

## CHAPTER 2 : NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

### ARTICLE 2.1 : NATIONAL TREATMENT

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, subject to Annex 2A.

### ARTICLE 2.2 : ELIMINATION OF DUTIES

1. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods of the other Party in accordance with Annexes 2B (U.S. Schedule) and 2C (Singapore Schedule).
2. A Party shall not increase an existing customs duty or introduce a new customs duty on imports of an originating good, other than as permitted by this Agreement, subject to Annex 2A.
3. Upon request by any Party, the Parties shall consult to consider accelerating the elimination of customs duties as set out in their respective schedules. An agreement by the Parties to accelerate the elimination of customs duties on an originating good shall be treated as an amendment to Annexes 2B and 2C, and shall enter into force after the Parties have exchanged written notification certifying that they have completed necessary internal legal procedures and on such date or dates as may be agreed between them.

### ARTICLE 2.3 : CUSTOMS VALUE

Each Party shall apply the provisions of the Customs Valuation Agreement for the purposes of determining the customs value of goods traded between the Parties.

### ARTICLE 2.4 : EXPORT TAX

A Party shall not adopt or maintain any duty, tax or other charge on the export of any good to the territory of the other Party.

### ARTICLE 2.5 : TEMPORARY ADMISSION

1. Each Party shall grant duty-free temporary admission for the following goods, imported by or for the use of a resident of the other Party:
  - (a) professional equipment, including software and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a business person who qualifies for temporary entry pursuant to the laws of the importing country; and

- (b) goods intended for display or demonstration at exhibitions, fairs, or similar events, including commercial samples for the solicitation of orders, and advertising films.

2. A Party shall not condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that such good:

- (a) be used solely by or under the personal supervision of a resident of the other Party in the exercise of the business activity, trade, or profession of that person;
- (b) not be sold or leased or consumed while in its territory;
- (c) be accompanied by a security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;
- (d) be capable of identification when exported;
- (e) be exported on the departure of that person or within such other period of time as is reasonably related to the purpose of the temporary admission, to a maximum period of three years from the date of importation;
- (f) be imported in no greater quantity than is reasonable for its intended use; and
- (g) be otherwise admissible into the Party's territory under its laws.

3. If any condition that a Party imposes under paragraph 2 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on entry or final importation of the good.

4. Each Party, through its Customs authorities, shall adopt procedures providing for the expeditious release of the goods described in paragraph 1. To the extent possible, when such goods accompany a resident of the other Party seeking temporary entry, and are imported by that person for use in the exercise of a business activity, trade, or profession of that person, the procedures shall allow for the goods to be released simultaneously with the entry of that person subject to the necessary documentation required by the Customs authorities of the importing Party.

5. Each Party shall, at the request of the person concerned and for reasons deemed valid by its Customs authorities, extend the time limit for temporary admission beyond the period initially fixed.

6. Each Party shall permit temporarily admitted goods to be exported through a customs port other than that through which they were imported.

7. Each Party shall relieve the importer of liability for failure to export a temporarily admitted good upon presentation of satisfactory proof to the Party's Customs authorities that the good has been destroyed within the original time limit for temporary admission or any lawful extension. Prior approval will have to be sought from the Customs authorities of the importing Party before the good can be so destroyed.

#### ARTICLE 2.6 : GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. A Party shall not apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been exported temporarily from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory.

2. A Party shall not apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

3. For purposes of this Article:

- (a) the repairs or alterations shall not destroy the essential characteristics of the good, or change it into a different commercial item;
- (b) operations carried out to transform unfinished goods into finished goods shall not be considered repairs or alterations; and
- (c) parts or pieces of the goods may be subject to repairs or alterations.

#### ARTICLE 2.7 : IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, a Party shall not adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994, including its interpretative notes, and to this end Article XI of GATT 1994, including its interpretative notes, is incorporated into and made a part of this Agreement.

2. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, export price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, import price requirements.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, nothing in this Agreement shall be construed to prevent the Party from:

- (a) limiting or prohibiting the importation from the territory of the other Party of such good of that non-Party; or
- (b) requiring as a condition of export of such good of the Party to the territory of the other Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

4. Paragraphs 1 through 3 shall not apply to the measures set out in Annex 2A.

5. Nothing in this Article shall be construed to affect a Party's rights and obligations under the WTO Agreement on Textiles and Clothing.

#### ARTICLE 2.8 : MERCHANDISE PROCESSING FEE

A Party shall not adopt or maintain a merchandise processing fee for originating goods.

#### ARTICLE 2.9 : DISTILLED SPIRITS

Singapore shall harmonize its excise taxes on imported and domestic distilled spirits. Such harmonization of the aforesaid excise duties shall be carried out in stages and shall be completed by 2005.

#### ARTICLE 2.10 : BROADCASTING APPARATUS

A Party shall not maintain any import ban on broadcasting apparatus, including satellite dishes.

#### ARTICLE 2.11 : CHEWING GUM

Singapore shall allow the importation of chewing gum with therapeutic value for sale and supply, and may subject such products to laws and regulations relating to health products.

#### ARTICLE 2.12 : TARIFF TREATMENT OF NON-ORIGINATING COTTON AND MAN-MADE FIBER APPAREL GOODS (TARIFF PREFERENCE LEVELS)

1. Subject to paragraphs 3 and 4, the United States shall apply the applicable rate of duty under paragraph 2 to imports of cotton or man-made fiber apparel goods provided for in Chapters 61 and 62 of the Harmonized System and covered by the U.S. categories listed in Annex 2B that are both cut (or knit to shape) and sewn or otherwise assembled in Singapore from fabric or yarn produced or obtained outside the territory of a Party, and that meet the applicable conditions for preferential tariff treatment under this Agreement, other than the condition that they be originating goods.

2. The rate of duty applicable to goods described in paragraph 1 is the United States most-favored-nation rate of duty reduced in five equal annual increments, beginning on the date this Article enters into force, such that the rate of duty shall be zero beginning on the first day of the fifth year after that date .

3. Paragraph 1 shall not apply to imports of goods described in that paragraph in quantities greater than:

- (a) 25,000,000 square meter equivalents (“SME”) in the first year following entry into force of this Article;
- (b) 21,875,000 SME in the second year following entry into force of this Article;
- (c) 18,750,000 SME in the third year following entry into force of this Article;
- (d) 15,625,000 SME in the fourth year following entry into force of this Article;
- (e) 12,500,000 SME in the fifth year following entry into force of this Article;
- (f) 9,375,000 SME in the sixth year following entry into force of this Article;
- (g) 6,250,000 SME in the seventh year following entry into force of this Article; and
- (h) 3,125,000 SME in the eighth year following entry into force of this Article.

For purposes of this paragraph, quantities of textile and apparel goods shall be converted into SME according to the conversion factors set forth in Annex 2D.

4. This Article shall cease to apply beginning on the date that is nine years after entry into force of this Article.

#### ARTICLE 2.13 : DEFINITIONS

For purposes of this Chapter, **customs duty** includes any customs or import duty and a charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of GATT 1994 in respect of the like domestic good or in respect of goods from which the imported good has been manufactured or produced in whole or in part;
- (b) antidumping or countervailing duty that is applied pursuant to a Party’s domestic law;
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered; or

- (d) duty imposed pursuant to Article 5 of the WTO Agreement on Agriculture.