

ASEAN – Japan (AJCEP)

The Framework Agreement for Comprehensive Economic Partnership (CEP) between the Association of Southeast Asian Nations and Japan was signed in Bali, Indonesia, on 8 October 2003. Subsequently, the ASEAN Japan Comprehensive Economic Partnership (AJCEP) was signed after 11 rounds of negotiation over a period of four years. Ministers of ASEAN Member States and Japan then completed the signing of the AJCEP Agreement on 14 April 2008.

All signatories of the AJCEP except Indonesia have ratified and implemented the AJCEP.

Benefits to Singapore Exporters

Under AJCEP, Singapore-based exporters could benefit from reduced tariff concessions. Based on Singapore's top 200 products traded with Japan, tariffs on 173 products, accounting for 91 per cent of Singapore's total trade volume with Japan, will undergo tariff elimination immediately upon entry into force of the Agreement.

The Agreement will benefit exporters with wider sourcing base in the region. Furthermore, exporters could take advantage of the regional cumulative content to meet the rules of origin. This will create better export opportunities for Singapore exporters.

Trade in Goods

Each Party shall, in accordance with its Schedule, eliminate or reduce its customs duties on originating goods of the other Parties. Such elimination or reduction shall be applied to originating goods of all the other Parties on a non-discriminatory basis. The Parties shall take further steps towards liberalisation of trade in goods.

The staging of elimination or reduction of customs duties as provided for in all the Schedules shall be deemed to have commenced on the date of entry into force of this Agreement.

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 Party as provided for in Article 25; or
- 2) the good has a regional value content (RVC) of not less than forty per cent, and the final process of production has been performed in the Party; or
- 3) all non-originating materials used in the production of the good have undergone a change in tariff classification (here in after referred to as 'CTC') at the four-digit level (i.e. a change in tariff heading) of Harmonised System (HS).

Calculation of Regional Value Content

For the purposes of calculating the RVC of a good, the following formula shall be used:

$$\text{RVC} = \frac{\text{FOB} - \text{VNM}}{\text{FOB}} \times 100\%$$

where

- 1) 'FOB' is the free-on-board value of a good, inclusive of the cost of transport from the producer to the port or site of final shipment abroad;
- 2) 'RVC' is the RVC of a good, expressed as a percentage; and
- 3) 'VNM' is the value of non-originating materials used in the production of a good.

Accumulation

Originating materials of a Party used in the production of a good in another Party shall be considered as originating materials of that Party where the working or processing of the good has taken place.

Product-Specific Rule

A good subject to Product-Specific Rules shall qualify as an originating good if it satisfies the applicable product-specific rules.

The categories are as follows, in addition to the wholly obtained RVC explained above:

- 1) 'CC' denotes a change to the chapter, heading or subheading from any other chapter. This means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the two-digit level (i.e. a change in chapter) of HS;
- 2) 'CTH' denotes a change to the chapter, heading or subheading from any other heading. This means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the four-digit level (i.e. a change in heading) of HS;
- 3) 'CTSH' denotes a change to the chapter, heading or subheading from any other subheading. This means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the six-digit level (i.e. a change in subheading) of HS;

Where a product-specific rule provides a choice of rules from an RVC-based rule of origin, CTC-based rule of origin, specific manufacturing or processing operation, or a combination of any of these, each Party shall permit the exporter of the good to decide which rule to use in determining whether the good qualifies as an originating good of the Party.

Information Technology Products

With the exception where the former good is classified under subheadings 8541.10 through 8542.90, a good that is covered by Attachment A or B of the Ministerial Declaration on Trade in Information Technology Products and is used as a material in the production of another good in a Party may be considered as an originating material of the Party.

Customs Documentation

For the purposes of claiming preferential tariff treatment, the following shall be submitted to the customs authority of the importing Party by the importer:

- 1) A valid certificate of origin (CO); and
- 2) Other documents as required in accordance with the laws and regulations of the importing Party (eg: invoices, including third country invoices, and a through bill of lading issued in the exporting Party).

A CO shall be submitted to the customs authority of the importing Party within one year from the date of issuance. The exporter or producer shall keep these records for three years after the date on which the CO was issued. Such record includes all supporting documents presented to prove the qualification as an originating good of the exporting Party.

Mutual Recognition Arrangement for Goods

A Sub-Committee on Sanitary and Phytosanitary Measures shall be established. The functions of the Sub-Committee are as follows:

- 1) Exchange information on occurrences of SPS incidents in the Parties;
- 2) Facilitate cooperation in the area of SPS measures;
- 3) Undertake science-based consultations;
- 4) Review the implementation and operation; and
- 5) Report, where appropriate, its findings to the Joint Committee.

A Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures shall also be established. Some of the key functions are to identify mutually agreed priority sectors for enhanced cooperation, establish work programmes in mutually agreed priority areas, review and, where appropriate, submit findings to the Joint Committee.

Dispute Settlement

A Party or Parties may make a request in writing for consultations concerning any matter on the interpretation or application of this Agreement where the complaining party considers that any benefit accruing to it under this Agreement is being nullified or impaired.

The Party complained against shall reply to the request within 10 days after the date of receipt of the request and shall enter into consultations in good faith within 30 days after the date of receipt of the request, with a view to reaching a mutually satisfactory solution.

The complaining Party may request to the Party complained against, the establishment of an arbitral tribunal if the dispute is not resolved. The arbitral tribunal established shall make objective assessment, consult with the Parties, make its awards and include in its award suggested implementation options for the Parties to the dispute to consider. The Party complained against shall promptly comply with the award of the arbitral tribunal issued.