

**Goods Issues to be Raised by Singapore at the**  
**2<sup>ND</sup> USSFTA REVIEW**  
**March 2006**

**REQUEST (New): Improvement in tariff rate quota for peanuts**

1. Singapore's nut snack manufacturers have sent in a request for an improvement in the tariff rate quota for peanuts (HS200811). They are well established players in the region and are now looking to expand their market to the US.
2. Currently, the quota for tariff-free treatment for peanuts under the USSFTA is 1,210kg (1.21 metric tons for Year 3). 1.21 metric tons is clearly insufficient for any commercial transaction in peanut snacks between US and Singapore; a 1 x 20 TEU (20 foot container)-load of peanuts already amounts to 18 metric tons!
3. It should be highlighted that Singapore and the US' interests are complementary in this area. Singapore does not grow our own peanuts; our interest is therefore not in exporting raw peanuts (HS1202) to the US under quota, but purely in peanut snacks under HS200811. In order to export their products to the US, our nut snack manufacturers would have to procure the raw peanuts from the US. This is essential to meet the wholly obtained rule of origin to claim preferential treatment under the USSFTA (and avoid the prohibitive tariff of 131.8%). This, in effect, would open up a wide new customer base for US peanut growers. In fact, our nut snack manufacturers have asked to be provided the contacts of US peanut suppliers, in order to procure peanuts from the US. International Enterprise Singapore is also sponsoring 4 US Foreign Commercial Services officers to visit the Food and Hotel Asia Trade Show, to be held in Singapore April 2006.
4. In addition, as there is currently a limited range of processed peanut snacks in the US consumer market, our snack nut manufacturers will be able to offer a wider range to US consumers.
5. As such, increasing the quota would be to the benefit of not just US peanut growers, but US consumers as well.
6. Singapore therefore requests that:
  - The US considers expanding our quota for peanuts to 200 metric tons of peanut snacks in Year 4 (2007), to be increased by 10% annually till Year 9, and phased out in Year 10.

<u>Year</u>	<u>Current Qty (kg)</u>	<u>Converted to Metric Tonnes</u>	<u>Requested Qty (Metric Tonnes)</u>
1	1,000	1	<b>N.A.</b>
2	1,100	1.1	<b>N.A.</b>
3	1,210	1.21	<b>N.A.</b>
4	1,331	1.331	<b>200</b>
5	1,464	1.464	<b>220</b>
6	1,611	1.611	<b>242</b>
7	1,772	1.772	<b>266</b>

## Without Prejudice

8	1,949	1.949	<b>293</b>
9	1,214	1.214	<b>322</b>
10	unlimited		<b>unlimited</b>
Out-quota rate: Tariff phase-out over 10 years			

**(FOR DISCUSSION): HS Reviews – Impact of the USSFTA Product Specific Rules**

7. The Product Specific Rules (Annex 3A) of the USSFTA still uses (Harmonized System) HS Tariff 1996 as a reference point even though there had been one revision made to the HS Nomenclature in year 2002. With the impending HS 2007 revision, Singapore feels that it is perhaps appropriate for both Parties to review the Product Specific Rules as we need to:
  - Cater for Product Specific Rules for newly created HS headings and subheadings;
  - Delete Product Specific Rules for obsolete HS headings and subheadings; and
  - Agree on the respective Product Specific Rules where the HS headings and subheadings have been merged with other HS headings and subheadings that have different rules of origin.
8. Singapore is tabling a list of 356 applicable amendments to our Product Specific Rules (please see Annex). This is for USTR's consideration and discussion at the review. We envisage that we will not be able to discuss the complete list of amendments during our one-day review. We will therefore work intersessionally via emails on this.
9. At the review, both parties may also consider the timeline to implement the amendments to our Product Specific Rules based on the HS revisions of 2002 and 2007.

Date Prepared: 21 March 2006