

Measures for Administering the Inspection and Supervision of Import and Export Toys

Chapter 1 General Provisions

Article 1 In order to regulate the inspection and supervision of import and export toys, reinforce the administrative measures for said toys, protect human health and the safety of consumers, these measures have been formulated in accordance with the relevant regulations set out in the Law of the People's Republic of China on Import and Export Commodity Inspections, the implementation regulations in respect thereof and the Special Rules of the State Council on Reinforcing the Supervision and Management of Food and Other Product Safety.

Article 2 China's General Administration of Quality Supervision, Inspection and Quarantine (hereinafter referred to as the AQSIQ) shall be responsible for the countrywide administration of inspections and supervision for import and export toys.

The inspection and quarantine institution established by the AQSIQ at local sites (hereinafter referred to as the Inspection and Quarantine Institution) shall be responsible for the administration of inspections and supervision of import and export toys within the areas under its jurisdiction.

Article 3 These measures are applicable to the inspection and supervision management of the imported toys and toys for export which are listed in the import and export commodity catalogue (hereinafter referred to as the Catalogue) and which are subject to compulsory inspection, as well as the imported toys and toys for export which are specified by laws and administrative regulations and which are subject to compulsory inspections carried out by the Inspection and Quarantine Institution. The Inspection and Quarantine Institution and the enterprises involved in the production and commercial trade of imported toys and toys for export shall comply with these measures.

The Inspection and Quarantine Institution shall carry out random inspections on the imported toys and toys for export that are not listed in the Catalogue in accordance with the regulations set out by the AQSIQ.

Article 4 The inspection of the imported toys shall be carried out in accordance with the compulsory requirements of China's national technical specifications.

The inspection of toys for export shall be carried out in accordance with the technical regulations and standards of the import countries or regions. If the technical requirements agreed by both trading parties are more demanding than the technical regulations and standards of the import countries or regions, then the inspection shall be carried out in accordance with the agreed technical requirements. If the technical regulations and standards of the import countries or regions are not clearly indicated, then the inspection shall be carried out in accordance with the compulsory requirements of China's national technical specifications.

If an agreement has been signed between governments, the inspection shall be carried out in accordance with the requirements specified in the agreement.

Article 5 The production enterprise of the export toys shall first complete all registration formalities prior to producing and exporting said toys.

Article 6 The AQSIQ shall implement a recall system for defective import and export toys that may cause injury to children.

Chapter 2 Inspecting Imported Toys

Article 7 When the consignee or its agent for the imported toys goes through the declaration formalities, said parties shall complete the entry application form for inspection in accordance with the provisions set out in the Entry-Exit Inspection and Quarantine Provisions, stating true and accurate information only. The parties in question shall also provide all relevant documents. For imported toys that are listed in the catalogue of compulsory product certification, a duplicate copy of the certificate of compulsory product certification shall also be provided.

Article 8 For imported toys listed in the catalogue of compulsory product certification, the Inspection and Quarantine Institution shall carry out verification management in accordance with the regulations set out in the Administration Measures for the Inspection on Entry of Civilian Commodities Under the Import Licence System.

For imported toys which are not listed in the catalogue of compulsory product certification and with which the applicant has submitted a standard test report issued by the test laboratory for import and export toys (hereinafter referred to as the toy laboratory), the Inspection and Quarantine Institution shall check whether the relevant documents submitted by the applicant correspond to the goods.

If no test report has been submitted or it is found after examination and inspection that the relevant documents submitted do not correspond to the goods, an on-the-spot inspection shall be carried out for the batch of goods in question and samples shall be sent to the toy laboratory for testing.

Article 9 An inspection certificate shall be issued for imported toys approved after inspection. Once the inspection is complete, a CIQ label shall be added to the smallest sales package for the approved imported toys in accordance with the Management Measures for the Entry-Exit Inspection and Quarantine Labels.

Article 10 For imported toys that are not approved after inspection, the Inspection and Quarantine Institution shall issue a notice regarding the inspection and quarantine procedures in respect thereof. If the unapproved items constitute a danger to the safety of a person and property, human health and environment protection, the Inspection and Quarantine Institution shall order the party concerned to return the goods or destroy them; if other imported toys which have been tested are unapproved, technical treatment may be carried out for said toys under the supervision of the Inspection and Quarantine Institution and once the toys in question have been inspected again, they can then be marketed or used.

Article 11 The safety and user labels and instructions for imported toys sold on the Chinese domestic market shall conform to the relevant compulsory Chinese requirements for toy safety.

Chapter 3 Inspection of Toys for Export

Article 12 When the toys for export go through the declaration formalities, the applicant shall complete the export application form for inspection stating true and accurate information only and said applicant shall also provide the relevant materials in accordance with the application for Entry-Exit Inspection and Quarantine Provisions in addition to the documents listed below:

- (1) Registration certificate for exporting toys (duplicate copy);
- (2) The statement of proof that this batch of goods for export complies with the standards or technical regulations of the import countries or regions. If the technical regulations or standards of the import countries or regions are not clearly indicated, then a copy of the statement of proof that this batch of goods complies with the compulsory requirements of Chinese national technical regulations;

- (3) The test report issued by the toy laboratory;
- (4) Other materials requested by the AQSIQ.

Article 13 The Inspection and Quarantine Institution shall inspect the toys for export in accordance with the provisions set out in article 4 herein.

The inspection of the toys for export shall be carried out by the Inspection and Quarantine Institution at the site where the toys are produced. When the toys for export have been inspected and are approved, the Inspection and Quarantine Institution shall issue a licence exchange voucher at the site where the toys are produced. If the Inspection and Quarantine Institution carries out the inspection at a port, the Inspection and Quarantine Institution shall directly issue an exit customs clearance bill at the port. If the toys for export fail the inspection, a notice of failure shall be issued.

Article 14 Once the toys for export have been inspected by the Inspection and Quarantine Institution at the production site and approved, the consignors of the toys shall submit an application to the Inspection and Quarantine Institution at a port for checking and inspection based on the strength of the licence exchange voucher and the necessary supporting documents within the prescribed time limit. If the toys for export have passed the checking and inspection procedures, the Inspection and Quarantine Institution shall issue a customs clearance bill for the toys at the port. If the toys fail the checking and inspection procedures they will not be exported.

If the approved toys are not exported within the valid inspection period or the import countries or regions change during said period of inspection in addition to the inspection requirements, the applicant shall apply to the Inspection and Quarantine Institution for a further inspection.

Article 15 Enterprises producing toys for export shall reinforce the quality control and management procedures for finished toy products and parts as well as subcontracted parts. Toys produced on a subcontracted basis or which have been purchased shall come from enterprises that are registered to export toys.

Article 16 Commercial enterprises which export toys shall implement a comprehensive and thorough quality control system and the toys they deal with shall be produced by enterprises which are registered to export toys.

Article 17 Production and commercial enterprises which are involved in exporting toys shall establish and implement a product purchasing inspection and acceptance system, examine the business qualifications of suppliers and subcontractors, verify the statuses of approved products and product labels and also establish a product purchasing account in order to accurately record names, the specifications, quantities, suppliers, subcontractors and their contacts, and the time of supply, etc. of the given products.

Article 18 Enterprises producing toys for export shall specify their registration certificate number for said toys either in an easily identifiable location on the toys or on the smallest sales package.

Chapter 4 Registration

Article 19 As regards toys for export that are listed in the catalogue, the Inspection and Quarantine Institution shall register these toys in accordance with the relevant regulations specified by the AQSIQ.

Article 20 Production and commercial enterprises which are involved in exporting toys shall

submit registration applications to the local Inspection and Quarantine Institution for the toys which shall be exported and in doing so shall provide the items listed below:

- (1) Registration application for the toys to be exported;
- (2) Enterprise business licence;
- (3) Name, photo, product number, test report, list of raw materials used and details regarding the technologies applied for the first toy product for which an application was submitted for registration, including information on the intended export countries or regions. If any special chemical materials were used for the first toy product, a copy of the safety analysis list or the toxicological test or assessment report for the chemical materials issued by relevant institutions must be submitted. If the first toy product is an OEM product, a confirmation letter for the product design from the brand companies must be submitted, as well as the identity documents from said brand companies to the enterprises granting production authorisation.
- (4) Basic information on the enterprise (including a factory plan, workshop plan, a technology process flow chart, the product description and details of the materials used);
- (5) Identity documents which give proof of suitable professionals being used and the existence of the appropriate manufacturing conditions, equipment, capabilities and means of inspection for the toys being produced;
- (6) Technical documents which are appropriate for the production of the product which is to be exported;
- (7) The quality management system documents (where the applicant has obtained ISO 9000 quality management system certification, a copy of the certificate shall be submitted);
- (8) The statement of proof that the product complies with the relevant laws, regulations, standards and requirements of the intended export countries or regions;
- (9) Other information requested by the Inspection and Quarantine Institution.

If any of the information listed in item 3 of this article changes, the toy production enterprise shall promptly submit the updated information to the Inspection and Quarantine Institution.

Article 21 For the purposes of registering toys for export, the requirements with regard to the product type test and the verification of the production enterprise's quality management system must be met

Article 22 When the registration requirements for exporting toys are met, the Inspection and Quarantine Institution shall issue the Registration Certificate for Exporting Toys, which shall remain valid for a period of 3 years.

When the product type test is not approved, the enterprise shall be requested to reform or consolidate and registration of the toy shall only be permitted once the samples have been inspected again and approved. If after the re-inspection of the sample said sample is still not approved, the registration application for this type of product shall be not be accepted and processed for the next 6 months.

When the quality management system fails the inspection, the enterprise shall be requested to reform and consolidate and registration shall only be permitted once the sample has been inspected again and approved. If after the re-inspection of the sample said sample is still not approved, the registration application for this type of product shall be not be accepted and processed for the next 6 months.

Chapter 5 Supervision and Administration

Article 23 The Inspection and Quarantine Institution shall carry out classified administration for the enterprises producing toys for export in accordance with the classified administration for enterprises producing industrial commodities for export.

Article 24 Enterprises producing toys for export shall manage the purchase account for high-risk raw materials that they use.

Article 25 The Inspection and Quarantine Institution shall supervise and administer production and commercial enterprises involved in the export of toys. Said supervision and administration shall include the following: enterprise quality control; key control points for enterprise safety and quality which shall relate to factors such as raw materials, product design, production technology, finished products and subcontracting; raw materials used by the enterprise; the purchase account for high risk raw materials such as coatings and additives which are used by the enterprise.

Article 26 If any of the following points applies to the production and commercial enterprises involved in exporting toys, the Inspection and Quarantine Institution shall reinforce its supervision and administration:

- (1) The safety quality control system of the enterprises can not be operated effectively;
- (2) An external warning notification or recall is issued or shipments are returned. After investigation by the Inspection and Quarantine Institution, said body confirms that the enterprise is responsible for the incidents occurring;
- (3) The toys for export fail the random batch selection inspection twice or the security inspection in total up to 3 times within 6 months;
- (4) During the sale and use of the imported toys, safety defects are found or safety incidents occur and the enterprise fails to report to the AQSIQ or an Inspection and Quarantine Institution in accordance with the request to actively do so and fails to co-operate in an investigation;
- (5) Fails to comply with the legal provisions of the inspection and quarantine regulations and receives an administrative punishment.

Article 27 In cases where an enterprise is subjected to reinforced supervision and administration, the Inspection and Quarantine Institution shall manage the enterprise in a more focused manner and increase the number of random-selected samples of import and export products which are taken from the given enterprise for inspection. Under normal circumstances such measures shall last for 6 months.

Article 28 In cases where the Inspection and Quarantine Institution finds one of the following cases to be applicable to the enterprise producing toys for export, said Institution shall suspend the registration for the toys for export being produced by this enterprise and order said enterprise to reform and consolidate:

- (1) under the circumstances specified in Article 26 of these measures, when the circumstances are serious;
- (2) during the heightened management period, and again under the circumstances specified in Article 26 of these measures;
- (3) if other factors do not comply with the requirements of the registration license for exporting toys.

Under normal circumstances, the reformation and consolidation period shall be 6 months. Once the reformation and consolidation is complete, the enterprise shall submit a report in respect thereof to the local Inspection and Quarantine Institution. After examination and approval, registration of the

toys for export for the enterprise in question shall be permitted again.

After the reformation and consolidation, if the enterprise has still not received approval or is in serious breach of the law in other respects, the Institution shall cancel the registration of export toys for this enterprise. Enterprises that have had their right to register revoked shall not be permitted to submit registration applications for export toys for one year after the registration cancellation date.

Article 29 The AQSIQ shall supervise and administer the toy laboratory. Appointed by the AQSIQ, the toy laboratory shall be required to pass on approved intelligence from the China National Accreditation Service of Conformity Assessment (CNAS).

In the event of any accidents arising that are caused by negligence on the part of the toy laboratory, the AQSIQ shall suspend the laboratory's test qualification and order it to reform and consolidate. Once the reformation and consolidation is complete and the laboratory receives approval, said laboratory will once again be permitted to carry out testing. In the event of serious circumstances, the laboratory's qualification to carry out testing shall be revoked.

Article 30 If the import and export toys comply with the requirements for exemption from inspection as set out in the Provisions for the Exemption of Import and Export Commodities from Inspection, then the consignees, consignors or production enterprises may submit applications for the exemption and after said applications have been assessed and approved by the AQSIQ, the Inspection and Quarantine Institution shall grant exemption from inspection to the enterprises in question.

Article 31 If the consignee or consignor does not agree with the inspection results issued by the Inspection and Quarantine Institution for the import and export toys, it can submit an application for re-inspection in accordance with the provisions specified in the Provisions for the Re-Inspection of Import and Export Commodities.

Article 32 The Inspection and Quarantine Institution shall supervise and administer measures that are implemented to recall import and export toys.

If any defects are found with imported toys that are already on the Chinese market, the commercial personnel and brand companies linked to the said toys shall actively recall the toys. If the defective toys fail to be recalled, the Inspection and Quarantine Institution shall order a recall.

If any defects are found in toys that have been exported, the production enterprises and brand companies linked to said toys shall actively recall the toys and report the situation to the Inspection and Quarantine Institution.

Article 33 If any commercial personnel and brand companies involved in importing or exporting toys discover that the toys supplied by them are defective, they shall carry out investigations, confirm the safety risk of the product and report the situation to the local Inspection and Quarantine Institution within 24 hours. When implementing the recall, said commercial personnel and brand companies shall prepare and keep all the recall records and within 15 days of the recall deadline shall submit a recall summary to the AQSIQ and the local Inspection and Quarantine Institution.

Chapter 6 Legal Liability

Article 34 If any person or company sells any imported toys which were not inspected or sells imported toys but fails to apply for the mandatory import verification, then the illegal income from such trade shall be confiscated by an Inspection and Quarantine Institution and said parties shall be fined 5 to 20% of the value of the toys in question.

Article 35 If any person or company exports toys that were not inspected, the illegal income from such trade shall be confiscated by an Inspection and Quarantine Institution and the parties in question shall be fined 5 to 20% of the value of the toys in question.

Article 36 If any person or company sells imported toys or exports toys which have not been approved, the Inspection and Quarantine Institution shall order said parties to stop the sales or exports, the illegal income from such sales or exports shall be confiscated and the parties in question shall be fined not more than 3 times the value of the toys which have been sold or exported illegally.

Article 37 If a consignee, consignor, application vetting agency, express mail company or party making a customs declaration fails to provide true and accurate information about the import and export toys and yet obtained the relevant documents, or in the event said parties avoid the inspection for the import and export toys, the Inspection and Quarantine Institution shall confiscate any illegal income and impose a fine of 5 to 20% of the value of the illegal import and export toys. In serious circumstances, the Inspection and Quarantine Institution shall cancel the registration application for inspection and the approval registration for any job opportunities for said parties.

If a client entrusts an application vetting agency or an entry-exit express mail company to handle the application vetting formalities and if said client fails to provide true and accurate information for the purposes of the vetting to the application vetting agency or the entry-exit express mail company and yet obtained the relevant documents from the Inspection and Quarantine Institution, the client shall be punished in accordance with the provisions specified in the previous paragraph.

If an application vetting agency, an entry-exit express mail company or a party making a customs declaration fails to carry out reasonable checks as regards the authenticity of the information provided by the client, or if through negligent work the relevant documents are obtained from an Inspection and Quarantine Institution by cheating, in these circumstances the Inspection and Quarantine Institution shall impose a fine of RMB 20,000 to RMB 200,000. In serious circumstances the Inspection and Quarantine Institution shall cancel the registration application for inspection and the approval registration for the application inspection for said parties.

Article 38 If any person or company forges, alters, buys or sells or steals any inspection and quarantine documents, stamps, marks, seal indications or a customs clearance list of goods, or if any person or company has performed any of these actions, the Inspection and Quarantine Institution shall order the party in question to make the necessary rectifications, shall confiscate any illegal income and shall also impose a fine of not more than the value of the goods in question. If a given set of circumstances is serious enough to constitute a crime, then criminal responsibility shall be invoked.

Article 39 If any person or company changes samples randomly selected by an Inspection and Quarantine Institution or alters approved import and export toys that have been inspected by an Inspection and Quarantine Institution without permission, the Inspection and Quarantine Institution shall order the party in question to make the necessary rectifications. In serious circumstances, a fine of 10 to 50% of the value of the goods in question shall be imposed.

Article 40 If any person or company exports toys which are not registered, the Inspection and

Quarantine Institution shall order the party in question to stop the exports and shall confiscate any illegal income and impose a fine of 10 to 50% of the value of the goods in question.

Article 41 If any person or company changes or damages the marks or seal indications that are added by an Inspection and Quarantine Institution, said Institution shall impose a fine of RMB 50,000.

Article 42 If a member of staff of an Inspection and Quarantine Institution abuses his/her power, neglects his/her duties, intentionally makes things difficult for the parties concerned or indulges in malpractice, forges the inspection and quarantine results or intentionally delays the issue of documents, said member shall be disciplined and any illegal income shall be confiscated. In cases that are serious enough to constitute a crime, criminal responsibility shall be invoked.

Article 43 If one of the following items applies to a production or commercial enterprise or a brand company in China that is involved in the import and export of toys, the Inspection and Quarantine Institution shall issue warnings or impose a fine of not more than RMB 30,000:

- (1) Exported toys handled by one of said parties has given rise to quality and safety incidents in import countries or regions and the party in question has hidden this fact and failed to report it which has lead to serious consequences;
- (2) Has failed to report the defective toys to the Inspection and Quarantine Institution which should be reported;
- (3) Has failed to recall defective toys which should be recalled.

Article 44 If any person or company fails to comply which these measures and if the breach is serious enough to constitute a crime, then criminal responsibility shall be invoked.

Chapter 7 Supplementary Articles

Article 45 The term “first product” herein refers to the trial production product that is produced before the batch production of the toys. If the structure of the first product, the raw materials, supplementary materials and production technologies which are used are changed, then this product shall be regarded as a different first product.

The term “random-selected product from batch inspection” herein shall refer to the on-the-spot inspections carried out by the Inspection and Quarantine Institution and the submission of randomly selected samples to the toy laboratory for testing in accordance with the classified administration category for enterprises producing commodities for export.

Article 46 AQSIQ shall be responsible for explaining these provisions.

Article 47 These measures shall come into force on xx (day) of xx (month) 2008.