



SINGAPORE CUSTOMS MEDIA RELEASE

ASEAN MEMBER COUNTRIES TO IMPLEMENT NEW COMMON TARIFF CODES FOR TRADERS FROM NEXT YEAR

The Customs administrations of the ASEAN member countries will be implementing a new set of tariff codes for the classification of all goods traded within and outside ASEAN from next year.

The ASEAN Harmonised Tariff Nomenclature (AHTN) 2012 is a common tariff classification system of ASEAN, based on the latest version of the Harmonised Commodity Description and Coding System (HS) developed by the World Customs Organization (WCO). The WCO HS is used by more than 200 Customs administrations to classify international trade.

The AHTN is an initiative by ASEAN member countries to provide a transparent and uniform goods classification system to facilitate trade in ASEAN. This marks an important step towards the realisation of the ASEAN Economic Community by 2015.

The harmonised tariff nomenclature can be likened to a “trade dictionary” used by traders and ASEAN Customs administrations to classify traded goods. All goods are identified by a unique eight-digit code, with the tariff rates tagged to them by individual ASEAN member countries. For instance in Singapore, mineral water, identified by the tariff code 22011000, is non-dutiable, while sparkling wine, identified by the tariff code 22041000, is dutiable.

With the adoption of a common tariff nomenclature in ASEAN, traders benefit from a unified and consistent way of classifying goods. For example, the tariff code used by a Singapore trader to classify a product being exported will be the same as that used by his buyer in another ASEAN member country to make the import declaration. This makes it easier and more transparent for traders to determine the applicable import tariffs imposed by different ASEAN member countries. From the tariff classification codes, traders will also be able to

determine whether the goods are eligible for preferential tariffs under the different free trade agreements (FTAs).

Shell, one of Singapore's largest multinational companies with significant international trading activities, currently maintains the tariff numbers of thousands of products, across all countries that Shell trades with.

“Shell is appreciative of the ASEAN Harmonised Tariff Nomenclature initiative introduced by the Singapore government. By promoting uniformity and simplification of the tariff nomenclature system across ASEAN countries, we have seen an increase in efficiency and productivity in the tariff number maintenance process for Shell,” said Ms Chan Suit Fong, Finance Director of Shell Eastern Petroleum (Pte) Ltd. “For example, the AHTN has enabled the tariff number maintained for one country to be mapped to the rest of the ASEAN countries. The enhanced transparency in the classification of oil and petrochemical products across ASEAN countries will help facilitate trade in the region.”

At the national and regional levels, the AHTN serves as the basis for negotiations on FTAs and Customs treaties, as well as the collection of trade statistics. It is also used by Customs administrations to monitor the movement of goods, for purposes such as food security, public health, environmental protection and counter-terrorism.

Singapore Customs led in development of AHTN 2012

Singapore Customs chaired the ASEAN Task Force to develop the AHTN 2012.

The review of the AHTN began as early as 2009, when the WCO adopted the latest amendments to the HS. Between 2009 and 2011, ASEAN Customs officials held eight joint meetings to discuss and work on the revision of the AHTN.

To incorporate the requirements of the ASEAN member states, the AHTN 2012 saw an increase in the number of tariff lines from 8,300 to 9,558. Most of the increases came from products relating to fishes, machinery and vehicles.

“The AHTN is now more comprehensive with additional tariff lines included,” said Mr David Foo (符庆元), Singapore Customs’ Head of Tariffs and Trade Services. “This helps to provide more predictability and transparency when it comes to tariff code declarations for the trading of goods among ASEAN countries.”

“We also reworded the description of some goods, to provide better clarity and interpretation,” said Mr Foo, chair of the AHTN Task Force.

The AHTN 2012 was endorsed by the ASEAN Directors-General of Customs at their 20th annual meeting held in June 2011 in Myanmar.

Singapore enhances e-single window for clearance of trade documents

As part of Singapore Customs’ implementation of AHTN 2012, the revised set of tariff codes will be incorporated in the latest version of the TradeNet[®] system, Singapore’s electronic National Single Window for processing and approving all Customs-related permits. In 2010, TradeNet[®] processed nine million customs permits involving more than S\$902 billion. The upgraded TradeNet[®] Version 4.1 will be rolled out on 1 January 2012 to coincide with the implementation of the AHTN 2012.

The upgraded TradeNet[®] system will bring about the following benefits:

- **Convenience and flexibility for traders**

Traders will now be allowed to submit an application to cancel or amend a permit for non-dutiable goods if they discover an error in their trade declaration (before using the approved permit to clear their cargo). Previously, they had to make a new declaration and apply for a refund of the money paid for the first declaration. Annually, more than 5,000 transactions involving refunds of S\$8 million in Goods and Services Tax could potentially benefit from this improvement.

- **Easier and faster trade declarations**

The new version will provide automatic updating of changes to commonly used declaration codes in the TradeNet[®] system, for example the country code, port code, location code and the controlling agencies’ product codes. This will reduce the

likelihood of errors made in the declaration process, and bring down the number of rejected applications due to the use of incorrect codes.

- **Facilitation of cross-border trade**

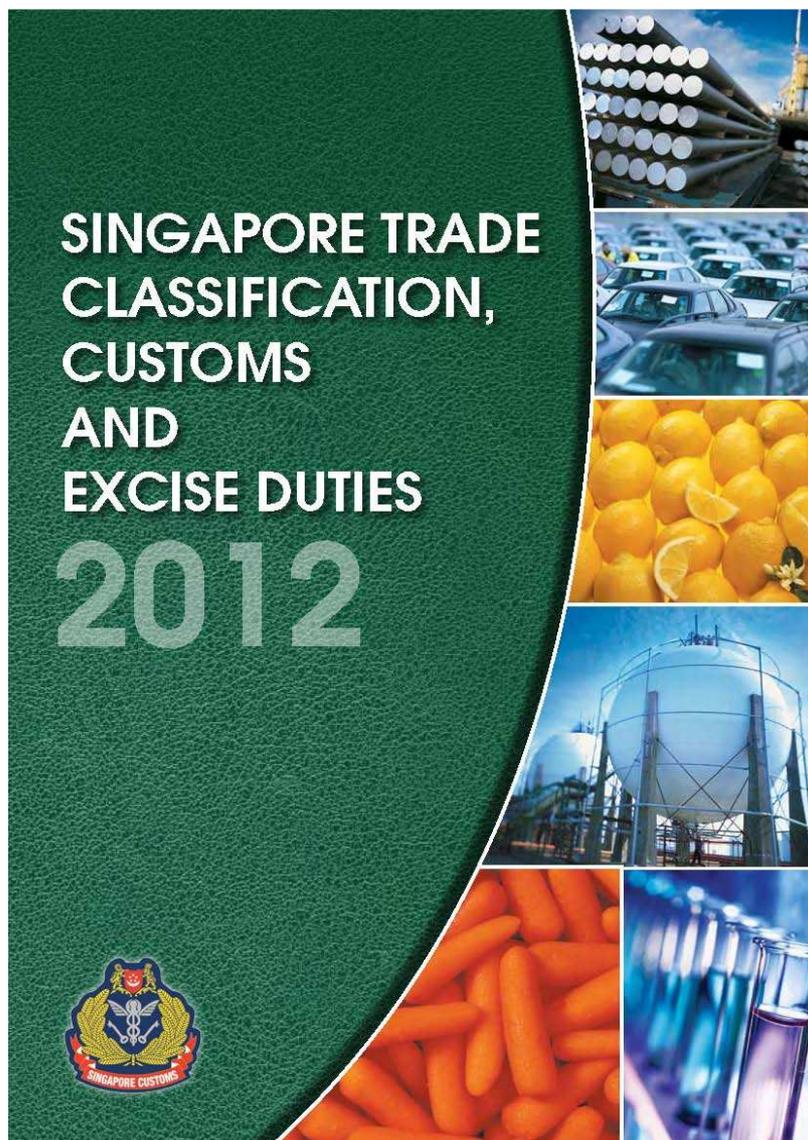
This is made possible with the adoption of the latest WCO Data Model, which standardises TradeNet[®] permit fields to provide a uniform set of data definitions and requirements for ease of data exchange with other Customs administrations.

“The upgraded TradeNet[®] will be beneficial as we can now make amendments to the cost, insurance and freight values,” said Mr Rosli Bin Ahmad, Deputy Import Manager of Nippon Express (Singapore) Pte Ltd. “This flexibility will reduce the number of refunds needed and bring about greater convenience for our customers and us.”

First launched in 1989, TradeNet[®] was last upgraded in 2007.

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DATE: 30 November 2011



Singapore uses the Singapore Trade Classification, Customs and Excise Duties 2012, which adopts the AHTN 2012. This publication is available for purchase at Toppan Leefung Pte Ltd, 1 Kim Seng Promenade #18-01/06, Great World City (East Tower).