



SINGAPORE CUSTOMS NEWSLETTER

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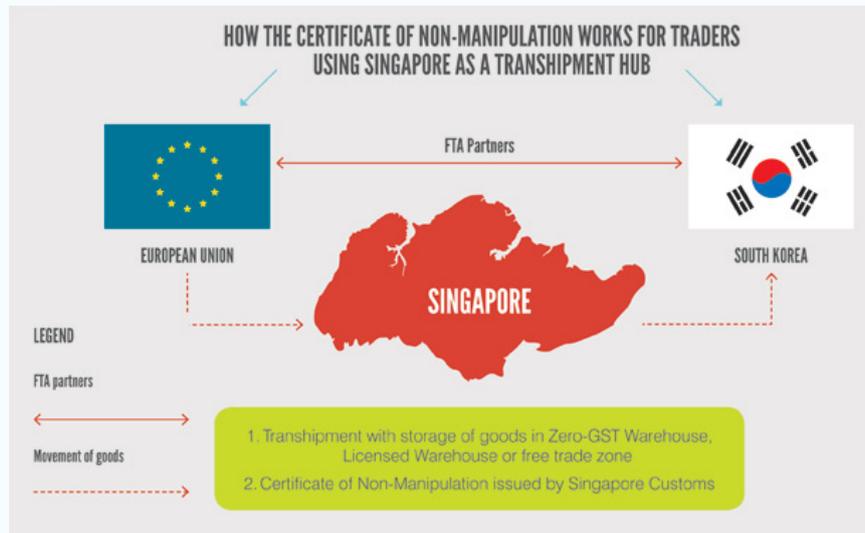


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## Facilitating FTA Goods in Transit

With the proliferation of free trade agreements (FTA) and cargo from exporting countries being increasingly transhipped through third countries such as Singapore, Singapore Customs has seen a doubling in the number of Certificates of Non-Manipulation it has issued since 2010 for such goods in transit. The certificate enables importers in the final destination country to enjoy preferential tariffs under the FTA.



### PROOF OF ORIGIN

When goods manufactured in one country are exported to its FTA-partner country, they can enjoy lower import tariffs in the partner country if they meet the origin criteria under that FTA.

Since direct routes between FTA-partner countries are not always available, traders increasingly use international transit to move their cargo. However, transit through a third country may result in goods being ineligible for preferential tariffs – unless it can be shown that the goods have not been manipulated en route.

A Certificate of Non-Manipulation, issued in the country of transit, provides documentary evidence that the goods have not been switched or modified during transit and that they retain the originating status of their country of export.

To qualify for the certificate, the goods must not have undergone any processing other than what is necessary to keep them in good condition, and must have been kept under customs surveillance. As such, importers often use the certificate when transshipping goods.

For goods that are transhipped through Singapore, Singapore Customs is the authority that issues the Certificate of Non-Manipulation. The application has to be filed by a local logistics service provider and the goods have to be stored in a Zero-GST warehouse, Licensed Warehouse or in a free trade zone during its period of transit in Singapore.

### GREATER DEMAND FOR CERTIFICATES OF NON-MANIPULATION

In recent years, Singapore Customs has seen an accelerated increase in the take-up rate for Certificates of Non-Manipulation.

In 2012, the department issued over 7,700 such certificates, twice the number issued in 2010. The year-on-year growth in the number of certificates issued was 31% and 52% in 2011 and 2012 respectively.

This rapid increase is attributed to the recent proliferation of FTAs such as the European Union-Korea FTA, which was implemented in July 2011, as well as Singapore's extensive vessel connectivity to the rest of the world.

Singapore Customs' issuance of Certificates of Non-Manipulation facilitates the transshipment of such goods through Singapore. This provides more business opportunities for local logistic operators handling the transshipment trade and strengthens Singapore's status as a global transshipment hub.

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## BENEFITS OF FTA

A free trade agreement (FTA) is an agreement between two or more countries to reduce or eliminate barriers of trade and facilitate the cross-border movement of goods and services between the parties' territories.

Some benefits of FTAs include: eliminating or reducing import tariff rates, preferential access to service sectors, easing investment rules, improving intellectual property regulations and opening up government procurement opportunities.

Besides supporting the transshipment trade, Singapore Customs also helps Singapore manufacturers reap benefits from FTAs.

If your company exports locally manufactured products, you can apply for the Preferential Certificate of Origin (PCO) to gain preferential tariff rates, so your Singapore-origin product can be more price-competitive in its overseas market.

Singapore Customs is the authority responsible for certifying the origin status of a locally manufactured product and issuing PCOs under FTAs.

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More information on the Certificate of Non-Manipulation and Preferential Certificate of Origin is available at the [Singapore Customs website](#).

Learn more about FTAs [here](#)

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