

UNITED STATES-SINGAPORE FREE TRADE AGREEMENT (USSFTA)

USSFTA was signed on May 6, 2003 and entered into force on January 1, 2004.

A. Tariff Reduction and Elimination Modality

Singapore eliminated all tariffs upon entry into force of the Agreement. The United States agreed to eliminate all tariffs within a staged period of 10 years, with 92% of tariffs eliminated within four years after entry into force of the Agreement. The tariff reduction and elimination modality for the United States is as follows:

Category	Tariff Reduction Stages	Date of entry into US duty-free
A	Immediate elimination	January 1, 2004
B	4 equal annual stages	January 1, 2008
C	8 equal annual stages	January 1, 2012
D	10 equal annual stages	January 1, 2014
E	No staging	Already enter the US duty-free, regardless of origin
G	No staging, immediate elimination	January 1, 2004 (and without bond)
H	Subject to the appropriate staging schedule of the product as specified	January 1, 2014

The staging categories for HS 84, 85 and 87 are as follows:

Category	Chapter 84	Chapter 85	Chapter 87
A	306	292	64
B	36	37	6
C	0	7	8
D	0	0	6
E	537	261	80
G	0	0	0
H	0	0	0

B. Rules of Origin

General Rules

The Agreement adopts product-specific rules. For manufactured products, one of the following rules of origin will apply: (i) a change in tariff classification (CTC), (ii) a regional value content (RVC) of 35% to 60%, (iii) a process rule, or (iv) a combination of CTC and RVC rules. Goods subject to the RVC requirements include, but are not limited to certain chemicals, iron or steel parts, machinery and machinery parts, electrical products, motor vehicles, cameras and toys, among others.

The chemical process-definition rule applies to chemical, plastic and rubber goods covered under HS Chapters 28 to 40, and requires a change in the molecular structure of the goods. Most textiles must meet a "yarn-forward" rule under which the goods must be constructed from yarn originating in the US or Singapore and undergo cutting, sewing and finishing operations in one of the party members. There are some exceptions to this rule, such as silk products, listed in Annex 3A of the agreement. However, these exempted products must still be fully processed in Singapore or the United States. A "Tariff Preference Level" mechanism

allows a staged quota of 49 types of cotton and man-made fiber textiles to be exempt from the yarn forward rule for eight years.

A summary of the rules of origin under USSFTA is as follows:

Method of Determining Origin	Unique Origin Criteria
<ol style="list-style-type: none"> 1. Wholly obtained or produced 2. Product-specific based on CTC Some goods have an alternative rule based on calculation of RVC (cumulative Singapore and US). The RVC requirement ranges from 35% to 60%. <u>Build-down method:</u> RVC is calculated by the adjusted value of the good (approximate FOB) minus the value of non-Singapore and non-US materials used as a percentage of the adjusted value of the good. <u>Build-up method:</u> RVC is calculated by the value of Singapore and/or US materials as a percentage of the adjusted value of the good. <u>Process rule:</u> for products in HS Chapters 28 to 40 (chemicals, plastics and rubber) whereby the materials undergo a certain process or chemical reaction to obtain origin. 	<ol style="list-style-type: none"> 1. Outward processing Applicable for alternative rules goods (RVC). 2. Integrated Sourcing Initiative (ISI) 3. Yarn-forward rule of textiles 4. Recovered goods 5. Remanufactured goods

Integrated Sourcing Initiative

A good on the Integrated Sourcing Initiative (ISI) list must be shipped from the United States to Singapore directly, and vice versa, for it to be considered an “originating” good. Currently, 266 tariff lines with a majority falling under HS Chapters 84, 85 and 87 (namely goods covered by the WTO Information Technology Agreement (ITA), and medical devices) are on the ISI list.

Recovered Goods

This is a unique addition to the list of wholly obtained or produced goods. Parts and components, assembled with other parts in the production of a remanufactured good, are considered originating if they are obtained from (i) the complete disassembly of used goods; and (ii) the cleaning, inspecting or testing, and other processes necessary for improvement to sound working condition, including welding, flame spraying, surface machining, knurling, plating, sleeving, and rewinding.

Remanufactured goods

A few engines, machinery and automotive parts are considered remanufactured goods if they: (i) are entirely or partially comprised of recovered goods; (ii) have the same life expectancy and meet the same performance standards as a new good; and (iii) enjoy the same factory warranty as such new goods.

Rules on Accumulation of Inputs

Originating material is a good qualified as an originating good in accordance with the rules of origin of this FTA. When the material is qualified as an originating material, its total value may be included for the purpose of the RVC calculation.

De Minimis

The agreement establishes a 10% *de minimis* threshold for the value of non-originating materials used in a good's production that do not undergo the required CTC. A different *de minimis* rule applies to textile products.

C. Certification Rules

General Description

USSFTA adopts a self-declaration system. The importer is required to file a claim for preferential treatment under USSFTA. The exporter is required to provide its certificate only upon request from the importing Party, but not all the time.

Under normal commercial practice, however, the US importer will require the Singapore exporter to make some form of self-declaration of origin. In order for the US importer to file a claim, the Singapore exporter must be prepared to self-certify that the product originated in Singapore. There is no prearranged format for the self-certification, and it may be submitted electronically to the importer.

These procedures do not apply to textile and garment products. A valid certificate of origin is required. The legal text of USSFTA covers origin declaration terms under Section B (Articles 3.13 to 3.17) of Chapter 3 on the Rules of Origin and Article 4.3 on advance rulings of Chapter 4 on Customs Administration of the agreement.

Back-to-Back Certificate of Origin

Not applicable to USSFTA.

Third-party Invoicing

Not applicable to USSFTA.

Advance Rulings

AUSFTA provides for advance rulings on whether a good qualifies as an originating good. The exporter, importer and producer may apply to the importing customs authority for an advance ruling prior to the importation of the good. The importing customs authority has 120 days to issue the written, binding advance ruling upon the receipt of all necessary information.

The importing customs authority may modify the advance ruling if (i) the ruling was based on incorrect fact or law, (ii) there is a change in the material facts or circumstances on which the ruling was made, or (iii) there is a change in domestic law consistent with USSFTA. Regarding administrative penalties, from the time of registering an application until the decision of Customs, the applicant is indemnified from administrative penalty in respect of the duty short paid in relation to the claimed issue. However, the indemnity ceases when an application is withdrawn or where it is voided because of inadequacy with the application or supporting documentation.

Post-Exportation Examination

Importers must provide evidence that their goods meet the relevant provisions if they are requested by Customs. The Importing Party may also verify an imported good's originating status through written requests for information to an exporter or producer in the exporting Party. The Importing Party may also visit the premises of an exporter or producer in the other Party, subject to any jointly adopted procedures between the Parties.

Document Retention Requirements

Importers must maintain all relevant records on file for five years after the importation of the good. These include, but are not limited to, records concerning the purchase, cost, value, and payment for the good, its raw materials, and the materials used to produce the good in its exported form.

While the importer is responsible for proving to Customs that a good qualifies as "originating," the exporter is required to provide sufficient documentation to the importer to support the origin of the goods. The exporter and/or producer is required to keep records related to origin for which it issues a certificate, if requested.

D. Relevant FTA Provisions

- Legal Text:
http://www.fta.gov.sg/ftas_ussfta_legal.asp
- Tariff Schedule of the United States, Annex 2b:
http://www.fta.gov.sg/ussfta/fta_ussfta_agreement_annex2b_usts.pdf
- Rules of Origin, Chapter 3:
http://www.fta.gov.sg/ussfta/chapter_3_us.pdf
- Product Specific Rules of Origin, Annex 3a and Amended Annex 3a, effective as of February 2008:
http://www.fta.gov.sg/ussfta/fta_ussfta_agreement_annex3a.pdf
http://www.fta.gov.sg/ussfta/amendments_to_annex_3a.pdf
- Integrated Sourcing Initiative, effective as of February 2008:
http://www.fta.gov.sg/ussfta/amendments_to_annex_3b.pdf
- Remanufactured Goods, Annex 3c:
http://www.fta.gov.sg/ussfta/fta_ussfta_agreement_annex3c.pdf