

JAPAN-SINGAPORE ECONOMIC PARTNERSHIP AGREEMENT (JSEPA)

JSEPA was signed on October 21, 2001 and entered into effect on November 30, 2002, and was subsequently amended on March 19, 2007. The Protocol amending the Agreement took effect on September 2, 2007, although the amended tariff schedules and rules of origin only took effect on January 1, 2008.

A. Tariff Reduction and Elimination Modality

Singapore eliminated all tariffs upon entry into force of the Agreement. Japan initially eliminated 77% of tariffs, and then eliminated a further 15% of tariffs after the amendment in 2007. Tariff elimination was immediate for all products except 10 petrochemical items, whose tariffs Japan reduced to zero percent by January 1, 2010. JSEPA eliminated all tariffs on HS Chapters 84, 85 and 87 upon entry into force for both Parties.

B. Rules of Origin

General Rules

JSEPA uses product specific rules of origin (PSR), which include a change in tariff classification (CTC) rule or qualifying local value content (LVC) rule, which is not less than 40% of the free-on-board price (FOB) for all goods under the amended agreement. The amended PSRs took effect on January 1, 2008. Some PSRs allow a choice between (i) LVC rule, (ii) CTC rule, or (iii) specific manufacturing or processing operation.

The calculation of LVC is as follows:

$$\text{QVC (\%)} = \frac{\text{FOB} - \text{Non-Qualifying Materials}}{\text{FOB}} \times 100$$

The specific process requirement is applied to goods in HS Chapters 28 to 40 and 50 to 63. The PSR for goods under HS Chapters 84, 85 and 87 is a choice of either a 40% LVC or a CTC at the 6-digit level.

The amended PSRs also allow for a good that is covered under the *1996 World Trade Organization (WTO) Ministerial Declaration on Trade in Information Technology Products' (.Information Technology Agreement)* Attachments A or B to count as originating material if it is used as material in the production of another good ("final good"), which is assembled in Japan or Singapore, regardless of the PSR applicable to the final good. However, this clause does not apply to HS codes 8541.10 through 8542.90.

JSEPA provides for the rules of origin under Chapter 3 of the Agreement and for the PSRs under Annex II2a. Both the Agreement and the PSRs were amended in 2007. The rules of origin are based on the Harmonized System as amended on January 1, 2002.

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

Method of Determining Origin	Unique Origin Criteria
<ol style="list-style-type: none">Wholly obtained or producedProduct-specific based on CTC, LVC, or specific processing. The LVC requirement is 40% as amended in 2007. The original agreement stipulated a 60% LVC requirement.	<p>Specific process rules for Chapters 3, 16, 18 to 20, and 50 to 63 allows for processing in ASEAN member countries in the amended 2007 PSRs.</p> <p>Except for goods in HS Codes 8541.10 through 8542.90, a good that is covered under the WTO ITA Attachments A or B may be considered as</p>

Method of Determining Origin	Unique Origin Criteria
	originating material if it is used as material in the production of another good ("final good"), which is assembled in Japan or Singapore, regardless of the PSR applicable to the final good.

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

JSEPA establishes *de minimis* thresholds for non-originating materials used in a good's production that do not undergo the required change in tariff classification. Under the amended PSRs, the *de minimis* percentages are 7% of the value of the good for HS Chapters 20 and 21; 10% of the value of the good for HS Chapters 28 to 49 and HS Chapters 64 to 97; and 7% of the weight of the good for HS Chapters 50 to 63.

C. Certification Rules

General Description

JSEPA adopts a government-certification system only. Preferential duty claims under JSEPA are based on a certificate of origin (CO), which is valid for 12 months from the date of issue. The CO applies only to a single shipment of goods. JSEPA details the CO procedures in Article 31 of Chapter 3 of the Agreement and Annex IIb of the Agreement. JSEPA does not require a CO for shipments valued not more than JPY 200,000 or its equivalent.

Back-to-Back Certificate of Origin

Not applicable to JSEPA.

Third-party Invoicing

Not applicable to JSEPA.

Advance Rulings

JSEPA provides for advance rulings on whether a good qualifies as an originating good under Article 32 of the Agreement. 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 30 days to issue the written, binding advance ruling upon the receipt of all necessary information. The advance ruling is valid for three years from the issuance date; however, the importing Party may modify or revoke the advance ruling under conditions stated in Article 32.3.

Authorized Bodies

The CO issuing authorities are (i) the Japanese Ministry of Economy, Trade and Industry (METI), specifically its Origin Certification Policy Office of the Trade Administration Division under the Trade and Economic Cooperation Bureau, and (ii) Singapore Customs.

Post-Exportation Examination

To verify a good's origin, the importing Party may request the exporting Party to check the accuracy or authenticity of the CO within three years from the importation date. The government bodies authorized to conduct checks on the exporter or manufacturer are Japan Customs and the International Enterprise Singapore Board.

Document Retention Requirements

No specific requirement on exporters or producers on document retention. The post-exportation examination provision effectively requires them to maintain records relating to the goods origin for at least three years from the date of importation.

D. Relevant FTA Provisions

- Original Legal Text:
<http://www.mofa.go.jp/mofaj/area/singapore/kyotei/pdfs/honbun.pdf> (Japanese)
<http://www.mofa.go.jp/region/asia-paci/singapore/jsepa-1.pdf> (English)
- Amendments to the Legal Text:
http://www.mofa.go.jp/mofaj/gaiko/fta/j_asean/singapore/pdfs/giteisho.pdf (Japanese)
http://www.mofa.go.jp/region/asia-paci/singapore/jsepa_a/protocol_ba.pdf (English)
- Tariff Schedules, Annex I
<http://www.mofa.go.jp/region/asia-paci/singapore/jsepa-2.pdf> (English)
- Tariff Schedules, Annex I, Amended
http://www.mofa.go.jp/mofaj/gaiko/fta/j_asean/singapore/pdfs/f_01.pdf (Japanese)
http://www.mofa.go.jp/region/asia-paci/singapore/jsepa_a/annex1.pdf (English)
- Product-Specific Rules of Origin, Annex IIa, Amended
http://www.mofa.go.jp/mofaj/gaiko/fta/j_asean/singapore/pdfs/f_kaisei_a.pdf (Japanese)
http://www.mofa.go.jp/region/asia-paci/singapore/jsepa0711/attachment_a.pdf (English)