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SINGAPORE CUSTOMS

55 Newton Road
#07-02 Revenue House
Singapore 307987
Call Centre : 63552000
Fax no. : 63376361
E-mail : customs_roo@customs.gov.sg
http: <http://www.customs.gov.sg>

To: All Manufacturers and Traders
Registered with Singapore Customs



RULES OF ORIGIN UNDER THE CHINA-SINGAPORE FREE TRADE AGREEMENT (CSFTA)

We are pleased to inform you that the CSFTA 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 China.

2. The Trade in Goods Chapter does not have a common list of products which are subjected to a common tariff reduction. Instead China has a list of products that are subjected to tariff reductions at different time frames. You are advised to refer to the Annex 1A to the CSFTA to obtain the appropriate preferential tariff rate that your importer can enjoy for your products before applying for a Preferential Certificate of Origin (CO) for export to China.

Rules of Origin for Originating Goods

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

- a. Product wholly produced or obtained in Singapore;
- b. Product meeting the local value or the cumulative value content of 40%; or
- c. Products satisfying the Products Specific Rules provided under Annex 2 of the CSFTA.¹

4. For manufactured products, the majority of you will need to comply with paragraph 3 (b). You are advised to first ascertain whether your products have been accorded tariff preference before you apply for certification.

¹. We wish to highlight that the Products Specific rules under Annex 2 is currently being negotiated and may only be implemented in the first quarter of 2009.

Documentation Procedures for Singapore-origin Products

5. In order for your importer to claim preferential tariff, you must apply for the Preferential 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 Preferential CO when your goods are exported to China. 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 Preferential CO and Export Permit

You must apply for the Preferential CO and Export Permit electronically through TradeNet® before exporting your goods.

d. Step Four - Submission of Preferential CO via TradeNet®

You must declare the Certificate Type as "18" 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.

In addition to the normal requirements, please **declare the corresponding 6-digit HS code of your product and its origin criterion** in the “Certificate Item Description” field as part of your consignment details in the preferential CO. The China Customs Authority requires this information to be declared in the preferential CO to facilitate clearance of goods. The applicable origin criterion is listed below. Please contact the TTSB if you need clarification on origin criterion text to be used for your exports.

Rules of Origin Criterion	Text to Appear in Description of Goods column of the CO
(a) Products wholly produced or obtained in Singapore.	Origin Criterion : “P”
(b) Products satisfying the Regional Value Content as stipulated in Article 13 of the Rules of Origin Chapter.	Origin Criterion : “RVC”
(c) Products satisfying the Product Specific Rules as stipulated in Article 15 of the Rules of Origin Chapter.	Origin Criterion : “PSR”

Usage of the Preferential CO

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

7. Upon approval, Singapore Customs will retain the Duplicate copy of Preferential CO and return the Original and Triplicate copies to the applicant. The exporter must sign all the copies of the Preferential CO before dispatching the Original copy to his importer. This CO is valid for 12 months from the date of issuance. The exporter should retain the Triplicate copy for record keeping. The importer shall present the Original copy to his Customs Authority upon clearance of goods at the port.

Retention of Documents

8. Documents relating to the production and shipment of exports accompanied by the Preferential CO should be kept for at least 3 years for post-verification checks by the Singapore Customs or the Chinese authorities.

Third Party Invoicing

9. The China Customs authority can also accept the export invoice to be issued either by a company located in a non-Party for the account of the Singapore exporter.

Website for Downloading of Details of Agreement

10. The full details on CSFTA are available in Singapore’s FTA website at: “http://www.fta.gov.sg/fta_csfta.asp?hl=27”.

11. We encourage you to familiarise yourself with the Rules of Origin requirements and take advantage of the benefits of the CSFTA for exports to China. 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 China

12. Another Circular 23/2008 dated 9 Dec 2008 relating to preferential tariff for imports under the CSFTA Agreement will be separately issued. Both circulars can be downloaded at “<http://www.customs.gov.sg>”.

Enquiries

13. For enquiries, you may:
 - a. call our Customs Call Centre at telephone number 6355-2000 on the application procedures for Preferential 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

MANUFACTURING STATEMENT FOR PRODUCT QUALIFYING FOR EXPORT UNDER THE CSFTA

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

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

	*HS Code	Country of Origin	Supplier's Name (if Locally Manufactured)	Unit Cost (CIF)			
				Local	China	Foreign	Total
1. Raw Materials, (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)							

*** Applicable for products qualifying for the Product Specific Rules in Annex 2 of the Agreement. Please declare the HS Subheading code (first 6-digits) of foreign materials and materials of undetermined origin.**

Calculations :

$$\text{1. Single Country Content} = \frac{\text{Local Material Cost + Direct Labour \& Direct Overheads + Profit}}{\text{FOB Price}} \times 100 = \text{ ______ } \%$$

OR

$$\text{2. CSFTA Cumulative Content (See Note 5 overleaf)} = \frac{\text{Local and China Material Cost + Direct Labour \& Direct Overheads + Profit}}{\text{FOB Price}} \times 100 = \text{ ______ } \%$$

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 Tariff 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 China's origin and you wish to qualify your product under the China Cumulative Content.

For item (b), you must obtain the Preferential CO from China as proof that the material originates in China.

- 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.

Annex B

1 Exporter (Name & Address)	REPUBLIC OF SINGAPORE	
2 Consignee (Name, Full Address & Country)	PREFERENTIAL CERTIFICATE OF ORIGIN No. NO UNAUTHORISED ADDITION/ALTERATION MAY BE MADE TO THIS CERTIFICATE	
3 Departure Date	8 DECLARATION BY THE EXPORTER We hereby declare that the details and statements provided in this Certificate are true and correct. Signature: _____ Name: _____ Designation: _____ Stamp Date: _____	
4 Vessel's Name/Flight No.		
5 Port of Discharge		
6 Country of Final Destination		
7 Country of Origin of Goods		
9 Marks & Numbers	10 No. & Kind of Packages Description of Goods (include brand names if necessary)	11 Quantity & Unit
12 CERTIFICATION BY THE COMPETENT AUTHORITY We hereby certify that evidence has been produced to satisfy us that the goods specified above originate in the country shown in box 7.		

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