

CHINA-SINGAPORE FREE TRADE AGREEMENT (CSFTA)

CSFTA was signed on October 23, 2008 and entered into force on January 1, 2009.

A. Tariff Reduction and Elimination Modality

The tariff reduction and elimination modality under CSFTA builds on the commitments of China and Singapore under the ASEAN-China Framework Agreement on Trade in Goods (ACFTA). CSFTA includes further liberalization in several sectors, allowing Singapore to benefit from such liberalization at an earlier date than other ASEAN Members will under ACFTA. For example, the tariff elimination schedule of 2010 and 2012 under ACFTA is brought forward to 2009 upon CSFTA's entry into force, *i.e.* January 1, 2009.

China's tariff concessions cover China's tariff schedules for all normal track products under ACFTA, and Singapore's tariff concessions cover Singapore's sensitive track products under the ACFTA as specified in Article 3(2)(b) of ACFTA. As a result of these arrangements, on entry into force of the CSFTA, China eliminated tariffs on 87.5% of Singaporean exports, while Singapore eliminated all tariffs on Chinese goods. As of January 1, 2010, China will eliminate tariffs on 97.1% of goods from Singapore, including all products falling under HS Chapters 84, 85 and 87.

B. Rules of Origin

General Rules

Under the CSFTA, originating goods must meet one of the following criteria: (i) the good must be wholly obtained or produced in the territory of the country; or (ii) no less than 40% of the good's content originates from the country (RVC). Where originating goods or materials of one Party are incorporated into a good in the other Party's territory, the goods or materials so incorporated shall be regarded to be originating in the latter's territory (cumulative rules). A summary of the rules of origin under CSFTA is as follows:

Method of Determining Origin	Unique Origin Criteria
1. Wholly obtained or produced 2. RVC of 40% 3. Product-specific rules (PSRs)	None

The formula to be used to determine whether a good meets required local content:

$$\text{RVC (\%)} = \frac{\text{FOB Value of Goods} - \text{CIF Value of Non-originating Materials}}{\text{FOB Value of Goods}} \times 100$$

The percentage of RVC shall not be less than 40%, except for the goods listed in the product specific rules of origin (PSR).

The PSRs under the CSFTA took effect on June 1, 2009 and cover 527 products under Annex 2 of the CSFTA, including fish, animal hair, fats and oils, ice cream and edible ice, textiles, footwear, tubes, adhesives, household appliances, bars, rods, steel and plastics.

The PSRs do not cover any tariff lines in HS chapters 84, 85 and 87; however, both sides may consider negotiating a second batch of PSRs in 2010.

Rules on Accumulation of Inputs

An originating good of a Party which is used as a material in the production of a good in the other Party may be considered as an originating material of the other Party.

De Minimis

CSFTA provides relief when a good does not qualify as an originating good only because some non-originating materials of little value fail to meet a CTC requirement. If the total value of the non-originating materials in question is no more than 10% of the FOB value of the good, then the exporter or producer can consider the good to be an originating good. However, the product has to meet all other requirements under the Rules of Origin Chapter of CSFTA.

C. Certification Rules

General Description

CSFTA adopts a government-certification system. Relevant provisions can be found in Article 27 of the Agreement. The authorized agencies will issue a certificate of origin (CO) before or at the time of exportation when the goods are considered originating from one Party. The exporter or producer shall submit a written application for the CO together with appropriate supporting documents proving that the products to be exported qualify for the issuance of a CO. COs must be completed in English and include the name and address of a good's exporter, consignee, means of transport, and a description of the goods. COs are applicable to a single importation of a good into either Party's territory and shall remain valid for 12 months from the date of issuance.

Back-to-Back Certification of Origin

Not applicable under CSFTA.

Third-party Invoicing

CSFTA recognizes third-party invoicing as long as the goods are determined to be originating goods.

Advance Rulings

CSFTA allows advance rulings, which enable eligibility determinations on the originating goods prior to importation. Under the Agreement, an application for an advance ruling must be received at least three months before the date of importation. The importing Party will issue a decision on the advance ruling within 60 days from receiving the application. The customs administration of each Party is required to establish a validity period for an advance ruling of not less than two years from the date of its issue or in accordance with its respective domestic laws.

Authorized Bodies

The CO issuing authorities are: (i) the Chinese Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and its local branches, and (ii) Singapore Customs.

Post-Exportation Examination

When there are reasonable grounds to doubt the accuracy or authenticity of the origin of the goods concerned, and when the customs duty is sufficiently material to warrant the request, the importing Party may conduct verification by means of:

- written requests for additional information from the importer;
- written requests for additional information from the exporter or producer in the territory of the exporting Party;
- requests that the competent authority of the exporting Party verify the origin of a good; or
- such other procedures as the customs administrations of the Parties may jointly decide.

Document Retention Requirements

Producers, exporters and importers are required to retain original documents (this may include electronic records) for three years in accordance with the domestic laws and practices of each Party.

D. Relevant FTA Provisions

- Legal Text:
http://www.fta.gov.sg/ftas_csfta_legal.asp
- Tariff Schedules, Annex 1a and Annex 1b:
http://www.fta.gov.sg/csfta/annex1a_chinatariffeliminationschedule.pdf (China)
http://www.fta.gov.sg/csfta/annex1b_singaporetariffeliminationschedule.pdf (Singapore)
- Rules of Origin, Chapter 4:
http://www.fta.gov.sg/csfta/chapter4_rulesoforigin.pdf
- Product Specific Rules of Origin, Annex 2:
http://www.fta.gov.sg/csfta/annex2_product%20specific%20rules.pdf
- Sample CO:
http://www.fta.gov.sg/csfta/annex3_formats_of_coo.pdf