

CECA Revised Singapore to Enjoy More Concessions, Says Singapore Company Setup & Visa Specialists

By Rikvin Consultancy Pte Ltd

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The review of Comprehensive Economic Cooperation Agreement (CECA) between India and Singapore, has led to certain revisions of tariff in favor of Singapore Exports. A Protocol to amend the CECA, to further liberalize the tariff concessions for Singapore's exports to India was signed by India and Singapore on 20 December 2007. The revised tariff concessions are effective from 15 January 2008.

On Singapore's request during the review India has now agreed to eliminate/reduce tariff on 539 products (at 8-digit HS code) as an additional concession within the existing India-Singapore CECA. Of the 539 tariff lines, tariff elimination is to be achieved in 5 equal cuts between 15th January 2008 and 1st December 2011 for 307 items. For another 97 products, tariff elimination is to be achieved in 9 equal cuts between 15th January 2008 and 1st December 2015. For another 97 products, tariff elimination is to be achieved in 9 equal cuts between 15th January 2008 and 1st December 2015. For 135 products, tariff reduction to 5% is to be achieved in 9 equal cuts between 15th January 2008 and 1st December 2015. The items comprise mainly of articles of base metal, machinery and mechanical appliances, plastic, rubber and rubber articles, chemicals and textile and textile articles.

After 13 rounds of negotiations, the India-Singapore CECA was successfully concluded and was signed on 29 June 2005, during Prime Minister Lee Hsien Loong's State Visit to India. This landmark agreement is India's first ever CECA and Singapore's first comprehensive bilateral economic agreement with a South Asian economy.

The Bilateral trade has shown tremendous growth since then with India's exports to Singapore during 2005-06 and 2006-07 at US\$ 5.4 billion and US\$ 6.02 billion registering a growth of 35.61% and 10.98% respectively and Singapore's export to India during 2005-06 and 2006-07 at US\$ 3.4 billion and US\$ 5.5 billion registering a growth of 26.49% and 63.10% respectively. India had a positive trade balance of US\$ 551 million against Singapore in 2006-07, while Singapore's exports to India are growing at a dramatic pace. A noteworthy aspect of Singapore exports to India is that more than 80% of the value of exports is from goods that enjoy tariff concession under CECA. Out of 11 free trade agreements Singapore concluded with different countries and regions, CECA posted the highest utilization rate in 2006.

Ms. Ragini Dhanvantray CEO of Rikvin Consultancy says "This is the finest example of how the countries and their businesses can stand to benefit from regional economic cooperation. CECA has catalyzed the economic benefits for both the trading partners and the impending relaxations will further boost the trading activities. Such a network of FTA attracts a lot of companies to Singapore since they can lucratively benefit from such FTAs by using Singapore as a gateway to explore opportunities in Singapore's FTA partner countries in the region and beyond. They also form partnerships with Singapore companies to enter third countries, or set up operations here to enjoy similar tariffs saving. This trend is witnessed among our clientele, where a significant proportion focus their operations on India and we are confident that the number will go up further"

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