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SINGAPORE CUSTOMS

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To: All Manufacturers registered with
Documentation Specialists Branch of
Singapore Customs



RULES OF ORIGIN UNDER THE KOREA-SINGAPORE FREE TRADE AGREEMENT (KSFTA)

The KSFTA will be implemented on 2 Mar 2006. This Circular outlines the salient points of the Rules of Origin requirements and operational procedures for exports of originating goods claiming tariff preference in Korea.

Rules of Origin for Originating Goods

2. Your product may qualify for the preferential tariff treatment for importation into Korea under the following rules of origin:

- a. Product wholly produced or obtained in Singapore; or
- b. Product satisfying the Product Specific Rules as specified in Annex 4A of the Agreement, where applicable.

3. For manufactured products, the majority of you will need to comply with para 2(b) above. The details can be found in the Rules of Origin (Chapter 4) and Product Specific Rules (Annex 4A) of the Agreement which are available at: "http://app.fta.gov.sg/data/fta/file/KSFTA_final_KSFTA.pdf". You are advised to first ascertain whether your products have been accorded tariff preference by Korea before you apply for certification.

Documentation Procedures

4. In order for your importer to claim preferential tariff, you must apply for the preferential Certificate of Origin (CO) and Export Permit from Singapore Customs before you export the goods. A sample copy of the preferential CO is attached in **Annex A** for your reference.

5. The documentation procedures are as follows:

a. Step One - Factory Registration

The product must be manufactured by a factory that is registered with the Documentation Specialists Branch (DSB) of Singapore Customs. If you are not the manufacturer of the product and you wish to apply for a preferential CO for export to Korea, you should confirm that the manufacturer in Singapore has met this requirement.

To register, the manufacturer must complete the "Application for Registration" Form and eFile the application via the following website:

["http://www.customs.gov.sg/eservice/maineservice.html"](http://www.customs.gov.sg/eservice/maineservice.html)

Upon receipt of the application, Singapore Customs will issue a letter of approval together with a registration number to the manufacturer. This will be followed by an inspection visit to the factory to ascertain that it has the necessary machinery and manpower to manufacture the product and that it keeps proper books and records of its operations.

For most of you, this procedure may not apply as you are already registered with DSB. However, for those who are producing new product lines, you are required to register your new product line with Singapore Customs.

b. Step Two - Submission of Manufacturing Cost Statement

Upon successful registration, the manufacturer is required to submit to DSB the Manufacturing Cost Statement (MCS) for each product model to be exported. A sample copy of the MCS is in Annex B.

DSB will verify your MCS and inform you whether your product satisfies the origin criteria for the preferential CO. With our approval letter for the MCS, you or your exporter may apply for the preferential CO when your goods are exported to Korea. Each approved MCS 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 Export Permit

You must apply for the preferential CO and Export Permit electronically through TradeNet® before exporting your goods.

d. Step Four - Submission of Preferential CO via TradeNet®

You must declare the Certificate Type as "18" in your application for CO via TradeNet®. If you do not have the TradeNet® software, you may engage your freight forwarder or a Service Centre to apply for it on your behalf.

In addition to the normal requirements, please **declare the corresponding 6-digit HS code of your product and origin criterion** in the "Certificate Item Description" field as part of your consignment details in the preferential CO. The Korea Customs Authority requires this information to be declared in the preferential CO to facilitate clearance of goods. The applicable origin criterion is

listed below. Please contact the DSB if you need clarification on origin criterion text to be used for your exports.

Rules of Origin Criterion	Text to Appear in Description of Goods column of the CO
(a) Products wholly produced or obtained in Singapore.	Origin Criterion : "A"
(b) Products satisfying the Change in Tariff Classification Rule specified in the Product Specific Rules (Annex 4A) of the Agreement.	Origin Criterion : "B"
(c) Products satisfying the Local Value Content Rule specified in the Product Specific Rules (Annex 4A) of the Agreement.	Origin Criterion : "C"
(d) Products satisfying both the Change in Tariff Classification Local Value Content Rules specified in the Product Specific Rules (Annex 4A) of the Agreement.	Origin Criterion : "D"
(e) Products qualifying for Special Treatment as stipulated in Article 4.3 of the Agreement. This condition does not apply to Singapore.	Origin Criterion : "E"
(f) Products satisfying the Outward Processing Requirements as stipulated in Article 4.4 of the Agreement.	Origin Criterion : "F"

Retention of Documents

6. Documents relating to the production and shipment of exports accompanied by the preferential CO should be kept for at least 5 years for post-verification checks by the Singapore Customs or the Korean Customs authorities.

Website for Downloading of Details of Agreement

7. The full details on KSFTA is available in the Ministry of Trade and Industry's (MTI) website at: "http://app.fta.gov.sg/data/fta/file/KSFTA_final_KSFTA.pdf".

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

Operational Procedures for Preferential Tariff for Imports from Korea

9. Another Circular 06/2006 dated 17 Feb 2006 relating to preferential tariff for imports under the KSFTA will be separately issued. Both circulars can be downloaded at "<http://www.customs.gov.sg>".

Enquiries

10. For enquiries, you may:
 - a. call our Customs Call Centre at telephone number 6355-2000 on the application procedures for the preferential CO under KSFTA; and
 - b. raise your queries to MTI via the feedback form available at MTI's FTA website (<http://www.fta.gov.sg>) on clarification of tariff reduction.



MRS LAM MENG CHOO
HEAD
DOCUMENTATION SPECIALISTS BRANCH
for DIRECTOR-GENERAL OF CUSTOMS

1 Exporter (Name & Address) CR No.	<p style="text-align: center;">REPUBLIC OF SINGAPORE</p> <p style="text-align: center;">KOREA SINGAPORE FREE TRADE AGREEMENT</p> <p style="text-align: center;">PREFERENTIAL CERTIFICATE OF ORIGIN</p> <p style="text-align: center;">No.</p> <p style="text-align: center;">NO UNAUTHORISED ADDITION/ALTERATION MAY BE MADE TO THIS CERTIFICATE</p>	
2 Consignee (Name, Full Address & Country)		
3 Departure Date	<p>8 DECLARATION BY THE EXPORTER</p> <p>We hereby declare that the details and statements provided in this Certificate are true and correct.</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Designation: _____ Stamp</p> <p>Date: _____</p>	
4 Vessel's Name/Flight No.		
5 Port of Discharge		
6 Country of Final Destination		
7 Country of Origin of Goods		
9 Marks & Numbers	<p>10 No. & Kind of Packages Description of Goods (include brand names if necessary)</p> <p>HS Subheading:</p> <p>Origin Criterion:</p>	11 Quantity & Unit
<p>12 CERTIFICATION BY THE COMPETENT AUTHORITY</p> <p>We hereby certify that evidence has been produced to satisfy us that the goods specified above originate in the country shown in box 7.</p>		

MANUFACTURING-COST STATEMENT FOR PRODUCT QUALIFYING FOR EXPORT UNDER THE KSFTA

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

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

	* HS Code	Country Origin	of	Supplier's Name (if Locally Manufactured)	Unit Cost (CIF)			
					Local	Korea	Foreign	Total
1. Raw Materials, (Please give detailed breakdown)								
a)								
b)								
c)								
d)								
e)								
f)								
g)								
h)								
2. Direct Labour Cost : Wages Other benefits (CPF, medical benefits etc) (Please give detailed breakdown)								
3. Direct Overhead Cost : (eg Factory rent, Depreciation costs, Maintenance) (Please give detailed breakdown)								
4. Ex-Factory Cost (1+2+3)								
5. Profit								
6. Ex-Factory Price (4+5)								

* Only for non-originating materials.

Calculation

$$\text{Regional Value Content} = \frac{\text{Customs Value (FOB)} - \text{Value of Non-Originating Materials (Foreign material cost)}}{\text{Customs Value (FOB)}} \times 100 = \text{ \% }$$

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.

Signature & Name of Managing Director

Signature & Name of Accountant

This Statement is prepared by :

Signature : _____

Tel: _____

(Please see next page for Guidelines)

SINGAPORE CUSTOMS

DOCUMENTATION SPECIALISTS 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 Documentation Specialists 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 model to be exported. This must be prepared on your Company's letterhead according to the format prescribed by the Documentation Specialists Branch.
- 3) Submit your Statement for the product to reach the Documentation Specialists Branch at least 7 working days before the export of goods.
- 4) Give actual cost (applicable for local value content) of materials used, labour and overhead costs in each Statement. Projection of production costs is not allowed.
- 5) Submit supplier's invoice of every material used that is manufactured locally. For materials of Korea origin, please provide supplier's invoice or any other documentary proof that materials originated from Korea.
- 6) Update your Statement yearly or earlier when there are variations in your prices, costs, sources of materials used, etc.
- 7) Ensure that the Statement is declared to be true and correct by the Managing Director and the Accountant.
- 8) Contact the Documentation Specialists Branch for advice when you need clarification in preparing the Statement.