

## Committee on Regional Trade Agreements

### AGREEMENT BETWEEN JAPAN AND SINGAPORE FOR A NEW-AGE ECONOMIC PARTNERSHIP

#### GOODS ASPECTS

#### Communication from the Parties

## **I. BACKGROUND INFORMATION ON THE AGREEMENT**

### **1. Membership And Dates Of Signature, Ratification And Entry Into Force.**

The Agreement between Japan and the Republic of Singapore for a New-Age Economic Partnership, commonly known as the JSEPA, entered into force on 30 November 2002. The two Governments announced their intention to negotiate an agreement in October 2000. After completing four rounds of formal negotiations and 12 rounds of informal ones, the Japanese Prime Minister Junichiro Koizumi and the Singapore Prime Minister Goh Chok Tong signed the Agreement in Singapore on 13 January 2002.

### **2. Type Of Agreement**

The JSEPA is a comprehensive Free Trade Agreement in conformity with Article XXIV of GATT 1994.

### **3. Scope**

The JSEPA covers all trade in goods between the Parties that meet the Rules of Origin criteria and as laid out in Article 14 and Annex I of the Agreement.

### **4. Trade Data**

Customs duties on goods representing 98.5% of total bilateral trade in 2000 were either immediately eliminated upon entry into force or will be eliminated in accordance with Annex I to the Agreement. This accounts for 93.8% of Singapore's exports to Japan and 100% of Japan's exports to Singapore. For the year ending December 2000, Japan's imports from Singapore totaled JPY 663,685million and Singapore's imports from Japan totaled S\$39,955,023,000.

More detailed bilateral trade statistics are attached to the back of this document.

## **II. TRADE PROVISIONS**

### **1. Import Restrictions**

There are no import restrictions associated with the JSEPA.

### 1.1 Duties And Charges

Article 14 stipulates that each Party shall eliminate its customs duties on goods of the other Party in accordance with its Schedule in Annex I.

As provided in paragraph 4 of Article 14, each Party shall eliminate other duties or charges of any kind imposed on or in connection with the importation of goods of the other Party, if any.

### 1.2 Quantitative Restrictions

Article 17 stipulates that each party shall not institute or maintain any non-tariff measures on the importation of any good of the other Party which are inconsistent with its obligations under the WTO Agreement.

### 1.3 Common External Tariff

This is not applicable to the JSEPA.

## 2. Export Restrictions

There are no export restrictions associated with the JSEPA.

### 2.1 Duties And Charges

As provided in Article 16, neither Party shall adopt or maintain any duties on goods exported from its territory into the territory of the other Party.

### 2.2 Quantitative Restrictions

Article 17 stipulates that each party shall not institute or maintain any non-tariff measures on the sale for export of any good destined for the territory of the other Party which are inconsistent with its obligations under the WTO Agreement.

## 3. Rules Of Origin

The Rules of Origin are defined in Chapter 3 and fully expanded upon in Annex II. According to the provisions in this Chapter, products are divided into two categories; one is wholly obtained products, the other is manufactured products. Wholly obtained products mainly refer to commodity products as provided in Article 23. Such products are automatically accepted as originating in Japan or Singapore respectively. Manufactured products mean that the products are manufactured in Japan or Singapore from materials, components or parts. These products will be considered originating in Japan or Singapore if they meet the product-specific rules in the Agreement. Essentially the Rules of Origin require that the products be sufficiently transformed in Japan or Singapore. Such transformation is deemed to have occurred if there is a change in tariff classification (CTC). Basically the CTC rule in the JSEPA requires the final product to have a different 4-digit heading from the materials used in its production. For 264 products of interest to Singapore, they will also qualify for preferential tariff treatment if the qualifying value content is at least 60% of the F.O.B. price.

#### **4. Standards**

##### **4.1 Technical Barriers To Trade**

Chapter 6 of the JSEPA applies to the mutual recognition of the results of conformity assessment procedures conducted by the conformity assessment bodies, as set out in the laws, regulations and administrative provisions specified in two Sectoral Annexes to the Agreement, in the area of telecommunications terminal equipment and radio equipment, and electrical products.

##### **4.2 Sanitary And Phytosanitary Measures**

There are no sanitary and phytosanitary measures provided in the JSEPA.

#### **5. Safeguards**

Article 18 of the JSEPA stipulates that each Party may, only during the transition period and to the minimum extent necessary to prevent or remedy the injury and to facilitate adjustment, suspend the further reduction of any rate of customs duty on the good provided for in Chapter 2 or increase the rate of customs duty on the good to a level not to exceed the lesser of; (1) the most-favoured-nation applied rate of customs duty in effect at the time when the measure set out in this paragraph is taken, and (2) the most-favoured-nation applied rate of customs duty in effect on the day immediately preceding the date of entry into force of this Agreement, if an originating good of the other Party, which is accorded the preferential tariff treatment provided for in Article 14, as a result of the reduction or elimination of a customs duty, is being imported into the territory of the former Party in such increased quantities, in absolute terms, and under such conditions that the imports of that originating good alone constitute a substantial cause of serious injury, or threat thereof, to a domestic industry of the former Party.

#### **6. Anti-Dumping And Countervailing Measures**

According to Article 14, nothing in that Article which sets out the elimination of customs duties shall prevent a Party from imposing, at any time, on the importation of any goods of the other Party, any anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement.

#### **7. Subsidies And State-Aid**

This is not applicable to the JSEPA.

#### **8. Sector-Specific Provisions**

There are no sector-specific provisions in the JSEPA.

### **III. GENERAL PROVISIONS OF THE AGREEMENT**

#### **1. Exceptions And Reservations**

Article 4 and 19 sets out the exceptions based on the relevant provisions of WTO Agreement including GATT Articles XX and XXI.

## **2. Accession**

This is not applicable to the JSEPA.

## **3. Dispute Settlement Procedures**

Chapter 21 contains the provisions on Dispute Avoidance and Settlement. Article 140 allows a Party to request consultations for the purposes of avoiding disputes. The other Party shall afford adequate opportunity for consultations and shall reply promptly to the request and enter into consultations in good faith. Article 141 stipulates that the Parties may agree at any time to good offices, conciliation or mediation.

Article 142 allows a Party to request consultations for the purpose of settling disputes, if it considers that any benefit accruing to it is being nullified or impaired, and Parties shall make every effort to reach a mutually satisfactory resolution through consultations. There are specific timelines stipulated for the requested Party to enter into consultations.

Article 143 provides for the establishment of an arbitral tribunal at the request of either Party if Parties fail to resolve the dispute through consultations. Each Party shall appoint an arbitrator, and both Parties shall agree on a third arbitrator. Article 143 also makes provisions for the appointment of the third arbitrator in the event that Parties are fail to agree.

The dispute settlement procedures also include detailed provisions as to the functions and proceedings of arbitral tribunals, as well as the implementation of the tribunal's rulings or findings. There are timeframes specified for each stage of the entire proceedings, so as to give a degree of automaticity to the process.

Nothing in the chapter on dispute settlement and avoidance shall prejudice the rights of the Parties to have recourse to dispute settlement procedures available under any other international agreement to which they are parties.

## **4. Relation With Other Trade Agreements**

Article 6 provides that in the event of any inconsistency between this Agreement and any other agreement to which both Parties are parties, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution, taking into consideration general principles of international law.

## **5. Institutional Framework**

No intergovernmental or supranational institutions were created to operate the JSEPA.

The Ministry of Foreign Affairs of Japan and the Ministry of Trade and Industry of Singapore are the two primary governmental agencies responsible for the overall implementation and monitoring of the JSEPA.

# **IV. OTHER**

## **1. Transparency**

According to Article 2 of the JSEPA, each Party shall promptly make public, or otherwise make publicly available, its laws, regulations, administrative procedures and administrative rulings

and judicial decisions of general application as well as international agreements which pertain to or affect the operation of this Agreement.

## **2. Confidential Information**

Article 3 stipulates that nothing in this Agreement shall be construed to require a Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private. In addition, each Party shall, in accordance with its laws and regulations, maintain the confidentiality of information provided in confidence by the other Party pursuant to this Agreement.

## **3. General**

The JSEPA had gone beyond commitments of both countries under the WTO on liberalization of trade in goods and services, and investment. The Agreement also includes trade facilitation and bilateral cooperation in key growth areas such as information and communication technology, science and technology, financial services, tourism and human resources development, amongst others.

## JAPAN/SINGAPORE BILATERAL TRADE DATA

### Singapore's Imports from Japan, Year 2000 – 2002 (Value in S\$'000)

Year	Total Imports
2000	39,955,023
2001	28,794,106
2002	26,079,846

*Source: International Enterprise Singapore*

### Japan's Imports from Singapore, Year 2000 – 2002 (Value in JPY 1million)

Year	Total Imports
2000	663,685
2001	612,170
2002	563,928

*1) Source: Ministry of Finance, Japan*

*2) except for re-importation, re-exportation and commodities intended for use in aircrafts' stores*

### Singapore's Imports from Japan, Year 2000 – 2002 (Value in S\$'000)

HS Code	Product Description	2000	2001	2002	% change 2002/2001
				<b>Rank</b>	
8542	Electronic Integrated Circuits & Microassemblies	7,500,096	5,229,606	4,769,773	-8.8
8473	Parts & Accessories For Use With Machines Of Headings 84.69 To 84.72_Excl Covers & Carrying Cases	1,934,394	1,550,926	1,392,269	-10.2
8541	Diodes Transistors & Similar Semiconductor Devices Photosensitive Semiconductor Devices Etc	1,635,296	1,235,397	1,319,746	6.8
8479	Machines & Mechanical Appliances Having Individual Functions Not Elsewhere Specified	2,048,879	1,085,219	991,151	-8.7
8703	Motor Cars & Other Motor Vehicles Designed For Transport of Persons Incl Station Wagons & Racing Cars	947,318	904,505	934,572	3.3
8471	Automatic Data Processing Machines & Units Thereof Magnetic Optical Readers & Those For Transcribing Data	1,837,760	1,385,744	678,659	-51.0
8532	Electrical Capacitors Fixed Variable Or Adjustable (Pre-Set)	1,139,824	698,006	572,967	-17.9
8536	Electrical Apparatus For Switching Or Protecting Electrical Circuits For Voltage Not Over 1000 Volts	951,529	629,785	560,589	-11.0
8708	Parts & Accessories Of Motor Vehicles Of Headings 87.01 To 87.05	371,786	370,657	421,104	13.6

8525	Transmission Apparatus For Radio-Telephony Telegraphy Broadcasting Or Television & Television Cameras	392,496	404,143	411,556	1.8
7108	Gold Incl Gold Plated With Platinum Unwrought Or In Semi-Manufactured Forms Or In Powder Form	329,253	283,847	391,455	37.9
3707	Chemical Preparations For Photographic Uses & Unmixed Products For Photographic Uses For Retail Sale	615,033	558,403	381,418	-31.7
8482	Ball Or Roller Bearings	518,507	369,431	349,052	-5.5
8704	Motor Vehicles For Transport Of Goods	617,693	335,730	317,320	-5.5
8523	Prepared Unrecorded Media For Sound Recording Or Similar recording Of Other Phenomena Excl Products Of Chapter 37	322,029	317,051	301,260	-5.0
9892	Special Transactions Not Classified According To Kind	275,804	285,450	294,215	3.1
8529	Parts For Use Solely With Apparatus Of Headings 85.25 To 85.28	501,887	367,780	276,430	-24.8
8517	Electrical Apparatus For Line Telephony Or Telegraphy Incl Such Apparatus For Carrier Current Line Systems	395,630	342,692	248,863	-27.4
2402	Cigars Cheroots Cigarillos & Cigarettes Of Tobacco Or Of tobacco Substitutes	54,193	222,225	236,889	0.0
8522	Parts & Accessories Of Apparatus For Use Solely With Apparatus Of Headings 85.19 To 85.21	404,940	251,691	215,194	-14.5
	<b>Sub-Total for top 20 products</b>	22,794,348	16,828,288	15,064,482	-10.5
	<b>Singapore's Imports from Japan</b>	39,955,023	28,794,106	26,079,846	-9.4
	<b>Top 20 as % of Total Imports from Japan</b>	57.05%	58.44%	57.76%	

Source: International Enterprise Singapore

Japan's Imports from Singapore, Year 2000 – 2002  
(Value in JPY 1million)

HS Code	Product Description	2000	2001	2002	% change 2002/2001
8471	Automatic data processing machines and units thereof	168,811	165,435	141,330	-14.57%
8542	Electronic integrated circuits and microassemblies	132,646	105,408	96,591	-8.36%
8473	Parts and accessories	56,867	56,985	46,336	-18.69%
2710	Petroleum oils and oils obtained from bituminous minerals	38,104	26,241	26,402	0.61%
2707	Oils and other products of the distillation of high temperature coaltar	15,644	9,911	21,236	114.26%
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	12,578	13,477	13,540	0.47%
8524	Records, tapes and other recorded media	15,289	13,930	12,988	-6.76%
3811	Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations and other prepares additives, for mineral oils	7,479	9,149	11,276	23.25%
7112	Waste and scraps of precious metal	6,643	6,807	10,447	53.47%
8541	Diodes, transistors and similar semi-conductor devices	9,403	6,886	7,093	3.01%

1901	Malt extract	6,549	8,094	6,949	-14.16%
2932	Heterocyclic compounds with oxygen hetero-atom only	6,773	9,017	6,700	-25.68%
1806	Chocolate and other food preparations	5,840	6,972	6,634	-4.85%
4901	Printed books, brochures, leaflets and similar printed matter	4,056	6,193	6,316	1.98%
2933	Heterocyclic compounds with nitrogen hetero-atom only	308	945	6,231	559.69%
9032	Automatic regulating or controlling instruments and apparatus	1,689	2,941	4,605	56.58%
8517	Electrical apparatus for line telephony or line telegraphy	11,609	11,927	4,405	-63.07%
7404	Copper waste and scrap	5,199	3,683	3,861	4.84%
2106	Food preparations	3,700	4,137	3,831	-7.40%
3824	Prepared binders for foundry moulds or cores	4,812	6,393	3,773	-40.88%
	<b>Sub-Total for top 20 products</b>	513,999	474,531	440,545	-7.16%
	<b>Japan's Total Imports from Singapore</b>	663,685	612,170	563,928	-7.88%
	<b>Top 20 as % of Total Imports from Singapore</b>	77.45%	77.52%	78.12%	

1) Source: Ministry of Finance, Japan

2) Except for reimported, reexported and commodities intended for use in aircrafts' stores