

# ASEAN – India (AIFTA)

The AIFTA Trade In Goods (TIG) Agreement was signed on 13 August 2009 by the ASEAN Economic Ministers and the Minister of Commerce and Industry of the Republic of India in Bangkok, Thailand.

As of August 2011, India, Singapore, Malaysia, Thailand, Vietnam, Brunei, Indonesia, Philippines and Myanmar have implemented the Agreement.

## Benefits to Singapore Exporters

Under AIFTA, India offers four different concessions types for Singapore-originating goods, which are the Normal Track 1 (NT-1), Normal Track 2 (NT-2), Sensitive Track & Special Products. Approximately 90 per cent of India's tariff lines falls under NT-1, NT-2 and Sensitive Track.

NT-1 and NT-2 cover 80 per cent of tariff lines where tariffs are to be completely eliminated for goods. The Sensitive Track covers 10 per cent of tariff lines and tariffs under this track are to be reduced to 5 per cent. This means that tariff rates for these products will be no more than 5 per cent by 2016.

## Trade in Goods

Under the AIFTA, tariff elimination & reduction has been committed as follows:

Category	India, Singapore, Brunei, Indonesia, Malaysia & Thailand	India & Philippines	India, Cambodia, Laos, Myanmar & Vietnam (CLMV)
<b>Normal Track 1</b>	0% by 2013	0% by 2018	India: 0% by 2013 CLMV: 0% by 2018
<b>Normal Track 2</b>	0% by 2016	0% by 2019	India: 0% by 2016 CLMV: 0% by 2021
<b>Sensitive Track</b>	No more than 5% by 2016	No more than 5% by 2019	India: No more than 5% by 2016 CLMV: No more than 5% by 2021

Category	India, Singapore, Brunei, Indonesia, Malaysia & Thailand	India & Philippines	India, Cambodia, Laos, Myanmar & Vietnam (CLMV)
<b>Highly Sensitive Track</b>	Reduced to 25% or 50% by 31 Dec 2019 for Indonesia, Malaysia & Thailand	Reduced to 25% or 50% by 31 Dec 2022 for the Philippines	Reduced to 25% or 50% by 31 Dec 2024 for Cambodia & Vietnam
<b>Special Products</b>	Reduced to 37.5% for crude palm oil, 50% for pepper & 45% for the rest by 31 Dec 2019	Reduced to 37.5% for crude palm oil, 50% for pepper & 45% for the rest by 31 Dec 2019	Reduced to 37.5% for crude palm oil, 50% for pepper & 45% for the rest by 31 Dec 2019
<b>Exclusion List</b>	Products will be subject to annual tariff review with a view to improving market access	Products will be subject to annual tariff review with a view to improving market access	Products will be subject to annual tariff review with a view to improving market access.

## Rules of Origin

### Originating Goods

A good shall qualify as an originating good of a Party if:

- (1) it is wholly obtained or produced entirely in the exporting Party as set out and defined in Rule 3; or
- (2) the good has a regional value content (RVC), of not less than 35 per cent of FOB value, and the non-originating materials have undergone at least a change in HS classification on the 6-digit level, provided that the final process of the manufacture is performed within the territory of the exporting Party.

### Product-Specific Rule

The Product-Specific Rules are still under negotiations.

### **Customs Documentation**

For the purposes of claiming preferential tariff treatment, a valid certificate of origin (AIFTA CO) shall be submitted to the customs authority of the importing Party by the importer

An AIFTA CO shall be valid for 12 months from the date of issuance.

### **Back-to-Back AIFTA CO**

The Back-to-Back (B2B) Certificate of Origin (CO) arrangement allows for a product, which is exported from one AIFTA Party country through an intermediate AIFTA Party country while en route to another AIFTA Party country, to enter and undergo operations in an AIFTA Party country such as bulk breaking, packaging and other necessary operations, and to facilitate the transport without losing its originating status. The re-exporter is only required to present the valid original CO to the issuing authority of intermediate AIFTA Party country in order to verify the originating status of the good.

The importer of the intermediate Party and the exporter who applies for the back-to-back AIFTA CO must be the same party. The product shall also remain in the intermediate Party's customs territory, including free trade zones and bonded areas approved the customs, and shall not enter into trade in the intermediate Party.

### **Third Party Invoicing**

The AIFTA also allows for third party invoicing arrangements.

### **Dispute Settlement**

The AIFTA has in place a dispute settlement mechanism whereby dispute among Party countries can be reviewed during consultations, which are confidential and without prejudice to the rights of any Party in any further proceedings under this Agreement or other proceedings before a forum selected by the Parties.

If the consultations fail to settle a dispute within 60 days from the date of receipt of the request, the Complaining Party may request for the establishment of an arbitral panel to address the matter.