

Understanding The Regional Comprehensive Economic Partnership Agreement (RCEP)



*RCEP Outreach for Petchem Industry Cluster
26 October 2022*

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**SINGAPORE
CUSTOMS**

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Agenda

- Rules of Origin
- Tariff Differentials
- Minimal Operations and Processes
- Operational Certification Procedures
- Approved Exporter Scheme
- Record Keeping Requirements



General Information

- The RCEP had enter into force on **1 Jan 2022**. With effect from the following dates, preferential tariff benefits for Singapore-originating goods can be claimed in the respective RCEP country:
 - a) **1 Jan 2022** for Australia, Brunei Darussalam, Cambodia, China, Japan, Lao PDR, New Zealand, Singapore, Thailand, and Viet Nam;
 - b) **1 Feb 2022** for Republic of Korea
 - c) **4 Mar 2022** for Myanmar
 - d) **18 Mar 2022** for Malaysia
- Preferential tariff treatment for goods originating from the other RCEP parties, namely, Indonesia, and Philippines will not be granted preferential tariff treatment as the agreement has yet to enter into force for these countries



RULES OF ORIGIN

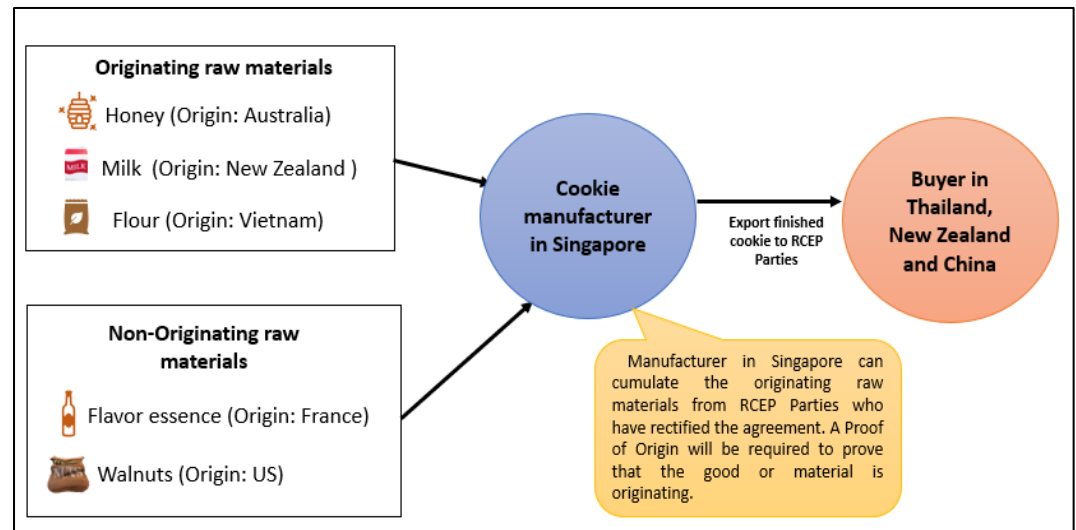


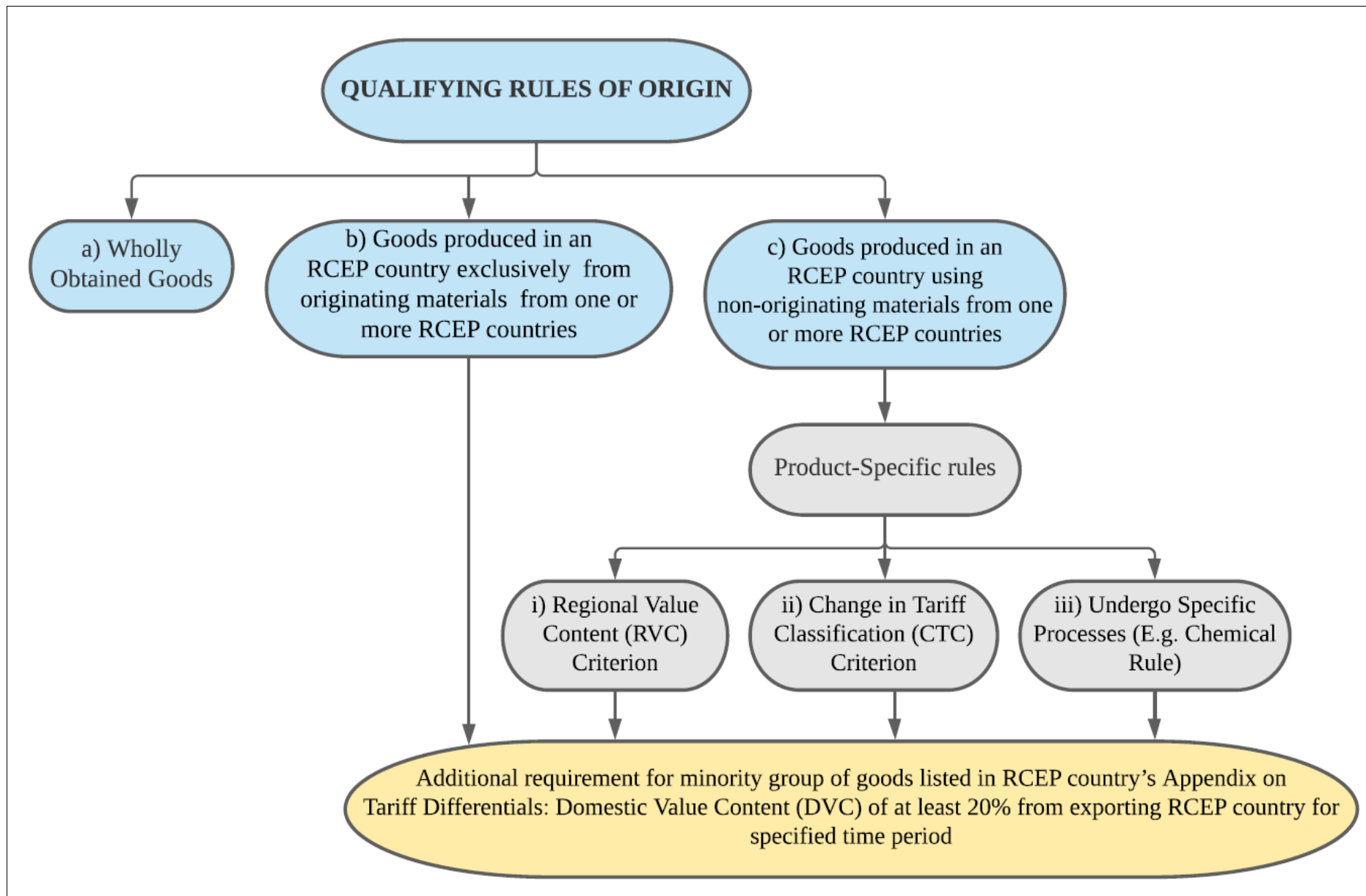
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Liberal Rules of Origin

- No general rule, rather the agreement adopts Product Specific Rules (PSR) found in Annex 3-A
- Common rule for all RCEP countries
- RCEP allows “originating materials” to be cumulated among the RCEP countries.

HS Code (HS 2012)			Product Description	Product-Specific Rule
Chapter	Heading	Subheading		
	29.19		Phosphoric esters and their salts, including lactophosphates; their halogenated, sulphonated, nitrated or nitrosated derivatives	CTH or RVC40
	29.20		Esters of other inorganic acids of non-metals (excluding esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives	CTH, RVC40, or CR
	29.21		Amine-function compounds	
			- Acyclic monoamines and their derivatives; salts thereof	
		2921.11	-- Methylamine, di- or trimethylamine and their salts	CTH or RVC40
		2921.19	-- Other	CTH or RVC40





Specific Processes, e.g. Chemical Rule

- RCEP provides a **co-equal** Chemical Rule (CR) for selected lines under Chapter 29 (Chemicals) and Chapter 38 (Chemical Products)
- The agreement states that “Any good that is a product of a chemical reaction shall be considered to be an originating good if the chemical reaction occurred in a Party” and can be determined through a “chemical reaction” which includes
 - biochemical process, which results in a molecule with a new structure by **breaking intramolecular bonds** and by **forming new intramolecular bonds, or**
 - by **altering** the spatial arrangement of atoms in a molecule.
- The following are not considered to be chemical reactions:
 - (i) dissolving in water or other solvents;
 - (ii) the elimination of solvents including solvent water; or
 - (iii) the addition or elimination of water of crystallisation.



Comparison of requirements between RCEP and ASEAN+1 Agreements for selected HS Headings

HS Heading	RCEP PSR	ASEAN+1 Agreements
29.01 (Acyclic hydrocarbons)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH(AANZFTA) • RVC 40 (ACFTA)
29.02 (Cyclic hydrocarbons)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH (AANZFTA) • RVC 40 (ACFTA)
29.07 (Phenols; phenol-alcohols)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH (AANZFTA) • RVC 40 or CTH (ACFTA)
29.09 (Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, acetal and hemiacetal peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives.)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH (AANZFTA) • RVC 40 or CTH (ACFTA)



Comparison of requirements between RCEP and ASEAN+1 Agreements for selected HS Headings

HS Heading	RCEP PSR	ASEAN+1 Agreements
29.14 (Ketones and quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives.	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA,AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH(AANZFTA) • RVC 40 or CTSH (AJCEP) • RVC 40 or CTH (ACFTA)
29.20 (Esters of other inorganic acids of non-metals (excluding esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AJCEP, AKFTA) • RVC 40 or CTSH or CR if the fail to qualify under RVC 40 or CTSH (AANZFTA) • RVC 40 or CTH (ACFTA)
38.11 (Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anticorrosive preparations and other prepared additives, for mineral oils (including gasoline) or for other liquids used for the same purposes as mineral oils	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTH (ATIGA, AANZFTA, AJCEP, AKFTA) • RVC 40 except for 3 HS subheadings where the PSR is RVC 40 or CTH (ACFTA)
38.24 (Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included)	CTH, RVC40, or CR	<ul style="list-style-type: none"> • RVC 40 or CTSH (ATIGA,AANZFTA, AKFTA) • RVC 40 except for 20 HS subheadings where the PSR is RVC 40 or CTH (ACFTA) • RVC 40 and CTH except for 1 HS subheading where the PSR is only CTH (AJCEP)



Tariff Differentials

- Arises when the importing Party imposes different tariff rates on the same good from different RCEP countries.
 - Potentially impact the RCEP Country of Origin listed on the Proof of Origin
 - In some cases, products may have to meet additional requirements (e.g. DVC 20%) if the product is found in the Appendix to Annex I.
- Only 7 RCEP Parties impose Tariff Differentials – Indonesia, Philippines, Thailand, Viet Nam, China, Japan & Korea
- Some things to note:
 - If the good is produced exclusively from originating materials from one or more RCEP countries, but does not go beyond the minimal operations and processes, the exporting country will be the country that contributed the highest value of the good.
 - **If the good is found in the Appendix to Annex I of any of the 7 RCEP Countries, in addition to satisfying the PSR, goods must also meet the additional requirement (i.e. DVC 20%)**

$$DVC = \frac{\textit{Originating Materials} + \textit{Direct Labour \& Overheads} + \textit{Profits}}{FOB}$$

! Note

For the purposes of calculating DVC, raw materials produced in another Party or Parties shall be considered, regardless of their originating status, as non-originating.



OPERATIONAL CERTIFICATION PROCEDURES



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Step-by-Step Illustrations

Step 1

- Identify HS Code

Step 2

- Identify the RCEP Party you are exporting to

Step 3

- Check the RCEP Party's Tariff Reduction Schedule (TRS)

Step 4

- Determine the Origin Criterion of the Product

Step 5

- Check whether the product is subjected to Tariff Differential (TD). If yes, determine the "RCEP Country of Origin"

Step 6

- Apply for/Fill out the necessary documentation



Types of Proof of Origin

Certificate of Origin (CO)

- Issued by Singapore Customs

Declaration of Origin (DO) by Approved Exporter

- Exporters would need to be authorised as an Approved Exporter under the RCEP

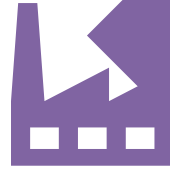
Declaration of Origin (DO) by Exporter or producer

- Singapore will implement this at a later stage. Implemented only by Australia, Japan, and New Zealand on 1 Jan 2022.



Process of obtaining a Certificate of Origin

Same as the other
FTAs with
Authorized
Certificate of Origin



1. Register your
Manufacturing Premises



2. Submit the Manufacturing
Cost Statement (MCS)



3. Apply for CO via TradeNet



4. Collect the CO



Manufacturing Cost Statement- *Additional Requirements*

- Due to the concept of Tariff Differential, where different customs duties are granted for the same category of goods imported from different RCEP countries. 'Destination Country' is required to be completed for Form RCEP application.

For Parties who imposes Tariff Differential

- Please submit a separate MCS for each exporting destination country, and check if the good is listed in the importing country's Appendix on Tariff Differentials.

For Parties who do not impose Tariff Differential

- You may submit one MCS and list the different Parties under the field 'Destination country'.

Unique Entity Number (UEN)						
TYPE OF FREE TRADE AGREEMENT OR SCHEME						
Free Trade Agreement or Scheme		The Regional Comprehensive Economic Partnership Agreement (RCEP)				
ORIGIN CRITERION(A)						
<i>(check the boxes in accordance to the origin criterion(a) you wish for your good to qualify under)</i>						
<input type="checkbox"/> Qualifying/ Regional Value Content <input type="checkbox"/> Change in Tariff Classification <input type="checkbox"/> Manufacturing Process						
DETAILS OF GOOD						
Description of Good						
Destination Country <i>(required to specify for RCEP)</i>						
Model (if any)						
HS Code (6 Digits)		Date of Cost Statement		Incoterm of FTA		
Currency Type used in MCS				FOB		
FOB Value of Good				No. of Units MCS is Based on		
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
Total						
Direct Labour Cost						
Direct Overhead Cost						
Profit* <i>(not required to specify for Ordinary Scheme)</i>						
Other Cost* <i>(required to specify for ATIGA, AANZFTA, AIFTA, AKFTA & ISCECA only)</i>						

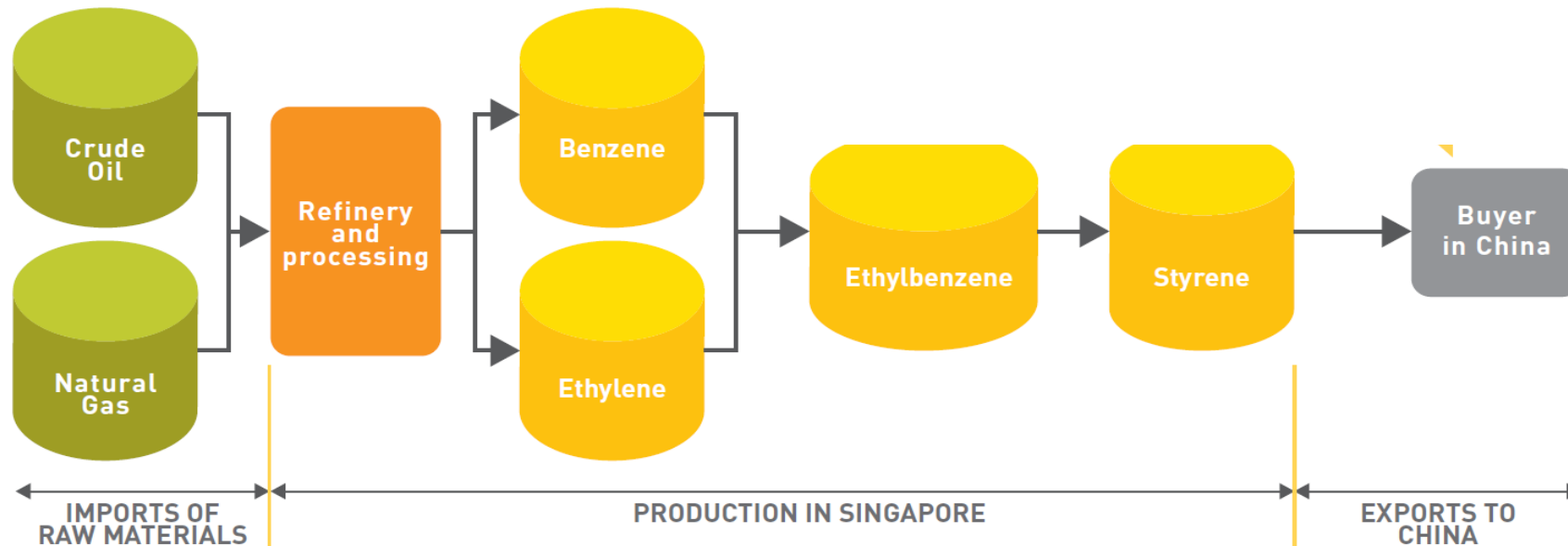


Case Study on applying Chemical Reaction Rule : Styrene

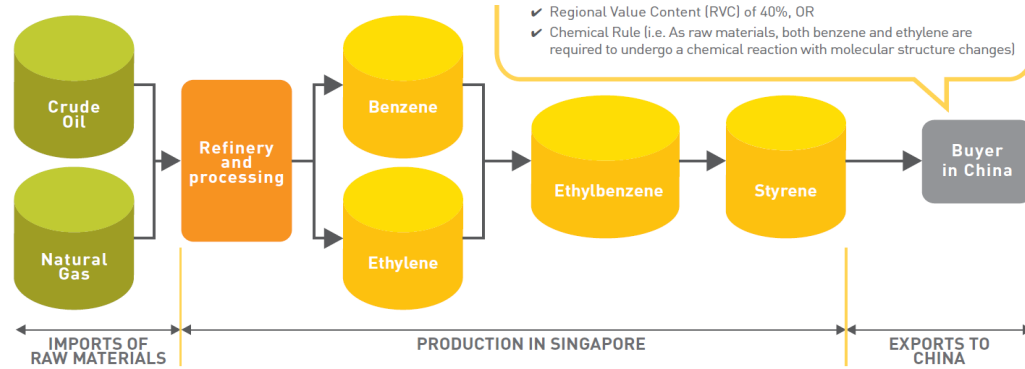
Chemical Reaction : A process, including a biochemical process, which results in a molecule with a new structure by:

- Breaking intramolecular bonds and by forming new intramolecular bonds, or
- Altering the spatial arrangement of atoms in a molecule.

Country of Export	China		
HS subheading	Styrene (HS 2902.50)		
PSR	29.02	Cyclic hydrocarbons	CTH, RVC40, or CR



Case Study on applying Chemical Reaction Rule : Styrene



Country of Export	China		
HS subheading	Styrene (HS 2902.50)		
PSR	29.02	Cyclic hydrocarbons	CTH, RVC40, or CR

- Company checked China’s Tariff Schedule and finds out that while Styrene is **not** in China’s Appendix to Annex I, it is **still subjected** to Tariff Differentials (i.e. No need to apply additional rule of Domestic Value Content of 20% rule).
- Company’s production in Singapore **goes beyond minimal operations**, it can continue to indicate “Singapore” as the RCEP Country of Origin



Case Study on applying Chemical Reaction Rule : Styrene

DE MINIMIS RULE FOR CHANGE IN TARIFF CLASSIFICATION CRITERION <i>(applicable only for ATIGA, ACFTA, AANZFTA, AHKFTA, AJCEP, AKFTA, CSFTA, JSEPA, KSFTA)</i>			
Total Weight of Good (if applicable)			
Type of Change in Tariff Classification			Please choose from the dropdown list
Description of Non-originating Materials or Components	HS Code	Country of Origin	De Minimis Calculation based on Please choose from the dropdown list
Total			0
CALCULATION FOR DE MINIMIS PERCENTAGE			
Method A (based on value) #DIV/0!			
Method B (based on weight) #DIV/0!			
Method C (based on weight)			
MANUFACTURING PROCESS CRITERION			
Description of the manufacturing process that the good underwent, with references to the materials and components used. <i>(Applicable only for products using the Manufacturing Process Criterion)</i>			

Note:
If you are not applying the De Minimis Rule or the Manufacturing Process Criterion, you do not need to submit this worksheet to Singapore Customs.

Qualifying/Regional Value Content (QVC/R)
Method A (based on value)
De Minimis Percentage = $\frac{\text{Total value of non-originating materials}}{\text{Total value of goods}}$

Method B (based on weight)
De Minimis Percentage = $\frac{\text{Total weight of non-originating materials}}{\text{Total weight of goods}}$

Method C (based on weight)
De Minimis Percentage = $\frac{\text{Weight of fibres or yarns used in the non-originating materials}}{\text{Total weight of the non-originating materials}}$

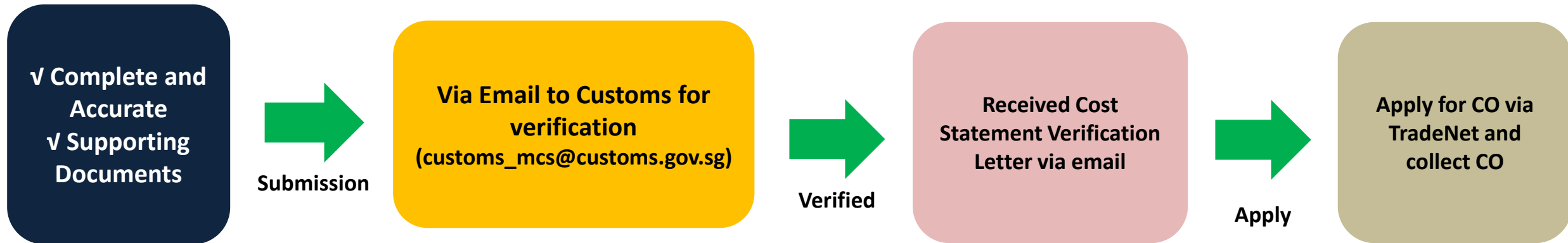


Free Trade Agreement or Scheme	The Regional Comprehensive Economic Partnership Agreement (RCEP)		
ORIGIN CRITERION(A) <i>(check the boxes in accordance to the origin criterion(a) you wish for your good to qualify under)</i>			
<input type="checkbox"/> Qualifying/ Regional Value Content <input type="checkbox"/> Change in Tariff Classification <input checked="" type="checkbox"/> Manufacturing Process			
DETAILS OF GOOD			
Description of Good	STYRENE		
Destination Country <i>(required to specify for RCEP)</i>	CHINA		
Model (if any)	NIL		
HS Code (6 Digits)	2902.50	Date of Cost Statement	20/9/2022
Currency Type used in MCS	SGD	Incoterm of FTA	FOB
FOB Value of Good	\$100,000	No. of Units MCS is Based on	100kg
MANUFACTURING PROCESS CRITERION			
Description of the manufacturing process that the good underwent, with references to the materials and components used. <i>(Applicable only for products using the Manufacturing Process Criterion)</i>			

- 1) Describe the type of reaction Benzene and Ethylene undergo to become Ethylbenzene and subsequently Styrene.
- 2) Attached the chemical diagram if available.



Case Study on applying Chemical Reaction Rule : Styrene



DECLARATION OF ORIGIN (DO) BY APPROVED EXPORTER



Benefits of RCEP Approved Exporter (AE) Scheme

FAST & EASY



No waiting time, self-certify at any time
Simplify export procedures

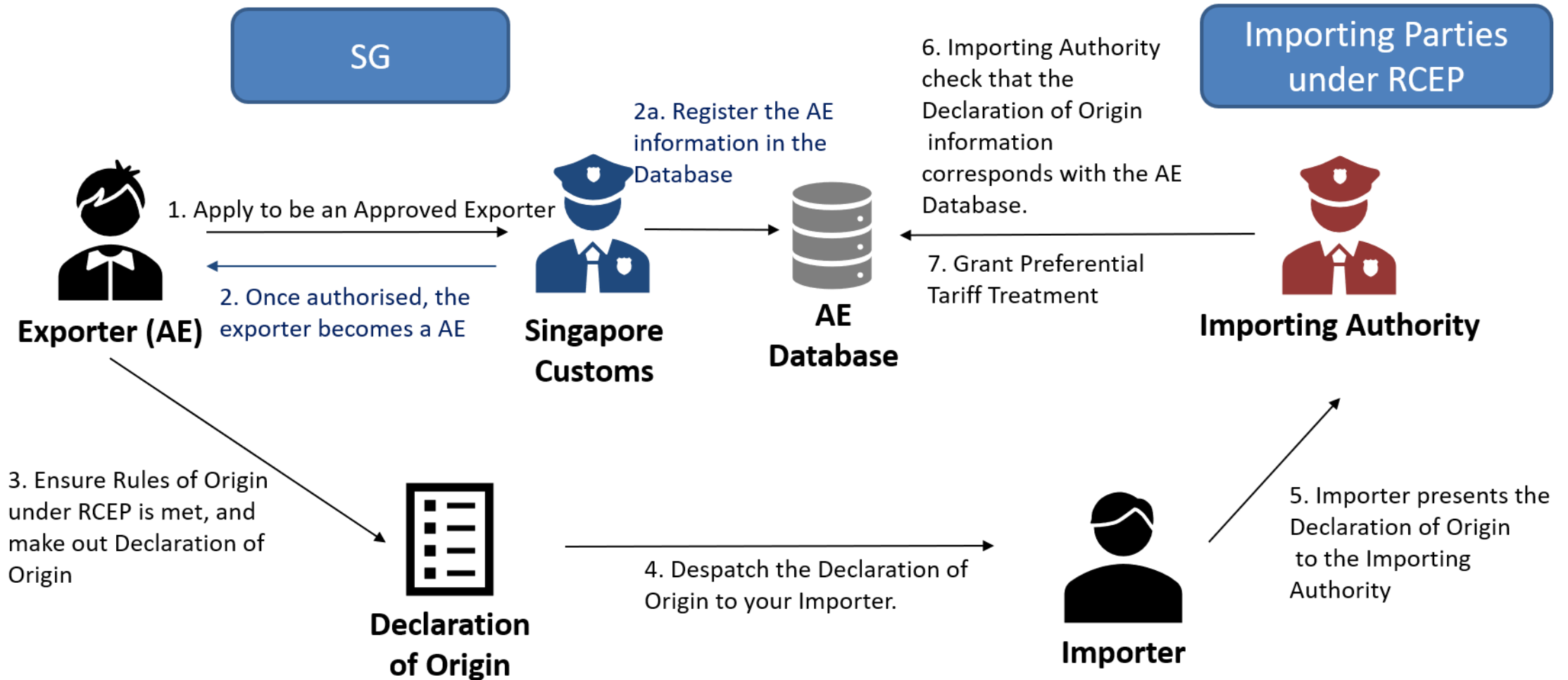
LOWER COST



Greater convenience to businesses
Lower business cost



How does AE works



HOW TO REGISTER TO BE AN AE/CE



End-to-End Process to utilise AE/CE

Check your company's eligibility to be an AE/CE

Upon successful authorisation as an AE and make out Declaration of Origin and fulfil AE and CE obligations

Submit the Application Form to be an AE and CE which includes product details and register with Customs



Requirement to utilise AE/CE

- In the application to be an AE & CE, to provide the following



- Item the company is exporting under
- Manufacturer's Declaration (if AE/CE is not the manufacturer)



HS code of the item at 6 digit level



Specimen Signatures of those signing on the Origin Declaration (OD) under AWSC

- For companies exporting goods in a back-to-back arrangement
 - A valid first leg Proof of Origin (hardcopy Form RCEP/D, Declaration of Origin/Origin Declaration)
 - Manufacturer's Declaration



Requirement to utilise AE

Upon successful registration, each Approved/Certified Exporter will be issued with an Authorisation Letter



Validity of the
AE and CE
Registration



Good and HS subheading
of the item registered to
make out Declaration of
Origin



Obligations of an
AE and CE



Terms and Conditions
to be an AE and CE

As a facilitation, company applying to be an Approved Exporter will also be registered as Certified Exporter under the ATIGA AWSC, vice versa. Company who wish to be registered for only either one of the schemes (i.e. opt-out) may also indicate in the application form.



Documentation requirements

AE (RCEP)	CE (ATIGA)
<ul style="list-style-type: none">• Make out Declaration of Origin (DO) on the invoice or other shipping documents.• The Minimum Data Requirements prescribed in Annex 3B should be included in the DO.	<ul style="list-style-type: none">• Origin Declaration (OD) should be made out the Commercial Invoice. If the Origin Declaration cannot be made out on the commercial invoice at the time of exportation, it may be made out on any of the following commercial documents<ul style="list-style-type: none">• Billing statement• Delivery order• Packing list• The Minimum Data Requirements prescribed in Rule 12B should be included in the OD.
<p>Ensure that “PRI” is selected under the “Preferential Indicator” field when making a TradeNet export declaration</p>	



Minimum Data Requirements for AE

Minimum Data Requirements

- | | | |
|---|---|---|
| (a) exporter's name and address; | (f) unique reference number; | (j) FOB value, if the regional value content origin conferring criterion is used; |
| (b) producer's name and address, if known; | (g) origin conferring criterion; | (k) quantity of the goods; |
| (c) importer's or consignee's name and address; | (h) certification by an authorised signatory that the goods specified in the Declaration of Origin meet all the relevant requirements of Chapter 3 (Rules of Origin); | (l) in the case of a back-to-back Declaration of Origin, original Proof of Origin reference number, date of issuance, RCEP country of origin of the first exporting Party, and, if applicable, approved exporter authorisation code of the first exporting Party. |
| (d) description of the goods and the HS Code of the goods (six - digit level); | (i) RCEP country of origin referred to in Article 2.6 (Tariff Differentials); | |
| (e) in the case of an approved exporter, authorisation code or identification code of the exporter or producer; | | |



Minimum Data Requirements for CE

1. Certified Exporter Detail

- The CE Authorisation Code

2. Description of Goods

- Product Name;
- Six digit HS code;
- Origin Conferring Criterion;
- Country of Origin
- FOB price* when RVC is used
- Quantity of Goods
- Trademark; and
- For the case of Back-to-back Origin Declaration, original Proof of Origin reference number, date of issuance, Country of Origin of the first exporting country, and, if applicable, CE Authorisation Code of the exporter from the first exporting country.

** Only if your goods are imported from or exported to Indonesia, Laos and Cambodia*

3. Certification by an Authorised Signatory

- Certification by an authorised signatory of the CE that the goods specified in the Origin Declaration meet all the relevant requirements
- Authorised signature over printed/stamped name of the signatory



Other Trade-Facilitative Features

- **Third Party Invoicing** – An importing Party cannot deny a claim for preferential treatment for the sole reason that the invoice was not issued by the exporter or producer of the good
- **Issued Retroactively**- A Certificate of Origin may be issued retrospectively but no later than one year after the date of shipment. Such Certificate of Origin will bear the words “ISSUED RETROACTIVELY”.
- **Back-to-Back Proof of Origin** can be issued by an issuing body, approved exporter or exporter of an intermediate Party, provided that certain conditions are met
- **Indirect Materials** will be treated as originating material without regard to where it is produced.
- **De Minimis** – A good that does not satisfy CTC can still claim originating status if:
 - Chapters 01 to 97: Value of the non-originating good used in the production and did not undergo the applicable CTC does not exceed 10% value of that good



Record Keeping Requirements

- Exporters and producers to retain, for **no less than 3 years** from the date of issuance of the Proof of Origin documents relating to the production and export shipments should be kept.
- Singapore importers of Customs duty payable goods to retain, for **no less than 5 years** from the date of issuance of the Proof of Origin all records necessary to prove the goods was originating and for all other goods, **no less than 3 years**.
- Records may be maintained in any medium, including digital, electronic, optical, magnetic or written form.



Verification Portal for Certificate of Origin issued by Singapore Customs



Verification Portal for Certificate of Origin
issued by Singapore Customs



Certificate Information

- Certificate Number
- Certificate Type
- Place of issuance
- Date of Issue
- Exporter name and address
- Consignee name and address
- Country/Region of Final Destination.

<https://www.ntp-international.gov.sg/vp/>

*Mandatory Field

Certificate No.*

Country/Region of Final Destination*

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Resources

RCEP Legal Text	http://rcepsec.org/legal-text/
Handbook on Application Procedures for a Certificate of Origin	https://www.customs.gov.sg/businesses/certificates-of-origin/overview
Handbook on rules of origin for preferential Certificates of Origin via TradeNet and related administrative matters	https://www.customs.gov.sg/businesses/certificates-of-origin/how-to-apply-for-oco-or-pco
Circular on RCEP related procedures for SG-originating goods exporting to the RCEP Parties and claiming of preferential tariff treatment in SG for RCEP-originating goods	https://www.customs.gov.sg/news-and-media/circulars/
Circulars	Circular 14/2021 and 15/2021



RCEP offers an alternative to existing ASEAN+1 Agreements

However, it is important to check and compare the RCEP tariff schedules and ROO against Singapore's other FTAs to determine which FTA is most suitable for your product.



THANK YOU

