



## China Environmental, Health, and Safety (EHS) Roundtable

# 中国环境、健康和安全圆桌会议

**Regulatory and Policy Report** 

January 2021 Report

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This report provides EHS-related policy and regulatory developments and enforcement actions at the national and local levels in China from January 1 to January 31, 2021. The report also covers the regulations being proposed in January 2021.

## **Policy Documents**

## Highlights

- On January 29, 2021, the Ministry of Industry and Information Technology issued Circular on Printing and Distributing Basic Electronic Components Industry Development Action Plan (2021-2023) [关于印发《基础电子元器件产业发展行动计划(2021-2023 年)》的通知]. According to the Plan, by 2023, the total sale value electrical components will account for 21 trillion RMB, and 15 leading enterprises with an annual revenue of 1 trillion RMB will be fostered. The key works primarily will be focused on improving industrial innovation capabilities, strengthening market application promotion, and providing a solid foundation in supporting industries. Additional key works include leading the industry transformation and upgrading, promoting industry quality improvement, and strengthening public platform construction.
- On January 28, 2021, the Ministry of Ecology and Environment (MEE) issued the Transcript of MEE Monthly Press Conference in January 2021 [生态环境部 1 月 例行新闻发布会实录]. The conference briefed on the key works of MEE in January; MEE held the National Ecological and Environmental Protection Work Conference, which arranges and deploys key 2021 environmental tasks, concluded the campaign to prohibit solid waste import, issued the new version of EIA report form, and announced China's theme for the 2021 Environment Day. Moreover, Director Cui of the Department of Natural Ecological Protection introduced the achievements of MEE's work on biodiversity conservation and answered the questions from press on the following topics: China's fulfillment of international obligations on biodiversity conservation; updates on execution of "Implementation Plan for Major Projects of Biodiversity Conservation (2015-2020)"; current progress on preparations for COP15; the investigation results of abnormal thallium concentration in the Jialing River; updates of effects of the ecological protection red line system and future development; the measures MEE has taken to solve "Ecological formalism" issues; the achievements of "green shield" supervision work; and the investigation progress on destruction of Dunhuang Ten Thousand Mu Desert Protection Forest.
- On January 13, 2021, MEE issued <u>Guiding Opinions on Coordinating and Strengthening the work related to climate change and ecological environmental protection</u> [关于统筹和加强应对气候变化与生态环境保护相关工作的指导意见]. According to the Opinions, the overall pattern of coordinating and

integrating the work related to climate change and ecological environmental protection has been formed, and a coordinated optimization and efficient work system has been established during the 14th Five-Year Plan period. Unified policy and planning standards, unified monitoring and evaluation, unified supervision and law enforcement, and unified inspection and accountability mechanisms would gradually evolve, and the climate governance capabilities would be significantly improved. By 2030, the overall joint efforts of tackling climate change and ecological environmental protection will be fully utilized, and the ecological environment governance system and capabilities will be steadily improved, providing support for achieving the peak carbon dioxide emission target and the vision of carbon neutrality. Energy, industry, transportation, and construction industries will be encouraged to develop special plans for reaching peaks. Steel, building materials, nonferrous metals, chemicals, petrochemicals, electric power, coal, and other key industries would be required to put forward clear peak goals and formulate peak action plans. Further, MEE intends to accelerate the promotion of legislation related to climate change. MEE will also promote the introduction and implementation of carbon emissions trading management regulations, as well as implementation of data submission and disclosure requirements on key emission entities. Moreover, MEE plans to include climate change impacts in environmental impact assessments and will organize and carry out pilot studies on greenhouse gas emissions and pollution permit management in key industries. MEE will accelerate the functional transformation and upgrade of the national pollution permit management information platform and promote the unified collection of pollutant and greenhouse gas emissions data from enterprises and institutions. In addition, unified environmental supervision and enforcement on key energy consumption entities will be conducted on carbon emissions-related obligations.

#### **Other Policies**

- <u>Circular on Printing and Distributing Energy Regulatory Work Key Points</u> [能源局关于印发《2021 年能源监管工作要点》的通知](issued by National Energy Bureau February 1, 2021)
- Circular on Printing and Distributing National High-Tech Zone Green
   Development Special Action Implementation Plan [关于印发《国家高新区绿色 发展专项行动实施方案》的通知] (finalized by Ministry of Science and Technology January 29, 2021)

- <u>Circular on Printing and Distributing the Work Plan for the Supervision of Agricultural GMOs in 2021</u> [关于印发《2021 年农业转基因生物监管工作方案》的通知] (issued by Ministry of Agriculture January 27, 2021)
- <u>Circular on Issuing the Work Plan for Further Strengthening the Prevention and Control of Alien Species Invasion</u> [进一步加强外来物种入侵防控工作方案] (issued by Ministry of Agriculture January 20, 2021)
- Notice on Doing Good Work for the Prevention and Control of the Novel Coronavirus Pneumonia Outbreak [国务院应对新型冠状病毒感染肺炎疫情联防联控机制关于进一步做好当前新冠肺炎疫情防控工作的通知] (issued by the State Council on the Joint Prevention and Control Mechanism January 20, 2021)
- <u>Circular on Printing and Distributing Transformer Energy Efficiency</u>
  <u>Improvement Plan (2021-2023)</u> [关于印发《变压器能效提升计划(2021-2023年)》的通知] (issued by Ministry of Industry and Information Technology January 15, 2021)
- <u>Guiding opinions on promoting the utilization of waste water resources</u> [关于推进污水资源化利用的指导意见] (issued by National Development and Reform Commission and other 9 agencies January 4, 2021)
- <u>MEE holds a briefing on carbon emissions trading management policies</u> [生态环境部举办碳排放权交易管理政策吹风会] (issued by MEE January 5, 2021)

## **New Laws and Regulations**

## Highlights

• On January 29, 2021, the China State Council issued Regulations on Management of Pollutant Discharge Permits [排污许可证管理条例] with an effective date of March 1, 2021 ("Regulations"). These Regulations complete legislative efforts on the national pollutant discharge permit system and specify compliance obligations for enterprises with operations in China that discharge pollutants in the form of air emissions, water discharges, or wastes. Among other things, the Regulations set out four main obligations on in-scope discharging entities, namely: self-monitoring and recording; establishing a ledger recording system; periodic reporting on pollutant discharge permit implementation; and

disclosing pollutant discharge information on the national pollutant discharge permit management platform (http://permit.mee.gov.cn/permitExt/defaults/default-index!getInformation.action). For detailed analysis on these Regulations, please see an alert prepared by B&D.

- On January 29, 2021, MEE issued a <u>Circular on Printing and Distributing Interim Measures for the Identification of Persons Responsible for Soil Pollution on Construction Land</u> [关于印发《建设用地土壤污染责任人认定暂行办法》的通知] with the effective date May 1, 2021. The Measures are applicable to the identification of the person responsible for soil pollution on construction land when it is not clear or remains in dispute by relevant environmental authorities in the exercise of administrative supervision duties. The person responsible for the soil pollution on construction land when it is not clear or remains in dispute covers the following situations:
  - 1) There have been multiple entities and individuals engaged in production and business activities on the construction land;
  - o 2) There are multiple sources of soil pollution on construction land; and
  - o 3) Other circumstances stipulated by laws, regulations and rules.

Per the Measures, the "responsible person" for soil pollution is the entity or person who causes soil pollution by discharging, dumping, storing, landfilling, leaking, losing, emitting pollutants or toxic/hazardous substances. The "responsible person" shall bear the risk management, control, and restoration responsibilities. Further, the Measures specify the requirements for application, investigation, review, and verification of identification process.

• On January 21, 2021, the Standing Committee of the People' Congress issued a Revision on Law on Administrative Penalties [中华人民共和国行政处罚法(2021 修订)] with the effective date July 15, 2021. The Revision introduced several substantial changes with a significant impact on future environmental enforcement. Among other things, the Revision provides a clear definition of "administrative penalty" which refers to "the actions of administrative agencies to punish citizens, legal persons or other organizations that violate the order of administrative management in accordance with the law by reducing their rights and interests or increasing their obligations." Further, the Revisions extend the categories of the penalties, including "notice of criticism," "temporary seizure of permits, reduction of credit levels, revocation of permits," "restriction of production and business activities," "business shutdown," and "limitation of industry entry." In addition, the Revision clarifies that administrative documents shall not impose any administrative penalties which are reserved to the laws,

regulations and administrative rules. In addition, the administrative agencies may entrust other entities to carry out administrative penalties; however, such entrustment shall be disclosed to the public by clarifying the specific matter, scope, timing, and authority for the engagement.

- On January 26, 2021, the National Health Commission issued Management Measures on Occupational Disease Diagnosis and Verification [职业病诊断与鉴定管理办法(2021)] with the same effective date. According to the Measures, the employer is required to arrange for diagnosis and treatment of patients with occupational diseases and suspected occupational diseases in time. Employers are also required to provide truthful information required for the diagnosis and identification of occupational diseases, as well as to bear the expenses for the diagnosis and appraisal of occupational diseases, the expenses during the diagnosis, and for the medical observation of patients with suspected occupational diseases. Employers must report occupational diseases and suspected occupational diseases and adhere to other related obligations stipulated in the "Occupational Disease Prevention Law." The Measures further provide the requirements for diagnostic institutions, diagnosis, and verification.
- On January 26, 2021, MEE issued a <u>Circular on Verifying the Production and Use Quota of Depleting Ozone Substances</u> [关于核发 2021 年度消耗臭氧层物质生产、使用配额的通知] with the same effective date. According to the Circular, Zhejiang Sanmei Chemical Co., Ltd. and other 20 entities were granted quotas for HCFC production in 2021. 46 entities, including Zhuhai Gree Electric Appliances Co., Ltd., were granted with quotas for the use of HCFCs in 2021, and Li'an Longbohua (Tianjin) Pharmaceutical 2021 and other 7 companies were granted with carbon tetrachloride quotas.
- On January 21, 2021, MEE issued a <u>Decision to Repeal and Amend Rules and Regulatory Documents on the Import of Solid Waste</u> [生态环境部关于废止固体废物进口相关规章和规范性文件的决定] with the same effective date. According to the Decision, Administrative Measures on Import of Solid Wastes are revoked, and Announcement on the issuance of the "Provisions on the Environmental Protection Management of Restricted Imported Solid Wastes that Can be Used as Raw Materials" and other five administrative documents relating to import of solid wastes are repealed.
- On January 5, 2021, MEE issued an <u>Announcement on Publishing Guidelines for the Investigation of Hidden Soil Pollution Hazards of Key Supervision Entities (Trial)</u> [关于发布《重点监管单位土壤污染隐患排查指南(试行)》的公告] with the

same effective date. The Guidelines intend to implement the Law on the Prevention and Control of Soil Pollution and the Measures for the Soil Environmental Management of Industrial and Mining Land (Trial). The Guidelines will help the key supervision entities establish a standardized soil pollution inspection system to detect potential hazards in the soil in order to take immediate measures to eliminate or reduce the potential hazards. These guidelines are applicable to key supervision entities to ensure continuous and effective prevention of soil pollution caused by the leakage, loss, and dispersion of toxic and hazardous substances in key locations or by key facilities and equipment, as well as to carry out the self-investigation of potential soil pollution hazards. In principle, key supervision entities should conduct a comprehensive and systematic investigation of potential soil pollution hazards within one year after the release of these guidelines. New key supervision entities should carry out such investigation within one year of being included in the List of Key Soil Pollution Supervision Entities. Afterwards, in principle, inspections will be carried out every 2-3 years for sites, facilities and equipment involving toxic and hazardous substances for use in production and business activities. Key supervisory entities can optimize the frequency and scope of investigations in light of industry characteristics and production practices. For new, renovated, and expanded projects, supplementary investigations should be carried out within one year after commissioning.

- On January 4, 2021, MEE issued a <u>Decision on Abolishing or Modifying some ecological and environmental regulations and regulatory documents</u> [关于废止、修改部分生态环境规章和规范性文件的决定] with the same effective date. According to the Decision, Measures for the Supervision and Administration of Automobile Exhaust Pollution and Management Measures for Environmental Protection Acceptance of Completed Construction Projects are abolished. Code of conduct and integrity regulations for environmental impact assessment of construction projects and other two administrative rules relating to radioactive materials are modified. With regard to administrative documents, Implementation Guidelines for Multilateral Fund Projects for the Protection of the Ozone Layer (Trial) and other 25 documents are abolished.
- On December 24, 2020, MEE issued a <u>Circular on Printing and Distributing EIA</u>
   <u>Contents, Format and Drafting Technical Guidelines</u> [关于印发《建设项目环境
   影响报告表》内容、格式及编制技术指南的通知] with the effective date April 1,
   2021. The EIA reporting form (pollution impact) includes basic information for
   construction projects, construction project engineering analysis, regional
   environmental quality status, environmental protection goals and evaluation

standards, main environmental impact and protection measures, environmental protection measures supervision, and inspection checklist and conclusion. In particular, this new form includes one section to specify the information of drafting institution.

#### **Other Measures**

- <u>Circular on Printing and Distributing Interim Measures for the Identification of Persons Responsible for Soil Pollution in Agricultural Land</u> [关于印发《农用地土壤污染责任人认定暂行办法》的通知] (jointly issued by MEE and other agencies on January 29, 2021, and effective May 1, 2021)
- Announcement on the implementation of the "Catalogue of Industries
   Encouraging Foreign Investment (2020 Edition)" [关于执行《鼓励外商投资产业目录(2020 年版)》有关问题的公告(issued by the General Administration of Customs on January 26, 2021, and effective the same date)
- Catalog of Encouraged Industries in the Western Region (2020 Edition) [西部地区鼓励类产业目录(2020 年本)] (issued by National Development and Reform Commission January 26, 2021, and effective March 1, 2021)
- Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures [阻断外国法律与措施不当域外适用办法] (issued by Ministry of Commerce on January 9, 2021, and effective the same date)

### **Enforcement Actions and Policies**

### Highlights

• On January 2, 2021, MEE issued an <u>Administrative Penalties Decision (on Shangdong Tangjun Ouling Vehicle Manufacturing Co. Ltd</u>) [行政处罚决定书 (山东唐骏欧铃汽车制造有限公司)]. According to the Decision, the hydrocarbon, nitrogen oxide, and carbon monoxide levels of the 109 light-duty diesel trucks with the model ZB1020ADC0F (engine model 4L18CF) produced by the company from January 1, 2016, to May 31, 2026, exceeded the limits of phase IV set out in the Limits and Measurement Methods of Substance Emissions (China Phase III and IV) (GB18352.3-2005). The MEE ordered the company to correct the illegal production of motor vehicles that exceed the pollutant emission standards. The

- decision confiscates RMB112,502.48 of illegal income and imposes the penalties of RMB6,923,815.16 on the company.
- On January 21, 2021, MEE notified a case regarding Shan'xi Province Shenmu Waste Water Treatment facility in violation of environmental laws [生态环境部通报陕西省神木市污水处理厂环境违法的案件]. According to the notification, Shenmu facility used a "COD remover" to treat wastewater. The investigation found that "COD remover" is sodium chlorate, which cannot really remove COD in water. Rather, the facility misled the COD measurement process using sodium chlorate so as to lower the COD value. MEE determined that this treatment measure is to evade supervision of illegal discharge of pollutants by falsifying monitoring data. MEE requested Shan'xi ecological and environmental department to impose relevant penalties for such violation. The company was fined with RMB600,000 and the main responsible person and direct responsible person would face criminal liabilities. The legal representative and general manager of the holding company were removed from office due to their lack of supervision.
- On January 20, 2021, MEE issued a Letter on the issues found in the random check of the information of the environmental impact assessment credit platform in the second half of 2020 and the handling opinions [关于 2020 年 下半年环境影响评价信用平台信息情况抽查发现问题及处理意见的函]. MEE conducted random checks on the information submitted by entities and compilers of the construction project environmental impact reports (forms) on the environmental impact assessment credit platform. The branches of Boyada Survey, Planning and Design Group Co., Ltd. and Hunan Boyi Environmental Protection Technology Co., Ltd. used false information as a means to establish integrity files on the credit platform. In particular, the branches of Hunan Boyi Environmental Protection Technology Co., Ltd. have illegal compilation and construction issues in the project's environmental assessment documents. Random checks also found that 34 people, including Guan Yiwu, did not submit their basic information on the credit platform as required. Based on above findings, the two entities and 34 people were scored for dishonesty, which was recorded in their integrity files, and removed from the credit platform.
- On January 14, 2021, MEE issued <u>Guiding Opinions on Optimizing Ecological Environmental Protection Law Enforcement Methods and Improving Law Enforcement Efficiency</u> [生态环境部关于优化生态环境保护执法方式提高执法效能的指导意见]. The Opinions include 4 sections, covering 18 measures. In particular, the Opinions require law enforcement to clarify and effectively

implement responsibilities by establishing a list of law enforcement matters, improving the duty performance responsibility system, and strengthening the onsite inspection plan system. They must also optimize law enforcement methods and efficiently coordinate administrative law enforcement resources through the "double random, one open" and positive checklist system. In conjunction with the strengthening and standardization of off-site supervision methods, the enforcement will be effectively implemented through differentiated supervision measures, accurately allocated law enforcement resources, and increased detection rate of illegal issues while reducing interference to the business. They are also to complete the law enforcement mechanism and focus on improving the efficiency of administrative law enforcement by strengthening the cooperation between the law enforcement agencies and other agencies ensuring the proper linkage between enforcement and criminal justice, and completing the reporting reward mechanism and third-party supporting law enforcement mechanism. Additionally, they must standardize enforcement work and restrict enforcement activities by implementing the administrative law enforcement publicity system, the whole process of law enforcement record system, and discretionary power standardization system.

### **Other National Enforcement Actions & Reports**

- MEE reports on the national surface water and ambient air quality in
   December and January-December [生态环境部通报 2020 年 12 月和 1-12 月全 国地表水、环境空气质量状况] (reported by MEE on January 15, 2021)
- Opinions on Deepening the Prevention and Resolution of Major Risks in Work Safety [关于深化防范化解安全生产重大风险工作的意见] (reported by Ministry of Transportation on January 6, 2021)
- MEE announced the results of the national air quality forecast consultation in the first half of January [生态环境部公布 1 月上半月全国空气质量预报会商结果] (reported by MEE on January 1, 2021)

## **Local Enforcement Actions and Reports**

- <u>Sichuan: Continue to in-depth fight to win the blue sky campaign</u> [四川: 持续深入打好打赢蓝天保卫战] (reported by MEE January 29, 2021)
- Shan'xi implemented several measures to protect the environment of Qinling [陕西多项措施加强秦岭生态环境保护](reported by MEE January 22, 2021)

- Ningxia explored the new paths for solid waste pollution prevention and control [宁夏探索固废污染治理新路径] (reported by MEE January 17, 2021)
- <u>Beijing will strengthen the supervision of the entire chain of hazardous chemicals</u> [北京市将强化危险化学品全链条监管] (reported by MEE January 15, 2021)
- <u>Tibet implemented the "three forces" strategies to ensure the effectiveness of cracking down on hazardous waste and environmental crimes</u> [西藏围绕"三力"做文章 确保打击危废环境违法犯罪行动得成效] (reported by MEE January 1, 2021)

## **Proposed Laws and Regulations**

### Highlights

- On January 27, 2021, the standing committee of the People's Congress issued a draft revision of Safe Production Law [安全生产法(修正草案)征求意见] for public comment and the deadline for comment submission was February 25, 2021. The draft revision clarifies that the main responsible person of the entity is the primary responsible person for safe production, and other persons shall be responsible for safe production within their respective duties. The main responsible person will now also be obligated to strengthen the safe production standardization construction, create and implement double-prevention mechanism of safety risks classified management, and control potential hazards scanning and treatment. Safety management personnel now have the obligation of carrying out dangerous sources identification and evaluation. Moreover, the draft revision imposed mandatory safe production liability insurance for high risk industries and areas. In addition, the draft revision significantly increased the penalties for violations of the law.
- On January 15, 2021, the Ministry of Industry and Information Technology issued a <u>draft of Regulation of Management of Rare Earth</u> [公开征求对《稀土管理条例(征求意见稿)》的意见] for public comment, and the deadline for comment submission was February 15, 2021. The draft includes 29 provisions, clarifying the duties and responsibilities of each agency on managing rare earth minerals and establishing an approval system and quota management for rare earth mining,

smelting and separation investment projects. Further, the draft requires strengthening the management of the entire rare earth industry chain. In particular, no individuals or entities shall purchase or sell rare earth products that are illegally mined, smelted and separated. Comprehensive utilization enterprises would be prohibited from using rare earth products other than secondary resources containing rare earth minerals as raw materials to engage in smelting and separation production activities. All the rare earth products would be subject to traceable management system and export control system; China adopts a rare earth resources and products reservation system.

- On January 13, 2021, MEE issued a <u>Circular on Soliciting Opinions on Strengthening hazardous waste identification work (draft for comments)</u>[关于公开征求《关于加强危险废物鉴别工作的通知(征求意见稿)》意见的通知] and the deadline for comment submission was February 5, 2021. This draft specifies the waste generator can self-identify or entrust a third party to identify hazardous wastes, though the entities making the determination shall be fully responsible for the conclusion. The following solid wastes are subject to the identification requirements:
  - Solid waste generated in production and life that may have or is uncertain as to whether it has hazardous characteristics, such as toxicity, corrosiveness, flammability, reactivity, and infectiousness that may cause harmful effects on the ecological environment and human health;
  - The environmental impact assessment documents contain erroneous assessments and omissions or solid wastes that have questions about the results of the hazardous characteristics in the environmental impact assessment documents (according to the relevant provisions of the "Guidelines for the Environmental Impact Assessment of Hazardous Wastes in Construction Projects," the environmental impact assessment documents require the identification of solid wastes);
  - Solid waste that the competent department of ecological environment considers necessary in daily environmental supervision and has evidence that may have hazardous characteristics; and
  - Solid waste generated in environmental emergencies or that cannot be traced back to the responsible party and may have hazardous characteristics.

Further, the draft circular clarifies the identification processes and results.

On January 12, 2021, MEE issued a <u>Letter on Soliciting Opinions on the</u>
 "Guidelines for Strengthening "One Enterprise, One Policy" Work on Safe
 <u>Production Enterprise Standards (Draft for Solicitation of Comments)"</u> [关于

征求《关于加强安全生产企业标准"一企一策"工作指引(征求意见稿)》意见的 函] and the deadline for comment submission was February 11, 2021. This draft standard clarifies that "safe production enterprise standardization" refers to activities of the enterprises to draft, publish, and apply safe production standards. The enterprise standard shall be stricter than national, local, and industrial standards. Further, the enterprise is required to transform scientific research results and advanced management measures of new technologies, new products, new materials, and new processes into standards in a timely manner. By 2025, the safe production enterprise standardization system will be more complete, and enterprise safe production technical standards, management standards, and work standards will cover all key sectors of important industries. The influence and recognition of enterprise standards will be significantly improved. Standardization plays an important leading role in safe production. For enterprises adopting this standardization system, relevant government departments, banks, insurance, and other financial institutions and work safety standardization review agencies should provide preferable policies for enterprises in terms of credit records, tax reductions and exemptions, financial subsidies, work safety liability insurance rates, and reductions in standardized review costs.

### **Other Measures**

Letter on Soliciting comments on Technical Guideline for Quality
 Assessment of Ambient Air Particulate Matter (PM10, PM2.5) automatic
 monitoring and two national other environmental standards [关于征求《环境空气颗粒物(PM10、PM2.5)自动监测质量评估指南》等 3 项国家环境保护标准意见的函] (issued by MEE January 13, 2021, and the deadline for submission of comment was February 5, 2021)

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Beveridge & Diamond helps companies identify, understand, and comply with the expanding body of international, national, and sub-national environmental laws in China. The China EHS Roundtable gives multinational companies with interests in China a forum through which the companies learn about China's rapidly expanding environmental, health, and safety (EHS) regulations; manage enforcement risks; and ultimately advance EHS compliance, supply chain management, and sustainable development in China. Please contact Weiwei Luo (wluo@bdlaw.com, 202-789-6005) with questions.

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