Export of Chemicals to China

Managing an Increase in the Frequency, Number and Thoroughness of Customs Inspections

As a result of recent changes to regulations, the requirements for the import of chemical products into China have become more stringent and more complex. In contrast to the European Union, China has now adopted all the GHS criteria governing the classification of chemicals. For European companies wishing to import chemicals to China, this would mean a re-evaluation of the products. Despite this progress, Chinese chemical laws are still very young in comparison. As such, an overwhelming part of the submission and registration process exists only on paper or in the form of standards. Based on the experiences gathered by the European industry, full compliance can only be achieved with the aid of local consulting experts that facilitate the process. Only those keen enough to undertake the adventure of getting to know a different culture and consequently accepting the idiosyncrasies that may come with cultural differences, have realistic prospects of building long lasting business ties.

Mindset

The Chinese are known for their friendliness and willingness to help others. Upon first visiting China, one will meet people who are enthusiastic, open minded and more than eager to offer their support. While English is spoken in the business environment without much difficulty, it is essential to comprehend the Chinese language when applying for licenses with Chinese regulatory authorities. Particularly in conflict situations the differences in mentalities become evident. While criticism is often voiced very openly and directly in the countries of the western world, the Chinese prefer to solve conflicts with a great deal of tact. Anyone in possession of said skills will attain a goal-oriented solution more quickly and avoid future conflicts.

Jurisdiction of Regulatory Authorities
Those hoping that a single Chinese regulatory authority is responsible for with hazardous chemicals will be disappointed. A total of 16 government authorities deal with this subject matter. Based on the varying properties and areas of application, a simple chemical product such as a lacquer can fall in the jurisdiction of several authorities.

**Required licenses**

Before supplying your branch office in China with chemical products (substances and mixtures), one should ascertain what the licensing requirements are and which authority is responsible for issuing the licenses.

This process can be very elaborate. While a lot of information can be acquired online, some can only be obtained by direct inquiry at the responsible authority. Initial points of orientation are the customs tariff number or a description of the product itself. Nevertheless, it is recommended to perform a thorough examination beforehand.

**Hazardous or New Substance?**

After the requirements for licensing have been clarified and obtained, every individual product must subsequently be examined. The substances contained within the mixture (product) must be listed in the 'Existing Chemical Substance Inventory'. Ingredients that are not listed and without tonnage band are subject to a complicated registration and notification scheme - 'New Chemical Substance Notification' - prior to being imported.

Provided that all substances are listed in the 'Existing Chemical Substance Inventory', the next phase of evaluation takes place. Using the 'Inventory of Hazardous Chemicals' it must now be determined whether the product contains hazardous substances. This inventory of hazardous substances also contains a listing of hazardous mixtures. If the product contains a substance or mixture from this inventory, product registration must occur, irrespective of the tonnage band. This requires the input of data regarding the ingredients, as well as physical and chemical properties. Under certain circumstances similar products may be registered as product groups.

A thorough inquiry into the specific requirements and the necessary information that must be submitted is therefore a prerequisite for trade with China. Under normal conditions, costly expenditures occur only when products are new to the Chinese market and require registration. In contrast to the European registration
process for substances under REACh, substance registration in China does not follow the OSOR principle ('one substance - one registration').

**Which chemical hazard?**

The good news first: China has adopted all of the GHS criteria as they were envisaged in the UN GHS. As such hazard classes and hazard categories like 'Acute Tox. 1' or 'Flam. Liqu. 2' are determined using the same criteria (toxicity and flash point boundary) as in UN GHS.

There is however a snag: The Chinese chemical regulations only accept studies on chemical, physical, toxicological and ecotoxicological properties that have been conducted in a Chinese laboratory. The Chinese specific standards often do not concur with the OECD methods and there is an unnecessary repetition of animal testing. This can lead to differing results and as such to different classifications of substances.

More fundamental is the fact that in contrast to Europe, China has adopted all GHS categories. As a result properties such as acute toxicity and combustible liquids can have a classification of 'Acute Tox. 5' and 'Flam. Liqu. 4'.

Accordingly, a substance tested by a lab in Europe can be classified as 'Acute Tox. 3', while a toxicological test conducted in China would yield a classification of 'Acute Tox. 4'. The Chinese and European methodology for calculating acute toxicity would be identical if the substance is used in a mixture. However, due to the usage of different initial data (LD$_{50}$) the resulting classification of the mixture would vary.

**Change in Trend at Customs**

The media is often abuzz with allegations of bribery and corruption in China. Because of the increased focus, this problem is expected to be minimized if not eliminated altogether. This is being felt by Chinese customs authorities. Where a single customs agent in the past was responsible for a company, now a team of customs agents takes on this responsibility. Previously tolerated deficits are no longer being ignored and the old habits are being abandoned. The consequence for foreign suppliers is that their goods are increasingly being detained for further clarification and as such delivery is delayed. Statistics from recent years show an increased ratio of detainments in custom clearance, which require further clarification and can hamper business activities.
Conclusion

In order to avoid delays, those wishing to venture onto the Chinese market should invest the time in researching the requirements and conditions for exporting to China. For the distribution of chemical products this includes all legal and regulatory aspects dealing with product registration, correct packaging and labeling according to national chemical laws and transportation requirements. Understanding the differences in the Chinese adaptation of the GHS and the European CLP helps avoid customs delays and ensures that the products are cleared for distribution in China.

Collaboration with a competent Chinese consulting partner is not only essential for finding the appropriate authority and for being able to formulate one's own wishes and concerns in the correct language and form, but also for dealing with online inquiries, verifications and in meeting one's own quality demands.

One can merit from an exploration of the Chinese culture, for the friendly and forthcoming liaison will quickly pay off in successful business growth.

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