Customs Call Centre at telephone number 6355-2000 followed by (*) (0).



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