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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 ASEAN KOREA FREE TRADE AGREEMENT (AKFTA) TRADE IN GOODS (TIG) AGREEMENT

We are pleased to inform you that the AKFTA TIG Agreement will be implemented on 1 June 2007. This Circular outlines the salient points of the Rules of Origin requirements and operational procedures for exports of originating goods claiming tariff preference in ASEAN¹ and Korea.

2. The Agreement on Trade in Good (TIG) does not have a common list of products which are subjected to a common tariff reduction. Instead each Party has a list of products that are subjected to tariff reductions at different time frames. You are advised to refer to the Annexes to the AKFTA TIG agreement (<http://www.aseansec.org/akfta.htm>) to obtain the appropriate preferential tariff rate that your importer can enjoy for your products before applying for a Certificate of Origin for export to ASEAN or Korea.

Rules of Origin for Originating Goods

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

- a. Product wholly produced or obtained in Singapore;
- b. Product satisfying the Product Specific Rules as specified in Appendix 2 to Annex 3 of the Agreement, where applicable; or
- c. Product meeting the local value or the cumulative value content of 40% **or** a change in tariff heading (4 digits) between the end product and the non-originating materials that are used in production. This rule is applicable for products which are not listed in the Product Specific Rules.

4. For manufactured products, the majority of you will need to comply with either para 3(b) in the case of products where specific rules of origin have been offered or para 3(c). The details can be found in the Product Specific Rules (Appendix 2 to Annex 3) and Rules of

¹ Please note that Thailand is not a Party to the ASEAN-Korea FTA.

Origin (Annex 3) of the Agreement which are available at: “<http://www.aseansec.org/akfta.htm>”. You are advised to first ascertain whether your products have been accorded tariff preference before you apply for certification.

Application of Back-to-Back Form AK Certificate of Origin (CO)

5. As provided for in Rule 7 of the Operational Certification Procedures, the Agreement also allows for the application of Back-to-Back Form AK CO. This is applicable for AKFTA origin goods that are re-exported by the same trader from Singapore to another AKFTA country.

Documentation Procedures for Singapore-origin Products

6. In order for your importer to claim preferential tariff, you must apply for the Form AK CO and Export Permit from Singapore Customs when you export the goods. The documentation procedures for Singapore origin products 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 Form AK CO for export to ASEAN and Korea, you should confirm that the manufacturer in Singapore has met this requirement.

To register, the manufacturer may efile the "Application for Registration" via the following website:

“<http://www.customs.gov.sg/topNav/ese/Online+Services+and+Forms.htm>”

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 attached **Annex A**.

DSB will verify your MCS and inform you whether your product satisfies the origin criteria for the Form AK CO. With our approval letter for the MCS, you or your exporter may apply for the Form AK CO when your goods are exported to ASEAN or

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 Form AK CO and Export Permit

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

d. Step Four - Submission of Form AK CO via TradeNet®

You must declare the Certificate Type as "23" 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.

You should also take note of the following instruction when declaring the origin criterion text in the CO application as the details will be printed in box 8 of the said CO form:

Rules of Origin Criterion	Text to Appear in Box 8 of CO
(a) Goods wholly obtained or produced in the territory of the exporting Party	"WO"
(b) Goods satisfying Rule 4.1 of Annex 3 (Rules of Origin) of the AKFTA	"CTH" or "RVC 40%"
(c) Goods satisfying the Product Specific Rules (Appendix 2 of Annex 3: Product Specific Rules)	
- Change in Tariff Classification	"CTC"
- Wholly Obtained or Produced in the territory of any party	"WO-AK"
- Regional Value Content	"RVC" that needs to be met for the good to qualify as originating; e.g. "RVC 45%"
- Regional Value Content + Change in Tariff Classification	The combination rule that needs to be met for good to qualify as originating; e.g. "CTH + RVC 40%"
- Specific Processes	"Specific Processes"

Documentation Procedures for Back-to-Back Form AK CO

7. Please note that if you are applying for Back-to-Back Form AK CO, the above procedures in paragraphs 6 (a) to (b) do not apply to you. However, you need to select the Certificate Type “22” to indicate that you are applying for a Back-to-Back Form AK CO in the TradeNet® software since you are re-exporting AKFTA origin goods to another AKFTA country. The usual documentary requirements for back-to-back CO applications will apply.

Usage of the FORM AK CO

8. A sample copy of the Form AK CO is in attached **Annex B** for your reference. Form AK CO comprises one original copy and two carbonised copies all in white colour.

9. Upon approval, Singapore Customs will retain the Duplicate copy of Form AK CO and return the Original and Triplicate copies to the applicant. The exporter must sign all the copies of the Form AK CO before dispatching the Original copy to his importer. This CO is valid for 6 months from the date of issuance. The exporter should retain the Triplicate copy for record keeping. The importer shall present the Original copy to his Customs Authority upon clearance of goods at the port.

10. Please note that the AK Form CO has an additional column 13 which may be applicable to some of you. Exporters are required to indicate a tick (✓) in the appropriate box of column 13 of Form AK CO in the following scenarios.

- a. Invoices which are issued by a third country, “the Third Country Invoicing” box must be indicated with a tick (✓) and information such as name and country of the issuing company must be indicated in box 7.
- b. Goods are sent from the territory of the exporting Party for exhibition in another country and sold during or after the exhibition for importation into the territory of a Party, in accordance with Rule 20 of the Operational Certification Procedures, the “Exhibition” box should be ticked (✓) and the name and address of the exhibition indicated in box 2.
- c. For Back-to-Back CO, the Back-to-Back CO box should be indicated with a tick (✓) in accordance with Rule 7 (2) of the Operational Certification Procedures.

Retention of Documents

11. Documents relating to the production and shipment of exports accompanied by the Form AK CO should be kept for at least 3 years for post-verification checks by the Singapore Customs or ASEAN and Korea Customs authorities.

Website for Downloading of Details of Agreement

12. The full details on AKFTA are available in ASEAN Secretariat website at: “<http://www.aseansec.org/akfta.htm>”.

13. We encourage you to familiarise yourself with the Rules of Origin requirements and take advantage of the benefits of the AKFTA for exports to ASEAN and 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 ASEAN and Korea

14. The preferential tariff for imports under the ASEAN Korea Free Trade Agreement is not applicable for the time being. Singapore can only reciprocate when ASEAN or Korea offers to give tariff concessions for the 4 dutiable products (i.e beer, stout, samsu and medicated samsu). Another circular will be issued when the preferential tariff for import into Singapore is applicable later.

Enquiries

15. For enquiries, you may:

- a. call our Customs Call Centre at telephone number 6355-2000 on the application procedures for Form AK CO; and
- b. raise your queries to IE Singapore via the feedback form available at IE Singapore’s FTA website (<http://www.iesingapore.gov.sg>) on clarification of tariff reduction.



WINSTON TAY
HEAD
DOCUMENTATION SPECIALISTS BRANCH
for DIRECTOR-GENERAL OF CUSTOMS

SAMPLE FORMAT

COST STATEMENT FOR THE EXPORT OF PRODUCT UNDER THE AKFTA

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

This Cost Statement is for _____ Unit(s)

Date of Cost Statement : _____

	HS Code *	Country of Origin	Supplier's Name (if Locally Manufactured)	Unit Cost (CIF)			
				Local	Foreign	ASEAN or Korea	Total
1. Raw Materials, Parts & Components (Please give detailed breakdown)							
a)							
b)							
c)							
d)							
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)							

* Please declare the HS Subheading Code (first 6-digit) of foreign materials and materials of undetermined origin.

Calculations :

$$1. \text{ Single Country Content} = \frac{\text{Local Material Cost + Direct Labour \& Direct Overheads + Profit}}{\text{FOB Price}} \times 100 = \text{ \%}$$

OR

$$2. \text{ AKFTA Cumulative Content} = \frac{\text{Local, ASEAN \& Korea Material Cost + Direct Labour \& Direct Overheads + Profit}}{\text{FOB Price}} \times 100 = \text{ \%}$$

(See Note 5 overleaf)

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 cost statement is prepared by :

Signature : _____

Tel :

(Please see next page for Guidelines)

SINGAPORE CUSTOMS

DOCUMENTATION SPECIALISTS BRANCH

GUIDELINES ON THE PREPARATION OF THE MANUFACTURING COST STATEMENT

The following procedures will apply when submitting the Manufacturing Cost Statement for the Documentation Specialists Branch's 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 Cost 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 Cost Statement for the product which must reach the Documentation Specialists Branch at least 7 working days before the export of goods.
- 4) Give actual cost of materials used, labour and overhead costs in each Cost Statement. Projection of production costs is not allowed.
- 5) Submit supplier's invoice for
 - a. every material used that is manufactured locally; and
 - b. material used is of ASEAN or Korea origin and you wish to qualify your product under the AKFTA Cumulative Content.

For item (b), you must obtain the Form AK CO as proof that the material originates in ASEAN or Korea.

- 6) Update your costing yearly or earlier when there are variations in your prices, costs, sources of materials used, etc.
- 7) Ensure that the Cost 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 Cost Statement.

ORIGINAL

1. Goods consigned from (Exporter's business name, address, country)		Reference No. <p style="text-align: center;">ASEAN-KOREA FREE TRADE AREA PREFERENTIAL TARIFF CERTIFICATE OF ORIGIN (Combined Declaration and Certificate)</p> <p style="text-align: center;">FORM AK</p> <p style="text-align: center;">Issued in Singapore</p> <p style="text-align: right;">See Notes Overleaf</p>	
2. Goods consigned to (Consignee's name, address, country)		3. Means of transport and route (as far as known) <p>Departure Date</p> <p>Vessel's Name/Aircraft etc.</p> <p>Port of Discharge</p>	
4. For official use <p><input type="checkbox"/> Preferential Treatment Given Under ASEAN-Korea Free Trade Area Preferential Tariff</p> <p><input type="checkbox"/> Preferential Treatment Not Given (Please state reason/s)</p> <p style="text-align: center;">..... Signature of Authorised Signatory of the Importing Country</p>		5. Item number	
6. Marks and numbers on packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing country)	8. Origin Criterion (see Notes overleaf)	9. Gross weight or other quantity and value (FOB)
10. Number and date of Invoices		11. Declaration by the exporter <p>The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in</p> <p style="text-align: center;">_____ (Country)</p> <p>and that they comply with the origin requirements specified for those goods in the ASEAN-KOREA Free Trade Area Preferential Tariff for the goods exported to</p> <p style="text-align: center;">_____ (Importing Country)</p> <p>..... Place and date, signature of authorised signatory</p>	
12. Certification <p>It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>..... Place and date, signature and stamp of certifying authority</p>		13. <p><input type="checkbox"/> Third Country Invoicing <input type="checkbox"/> Exhibition <input type="checkbox"/> Back-to Back CO</p>	