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SINGAPORE CUSTOMS

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To: All Textile and Garment Manufacturers
registered with Classification and Statistics
Audit Branch of Singapore Customs



CERT. No : 98-2-087.
SS ISO 9001 : 2000

RULES OF ORIGIN FOR EXPORTS OF TEXTILE AND GARMENT PRODUCTS TO UNITED STATES UNDER THE UNITED STATES-SINGAPORE FREE TRADE AGREEMENT (USSFTA)

This circular outlines the salient points of the Rules of Origin requirements for textile and garment products and the operational procedures to be implemented on **1 Jan 2004** under the USSFTA. A separate circular no. 45/2003 for the export of non-textile products was sent out on 16 Dec 2003 and is available at : "<http://www.customs.gov.sg>".

Rules of Origin For Fabrics Manufactured in Singapore

2. Generally for fabrics to be considered as originating in Singapore, the yarns such as cotton, wool and most man-made staple fibres yarn, which are the main material used in its manufacture, must be produced in Singapore or the US. The subsequent processes such as the fabric making process and the finishing activities must also be carried out in Singapore. There are some exceptions to this "yarn forward", for e.g. the rule does not apply to production of silk fabrics. Please read the Product Specific Rules that are found in Annex 3A of USSFTA for the specific Rule of Origin for your product.

Rules of Origin For Garments Manufactured in Singapore

3. Generally, most garments need to comply with the yarn forward rule which requires that the following production patterns must be carried out in Singapore:

- a. yarns produced locally or in US;
- b. fabric making process;
- c. cutting of fabric into panels or knitting to shape;
- d. sewing and assembly of panels into garments; and
- e. finishing activities.

4. However, there are exceptions to the above rule. For instance, silk garments need to undergo only (c) to (e) to qualify as Singapore origin. There is also a special provision that if a particular type of yarn is designated as "short supply" in the US, garments using such yarn need only to undergo (c) to (e) to qualify as Singapore origin.

Bilateral Accumulation

5. Singapore and the US are treated as a single production area. This means that any good or material that originates in US is deemed to have originated in Singapore and vice versa, provided the good or material satisfies the rules of origin requirements under Annex 3A of the Agreement.

Tariff Preference Levels (TPL)

6. The US has offered tariff reduction of certain garments for up to 25 million square metre equivalents in the first year upon entry into force. This amount will be gradually reduced in equal installments over the next 8 years. This amount of TPL is offered to cotton and man-made fibre garments classified in HS Chapters 61 and 62 that are both cut (or knit to shape) and sewn or otherwise assembled in Singapore from fabric or yarn produced outside Singapore or US. Please check with the Lifestyle Division of IE Singapore at Tel No. 6337 6628 for details on the allocation of TPL.

Registration of Exporters of Singapore-Origin Textiles and Apparel Products

7. With effect from 1 Jan 2004, all exporters of Singapore-origin textiles and apparel products to the US are required to be registered with Singapore Customs prior to applying for Export Permits, Certificates of Origin or Textile Visa through the TradeNet. You can easily register electronically via our Trade Register System (TRS) at:

<http://www.traderegister.gov.sg/crnum.html>

8. If you are already registered with Singapore Customs for a Central Registration (CR) Number, you only need to select "Update of Particulars" and provide the additional information. If not registered, you must select "New Application" from the TRS.

9. The registration will be valid for 2 years from the date of approval and is renewable every 2 years. All registered exporters have to maintain relevant records of all documents related to each shipment of textiles and apparel products for a period of 5 years from the date of shipment.

Registration of Textile And Garment (T&G) Sub-Contractors

10. Registered T&G manufacturers may sub-contract their principal operations such as cutting and sewing to a sub-contractor in Singapore. For sub-contracted exports, we require you to declare the names(s) of the sub-contractor(s) in the export declarations. All subcontractors must register with the Singapore Customs. Failing which, we will reject the application of Certificate of Origin and/or textile Visa submitted by the T&G manufacturer. A Circular no. 29/2003 dated 12 Sep 2003 on the registration of sub-contractors was sent out to you earlier. You may wish to visit our Customs website to retrieve a copy of this circular.

Application Procedures for Preferential Certificate of Origin and Textile Visa

11. Under the USSFTA, it is the US importer that makes a claim for preferential treatment based on the importer's knowledge that the good qualifies as an originating good, or based on information in the importer's possession that the good qualifies as an originating good. However, the export of T&G products to US is subject to control by Singapore Customs. Hence for the export of T&G products qualifying as originating good or under the TPL, the

Singapore exporter or manufacturer will need to apply for a preferential Certificate of Origin (CO) and a textile Visa prior to the export of the goods so that Singapore Customs can monitor the production capacity of the said manufacturer. The information in the textile Visa will be transmitted to the US authority for their monitoring purposes.

12. You are required to apply and obtain approval of your export documents for T&G products from Singapore Customs at least **one working day** before the loading of your consignments on board the vessel or aircraft. This is also applicable to exports of T&G products of Singapore origin to the EU and Canada that are subject to quota and surveillance control.

13. The documentation procedures to apply for a preferential Certificate of Origin and textile Visa are as follows:

a. Step One - Factory Registration

The product must be manufactured by a T&G factory that is registered with the Classification and Statistics Audit (CSA) Branch of Singapore Customs.

To register, the T&G manufacturer must complete the "Application for Registration" Form obtainable from the CSA Branch. A softcopy of this Form is also available on download at "http://www.tradenet.gov.sg/trdnet/uploadedfiles/ecu_regn.doc". The manufacturer will submit the duly completed Form to the following address:

Singapore Customs
Classification and Statistics Audit Branch
55 Newton Road
#10-01 Revenue House
Singapore 307987

An officer from Singapore Customs will inspect the T&G factory to see that it has the machinery and manpower to manufacture the product and that it keeps proper books and records of its operations. If the application is successful, the manufacturer will receive a letter of approval from Singapore Customs together with a registration number.

For most of you, this procedure may not apply as you are already registered with CSA Branch. However for those who are producing new product lines, you are required to register your new product line with us. Please contact the CSA Branch to obtain the Application Form.

b. Step Two - Submission of Manufacturing Statement

Upon successful registration, the T&G manufacturer will submit to CSA Branch the Manufacturing Statement (MS) for each product style that you or your exporter intends to export to US. Sample copies of the relevant MS are in **Appendices A and B**. Appendix A is applicable for T&G products qualifying as originating good under the USSFTA and Appendix B is applicable for certain garment products qualifying for TPL. You will use the relevant format according to how you intend to qualify for preferential treatment.

We will verify your MS and inform you whether your product satisfies the origin criteria for the preferential CO or under TPL. With our approval letter for the MS, you or your exporter may apply for the preferential CO together with the textile Visa (where

applicable) to US. Each approved MS is valid for one year and must be updated annually or earlier when there are changes during the year.

c. Step Three – Applying for the Preferential CO and Textile Visa

You are advised to submit your application for the preferential CO together with the textile Visa (where applicable) prior to your export. You may create and submit the Certificate and Permit declarations electronically through TradeNet to Singapore Customs for processing and approval.

d. Step Four – Submission of Preferential CO and Textile Visa via TradeNet

For products qualifying as **originating goods**, you must declare for both Certificate Types as “18” and “0” for the preferential CO and textile Visa (if the same originating good is subject to quota and surveillance control) respectively when you declare your application via TradeNet. If the originating good is not subject to quota and surveillance control, you will need to declare only Certificate Type “18”. If you do not have the TradeNet software, you may engage your freight forwarder or a Service Centre to declare the application on your behalf.

For products qualifying under **TPL**, you must declare for both Certificate Types “18” and “0” (if the same originating good is subject to quota and surveillance control). In addition, you will need to declare “TPL” in the CA Product Code field at item level, its equivalent quantity and “SME” as the unit of measurement. If the originating good is not subject to quota and surveillance control, you will need to declare only Certificate Type “18” followed by the declaration of “TPL” in the CA Product Code field at item level, its equivalent quantity and “SME” as the unit of measurement. **Once approved, this preferential CO will also be known as a Certificate of Eligibility. For products qualifying under “TPL”, you will need to send the Certificate of Eligibility to your importer so that he can present it at the US port of clearance.**

TPL Quotas vs Current Quotas

14. Like the current administration of the non-preferential quotas, the Lifestyle Division of IE Singapore also administers the TPL quotas. Garment manufacturers must first ensure that they have obtained the requisite quotas from IE Singapore before submitting their application for the preferential CO and textile Visa for year 2004. The TPL quota will be deducted based on the date of departure from Singapore as shown in the preferential CO application. The TPL quota will only be valid if the shipment is cleared by US Customs and Border Protection Bureau in the same year as the date of departure from Singapore. This is because the US will deduct TPL quotas based on the date of clearance by the US Customs and Border Protection Bureau.

Verification of Origin

15. The US Customs and Border Protection Bureau may conduct a verification of origin by requesting the manufacturer or exporter to provide information directly to them or through the US importer. The exporter or manufacturer who completed the origin declaration should provide a copy of the origin declaration and all documents used to support the originating status of each product listed in the origin declaration. Singapore Customs shall also have the right to carry out inspections of the exporter's accounts or any other controls and documents considered appropriate.

16. Upon request by the US Customs and Border Protection Bureau, Singapore Customs may facilitate visits to the premises of the Singapore manufacturer in order to verify the origin/preferential claims made by the US importer. Singapore manufacturers are advised that if you refuse to consent to the request, the preferential claim by the importer may be rejected by the US Customs and Border Protection Bureau. In addition, the US Customs and Border Protection Bureau may require your importer to pay back the full duty plus interests and penalties, if any, for previous shipments exported by you. In this regard, you should extend your fullest co-operation to the officers from Singapore Customs, the US Customs and Border Protection Bureau and to such other authorised officers when they conduct the on-site visits to your premises in Singapore.

Retention of Documents

17. Documents relating to the production and shipment of exports, CO or textile Visa should be kept for at least 5 years for post-verification checks by the Singapore Customs or the US Customs and Border Protection Bureau. This includes production records of companies who are involved in Outward Processing Arrangement even though these exports do not enjoy preferential tariff treatment when imported into US.

18. The production records to be retained should include the following:

- a. records demonstrating that the materials used to produce or assemble textile and apparel goods were obtained or produced by the local manufacturer and were available for production, such as:
 - i. bills of lading from the persons that supplied the materials;
 - ii. customs clearance records or equivalent records if the materials were imported into Singapore; and
 - iii. transaction records, including:
 - commercial invoices, if the materials were purchased,
 - transfer records,
 - mill certificates if the materials were spun, extruded for yarns or woven, knitted or formed by any other fabric forming process (for example, tufting) by a local manufacturer,
 - production records if the local manufacturer produced the materials, and
 - purchase orders if the materials were imported from a foreign producer, broker, trader, or other intermediary;
- b. with respect to textile and apparel goods the local manufacturer has produced that are claimed as originating goods or under TPL quota or marked as products of Singapore, production records that substantiate the claim or marking, such as:
 - i. cutting records for products assembled from cut components;
 - ii. assembly or production records that the production manager maintains on the factory floor that document daily production, including workers' daily production records, wage records, production steps and sewing tickets; and

- iii. employee time cards, payment records or other documentation showing which employees were working, how long they worked and what work they performed during the period the goods were produced;
- c. with respect to textile and apparel goods that a subcontractor has produced in whole or part for the local manufacturer and that that are claimed as originating goods or under TPL quota or marked as products of Singapore, records that substantiate the claim, such as:
 - i. cutting records for products assembled from cut components;
 - ii. if partially assembled by the subcontractor, production records documenting the partial assembly;
 - iii. bills of lading; and
 - iv. transfer documents to the shipper or primary contractor and proof of payment by the shipper or primary contractor for the work done;
- d. records establishing which production process took place outside the territory of Singapore, if a portion of the processing or operations was conducted there under the Outward Processing Arrangement, such as:
 - i. records demonstrating export from Singapore of materials, components, subassemblies or finished goods for processing; and
 - ii. customs records or records containing equivalent information, such as cargo manifests, showing re-importation into Singapore of the goods after processing.

Advance Ruling on Country of Origin

19. The Singapore manufacturer may apply for an Advance Ruling to determine whether his good qualifies as an originating good based on the production carried out in Singapore. Applications are to be made in writing to the US at the following address:

US Customs and Border Protection Bureau
 Office of Regulations & Rulings
 1300 Pennsylvania Avenue, N.W.
 Washington, D.C. 20229
 United States of America


Website for Downloading of Agreement

20. For other details on the USSFTA, please refer to MTI's website at: "http://www.mti.gov.sg/public/FTA/frm_FTA_Default.asp?sid=36". Of particular relevance to this notice will be **Chapter 3 [Rules of Origin] from pages 19 to 33 of the Agreement.**

21. We encourage you to familiarise yourself with the requirements of the Rules of Origin and take advantage of the benefits of the USSFTA for your exports to the US. Please highlight the contents of this circular to other colleagues in your organisation and business partners if relevant.

Enquiries

22. For further enquiries, you may call our Customs Call Centre at telephone number 6355-2000 followed by (*) (0).


f.

MRS LAM MENG CHOO
HEAD
CLASSIFICATION AND STATISTICS AUDIT BRANCH
for DIRECTOR-GENERAL OF CUSTOMS

SAMPLE FORMAT

MANUFACTURING STATEMENT FOR THE EXPORT OF TEXTILE AND GARMENT PRODUCTS UNDER THE USSFTA

Name of Manufacturer : _____ CR No : _____
 Description of Product : _____ HS Code: _____
 Style No : _____ Unit Price: : S\$ _____ (FOB)
 Country exported to : US _____

This Statement is for _____ Unit(s)

Date of Statement : _____

	Country of Origin	HS Code (for imported raw materials only)	Supplier's Name (if Locally Manufactured)
1 Raw Materials, (Please give detailed breakdown. If fabric is supplied by US or Singapore manufacturers, please provide Textile Mill Certificate Number.) a) b) c) d) e) f) g) h) i) j)			

Declaration : I declare that the information provided by me is true and correct. I will permit as and when required, inspection of our factory/goods by officers of the Singapore Customs and undertake to maintain up-to-date costing records. I am aware that under the USSFTA, I am required to keeping all shipping and production records pertaining to the consignment for a period of not less than 5 years.

 Name of Managing Director

 Signature

This statement is prepared by :

Signature : _____

Tel : _____

(Please see Overleaf for Guidelines)

SINGAPORE CUSTOMS

CLASSIFICATION & STATISTICS AUDIT BRANCH

GUIDELINES ON THE PREPARATION OF THE MANUFACTURING STATEMENT

The following procedures will apply when submitting the Manufacturing Statement for the Singapore Customs' verification:

- 1) Check with the Classification & Statistics Audit Branch of the Singapore Customs on the origin criteria that your product must comply with to qualify for preferential treatment.
- 2) Prepare the Statement for every product style to be exported. This must be prepared on your Company's letterhead according to the format prescribed by the Classification & Statistics Audit Branch.
- 3) Submit your Statement for the product which must reach the Classification & Statistics Audit Branch at least 7 working days before the export of goods.
- 4) Submit supplier's invoice of every material used which is manufactured in US or locally.
- 5) Update your costing yearly or earlier when there are variations in your prices, costs, sources of materials used, etc.
- 6) Ensure that the Statement is declared to be true and correct by the Managing Director and the Accountant.
- 7) Contact the Classification & Statistics Audit Branch for advice when you need clarification in preparing the Statement.

SAMPLE FORMAT

MANUFACTURING STATEMENT FOR THE EXPORT OF CERTAIN GARMENT PRODUCTS USING TPL UNDER THE USSFTA

Name of Manufacturer : _____ CR No : _____
 Description of Product : _____ HS Code: _____
 Style No : _____ Unit Price: : S\$ (FOB) _____
 Country exported to : US _____

This Statement is for _____ Unit(s) Date of Statement : _____

	Country of Origin	HS Code (for imported raw materials only)	Supplier's Name (if Locally Manufactured)
1 Raw Materials, (Please give detailed breakdown)			
a)			
b)			
c)			
d)			
e)			
f)			
g)			
h)			
i)			
j)			

To qualify for TPL quota, the cotton or man-made fibre garment must have undergone cutting or knitting to shape, sewing and the finishing activities in Singapore, resulting in a change of HS Code Heading from the raw material to the finished products.

Declaration : I declare that the information provided by me is true and correct. I will permit as and when required, inspection of our factory/goods by officers of the Singapore Customs and undertake to maintain up-to-date costing records. I am aware that under the USSFTA, I am required to keeping all shipping and production records pertaining to the consignment for a period of not less than 5 years.

Name of Managing Director

Signature

This statement is prepared by :

Signature : _____

Tel : _____

(Please see Overleaf for Guidelines)

SINGAPORE CUSTOMS

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GUIDELINES ON THE PREPARATION OF THE MANUFACTURING STATEMENT

The following procedures will apply when submitting the Manufacturing Statement for the Singapore Customs' verification:

- 1) Check with the Classification & Statistics Audit Branch of the Singapore Customs on the origin criteria that your product must comply with to qualify for preferential treatment.
- 2) Prepare the Statement for every product style to be exported. This must be prepared on your Company's letterhead according to the format prescribed by the Classification & Statistics Audit Branch.
- 3) Submit your Statement for the product which must reach the Classification & Statistics Audit Branch at least 7 working days before the export of goods.
- 4) Submit supplier's invoice of every material used which is manufactured in US or locally.
- 5) Update your costing yearly or earlier when there are variations in your prices, costs, sources of materials used, etc.
- 6) Ensure that the Statement is declared to be true and correct by the Managing Director and the Accountant.
- 7) Contact the Classification & Statistics Audit Branch for advice when you need clarification in preparing the Statement.