

***De Minimis* and Outward Processing (Annex 1)**

1. The Parties confirm the understanding reached with respect to the interpretation and/or implementation of Chapter 3 on the Rules of Origin of the India-Singapore Comprehensive Economic Cooperation Agreement (the “Agreement”) that in the event that India adopts and implements the usage and concepts of *De Minimis*¹ and Outward Processing² in any bilateral, regional or global trade agreement with any third party or parties, India shall adopt and implement the same usage and concepts of *De Minimis* and Outward Processing for the Agreement.

¹ *De Minimis* is understood to mean that a good would be considered as originating even if non-originating materials used in its manufacture do not undergo change in tariff heading as required in Article 3.4 of the Agreement, provided that the value of such non-originating materials does not exceed a certain percentage of the value of such a good.

² Outward Processing in this context is understood to mean that a good can be taken out of the territory of a Party to a third country for some processing, and then brought back to the territory of the Party for the manufacture of the final product for export to the other Party. The concept accumulates only the value addition which takes place in the territory of the exporting Party at different stages, while disregarding the value addition which takes place in the territory of the third country.