

Report for NAEGA on AQSIQ's Decree 177

2017/1/29

The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), China's quality and quarantine control agency for import and export products, issued the Administrative Measures of Inspection and Quarantine for the Inbound and Outbound Grain (referred to as Decree 177) on Jan 20, 2016. This rule came into effect on July 1, 2016, NAEGA and its members expressed concern about this rule, especially Article 6 about implementing a registration system for the overseas production, processing, and storage enterprises of inbound grains (*refer to appendix one: USDA's unofficial translation of the Decree 177*). This report is compiled to reflect available knowledge on the implementation, compliance and impact of the rule based on discussions with AQSIQ officials and grain traders.

Why did AQSIQ raise the registration requirement of grain exporters in Decree 177 in 2016?

AQSIQ and global regulatory authorities face increasing challenges in managing safety of global food supply while facilitating global trade due to increasing global trade volume, complexity of global food supply chain, frequent outbreak of global food safety scandals, and emerging of new business models like E-commerce. As a response to these supervision challenges and traceability difficulties, Chinese regulatory authority raised the idea of extending food quality and safety supervision beyond the country boarder, and making exporting companies and county governments to share accountability in safety and quality management at about 20 years ago. AQSIQ was asked to register foreign production, processing and storage facilities who export animal and plant products to China for the first time by the article 17 of the "Implementation Measures of the Law of the Quarantine for Inbound and Outbound of Animals and Plants" issued by State Council in Dec 1996. In following 20 years, AQSIQ gradually rolled out this registration requirement starting from meat, dairy, aqua, and now grains. This registration requirement of foreign food producers who export food to China is reconfirmed in the article 96 of China Food Safety Law passed by National People's Congress on April 24, 2015, and coming into effect since Oct 1, 2015. With the issuance of Decree 177 in 2016, AQSIQ is aiming to apply the new quality and safety management system consisting of pre-import (risk assessment and plant registration), in-process of import (port inspection), and post-import (marketplace supervision) to grain trade.

Chinese legislative system is composed of law, regulation and rule, the three different levels of legislative documents in terms of authority and power. Law means regulatory documents formulated by the National People's Congress and its Standing Committee. Laws are inferior immediately to the Constitution in authority.

Administrative regulations mean regulatory documents formulated by the State Council, the highest organ of State administration. Regulations are inferior to the Constitution and laws in authority. Rules are administrative regulatory documents formulated by ministries and agencies with administrative functions directly under the State Council within their respective authorities in accordance with laws and administrative regulations of the State Council, regulating matters concerning the implementation of laws or administrative regulations, decisions or orders of the State Council. Decree 177 is classified as a rule, the lowest in terms of authority.

How will AQSIQ implement the registration requirement of grain exporters?

The plant quarantine division of the Animal and plant Quarantine Dept of AQSIQ is in charge of the registration of grain exporters, while CNCA (China National Certification and Accreditation Administration) with a comparatively large team handles the exporter registration for meat, dairy and aqua. Considering that the safety risk of grain is much lower than that of meat products, and that this division has very limited resource (just 4-5 staff), AQSIQ took a simplified approach on grain, which is asking exporting country government to provide a list of qualified exporters to AQSIQ, and AQSIQ will normally post this list on its website within a week as a confirmation of accepting these exporters on the list, instead of plant by plant verification and even onsite audit by CNCA for meat exporters. The registration needs to be renewed every four years according to Decree 177. In practice, exporting countries update this list whenever there are corrections or new additions, and AQSIQ generally accommodates such requests.

To make this list work, AQSIQ will check against this list when issuing import permit for each shipment, and local commodity inspection and quarantine bureau (CIQ) will also check against the list before releasing the cargo.

How will US/NAEGA comply with this registration requirement?

AQSIQ started to ask new exporting countries to provide a list of qualified exporters of grain since 2015, and then turned to traditional exporting countries like US, Brazil and Argentina in 2016. Brazil and Argentina have provided their list so far although in quite different format and level of details (*refer to appendix 2 and 3 for Brazilian and Argentinean list of grain exporters respectively*). For some countries, it is simply an Excel form with a list of company names or even a fax copy of the company names. Brazilian and Argentinean lists have been accepted and posted on AQSIQ website at:

http://dzwyjigs.aqsiq.gov.cn/fwdh_n/qymd/zwicp/gwqymd/index_3367.htm

USDA provided a list of US grain exporters to AQSIQ on Oct 16, 2016, and AQSIQ replied to USDA asking for some revisions. Firstly, the original list contains irrelevant information such as technical data and quality testing service provider of each facility.

What AQSIQ is asking for is simply a list of facilities/enterprises which export grain to China with basic information such as name, product, registration number, address, telephone number and fax number etc. AQSIQ also provided a template list (*refer to appendix 4*). Secondly, the original list provided by USDA covers only grain export facilities with annual export volume above 15000 metric tons. AQSIQ is asking for a complete list of facilities/companies which may export grain to China. Otherwise, the facilities not listed here will have trouble to export grain to China in the future. Although AQSIQ doesn't set a deadline for US to provide its list, AQSIQ is expecting US to provide this list soon.

With above said, a simple list of companies which may export grains to China with basic information such as name, product, address, phone, and fax should meet AQSIQ requirements. AQSIQ can post such a list directly on its website without the need to further modify or reformat the list.

It is important to send the list directly to Mr. Huang Yajun, Chief of Plant Quarantine Division by ether email at huangyj@aqsiq.gov.cn or fax at 010-82260157, and also double confirm with him by phone at 010-82261907 to ensure he has received the documents. Some countries like Ukraine and Bulgaria experienced significant delay of over 6 months in posting their list on ASQIQ website after submission due to either addressing the list to a wrong person or failure to reach the recipient for technical problems.

According to Article 6 of Decree 177, AQSIQ will register exporting grain companies solely based on recommendation materials provided by exporting country government. Onsite audit is not a prerequisite here. However, when renewing registration after four years, AQSIQ may send experts to supplying country to review its quality supervision system, and make onsite audit to randomly selected companies.

What is the appropriate communication approach on Decree 177 with AQSIQ?

Considering that AQSIQ has legal obligation to implement the grain export registration system according to China Food Safety Law and the Implementation Measures of the law of the Quarantine for Inbound and Outbound of Animals and Plants, and that the grain trade has not been negatively affected so far, it is NOT suggested for USDA/NAEGA to advocate for revoking Decree 177. It is neither suggested to escalate this issue to senior level dialogues such as JCCT or S&ED. The communication with AQSIQ should be on working level, and should focus on such topics as:

- Educate AQSIQ about the quality control system for US grain export.
- Understand AQSIQ's expectation and vision on how the registration system can improve food safety

- Help US grain industry to clarify some technical issues on how to comply with this requirement

In terms of communication channels, a public-private dialogue is probably better to address these topics than a formal government to government dialogue, for example:

- Invite AQSIQ officials to visit US and to have a policy briefing roundtable with US grain industry.
- Invite AQSIQ officials to a policy briefing session in China with US grain exporters.

Considering the uncertainty of US-China agricultural trade caused by President Trump's trade and geopolitical policy toward China, it serves the best interest of US grain industry to complete this plant registration ASAP. The lack of registered US exporters is a perfect and easy excuse for Chinese retaliation if any. It is not advised to postpone or complicate the registration of US exporters by these communication proposals unless we have to clarify something before USDA provides its list to AQSIQ.

Key AQSIQ officials for NAECA to outreach on this Decree 177 include:

- Mr. HUANG Yajun, Chief of Plant Quarantine Division, email: huangyj@aqsiq.gov.cn Phone: 010-82261907
- Mr. ZHANG Chaohua, Deputy Director General of Animal and Plant Quarantine Department, email: zhangch@aqsiq.gov.cn; Mob: 13910588612
- Mr. Li Jianwei, Director General of Animal and Plant Quarantine Dept. Email: Lijw@aqsiq.gov.cn.

Appendix One USDA's Unofficial Translation of Decree 177



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: 2/5/2016
GAIN Report Number: CH16003

China - Peoples Republic of

Post: Beijing

Admin Measures of Inspection and Quarantine for Entry and Exit Grain

Report Categories:

Sanitary/Phytosanitary/Food Safety

Approved By:

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Report Highlights:

This report contains an UNOFFICIAL translation of the Administrative Measures of Inspection and Quarantine for the Entry and Exit Grain issued by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). This regulation, also referred to as AQSIQ Decree 177, will come into force on July 1, 2016. A draft regulation was notified to the WTO as G/SPS/N/CHN/882 on August 5, 2015. Post has published a GAIN report on the draft measures ([Draft Administrative Measures for Grains and Oilseeds, Beijing, China - Peoples Republic of 8-3-2015](#)).

Appendix Two Registered Brazilian Corn Exporters

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2015年和2016年(至6月) 巴西玉米出口商列表

NCM INDEX#	公司名稱	地址	州
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254007440	RIO VERDE
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254001409	PRIMAVERA DO LESTE
	AMASUL EXPORTACAO E IMPORTACAO LTDA	77294254005820	DIAMANTINA
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254002642	NOVA MUTUM
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254006697	LUCAS DO RIO VERDE
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254004202	NOVA MUTUM
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254003020	SORRISO
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254003453	SORRISO
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254004777	VERA
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254002480	SINOP
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254003230	SANTA RITA DO TRIVELATO
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254005743	NOVA UBERABA
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254002303	SORRISO
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254006592	MATUPE
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254002480	SINOP
	AMAGGI EXPORTACAO E IMPORTACAO LTDA	77294254005743	NOVA UBERABA
	BUNGE ALIMENTOS S/A	77294254004776	PIRANGA DO NORTE
	BUNGE ALIMENTOS S/A	84046101065748	UJUANIA
	BUNGE ALIMENTOS S/A	84046101031028	ARAGUARI
	BUNGE ALIMENTOS S/A	84046101034098	ARAGUARI
	BUNGE ALIMENTOS S/A	84046101047681	CARUARUA
	BUNGE ALIMENTOS S/A	84046101055842	BARRA DO GARCAS
	BUNGE ALIMENTOS S/A	84046101038913	OIFRENCA
	BUNGE ALIMENTOS S/A	84046101043886	ALTO TAQUARI
	CARGE II AGRICOLA S/A	304381060227342	BRASILIA
	CARSIL AGRICOLA S/A	60498706066600	DF
	GARCILI AGRICOLA S/A	60498706066600	RIO VERDE
	CARGILL AGRICOLA S/A	60498706011588	GO
	CARGILL AGRICOLA S/A	80498706028862	MG
			MARACAJU
			MS

Appendix Three Registered Argentinean Soybean Exporters



"2016 - AÑO DEL BICENTENARIO DE LA DECLARACIÓN DE LA INDEPENDENCIA NACIONAL"

Ministerio de

Servicio Nacional de Sanidad y Calidad

ARGENTINA – LIST OF REGISTERED SOYBEAN EXPORTERS TO CHINA (Dec 14, 2016)

阿根廷- 向中国出口大豆的注册出口企业名单 (2016年12月14日)

注册号 Registration Number	企业名称 Name of the Company
8078	MOLINOS RIO DE LA PLATA S.A.
8877	MOLINO CANUELAS S.A.C.I.F.I.A.
8967	GREGORIO, NUMO Y NOEL WERTHEIN S.A.
9047	NIDER A S.A.
9313	ACEITERA GENERAL DEHEZA S.A.
10009	CARGILL S.A.C.I.
10023	ADM ARGENTINA S.A.
10061	LDC ARGENTINA S.A.
10075	BUNGE ARGENTINA S.A.
10145	GEAR S.A.A.I.C.F.E.I.
10162	COFCO ARGENTINA S.A.
10163	CURCIJA S.A.
10327	AGRICULTORES FEDERADOS ARGENTINOS S.C.L.
10328	LORENZATI, RUETSCH Y CIA S.A.
10376	OLEAGINOSA MORENO HNOS. S.A.C.I.F.I.y A.
10389	ASOCIACION DE COOPERATIVAS ARGENTINAS COOP. LTDA.
10402	PILAGA S.A.
10780	ALFRED C. TOEPPER INTERNATIONAL ARGENTINA S.R.L.
11762	VICENTIN S.A.I.C.
11959	ADECO AGROPECUARIA S.A.
13835	LARTIRIGOYEN Y CIA. S.A.
14779	AGRO INDUSTRIAS BAires S.A.
14936	RICEDAL ALIMENTOS S.A.
16272	COMPANIA ARGENTINA DE GRANOS S.A.
16368	GRUPO LA SANTINA S.R.L.
16665	TRADING SUR S.A.
16894	AMERICA UNION S.R.L.
17245	ALEA y CIA S.A.
18168	ANDREOLI S.A.
18520	EJC CEREALES S.A.
18850	CUENCA DEL SALADO S.A.
18890	PAMPA AGRICOLA S.A.
18892	FOAGRO S.A.
19272	CHS DE ARGENTINA S.A.
19696	PUERTO ARROYO SECO S.R.L.
19790	AMAGGI ARGENTINA S.A.
19858	PROVINEX S.A.
20376	MAIOCCO CEREALES S.A.
20543	KUMAGRO S.A.
21146	CGG TRADING ARGENTINA S.A.
21472	ARDIFERT S.R.L.
21873	ESTABLECIMIENTO EL JACARANDA S.A.
22013	CAISA S.R.L.

Appendix Four AQSIQ Reply to USDA and Template List of Exporters

Mr. Zanin Bruce

Ag Minister Counselor of American Embassy to China

Re: Letter on Registration of US Grain Production and Processing Facilities

Respected Mr. Zanin Bruce,

Thank you for your letter dated October 12, 2016 on the List of U.S. Grain Facilities that Exports Grain to China. I would like to reply to and exchange ideas with you on the relevant issues.

1. Submit list of facilities for registration according to AQSIQ regulations and format. The list of facilities for registration shall include the basic information such as name of products, registration number, address, telephone number and fax number etc. Attached is the AQSIQ format of List of Grain Exporting Facilities for Registration for your reference. Please provide the information of grain exporting facilities based on the format so that AQSIQ can publish this information on AQSIQ website.

2. Registration of all grain facilities that export grains to China. Currently the list you provided covers elevators with exporting volume of over 15,000 tons of grain yearly. According to AQSIQ Decree No.177, please provide a full list of U.S. grain facilities exporting grain to China. If the list you provided is incomplete, in the case of any inspection and quarantine related incident happens, AQSIQ will have difficulties in tracing it back, thus will have to take measures to all enterprises that export grain from the export grain elevator.

The supervision of safety and quality of export grain is related to quarantine inspection, quality control and safety and hygienic issues, we would like to suggest APHIS and FGIS and other relevant agencies to jointly administrate the facility registration. AQSIQ wish to enhance technical exchange and cooperation with you and hope to send an expert team to the United States at convenient time in 2017 for the implementation of the measures for registration of grain export facilities. AQSIQ hopes to increasingly upgrade the quality and safety of grains exported to China through our joint efforts and intensified bilateral cooperation.

With best regards

Mr. ZHANG Chaohua

Deputy Director General

For Department of Supervision of Animal and Plant Quarantine

AQSIQ

Copy to Murali Bandla/APHIS Asian and the Pacific Director