

China Law Update

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[New Rules on Disposal of Waste Electrical and Electronic Products](#)

On September 8, 2010, the National Development and Reform Commission, the Ministry of Environmental Protection and the Ministry of Industry and Information Technology jointly issued the Catalogue of Waste Electrical and Electronic Products for Disposal (the first batch) (the “Catalogue”), as a supplementary regulation to the Regulation on the Administration of the Recycling and Disposal of Waste Electrical and Electronic Products (the “Regulation”) which was promulgated previously and will take effect on January 1, 2011.

Article 3 of the Regulation provides that “the Regulation shall apply to the recovery, disposal and other relevant activities of waste electrical and electronic products listed in the Catalogue”, which means, starting from next year, a wide range of electrical and electronic products will have to be recycled and disposed of in accordance with the Regulation. These products include TV sets, refrigerators, washing machines, air conditioners and microcomputers.

Several provisions of the Regulation deserve special attention.

1. Restriction on the importing and manufacturing of electrical and electronic products: pursuant to Article 10 of the Regulation, manufacturers or importers of electrical and electronic products, or their agents, are only allowed to manufacture or import electrical and electronic products that conform to the requirements of the law on pollution control, must adopt designing plans in favor of comprehensive resource utilization and innocuous disposal, and must use non-toxic, non-hazardous materials, or low-toxic or low-hazardous materials that can conveniently be recycled or reused.
2. Qualification approval system: Article 6 of the Regulation provides that the State will adopt a qualification approval system whereby any company engaged in the business of recycling or disposal of waste electrical and electronic products must first be approved by the government. To obtain such approval, the applicant company must have qualified disposal facilities, all necessary sorting and packing equipment, good environmental protection measures in effect, and employ experts in the areas of safety, quality and environmental protection.
3. Establishment of a special fund: the government will create and administer a fund to which manufacturers and importers of electrical and electronic products and their agents must contribute. Article 7 of the Regulation provides that the State shall establish a fund for the purpose of providing subsidies to companies engaged in the recycling and disposing of waste electrical and electronic products. Producers and importers of electrical and electronic products and their agents are obligated to contribute to the special fund.
4. Database management systems: companies engaged in waste disposal business must set up a database management system to record and maintain information. Companies must keep this relevant information for at least three years. By doing so, these companies can qualify for certain tax credits.

In addition, it was reported that new HS codes of imported and exported electrical and electronic products listed in the Catalogue will soon be published by the National Development and Reform Commission, General

Administration of Customs and Ministry of Environmental Protection.

Overall, the announcement of these new rules is better news for recycling business than for manufacturers and importers of electrical and electronic products. These companies are advised to familiar themselves with the new restrictions imposed by the Regulation.

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