USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary _ Public

Date: 2/5/2013
GAIN Report Number: CH13003

China - Peoples Republic of

Post: Beijing

Administrative Measures for Inspection of Imported Cotton (FINAL)

Report Categories:
FAIRS Subject Report

Approved By:
Michael Riedel

Prepared By:
M. Melinda Meador and WU Xinping

Report Highlights:
On January 18, 2013, the General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China (AQSIQ) published Decree No.151 on "Supervision and Administration Measures for Inspection of Import Cotton." The measures took effect on February 1, 2013. A draft version of the measures was published for comment on December 8, 2011 (CH11064), and was notified to the World Trade Organization (WTO) on July 23, 2012 as G/TBT/N/CHN/925. Preliminary comparison between the draft and final measures shows slight changes in Article 26.

This report contains an UNOFFICIAL translation of the final measures.

Executive Summary:

On January 18, 2013, the General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China (AQSIQ) published Decree No.151 on "Supervision and Administration Measures for Inspection of Import Cotton." The measures took effect on February 1, 2013. A draft version was published for comment on December 8, 2011 (CH11064), and notified to the World Trade Organization (WTO) on July 23, 2012 as G/TBT/N/CHN/925. Preliminary comparison between the draft and final versions shows only slight modification in Article 26. The impact of the Measures on cotton trade is expected to be limited. Traders are recommended to be registered with AQSIQ for exporting cotton to China based on the Measures and the relevant regulations (CH8075 and CH9004).

General Information:

BEGIN TRANSLATION

The General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China (AQSIQ) Decree No.151 on "Supervision and Administration Measures for Inspection of Import Cotton".

The "Supervision and Administration Measures for Inspection of Import Cotton" was reviewed and approved by the General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China (AQSIQ) on June 27, 2012, and hereby published and will take effect on February 1, 2013.

Minister of AQSIQ
January 18, 2013

Supervision and Administration Measures for Inspection of Import Cotton

Chapter 1 General Provisions

Article 1
In an effort to strengthen the supervision and administration of the inspection and quarantine of imported cotton, maintain the quality of imported cotton, and maintain normal trade practices, the administrative measures are formulated in accordance with the provisions of the Law of the People's Republic of China on Import and Export Commodity Inspection and Its Implementation Regulations.

Article 2
The Measures are applicable to the supervision and administration for inspection of imported cotton.

Article 3
The General Administration of Quality Supervision, Inspection and Quarantine of P.R.C. (hereinafter referred

to as AQSIQ) is in charge of the supervision and administration for inspection of imported cotton.
The entry-exit inspection and quarantine agency designated by AQSIQ in each region (hereinafter referred to as inspection and quarantine agency) is in charge of the supervision and administration of inspection for imported cotton within its respective jurisdiction.

Article 4
China implements registration administration and quality credit management on overseas exporters supplying cotton to mainland China (hereinafter referred to as overseas cotton exporters).

Article 5
The inspection and quarantine agency shall conduct, in accordance with the relevant laws, inspection of imported cotton upon arrival.

Chapter 2 Administration of Overseas Exporters' Registration

Article 6
Overseas exporters may apply, on a voluntary basis, to AQSIQ for registration.

Article 7
The registration application of overseas exporter (hereinafter referred to as the applicant) must meet the following conditions:
(1) The overseas exporter must be a legal business enterprise in its country (region) of origin.
(2) The overseas exporter has a fixed place of business.
(3) The overseas exporter has stable sources of supply and appropriate quality control measures for the goods it supplies.
(4) The overseas exporter is familiar with AQSIQ regulations and relevant requirements on the inspection and quarantine of imported cotton.
Article 8
When submitting the registration application to AQSIQ, the overseas exporter should provide the following written documentation:
(1)Overseas cotton exporter's registration application form (hereinafter referred to as registration application form);
(2) Copies of documentation certifying the qualification for a legal commercial business;
(3) The organization chart and the layout of the site;
(4) Relevant materials of quality control system;
(5) Quality commitment
The above documentation materials must be in Chinese or in both Chinese and English.

Article 9
In case of a designated agent by overseas exporter applying for registration, a power of attorney by the overseas exporter should be provided.

Article 10
The ways AQSIQ handles the application shall vary based on the following circumstances:

(1) In case of an application where documentation materials submitted are not complete or fail to meet the requirements, the applicant will be notified on the spot or given a one-time notification on all additional materials needed within 5 working days upon receipt of the application materials; otherwise, the application shall be viewed as accepted if the notification period is overdue.
(2)If the materials submitted are complete and meet the requirements, or the applicant provides all additional materials required by AQSIQ, the application shall be accepted.
(3) If the applicant fails to provide all additional materials within 20 workdays upon notification, the application is viewed as revoked; if the applicant fails to provide additional materials or if the additional materials provided fail to meet the requirements, the application shall not be accepted and the applicant shall be notified in writing.

Article 11

AQSIQ shall, after accepting the application, set up a review panel to evaluate the documentation materials, and conduct on-site inspection of the overseas exporter applying for registration when necessary. The review shall be completed within a three-month period.

Article12

If all of the stipulated conditions are met after AQSIQ's review process, the registration will be approved and a Registration Certificate for Overseas Cotton Exporter will be granted (hereinafter referred to as Registration Certificate) and a public notice will be published.

Article 13

If the applicant fails to pass the review process, the registration will not be approved and AQSIQ will notify the overseas exporter in writing.

Article 14

The registration certificate will be valid for three years.

Article 15

The applicant whose application is not approved may file a new application after a two-month period.

Article 16

If there are changes to the registration materials of the overseas exporter within the date of validity, including the name of the overseas exporter, the location of operation, or the legal representative, the exporter shall apply timely to AQSIQ for the changes, and an additional application indicating and proving the changes which are required in Article 8 of this Measure shall be submitted. AQSIQ shall make a decision, within 30 workdays upon receipt of the application for changes, on whether to approve the changes to the registration.

Article 17

In case of renewal of the certificate, the applicant shall submit an application for renewal of the certificate and for re-examination three months prior to the expiration date, and in the meantime, provide the materials required in Article 8. AQSIQ shall make a decision prior to the date of validity on whether to approve the renewal of certificate.
If the overseas exporter fails to file an application for renewal of certificate and for re-examination upon the expiration date, AQSIQ shall revoke the registration.

Chapter 3 Quality Credit Management

Article 18

AQSIQ implements quality credit management on overseas cotton exporters. The Inspection and Quarantine Bureaus (CIQ) directly affiliated to AQSIQ are responsible for assessing, according to the quality of each

cotton consignment arriving at port and the contract performance by overseas cotton exporters, the quality of credit of overseas exporters and report to AQSIQ.

Article 19

Overseas cotton exporters are classified, based on quality of credit, into three categories A, B and C:

Category A: Overseas cotton exporters which are registered with AQSIQ fall into category A.

Category B: Overseas cotton exporters in category A which have recorded one of the problems stipulated in "Article 20 of this Measures" fall into category B.

Category C: Overseas cotton exporters in category B which have recorded problems stipulated in "Article 20 of these Measures", and unregistered overseas cotton exporters, fall into this category.

Article 20

If the imported cotton from the registered overseas exporters are under the same contract, the same invoice and the same specifications experiences one or more than one of the following situations, which is caused by overseas exporters, the inspection and quarantine agency shall conduct quality credit assessment on the overseas exporter:

(1) Twenty percent or higher of the cotton bales are down-graded by two grades or above;

(2) Twenty percent or higher of the cotton bales have a 1/16 inch (about 1.58 mm) or above length shorter than contracted;

(3) Sixty percent or more of the cotton bales fail to the contracted macronaire value requirement;

(4) Three percent and higher weight shortage, which is not timely indemnified.

(5) Five percent and above cotton bales found to be contaminated by grease, water, mold or other contaminates or hardened cotton;

(6) Twenty percent or higher of the cotton bales found to be seriously damaged in exterior package leading to serious impact for transport, handling, loading and unloading;

(7) Foreign fiber, cotton linters, cotton waste and harmful matters are found in the bales, and are proven to cause significant impact or loss to cotton buyers;

Article 21

In the case where imported cotton experiences any circumstance listed in Article 20 of these Measures, the inspection and quarantine agency should inform the consignee of the relevant inspection results. The consignee should timely notify the overseas exporter in writing. Without permission from the inspection and quarantine agency, consignee should not sell or use the imported cotton. The inspection and quarantine agency should report in a timely manner to the inspection and quarantine bureau directly affiliated to AQSIQ the inspection results of imported cotton and the relevant materials.

Article 22

The inspection and quarantine bureau directly affiliated to AQSIQ shall examine the inspection results of imported cotton and the relevant materials, and determine the quality credit grade of the overseas exporter based on preliminary assessment, and then inform in writing the overseas exporter of the assessment results and reasons thereof.

Article 23

In the case where the overseas exporter disagrees with the preliminary assessment results, it should appeal in writing to the inspection and quarantine bureau directly affiliated to AQSIQ which conducted the assessment and provide the relevant materials supporting its appeal within 15 workdays of receipt of the written notification.

In the case where there is no disagreement, or failure to appeal within the timeline, the inspection and

quarantine bureau directly affiliated to AQSIQ shall determine the final assessment results and notify the overseas exporter in writing, meanwhile, report to AQSIQ.

Article 24

AQSIQ should adjust timely the quality credit grade of overseas exporter based on assessment results, and notify the inspection and quarantine agency and other related organizations.

Article 25

Assessment should be suspended if, during quality credit assessment process, there is need for re-examination, administrative reconsideration or administrative litigation. Assessment shall be continued after re-examination, administrative reconsideration or administrative litigation.

Article 26

AQSIQ shall adjust the quality credit grade of registered overseas exporters in the following manners:

(1)The quality credit grade of overseas exporters listed in Category A shall be downgraded to B if the cotton imported from these exporters experiences one of the situations listed in Article 20;

(2) The quality credit grade of overseas exporters listed in Category B shall be downgraded to C, if the cotton imported from these exporters experiences one of the situations listed in Article 20 within five months of receipt of the written notification of the exporter's grade from the inspection and quarantine bureau directly affiliated to AQSIQ; otherwise, the grade shall be upgraded to A from B.

(3) The quality credit grade of overseas exporters listed in Category C (excluding the cotton exporters which are not registered with AQSIQ) shall be upgraded to B if the cotton imported from these exporters does not experience any of the situations listed in Article 20 within Five months of receipt of the written notification of the exporter's grade from the inspection and quarantine bureau directly affiliated to AQSIQ.

Chapter 4 Entry Inspection

Article 27

The consignee of imported cotton or its agent should apply for inspection to the inspection and quarantine agency of the entry port. In addition to the documentation required for application, Registration Certificate of Overseas Exporter (copy) should also be provided.

Article 28

The inspection and quarantine agencies shall implement different inspection for cotton imported by overseas cotton exporters based on the category A, B, and C in which the exporters falls.

(1) In the case of category A overseas exporters, the inspection will be conducted by the inspection and quarantine agency at the destination designated in the consignee's application according to normal sampling and cotton-importing inspection procedures.

(2) In case of category B overseas exporters, more stringent inspection will be conducted by the inspection and quarantine agency at the destination designated in the consignee's application by doubling the normal sampling amount.

(3) In terms of category C overseas exporters, the inspection and quarantine agency shall conduct more stringent inspection at the entry port by doubling the normal sampling amount.

Article 29

The location for site inspection of imported cotton should meet the following conditions:

(1) Equipped with storage appropriate for site inspection of cotton;

(2) Equipped with the facilities and personnel for opening cases and bales, weighing and sampling;

(3) Other general site facilities necessitated for inspection.

Article 30
The inspection and quarantine agency should conduct site examination on imported cotton. During the process of examination, the agency should check the batch, specification and marks of imported cotton to confirm the goods conform with the documentation; check if the packaging conforms to the relevant contracted requirements, and if the package is damaged; check if the goods are damaged, adulterated with inferior cotton, and foreign fiber etc. In case of containerized cotton, it is necessary to check if the container is sealed well with lead.
Article 31
The inspection and quarantine agency should conduct weight inspection, quality inspection and damage definition on imported cotton in accordance with the relevant regulations of AQSIQ, and issue a certificate.
Article 32
In the case of a disagreement between the consignee and consignor of imported cotton on the inspection results produced by the inspection and quarantine agency, re-inspection shall be conducted according to the provisions of Entry-Exit Commodity Re-inspection Methods.

Chapter 5 Supervision and Administration
Article 33
The quality control system of overseas exporters should remain valid.
AQSIQ may implement supervision and administration through site inspection on overseas exporters.
Article 34
Consignees of imported cotton should maintain records for sales, use and claims for imported cotton. The inspection and quarantine agency may check these records. For failure to maintain records or incomplete records, a written notification should be delivered to consignee requesting for rectification within a reasonable period of time.
Article 35
The inspection and quarantine agency should maintain files of quality credit assessment and inspection supervision. AQSIQ shall supervise and examine the quality credit assessment and inspection supervision.
Article 36
In case of registered overseas exporters recorded one of the following circumstances, AQSIQ shall revoke its registration. A new application for registration can be submitted after six months upon the date of revocation.
(1) Obtain registration certificate by providing fraudulent materials;
(2) The quality control system is unable to ensure the quality of cotton during site inspection organized by AQSIQ;
(3) Registered Category C overseas exporters to be recorded in any situation in Article 20;
(4) Refusal of supervision and administration.
Chapter 6 Legal Responsibilities
Article 37
If the consignee experiences any of the following situations, and gains illegal benefits, the inspection and quarantine agency may punish the consignee with a penalty equivalent to three times or below of what the consignee's illegal gain (maximum RMB30,000); otherwise, in case of no illegal gain benefit, the penalty should be RMB10,000 or below:
(1) If sales record, use record and claims record is still not set, even after receipt of the written notification for rectification with a reasonable period of time;
(2) Failure to provide the actual information of import cotton and leading to serious consequences;

(3) Refusal of supervision and administration.

Article 38

In case of other serious violations of relevant laws, or rules and regulations, the inspection and quarantine agency shall investigate and ascertain the legal responsibilities according to relevant laws, rules and regulations.

Article 39

In case of abuse of power by creating unnecessary obstacles to the applicant, forging inspection and quarantine results, or delaying issue of certificates deliberately, the personnel from the inspection and quarantine agency shall be subject to administrative disciplinary penalty according to the provisions of Article 59 in the Implementation Regulations of Law of Peoples Republic of China on Entry-exit Commodity Inspection; If the behavior is criminal, the criminal responsibility shall be investigated and ascertained.

Chapter 7 Supplementary Provisions

Article 40

The animal and plant quarantine and hygienic inspection of imported cotton shall be conducted based on the relevant regulations.

Article 41

The Measures shall be also applicable to cotton exporters in Hong Kong Special Administrative Region (SAR), Macau SAR, and the Taiwan Region of China on registration administration and quality credit assessment management.

Article 42

Registration administration and quality credit assessment management of overseas exporters which supply cotton to special regions administered by the Customs such as tariff-free regions, processing regions for export, etc. should comply with the relevant measures.

Article 43

AQSIQ shall be responsible for the interpretation of these Measures.

Article 44

The Measures shall take effect on February 1, 2013.

END TRANSLATION