



GrowingEnterprises<sup>SG</sup>

# FTA Webinar Series: Tariff Finder

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# Webinar Agenda

- 1. Introduction to EnterpriseSG**
- 2. What are FTAs?**
- 3. FAQs**
- 4. Rules of Origin**
- 5. Introducing the Tariff Finder**

# We're part of a larger family that looks at growing Singapore's economy



Grow inward investment and overall development of the enterprise ecosystem in Singapore



Grow stronger Singapore enterprises by **building capabilities, strengthening innovation and accessing global opportunities**



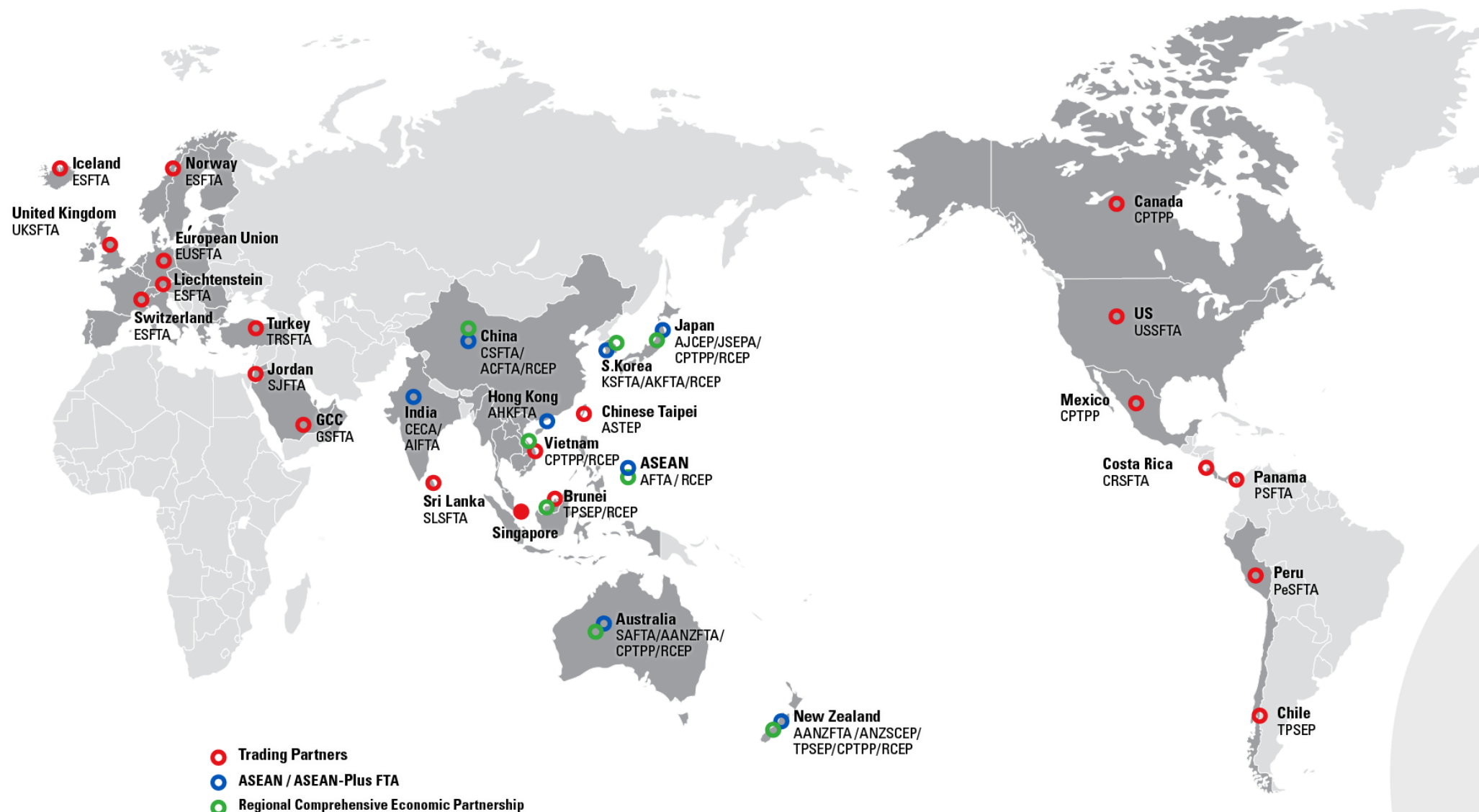
Develop industrial infrastructure to grow new industries and transform existing enterprises



Foster world-class scientific research and nurture scientific talent to develop a vibrant knowledge based Singapore



# Singapore's Network of FTAs/EPAs – 28 agreements in Force with 65 Trading Partners



# Commitments for liberalization vary between FTAs, so no two FTAs are exactly the same.

### Multilateral

- ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)
- ASEAN-China Free Trade Area (ACFTA)
- ASEAN-Hong Kong, China Free Trade Area (AHKFTA)
- ASEAN-India Free Trade Area (AIFTA)
- ASEAN-Japan Comprehensive Economic Partnership (AJCEP)
- ASEAN-Korea Free Trade Area (AKFTA)
- ASEAN Free Trade Area (AFTA)
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- EFTA-Singapore Free Trade Agreement (ESFTA)
- GCC-Singapore Free Trade Agreement (GSFTA)
- Regional Comprehensive Economic Partnership (RCEP)
- Trans-Pacific Strategic Economic Partnership (TPSEP)

Source: <http://www.enterprisesg.gov.sg/FTA>

### Bilateral

- China-Singapore Free Trade Agreement (CSFTA)
- European Union-Singapore Free Trade Agreement (EUSFTA)
- India-Singapore Comprehensive Economic Cooperation Agreement (CECA)
- Japan-Singapore Economic Partnership Agreement (JSEPA)
- Korea-Singapore Free Trade Agreement (KSFTA)
- New Zealand-Singapore Comprehensive Economic Partnership (ANZSCEP)
- Panama-Singapore Free Trade Agreement (PSFTA)
- Peru-Singapore Free Trade Agreement (PeSFTA)
- Singapore-Australia Free Trade Agreement (SAFTA)
- Singapore-Costa Rica Free Trade Agreement (SCRFTA)
- Singapore-Jordan Free Trade Agreement (SJFTA)
- Sri Lanka - Singapore Free Trade Agreement (SLSFTA)
- Turkey-Singapore Free Trade Agreement (TRSFTA)
- United Kingdom-Singapore Free Trade Agreement (UKSFTA)
- United States-Singapore Free Trade Agreement (USSFTA)

### FTAs in the pipeline

No.	Free Trade Agreements	Negotiating Parties with Singapore
1	Pacific Alliance – Singapore Free Trade Agreement (signed 26 Jan 2022)	<i>Latin America Trade Bloc:</i> Chile, Colombia, Mexico and Peru.
2	Mercosur – Singapore Free Trade Agreement	Argentina, Brazil, Paraguay and Uruguay.

FTAs are treaties between two or more countries to make trade and investments easier.

**Chapters that are more relevant for Goods Trade**

**Trade in Goods**

**Rules of Origin**

**Technical Barriers to  
Trade (TBT)/  
STRACAP**

**Customs Procedures  
and Trade  
Facilitation (CPTF)**

**Trade in Services**

**Investment**

**Government  
Procurement**

**Competition**

### Commonly used FTAs (Authorised Regime)

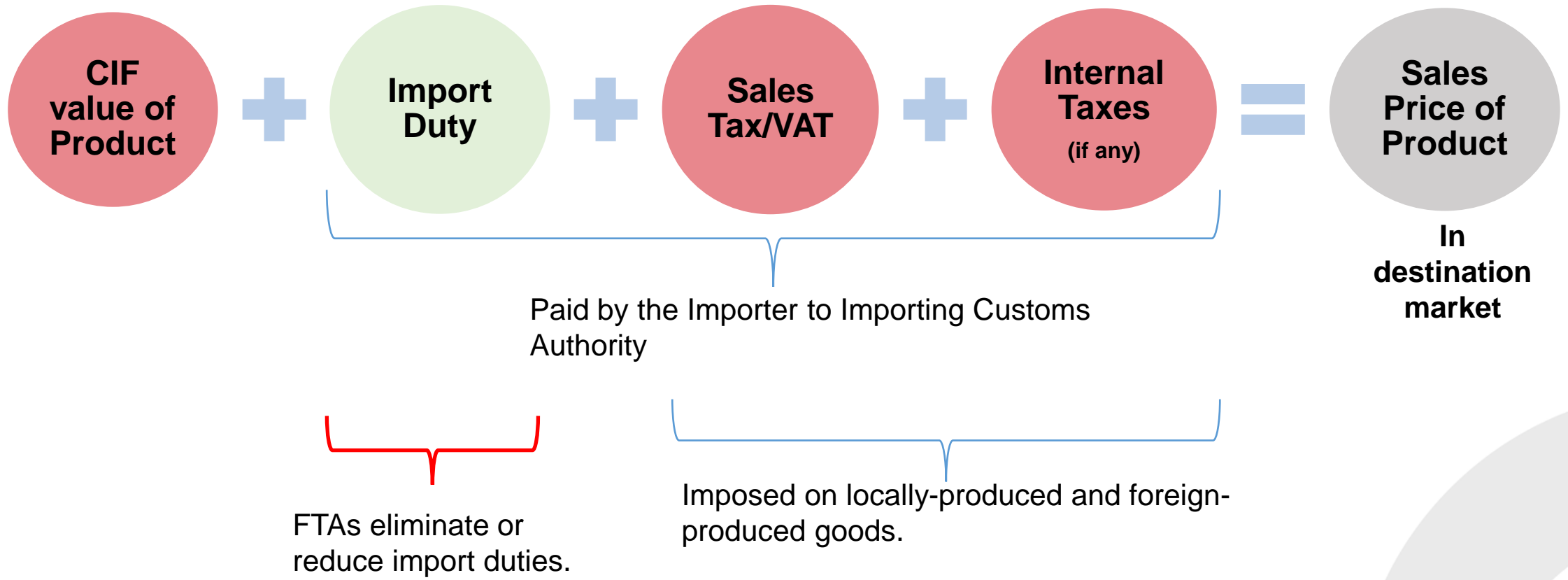
FTA	NAME OF CERTIFICATE OF ORIGIN (CO)	RETENTION PERIOD	RETROACTIVE APPLICATION OF CO	B2B ARRANGEMENT	DE MINIMIS	VALIDITY PERIOD OF CO
<b>ATIGA</b>	Form D	3 Years	Yes	Yes	Yes	12 Months
<b>AANZFTA</b>	Form AANZ	3 Years	Yes	Yes	Yes	12 Months
<b>ACFTA</b>	Form E	3 Years	Yes	Yes	No	12 Months
<b>AIFTA</b>	Form AI	3 Years	Yes	Yes	No	12 Months
<b>AJCEP</b>	Form AJ	3 Years	Yes	Yes	Yes	12 Months
<b>AKFTA</b>	Form AK	3 Years	Yes	Yes	Yes	12 Months
<b>CECA</b>	Preferential CO	2 Years	Yes	No	No	12 Months
<b>CSFTA</b>	Preferential CO	3 Years	Yes	No	Yes	12 Months
<b>JSEPA</b>	Preferential CO	3 Years	Yes	No	Yes	12 Months
<b>KSFTA</b>	Preferential CO	5 Years	Yes	No	Yes	12 Months
<b>SAFTA</b>	Preferential CO	5 Years	Yes	No	No	12 Months

Source: [customs.gov.sg/-/media/handbookonrooforpcomar2020ttsb.pdf](https://www.customs.gov.sg/-/media/handbookonrooforpcomar2020ttsb.pdf) (Page 25)

- **B2B Arrangements** relate to re-exports through Singapore, where the goods are unloaded in Singapore - and Singapore Customs issues a “back to back” certificate based on the original preferential certificate from the Country of origin.



# FTAs eliminate / reduce import duties.



## FTAs increase price competitiveness of products.

Example: Re-exporting/Exporting “Sweet Biscuits” **HS 1905.31**

Supply Chain: Malaysia → Singapore → South Korea

	Without an FTA	ASEAN-KOREA FTA (AKFTA)	RCEP
Customs duty (MFN)	8%		
FTA Preferential Rate	N.A.	0%	6.9%
Export Value (A)	\$500,000		
Customs duty Payable (B)	\$40,000	\$0	\$34,500
Importer’s Total Cost of Goods (A + B)	\$540,000	\$500,000	\$534,500
Tariff Savings	No savings	\$40,000	\$5,500

## FAQ 1: Which FTA should my business consider?

The country where the **good is manufactured** and the **importing country** must be parties of the same agreement.

Movement of physical goods	Applicable FTA	Name of the applicable FTA
<p>Singapore → Vietnam</p> <p>Other applicable FTAs (ASEAN+ FTAs, and the CPTPP) may apply.</p>	AFTA aka. ATIGA	<p>ASEAN Free Trade Area, also known as ASEAN Trade in Goods Agreement (ATIGA)</p> <p>Regional Comprehensive Partnership Agreement (RCEP)</p>
Vietnam → Singapore → China	ACFTA	<p>ASEAN – China Free Trade Area (ACFTA)</p> <p>Regional Comprehensive Partnership Agreement (RCEP)</p>

## FAQ 2: “Originating” vs “Non-originating”?

**Goods qualifying as “originating” means the goods are of a country’s origin, e.g., “Singapore origin”,**

The good must either be:

- A. Wholly obtained** (e.g., live animals, waste and scraps, etc.) ; or
- B. For manufactured product, have undergone “substantial transformation”.**
  - For manufactured products most FTAs will define the country of origin as being in the **last country where the “substantial transformation” took place.**

**Note: Non-originating** materials means any materials whose country of origin is not from a member country of the FTA.

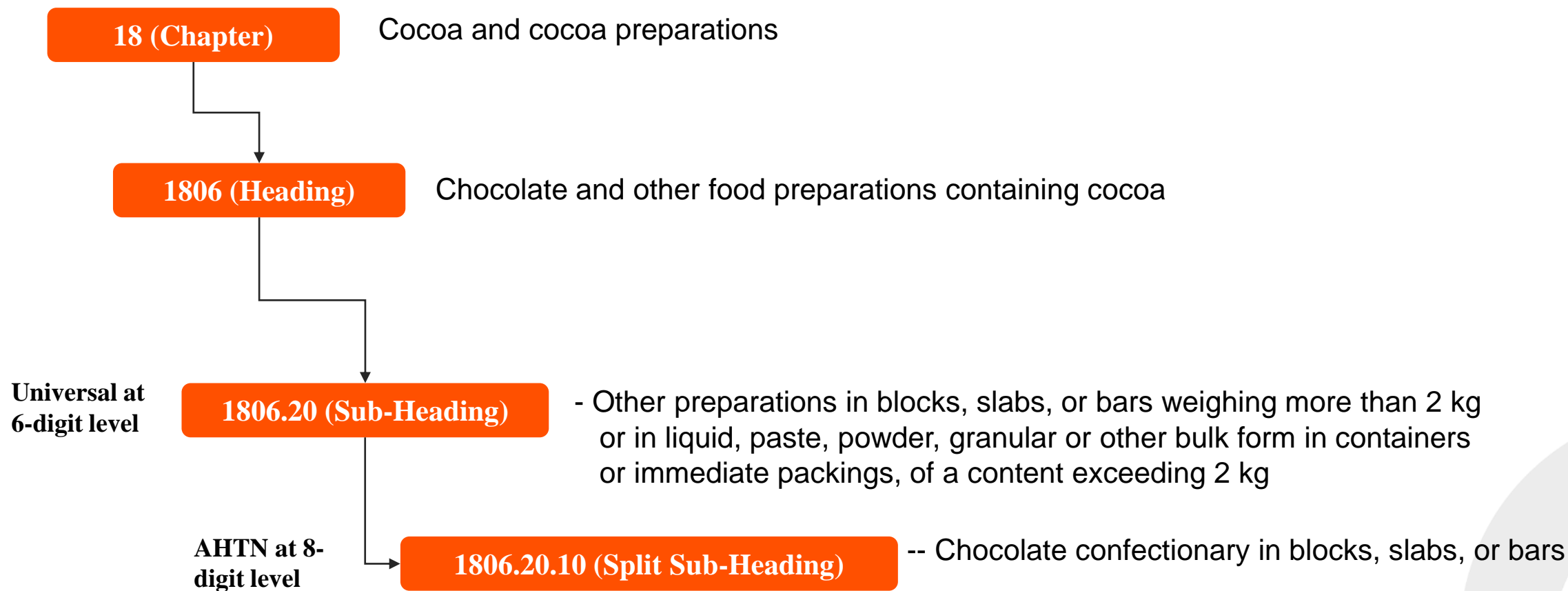
## FAQ 3: How is “substantial transformation” defined?

Generally, Substantial Transformation means that the product must satisfy either of the following rules of origin criteria:

	Types of Substantial Transformation under Rules of Origin criteria	What it is
A	Change in Tariff Classification ( <b>CTC</b> )	Change in product classification at 2 (chapter), 4 (heading) <b>or</b> 6 (sub-heading) digit-level
B	Regional Value Content ( <b>RVC</b> )	At least a certain % of the product’s content must be originating under the FTA <ul style="list-style-type: none"> <li>• Formula based on <u>originating content</u>: Build up/Direct Method</li> <li>• Formula based on <u>non-originating content</u>: Build down/Indirect Method</li> </ul>
C	Combination of A + B	A + B
D	Process Rule	Undergo certain specific manufacturing processes or operations, e.g., chemical reaction rules

HS Codes (product codes) are important to confirm the Rules of Origin criteria that will apply.

### Harmonised Commodity Description and Coding System Structure



**Example: The Product Specific Rules of Origin criteria for beer under the CPTPP is a Change in Tariff Classification (CTC) rule**

### CPTPP Annex 3-D: Product Specific Rules of Origin

HS Classification (HS2012)	Product-Specific Rule of Origin
22.03	A change to a good of heading 22.03 from any other heading.
22.04	A change to a good of heading 22.04 from any other chapter.
22.05 - 22.06	A change to a good of heading 22.05 through 22.06 from any other heading.
22.07	A change to a good of heading 22.07 from any other chapter.

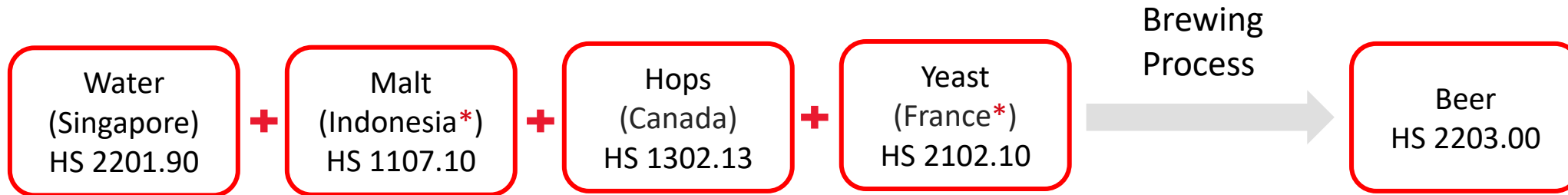
Note: CPTPP Member Countries: Australia, Brunei (ratified), Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, UK (signed Accession Protocol).

# Rules of Origin: Change in Tariff Classification

## Exporting beer to a CPTPP member country

### Final Product: HS 2203.00.XX

Beer made from malt; stout or porter; of an alcoholic strength by volume not exceeding 5.8% vol



### Product Specific Rules of Origin under CPTPP:

A change to a good of heading 22.03 from any other heading

### Questions to ask

1) Which of these ingredients are from a member country and a non-member country?

2) Has the non-originating ingredient changed its heading at the 4 digit level, after the brewing process?

### Responses (CPTPP)

Water; Singapore – Yes, production and member country  
 Malt; Indonesia – Non member  
 Hops; Canada – Yes member  
 Yeast; France – Non member

Malt; Indonesia – yes, from 1107 to 2203  
 Yeast; France – yes, from 2102 to 2203



### Conclusion:

Non-originating ingredients/inputs have undergone the requisite Change in Tariff Classification at the *heading level (4 digit)* as required under the CPTPP.

Thus, the final product is deemed to be substantially transformed in Singapore, and qualifies as *originating under the CPTPP*.

# Rules of Origin: Regional Value Content Exporting beer to a ATIGA (ASEAN FTA) member country

## ATIGA Chapter 3: Rules of Origin

### Article 29 Calculation of Regional Value Content

1. For the purposes of Article 28, the formula for calculating ASEAN Value Content or RVC is as follows:

(a) *Direct Method*

$$RVC = \frac{\text{ASEAN Material Cost} + \text{Direct Labour Cost} + \text{Direct Overhead Cost} + \text{Other Cost} + \text{Profit}}{\text{FOB Price}} \times 100 \%$$

or  
(b) *Indirect Method*

$$RVC = \frac{\text{FOB Price} - \text{Value of Non-Originating Materials, Parts or Goods}}{\text{FOB Price}} \times 100 \%$$

...where Free-On-Board (FOB) Price = TOTAL material cost + Direct labour cost + Direct overhead costs + Profit + *Inland transportation cost*

# Rules of Origin: Regional Value Content

## Exporting beer to an ATIGA (ASEAN FTA) member country

2. For the purposes of calculating the RVC provided in paragraph 1 of this Article:

(a) **ASEAN Material Cost** is the CIF value of originating materials, parts or goods that are acquired or self-produced by the producer in the production of the good;

(b) **Value of Non-Originating Materials, Parts or Goods** shall be:

(i) The CIF value at the time of importation of the goods or importation can be proven; or

(ii) The earliest ascertained price paid for the goods of undetermined origin in the territory of the Member State where the working or processing takes place;

(ii) The earliest ascertained price paid for the goods of undetermined origin in the territory of the Member State where the working or processing takes place;

(c) **Direct labour cost** shall include wages, remuneration and other employee benefits associated with the manufacturing process;

(d) **The calculation of direct overhead cost** shall include, but is not limited to, real property items associated with the production process (insurance, factory rent and leasing, depreciation on buildings, repair and maintenance, taxes, interests on mortgage); leasing of and interest payments for plant and equipment; factory security; insurance (plant, equipment and materials used in the manufacture of the goods); utilities (energy, electricity, water and other utilities directly attributable to the production of the goods); research, development, design and engineering; dies, moulds, tooling and the depreciation, maintenance and repair of plant and equipment; royalties or licences (in connection with patented machines or processes used in the manufacture of the goods or the right to manufacture the goods); inspection and testing of materials and the goods; storage and handling in the factory; disposal of recyclable wastes; and cost elements in computing the value of raw materials, i.e. port and clearance charges and import duties paid for dutiable component; and

(e) **FOB price** means the free-on-board value of the goods as defined in Article 25. FOB price shall be determined by adding the value of materials, production cost, profit and other costs.

## Regional Value Content Method

**Final Product: HS 2203.00.XX**

Beer made from malt; stout or porter; of an alcoholic strength by volume not exceeding 5.8% vol

DETAILS OF GOOD						
Description of Good		Beer made from malt				
Model (if any)						
HS Code (6 Digits)		220300	Date of Cost Statement			
Currency Type used in MCS		Incoterm of FTA		FOB		
FOB Value of Good		\$5.000	No. of Units MCS is Based on		1	
CHANGE IN TARIFF CLASSIFICATION & QUALIFYING/REGIONAL VALUE CONTENT CRITERION						
S/N	Description of ALL Materials and Components (Please provide a generic description of the materials and components)	HS Code (Required only for Change in Tariff Classification)	Country of Origin	Name of Manufacturer (required only if the material is originating and if the country of origin is Singapore)	Value of Materials (CIF)	
					Non-Originating	Originating
1	Water		Singapore	ABC Pte. Ltd		\$0.300
2	Malt		Indonesia	XYZ Pte. Ltd		\$0.300
3	Hops		Canada		\$0.800	
4	Yeast		France		\$1.000	
				Total	\$1.800	\$0.600
	Direct Labour Cost					\$0.800
	Direct Overhead Cost					\$0.500
	Profit* (not required to specify for Ordinary Scheme)					\$0.800
	Other Cost* (required to specify for ATIGA, AANZFTA, AIFTA, AKFTA & ISCECA only)					\$0.500

**CALCULATION OF QUALIFYING/REGIONAL VALUE CONTENT**

Method A (applicable for ATIGA, AANZFTA, AIFTA, AKFTA, ISCECA, GSTP, Ordinary Scheme)

74%

### Conclusion:

The RVC of the Beer is 74% (more than 40%). As the beer meets the RVC Rules of Origin criteria, the beer is originating under ATIGA.

## Tariff Finder Examples

	Origin → Destination	Product / Product Code
1	Singapore → Australia Singapore → India	Cocoa Paste, Not Defatted, HS 1803.10.00.03 (AU) Cocoa Paste, Not Defatted, HS 1803.10.00 (IN)
2	Singapore → China	Sweet Biscuits; HS 1905.31.00
3	Singapore → Malaysia	Soya Sauce; HS 2103.10.00

# How does the Tariff Finder help?

**Step 1:** Select the **Product Classification** according to the importing country's HS nomenclature

**Step 2:** Determine **whether product is committed under an FTA** for import duty elimination or reduction

**Step 3:** Check the **Rules of Origin (ROO)** requirements

**Step 4:** Prepare the Manufacturing Cost Statement to obtain a Preferential Certificate of Origin (PCO) from SG Customs (or self-certify)

**Export goods!**

**Use the Tariff Finder for assistance!**

Note: The Tariff Finder does not provide confirmation on the HS code to be adopted!

**Outcome:** The importer in the importing country enjoys the lower or zero import/Customs duty rate.

Enterprise  
Singapore

Thank You

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