

Rules Of Origin



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Presented by Singapore Customs

**SINGAPORE
CUSTOMS**

We Protect Revenue, and Make Trade Easy, Fair and Secure

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- EUSFTA Rules Of Origin (ROO) criteria
- ROO for Originating Goods which are not wholly obtained or produced
- Export Procedures and Documentation (self-certification)
- Retention of Documents
- Best Industry Practices
- Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation



EUSFTA Rules Of Origin (ROO) criteria

How can companies in Singapore (primarily manufacturers) benefit?

- Have an understanding of the conditions under which the goods would qualify for preferential treatment
- This understanding includes the ROO requirements, what operations are considered as insufficient working or processing to confer originating status on goods and the export procedures and and documentation (self certification)



EUSFTA Rules Of Origin (ROO) criteria

- Full details are set out in Protocol 1 of the EUSFTA Legal Text
- Companies are urged to read the full text
- Please read Annex 2-A: Elimination of Customs Duties and Appendix 2-A-1: Tariff Schedule of Union of Chapter 2 (National Treatment and Market Access for Goods) of the EUSFTA Legal Text to obtain the appropriate preferential tariff rates for Singapore originating goods
- To confirm understanding, use ESG's Tariff Finder Tool



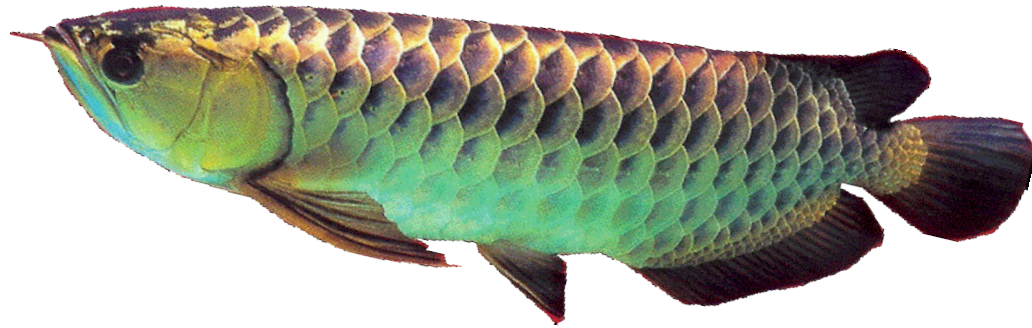
EUSFTA Rules Of Origin (ROO) criteria

Rules of Origin under the EUSFTA	
Goods Wholly Obtained or Produced	Goods are wholly obtained or produced in Singapore, as specified in Article 4 of Protocol 1 of the EUSFTA
For Goods Not Wholly Obtained or Produced excluding Asian Food Products specified in Annex B(a) of Protocol 1 of the EUSFTA	Goods are <u>manufactured</u> in Singapore and satisfy both Article 5 as well as the Product Specific Rules specified in Annex B of Protocol 1 of the EUSFTA.
For Asian Food Products Not Wholly Obtained or Produced specified in Annex B(a) of Protocol 1 of the EUSFTA within the allocated quota	Goods are manufactured in Singapore and satisfy both Article 5 as well as the Product Specific Rules specified in Annex <u>B(a)</u> of Protocol 1 of the EUSFTA.



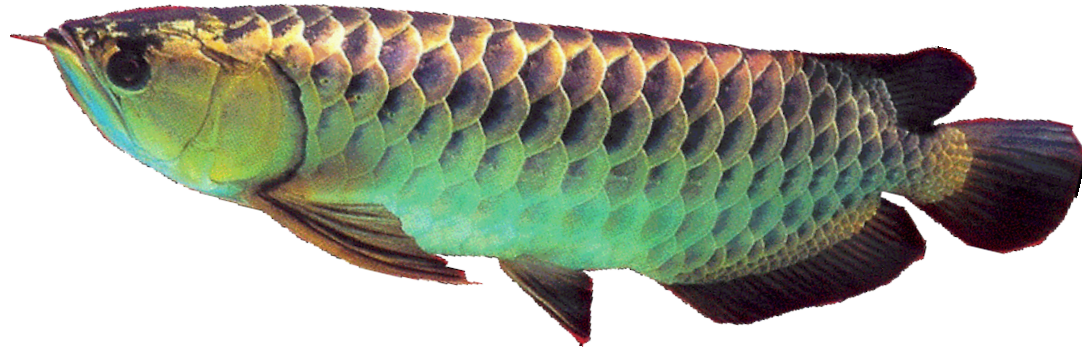
EUSFTA Rules Of Origin (ROO) criteria

Article 4 Wholly Obtained Products in a Party e.g. –



EUSFTA Rules Of Origin (ROO) criteria

Article 4 Wholly Obtained Products in a Party e.g. –



Products of aquaculture, where the fish, crustaceans and molluscs are **born and raised there**

The European Union, hereinafter referred to as “the Union”, and the Republic of Singapore, hereinafter referred to as “Singapore”,

hereinafter jointly referred to as the “Parties” or individually referred to as a “Party”,

Definition of “Party” found on 1st paragraph of Page 3 of the EUSFTA Legal Text



ROO for originating goods which are not wholly obtained or produced

- Under Article 5 - Sufficiently Worked or Processed Products, products which are not wholly obtained are considered as originating goods if they are
 - (i) sufficiently worked or processed and
 - (ii) met the Product Specific Rules (PSRs) in Annex B and B(a) of Protocol 1 of the EUSFTA



ROO for originating goods which are not wholly obtained or produced

- PSRs can be found in Annex B of Protocol 1 of the EUSFTA

For example

HS Heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status
8548	- Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
	- Electronic microassemblies	
ex Chapter 86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds; except for:	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
ex Chapter 87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof; except for:	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
HS Heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars:	Manufacture from materials of any heading, except that of the product. or Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
	– With reciprocating internal combustion piston engine of a cylinder capacity:	
	– – Not exceeding 50 cm ³	
	– – Exceeding 50 cm ³	
	– Other	
8714	Parts and accessories of vehicles of headings 8711 to 8713:	Manufacture in which the value of all the materials used does not exceed 45 % of the ex-works price of the product



ROO for originating goods which are not wholly obtained or produced

EUSFTA PSR RVC is on Ex-works price rather than Free On Board FOB price

Build-Up Method

$$QVC/RVC = \frac{\text{Value of Originating Materials} + \text{Direct Labour} + \text{Direct Overhead Cost} + \text{Profit}}{\text{Ex - works price of a Good}} \times 100\%$$

Build-Down Method

$$QVC/RVC = \frac{\text{Ex - works price} - \text{Value of Non - Originating Materials}}{\text{Ex - works price of a Good}} \times 100\%$$



ROO for originating goods which are not wholly obtained or produced

- Generally, the PSR requires the final product to be substantially transformed in Singapore
- Cross check the PSR
- Ensure that only products that meet the ROO in EUSFTA are self-certified as originating goods



ROO for originating goods which are not wholly obtained or produced

ASIAN Food Products - more liberal ROOs for Asian cuisine with an annual quota to help companies access the EU market
 PSR can be found in Annex B(a) of Protocol 1 of the EUSFTA

For example

HS Heading	Description of product	Qualifying operation	Annual quota for exports from Singapore into the Union in tons
ex16 01.00	Waxed sausages of chicken, pork and fresh liver (腊肠)	Manufacture from materials of any heading, except that of the product	500
ex16 02 32 ex16 02 41 ex16 02 49 ex16 02 50	Canned luncheon meat of pork, chicken and beef (午餐肉) various types of chilled hams Samosa of ground beef or chicken (萨莫萨三角饺) Dumplings of poultry meat (水饺) Chicken Shaomai (烧卖) Chicken Glutinous rice (糯米饭) Chicken and pork floss (肉松) Chicken Gyoza	Manufacture from materials of any heading, except that of the product	
ex16 03 00	Bottled essence of chicken series (鸡精)	Manufacture from	



ROO for originating goods which are not wholly obtained or produced

ASIAN Food Products

HS Heading	Description of product	Qualifying operation	Annual quota for exports from Singapore into the Union in tons
ex16 01.00	Waxed sausages of chicken, pork and fresh liver (腊肠)	Manufacture from materials of any heading, except that of the product	500
ex16 02 32	Canned luncheon meat of pork, chicken and beef (午餐肉)	Manufacture from materials of any heading, except that of the product	
ex16 02 41	various types of chilled hams		
ex16 02 49	Samosa of ground beef or chicken (萨莫萨三角饺)		
ex16 02 50	Dumplings of poultry meat (水饺) Chicken Shaomai (烧卖) Chicken Glutinous rice (糯米饭) Chicken and pork floss (肉松) Chicken Gyoza		
ex16 03 00	Bottled essence of chicken series (鸡精)	Manufacture from materials of any heading, except that of the product	

ROO under ASIAN Food Products under Annex B(a)

HS Heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status
1516 and 1517	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared Margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of heading 1516	Manufacture from materials of any heading, except that of the product
Chapter 16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	Manufacture in which all the materials of Chapters 2, 3 and 16 used are wholly obtained

ROO under PSR in Annex B

Comparing HS Heading Chapter 16.02.32 canned luncheon meat of pork, chicken and beef:

- Under Annex B(a), the raw material meat needs not be originating but under Annex B, it needs to be

The quota is managed by the European Commission. More details will be shared later.



ROO for originating goods which are not wholly obtained or produced

Article 6: Insufficient Working or Processing -

“operationsconsidered as insufficient working or processing to confer status of originating products...”

The list of insufficient working or operations as set out in Article 6 includes

(a) preserving operations to ensure product remain in good condition during transport/storage

(b) breaking-up and assembly of packages

...

(m) **Simple*** mixing of products, whether or not of different kinds; mixing of sugar with any material

...

(q) slaughter of animals



ROO for originating goods which are not wholly obtained or produced

Article 6 Insufficient Working or Processing –

Simple* means neither special skills nor machines, apparatus or tools especially produced or installed for those operations are required for their performance

Operations or processes described in Article 6, undertaken by themselves or in combination with each other **shall not** be taken into account when determining the originating status of a good



ROO for originating goods which are not wholly obtained or produced

Petrochemical sector – please take note of Note 8 of the Introductory Notes to Annex B of Protocol 1 of EUSFTA

Note 8 - Definition of specific processes and simple operations carried out in respect of certain products of Chapter 27

8.1. For the purposes of headings ex 2707 and 2713, the "specific processes" are the following:

- (a) vacuum-distillation;
- (b) redistillation by a very thorough fractionation process;
- (c) cracking;
- (d) reforming;
- (e) extraction by means of selective solvents;



ROO for originating goods which are not wholly obtained or produced

Chocolate confectionary makers – please take note of Note 4.2 of the introductory notes to Annex B of Protocol 1

4.2. In cases where the content of non originating sugar in a given product is subject to limitations, the weight of sugars of headings 1701 (sucrose) and 1702 (e.g., fructose, glucose, lactose, maltose, isoglucose or invert sugar) used in the manufacture of the final product and used in the manufacture of the non-originating products incorporated in the final product is taken into account for the calculation of such limitations.

HS Heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status
Chapter 18	Cocoa and cocoa preparations	Manufacture from materials of any heading, except that of the product, in which <ul style="list-style-type: none">– the individual weight of sugar¹ and of the materials of Chapter 4 used does not exceed 20 % of the weight of the final product, and– the total combined weight of sugar² and the materials of Chapter 4 used does not exceed 40 % of the weight of final product



ROO for originating goods which are not wholly obtained or produced

Accumulation –

- *The EU and Singapore are treated as a single production area*
- *Any good or material that originated from the EU will be deemed to have originated from Singapore, and vice versa, provided the good or material satisfies the EUSFTA origin requirements and is supported by an origin declaration by the supplier*



ROO for originating goods which are not wholly obtained or produced

ASEAN Cumulation

- Potential for ASEAN cumulation of materials originating in an ASEAN country for incorporation in a product obtained in SG, provided that ASEAN country has a Free Trade Agreement with the EU
- Presently, for a limited number of products as set out in Annex D of Protocol 1 of the EUSFTA, ASEAN cumulation would be permitted



Export Procedures and Documentation (self-certification)

- The EUSFTA operates on a self-certification basis
- No Manufacturing Cost Statements submission
- No Preferential Certificate of Origin issuance
- All exporters in Singapore can submit a declaration that their products are Singapore originating if the products had undergone sufficient working or processing and met the PSRs in the EUSFTA



Export Procedures and Documentation (self-certification)

This Singapore exporter

- has to have a Unique Entity Number UEN (i.e. not individuals)
- must submit a declaration on the invoice, or any other commercial document that certifies that the goods qualify as originating goods (hereinafter referred to as “Origin Declaration”)
- ensures the origin declaration contain, in English, the text and details set out in Annex E of Protocol 1 of the EUSFTA
- ensures the Origin Declaration describe the goods in sufficient detail to enable its identification by the importing customs authority.
- ensures the correct HS classification is used for the goods.



Export Procedures and Documentation (self-certification)

ORIGIN DECLARATION TEXT



The exporter of the products covered by this document (*Unique Entity Number of your company*) declares that, except where otherwise clearly indicated, these products are of Singapore preferential origin.

.....
(Place and date)

.....
(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)

Source: Annex E of Protocol 1 of the EUSFTA



Export Procedures and Documentation (self-certification)

When declaring TradeNet export permits

- On your TradeNet Export Permit declaration, select “**PRI**” under “Preference Duty Indicator ” data field
- It is mandatory to select “PRI” if the EU importer intends to claim preferential tariff treatment
- With this, Singapore Customs can be better able to assist companies if they face any denial of claims or requests for verification of claims by the EU authorities
- Check with your TradeNet software vendor if you are unable to locate the “Preference Duty Indicator” field





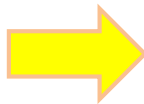
Circular No: 12/2018
07 Dec 2018

Manufacturers, Traders and Declaring Agents

Dear Sir/Madam

ADVISORY: TRADENET EXPORT PERMIT DECLARATION PROCEDURE FOR GOODS CLAIMING PREFERENTIAL TARIFF TREATMENT

This circular serves as a reminder on the procedure for Export Permit declarations via TradeNet. When declaring your export permit, you need to ensure that "PRI" is selected under the "Preferential Indicator" field. This is an indication that preferential tariff treatment will be claimed when the good is imported by your overseas importer. Singapore Customs noted that there have been occurrences of "PRI" not being selected under the "Preferential Indicator" field in the export permit declaration although the exporter has submitted an origin declaration on the invoice, or commercial document which certifies that the goods qualify as originating for their exports under the respective Free Trade Agreements (FTAs) self-certification or self-declaration scheme. This has resulted in inaccurate and incomplete information declared in the export permit applications.



"PRI" under the "Preferential Indicator" field

2 We would like to remind all manufacturers, traders and Declaring Agents that it is mandatory to select "PRI" under the "Preferential Indicator" field in TradeNet export permit declaration if your overseas importer would be claiming preferential tariff treatment based on the self-certification or self-declaration provisions under the respective FTAs listed in **Annex A**. For more information on self-certification or self-declaration scheme and the FTAs involved, please refer to the Frequently Asked Questions in **Annex A**. Please check with your TradeNet frontend solution vendor if you are unable to locate the "Preferential Indicator" field.

3 Please share the above information with your appointed logistics providers, and Declaring Agents who make export permit declarations on your behalf.



Self-Declaration regime - “Origin Declaration”

- Indicate **PRI** in Preference Duty Indicator field

The screenshot shows the 'Item Detail' form in the TradeXchange portal. The form contains the following fields and values:

Item Sequence Number:	* 1
HS Code:	* 95030021
Goods Description:	* DOLLS
Dangerous Goods:	<input type="checkbox"/>
Country of Origin:	* SG ?
HS Quantity:	* 10 NMB ?
CIF/FOB Value:	* 100 Exchange Rate
Optional Charges:	0 ? 0.0
Invoice Number:	
Invoice Date:	(dd/mm/yyyy)
Preference Duty Ind:	PRI



Retention of Documents

- Documents relating to the production and export shipments accompanied by the origin declaration should be kept for at least 3 years from the date on which the origin declaration was signed
- If there is unsupported representations or insufficient information received relevant to a claim that the good is originating, EU may deny the claim for preferential tariff treatment
- Companies can maintain records in any medium provided they can be retrieved and printed



Best Industry Practices

- Do

- Familiarise yourself with the qualifying origin criteria of your goods (there are many PSRs included in EUSFTA);
- Ensure materials or components classified as Singapore origin are indeed manufactured in Singapore and qualified as originating;
- Retain copies of origin declaration and all supporting documents for at least 3 years from the date on which the origin declaration was made out



Best Industry Practices

- Do Not

- Make an origin declaration without ensuring that the goods meet the origin criteria under EUSFTA;
- Agree to the request from customers to make incorrect origin declarations; and
- Re-label the country of origin of the good or its packaging as originating goods under EUSFTA when the goods are non-originating



Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation

Question: My EU buyer had requested me to register my company as an exporter on EU's Registered EXporter system (REX) before I can make out the Origin Declaration under EUSFTA?

Answer: False. REX is not applicable for Singapore exporters under the EUSFTA.



Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation

Question: My EU buyer said that my company could go to Singapore Customs to apply for a EUR.1 Certificate instead of making out an Origin Declaration under the EUSFTA?

Answer: False. Under Protocol 1 Article 16 General Requirements, products originating in the EU or SG shall benefit from preferential tariff treatment under the EUSFTA upon the submission of an Origin Declaration.

EUE1 Certificate is a “movement certificate” that enables importers in certain countries to import goods at a lower or nil rate of Customs Duty under trade agreements between the EU and beneficiary countries.



Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation

Question: EU has a FTA with Korea as well as with Singapore. Singapore exporters can issue a Back to Back Origin Declaration for made-in-Korea goods transhipped through Singapore and bound for EU such that the goods can benefit from preferential tariff treatment under the EU-Korea FTA?

Answer: False. The EU-Korea FTA and EU-Singapore FTA are bilateral agreements between the parties concerned. The correct document to cover such transshipment in which the goods retain its originating status is a Certificate of Non Manipulation, issued by Singapore Customs.



Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation

Question: I am a registered manufacturer with Singapore Customs and have exported goods under FTA. Can my product automatically be considered as an originating good under EUSFTA?

Answer: No. Each FTA has its own unique origin qualifying criteria. Companies should ensure that your product meets the qualifying criteria as set out in Protocol 1 of the EUSFTA before self certifying them as originating good.



Some Frequently Asked Questions (FAQ) on Export Procedures and Documentation

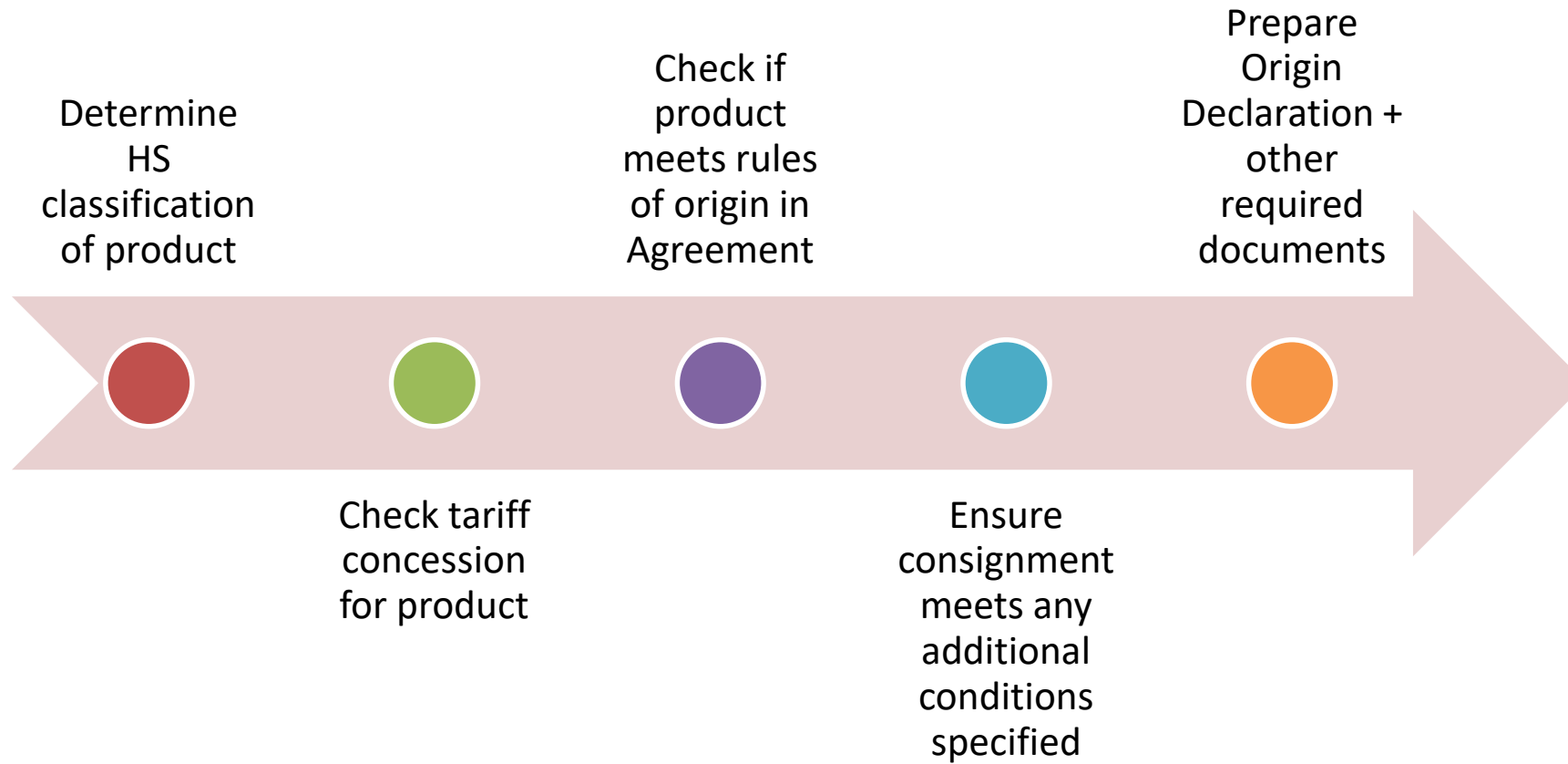
Question: Is my good eligible for preferential tariff treatment under the EUSFTA?

Answer: Please read Annex 2-A: Elimination of Customs Duties and Appendix 2-A-1: Tariff Schedule of Union of Chapter 2 (National Treatment and Market Access for Goods) of the EUSFTA Legal Text to obtain the appropriate preferential tariff rates for Singapore originating goods

To confirm understanding, use ESG's Tariff Finder Tool



Summary



Resources

For EUSFTA Legal Text, please click the following:

<https://www.enterprisesg.gov.sg/non-financial-assistance/for-singapore-companies/free-trade-agreements/ftas/Singapore-ftas/EUSFTA>

For ESG Tariff Finder tool, please click the following:

<https://www.enterprisesg.gov.sg/non-financial-assistance/for-singapore-companies/free-trade-agreements/ftas/tariff-finder>

For self-certification procedures and Customs documentation, please click the following:

<https://www.customs.gov.sg/businesses/certificates-of-origin/certificates-of-origin>



THE END

