



Circular No: 14/2019
06 Aug 2019

All Manufacturers, Traders and Declaring Agents

Dear Sir/Madam

IMPLEMENTATION OF THE REVISED RULES OF ORIGIN (ROO) AND OPERATIONAL CERTIFICATION PROCEDURES (OCP) UNDER ASEAN-CHINA FREE TRADE AREA (ACFTA)

This circular outlines the changes and new requirements to the revised ROO and OCP under the ACFTA Upgrading Protocol for exports to China and ASEAN Member States. These changes and new requirements will take effect and be applicable for Certificates of Origin (Form E) issued from **15 Aug 2019**.

2 The full text of the revised ACFTA ROO and OCP can be downloaded at Enterprise Singapore's Free Trade Agreement (FTA) website (www.fta.gov.sg). You can access the website by scanning the QR code on the right. The changes and new requirements are summarised in the following paragraphs.



Revised Rules of Origin (ROO)

3 Under the revised ACFTA ROO, your good may qualify as an originating good if it fulfils either of the following ROO and meets all other applicable requirements as set out in ACFTA Annex 1 ROO:

Rules of Origin under the revised ACFTA	
Good Wholly Produced or Obtained	Good wholly produced or obtained in a Party as provided in Article 3 of Annex 1 ROO
Good Produced Exclusively from Originating Materials	Good produced in a Party exclusively from originating materials from one or more of the Parties
Good Not Wholly Produced or Obtained	Good produced from non-originating materials in a Party, provided that the good has satisfied the requirements of Article 4 of Annex 1 ROO

4 For good not wholly produced or obtained, a good shall be treated as an originating good:

a) If the good has a Regional Value Content (RVC) of not less than 40 per cent of the Free on Board (FOB) value calculated using the formula as described in Article 5 of Annex 1 ROO, and the final process of production is performed within a Party; or

b) For the purpose of a good classified in Chapters 25, 26, 28, 29, 31, 39, 42-49, 57-59, 61, 62, 64, 66-71, 73-83, 86, 88, 91-97¹ of the Harmonised System, if all non-originating materials used in the production of the goods have undergone a Change in Tariff Classification (CTC) at the four-digit level (i.e. Change in Tariff Heading) of the Harmonised System.

Expansion to the list of Product Specific Rules (PSR)

5 Under the current ACFTA ROO, the PSR contains both Alternative and Exclusive Rule applicable to several goods. With the revised ROO, the PSR will no longer contain a list of goods covered under Alternative Rule but an expanded list of goods under Exclusive Rule. The Exclusive Rule shall be the sole criteria for determining the originating status of the goods listed in the PSR. As such, if your good is listed in the PSR as set out in Attachment B of Annex 1 ROO, only the Exclusive Rule listed in the PSR is applicable. If your good is not listed in the PSR, you may apply the ROO as stated in Paragraph 4 above.

Inclusion of Provision for De-Minimis

6 Under the revised ACFTA ROO, a good that does not undergo the required Change in Tariff Classification under ROO or PSR will nonetheless be an originating good if:

a) for a good, other than that provided for in Chapters 50 to 63 of the Harmonised System, the value of all non-originating materials used in the production of the good that did not undergo the required Change in Tariff Classification does not exceed 10 per cent of the FOB value of the good;

b) for a good provided for in Chapters 50 to 63 of the Harmonised System, the weight of all non-originating materials used in its production that did not undergo the required Change in Tariff Classification does not exceed 10 per cent of the total weight of the good, or the value of all non-originating materials used in the production of the good that did not undergo the required Change in Tariff Classification does not exceed 10 per cent of the FOB value of the good.

¹ For Headings 29.01, 29.02, 31.05, 39.01, 39.02, 39.03, 39.07 and 39.08, the applied criterion is RVC 40%, unless otherwise mutually agreed by the Parties.

Changes to Origin Criteria Declaration in Certificate Types 19 and 20

7 A new set of origin criteria will be adopted for Box 8 of Form E (Certificate Types 19 and 20). The following table compares the new and old requirements on the origin criterion to be declared under the “Certificate Item Description” in a TradeNet declaration.

Origin Criterion in Old Requirements	Origin Criterion in New Requirements	Remarks
WO	WO	Good is wholly produced or obtained in the country of origin.
	PE	Good produced in a Party <u>exclusively from originating materials</u> from one or more of the Parties
SCC ACC	RVC	Good satisfying the “ <u>Regional Value Content</u> ” origin criterion
	CTH	Good produced from non-originating materials in a Party, satisfying the “ <u>Change in Tariff Classification at four-digit level</u> ”.
PSR	PSR	Good satisfying the PSR in Attachment B of Annex 1 ROO.

8 For more information on the declaration of origin criterion under ACFTA, you may wish to refer to the Handbook found under Step 3: Apply for Certificate of Origin via TradeNet on the Customs Website. You can access the Certificates of Origin page on our Customs website (www.customs.gov.sg/co) by scanning the QR code on the right.



Summary of Changes

9 The following table summarises the changes brought about by the revised ACFTA ROO and OCP.

	Changes	Affected Parties	Remarks
a	Change in Rules of Origin	Manufacturers/ Producers	Please refer to the Annex 1 ROO text of the revised ACFTA for the applicable origin criteria to apply for the good.
b	Expansion to the list of Product Specific Rules		Please refer to Attachment B of Annex 1 ROO for the updated list of PSR.
c	Inclusion of provision for De Minimis		Please refer to Article 9 of the Annex 1 ROO.
d	Changes in CO declaration under "Origin Criterion" field via TradeNet	Declaring Agents/Traders/ Manufacturers	Please refer to our Handbook as stated in Paragraph 8 of the circular.

10 We encourage you to familiarise yourself with the revised ROO and OCP under the ACFTA to take advantage of the benefits of the agreement when you export to China or any ASEAN Member States.

Clarification

11 Please refer to the Frequently Asked Questions (FAQ) in Annex A for more details. Alternatively, you may send your enquiries to customs_roo@customs.gov.sg for further clarifications on the contents of this circular.

Yours faithfully

Chua Yock Chin
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for Director-General of Customs
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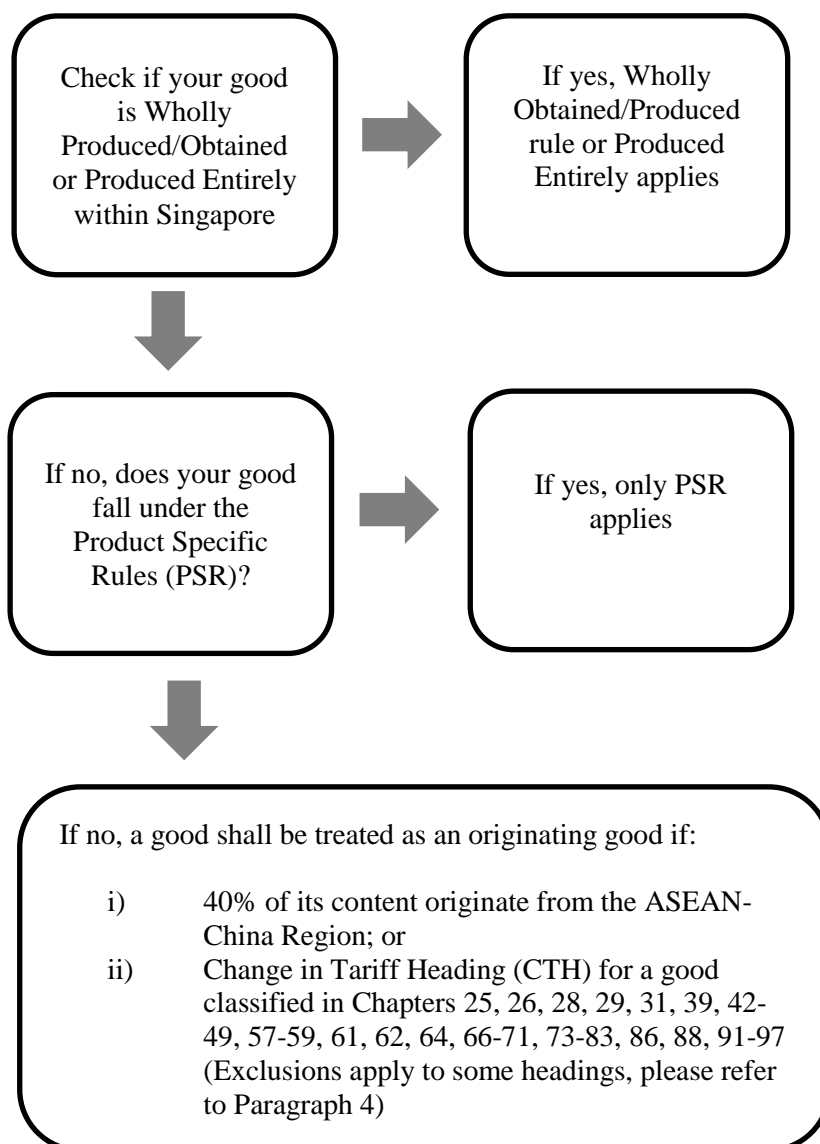
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We hope that this notice has been written in a way that is clear to you. If not, please let us have suggestions on how to improve this notice at customs_roo@customs.gov.sg.

FREQUENTLY ASKED QUESTIONS (FAQ)

Q1: As a Manufacturer, my good have previously met a Regional Value Content of 40%. How can I find out the new revised ROO applicable for the locally-manufactured good?

A1:



Q2: With the new requirements under the revised ROO, am I required to submit a fresh Manufacturing Cost Statement (MCS) to Singapore Customs for verification before I can proceed with the Form E application for my export to China or any ASEAN Member States under ACFTA?

A2: You are required to submit a new MCS to Singapore Customs for verification with the new Rules of Origin applicable for your product under the revised ACFTA ROO, before applying for a Form E.

Q3: My manufactured good does not undergo the required Change in Tariff Classification as required in the ROO and PSR. How do I use the De Minimis rule to qualify my good as originating?

A3: The De Minimis rule only applies to change in tariff classification. Specifically, it applies to non-originating raw materials that do not undergo the required Change in Tariff Classification.

Example (for illustrative purpose):

Good: Leather Handbag (HS 4202.21)

Required change in tariff classification: A Change in Tariff Classification at the 4-digit level based on the ROO

Raw material	Origin	HS (4-digit)	Any change in tariff classification?	Value
Leather	AU	4113	Yes	\$50
Buttons	CN	9606	Yes	\$5
Zip	CN	9607	Yes	\$5
Coin Pouch	MY	4202	No	\$5

FOB: \$100

Assessment: The coin pouch is the only non-originating material that does not meet the required change in tariff classification under the ROO of ACFTA Upgrading Protocol. The coin pouch is 5% of the FOB value (\$5/\$100). As it meets the De Minimis rule where the value of the non-originating materials does not exceed 10% of the FOB value of the good, the handbag is an originating good under the ACFTA.

Q4: My manufactured good is produced only from originating raw materials. Does my good qualify as produced in a Party exclusively from originating materials, and am I required to submit a MCS for verification?

A4: If your good is manufactured only from raw materials that are originating from parties to the ACFTA, your good will qualify as a good produced in a Party exclusively from originating materials. You are required to submit your MCS and the required supporting documents (for originating raw materials) to Singapore Customs for verification.

Q5: Am I able to claim preferential tariff treatment for imports into Singapore with the original Form E issued under the ACFTA prior to 15 Aug 2019?

A5: You would be able to claim preferential tariff treatment for imports into Singapore with the PCO form issued under the ACFTA if the Form E was issued on or before 14 Aug 2019 and the Form E is still valid upon presentation to Singapore Customs.

Q6: I am exporting a good that originates from Singapore under the ACFTA that does not exceed USD \$200.00. Will a Form E be required for the export of this good under ACFTA?

A6: Under Rule 16 of the Operational Certification Procedures under the ACFTA, for consignment of products originating in the exporting Party and not exceeding US\$ 200.00 FOB, there is no need for a Form E. Instead, a simplified declaration by the exporter in a format as required by the importing Party that the products in question originated from the exporting party shall be accepted. However, this exportation shall not form part of a series of exportations that is undertaken or arranged for the purpose of avoiding the production of a Form E.