



Environmental Health & Safety Review



Environmental Resources Management China

Beijing ✦ Shanghai ✦ Guangzhou ✦ www.ermchina.com

北京環經環境諮詢公司



New Legislation and Regulation

ERM Legislation Tracking Updates

Chemical Management Law: is being formulated by the Chemical Registration Center (CRC) of SEPA (www.crc-nepa.net.cn), and is currently being reviewed by the State Council for completion in 1999. It is apparently based largely on the US Toxic Substances Control Act (TSCA) regulations, as is a manifestation of the fact that China desires international acceptance of and respect for its practices and standards. It is unclear how the draft will be received by the Environment and Resources Protection Committee (ERPC) of the National People's Congress (NPC), which apparently thinks that Chemical Law should be focused on hazardous chemical management rather than general chemicals, and which may try to exert considerable influence over the draft when it is reviewed by the full NPC.

The new Law will probably contain less strict requirements regarding import registration and may enact a shift to a chemical control system based on "notification" of all new substances, imported or domestic. Such a system would replace the current registration system which is based on control of imported chemicals and which requires registration on a company by company basis. The Chemical Inventory, which currently exists as a draft version published in 1996, is being updated by the CRC to include chemicals introduced in China during 1996-1997 and chemicals registered with the CRC under a "supplemental registration" from now through June 30, 1999 (however, the CRC has also indicated that it may continue to remain open). It is unclear when provisions of the new Law would take effect, when the Inventory would be republished or how costly a notification process would be as compared to the costs of the existing registration scheme. If the new Law were to drop registration requirements for chemicals already on the existing Chemical Inventory, importers and manufacturers should make sure that their chemical products are either already on the Inventory, or that they be considered for registration before June 30, 1999. Companies should fully investigate potential registration problems, as it is not clear exactly what type of system the new Chemical Law will use for registration or testing of chemical products. (see EHS Review Vol. 3 No. 1)

Also in this Issue:

- A new Health & Safety Law?
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- ERM Report:

***THE CHANGING ENVIRONMENTAL AGENDA -
GLOBAL AND LOCAL EXPERIENCES***

Environmental Standards: The *Management Protocol for Environmental Standards* was recently issued on April 1, 1999. It is designed to formalize the development, issue, implementation and supervision of all environmental standards, and it replaces the *Management Protocol of Environmental Standards*, which had been promulgated by the Ministry of Construction in 1983 (before SEPA, at the time NEPA, became an independent agency, it was part of the Ministry of Construction). In this new protocol, environmental standards are classified into national standards, local standards and SEPA standards. All environmental standards in China can also be grouped into two categories: 1) Mandatory standards including environmental quality standards, discharge and emission standards, and other standards specified by government; and, 2) Recommended standards. The requirements in Mandatory standards must be met by all organizations and facilities within China, while Recommended standards are intended to encourage higher levels of compliance and may signal future regulations to come.

Oil Transportation: The *Management Protocol for Safety and Pollution Prevention in Oil Bulk Transportation by Ship* was recently issued by the State Maritime Affairs Bureau and will take effect on July 1, 1999. Safety requirements for all operations involved in oil bulk transportation by ship are specified and the environmental pollution prevention requirements for all operations, especially with regard to clean-up of wastes, ship maintenance, and emergency accident response, are defined.

Health & Safety - A Special ERM Update and Review

Due to fallout from the government restructuring, the situation regarding a new Health and Safety Law has apparently really fallen into limbo. The Safety Bureau of the State Economic and Trade Commission (SETC) is supposed to have taken over charge of Occupational H&S issues, however they are saying that, "since there have been so many serious accidents lately, much more research need to go into drafting a law," and it appears that any draft the Ministry of Labor (MOL) had put together is not going to be considered right now. The Ministry of Health (MOH), however, is preparing a Law on Occupational Disease Prevention and Control sometime in 1999 or early 2000, and there is a list of 14 preliminary regulations waiting for approval.

OVERVIEW OF THE HEALTH & SAFETY REGULATORY FRAMEWORK

<i>Agencies</i>	<i>Legislation</i>	<i>Synopsis</i>
National People's Congress	<ul style="list-style-type: none"> The NPC is responsible for issuing all laws and major legislation, including those for worker health and safety. 	<ul style="list-style-type: none"> Legislation issued by the NPC outlines basic worker rights and the responsibilities of employers.
SETC (Formerly administered by the Ministry of Labor (MOL))	<ul style="list-style-type: none"> The SETC drafts labor safety legislation and standards, develops labor policy and guides local agencies in safety work. 	<ul style="list-style-type: none"> Regulations issued by the SETC set out requirements for worker safety, health tests and certification of health and safety processes, requirements for accident reporting, general worker protection and special protection for female and young workers. Licensing and certification are also regulated by the SETC.
Ministry of Health (MOH)	<ul style="list-style-type: none"> The MOH issues of hygiene related technical standards, documents outlining health tasks, and rules for local health organizations. 	<ul style="list-style-type: none"> The MOH formulates national health and safety guidelines and policies, plans and strategies for industrial hygiene. The focus of MOH work is on health and medical issues.
Ministry of Public Security	<ul style="list-style-type: none"> Fire prevention and hazardous materials handling. 	<ul style="list-style-type: none"> For occupational health and safety, the primary issues are fire prevention, hazardous materials handling and storage, and permitting for hazardous operations and storage rooms.

MAIN HEALTH & SAFETY REGULATIONS

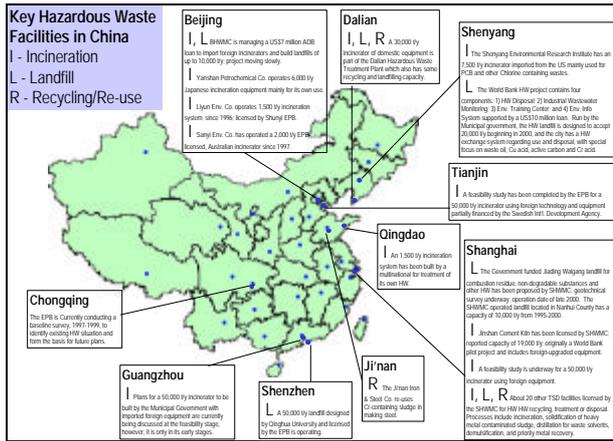
The basic industrial health and safety requirements are presented in very general terms in the *Labor Law of the PRC 1994*. The Law focuses on several issues including health and safety, training, liability and insurance. Principal and primary policies and responsibilities are established in the Law. These policies are implemented by regulations, industrial health standards and detailed rules, which provide specific guidance to facilities in the management of health and safety issues in their operations. Specific Regulations have been issued which outline detailed health and safety requirements for facilities from the design stage to operations.

<i>Agencies</i>	<i>Regulations</i>	<i>Key Requirements</i>
SETC (Formerly MOL)	<i>The Protocol for the Supervision of Health and Safety for Construction Projects (1996)</i>	<ul style="list-style-type: none"> Sets out requirements for health and safety, the "Three Synchronies" policy and health and safety pre-assessments. The health and safety "Three Synchronies" policy requires health and safety facilities to be designed, constructed and operated in tandem with the primary construction project. Approval of these facilities is required in order for a facility to gain a valid operating permit. In addition, the Protocol outlines a number of types of enterprise which require a health and safety pre-assessment during the pre-construction stage of a project.
MOH	<i>Rules of Scope of Occupational Disease and Settlement of Patients of Occupational Disease (1987)</i>	Details the management of occupational diseases.
State Council	<i>Rules of Enforcing Safety Work in facilities (1963)</i>	Establishment of safety management responsibility system: <ul style="list-style-type: none"> Safe production systems. A Safety Committee and full-time safety coordinators are required for all enterprises. Part-time safety inspectors are required for every production team in a facility.
State Quality & Technology Supervision Bureau	<i>General Principles for the Requirements of Safety and Health in Production Processes (GB12801-91, 1991)</i>	Implementation requirements include: <ul style="list-style-type: none"> Establishment of a Safety Committee and management network Drafting of safety rules and regulations. Appointment of full-time safety coordinators and part-time safety inspectors.

Further legislation regulates a wide range of industrial health and safety issues, such as machine safety requirements, shielding, workshop noise exposure limits, and air quality standards for a number of air contaminants. Fire prevention designs and hazardous material handling procedures are also governed by a series of specialized regulations.

Hazardous Waste - ERM Update

Regulation and treatment are in their infancy as hazardous waste (HW) regulation did not exist at the national level until general provisions under the Law on Solid Waste Pollution Prevention and Control (Solid Waste Law) came into effect in 1996 (it mandates responsible treatment of HW and establishment of one site per locality for HW management). China generates between 20-40 million tons/year of HW, and SEPA estimates that less than 50 percent is treated or re-used, while the remainder is accumulating in facilities or at general waste disposal sites. The great variation in this figure is due to the fact that statistics are not well monitored in this field.



Please contact one of our offices for more details about hazardous waste regulation, or for a copy of our map of *Key Hazardous Waste Initiatives in China*.

SEPA has completed a final review of the *Implementation Guidelines to the Law on Solid Waste Pollution Prevention and Control* (Implementation Guidelines) and is currently waiting for the State Council to include them in the legislative agenda - possibly to be issued as early as August of this year. The Implementation Guidelines will include long-awaited regulations on HW management, based heavily on the results of the implementation of the Shanghai Hazardous Waste Management Regulations, and likely including input from the Nanjing EPB, which is active in formulating national policy. Based on ERM's research, the Implementation Guidelines for HW will focus on the following key points:

- A HW Transfer Manifest (expected in effect by 2000)
- A HW Business License (estimated to be implemented after the HW transfer manifest)
- Provisions regarding the importation of HW (not originally included in the Ninth Five-year plan)
- Construction of centralized HW disposal facilities (SEPA is planning for this and may establish a demonstration project in the Beijing-Tianjin corridor)
- Administration of the National Catalogue of HW
- A national symbol for HW [labeling standards]

Local regulations (implemented or under consideration by Municipalities or Provinces in addition to national regulations) may not be consistent with the new national Implementation Guidelines, which would mean that these localities would have to go back and amend local laws after the Implementation Guidelines are promulgated.

[ERM has collected information from a variety of locations, including Beijing, Shanghai, Guangzhou, Shenyang and Chongqing. Please contact us for more detailed regulatory reviews.]

International involvement in HW management at this time is, however, considered extremely limited. Imported technology and services are both hindered by the lack of a policy or regulation to collect disposal or treatment tariffs or taxes, and domestic financing for HW management is very limited. In addition, both Chinese government-controlled organizations and foreign investors want to profit from HW management, which has meant that working out acceptable cooperation terms has not really been possible. The most desirable short- and long-term strategy and risk-free method is waste minimization. Small on-site treatment or storage (depending on costs) is another option - several multinationals have or will build their own facilities. Jointly investing in constructing facilities with the local EPBs can be risky (e.g. risk of local partner not investing in operating and maintenance), but may be the most politically and economically viable investment structure. Exporting waste is not a long-term option due to cost and extensive administrative procedures involving Chinese and foreign environmental authorities. Companies should track incentives for investments in HW management, such as low- or no-tax periods of up to five years which are allowable, subject to the discretion of local environmental and investment authorities, and also consider working with SEPA on a product basis in terms of recycling and re-use, and also in terms of the development of market infrastructures.

Regional News

Taiyuan: The *Taiyuan Regulation on Cleaner Production* is being drafted by Taiyuan Peoples Congress and will be issued before the end of 1999.

Hainan: On April 21, 1999, SEPA approved Hainan as the first Model Ecological Province. According to the program approved by Beijing, Hainan will work to create model districts and focus on ecological preservation, pollution prevention and biotechnology development in the form of 25 key projects over the next 30 years.

Harbin: The *Harbin Municipal Supervisory Management Regulation For Vehicle's Exhaust Emissions Pollution* was issued on May 7, 1999. The regulation stipulates that the Harbin EPB has the authority to control vehicle emissions, and sets limits on new and existing car emissions.

Shanghai: The Shanghai EPB has formally started to compose the *Shanghai City Environmental Protection Tenth Five-year Plan and 2015 Long-range Objectives*. This program attaches great importance to ecological protection and pollution prevention. Three important measures will be implemented: 1) total emissions (mass loading) control; 2) ecological management; and, 3) a green project plan. The Plan is an attempt to influence general economic and policy formulation in Shanghai.



Taxes and Fuel

Will China Impose a Fuel Tax?

The issue of a fuel tax as part of a general shift away from fees to taxation has been discussed and debated for over a year now, with the most recent disappointment coming in April when the National People's Congress (NPC) was unable to agree on final plans. According to sources in the Ministry of Finance (MOF), it now may be likely that the long-awaited tax may be implemented in the second half of 1999 to replace road maintenance fees and help eliminate local corruption. The issue is apparently a top priority at the MOF, however implementation of any such plan will be very complicated due to political conflicts, both horizontally between government agencies, and vertically between central and local authorities. In addition, resolving technical issues of how to tax ships, machinery and farming vehicles will also be a challenge. Some sources have noted that the tax (potentially 1 RMB (US\$0.12) per liter for diesel and 1.2 RMB (US\$0.14) per liter for gasoline) will likely be collected from refineries even though such a move could stimulate smuggling.

Cheaper diesel (it could cost about 700 RMB (US\$84.30) less per ton than gasoline) is expected to boost the use of heavy-duty trucks and diesel-powered passenger vehicles. The output of diesel vehicles has been on the rise over the past few years. In 1998, the output of diesel vehicles stood at 425,800, up from 75,800 in 1990, most of which were heavy-duty trucks and buses, and accounting for less than 30 percent of total vehicle production. Some, like Du Fangci, a researcher with the State Machine-Building Industry Bureau, also believe that diesel use can be more efficient and less polluting, and are pushing for authorities to promote development by setting new standards and enhancing management. The State Administration of Quality and Technical Supervision has indeed recently published new vehicle emissions standards (including diesel engines) which

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will take effect on January 1, 2000 (see EHS Review Vol. 3 No. 4). New standards and a fuel tax would theoretically help promote emissions reductions and streamline revenues, however, most agree that the quality of fuels, both diesel and gasoline, and difficulties in controlling illegal production will be major barriers.

Corporate Responsibility Opportunity

China Educational Television (CETV), under the Ministry of Education, is seeking sponsors for its *First National Contest on Environmental Protection and Mandarin Language for Families*. The 60 minute television program, supported by the State Council, will air later this summer on both CETV and CCTV. CETV is inviting sponsors to share the 200,000 RMB (US\$25,000) cost in return for promotion of the sponsor(s) name/logo on stage. The contest aims to promote standard mandarin speaking while advocating environmental awareness nation-wide, and is designed to be an annual event.

ERM Compliance Resources

Emissions Standards: ERM has copies of the recently published national vehicle emissions standards. Please contact our regulatory group for further information.

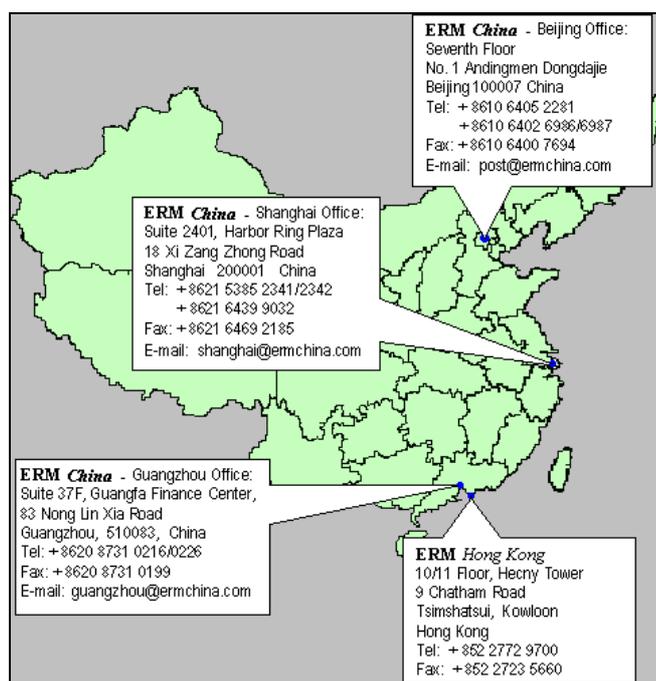
ERM Reports

THE CHANGING ENVIRONMENTAL AGENDA-GLOBAL AND LOCAL EXPERIENCES, by Dr. Robin Bidwell, CEO of the ERM International Group and Dr. Husayn Anwar, Chairman of ERM China. The report was based on presentations to members of American, British and Canadian Chambers of Commerce in Beijing and Shanghai on May 6 & 7, and focuses on how incentives and regulation in China shape how multinationals are and will need to do business.

Conference Information:

China Waste Expo '99, Beijing, June 30 - July 3.
 Pollutex China 1999, Shanghai, July 6-9.

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Dear EHS Reader:

We trust that you find the attached June edition of our EHS Review newsletter to be a useful tool for following regulatory policies and for educating your colleagues worldwide about the changing environmental landscape in China. If you are worried about environmental compliance, new regulations, or trends, this monthly newsletter should form an effective baseline of knowledge for you, and we hope you find it helpful.

If you would like further details about the content, or have suggestions for how we can improve it, we as always welcome your comments. If you are a first time subscriber, please let us know if you are interested by returning this fax form or calling one of us for further details.

Kind regards,
Peng Yan, Jim Stover and Guo Qian



The EHS Review

This monthly newsletter is designed to keep companies and investors aware of the latest regulations in the environmental sector. We are constantly looking for ways to keep clients ahead of future standards, fees, fines and enforcement. The EHS Review serves as a compliance checklist for plant managers and as a strategic planning guide for corporate managers and business development teams in China and abroad. It contains nearly twice as much information as our leading competitor, and it is delivered twice as often at nearly half the price.

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