



## **AUSTRALIAN CUSTOMS NOTICE NO. 2003/49**

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### **Singapore-Australia Free Trade Agreement – Rules of Origin**

Goods that originate in Singapore will be entitled to duty-free entry once the Singapore-Australia Free Trade Agreement (SAFTA) enters into force.

SAFTA is expected to enter into force early in the 2003-04 financial year. When the exact date is known, a COMPILE message will be issued.

The purpose of this Notice is to summarise the rules for determining whether goods originate in Singapore.

#### **Legislation**

##### ***Duty-free entry***

The *Customs Tariff Act 1995* (the Tariff), as amended by the *Customs Tariff Amendment Act (No.1) 2003*, will allow the entry of goods that are the produce or manufacture of Singapore free of import duty from the day that SAFTA enters into force.

##### ***Other duties and taxes***

While goods from Singapore will be free of import duty from the day that SAFTA enters into force, excise-equivalent duties, goods and services tax, dumping duties and other taxes and levies, including cost recovery charges, if relevant, will still be payable.

##### ***Rules of origin***

Goods will be the produce or manufacture of Singapore for the purposes of duty-free entry if they meet the rules of origin set out in Division 1B of Part VIII of the *Customs Act 1901* (the Act), as inserted by the *Customs Amendment Act (No.1) 2003*, comprising: a rule for wholly obtained goods produced in Singapore; a rule for goods that are wholly manufactured in Singapore; and two rules for goods that are partly manufactured in Singapore, one with accumulation provisions and another without.

The concepts of “produce” and “manufacture” are defined in section 153UA of the Act. These definitions are relevant only for the purposes of Division 1B.

##### ***Rule 1 – Wholly obtained goods***

Goods will be wholly obtained goods produced in Singapore if they are:

- (a) unmanufactured raw products produced in Singapore; or
- (b) waste and scrap produced in Singapore.

The definitions of “unmanufactured raw products” and “waste and scrap” for the purpose of this rule are contained in section 153UA of the Act. The definition of “unmanufactured raw products” set out in section 4 of the Act does not apply to goods of Singapore origin.

***Rule 2 – Wholly manufactured goods***

Goods will be wholly manufactured in Singapore if they are manufactured in Singapore wholly from one or more of the following materials:

- (a) unmanufactured raw products (section 153UA of the Act);
- (b) waste and scrap (section 153UA of the Act) produced in Singapore or Australia;
- (c) materials wholly manufactured in Singapore or Australia;
- (d) materials determined to be the manufactured raw materials (DMRM) of Singapore.

The unmanufactured raw products and the DMRM materials can be of any origin; they do not need to be produced or manufactured in Singapore or Australia.

***Rule 3 – Partly manufactured goods – no accumulation***

Goods will be partly manufactured in Singapore if:

- (a) the last process in the manufacture of the goods was performed in Singapore by, or on behalf of, the principal manufacturer; and
- (b) the allowable cost to manufacture the goods is not less than the percentage of the total cost to manufacture the goods specified below:
  - (i) 30% for goods specified in Annex 2D to SAFTA;
  - (ii) 50% for all other goods.

Annex 2D to SAFTA is divided into two sections. Section (i) contains a list of tariff references for certain electrical and electronic products. The contents of Section (i) are reproduced at Attachment A to this Notice. Section (ii) refers to goods covered by a current Tariff Concession Order.

This rule requires the last process of manufacture to be performed in Singapore and a 30% or 50% level of local content.

This rule also introduces the concept of manufacture “by or on behalf” of a “principal manufacturer”. The concept allows the local content to include all costs associated with the manufacture of the goods in Singapore irrespective of whether the processes were performed by the principal manufacturer or by another party on behalf of the principal manufacturer.

Where materials undergo processing outside Singapore or Australia, the local content will only include the processing cost incurred after the materials have been returned to Singapore.

***Rule 4 – Partly manufactured goods – accumulation***

Goods will be partly manufactured in Singapore if they are not specified in Annex 2C to SAFTA (which covers a wide range of textiles, clothing and footwear products, passenger motor vehicle products and jewellery) and:

- (a) one or more processes of manufacture was or were performed in Singapore by, or on behalf of, the principal manufacturer; and
- (b) one or more processes was or were performed in Singapore by, or on behalf of, the principal manufacturer immediately prior to export of the goods to Australia; and

- (c) the principal manufacturer in Singapore incurred all the costs associated with any process performed outside Singapore or Australia; and
- (d) the allowable cost to manufacture the goods is not less than the percentage of the total cost to manufacture the goods specified below:
  - (i) 30% for goods specified in Annex 2D to SAFTA;
  - (ii) 50% for all other goods.

The contents of Annex 2C to SAFTA are reproduced at Attachment B to this Notice.

This rule requires a process to be performed in Singapore immediately before the goods are exported to Australia. That process does not need to be a process of manufacture but a process of manufacture needs to have been performed, at some stage, in Singapore.

This rule allows costs incurred in Australia and Singapore before and after offshore processing to be included in the calculation of local content, but not the cost of the offshore processing.

### ***Consignment Rules***

In addition to the rules of origin specified above, to be the produce or manufacture of Singapore for the purposes of duty-free entry, goods must have been:

- (a) transported directly to Australia from Singapore; or
- (b) transported through another country or place, provided:
  - (i) they had not undergone operations other than packing, packaging, unloading, reloading or operations to preserve them in good condition in that country or place; and
  - (ii) they had not been traded or used in that country or place; or
- (c) transported from another country or place where minimal operations had been performed immediately after their importation from Singapore and immediately before their exportation to Australia.

### ***Evidence of origin***

In addition to the above requirements, all goods claimed to be the produce or manufacture of Singapore, for the purposes of SAFTA, will require a valid Certificate of Origin as well as a separate declaration from the exporter of the goods, completed before the goods are exported. The importer must possess these documents before claiming duty-free entry and must produce them to Customs if and when requested.

### ***Certificate of Origin***

The Certificate of Origin must be issued by Singapore Customs, must relate to the goods claiming preference and must be signed by the exporter, manufacturer or producer. A Certificate of Origin will be valid for two years from the date of issue, provided it is first used within the first year of issue.

The Certificate of Origin will specify the particular rule of origin applicable to the goods. The rule number specified in the Certificate of Origin will reflect the numbering system outlined in the “import entry requirements” section of this Notice.

### *Declaration*

A separate exporter declaration will be required for each shipment to confirm that the goods contained in that shipment are the produce or manufacture of Singapore and are covered by a specific Certificate of Origin. The exporter declaration will need to contain the following:

- (a) a reference to the exporter's invoice for the goods;
- (b) a statement that the goods are identical to goods specified in a valid Certificate of Origin nominated in the Declaration;
- (c) a statement that the goods are originating goods that comply with the rule specified in the nominated Certificate of Origin; and
- (d) the signature, name and designation of the exporter's representative, and the date the Declaration is signed.

### *Other preferential arrangements for Singapore*

Where goods manufactured in Singapore do not meet the SAFTA rules of origin, the goods may still be eligible for a (DCS or DCT) preferential rate of duty applicable to Developing Countries, provided they meet the rules of origin for Developing Countries under Division 1A of Part VIII of the Act. For those goods that do not meet the rules of origin for Singapore or for Developing Countries, the general rate of duty will be payable.

## **Administration**

### *Import entry requirements*

#### *Goods eligible for duty-free entry*

When claiming duty-free entry for goods that are the produce or manufacture of Singapore under Division 1B, the preference code "P" will need to be input in the preference indicator field of the import entry. The Certificate of Origin number and the appropriate abbreviation for the rule of origin relied upon, as specified in the Certificate of Origin, should also be input on the goods description line of the entry, together with the description of the goods. The abbreviations to be used are:

<b>Rule</b>	<b>Coverage</b>	<b>Abb.</b>
1	Wholly obtained goods	WO
2A	Wholly manufactured goods that do not incorporate DMRM	WMN
2B	Wholly manufactured goods that incorporate DMRM	WMD
3A	Partly manufactured goods of Section (i) of Annex 2D, no accumulation	P30A
3B	Partly manufactured goods of Section (ii) of Annex 2D, no accumulation	P30B
3C	Other partly manufactured goods, no accumulation	P50
4A	Partly manufactured goods of Section (i) of Annex 2D, accumulation	A30A
4B	Partly manufactured goods of Section (ii) of Annex 2D, accumulation	A30B
4C	Other partly manufactured goods, accumulation	A50

### *Rule 2B*

For rule 2B to be used, a DMRM must be granted by the customs administrations of Singapore and Australia. The Singapore manufacturer seeking DMRM for materials for use or consumption in goods to be exported to Australia must apply to Singapore Customs. Applications accepted for processing by Singapore Customs will be referred to the Australian Customs Service (Customs).

Applications received by Customs will be processed in accordance with procedures similar to those adopted for DMRM under the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA). Those procedures are set out in a booklet titled “ANZCERTA Rules of Origin – Determined Manufactured Raw Materials (DMRM)”, which is available on the Customs website at [www.customs.gov.au](http://www.customs.gov.au).

Singapore DMRM will be published in Tariff Concession *Gazettes*. They will also be listed in Appendix 9.8 of Australian Customs Manual Volume 8 – Valuation and Origin. The Manual and a copy of the *Gazettes* are available on the Customs website.

#### *Rule 3B or 4B*

Where rule 3B or 4B is used, the TCO number nominated in the Certificate of Origin should also be specified on the goods description line of the import entry. Before claiming preference in this instance, the importer or broker will need to ensure that the TCO nominated in the Certificate of Origin applies to the goods and is still current. If the nominated TCO does not apply to the goods or is no longer current, duty-free entry cannot be claimed on the basis of the Certificate of Origin provided. Unless the importer possesses another Certificate of Origin that is valid for those goods, the goods will be ineligible for duty-free entry.

#### *Goods ineligible for duty-free entry*

Where goods are manufactured in Singapore, but do not meet the SAFTA rules of origin, one of the following preference codes will need to be entered:

- “R” where a Developing Country (DCS or DCT) rate of duty applies; or
- “X” where the general rate of duty applies.

#### *Incorrect claims for preference*

Importers should take reasonable care to ensure, before claiming preference, that their goods meet the relevant rules of origin and consignment rules.

Where preference is claimed and Customs finds that the imported goods do not meet the relevant rules of origin and consignment rules, Customs will demand the duty short-paid and may impose penalties. Additional action may be taken where fraud is indicated.

#### **Contacts**

Any enquiries in relation to this Notice should be directed to the origin mailbox, [origin@customs.gov.au](mailto:origin@customs.gov.au), or to Origin, Trade Branch on telephone number (02) 6275 6556.

John Arndell  
Acting National Manager  
Trade  
For Chief Executive Officer

July 2003

## ATTACHMENT A

### GOODS TO WHICH THE 30% CONTENT RULE APPLIES

Goods falling within the following subheadings of the Tariff, as amended.

8414.80	8504.23	8516.31	8539.22
8414.90	8504.31	8516.33	8539.29
8419.89	8504.32	8516.40	8539.31
8419.90	8504.33	8518.10	8539.32
8422.30	8504.34	8518.21	8539.39
8422.40	8504.40	8518.22	8539.41
8424.30	8504.50	8518.29	8539.49
8467.21	8504.90	8518.30	8539.90
8467.22	8505.11	8518.40	8540.72
8467.29	8505.19	8518.50	8540.79
8467.91	8506.80	8520.33	8540.89
8467.99	8509.10	8520.90	8543.20
8501.20	8509.20	8523.30	8543.30
8501.31	8509.90	8524.60	8543.90
8501.32	8511.20	8525.10	8544.49
8501.33	8513.10	8525.30	8544.51
8501.34	8514.10	8525.40	8545.20
8501.53	8514.20	8526.10	8546.10
8501.61	8514.30	8526.91	8548.10
8501.62	8514.40	8526.92	9001.10
8502.11	8514.90	8527.19	9006.10
8502.12	8515.11	8527.31	9008.30
8502.13	8515.19	8527.39	9010.90
8502.20	8515.21	8529.10	9017.20
8502.31	8515.31	8529.90	9017.80
8502.39	8515.80	8535.29	9018.11
8502.40	8515.90	8535.40	9031.10
8504.21	8516.21	8536.41	
8504.22	8516.29	8536.49	

**GOODS TO WHICH THE ACCUMULATION RULE DOES NOT APPLY**

Goods falling within the following headings or subheadings of the Tariff, as amended.

3917.22.00	4113	5307	5701
3917.23.00	4114	5308	5702
3917.29.00	4115	5309	5703
3917.21.10	4203	5310	5704
3917.31.10	4204	5311	5705
3917.32.10	4205	5401	5801
3917.33.10	4302	5402	5802
3917.39.10	4302	5403	5803
3926.30.10	4303	5404	5804
3926.90.10	4304	5405	5805
4009.11.10	5004	5406	5806
4009.12.10	5005	5407	5807
4009.21.10	5006	5408	5808
4009.22.10	5007	5501	5809
4009.31.10	5101	5502	5810
4009.32.10	5103	5503	5811
4009.41.10	5104	5504	5901
4009.42.10	5105	5505	5902
4010.31.00	5106	5506	5903
4010.32.00	5107	5507	5905
4010.33.00	5108	5508	5906
4010.34.00	5109	5509	5907
4010.39.00	5110	5510	5908
4011.10.00	5111	5511	5909
4011.20.00	5112	5512	5910
4012.11.00	5113	5513	5911
4012.20.00	5202	5514	6001
4015	5203	5515	6002
4016.91.00	5204	5516	6003
4016.93.00	5205	5601	6004
4016.99.00	5206	5602	6005
4101	5207	5603	6006
4102	5208	5604	6101
4103	5209	5605	6102
4104	5210	5606	6103
4105	5211	5607	6104
4106	5212	5608	6105
4107	5306	5609	6106

**ATTACHMENT B**

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6107	6406	8481.10.00	8703.90.19
6108	6501	8481.30.00	8706.00.10
6109	6502	8481.40.00	8706.00.91
6110	6503	8482.10.10	8707.10.10
6111	6504	8482.20.10	8707.90.10
6112	6505	8482.40.11	8707.10.91
6113	6506	8482.91.10	8708.10.10
6114	6507	8482.99.10	8708.21.10
6115	6812.90.30	8483.20.00	8708.40.30
6116	6813.10.10	8483.30.10	8708.50.30
6117	6813.90.10	8483.40.11	8708.29.91
6201	7007.11.11	8483.50.11	8708.31.91
6202	7007.21.11	8483.90.00	8708.93.30
6203	7009.10.10	8483.10.91	8708.99.30
6204	7014.00.20	8483.40.90	8708.39.91
6205	7113	8483.50.90	8708.40.91
6206	7114	8501.10.00	8708.50.91
6207	7116	8503.00.00	8708.60.91
6208	7117	8507.10.10	8708.70.91
6209	7318.15.00	8507.90.10	8708.80.91
6210	7320.10.00	8511.10.00	8708.91.91
6211	7320.20.00	8511.30.00	8708.92.91
6212	7320.90.00	8511.40.10	8708.93.91
6213	7322.11.00	8511.50.10	8708.94.91
6214	7326.19.00	8511.80.00	8708.99.91
6215	7326.90.10	8511.90.00	9021.10.10
6216	8301.20.00	8512.20.00	9021.10.20
6217	8302.10.00	8512.30.00	9021.10.30
6301	8302.30.00	8512.40.00	9021.10.41
6302	8407.33.10	8512.90.10	9021.10.49
6303	8407.34.10	8519.92.00	9026.10.20
6304	8407.90.10	8519.93.00	9026.20.20
6305	8408.20.10	8519.99.00	9026.80.20
6306	8409.91.10	8527.21.00	9029.10.20
6307	8409.99.10	8527.29.00	9029.20.10
6308	8413.30.90	8536.50.93	9029.90.10
6309	8415.20.00	8539.10.90	9401.20.00
6310	8415.90.00	8544.30.00	9401.90.20
6401	8421.23.00	8703.21.19	9404
6402	8421.31.00	8703.22.19	9613.80.90
6403	8421.99.00	8703.23.19	
6404	8424.89.10	8703.24.19	
6405	8425.42.00	8703.31.19	
	8425.49.00	8703.32.19	
	8424.90.90	8703.33.19	



