



China (CSFTA)

The China-Singapore Free Trade Agreement (CSFTA) was signed after eight rounds of negotiations held over two years in both Singapore and Beijing. The CSFTA negotiations were concluded on 3 September 2008 in Beijing.

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The CSFTA was signed between Singapore Minister for Trade & Industry Lim Hng Kiang and PRC Minister for Commerce Chen Deming. The ceremony was witnessed by both Prime Minister Lee Hsien Loong and PRC Premier Wen Jiabao on 23 October 2008 in Beijing.

This is the first comprehensive bilateral FTA that China has signed with another Asian country, covering customs procedures, economic cooperation, dispute settlement, rules of origin, sanitary measures, technical barriers to trade, trade in goods and services, and trade remedies, among others.

The CSFTA entered into force on 1 January 2009.

Benefits to Singapore Exporters to China

The CSFTA will enhance Singapore companies' access to the vast Chinese market and further boost our excellent bilateral trade and investment relations. Currently, China is Singapore's third largest trading partner and largest investment destination.

Building on Trade in Goods Chapter commitments of China and Singapore under the Framework Agreement on Trade in Goods between ASEAN and China, the CSFTA will provide for accelerated tariff concessions that will enhance the competitiveness of Singapore goods vis-à-vis other foreign imports into China.

The CSFTA will provide preferential coverage for about 95 per cent of Singapore's exports to China with a trade value of more than S\$18 billion. More than 85 per cent of Singapore exports to China will be at zero-tariff upon the CSFTA's entry into force on 1 January 2009. An additional 10 per cent will become duty-free on 1 January 2010. Key exports that will benefit include electronics and electrical products, petrochemicals and processed foods.

Singapore and China have agreed to simplify our customs procedures to facilitate Goods trade. The key facilitative commitments include Third Party Invoicing, Advance Ruling to provide traders with more certainty and enhancement of the application of risk management to facilitate the clearance of low risk consignments. The above will assist Singapore companies to strengthen their competitive position in the Chinese market.

Trade in Goods

The Trade in Goods Chapter builds on the commitments of China and Singapore under the Framework Agreement on Trade in Goods between ASEAN and China. The tariff lines that are subject to the tariff reduction or elimination programme under this Agreement are all the tariff lines covered under the Normal Track, as specified in Article 3(2)(a) of the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-operation between the Association of Southeast Asian Nations and the People's Republic of China done on 29 November 2004. In the case of Singapore, this Agreement shall also include all tariff lines covered under the Sensitive Track, as specified in Article 3(2)(b) of the ASEAN-China Trade in Good Agreement.

Singapore and China undertake not to maintain any quantitative restrictions at any time unless otherwise permitted under the WTO disciplines. They shall also not adopt or maintain any non-tariff measure on the importation of any good of the other market or on the exportation of any good destined for the territory of the other market. Furthermore, each market shall ensure the transparency of its non-tariff measures.

Rules of Origin

Under the CSFTA, products imported by a Party shall be deemed to be originating and eligible for preferential concessions if they conform to the origin requirements under any one of the following:

- 1) products that are wholly obtained;
- 2) products not wholly obtained or produced in the territory of the exporting Party, provided that said products are eligible under Regional Value Content, Cumulative Rule of Origin and Product Specific Rules.

The percentage of regional value content shall not be less than 40 per cent, except for the goods listed in the Product-Specific Rules.

The regional value content of a good shall be calculated on the basis of the following method:

$$RVC = \frac{V - VNM}{V} \times 100$$

where RVC means the regional value content expressed as a percentage; V means the value of the good, adjusted on an FOB basis; and VNM shall be:

- 1) the CIF value at the time of importation of the materials; or
- 2) the earliest ascertained price paid for the materials of undetermined origin in the territory of the Party where the working or processing takes place.

Customs Documentation

The Certificate of Origin (CO) shall be issued before or at the time of exportation whenever the goods to be exported can be considered originating in that Party subject to the Rules of Origin. The exporter or producer shall submit a written application for the CO together with appropriate supporting documents proving that the products to be exported qualify for the issuance of a CO.

Singapore and China agreed to recognise third-party invoicing. This means that even if the invoices for Singapore's exports to China are issued in third countries, the originating goods will still qualify for preferential treatment as long as they are shipped from either of the signatory countries.

A CO is applicable to a single importation of a good into the Party's territory and shall remain valid for 12 months from the date of issue. Producers, exporters and importers will be required to retain origin documents for three years.

Advanced Ruling

An exporter, importer or any person could submit at least three months before the date of importation of the goods for advance ruling. An advance ruling may be issued within 60 days of the date of an application provided all the origin requirements have been complied with.

The validity period for an advance ruling is two years from the date of its issue.

Mutual Recognition Arrangement for Goods

A Joint Working Group on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Agreement (SPS), comprising representatives from the relevant regulatory authorities of each market will be established. Each Party shall give favourable consideration to any sector-specific proposal made by the other Party for further co-operation.

Trade in Services

The Trade in Services Chapter consists of general disciplines governing trade in services between Singapore and China. The committed sectors are subject to market access, national treatment and domestic regulation disciplines.

In sectors where market access commitments are undertaken, the Party cannot impose additional market access restrictions for these sectors, both quantitative and qualitative. These include:

- 1) limitations on the number of service suppliers;
- 2) limitations on the total value of service transactions or assets;
- 3) limitations on the total number of service operations;
- 4) limitations on the total number of natural persons that may be employed in a particular service sector;
- 5) measures that restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and
- 6) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

Under national treatment, each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that it accords to its own like services and service suppliers as listed in the schedule of commitments.

Each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

Investment

The provisions of the ASEAN-China Investment Agreement shall be incorporated into and form an integral part of this Agreement unless the context otherwise requires. At any time after the entry into force of this Agreement, upon request by either Party, the Parties shall consult to further facilitating the flow of investments between the Parties.

Movement of Business Persons

This chapter facilitates easier temporary entry for three categories of business persons from Singapore in China. They include:

- 1) Business visitors — periods of stay up to a maximum of six months.
- 2) Intra-Corporate Transferees — shall be granted a long-term stay permit as stipulated in the terms of contracts concerned or an initial stay of three years, whichever is shorter.
- 3) Contractual Service Suppliers — in eligible sectors, will be granted entry for up to one year or the length of contract, whichever is shorter. The services provided are only limited to Accounting, Architectural, Computer and related, Construction and related Engineering, Dental and Medical, Education, Engineering, Urban Planning and Tourism services.

Dispute Settlement

Singapore and China have negotiated a comprehensive set of dispute settlement procedures to ensure that in the event of a dispute, a predictable and effective framework is in place to resolve the issue.

A Party complained against shall accord due consideration and adequate opportunity for a request for consultations made by the complaining Party (referring to party that requests consultation). The Party complained against shall reply to the request for consultation within seven days after the date of its receipt and shall enter into consultations in good faith within a period of not more than 30 days after the date of receipt of the request, with a view to reaching a mutually satisfactory solution.

If the consultations fail to settle a dispute within 60 days after the date of receipt of the request for consultations, or within 20 days after such date in cases of urgency, including those that concern perishable goods, the complaining Party may make a written request to the Party complained against to appoint an arbitral tribunal.

The arbitral tribunal shall address the relevant provisions in this Agreement cited by the Parties. The decision of the arbitral tribunal shall be final and binding on the Parties. The final report of the arbitral tribunal shall become a public document within 10 days after its release to the Parties.

Each Party shall bear the costs of its appointed arbitrator and its own expenses and legal costs. The costs of the chair of the arbitral tribunal and other expenses associated with the conduct of its proceedings shall be borne in equal parts by the Parties.

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