

## CHINA-SINGAPORE FREE TRADE AGREEMENT AMENDMENT PROTOCOL

There were three changes arising from the CSFTA Amendment Protocol which was signed on 27 July 2011.

### **1. China will recognise Singapore companies' inventory management method for interchangeable finished products exported under preference.**

Previously, if a company exported, in the same tank, fungible goods (e.g. petrochemicals) which can enjoy tariff concessions with fungible goods which cannot enjoy tariff concessions, it was unable to claim any tariff concession as the goods could not be physically separated.

With the change, the company will now be able to enjoy tariff concessions by providing supporting documents to show the volume of the goods in the tank that qualifies for tariff concessions.

#### **Example**

*Company A wishes to export 100 litres of petrochemicals to China. However, only 40 litres of the petrochemicals meet the Rules of Origin (ROO) of 40% Value-Add. The remaining 60 litres of petrochemicals cannot meet the ROO of 40% Value-Add. Considering logistical costs, Company A decides to ship both the 40 litres and 60 litres of petrochemicals in one single container.*

*In the past, the 40 litres of petrochemicals that meet the ROO criteria was not granted tariff concession as it was shipped in the same container with the 60 litres of petrochemicals that did not meet the ROO criteria.*

*With the new amendment, as long as the company produces supporting documentation, the 40 litres of petrochemicals which met ROO criteria will be granted tariff concession even if it were shipped in the same container as the 60 litres of petrochemicals which did not meet ROO criteria.*

**2. China will recognise Singapore Custom’s administrative practice of stamping “issued retrospectively” on the preferential certificate of origin three (3) days after loading date.**

Singapore Customs will only stamp the words “Issued Retrospectively” on the preferential certificate of origin if the certificate of origin was issued three days after the shipment of goods. Thus, certificates of origin issued within three days of shipment of goods do not bear the words “Issued Retrospectively”.

China had originally denied Singapore companies tariff concessions for certificates of origin that were issued within three days of date of shipment as they did not bear the words “Issued Retrospectively”.

With the new amendment, companies will get to enjoy tariff concessions for goods with certificates of origin that do not bear the words “Issued Retrospectively” as long as the certificate of origin was issued within 3 days of shipment of the goods exported to China.

**3. ASEAN-China FTA Package 2 Services Commitments to be extended to Singapore ahead of ASEAN.**

(i) What is the ASEAN-China FTA Package 2 Services Commitment?

The ACFTA Services Agreement mandated that a second package of specific services commitments be concluded in order to progressively liberalise the service industries. ASEAN and China have agreed on this package and the relevant documents are slated to be signed in August 2011 and will enter into force in January 2012.

(ii) What does the ASEAN-China FTA Package 2 Services Commitments comprise of?

Singapore-based companies will find it easier (e.g. greater legal certainty) to provide the following services in China:

- a) Non-academic training: e.g. for beauty treatment, spa, acupuncture, cooking and handicraft
- b) Badminton training
- c) Computer Reservation Services (e.g. air ticketing services)

- d) Urban and Suburban regular<sup>1</sup> and special<sup>2</sup> transportation services
- e) Interurban special transportation services<sup>3</sup>

#### 4. When will the changes take effect?

The changes will enter into effect 90 days from the date of signing (27 July 2011). This would be in October 2011.

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<sup>1</sup> **Urban and suburban regular transportation:** Urban and suburban regularly scheduled multi-stop passenger transportation via highways and other modes of land transport. Services classified here are motor-bus, tramway, trolley bus and similar services generally rendered on a franchise basis within the confines of a single city or group of contiguous cities. These services are provided over predetermined routes on a predetermined time schedule, may provide pick-up and discharge of passengers at any scheduled stop, and are open to any user.

<sup>2</sup> **Urban and suburban special transportation:** Scheduled transportation by school buses to carry pupils between their homes and school, between schools etc., within the borders of a single city or group of contiguous cities. Included is scheduled transportation between an urban centre and airports or stations in this urban centre or in suburban locations by motor-bus and multi-passenger airport limousine, with driver. These services are provided over predetermined routes on a predetermined time schedule. They generally have a restricted category of users. Most individual trips involve either pick-ups or discharges, but not both.

<sup>3</sup> **Interurban special transportation:** Scheduled transportation by school buses to carry pupils between their homes and school, between schools etc., from one to another urban centre. Also included is scheduled transportation between an urban centre and airports or stations in another urban centre by motor-bus and multi-passenger airport limousine, with driver.