



Flanders
State of the Art



THE PET FOOD SECTOR IN CHINA

FLANDERS INVESTMENT & TRADE MARKET SURVEY

The Pet Food Sector in China

Flanders Investment & Trade Shanghai

Contents

China's Growing Pet Market.....	3
Current Pet Food Landscape	4
Pet Food Product Categories.....	6
Leading Players.....	8
Relevant Trade Fairs	11
Pet Food Administrative Agency & Regulations.....	12
Inspection and Quarantine Registration of Import Pet Food.....	14
Registration of Pet Food in China.....	16

China's Growing Pet Market

High growth driven by strong demand

Pet food market in China continues to perform strongly due to the increasing number of pet owners and rising disposable incomes in the country.

China's economy has shown steady growth over the last decade, from a GDP per capita of CNY12,487 in 2004 to CNY47,203 in 2014 while the annual per capita disposable income of urban households in China has also grown, from CNY15,780.8 in 2008 to CNY28,844 in 2014, according to the National Bureau of Statistics of China (NBS China). In big cities, the figures are even higher. Shanghai's GDP per capita in 2015 is CNY103,100 while the annual per capita disposable income of urban households is CNY52,962.

As more people in China move into the middle class, more and more will own pets. And China's changing social structure, in particular an aging population, delayed marriage and smaller family size led to more people seeking companionship from pets. According to the National Bureau of Statistics of China (NBS China), most people who have pet dogs or cats in China are elderly. Approximately 61% of the 65+ age group live with a pet.

Dogs and cats are the most popular pets in China

China is the third largest dog-owning market globally, with 27.4 million dogs (behind the US with 55.3 million dogs and Brazil with 35.7 million), and the second largest cat-owning country with 58.1 million cats, behind only the US with 80.6 million. In the two largest local pet food markets Shanghai/Beijing, both cities have more than 1.5 million dogs and 700,000 cats. That means almost 11% of the families in Shanghai/Beijing own a pet dog and the proportion of cat-owning family is 4%. In US, pet-owning family account for 70%. The big gap indicates that China's pet market is far from saturated.

Current Pet Food Landscape

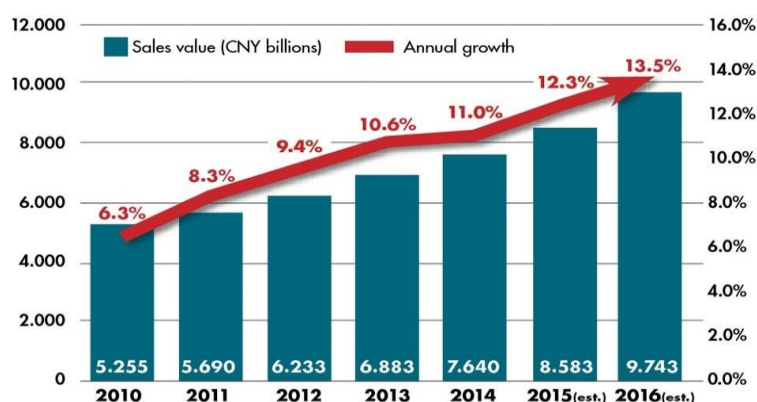
Low average monthly expenditure

The key differentiator for China is that the average monthly expenditure on pet food is far below most markets. The top five markets for average monthly dog food spending are either in Western Europe (Norway, Switzerland, Sweden and Austria) or Australia. At number one, Norway pet owners spend an average of US\$53.22 on food per dog each month. The European Union average is US\$14.81, below that for the US (US\$20.08). The China average is only US\$0.98.¹

Pet food market in China was emerging in the first-tier cities and now is getting popular among third and fourth-tier cities. More and more Chinese pet owners already realized the advantage of prepared pet food. In Shanghai/ Beijing, 80% of pet owners would buy specialized prepared pet food while only 20% of the pet owners would feed their pets with homemade food. And the monthly expenditure on pet food in Shanghai/Beijing ranks the first in China, around US\$5.

Based on the data mentioned above, China's pet food market still lags behind the ones in western countries. But it doesn't imply that the current market in China isn't significant. According to GfK data, China's pet food market is worth roughly CNY8.583 billion (US\$1.37 billion) in 2015, up 12.3% from 2014, and will be worth an estimated CNY9.743 billion (US\$1.53 billion) in 2016, growing 13.5% (see Figure 1).

Figure 1: China pet food market growth 2010–2016



Note: Sales values include offline and online pet food sales.
Source: GfK and NBS China, via GfK: "Finding your opportunities in the Chinese pet food & treats market," Petfood Forum China 2015

Premiumization of pet food

The low average monthly expenditure in China is likely because premiumization has not reached a significant level yet. GfK has started tracking sales of pet food labeled "natural" in China, and while those sales are still small—only 6% for cat food and 19% for dog food—they're rising rapidly, at nearly 200% and 75%, respectively. Sales account for only 1% of the market but are growing at 379% a year.

Three main retail channels in China's pet food market

Supermarkets, pet stores and online shops are the three main retail channels in China's pet food market. They compete and complement with each other. According to the survey, elderly people

¹ Data source: Euromonitor, PFMA and APPMA

prefer to buy pet food from the supermarkets and pet shops while young people usually order pet food from online shops.

In China, 2/3 of the pet owners prefer to buy pet food during one-stop shopping. The convenience of this channel enables pet owners to pick up food for their pets while buying groceries themselves.

Figure 2 : China Pet Food Market Share



However, this channel is mainly dominated by international players. The pet food giant Mars dominates 80% of supermarket shares in China because of its widespread supermarket sales network and its strong reputation within pet food.

However, supermarket channel requires expensive slotting fee. In order to avoid the high cost and direct competition with international players in supermarket channels, most Chinese manufacturers choose pet stores as the primary distribution channel through which to develop their business. Although pet stores only account for 16% of the market share, they still maintain a strong growth momentum. Most new pet owners prefer to take professional advice from pet stores when it comes to choosing pet food.

Supermarkets and pet stores continued to be the largest channel in China in 2015, although their value share fell. The decline was due to internet retailing recording the highest percentage increase in value sales, which was mainly because most manufacturers perceived this distribution channel to have the most potential due to certain advantages over other retailing options. Online pet food purchasing is increasing in value each year—holding an estimated 35% of the total market share in 2015, and an expectation of growing to 43% in 2016, according to GfK. Cat food purchasing in particular is more significant online than offline, holding one-third of the total online China pet food market, while claiming one-quarter of offline purchases.

Importance of pet well-being on the rise

In recent years, the pet care market has become the fastest developing sector in local consumer market, thanks to the enlarged middle class and increasing spending on pet per capita.

And for the modern generation of pet owners who are relatively more westernized, taking care of pets includes a full spectrum of aspects including food, cleaning, grooming, sleep and accessories and supplements. And they are seeking something other than basic food for their pets. Instead, better food, especially products that emphasize health and wellness benefits.

Pet Food Product Categories

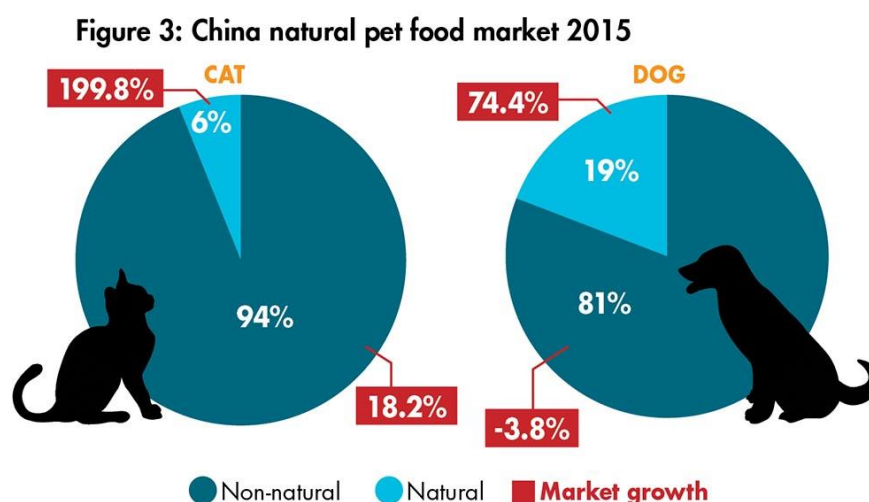
Pet food can be roughly divided into the following categories: pet staple foods (cat & dog food); pet snacks (canned food, treats, strips, etc.); pet nutrition and health care products (calcium, vitamins, protein and other nutrition). In China pet food market, cat and dog food remain the largest consumption, followed by pet snacks. However, the data shows that pet nutrition and health care products gain more and more recognition from the pet owners. The three above mentioned categories are the mainstream product in China pet food market.

Diving into specific pet food categories in China, figures showed that dog food dominates, at least in “offline” sales in the two largest cities/markets, Shanghai and Beijing, where dog food accounts for 75% of sales. However, sales of cat food are growing faster, at 24%, vs. 8% growth for dog food. Online, cat food has a 33% share of all pet food sales and is increasing at 25%, but dog food sales are rising 45%.

Whether looking at the offline sales in the two largest cities or online sales, dry pet food predominates in the market, at 81% and 83%, respectively, with wet food at 11% and 9% and [treats](#) (dog treats) at 8% in both channels.

Treats and specialty pet food, ever-growing trends in more developed pet food markets, have a place in China. According to GfK, cat owners in Shanghai and Beijing reported that they exclusively purchased cat food, with no snacks or treats whatsoever. Unlike a dog, it is a quite challenge to train a cat. Therefore the cat treats category is not attractive for pet food manufacturers. Further, among dog owners, only 11% of food purchases were snacks or treats. Of the dog owners who did buy treats, and bought them offline, the vast majority (81.8%) purchased chewable/meat. Another 8.9% purchased soft treats, and another 7.4% said they purchased crunchy/crispy treats for their dogs.

Natural pet food, a long-standing [growth trend in developed markets](#), is a small but rapidly growing segment of China’s pet food climate. Currently, according to GfK data, 94% of cat food and 81% of dog food purchased in China is non-natural (see Figure 3). However, natural cat food purchases experienced a 199.8% growth in 2015, and natural dog food saw a 74.4% growth rate. Compare that to non-natural pet food growth, which saw 18.2% growth in the cat food market and a 3.8% decline in the dog food market.



Source: GfK POS pet retail channel China, March 2015, via GfK: "Finding your opportunities in the Chinese pet food & treats market," Petfood Forum China 2015

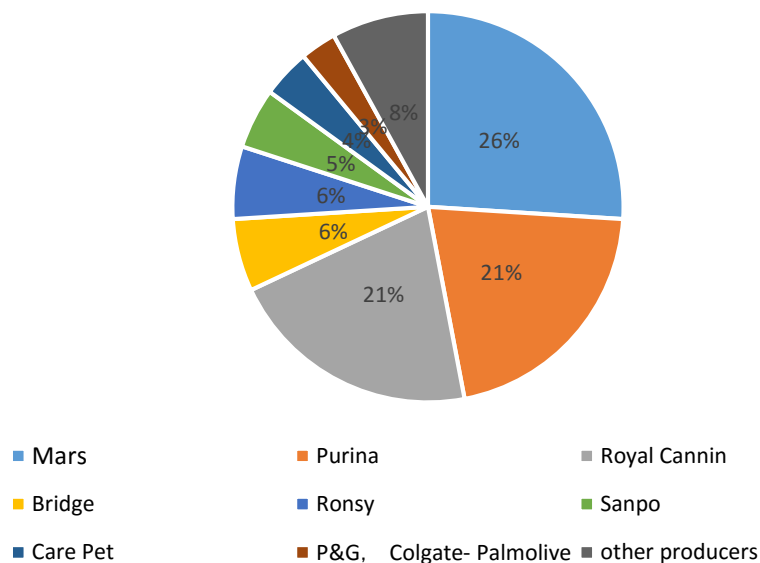
The natural pet food market in China is small but growing exponentially, especially when compared to the non-natural market. Grain-free, a segment of premium pet food that has seen significant growth in developed markets, makes up only 1% of the total China pet food market. However, the trend is currently growing at 379% year-over-year, according to GfK.

Leading Players

International Players

Mars, Nestle & Purina, Royal Canin and other international players dominate 70% of pet food market share in China. Although local players have a heavy presence, they only make up 30% of the market. The top three international players accounted for a dominant share of sales, not only because of years of experience with widespread sales networks in the country, but also because they continued to focus on new product development and on providing a wide product portfolio to meet the various changing demands of consumers.

Figure 4: China Pet Food Market Share (2015)



Effem Foods (established by Mars Company, the biggest pet food manufacturer in the world) in Beijing is the largest pet food manufacturer in China and dominates the pet food market in China with its two famous brands, Pedigree and Whiskas. In China, the company retails its cat and dog food in several different packages sizes, including dry food, wet food and snacks. Except for local production, the company also imports pet food from other Mars overseas factories. Prominent locations include: Australia, New Zealand, and Thailand. Although it faced stiff competition, Mars maintained a broad product portfolio in addition to a wide distribution reach and a presence in both mid-price and premium bands through well-established brands.

<http://www.pedigree.com.cn/>

<http://www.whiskas.com.cn/>



Nestle & Purina has a strong presence in China. With their advantage in R&D and professional communication with consumers, Nestle & Purina's business is growing fast. Mars was the first international player in China pet food market and once dominated more than 50% of the local market. With the entry of Nestle & Purina, they competed fiercely with Mars in the specialty channel and supermarket channel.

<https://www.nestle.com.cn/>



Royal Canin is dominating the high-end pet food market in China. The company offered a wider product range than other companies within pet food. Consumers could always find products that were the most suitable for their dogs and cats whatever the breed, sizes or life stage. In addition, as a company positioned within high-end sales, Royal Canin Au Yu (Shanghai) Pet Food Co took advantage of premiumization within pet food in China, while most companies were still targeting mid-priced sales. In addition, the company built up consumer loyalty by setting up a consumer club called Royal Club, and club members could share the benefits of customized e-magazines, community activities and specific promotions only for club members.

<http://www.royal-canin.cn/>



Foreign pet food producers are at a disadvantage in terms of price competition. They also have to face restrictions on import and distribution rights as well as local protectionism. Through mergers and acquisitions, global players strengthened their product offerings and increased investment in production facilities, thus further reinforcing their competitiveness in the local market. Domestic players are making efforts to improve product quality and vie for sales opportunities in the medium price segment. However, due to low brand awareness, local brands still mainly cater to low-end and mass consumer needs.

Although domestic players such as Shanghai Bridge Pet Care Co and Tianjin Ken-Canpo Animal Medicament Health Product Co performed strongly in 2014 and tried to narrow the gap with the three leading players, there was still a long way to go for these domestic players to overturn the lead of international companies.

Leading Local Players

Bridge Pet Care (past name: Nory Pet) was established in March 2002 by investors from China and Norway. Head office is located in Jinshan Industrial Park in Southern Shanghai, covering an area of 20,000 square meters and with more than 400 employees. The company is engaging in full series of cat and dog food R&D, production and brand sales and has No.1 market share among domestic players. Bridge is giving priority to domestic market, but is also aiming to become a leading international high-end brand in the world.



<http://www.bpet.cn/>

Ronsy Pet Food Co., Ltd

Hebei Rongxi Pet Food Co., Ltd., established in 2002, is an enterprise specialized in producing dog and cat food. Rongxi have elaborately compounded AIER series of dog food on the basis of the world latest research with advanced technical staff, famous American animal nutrition professors and German dog and cat breeding experts.

<http://www.chinarongxi.com/>



Tianjin Ken-Canpo Animal Medicament Health Product Co Ltd

Tianjin Ken-Canpo Animal Medicament Health Product Co Ltd was founded in 2002. Their plant in Tianjin covered an area of 14,000 sqm with annual production capacity of 26,000 ton. The company has established a well-equipped special pet feeding and nutrition testing center, specializing in research on nutrition and palatability of pet food to ensure healthy growth for pets.

<http://www.sanpopet.com/>



Care Pet, a subsidiary of Tongwei Group, is one of the top 10 local pet food manufacturers. Its parent company Tongwei is a big agriculture group in China, specializing in feed and aquaculture industry. Care Pet was invested by Tong Wei and UK E.L.I in 2001. With a strong scientific and technological strength, Care Pet established an R & D center with a team of more than 80 animal nutrition experts. In 2014, Tongwei group invested another CNY 200 million in Care Pet to upgrade the production equipment. Meanwhile, Care Pet launched 30 new products which were popular in the local pet food market.

www.care-pet.com/



Relevant Trade Fairs

Pet Fair Asia 2016

Venue: Shanghai World Expo Exhibition & Convention Center, 1099 Guo Zhan Rd, Shanghai, China

Date & Opening Times: 18-21 August 2016

Trade

Thursday 18th 09:00 - 17:00

Friday 19th 09:00 - 17:00

Public

Saturday 20th 09:00 - 17:00

Sunday 21st 09:00 - 15:00

Launched in 1997, after sixteen successful events, Pet Fair Asia is the longest running in history and is the most influential trade event for pet industries. The event serves a perfect trade platform for all trade activities related to the industries, i.e. manufacturers, wholesalers, retailers, purchase manager, business meeting etc, and it offers various information of new exiting products of pet industry. Pet Fair Asia presents an unsurpassed gateway to find ideal trade channels and business partners to tap into the burgeoning pet industry in China.

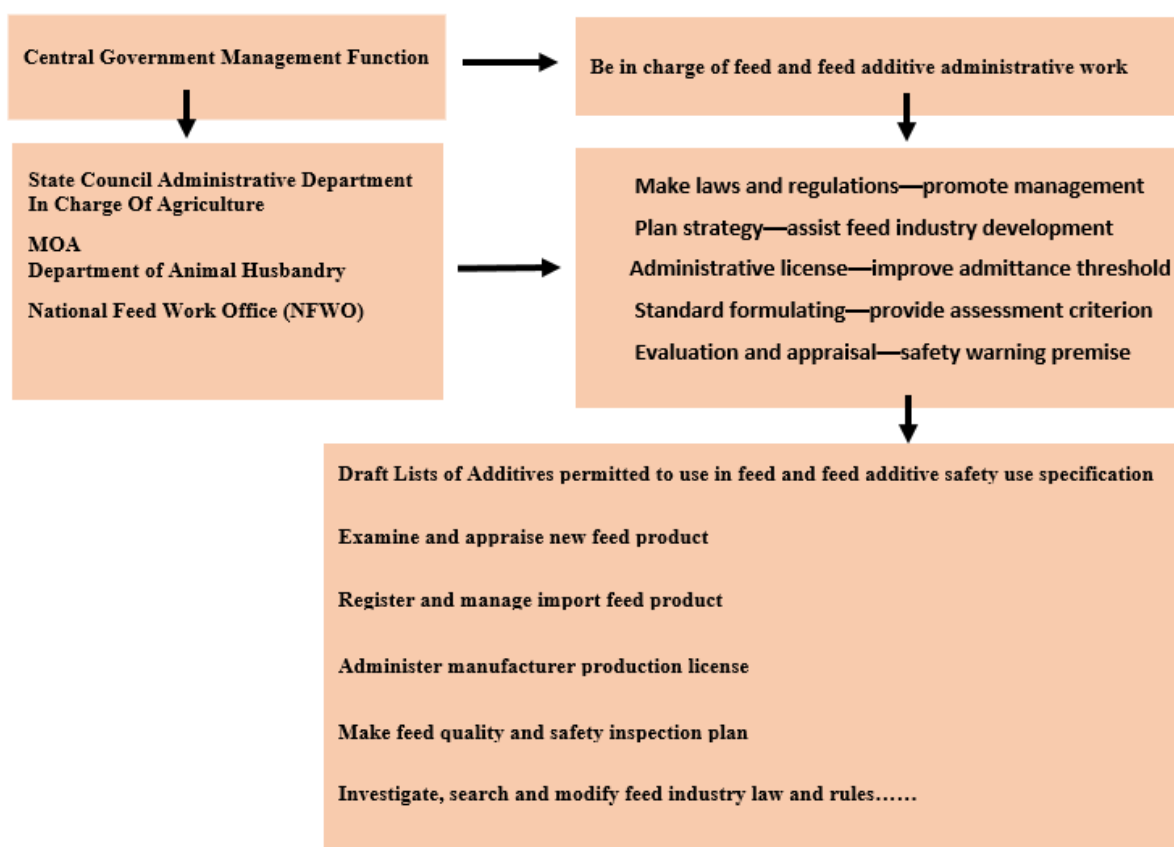
<http://www.petfairasia.com/en/index.php>

Pet Food Administrative Agency & Regulations

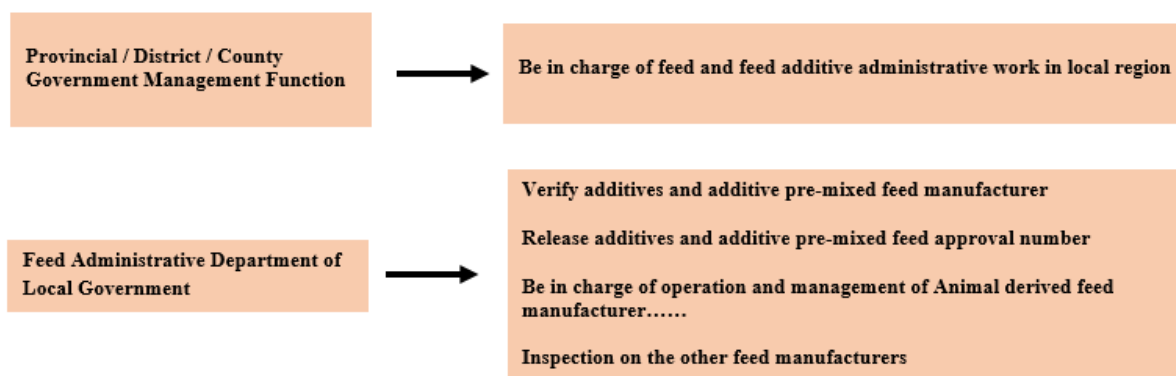
Pet food, by its nature, is animal feed. In China, the pet food sector is managed and supervised by Ministry of Agriculture of the People's Republic of China, feed administrative agencies other than China Food and Drug Administration (CFDA). All the regulations on feed sector shall be applicable to pet food.

Feed administrative agencies at all levels

Central Government Management Function



Provincial / District / County Government Management Function



The Legislation Basis of Import Pet Food Registration

- *Feed and Feed Additives Regulations*
State Council Decree No. 609 Amended, 2011
http://www.moa.gov.cn/fwllm/zxbs/xzxk/bszl/201104/t20110416_1970311.htm
- *Supervision and Management Measures for the Inspection and Quarantine of Import and Export Feed and Feed Additive*
AQSIQ Decree no. 118, 2009
http://dzwjyigs.aqsiq.gov.cn/fwdh_n/flfg/fg/201508/t20150811_446793.htm
- *Import Feed and Feed Additive Registration Management Approach*
MOA Decree no. 2 , 2014
http://www.moa.gov.cinn/fwllm/zxbs/xzxk/bszl/201403/t20140305_3805022.htm

Inspection and Quarantine Registration of Import Pet Food

General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) takes charge of the unified inspection and quarantine of import pet food. The local entry and exist inspection and quarantine agencies are responsible for the inspection and quarantine of import pet food in the local area.

As China lays strict control on import pet food, not only the overseas pet food manufacturers but also the exporting countries are required to finish certain inspection and quarantine registration procedure at AQSIQ. Only approved countries can export pet food to China and the import pet food shall come from the registered overseas pet food manufacturers.

Quarantine Access Procedure

Foreign countries that export agricultural products (such as pet food) to China for the first time are required to finish the Quarantine Access Procedure at AQSIQ. AQSIQ shall perform risk analysis on the exporting countries. And then, according to the results on the said risk analysis, AQSIQ shall make public the list of approved countries and regions as well as the categories.

*Quarantine Access Procedures for Agricultural Products to be imported to China for the first time*²

1. The competent quarantine authority of the exporting country shall, according to the trade interest, submit an official application in written form to General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) for exporting agricultural products to China with its name, variety, use and information of importers and exporters.
2. AQSIQ will, according to the application, deliver a questionnaire concerning the Import Risk Analysis (IRA) to the exporting country for reply.
3. After receiving the reply to the questionnaire, AQSIQ will organize the relevant specialist to initiate IRA process.

If necessary, AQSIQ will ask the exporting country for more information during the evaluation period;

Based on the assessment of the above information, AQSIQ will decide whether it is necessary to send a specialist group to the exporting country to have on-the-spot inspection.

4. After finishing the IRA, AQSIQ will take account of whether or not to submit a draft of quarantine protocol or sanitary requirements for the product to be imported from the country to China, which will be discussed by both sides.
5. After having reached agreement on the protocol or sanitary requirement, the trade of this product will be commenced according to the requirements specified in the protocol.

According to the AQSIQ announcement³(updated Apr 8th, 2016), 14 countries and regions are on the approved list for import pet food. They are Thailand, Taiwan, Philippines, Uzbekistan, Holland, France, Belgium, Germany, US, Canada, Brazil, Argentina, Australia and New Zealand. However, China pet food market is not completely open to pet food manufacturers from these 14 countries and regions. According to **Supervision and Management Measures for the Inspection and Quarantine of**

² http://dwjyjs.aqsic.gov.cn/zwgk/slaq/jjsltjtj/zrmd/201109/t20110922_198927.htm

³ http://dwjyjs.aqsic.gov.cn/zwgk/slaq/jjsltjtj/zrmd/201508/t20150810_446791.htm

Import and Export Feed and Feed Additive, only registered pet food manufacturers from the approved countries and regions are allowed to enter the Chinese market.

AQSIQ registration, the market entry threshold actually is keeping many overseas pet food manufacturers out of the Chinese market.

AQSIQ registration Procedure

Because AQSIQ implements the registration system for the pet food manufacturers from the approved countries. And the registration must go through the competent quarantine authorities in the exporting countries. In Belgium, pet food manufacturers can file in application to FAVV first. After being approved in the examination by FAVV, the qualified pet food manufacturers will be recommended to AQSIQ by FAVV. AQSIQ shall examine and aforesaid recommend documents. As to the unqualified documents, AQSIQ shall notify FAVV to rectify or amend. As to the qualified documents, after consulting with FAVV, AQSIQ shall designate experts to Belgium to inspect the supervision and management system on feed (pet food) safety and carry out a random spot check on the enterprises that apply for registration in China. Enterprises that disqualify in the random spot check shall not be registered in China and AQSIQ shall notify relevant reasons to FAVV; enterprises that qualify in the random spot check or other recommended enterprises that are not selected for random spot check shall be registered in China and AQSIQ shall announce relevant information on its official website. The registration is valid for 5 years. For more information about AQSIQ registration, please visit FAVV website.

www.favv.be/exportderdelanden/diervoeders/

So far, only two Belgian pet food manufacturers are on the AQSIQ approved list. ⁴

⁴ http://dzwjyjs.aqsiq.gov.cn/zwgk/slaq/jjsltjj/zcqymd/201310/t20131011_380702.htm

Registration of Pet Food in China

According to the Administrative Measures for Registration of Feed and Feed Additive Imports released by the Ministry of Agriculture, feeds refer to products, including simple feeds, additive pre-mix feeds, feed concentrates, formula feeds and concentrate supplements, processed and manufactured by industrial means for the purpose of feeding the animals, while feed additives refer to small or micro amounts of substances, including nutritional feed additives and general feed additives, added during the processing, manufacturing and use of feeds. Pet food is also classified as feeds.

The Administrative Measures stipulate that an overseas company exporting feed and feed additives to China for the first time must apply to the Ministry of Agriculture for import registration where an import registration certificate will be issued. It may not sell or use such feeds within the territory of China before obtaining this certificate. The imported feeds and feed additives must be packed and the packaging must comply with China's safety and hygiene regulation and must have Chinese labels that are in conformity with the relevant regulations. An overseas company should appoint an agent within the territory of China to apply for import registration.

An overseas company should establish its own sales organ within the territory of China or appoint a qualified agent within the territory of China for the sale of the imported feeds and feed additives in accordance with the law. It may not engage in the direct sale of imported feeds and feed additives within the territory of China. It should establish its sales organization or appoint its sales agent within the territory of China and file a record with the Ministry of Agriculture within six months from the date it obtains its import registration certificate for feeds and feed additives. Should there be any change regarding the sales organization or sales agent, a new record should be filed with the Ministry of Agriculture within one month.

Preliminary examination by Ministry of Agriculture

The Administrative Examination and Approval Office of the Ministry of Agriculture will accept the Application Form for Feed and Feed Additive Imports and the supporting documents from applicants and carry out preliminary examination.

When applying for registration of feed and feed additive imports, the applicant must submit true, complete and standardized application materials (completed in duplicate in both English and Chinese languages) together with product samples to the Ministry of Agriculture. The application materials include the following application requirements: Applicants must provide the following documents (in both English and Chinese and, unless otherwise specified, provide the original and one photocopy, with the English original issued by the manufacturer) together with product samples.

1. Feed and Feed Additive Import Application Form;
2. Proof of approval given by the manufacturing country (region) for production and sale in this country (region) and registration details in other countries (regions) (must be notarized and authenticated);
3. Letter of attorney for registration issued by the manufacturer to the agent;
4. List of raw materials composition and active ingredients;
5. Explanations of processing flow chart and manufacturing method;
6. Quality standards, inspection methods and samples and test reports of three batches of products;

7. Explanations on the scope of application of the product, the amount of additives and other particulars;

8. Explanations on labeling, packaging specifications, particulars about storage, and best-before day;

9. Products that have not yet been registered in the manufacturing country (region) or have been approved for production and use in the export country (region) but have not yet been granted approval for use in China, will be evaluated by experts at the time of registration. The following documents (the original and two photocopies) should also be submitted:

a) Official document issued by the manufacturing country (region) approving the use of that product or the use of that active ingredient as feed additive (photocopy);

b) Product overview;

c) Test report of the chemical structure of the active ingredients of the product and the animal, plant and microorganism classification and identification report;

d) Sample of product description;

e) Product stability test report;

f) Product feeding test report and promotion and application report;

g) Product safety assessment test report; and

h) Major references.

Quality review and inspection

The applicant shall send samples of three batches of the product to a feed quality testing agency designated by the Ministry of Agriculture for verification tests.

Feeding test and safety evaluation test

For products that have not yet been registered in their manufacturing countries (regions), the applicant must send samples of the products to institutions authorized by the Ministry of Agriculture for feeding test and safety evaluation test. For products that have been approved for production and use in the manufacturing country (region), but have not been approved for use in China, the applicant should send samples of the products to an institution authorized by the Ministry of Agriculture for feeding test and for safety evaluation test if necessary.

Appraisal by experts

The National Committee of Fodder Verification will give its appraisal for application materials for the two categories of products mentioned above on the basis of results of feeding test and safety evaluation test.

Issuance of import registration certificates for feeds and feed additives

The National Feed Office of the Ministry of Agriculture will put forward its approval plan on the basis of the summation checks of quality verifications by experts and prepare the approval documents after being submitted to the minister for approval. The Ministry of Agriculture will approve and issue the import registration certificate for feeds and feed additives within 10 working days and make a public announcement if the verification test is passed.

The import registration certificate is valid for five years. Application for renewal of registration should be made six months before the expiry of the certificate if a company intends to continue to export feeds and feed additives to China upon expiry of the import registration certificate.

In case of a change of address of the place of production of the imported feeds and feed additives or a change in the quality standard, production process or scope of application of the product within the validity period of the import registration certificate, it is necessary to apply for re-registration. The following documents should be submitted when applying for renewal of registration:

1. Application for renewal of registration of feed and feed additive import;
2. Photocopy of the import registration certificate;
3. Letter of attorney and credentials of the appointed agent within the territory;
4. Proof of approval for production and usage in the manufacturing country;
5. Quality standards, testing methods and examination report; and
6. Label and trademark used in the manufacturing country and samples of Chinese labels;

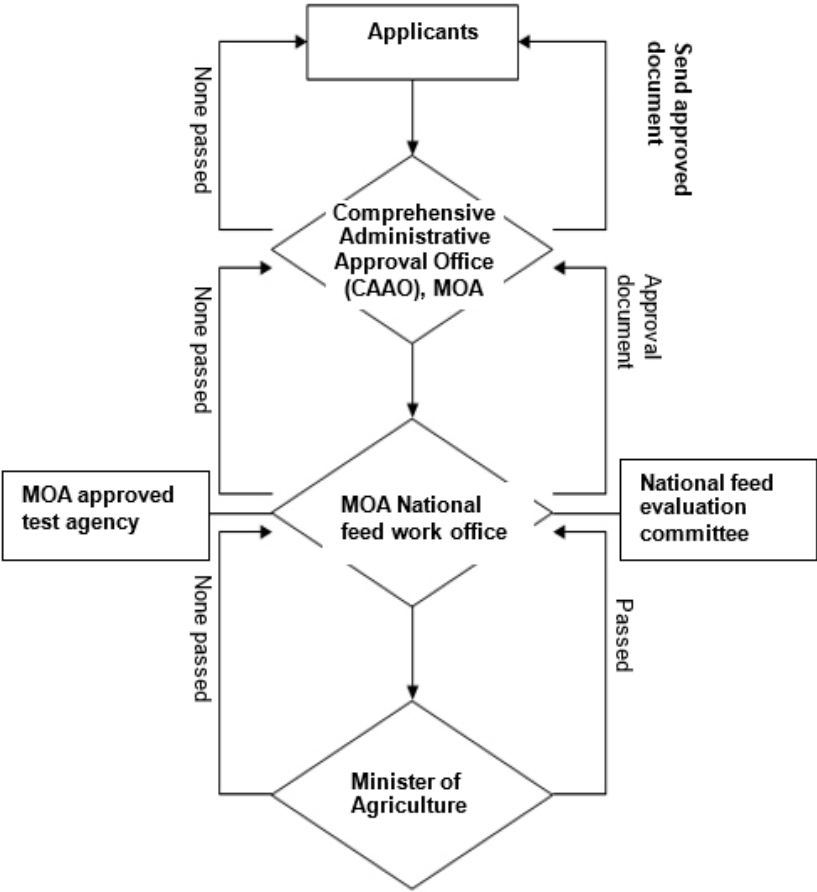
It is necessary to apply for change of registration details should any of the following circumstances occur when the import registration certificate for feeds and feed additives is still valid:

1. Change of the Chinese or foreign name of the product;
2. Change of company name;
3. Change of manufacturer's name; and
4. Change of address of production.

The following materials should be submitted when applying for change of registration details:

- a) Application Form for Change of Registration Details of Feed and Feed Additive Imports;
- b) Letter of attorney and credentials of the agent within the territory;
- c) Original import registration certificate; and
- d) Specifications of alteration and relevant proofs.

Import Pet Food Registration Flow Chart



Appendix: English Version of AQSIQ Decree no. 118, 2009⁵

⁵ Source: USDA Foreign Agriculture Service

No. 118 Decree of General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) on the Supervision and Management Measures for the Inspection and Quarantine of Import and Export Feed and Feed Additives

July 20, 2009

No. 118 Decree

The Supervision and Management Measures for the Inspection and Quarantine of Import and Export Feed and Feed Additives (hereinafter referred to as the "Measures") has been approved on February 23, 2009 on the meeting held by AQSIQ. It is hereby proclaimed and shall come into force as of September 1, 2009.

Director

July 20, 2009

Supervision and Management Measures for the Inspection and Quarantine of Import and Export Feed and Feed Additives

Chapter I General Provisions

Article 1. In order to regulate the supervision and management works related to the inspection and quarantine of import and export feed and feed additives, improve the safety level of import and export feed and feed additives, and safeguard the health of animals and human beings, the Measures are formulated according to the *Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine* and its enforcement regulations, *Law of The People's Republic of China on Import and Export Commodity Inspection* and its enforcement regulations, *Special Regulations of the State Council on Enhancing the Supervision and Management of the Safety of Food and Other Products* and other related laws and regulations.

Article 2. The Measures shall apply to the supervision and management for the inspection and quarantine of import, export and transit of feed and feed additives (hereinafter referred to as "Feed").

Animals, plants and relevant products that are taken as feeds shall be managed according to regulations of the Measures.

The Measures are inapplicable to medicated feed additives.

Article 3. AQSIQ shall take charge of the unified inspection and quarantine of import and export feeds in China.

The various local entry and exit inspection and quarantine agencies (hereinafter referred to as "Inspection and Quarantine Agencies") under AQSIQ shall be responsible for the inspection and quarantine of import and export feeds in the local area.

Chapter II Risk Management

Article 4. AQSIQ shall enforce risk management on import and export feeds, including the gradation of product risk, classification of enterprises, examination of supervision and management systems, risk monitoring, risk alarm and other measures based on risk

analysis.

Article 5. The inspection and quarantine agencies shall, according to the grade of product risk, take different supervision and management modes for inspection and quarantine and, at the same time, adjust the measures from time to time.

Article 6. The inspection and quarantine agencies shall classify and manage the registered overseas enterprises engaging in the production, processing and storage of feed (hereinafter referred to as "overseas enterprises") as well as the domestic enterprises engaging in the production, processing and storage of feed (hereinafter referred to as "domestic enterprises") according to their respective grade of product risk, enterprise credibility, capability of safety and health control and the efficiency of supervision and management system. What is more, the inspection and quarantine agencies shall take different supervision and management modes for inspection and quarantine and, at the same time, adjust the measures from time to time.

Article 7. AQSIQ shall formulate respective requirements for the inspection and quarantine of import feeds as per the product categories. In addition, AQSIQ shall perform risk analysis on the countries and regions that export feeds to China for the first time, and perform retrospective inspection on the countries and regions that has exported or are exporting feeds to China, especially on their feed safety supervision and management systems. Then, according to the results of the said risk analysis or the retrospective inspection, AQSIQ shall formulate, adjust and make public the list of approved countries and regions as well as feed categories for import.

Article 8. AQSIQ shall carry out risk monitoring over the import and export feeds, work out the annual plan for the risk monitoring over import and export feeds, and compile the corresponding annual risk monitoring report. The inspection and quarantine bureaus directly under AQSIQ shall formulate and implement specific implementation plans according to their local conditions.

Article 9. AQSIQ shall, based on the results of risk analysis, release risk alarm information in time according to the safety situation of import and export feeds, problems detected during inspection and quarantine, problems reported by related domestic and overseas organizations and feed safety problems that have happened to domestic and overseas markets.

Chapter III Import Inspection and Quarantine

Section 1 Registration

Article 10. AQSIQ shall implement the registration system for the feed producers from the countries and regions approved for feed import. The imported feeds shall come from the registered overseas feed producers.

Article 11. The overseas feed producer shall comply with the requirements stipulated in relevant laws and regulations of the exporting countries or regions and, in the meantime, in accordance with equivalent requirements stated in relevant Chinese laws and regulations, as well as standards. After being approved in the examination held by the competent authorities in the exporting countries and regions, the overseas feed producers can be recommended to AQSIQ by the said authorities. The recommendation documents shall include:

- (I) Enterprise information: Name, address and official approval number of the enterprise.
- (II) Information of registered products: Name, main ingredient and purposes of the registered product.
- (III) Official certification: It shall certify that the recommended enterprise has been approved by competent authorities and its products are allowed to be sold freely in the exporting countries and regions.

Article 12. AQSIQ shall examine the aforesaid recommend documents. As to the unqualified documents, AQSIQ shall notify the competent authorities of the exporting countries or regions to rectify or amend. As to the qualified documents, after consulting with the competent authorities of the exporting countries or regions, AQSIQ shall designate experts to the said countries or regions to inspect the supervision and management systems on feed safety and carry out random a spot check on the enterprises that apply for registration in China. Enterprises that disqualify in the random spot check shall not be registered in China and AQSIQ shall notify relevant reasons to the competent authorities of the exporting countries or region; enterprises that qualify in the random spot check or other recommended enterprises that were not selected for random spot check shall be registered in China and AQSIQ shall announce relevant information on its official website.

Article 13. The registration of overseas enterprises shall keep valid for five years.

For overseas enterprises that intend to renew their registration, the competent authorities of the exporting countries or region shall, six months prior to expiry of the registration, propose the renewal of registration to AQSIQ. If necessary, AQSIQ shall appoint experts to perform retrospective inspection on the feed safety supervision and management system in the exporting countries or regions, conduct random spot check on the overseas enterprises that apply for the renewal of registration, or renew the registration of applicant overseas enterprises that qualify in the random spot check or those were not selected for random check for another five years.

Article 14. Provided that the registered overseas enterprises stop production, change their lines of production, go bankrupt, or are deprived of their production permits and business licenses by the competent authorities in the exporting countries or regions, AQSIQ shall write off their registration.

Section 2 Inspection and Quarantine

Article 15. If the permit for the quarantine of entry animals and plants is required for the import feeds, the enterprise concerned shall, according to relevant regulations, apply for the permit.

Article 16. The consigner or its agent shall, prior to or upon the entry of import feeds, apply to the inspection and quarantine agencies for the quarantine inspection of the feeds with certificate of origin, business contract, letter of credit, bill of lading and invoices. Besides, the consigner or its agent shall, according to different requirements for various products, present the permit for the quarantine of entry animals and plants, inspection and quarantine certificates of the exporting countries or regions, and the *Registration Certificate of Import Feed and Feed Additive Products* (duplicate).

Article 17. The inspection and quarantine agencies shall perform the inspection and quarantine over import feeds as per the following requirements:

- (I) Relevant Chinese laws and regulations, mandatory national standards and other related inspection and quarantine requirements promulgated by AQSIQ;
- (II) Bilateral agreements, protocols and memorandums, and;
- (III) Requirements specified in the *Permit for the Quarantine of Entry Animals and Plants*.

Article 18. The inspection and quarantine agencies shall perform field checks over import feeds according to the following requirements:

- (I) Verify the commodity certificates: Verify whether the commodity certificates conform to the name, quantity, weight, package, date of manufacture, number of container, exporting country or region, and the name and registration number of producer;
- (II) Check the labels: Check whether the product labels comply with national feed labeling standard;
- (III) Sensory check: Check whether the package or vessel is complete, whether it has exceeded the shelf life, whether it is decayed, whether it brings harmful organisms, and whether it has soil, dead animals, animal excretion and other substances that are strictly prohibited from entering China.

Article 19. In case of any of the following conditions, the inspection and quarantine agencies shall issue the *Advice Note for the Handling of Inspection and Quarantine* to the consigner or its agent. The consigner or its agent shall, under the supervision of the Inspection and Quarantine Agencies, return or destroy the unqualified commodities:

- (I) The exporting country or region is not included in the list of countries and regions approved for the import of commodities;
- (II) The products come from the unregistered overseas enterprises;
- (III) The products are unregistered ones from the registered overseas enterprises;
- (IV) The commodities do not comply with relevant certificates;
- (V) The product label does not conform to relevant standard and cannot be rectified;
- (VI) The product has exceeded the shelf life or has decayed, or;
- (VII) Soil, dead animals, animal excretion and other harmful organisms are found and cannot be effectively processed in quarantine.

Article 20. If the packages are found loose or the vessels are found broken, the consigner or its agent shall be responsible for fixing them. If the package is broken and imposes the threat of epidemic animal and plant diseases, quarantine treatment shall be applied to the contaminated site, articles and vessels.

Article 21. The inspection and quarantine agencies shall, according to corresponding modes for the supervision and management of inspection and quarantine, sample the products from different overseas enterprises, issue the *Warrant for Random/Sampling*, and send

the samples to labs for the test of safety and sanitation items.

Commodities that are sampled for lab test shall be transported to storage site designated by AQSIQ, and wait testing result.

Article 22. For the commodities qualified in the inspection and quarantine, the inspection and quarantine agencies shall grant them the *Certificate for the Inspection and Quarantine of Entry Commodity* and allow the clearance.

For the commodities not qualified in the inspection and quarantine, the inspection and quarantine agencies shall issue them the *Advice Note for the Handling of Inspection and Quarantine* to the consigner or its agent. The consigner or its agent shall, under the supervision of the Inspection and Quarantine Agencies, disinfect, return or destroy the unqualified commodities. After that, the commodities qualified in the disinfection treatment shall be allowed to enter China. As to the commodities involving in the claim for compensation by overseas enterprises, the inspection and quarantine agencies issue relevant certificates. The inspection and quarantine agencies shall report to AQSIQ the information about the import feeds unqualified in inspection and quarantine.

Article 23. Before getting the *Certificate for the Inspection and Quarantine of Entry Commodity*, the consigner or its agent is not allowed to transfer, sell or use the import feeds.

Article 24. If the import feeds are unloaded at different ports, the inspection and quarantine agency of the first port for unloading shall inform in writing the inspection and quarantine agencies at other unloading ports of the information related to the treatment and result of the inspection and quarantine. If there is the need for a qualification certificate, the final port for unloading shall summarize relevant information and issue the qualification certificate.

Section 3 Supervision and Management

Article 25. The package of import feed shall be provided with labels in Chinese. The labels shall comply with relevant Chinese standards on feed labeling.

For the bulk feed imports, the importing enterprise shall pack and label the bulk feeds on the site designated by the inspection and quarantine agencies before their entry. For the bulk feeds that are directly delivered to the enterprises designated by the inspection and quarantine agencies for the purpose of feed production, labels are not necessary.

If there are national regulations restricting the usage scope of the import animal-source feeds, the animal-source feeds shall be sold on Chinese market with explicit indication of their usage scope on the packages.

Article 26. The inspection and quarantine agencies shall implement filing management of the feed importing enterprises (hereinafter referred to as "importing enterprises"). The importing enterprises shall, prior to or upon the application for inspection, present duplicates of their business license to local inspection and quarantine agencies for the sake of filing.

Article 27. The importing enterprises shall establish operation files recording the information including the inspection number, product name, quantity, weight, package, exporting country or region, overseas exporter, name and registration number of overseas enterprises, *Certificate for the Inspection and Quarantine of Entry Commodity*, and information about the distribution of import feeds. The records shall be kept for at least two years.

Article 28. The inspection and quarantine agencies shall perform regular examination over the operation files of recorded importing enterprises, add the unqualified enterprises to the list of underperformed importing enterprises, and carry out more rigid inspection and quarantine on the feeds imported by the unqualified importing enterprises.

Article 29. If the import feeds have involved in the overseas feed safety accidents, or the domestic authorities or user concerned have reported the safety problems of the imported feeds, the inspection and quarantine agencies shall carry out a relevant traceability investigation and handle the problems as per relevant national regulations.

If the import feeds involve in the said problems might pose threat to the physical health and safety of animals and human beings, the importing enterprises concerned shall take initiatives to recall the defective feeds and report relevant information to the inspection and quarantine agencies. If the importing enterprises refuse to fulfill their responsibility of recalling the defective feeds, the inspection and

quarantine agencies shall order the importing enterprises to do so and, in the meantime, add the importing enterprises involved to the list of underperforming enterprises.

Chapter IV Export Inspection and Quarantine

Section 1 Registration

Article 30. AQSIQ shall implement a registration system on the enterprises engaging in the production of export feeds. The export feeds shall come from the registered exporting enterprises.

Article 31. Enterprises applying for registration shall comply with the following conditions:

(I) Workshop, process, equipments and other establishments

1. The site of the plant shall be kept away from industrial pollution sources and be constructed in certain distance from breeding farm, slaughterhouse and residential communities;
2. The workshops shall be arranged in reasonable layout and kept away from the living quarters and office areas;
3. The processes are feasibly designed to comply with relevant safety and sanitation requirements;
4. The enterprise is equipped with workshops, equipments and storage facilities corresponding to its production capacity, and;
5. The enterprise possesses the prevention and control facilities for harmful organisms (including the rodent, flies, pests at warehouses and birds).

(II) The enterprise has appropriate quality management organizations and professional technicians corresponding to its products;

(III) The enterprise has the testing capacity corresponding to safety and sanitation control.

(IV) Management system

1. Post responsibility system;
2. Personnel training system;
3. Employee vocational health check system;
4. Establish the quality management system according to the principles of hazard analysis and critical control point (HACCP) and implement self-check and self-control on the basis of risk analysis;
5. Sanitation standard operating procedure (SSOP);
6. Appraisal and acceptance check system for raw materials, accessories, wrappers and qualified suppliers;
7. Feed label management system and product traceability system;
8. Waste and wastewater treatment system;
9. Customer complaint handling system, and;
10. Qualified safety emergency responding system.

(V) AQSIQ shall respectively formulate the requirements for export inspection and quarantine as per the categories of feed products.

Article 32. The exporting enterprises shall apply to the local inspection and quarantine agencies for registration and submit the following documents (three copies):

(I) *Application Form for the Inspection and Quarantine Registration of Enterprise Engaging in the Production, Processing and Storage of Export Feeds*;

(II) Business license (duplicate);

(III) Certificate of organization code (duplicate);

(IV) If the national feed authorities set out requirements related to approval, production permit and product approval document number, the enterprise shall present the said documents as required;

(V) If the feeds relate to environmental protection, the enterprise concerned shall provide the documentary evidence issued by the environmental protection authorities above county-level;

(VI) The management system as stipulated in (IV) of Article 31;

(VII) Process flow chart that indicates necessary technical parameters (excluding those related to commercial secrets);

(VIII) Plan and colored photo of the plant (including the panoramic view, major equipments, labs, raw materials warehouses, packaging workshop, finished products warehouse, sample storage site, and file storage site, etc.); and

(IX) Products and list of raw materials involving in the application for registration.

Article 33. The local inspection and quarantine bureau concerned shall promptly investigate the application documents, make decisions within five days on the approval or disapproval of the application according to the following conditions, and notify in writing relevant results to the applicants:

- (I) If the application documents include mistakes that can be corrected on site, the applicant is allowed to rectify the mistakes on site;
- (II) If the application documents are incomplete or do not agree with statutory formats, the inspection and quarantine bureau shall promptly, or within five days notify the applicant in writing all the contents need to be supplemented by the latter. If the inspection and quarantine bureau fails to notify the said information to the application within five days, the application documents shall be deemed as having been accepted as of the date of receipt;
- (III) If the application documents are complete or agree with statutory formats, or the applicant has submit all supplementary materials as required, the applications shall be accepted by local inspection and quarantine bureau.

Article 34. Within 10 days after the acceptance of the application, the local inspection and quarantine bureau shall organize a review team for the on-site evaluation of the exporting enterprises applying for registration.

Article 35. The review team shall, upon the closing of the on-site evaluation, promptly submit an evaluation report to the local inspection and quarantine bureau.

Article 36. Upon the receipt of the evaluation report, the local inspection and quarantine bureau shall make the following decision within 10 days:

- (I) The enterprise qualified in the evaluation shall be approved for registration and be granted the *Certificate for the Inspection and Quarantine Registration of Enterprise Engaging in the Production, Processing and Storage of Export Feeds* (hereinafter referred to as "Registration Certificate"), which shall be delivered to the applicant within 10 days after making the decision on approving its registration;
- (II) The enterprise disqualified in the evaluation shall be issued the *Notice for the Failure in the Application for the Inspection and Quarantine Registration of Enterprise Engaging in the Production, Processing and Storage of Export Feeds* by local inspection and quarantine bureau.

Article 37. The Registration Certificate shall come into force and be valid for five years as of the date of issuance.

The exporting enterprises shall respectively apply for the registration if they belong to the same enterprise, are located at different sites, have independent production lines and quality management systems.

Each registered exporting enterprise shall adopt only one registration number. The registration number for each registered exporting enterprise shall be for the exclusive use by a given enterprise.

Article 38. If the exporting enterprise changes its name, its legal representative, lines of product and producing capacity, it shall, within 30 days after the change, submit a written application to local inspection and quarantine bureau, fill out the *Application Form for the Inspection and Quarantine Registration of Enterprise Engaging in the Production, Processing and Storage of Export Feeds*, and submit documents (in three copies) related to the change.

If the exporting enterprise changes its name and legal representative, it shall, after verifying its relevant documents in the local inspection and quarantine bureau directly complete the formalities for the changes.

If the exporting enterprise changes its lines of product or producing capacity, the local inspection and quarantine bureau shall examine its relevant documents and organize for on-site evaluation. The enterprise qualified in the evaluation shall complete the relevant formalities for the changes.

If the exporting enterprise is relocated, it shall reapply to local inspection and quarantine bureau for the completion of registration formalities.

If the enterprise no longer engages in exporting feeds due to the stop of production, change of business, bankruptcy or other reasons, it shall complete relevant formalities for cancellation in local inspection and quarantine bureau.

Article 39. The registered exporting enterprise intending to renew its registration term shall, according to the regulations in the Measures, apply for the renewal three months prior to the expiration of its registration.

Article 40. The local inspection and quarantine bureau shall, within 30 days after accomplishing the registration, change or cancellation of exporting enterprises, report relevant information to AQSIQ for filing.

Article 41. If the importing countries or regions require that the list of registered exporting enterprises be provided, the local inspection and quarantine bureau shall, after approving relevant exporting enterprises, report the list to AQSIQ. Then, after the spot check and evaluation of the exporting enterprises, AQSIQ shall recommend the exporting enterprises to the importing countries or regions, and transact relevant formalities.

Section 2 Inspection and Quarantine

Article 42. The inspection and quarantine agencies shall perform inspection and quarantine over the export feeds as per the following requirements:

- (I) Inspection and quarantine requirements formulated by the importing countries or regions;
- (II) Bilateral agreements, protocols and memorandums;
- (III) Inspection and quarantine requirements stipulated in relevant Chinese laws and regulations, mandatory standard and promulgated by AQSIQ, and;
- (IV) Inspection and quarantine requirements stipulated in business contracts or the letter of credit.

Article 43. Before the feeds are exported, the consigner or its agent shall apply to local inspection and quarantine agency for inspection with relevant documents including the business contract, letter of credit, Registration Certificate (duplicate), ex-factory qualification certificate and so on. The local inspection and quarantine agency shall examine the submitted documents and accept the qualified documents for inspection.

Article 44. Upon accepting the qualified documents for inspection, the inspection and quarantine agencies shall perform field inspection and quarantine as per the following requirements:

- (I) Verify the commodity certificates: Verify whether the commodity certificates conform to the name, quantity, weight, date of manufacture, batch number, package, shipping mark and the name and registration number of exporting enterprises;
- (II) Check the labels: Check whether the product labels comply with relevant national standard;
- (III) Sensory check: Check whether the package or vessel is complete, whether it decays, whether it brings harmful organism, whether it accompanies soil, animal corpse and animal excretion, etc.

Article 45. The inspection and quarantine agencies shall, according to corresponding modes for the supervision and management of inspection and quarantine, sample the products from different exporting enterprises, issue the *Warrant for Random/Sampling*, and send the samples to labs for the test of safety and sanitation items.

Article 46. The enterprise qualified in the inspection and quarantine shall be granted the *Customs Clearance Form of Export Commodity* or the *Voucher for Changing the Certificate of Export Commodity*, Certificate of Inspection and Quarantine and other relevant certificates; for the enterprise disqualified in the inspection and quarantine, if it undergoes the treatment of efficient measures and qualifies in recheck, it shall be allowed for customs clearance with relevant certificates; for the enterprise that cannot be treated with efficient measures or still disqualifies in recheck after the treatment, it shall not be allowed for customs clearance and shall be issued the *Notice for the Failure of Export Commodity in Inspection and Quarantine*.

Article 47. The inspection and quarantine agencies at the port of departure shall, according to relevant regulations for inspecting the certificate changing of export commodity, investigate whether the commodity certificates comply with relevant requirements. If the commodity certificates comply with relevant requirements, the exporting enterprise shall be granted the *Customs Clearance Form of Export Commodity* with the *Voucher for Changing the Certificate of Export Commodity* or relevant electronic exchange bills issued by the inspection and quarantine agencies in the place of origin. If the commodity certificates fail to comply with relevant requirements, the exporting enterprise shall not be allowed for customs clearance.

Article 48. The inspection and quarantine agencies in the place of origin and the port of departure shall exchange information with each

other in time.

If safety and sanitation problems are found during the inspection and quarantine, the inspection and quarantine agencies concerned shall take corresponding remedial measures and report relevant information to AQSIQ as soon as possible.

Section 3 Supervision and Management

Article 49 The feed producing and processing enterprises that have acquired the registration for inspection and quarantine shall comply with the following requirements:

(I) Efficient operation of the self-check and self-control systems;

(II) Export products according to the standards of the importing countries or regions, or the requirements stated in the contract;

(III) Abide by relevant Chinese regulations on the management of drug and additives; do not store and apply the drugs and additives that are strictly prohibited by China and the importing countries and regions;

(IV) The package, vessel and transportation vehicle for export feeds shall conform to relevant safety and sanitation requirements; the label of export feeds shall comply with the requirements stipulated by the importing countries or regions; the name or registration number of the exporting enterprise, and the purpose of the product shall be expressly indicated on the package or label of the product;

(V) The exporting enterprises shall establish operational files recording the name, quantity, weight and supplier of raw materials and accessories, acceptance check of raw materials, self-check and self-control of semi-processed products and finished products, warehousing, ex-warehouse, export, control of harmful organisms and recall of products. The records shall be kept for at least two years;

(VI) The exporting enterprises shall faithfully fill out the *Supervision and Management Manual of Export Feeds* that records the inspection, management, sampling, check, annual check by local inspection and quarantine agencies as well as the review by overseas official organizations;

The feed storage enterprises that have acquired the registration for inspection and quarantine shall establish their operation files recording the name, quantity, weight, owner, warehousing, ex-warehouse, and control of harmful organisms of the feeds. The records shall be kept for at least two years.

Article 50. The inspection and quarantine agency shall take charge of the daily supervision and management of the registered local exporting enterprises. Its daily tasks include:

(I) Environmental sanitation;

(II) Prevention and control of harmful organisms;

(III) Efficiency for the self-check and self-control of noxious and harmful substances;

(IV) Changes in the supplier of raw materials, accessories or other materials;

(V) Wrapper, matting materials and the warehouse of finished products;

(VI) Safety and sanitation of production equipments, tools and transportation facilities;

(VII) Management of product batch and label;

(VIII) Other content related to product safety and sanitation, and;

(IX) Records in the *Supervision and Management Manual of Export Feeds*.

Article 51. The inspection and quarantine agencies shall perform annual check of the registered exporting enterprises and add the record of qualified annual check on the Registration Certificate (duplicate).

Article 52. The inspection and quarantine agencies shall implement filing management for the feed exporting enterprises (hereinafter referred to as "exporting enterprises"). The exporting enterprises shall, prior to their application for inspection for the first time, submit the duplicates of their business licenses to local inspection and quarantine for filing.

If the exporting enterprise and the producing enterprise are the same, it doesn't need to transact the formalities for filing.

Article 53. The exporting enterprises shall establish their operational files and accept the investigation of local inspection and quarantine agencies. The operational files shall record the inspection number, product name, quantity, weight, package, importing countries or regions, overseas importers, name and registration number of supplier, *Customs Clearance Form of Export Commodity* and other relevant information. The records shall be kept for at least two years.

Article 54. The inspection and quarantine agencies shall establish the credibility files of registered exporting enterprises and respectively create the list of enterprises with good credibility and the list of enterprises with bad credibility.

Article 55. If the domestic and overseas inspection and quarantine agencies find epidemic diseases, overdosed noxious substance or other safety and quality problems in the export feeds, the inspection and quarantine agencies concerned shall, after verifying relevant condition, exercise more rigid supervision and management measures for inspection and quarantine.

Article 56. If the registered exporting enterprise and the filed exporting enterprises find the relevant products produced or operated by them have been possibly contaminated or affected the feed safety, or the feeds exported by them result in feed safety accident in overseas countries, the exporting enterprises concerned shall, within 24 hours, report relevant information to local inspection and quarantine agencies and take controlling measures to prevent the unqualified products from leaving the plant. Upon receiving the report from the exporting enterprises, the inspection and quarantine agencies shall, within 24 hours, report relevant information level by level to AQSIQ.

Article 57. If the registered exporting enterprise involves in any of the following conditions, the local inspection and quarantine bureau shall revoke its registration:

- (I) Significant changes have happened to the objective condition on which the registration is based, thus failing to meet the requirements for registration;
- (II) The content of registration has changed but no formalities have been transacted to confirm the change; or
- (III) The exporting enterprise disqualifies in the annual check.

Article 58. If the exporting enterprise involves in any of the following conditions, the local inspection and quarantine bureau shall, according to the request from the interested parties or its own authority, revoke the registration of the enterprise:

- (I) The personnel of the local inspection and quarantine bureau approve the registration of the enterprise by misuse of authority or negligence of duties;
- (II) The personnel of the local inspection and quarantine bureau approve the registration of the enterprise by exercise the rights exceeding his or her legitimate authority;
- (III) The personnel of the local inspection and quarantine bureau approve the registration of the enterprise by violating the legal procedures;
- (IV) The personnel of the local inspection and quarantine bureau approve the registration of the enterprise that is not eligible for the application of registration or fails to meet relevant legal requirements; or
- (V) Other conditions that might result in the write-off of the registration.

If the exporting enterprise acquires the registration by cheating, bribery or other illegal means, its registration shall be revoked by local inspection and quarantine agency.

Article 59. Under any of the following conditions, the local inspection and quarantine bureau shall complete the registration write-off formalities according to relevant laws and regulations:

- (I) The registration term expires and is not renewed;
- (II) The exporting enterprising legally is terminated according to the law;
- (III) The enterprise no longer engages in exporting feeds due to the cessation of production, change in the line of production, bankruptcy and other reasons;
- (IV) The registration of the enterprises is revoked, withdrawn or cancelled according to law;
- (V) The matters related to registration cannot be implemented due to force majeure; or
- (VI) Other condition that demands write-off of the registration according to relevant laws and regulations.

Chapter V Transit Inspection and Quarantine

Article 60. For the transit shipment of feed passing through China, the carrier or the supercargo shall, with the shipping list and the certification documents issued by the exporting countries or regions, apply to the inspection and quarantine agency at the port of entry for inspection, and submit to the latter the transit roadmap.

Article 61. The transportation facilities, wrappings and vessels loading the feeds of transit shipment shall be complete and be checked by the inspection and quarantine agency at the port of entry. If it is found that the transportation facilities, wrappings and vessels might result in the leakage of feeds, the carrier or supercargo shall, according to the requirements from the inspection and quarantine agency at the port of entry, take airtight measures. If it is unable to take the airtight measures, the transit shipment of feeds shall not be allowed.

Article 62. If the exporting countries or regions are not listed in the list of countries or regions approved for the import of feeds, as it is stipulated in Article 7, the feeds from the said exporting countries or regions shall be allowed for transit shipment only with the approval from AQSIQ.

Article 63. The inspection and quarantine agency at the port of entry shall check the certificates and bills for the feeds of transit shipment. If the feeds comply with relevant certificates and bills, they shall be sealed, marked and then allowed for customs clearance. After that, the inspection and quarantine agency involved at the port of entry shall inform the inspection and quarantine agency involved at the port of departure of relevant information, and the latter shall supervise over the departure of the feeds.

Chapter VI Legal Responsibilities

Article 64. Under any of the following conditions, the inspection and quarantine agency shall exercise punishment according to the *Special Regulations of the State Council on Enhancing the Supervision and Management of the Safety of Food and Other Products*:

- (I) The enterprise stores or uses the drugs, additives or other raw materials and accessories that are strictly prohibited in China or the importing countries or regions;
- (II) The enterprise personates the products of registered exporting enterprise by the products from the unregistered feed production and processing enterprise;
- (III) The enterprise, though having known potential safety hazards, does not report the hazards, refuses to fulfill its obligation of accident report and continues to engage in import and export businesses;
- (IV) The enterprise refuses to fulfill its obligation of recalling defective products.

Article 65. Under any of the following conditions, the inspection and quarantine agency shall, according to the *Implementation Regulations of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine*, punish the enterprise with the penalty of RMB 3,000-30,000 Yuan:

- (I) The enterprise unloads the feed of transit shipment from the transportation facilities or transports them to other places without the prior approval from competent inspection and quarantine agency;
- (II) The enterprise unpacks the feed of transit shipment, or unpacks or damages the seals or marks for the inspection and quarantine of animals and plants without prior permission.

Article 66. Under any of the following conditions, the enterprise shall be investigated for criminal responsibility. If its act does not constitute a crime or constitute a misdemeanor that needs not to be punished severely, the inspection and quarantine agency shall, according to the *Implementation Regulations of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine*, punish the enterprises with the penalty of RMB 20,000-50,000 Yuan:

- (I) The act of the enterprise results in severe animal and plant epidemics;
- (II) The enterprise counterfeits and alters the certificates, bills, seals and marks for the inspection and quarantine of animals and plants.

Article 67. If the enterprise engages in any of the following misbehaviors and gets illegal gains, the inspection and quarantine agency shall punish it with the penalty up to three times of the sum of illegal gains and the maximal penalty shall not exceed RMB 30,000 Yuan. The enterprise that gets no illegal gains but involves in any of the following misbehaviors shall be punished with the penalty no more than RMB 10,000 Yuan:

- (I) The enterprise counterfeits and alters the certificates, bills, seals and marks for the inspection and quarantine of animals and plants.
- (II) The enterprise counterfeits and alters the inspection and quarantine documentary evidence issued by the competent authorities of

the exporting countries or regions;

(III) The enterprise counterfeits and alters other document evidences;

(IV) The enterprise refuses to accept the supervision and management of inspection and quarantine agencies.

Article 68. Administrative sanction shall be imposed on the personnel who come from the inspection and quarantine agency and engage in the abuse of authority, spite, favoritism, counterfeited inspection results, or negligence of duties that results in the delay of inspection. If the act of the personnel constitutes a crime, the personnel involved shall be investigated for criminal responsibilities.

Chapter VII Supplementary Provisions

Article 69. In the Measures, the terms below have the definitions as follows:

Feed: It refers to the products and raw materials that are planted, bred, processed and produced to feed animals. It includes bait for live animals, feed-purpose refrigerated fresh animal products and aquatic products, processed animal protein and grease, pet food and dog chews, forage grass, silage, cereal feed, chaff cake, dregs, processed plant protein and plant powder, compound feed and premixed additive feed, etc.

Feed additives: It refers to the minor or minim substance added during the processing, production and usage of feed. It includes nutritious feed additives and general feed additives, etc.

Processed animal protein and grease: They include powdered meat (livestock and poultry), meat and bone meal(livestock and poultry), fish meal, fish oil, fish grease, shrimp meal, sleeve-fish liver meal, sleeve-fish meal, cuttlefish grease, cuttlefish meal, refined fish meal, refined scallop meal, blood meal, blood plasma meal, hematocyte meal, blood corpuscle meal, blood serum meal, fermented blood meal, animal leftovers meal, feather meal, hydrolyzed feather meal, leather protein meal, hoof meal, horn meal, chicken giblets meal, goldbeater's skin protein meal, gluten, whey meal, dry milk, egg powder, dry silkworm pupa and powder, bone meal, bone ash, bone charcoal, bone di-calcium phosphate, shrimp shell meal, eggshell meal, bone glue, animal oil residue, feed-grade mixed oil, dry worm and its powder, etc.

Ex-factory qualification certificate: It refers to the documents issued by the registered enterprises engaged in the production and processing of export feed or feed additives to prove that their products have been rated as qualified ones via their own self-check and self-control system.

Article 70. AQSIQ shall be responsible for the interpretation of the Measures.

Article 71. The Measures shall come into force as of September 1, 2009. From henceforward, if there are discrepancies between the Measures and other regulations related to the inspection and quarantine of import and export feeds, the Measure shall prevail.

Source (in Chinese): http://www.aqsiq.gov.cn/zwgk/jlgg/zjl/2009/200908/t20090803_123490.htm