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Report Highlights:

This report contains an UNOFFICIAL translation of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) draft Administrative Measures for the Entry and Exit Inspection Quarantine Supervision of Grain (进出境粮食检验检疫监督管理办法). This draft measure was published on April 28, 2015, by the [Legislative Affairs Office of the State Council](#). The United States has requested China to notify this measure to the World Trade Organization for public comment prior to implementation.

ADMINISTRATIVE MEASURES FOR THE ENTRY AND EXIT INSPECTION QUARANTINE

SUPERVISION OF GRAIN

(Draft for Comments)

CHAPTER 1 GENERAL PROVISIONS

Article 1 [Legal Basis] These Measures are formulated in accordance with the Law of the People's Republic of China on Inbound and Outbound Animal and Plant Quarantine and its Implementing Regulations, the Law of the People's Republic of China on Food Safety and its Implementing Regulations, the Law of the People's Republic of China on Import and Export Commodity Inspection and its Implementing Regulations, the Regulations on Administration of Agricultural Genetically Modified Organisms Safety, the Special Rules of the State Council on Strengthening the Supervision and Administration of the Safety of Food and Other Products, as well as other laws and regulations.

Article 2 [Applicability] These Measures shall apply to the inspection, quarantine, supervision and administration of inbound and outbound (including transit) grains.

For the purpose of these Measures, "Grains" shall mean the seeds of the cereals, beans and oil crops and the tuberous root or tuber of tuber crops, to be used for processing but not for breeding purpose.

Article 3 [Administrative Authority] The State Administration for Quality Supervision, Inspection and Quarantine ("AQSIQ") shall be ultimately responsible for the inspection, quarantine, supervision and administration of inbound and outbound grains throughout the country.

The entry and exit inspection and quarantine agencies established by AQSIQ all over in the country (“Inspection and Quarantine Agencies”) shall be responsible for the inspection, quarantine, supervision and administration of inbound and outbound grains within their respective jurisdiction.

Article 4 [Principles of Risk Management] AQSIQ and the Inspection and Quarantine Agencies shall manage the risks of quality and safety of inbound and outbound grains, including, based on risk analysis, granting access to inbound and outbound grains quarantine, including analysis of risk of harmful organisms carried in the products, assessment and evaluation of regulatory system, establishing the inspection and quarantine requirements, and registration of overseas production enterprises.

Article 5 [Corporate Responsibility and Supervision] The consignees and consignors, producers, processors, storage providers and carriers of inbound and outbound grains shall lawfully engage in production and operation, establish and maintain the grains quality and safety control system and the epidemic prevention and control system, ensure quality and safety of inbound and outbound grains, keep honesty and trustworthiness, accept supervision from the general public, and assume social responsibility.

CHAPTER 2 INBOUND INSPECTION

AND QUARANTINE

Section 1 Registration

Article 6 [Registration of Overseas Production, Processing and Storage Enterprises] AQSIQ shall implement a registration system for the overseas production, processing and storage enterprises of inbound grains.

Overseas production and processing enterprises shall satisfy the requirements under the applicable laws, regulations and standards of the jurisdictions where the grains are exported, and also satisfy the requirements under the applicable laws, regulations and compulsory standards of China.

The overseas production and processing enterprises exporting grains to China, which are required for registration, shall be recommended by the competent authority of the exporting jurisdiction to AQSIQ, after the said enterprises have been duly examined and approved by the competent authority of the exporting jurisdiction. Upon receiving the recommendation materials, AQSIQ shall review and confirm the materials. Where an overseas production and/or processing enterprises satisfy the requirements, it shall be registered.

The registration of an overseas production and/or processing enterprise is valid for 4 years.

To make an extension for registration of the overseas production and/or processing enterprise, the competent authority of the exporting jurisdiction shall submit an application for extension to AQSIQ at least six months prior to expiration of the registration. If it is approved by AQSIQ, the registration will be extended for another 4 years. If necessary, AQSIQ may dispatch some experts to the exporting jurisdiction to review and evaluate its regulatory system, and conduct spot check on the overseas production and processing enterprises requesting extension of registration.

Where the grains exported by a registered overseas production and/or processing enterprise to China fail to pass the inspection and quarantine with gross violation, AQSIQ may revoke its registration.

Article 7 The overseas production, processing and storage enterprises that export grains to China shall be ratified by the competent authority of the exporting jurisdiction, and shall have the quality and safety control facilities and quality management system such as sifting and sieving, drying, testing and epidemic prevention. Prohibit reverse adding impurities.

AQSIQ will dispatch some experts to conduct a system examination abroad as appropriate, investigate epidemic situation, inspect production, processing and storage enterprises, and monitor product packing.

Section 2 Inspection and Quarantine

Article 8 [Quarantine Access] AQSIQ shall maintain a quarantine access system on the inbound grains.

With respect to certain grains imported from the exporting jurisdiction for the first time, the competent authority of the exporting jurisdiction shall submit a written application to AQSIQ, and provide the technical data and information such as types of harmful organisms arising from cultivation, storage and transportation of the grains, extent of harm, prevention and control of harm, and quality and safety control system. Under special circumstances, the importing enterprise may submit the application and provide the technical data and information. AQSIQ may organize to conduct risk analysis on the inbound grains, field survey and negotiation with foreign parties.

AQSIQ shall establish the specific inspection and quarantine requirements for the inbound grains in accordance with compulsory requirements under the laws, regulations and the national technical codes, and publish the category of grains permitted for entry and the list of countries or regions of origin.

With respect to the permitted category of inbound grains and the corresponding jurisdictions of origin, AQSIQ will organize to make a retrospective review on the specific inspection and quarantine requirement for inbound grains as per the overseas epidemic dynamic, intercepted entry epidemic and other quality and safety conditions; if necessary, AQSIQ will dispatch some experts to conduct field survey, carry out pre-inspection, monitor product packing and negotiate with foreign parties abroad.

Article 9 [Designated Ports] Inbound grains shall be entered through the ports designated only by AQSIQ. The conditions and management rules of the designated ports shall be prescribed by AQSIQ.

Article 18 [Quarantine Permit] AQSIQ shall maintain a quarantine permit system on the inbound grains. Prior to conclusion of a trading contract, the owner of inbound grains shall apply for the quarantine approval in accordance with the Administrative Measures for Examination and Approval of Inbound Animal and Plant Quarantine and other regulations, obtain the Inbound Animal and Plant Quarantine Permit of the People's Republic of China ("Quarantine Permit"), and include the national grains quality and safety requirements, the plant quarantine requirements and the requirements under the Quarantine Permit in the trading contract.

Due to the restriction of the port conditions, inbound grains shall be delivered to the designated storage and processing establishments with the epidemic prevention and supervision conditions ("Designated Establishments"). To apply for the Quarantine Permit, the owners or their agents shall specify the designated establishments and provide the supporting documents.

The grains without the Quarantine Permit must not be imported.

Article 11[Inspection and Quarantine Basis] The inspection and quarantine agencies shall conduct inspection and quarantine on the inbound grains according to the following requirements:

(1) The inspection and quarantine requirements under the bilateral inspection and quarantine agreements, protocols and memorandums entered into by China Government and the governments of the grains exporting jurisdictions;

(2) The compulsory requirements under the laws and regulations, and the national technical codes of China, and the inspection and quarantine requirements prescribed by AQSIQ;

(3) The quarantine requirements specified in the Quarantine Permit.

Article 12 [Entry Inspection Declaration] Owners or their agents shall make inspection declaration to the inspection and quarantine agencies at the ports of entry before the grains are entered, and provide the following documents as required:

(1) The plant quarantine certificate issued by the official authority in the grains exporting jurisdiction;

(2) Certificate of origin;

(3) Commercial contract, letter of credit, bill of lading, packing list, invoice and other trade documents;

(4) The Quarantine Permit and other documents as required;

(5) Other documents specified in the bilateral agreements, protocols and memorandums, and prescribed by AQSIQ.

For inbound genetically modified grains, a copy of the relevant approvals such as the Agricultural Genetically Modified Organisms Safety Certificate and the Accreditation and Approval of Agricultural Genetically Modified Organisms Identification shall also be provided.

Encourage the owners to request from the overseas grains exporters other documents issued by the official authority of the exporting jurisdiction or by the third-party test institutions, such as quality certificate, health certificate, certificate of fitness and weight certificate.

Article 13 [Safety Inspection] Prior to on-site inspection, the inbound grains carriers or their agents shall submit a written declaration of fumigation treatment of inbound grains to the inspection and quarantine agencies at the ports of entry, and take ventilation measures in advance. Without the declaration, the inspection and quarantine agencies will not conduct on-site inspection. If the on-site inspection found that there is any fumigant residue or that concentration of fumigation residual gas exceeds the safety threshold, the inspection and quarantine and the relevant on-site inspection shall be suspended. The on-site inspection shall not be resumed unless the fumigant residue has been effectively removed and the concentration of fumigation residual gas is lower than the safety threshold. ”

Article 14 [Inspection and Quarantine at Designated Places] Where inbound bulk grains are carried by ships, the inspection and quarantine agencies shall conduct inspection and quarantine on the surface cargo at the anchorage. The ships may enter the ports only if there is no significant abnormality in quality and safety aspects. Bulk grains shall be subject to the subsequent inspection and quarantine at the ports.

Where the ships have to be berthed to accept inspection and quarantine, prior consent from the inspection and quarantine agencies shall be obtained.

Where inbound grains are carried by marine container, train or truck, the inspection and quarantine shall be conducted at the places designated by the inspection and quarantine agencies. The inbound grains shall not be transferred without the consent of the inspection and quarantine agencies.

Article 15 [On-site Inspection and Quarantine] The inspection and quarantine agencies shall conduct on-site inspection and quarantine on the inbound grains. On-site inspection and quarantine includes:

(1) Cargo certificate check. Check the documents with the name and quantity (or weight) of the cargo, name of the import, storage and processing enterprise and its registration number, and other information. In case of bulk grains carried by ships, also check the cargo carried in the last voyage and the record of clearance inspection, and assess the quality and safety risk for carrying grains; in case of grains carried by container, also check the container code, sealing mark and other information;

(2) On-site inspection. Focus on whether there is any water damage, mold or deterioration in the grains; whether the grains have harmful organisms such as insects and weed seeds; whether the grains are mixed with cereal grains, sick plant debris, soil, fumigant residue, seed coating agent contamination, animal carcass, animal excrements and other prohibited inbound substances, etc.;

(3) Sampling. Take samples and sent them to the laboratory for testing according to the applicable regulations and standards.

(4) Other on-site inspection activities.

Article 16 [Laboratory Testing] The inspection and quarantine agencies shall conduct laboratory testing on the field samples and suspicious substances according to the relevant procedures and standards, and issue a inspection and quarantine report.

The samples for laboratory testing shall be properly kept and maintained for at least three months. If any abnormality is found in the testing and it is necessary to make field investigation for collecting evidence, the samples shall be maintained for at least six months.

Article 17 [Treatment in Inspection and Quarantine] Where the inbound grains have any of the following circumstances, fumigation, disinfection or other pesticide treatment shall be conducted at port anchorage, port or designated quarantine supervised place under the supervision of the inspection and quarantine agencies at the ports of entry:

(1) Any pest of quarantine significance or other living harmful insect was found, and it would spread;

(2) Seed coating agent, fumigant contamination or toxic weed seed exceeds the threshold or the grains have any other safety or health problem, and effective technical treatment may be taken;

(3) Quality and safety of the grains endangered by other causes.

Article 18 [Return and Destroy] Where the inbound grains have any of the following circumstances, such grains shall be returned or destroyed:

(1) Not listed in the list of import entry issued by AQSIQ, or without the documents such as Plant Quarantine Certificate issued by the official authority of the grains exporting jurisdiction, or without the Quarantine Permit;

(2) The testing result of toxic and harmful substances or other safety and health items fails to meet the compulsory requirements under the national technical codes, and the use of the grains cannot be changed or no effective treatments can be taken;

(3) Any genetically modified component was found, but no Agricultural Genetically Modified Organisms Safety Certificate or relevant approval was provided, or the genetically modified component is inconsistent with that indicated in the certificate or approval;

(4) Any soil, pest of quarantine significance or any other prohibited inbound substance was found, and no effective quarantine treatment can be taken;

(5) The grains have been decayed or deteriorated due to water damage or mold, or contaminated by chemical or radiological substance, and the use of the grains cannot be changed or no effective treatments can be taken;

(6) Quality and safety of grains seriously endangered by other causes.

Article 19 [Certificates Issued at the Ports] After the inbound grains have passed the inspection and quarantine, the inspection and quarantine agencies shall issue an inbound cargo inspection and quarantine certificate and other relevant documents; if failed to pass the inspection and quarantine, the inspection and quarantine agencies shall issue a Notice of Inspection and Quarantine Decision and the relevant inspection and quarantine certificate.

Article 20 [Processing and Treatment] The inspection and quarantine agencies shall supervise inbound grains by quarantine. Inbound grains shall be processed and used only at the designated places having the quarantine and treatment conditions. Without effective quarantine treatment or processing, imported grains shall not directly enter into market circulation.

Anti-epidemic measures such as prevention of spill and sealing shall be taken during the steps of handling, transport and processing of inbound grains and treatment of leftovers. The processing of inbound grains shall have the conditions for effectively killing harmful organisms such as weed seeds and pathogenic bacteria. The leftovers of grain processing shall receive effective quarantine treatments such as heat treatment, crushing or burning.

The inspection and quarantine agencies shall determine the processing regulatory risk level of inbound grains according to the extent of harmful organisms such as weeds found in inspection on inbound grains, content of impurities and other quality and safety conditions, and in combination of factors such as quarantine treatment conditions of the proposed processing and transportation enterprises, and direct and monitor the enterprises to take safety and control measures including epidemic control and surveillance.

Article 21 [Grain Reserves and Grain Futures] Where the inbound grains are specifically used as reserves or for delivery of futures, the production, processing and storage thereof shall comply with the inspection and quarantine regulations of AQSIQ.

Article 22 [Special Use] Where a small amount of grains not included in AQSIQ's list of market access are imported for special use such as scientific research, exhibition and sample, a prior application for special entry quarantine approval shall be submitted to AQSIQ and the Quarantine Permit shall be obtained.

Article 23 [Institutional Collaboration] Where inbound grains loading, unloading, storage and processing are subject to the regulation of different inspection and quarantine agencies, the relevant inspection and quarantine agencies shall enhance communication and collaboration, establish corresponding work mechanism, and promptly inform each other of the inspection and quarantine result and regulatory information.

Where the inbound grains are to be unloaded in several ports, the relevant inspection and quarantine agencies shall inform each other of the inspection and quarantine result before the grains are

released. If the foreign party is required to provide any testifying document, the relevant inspection and quarantine agencies shall reach an agreement through negotiation and follow the applicable regulations.

Where the inbound grains are to be transferred from the port of entry, the port inspection and quarantine agency shall promptly issue an inbound grains transfer notice to the destination inspection and quarantine agency before the inbound grains are transferred.

Article 24 [Transit Grains] Where the grains are transit from a foreign country through China, the owner or its agent shall submit a prior application to AQSIQ or the inspection and quarantine agency, and provide information about transit route, mode of transportation and management measures. The grains may be transit through China only in accordance with the transit grains inspection and quarantine regulatory plan established by AQSIQ, and shall be subject to supervision and administration of the inspection and quarantine agency.

The transit grains shall be sealed in transportation to prevent spill or leakage. Without the approval of the inspection and quarantine agency, the transit grains must not be unpacked or discharged from the means of transportation.

CHAPTER 3 OUTBOUND INSPECTION AND QUARANTINE

Section 1 Registration

Article 25 [Registration of Outbound Grains Production, Processing and Storage Enterprises] If the grains importing jurisdiction requires that all enterprises producing, processing and storing grains exported from China (“Outbound Grains Production and Processing Enterprises”) must be registered, AQSIQ shall implement a registration system for the outbound grains production and processing

enterprises. The outbound grains storage and processing enterprises shall have the quality and safety control facilities such as sifting and sieving, drying, testing and epidemic prevention, and an effective quality, safety and traceability management system.

If the grains importing jurisdiction requires that all enterprises producing, processing and storing grains exported from China must be registered, the competent inspection and quarantine agencies shall register the said enterprises and file a record with AQSIQ.

The outbound grains production, processing and storage enterprises must be legal entity duly registered with the administration for industry and commerce, and hold the Business License for Legal Entity.

The said enterprises shall not be established in any area with compromised hygiene conditions or susceptible to infection of harmful organisms. The storage area shall not concurrently operate, produce or store any toxic or harmful substance. The depot and ground shall be hardened, leveled and free from water. The grains shall be stored by category, kept a distance from ground and wall, and clearly marked.

The enterprises shall establish and effectively implement a whole process management system for their grains. A clear and complete accounting record shall be maintained to accurately reflect the information about traceable inflow and outflow of grains. The accounting record shall be kept not less than two years.

The enterprises shall establish a monitoring system for harmful organisms, hire the personnel to satisfy the needs of epidemic prevention, and have the anti-epidemic measures and ability against pests, mice and birds.

Section 2 Inspection and Quarantine

Article 26 [Fitness Inspection] The carriers, packers or their agents that operate the means of transportation such as ship or container carrying the outbound grains shall apply to the competent inspection and quarantine agencies for fitness inspection including cleaning, hygiene and air-tightness before the outbound grains are shipped. The outbound grains shall not be shipped without inspection and quarantine or where the inspection and quarantine fails.

Article 27 [Exit Inspection Declaration] Owners or their agents shall make inspection declaration to the inspection and quarantine agencies of the places where the storage or processing enterprises are situated before the grains are exit, and provide the following supporting documents including trading contract, letter of credit, invoice and self-check certificate, etc.

Where the grains are to be delivered according to the sample, the agreed sample shall also be provided.

Article 28 [Inspection and Quarantine Requirements] The inspection and quarantine agencies shall conduct the on-site inspection and quarantine and the laboratory test on the outbound grains according to the following requirements:

- (1) Bilateral agreements, protocols and memorandums, and other bilateral arrangements;
- (2) Inspection and quarantine requirements of the importing jurisdiction;
- (3) Inspection and quarantine requirements under the laws, regulations, compulsory standards of China, and under the regulations of AQSIQ;
- (4) Quarantine requirements specified in the trading contract or the letter of credit.

Article 29[Result Judgment and Certificate Issuance] Where the inspection and quarantine requirements are met, or met by effective insecticide or technical treatment and through another

inspection and quarantine, the inspection and quarantine agencies shall issue the Outbound Cargo Customs Clearance Certificate or the Outbound Cargo Credential for Change of Certificates as required. Where the importing jurisdiction requires an inspection and quarantine certificate, the certificate shall be issued according to the state regulations. Where the importing jurisdiction requires a new form or content of the inspection and quarantine certificate, the existing certificate may be changed only with the approval of AQSIQ.

If the inspection and quarantine fails and there is no effective insecticide or technical treatment, or another inspection and quarantine still fails through treatment, the inspection and quarantine agency shall issue an Outbound Cargo Non-Conformity Notice, and the grains shall not be exit.

Article 30 [Valid Period of Inspection and Quarantine] The valid period of inspection on outbound grains is up to 2 months; generally, the valid period of quarantine is 21 days, but it may be extended to 35 days as appropriate during winter (from November to the end of February in the next year) in Heilongjiang, Jilin, Liaoning, Inner Mongolia and Xinjiang. After the inspection and quarantine expires, a new application for inspection on the grains shall be submitted before the grains are exit.

Article 31 [Institutional Collaboration] The inspection and quarantine agencies at the places of origin and the ports shall establish a communication and collaboration system, and promptly inform each other of inspection and quarantine result and other information.

After the outbound grains has passed the inspection and quarantine at the place of origin, the owner or its agent shall apply to the inspection and quarantine agency at the exit port for inspection during the valid period of the Outbound Cargo Credential for Change of Certificates or the electronic transfer form. In accordance with the regulations regarding inspection on change of certificates for outbound cargo, the

inspection and quarantine agency at the exit port shall inspect the outbound grains at the port, particularly whether the certificate is consistent with the cargo and whether there is infection of any harmful organism. After the outbound grains has passed the inspection, the inspection and quarantine agency at the port shall issue the Outbound Cargo Customs Clearance Certificate, based on the Outbound Cargo Credential for Change of Certificates or the electronic transfer form issued by the inspection and quarantine agency of the place of origin. If the inspection fails, the grains shall not be released.

If the outbound grains are to be consolidated at the port, a new application for inspection shall be submitted and the quarantine shall be carried out again. If the importing jurisdiction changes after the outbound grains have arrived at the port and the new importing jurisdiction has different inspection and quarantine requirements, a new application for inspection shall be submitted and the quarantine shall be carried out again.

CHAPTER 4 RISKS; SUPERVISION AND ADMINISTRATION

Section 1 Risk Monitoring and Alerting

Article 32 [Epidemic Monitoring] AQSIQ shall monitor various epidemics involving inbound and outbound grains, and prepare a monitoring technical guide.

The inspection and quarantine agencies shall monitor and investigate harmful organisms of quarantine significance such as weeds at grains entry ports, depots, areas near processing plants, transportation routes and areas where grains would scatter during transit and reloading. In case of any epidemic, the inspection and quarantine agencies shall promptly organize the relevant enterprises to take

emergent measures, analyze the source of epidemic, and direct the enterprises to take effective corrective measures. The enterprises shall cooperate with the inspection and quarantine agencies to monitor and eradicate the epidemic.

Pursuant to quarantine requirements of the importing jurisdictions, the inspection and quarantine agencies shall investigate and monitor various epidemics at the areas near grain cultivation lands, export depots and processing facilities.

Article 33 [Safety Monitoring] AQSIQ shall monitor the risk of safety and hygiene of inbound and outbound grains, and prepare a risk monitoring plan regarding safety and hygiene of inbound and outbound grains.

Article 34 [Collection of Risk Data] AQSIQ and the inspection and quarantine agencies shall establish a grains quality and safety data collection and reporting system. The data are mainly sourced from:

- (1) Grains quality and safety information received from inspection and quarantine of inbound and outbound grains;
- (2) Grains quality and safety information received from quality management of inbound and outbound grains trading, storage and processing enterprises;
- (3) Grains quality and safety information received from epidemic monitoring, and safety and hygiene risk monitoring by the inspection and quarantine agencies;
- (4) Grains quality and safety information reported by international organizations, foreign government agencies, domestic and foreign industry associations and consumers;
- (5) Other information regarding risk of grains quality and safety.

Article 34 [Risk Study and Classified Management] AQSIQ and the inspection and quarantine agencies shall assess the risk relating to grains quality and safety information, identify the risk level of the grains, and implement dynamic risk level management. The regulatory measures and business monitoring measures for inbound and outbound grains inspection and quarantine shall be adjusted in line with the risk assessment result.

Article 36 [Major Risk Warning and Lifting] If major epidemic or major quality or safety issue is found in inbound or outbound grains, AQSIQ and the inspection and quarantine agencies shall take and initialize emergency plan and other emergency measures according to the relevant regulations, and post a warning. When risk of grains safety disappears or is lowered to the acceptable level, AQSIQ and the inspection and quarantine agencies shall lift the warning.

Article 37 [Information Notification] AQSIQ and the inspection and quarantine agencies shall notify the relevant agencies and entities including local governments, agriculture and grains administrative authorities, foreign authorities and enterprises operating inbound and outbound grains of the important information about risk of grains safety, and cooperate with those agencies and entities to take necessary measures. Grains safety information shall be made public according to the relevant regulations.

Section 2 Supervision and Administration

Article 38 The enterprises propose to engage in storage and processing of inbound grains may submit an application to the local inspection and quarantine agencies.

The inspection and quarantine agencies shall evaluate the application materials and processes of the applicants, and verify the applicants' grain category and ability of storage and processing, in accordance with the requirements prescribed by AQSIQ.

The enterprises engage in storage and processing of inbound grains shall have established an effective quality, safety and traceability management system, and conform to the quality and safety control requirement such as quarantine and treatment.

Article 39 The inspection and quarantine agencies shall conduct quarantine supervision over the designated enterprises.

When the designated enterprises, consignees and their agents find any major epidemic or public health problem, they shall immediately report it to the inspection and quarantine agencies. The inspection and quarantine agencies shall handle the problem and report it to the superior authorities according to the relevant regulations.

Article 40 [Records] Inbound and outbound grains consignors and consignees, and production, processing, storage and transportation enterprises shall establish the production and business operation records relating to entry and exit of grains, handling, transportation, storage, processing, treatment of leftovers, and shipment designations, and maintain detailed records of quality traceability and safety control. All the records shall be kept at least two years.

Article 41 [Recall] Where the inbound grains have any serious safety or quality problem, which has caused or would cause material damage to human health or ecological safety of agriculture, forestry, husbandry or fishery, the consignee of the inbound grains shall initialize a recall. The consignee shall

take actions to avoid or mitigate damages, maintain a recall record, and report the recall and relevant measures to the local inspection and quarantine agency.

If the consignee fails to do so, the competent inspection and quarantine agency shall issue an order of recall and report it to AQSIQ. If necessary, AQSIQ may order the consignee to recall the inbound grains.

Article 42 [Classified Management of Enterprises] AQSIQ and the inspection and quarantine agencies shall implement a classified management system of enterprises in light of their quality management, facilities, control of safety risk and integrity in business operation. With respect to the enterprises at different levels, corresponding inspection and quarantine regulatory measures shall be taken in the aspects such as entry quarantine clearance, entry and exit inspection and quarantine, and daily regulatory actions. The specific standard for classified management shall be established by AQSIQ.

CHAPTER 5 LEGAL LIABILITIES

Article 43 [Failure in Declaration for Inspection or Inconsistence with Physical Conditions] Upon occurrence of either of the following circumstances relating to inbound grains, the inspection and quarantine agencies shall impose a fine up to RMB 5,000 according to Article 59 of the Implementing Regulations for the Law on Inbound and Outbound Animal and Plant Quarantine:

- (1) Failure in declaration for inspection;
- (2) Inconsistence with the physical conditions of the declared grains.

Upon occurrence of the circumstance in Item (2) above, the issued quarantine certificate shall be revoked.

Article 44 [Without Approval] Where the quarantine approval procures for inbound grains are not handled according to law or the terms of the quarantine approval are not complied with, the inspection and quarantine agencies shall impose a fine up to RMB 5,000 according to Item 1, Paragraph 1, Article 59 of the Implementing Regulations for the Law on Inbound and Outbound Animal and Plant Quarantine.

Article 45 [Failure in Declaration for Inspection] Where any person sells or uses inbound or outbound grains which are listed in the import and export commodity catalog and must be inspected, without declaration for inspection or without having been inspected, the inspection and quarantine agencies shall confiscate the illegal gains and impose a fine at more than 5% but less than 20% of the value of goods according to Article 43 and Article 44 of the Implementing Regulations for the Law on Import and Export Commodity Inspection.

Article 46 [Creation Provision] Where an inbound or outbound grains consignor or consignees, or a production, processing, storage or transportation enterprise fails to establish the production and business operation files and maintain records according to Article 40 hereof, the inspection and quarantine agency shall order it to make correction and give a warning; if it refuses to make correction, the inspection and quarantine agency shall impose a fine of more than RMB 3,000 but less than RMB 10,000.

Article 47 [Action Without Approval] Upon occurrence of either of the following circumstances, the inspection and quarantine agencies shall impose a fine of more than RMB 3,000 but less than RMB 30,000 according to Article 60 of the Implementing Regulations for the Law on Inbound and Outbound Animal and Plant Quarantine:

(1) Without the approval of the inspection and quarantine agency, discharge the inbound grains or transit grains from the means of transportation, or remove the grains from the designated inspection site;

(2) Without approval, unpack the transit grains, or remove or damage animal and plant quarantine sealing or mark.

Article 48 [Integrity of Trading Enterprises and Agents] Where any consignor or consignee of inbound or outbound grains that listed in the import and export commodity catalog and must be inspected, or its agent or inspection declarer obtains a certificate from the inspection and quarantine agency by providing falsified information about inbound or outbound grains, or fails to make declaration for inspection and evades inspection and quarantine, the inspection and quarantine agency shall confiscate the illegal gains and impose a fine at more than 5% but less than 20% of the value of goods according to Article 46 of the Implementing Regulations for the Law on Import and Export Commodity Inspection.

Article 49 [Forging Inspection Certificate] Where any person forges, alters, sells, purchases or steals inspection certificate, seal, mark, sealing or customs cargo clearance certificate, or uses forged or altered inspection certificate, seal, mark, sealing or customs cargo clearance certificate, but the conduct does not constitutes a criminal offense, the inspection and quarantine agency shall order him/her to make corrects, confiscate the illegal gains and impose a fine up to the value of goods according to Article 47 of the Implementing Regulations for the Law on Import and Export Commodity Inspection.

Article 50 [Major Epidemic; Forging Quarantine Certificate] Upon occurrence of either of the following unlawful acts, but it does not constitutes a criminal offense or the circumstance of criminal offense is obviously minor and no criminal punishment is required according to law, the inspection and

quarantine agencies shall impose a fine of more than RMB 20,000 but less than RMB 50,000 according to Article 62 of the Implementing Regulations for the Law on Inbound and Outbound Animal and Plant Quarantine:

- (1) Cause a major animal or plant epidemic; or
- (2) Forge or alter animal and plant quarantine certificate, seal, mark or sealing.

Article 51 [Revocation of Registration] Where a production, processing or storage enterprise registered according to these Measures fails to pass the quarantine on its inbound or outbound grains, and the relevant circumstances are serious, the inspection and quarantine agency shall revoke its registration according to Article 61 of the Implementing Regulations for the Law on Inbound and Outbound Animal and Plant Quarantine, in addition to return, destruction or quarantine treatment of the inbound or outbound grains according to relevant provisions of these Measures.

Article 52 [Replacement without Approval] Where any person replaces the samples taken by the inspection and quarantine agency or the inbound or outbound grains having passed the inspection of the inspection and quarantine agency, the inspection and quarantine agency shall order him/her to make correction and give a warning according Article 48 of the Implementing Regulations for the Law on Import and Export Commodity Inspection, and where the relevant circumstances are serious, impose a fine at more than 10% but less than 50% of the value of goods.

Article 53[Without Fitness Inspection] Where any person provides or uses any means of transportation including container, cabin, aircraft or vehicle without fitness inspection conducted by the inspection and quarantine agency to load and carry any transit grains, the inspection and quarantine

agency shall impose a fine up to RMB 100,000 according to Paragraph 1, Article 53 of the Implementing Regulations for the Law on Import and Export Commodity Inspection.

Where any person provides or uses any means of transportation including container, cabin, aircraft or vehicle having failed to pass fitness inspection conducted by the inspection and quarantine agency to load and carry any transit grains, the inspection and quarantine agency at the entry and exit port shall impose a fine up to RMB 200,000 according to Paragraph 2, Article 53 of the Implementing Regulations for the Law on Import and Export Commodity Inspection.

Article 54 [Creation Provision] Upon occurrence of any of the following circumstances, the inspection and quarantine agencies at the port shall impose a fine of more than RMB 3,000 but less than RMB 10,000:

(1) Fail to initialize a recall, where the inbound grains have any serious safety or quality problem, or would cause material damage to human health or ecological safety of agriculture, forestry, husbandry or fishery;

(2) Fail to report the recall or treatment of inbound grains to the inspection and quarantine agency;

(3) The inbound grains are not discharged at the inspection site designated by the inspection and quarantine agency;

(4) The inbound grains have any of the circumstances listed in Article 18 of these Measures, and the relevant person refuses to make effective quarantine treatment.

Article 55 [Creation Provision] Upon occurrence of any of the following circumstances, the inspection and quarantine agencies shall impose a fine up to RMB 30,000:

(1) The inbound or outbound grains are not produced, processed or stored at the registered or designated place;

(2) Sell, purchase or steal any animal and plant quarantine certificate, seal, mark or sealing, or assist in forgery or alteration of any animal and plant quarantine certificate, seal, mark or sealing;

(3) Use any forged or altered any official quarantine certifying document of the exporting jurisdiction;

(4) Refuse to accept the quarantine supervision from the inspection and quarantine agency.

Article 56 [Punishment on Inspection and Quarantine Personnel] Where any employee of the inspection and quarantine agencies abuses power, deliberately places obstacles, engages in malpractice for personal benefit, or falsifies inspection and quarantine result, or makes dereliction of duty, or delays issuance of a certificate, he/she shall be imposed an administrative sanction according to law; where the relevant circumstances are serious, criminal penalties shall be imposed according to law.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 57 [Non-processed Grains] The provisions for regulation and administration of inspection and quarantine on inbound and outbound grains that will be directly sold without processing shall be otherwise prescribed by AQSIQ.

Article 58 [Border Trade] The relevant regulations of AQSIQ shall apply mutatis mutandis to small amount of inbound and outbound grains in border trade.

Article 59 [Interpretation] These Measures shall be interpreted by AQSIQ.

Article 60 [Entry into Force] These Measures shall enter into force as of _____, 20___. The Administrative Measures for Inspection and Quarantine of Inbound and Outbound Grains and Fodders promulgated by AQSIQ in December 2001 shall be abolished simultaneously. In case of any conflict between these Measures and the previous regulations for inbound and outbound grains inspection and quarantine, these Measures shall prevail.