The “Regulations Governing the Inspection, Quarantine and Supervision of Imported Solid Scrap Usable as Raw Materials”, upon examination and adoption at the executive meeting of the General Administration of Quality Supervision, Inspection and Quarantine (“AQSIQ”) of the People’s Republic of China on May 26, 2009, are hereby promulgated and will take effect as from November 1, 2009.

Minister
August 21, 2009

Regulations Governing the Inspection, Quarantine and Supervision of Imported Solid Scrap Usable as Raw Materials

CHAPTER I: GENERAL PROVISIONS

Article 1: For the express purpose of imposing more rigorous control on the inspection, quarantine and supervision of imported solid scrap usable as raw materials and achieve environmental protection, the “Regulations Governing the Inspection, Quarantine and Supervision of Imported Solid Scrap Usable as Raw Materials” (“The Regulations”) have been enacted pursuant to related provisions of the “Law of the People’s Republic of China for Import and Export Commodity Inspection” and the implementation rules thereof, “Law of the People’s Republic of China for Border Health and Quarantine” and the implementation rules thereof, “Law of the People’s Republic of China for Quarantine on Animal & Plant Entry and Exit” and the implementation rules thereof, and “Law of the People’s Republic of China for the Prevention and Control of Solid Waste Pollution” and the implementation rules thereof.

Article 2: The Regulations apply to the inspection, quarantine and supervision of imported solid scrap (“scrap”) usable as raw materials.

Article 3: The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (“AQSIQ”) is in charge of the inspection, quarantine and supervision of China’s imported scrap.

Entry-exit inspection and quarantine authorities (“Inspection and Quarantine Authorities”) established by AQSIQ in each respective part of China are in charge of the inspection, quarantine and supervision of China’s imported scrap in the region under its respective jurisdiction.

Article 4: The State shall adopt a registration system on overseas suppliers and domestic consignees of imported scrap. Overseas suppliers and domestic consignees shall, prior to trading agreement signing, obtain registration.
Article 5: The State shall adopt a pre-shipment inspection system on imported scrap. When filing an application for imported scrap inspection, a consignee shall provide a pre-shipment inspection certificate issued by inspection and quarantine authorities or an inspection agency designated by AQSIQ.

Upon arrival of imported scrap, the respective inspection and quarantine authorities shall implement inspection and quarantine in accordance with related law and regulations.

Article 6: AQSIQ shall implement a risk analysis & early-warning reporting system on imported scrap inspection and quarantine.

CHAPTER II OVERSEAS SUPPLIER REGISTRATION

Article 7: AQSIQ is in charge of the acceptance, examination and approval of overseas supplier registration applications.

Article 8: An overseas supplier shall comply with the following requirements for filing an application for overseas supplier registration:
(1) Possess legal business management qualifications in the country (or region) in which the overseas supplier is located;
(2) Possessing a regular office site;
(3) Familiarize with and comply with China’s law, rules and regulations concerning inspection quarantine and environmental protection;
(4) Accredited by ISO9001 Quality Management System (QMS) and Recycling Industry Operating Standard (RIOS);
(5) The overseas supplier shall ensure that its products comply with the mandatory requirements of China’s national technical specifications concerning safety, health and environmental protection corresponding to those for the category of scrap filed for registration:
(6) Possess relatively stable scrap supply and adopt environmental quality control measures on the source of scraped supplied;
(7) Absence of major safety, health and environmental quality issues in the past 3 years;
(8) Be capable of filing an application for registration and pre-shipment inspection over the Internet, possess radioactivity detection equipment and corresponding infrastructure, and be capable of detecting radioactivity;

Article 9: An overseas supplier shall provide the following information when filing an application for registration:
(1) A Registration Application Form;
(2) Notarized tax registration document(s) and a notarized business registration document if a business registration document is available;
(3) A description of the organization and departments as well as job duties thereof;
(4) A dimensional floor plan of the regular office site, a floor plan of processing site(s) if a processing site is available, video files or more than 3 photographs which can fully capture the real scene of the above site;
(5) Color photocopies of Accredited by ISO9001 Quality Management System (QMS) and Recycling
Industry Operating Standard (RIOS) accreditation certificates and related written operating guidelines;

Written materials submitted should be in Chinese or both in Chinese and English.

**Article 10:** AQSIQ shall process registration applications filed by overseas suppliers on a case-by-case basis in accordance with the following conditions:

1. In case of incomplete application materials or non-conformity with legal formalities, the applicant concerned shall be notified of all additions or corrections to be made at one time on the spot or within five (5) days; an application shall be accepted on the date upon receipt of application materials if no notification is made within the stipulated time period;
2. If application materials are complete or if the application conforms to legal formalities or if the applicant has submits all the additions and/or corrections under AQSIQ’s requirements, the application shall be accepted.

**Article 11:** AQSIQ shall form an expert review panel for the examination of written applications within ten (10) days as from the date of filing the overseas supplier registration. The time required for the examination by experts is not counted but shall be notified to the applicant in writing.

The expert review panel shall, as from the completion of the examination, submit an examination report to AQSIQ.

**Article 12:** AQSIQ shall, within ten (10) days as from the receipt of the examination report, make a decision on the approval of the registration.

AQSIQ shall approve registration and issue a registration certificate to applicants deemed compliant upon examination, in respect of applicants deemed non-compliant upon examination; AQSIQ shall not approve registration and shall, together with written reasons for the rejection of the application, notify the applicant that he/she is entitled to administrative reconsideration or an administrative action.

The imported scrap overseas supplier registration certificate shall be legally valid for three (3) years.

**Article 13:** An application for changes in the overseas supplier registration details, together with corresponding information, shall be filed to AQSIQ within thirty (30) days as from the date of change:

1. Wherein a change is made in the name or legal representative, information as provided in Article 9, subparagraphs 1 and 2 of the Regulations; and/or
2. Wherein a change is made in the address, information as provided in Article 9, subparagraphs 1, 2 and 4 of the Regulations.

Wherein an overseas supplier requests registration for additional scrap category, it shall file to AQSIQ information related to the additional scrap category as provided in Article 9, subparagraphs 1 and 5 of the Regulations.

**Article 14:** AQSIQ shall, within twenty (20) days as from receipt of an application for change(s) in overseas supplier registration, make a decision on the approval of the change in overseas supplier
Article 15: Wherein a change is made in the name and the legal representative of an overseas supplier, a new application for registration shall be filed to AQSIQ.

Article 16: An overseas supplier in need of an extension of the validity of the registration shall, at least ninety (90) days prior to the expiration of the registration certificate, file an application for extension to the registration to AQSIQ and submit information as provided in Article 9, subparagraphs 1, 2 and 4 of the Regulations as well as a report on the supply of scrap within the validity of the registration certificate.

Article 17: AQSIQ shall, within ninety (90) days as from receipt of an application for extension to the registration, make a decision on the approval of the application for extension to the registration.

CHAPTER III DOMESTIC CONSIGNEE REGISTRATION

Article 18: The direct Entry-Exit Inspection and Quarantine Bureau shall be in charge of the acceptance, examination and approval of domestic consignee registration in the region under its jurisdiction.

Article 19: A domestic consignee shall comply with the following requirements for registration application:
(1) Possess legal import & export trade qualifications;
(2) Possessing a regular office site;
(3) Familiarize with and comply with the mandatory requirements for the technical specifications for China’s inspection quarantine and environmental protection as well as related environmental protection control standards;
(4) Formulate and implement the quality management system;
(5) Possess relatively stable scrap supply and domestic scrap user companies.

Article 20: A domestic consignee shall provide the following information for filing an application for registration:
(1) A Registration Application Form;
(2) Business license and a photocopy thereof;
(3) Certificate of Organization Code and a photocopy thereof;
(4) Import and export qualification approval documents such as “Foreign Trader Registration Record” and a photocopy thereof;
(5) Quality management system documents;
(6) A firm acting as a scrap import agent for domestic scrap user companies shall provide import agency documents, a Certificate of Organization Code (photocopy) for the domestic user company and “Filing Records for User Companies of Solid Scrap Usable as Raw Materials.”

Article 21: The direct Entry-Exit Inspection and Quarantine Bureau shall process registration applications filed by domestic consignees on a case-by-case basis in accordance with the following conditions:
(1) In case of incomplete application materials or non-conformity with legal formalities, the applicant
Article 22: The direct Entry-Exit Inspection and Quarantine Bureau shall form an expert review panel for the examination of written applications and the on-site examination within ten (10) days as from the date of filing the domestic consignee registration. The time required for the examination by experts is not counted but shall be notified to the applicant in writing.

In respect of applicants deemed compliant upon examination of the written applications, the review panel shall undertake on-site examination in accordance with the requirements of “On-site Review Record for the Registration of Domestic Consignees of Imported Solid Scrap Usable as Raw Materials”. The review panel shall formulate an on-site examination plan and notify the applicant of this at least fifteen (15) days prior to the date of examination.

The expert review panel shall, as from the completion of the examination, submit an examination report to the direct Entry-Exit Inspection and Quarantine Bureau.

Article 23: The direct Entry-Exit Inspection and Quarantine Bureau shall, within ten (10) days as from the receipt of the examination report, make a decision on the approval of the registration.

The direct Entry-Exit Inspection and Quarantine Bureau shall approve registration and issue a registration certificate to applicants deemed compliant upon examination; in respect of applicants deemed non-compliant upon examination of the written applications or applicants deemed non-compliant upon on-site examination or applicants found to be in breach of China’s law and rules, the direct Entry-Exit Inspection and Quarantine Bureau shall not approve registration and shall, with written reasons for the rejection of the application, notify the applicant that he/she is entitled to administrative reconsideration or an administrative action.

The imported scrap domestic consignee registration certificate shall be legally valid for three (3) years.

Article 24: An application for changes in the domestic consignee registration details, together with corresponding information, shall be filed to the direct Entry-Exit Inspection and Quarantine Bureau within thirty (30) days as from the date of change:

(1) Wherein a change is made in the address or legal representative, information as provided in Article 20, subparagraphs 1 and 2 of the Regulations;

(2) Wherein a change is made in the agent for domestic scrap user companies, address or legal representative, information as provided in Article 20, subparagraphs 1 and 6 of the Regulations;

Article 25: The direct Entry-Exit Inspection and Quarantine Bureau shall, within twenty (20) days as from receipt of an application for change(s) in overseas supplier registration, make a decision on the
approval of the change in domestic consignee registration details.

**Article 26:** Wherein a change is made in the name of a domestic consignee, a new application for registration shall be filed to the direct Entry-Exit Inspection and Quarantine Bureau.

**Article 27:** A domestic consignee in need of an extension of the validity of the registration shall, at least sixty (60) days prior to the expiration of the registration certificate, file an application for extension to the registration to the direct Entry-Exit Inspection and Quarantine Bureau and submit information as provided in Article 20, subparagraphs 1, 2, 3 and 4 of the Regulations as well as a report on the status of production and business operations of the enterprise concerned. The report shall include the following details:

1. Change in the corporate name as well as office and production address;
2. Change in corporate production status and product(s);
3. The status of processing and utilizing imported scrap personally undertaken by a consignee within the validity of the registration certificate shall also be provided.

**Article 28:** The direct Entry-Exit Inspection and Quarantine Bureau shall, within sixty (60) days as from receipt of an application for extension to the registration, make a decision on the approval of the application for extension to the registration.

**CHAPTER IV PRE-SHIPMENT INSPECTION**

**Article 29:** Prior to the entry of scrap into China, an overseas supplier shall file an application for pre-shipment inspection to the pre-shipment inspection authority (“Pre-shipment Inspection Authority”) designated by Inspection and Quarantine Authorities or AQSIQ.

**Article 30:** The Pre-shipment Inspection Authority shall possess inspection equipment and professional technical officers which are suitable to pre-shipment inspection services.

**Article 31:** The Pre-shipment Inspection Authority shall implement pre-shipment inspection within the scope of inspection and within the territory as provided by AQSIQ in accordance with China’s environmental protection control standards and the rules for pre-shipment inspection.

**Article 32:** The Pre-shipment Inspection Authority shall issue an electronic inspection certificate to the scrap deemed compliant upon inspection; the Pre-shipment Inspection Authority shall issue a “Pre-shipment Inspection Non-Compliance Notice” if the scrap is deemed non-compliant.

**Article 33:** Wherein the imported scrap is deemed non-compliant with the details as set out in the registration certificate upon port inspection by Inspection and Quarantine Authorities or its environmental protection is deemed non-compliant, the Pre-shipment Inspection Authority shall report the pre-shipment inspection status to AQSIQ and provide images and written information on inspection records.

**Article 34:** AQSIQ shall implement supervision control on the Pre-shipment Inspection Authority
pursuant to related provisions.

CHAPTER V IMPORTS ARRIVAL INSPECTION AND QUARANTINE

Article 35: Upon arrival of scrap at the port, the domestic consignee or the agent thereof shall declare this to the entry port inspection and quarantine authority and accept inspection and quarantine.

Necessary paper or electronic certificates such as the “Registration Certificate for Overseas Supplier of Imported Solid Scrap Usable as Raw Materials” (photocopy), the “Registration Certificate for Domestic Consignee of Imported Solid Scrap Usable as Raw Materials” (photocopy), the pre-shipment inspection certificate, the scrap import license (the stub for inspection and quarantine) and documents such as agreements, invoices, packing lists, bills of lading and freight bills shall be provided at the time of filing a declaration.

Article 36: Inspection and Quarantine Authorities shall, in accordance with China’s environmental protection control standards and the rules for inspection and quarantine, implement inspection and quarantine such as health quarantine, animal and plant quarantine, and environment inspection at the port of entry.

AQSIQ may, on the basis of the convenience of engaging in foreign trade and the needs of inspection, designate other locations for the inspection of imported waste paper.

Article 37: The inspection sites for imported scrap inspection and quarantine implemented by Inspection and Quarantine Authorities shall meet the requirements below:
(1) Possess sufficient specially designated inspection sites or warehouses and mechanical equipment required for Out-of-Box Audit (OOBA) and unloading and landing inspection;
(2) Possess facilities for electronic supervision and control and video monitoring and the office work requirements for on-site inspection and quarantine;
(3) Be equipped with hand-held radiation equipment and the sites for the supervision of imported scrap metals, scrap hardware and smelting slag shall be equipped with channel radiation detectors;
(4) Be equipped with necessary facilities for sudden incident response (on-site protection, cleaning and sewage disposal, and rescue & relief equipment and materials as well as personal protective products) and communications and transportation equipment; and/or
(5) General on-site facilities required for other inspection and quarantine.

Article 38: Inspection and Quarantine Authorities shall issue a “Customs Clearance Form for the Entry of Goods” for imported scrap deemed compliant upon inspection and quarantine and indicate in the “Remarks” Column that “No substance non-compliant with the requirements of environmental protection has been detected in the aforementioned goods upon preliminary inspection.” On the contrary, Inspection and Quarantine Authorities shall issue an “Inspection & Quarantine Treatment Notice” and an “Inspection and Quarantine Certificate” for imported scrap deemed non-compliant upon inspection and quarantine.

CHAPTER VI SUPERVISION CONTROL
Article 39: An overseas supplier and a domestic consignee shall ensure that they comply with registration requirements and launch activities such as scrap supply and import in accordance with the scope of registration.

Any domestic consignee without starting processing and utilization on its own shall hand over the imported scrap to the user companies as provided by the regulations for environmental protection.

Article 40: AQSIQ or the direct Entry-Exit Inspection and Quarantine Bureau may implement supervision and control such as on-site inspection, verification, and goods environmental quality tracking on overseas suppliers and domestic consignees.

Article 41: AQSIQ shall dynamically assess credibility of overseas suppliers based on the quality of the goods supplied and also implement supplier grading and categorization.

Article 42: AQSIQ shall implement 3-level early-warning management of imported scrap, namely, A, B, and C below:

1) Regarding imported scrap whose overseas supplier and domestic consignee registration should be canceled or which are imported in specific categories from specific country/region, AQSIQ shall release a “Level A” Early Warning under which Inspection and Quarantine Authorities shall not accept their relation customs declaration any longer;

2) Wherein more rigorous inspection measures shall be adopted on the supply of imported scrap by overseas suppliers, the import of scrap by domestic consignees or the imported scrap in specific categories from specific country/region, AQSIQ shall release a “Level B” Early Warning under which Inspection and Quarantine Authorities shall implement full inspection on the related scrap. Wherein more rigorous inspection measures shall be adopted on the import of scrap by domestic consignees, the direct Entry-Exit Inspection and Quarantine Bureau may also release a “Level B” Early Warning in which Inspection and Quarantine Authorities under its jurisdiction shall implement full inspection on the related scrap.

3) Wherein environmental protection of the scrap is deemed non-compliant or the scrap needs to adopt other risk control measures, AQSIQ or the direct Entry-Exit Inspection and Quarantine Bureau shall release a “Level C” Early Warning under which port Inspection and Quarantine Authorities shall, within the effective period of the early warning, closely keep watch on the current status of the goods under early warning and the carrier tools thereof and implement full inspection on the scrap which has triggered a “Level C” Early Warning.

Article 43: Inspection and Quarantine Authorities shall implement a 90-day full inspection on the scrap exported by an overseas supplier under any of the following conditions triggering a “Level B” Early Warning:

1) Wherein more than 3 batches (inclusively) of imported scrap are deemed non-compliant with the details as set out in the registration certificate or their environmental protection is deemed non-compliant within one (1) year;

2) Wherein the imported scrap is deemed non-compliant upon quarantine and is susceptible to a higher epidemic risk;

3) Wherein the imported scrap is granted new registration upon registration cancellation as provided in
Article 47 of the Regulations; or
(4) Wherein the quality control system is deemed defective upon on-site inspection.

**Article 44:** Inspection and Quarantine Authorities shall implement a 90-day full inspection on the scrap imported by a domestic consignee under any of the following conditions triggering a “Level B” Early Warning:
(1) Wherein the domestic consignee is deemed to be liable for the serious non-compliance of the imported scrap with the details as set out in the registration certificate or liable for the unfaithful declaration of the imported scrap;
(2) Wherein a change in the registration of the domestic consignee has not been formally undertaken in the direct Entry-Exit Inspection and Quarantine Bureau within the stipulated period;
(3) Wherein the domestic consignee is deemed to be liable for the non-compliance of environmental protection of the imported scrap for the first time within one (1) year; or
(4) Wherein the quality control system is deemed defective upon on-site inspection.
(5) Wherein the imported scrap is granted new registration upon registration cancellation as provided in Article 48 of the Regulations; or

**Article 45:** Inspection and Quarantine Authorities shall implement a 180-day full inspection on the scrap imported by a domestic consignee under any of the following conditions triggering a “Level B” Early Warning:
(1) Wherein the domestic consignee is deemed to be liable for the non-compliance of more than two (2) batches (inclusively) of imported scrap with the details as set out in the registration certificate or liable for the non-compliance of the environmental protection of more than two (2) batches (inclusively) of imported scrap within one (1) year; or
(2) Wherein recurrence of the issue as set out in Article 44 of the Regulations is found within the 90-day more rigorous inspection period.

**CHAPTER VII LEGAL RESPONSIBILITIES**

**Article 46:** Wherein an overseas supplier or a domestic consignee of imported scrap has not granted registration, or the imported scrap has not undertaken pre-shipment inspection, the imported scrap shall be ordered to be returned pursuant to related provisions of the State; wherein the issue is serious, an amount of more than RMB100,000 and less than RMB1,000,000 shall be fined by Inspection and Quarantine Authorities pursuant to the provisions of Article 53 of the “Rules for the Implementation of the Law of the People's Republic of China on Commodity Import and Export Inspection”.

**Article 47:** An overseas supplier shall have its registration canceled by AQSIQ pursuant to the provisions of Article 53 of the “Rules for the Implementation of the Law of the People's Republic of China on Commodity Import and Export Inspection” under any of the following conditions:
(1) Wherein a false entry certificate is provided;
(2) Wherein the registration certificate or the registration number is transferred to another firm;
(3) Wherein fraudulent acts such as falsification are involved at the time of scrap import;
(4) Wherein environmental protection of the exported scrap is deemed seriously non-compliant or the exported scrap is susceptible to serious epidemic risks;
(5) Wherein recurrence of the issue as set out in any condition under Article 43 of the Regulations is
found within the “Level B” early warning period;
(6) Wherein the overseas supplier does not cooperate in the return of goods;
(7) Wherein an overseas supplier re-ships the scrap previously deemed non-compliant and returned back to China again; or
(8) Wherein an overseas supplier does not accept supervision and control.

**Article 48:** A domestic consignee shall have its registration canceled by the direct Entry-Exit Inspection and Quarantine Bureau pursuant to the provisions of Article 53 of the “Rules for the Implementation of the Law of the People's Republic of China on Commodity Import and Export Inspection” under any of the following conditions:
(1) Wherein a domestic consignee engages in the forging, alteration, buying and sale, or use of related forged and/or altered certificates;
(2) Wherein the registration certificate or the registration number is transferred to another firm;
(3) Wherein a domestic consignee does not deliver the imported scrap to the corresponding user company in accordance with the requirements;
(4) Wherein recurrence of the issue as set out in any condition under Article 45 of the Regulations is found within the “Level B” early warning period;
(5) Wherein the domestic consignee does not ship back the goods in accordance with the requirements of Inspection and Quarantine Authorities;
(6) Wherein a domestic consignee does not accept supervision and control.

**Article 49:** Wherein a domestic consignee of imported scrap engages in fraudulent acts such as falsification, an amount equivalent to three (3) times that of the monetary value of the imported scrap shall be fined by Inspection and Quarantine Authorities pursuant to the provisions of Article 8 of the “Special Rules of the State Council on Strengthening the Supervision and Management of the Safety of Food and Other Products”; wherein an act constitutes a crime, criminal responsibility shall be investigated and dealt with in accordance with the law. Wherein a customs declarant or an agent of imported scrap engages in fraudulent acts such as falsification, their respective professional qualification shall be canceled and fined at an amount equivalent to the monetary value of the imported scrap.

**Article 50:** Wherein officers in charge of imported scrap inspection and quarantine neglect their respective duties or engage in malpractice for personal gains or misfeasance in public duty, they shall be subject to administrative disciplinary actions in accordance with the law; wherein an act constitutes a crime, criminal responsibility shall be investigated and dealt with in accordance with the law.

**CHAPTER VIII SUPPLEMENTAL PROVISIONS**

**Article 51:** The administration of the imported scrap entering from overseas areas to special customs areas such as the free-trade zone (or bonded area) or the export processing area shall be implemented pursuant to the Regulations.

Wastes, inferior products, leftover materials and damaged goods produced during production and processing in the areas as provided in the preceding paragraph shall be deemed scrap and are exempt from inspection and quarantine in case such materials need to leave these areas and enter another domestic area. Moreover, a “Customs Clearance Form for the Entry of Goods” shall be issued in
accordance with related provisions.

**Article 52:** Wherein Inspection and Quarantine Authorities implement inspection and quarantine on the scrap produced during domestic repairs of imported scrap sea vessels and foreign sea vessels, airplanes and equipment and materials in China, the respective domestic consignee or the agent thereof is exempt from filing the “Overseas Supplier Registration Certificate” and the “Pre-shipment Certificate.”

**Article 53:** The electronic and paper certificates referred to in the Regulations are of equal legal force.

**Article 54:** Except for Articles 13, 16, 17, 24, 27, 28, 43, 44 and 45, the term “day” referred to in the Regulations shall all mean a “business day.”

**Article 55:** The registration of scrap suppliers from Hong Kong, Macau, and Taiwan shall be implemented pursuant to the Regulations.

**Article 56:** The Chinese version of all the documents filed with AQSIQ or the direct Entry-Exit Inspection and Quarantine Bureau by overseas suppliers and/or domestic consignees of imported scrap shall apply.

**Article 57:** Officers engaging in the on-site inspection and quarantine of imported scrap shall obtain the professional qualifications as provided by AQSIQ. Officers engaging in registration examination shall obtain the corresponding qualifications as provided by AQSIQ. AQSIQ may, on the basis of its business needs and the actual needs of its on-site examination, hire corresponding professionals to assist it in the on-site examination.

**Article 58:** The Regulations shall be interpreted by AQSIQ.

**Article 59:** The Regulations shall be implemented as from November 1, 2009. Where any discrepancy exists between the previous provisions and the Regulations, the Regulations shall prevail.