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Australian Government
**Australian Customs and
Border Protection Service**

Received
19 April 2013

International Trade Remedies Branch

SUBSIDY INVESTIGATION

SECOND SUPPLEMENTARY EXPORTER QUESTIONNAIRE - CHINA

PRODUCT CONCERNED: ZINC COATED (GALVANISED) STEEL AND
ALUMINIUM ZINC COATED STEEL FROM THE
PEOPLE'S REPUBLIC OF CHINA

INVESTIGATION PERIOD: 1 JULY 2011 TO 30 JUNE 2012

RESPONSE DUE BY: 12 APRIL 2013

ADDRESS FOR RESPONSE: International Trade Remedies Branch
Australian Customs and Border Protection
Service
5 Constitution Avenue
Canberra act 2601
Australia
Attention: Director Operations 2

CASE MANAGER: Mr Sanjay Sharma
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Please note that a non-confidential version of the reply to this questionnaire must also be provided at the same time as submitting the confidential version.

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PUBLIC RECORD**Second Supplementary Subsidy Exporter Questionnaire – Angang Group and ANSC-TKS Galvanising Co.,Ltd**

Customs and Border Protection during its visit to Angang Steel Company Limited (ANSTEEL) and ANSC-TKS Galvanizing Co., Ltd., (TAGAL) identified that both exporters were in receipt of government payments that required further investigation.

A supplementary exporter questionnaire was prepared and sent to ANSTEEL and TAGAL. Both exporters provided additional information in response to the supplementary questionnaire. A list of different forms of payments received from the Government of China between 2008 and 2012 was provided. After assessing this information, Customs and Border Protection requires the following additional information.

Customs and Border Protection will require both 'for official use only' and 'public record' versions of the response. Please ensure that each page of the information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD" in the header and footer.

A. Capital Contributions

Please answer the following questions regarding all items identified as 'capital contribution' received from the GOC and used for 'equity construction':

1. What were the initial terms and conditions of the capital contribution (provide all documentary evidence)? Also explain in detail how the funds were used.

Response:

[CONFIDENTIAL, terms and conditions for the capital contribution and the usage of the fund, the disclosure of which will impair the interests of the company]

2. Explain in detail the process of converting cash into equity (provide all documentary evidence).

Response:

[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

3. Provide the detailed procedures to increase the registered capital required by the stock exchange as explained in your email dated 27 March 2013 (provide all documentary evidence translated in English).

Response:

[CONFIDENTIAL, explanations to the procedure to increase registered capital, the disclosure of which will impair the interests of the company]

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4. Was any approval required / sought from any regularity authority other than the stock exchange? If so provide a copy (original and translated in English) of the approval including all terms and conditions of the approval.

Response:

[CONFIDENTIAL, explanations to the approval requirements, the disclosure of which will impair the interests of the company]

5. If different to common shares listed on the stock exchanges, explain how the type of the shares was determined? (Examples of other shares may include (but not limited to) class A shares, preferential shares, etc).

Response:

[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

6. If different classes of shares were issued on conversion please explain the type(s) of new shares issued and explain the reasons for issuing different share classes. Also explain how these shares were different to those listed shares.

Response:

Please refer to the answer to the previous question.

7. How many new shares were issued on conversion and for what value? Were the new shares tradeable? If not explain the reasons.

Response:

[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

8. How was the value of the shares (equity) determined for the purpose of conversion? Explain the methodology adopted and provide a detailed explanation of the process involved.

Response:

The value of the shares is basically determined by the price in the stock market, the net asset value per share and the prospect of the company.

9. Was the value of the new shares issued discounted? If so please provide the details including value of the shares at the time of conversion and how much discount was provided. Explain the basis of determining the discount.

Response:

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[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

10. Provide the date(s) when the capital contributions were converted into equity.

Response:

[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

11. If the shares issued were of the same class and/or type as those listed on the two stock exchanges, answer the following questions;
- i. Provide details of all announcements made by the company on the stock exchange(s) relating to the equity conversion.
 - ii. How did the market react to these announcements (provide trading data (value and volume) from both stock exchanges one month immediately before and after the announcements).
 - iii. Were all new shares that were issued after conversion listed on one or both exchanges?
 - iv. Was there any price arbitrage between the two stock exchanges one month immediately before and after the conversions? If so what was the difference and how was it managed? (e.g. trading being suspended immediately after the announcements etc)
 - v. Provide the names of the controlling shareholders and percentage of shares held by each shareholder immediately before and immediately after each of the issues of new shares.

Response:

[CONFIDENTIAL, explanations to the conversion, the disclosure of which will impair the interests of the company]

B. Environment Protection Grant

12. In your email dated 27 March 2013, it was stated that 'equity construction' referred to investment in fixed assets. It is our understanding that the word 'equity' refers to shares issued and allocated to owners (shareholders). Can you please clarify why the term 'equity construction' was used to refer to purchases of fixed assets?

Response:

It is our mistake to use equity construction. We intend to mean that these funds are used to construct buildings, purchase fixed assets or payment of relevant expenses.

13. In your email, it was stated that fixed assets were purchased to protect the

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environment from **[CONFIDENTIAL]**. It is our understanding that **[CONFIDENTIAL]** and therefore all production of the company would benefit from the use of this asset. Please explain if this is not the case.

Response:

That is correct. [CONFIDENTIAL, explanation why such funds is beneficiary to all products, the disclosure of which will impair the interests of the company]

14. For all assets purchased provide the date of purchase, value and useful life (over which the asset will be depreciated).

Response:

[CONFIDENTIAL, the information concerning assets purchase, the disclosure of which will impair the interests of the company]

C. [CONFIDENTIAL]

15. As explained in your email dated 27 March 2013, ANSTEEL provides **[CONFIDENTIAL]**. However, in the spread sheet provided, it states (in column K) that the funds were used for 'Technology R&D' and 'Equity Construction'. Please confirm that for Technology R&D, it was **[CONFIDENTIAL]**.

Response:

Part of the [CONFIDENTIAL, name of the fund] is used for technology R&D while others are for assets construction and purchase. It is confirmed that for Technology R&D, it was a fee charged by ANSTEEL for a service provided to [CONFIDENTIAL, name of the party provided the fund].

16. Please explain what 'equity construction' means. If it means that a fixed asset has been purchased, provide the date, value and useful life of all assets purchased.

Response:

It means that these funds are used to construct buildings, purchase fixed assets or payment of relevant expenses. Please refer to the answer to question 14 for the second part of this question.

D. CDM Project Grant

17. In column 'K' of the spread sheet provided in ANSTEEL's response to the supplementary questionnaire, it indicates that this grant was used for 'commercial traders in carbon exchange'. Please explain what does "commercial traders in carbon exchange" mean?

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Response:

The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO₂. These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. Commercial traders mean those buyers of CERs from industrialized countries.

Please visit the following website for detailed information concerning CDM: <https://cdm.unfccc.int/index.html>.

18. Provide a detailed description of the process of the CDM project (eg. how does the trade take place; how is the price determined; etc.)

Response:

Parties with commitments under the Kyoto Protocol (Annex B Parties) have accepted targets for limiting or reducing emissions. These targets are expressed as levels of allowed emissions, or "assigned amounts", over the 2008-2012 commitment period. The allowed emissions are divided into "assigned amount units" (AAUs).

Emissions trading, as set out in Article 17 of the Kyoto Protocol, allows countries that have emission units to spare - emissions permitted them but not "used" - to sell this excess capacity to countries that are over their targets.

Thus, a new commodity was created in the form of emission reductions or removals. The price is negotiated between the CER holder and the buyer.

Please visit the following website for CDM project activity cycle: <https://cdm.unfccc.int/Projects/pac/index.html>.

19. Identify the names of commercial traders who participated in this project.

Response:

The names of commercial traders who participated in this project are: (1) [CONFIDENTIAL, name of the buyer]; and (2) [CONFIDENTIAL, name of the buyer].

E. Construction Grant

20. In column 'K' of the spread sheet provided in ANSTEEL's response to the supplementary questionnaire, it indicates that 'construction' grant was used for 'equity construction' and 'Technology R&D'. It further explains that 'cold

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rolled steel' production benefited from this grant. Please explain in detail how was this grant was used.

Response:

[CONFIDENTIAL, content of the grants, the disclosure of which will impair the interests of the company]

21. If 'equity construction' means that a fixed asset has been purchased, provide the date, value and life of all assets purchased, otherwise please explain the meaning of 'equity construction' with reference to construction payments received from the GOC.

Response:

Please refer to the answer to question 14 for this question.

22. In the spreadsheet you have indicated that the goods benefitting from these payments are cold rolled steel and that none relates to galvanised steel. We understand that the goods the subject of these investigations (galvanised steel and aluminium zinc coated steel) are manufactured from cold rolled steel, and can also be used in the automotive sector. Explain why you have indicated that cold rolled steel products are not relevant to galvanised steel, e.g. are they not coated?

Response:

[CONFIDENTIAL, explanations to goods beneficiary to this program, the disclosure of which will impair the interests of the company]

F. Famous Brand Product Award

23. Provide details of 'Famous Brand Product Award'. How did Angang qualify for this grant (provide all documentary evidence)?

Response:

Please refer to Exhibit S2 for the Measures for the Administration of Chinese Famous Brand Products. In Article 9 of this regulation, it illustrates the qualifications of this award.

24. Explain how the funds from the award benefit all production of the company.

Response:

It is our error to attribute this grant to all production of the company. Actually, this award is only granted to [CONFIDENTIAL, name of the product]. Please see Exhibit S3 for the [CONFIDENTIAL, document concerning this program].

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[CONFIDENTIAL, name of the product] is not relevant to the goods under investigation, thus, it shall be excluded from the countervailing program of the subject goods.

G. R&D Assistance Grant (both Angang and TAGAL)

25. In column 'K' of the spread sheet provided in ANSTEEL's response to the supplementary questionnaire, it indicates that this grant was used for 'equity construction' and 'technology R&D'.

- a. Please explain what is meant by 'equity construction' (if different from the explanations provided above).

Response:

Please refer to our explanations as above for the meaning of "equity construction". With regard to Item No. 49, the fund is mainly used to [CONFIDENTIAL, the usage of the fund].

- b. If it means that a fixed asset has been purchased, provide the date and value and life of all assets purchased?

Response:

Please refer to the answer to question 14 for this question.

- c. Please explain what is meant by 'Technology R&D' – provide details of R&D.

Response:

"Technology R&D" means the fund is used to [CONFIDENTIAL, usage of the fund].

- d. In response to the supplementary questionnaire, ANSTEEL provided that the following grants were received from 'private' organisations.

- Please provide full name (for abbreviation [CONFIDENTIAL]) and details of these organisations including their location and address.

Response:

[CONFIDENTIAL, name of the company]

- From our internet search refer details above, it appears most of these organisations are government bodies. Please confirm if any of these organisations are related to GOC and/or are government by GOC policies, laws and regulations. If so provide all details including documentary evidence.

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Response:

[CONFIDENTIAL, explanations to the nature of these program and relevant companies and organizations, the disclosure of which will impair the interests of the company]

H. [CONFIDENTIAL] (TAGAL)

26. Provide details what '**[CONFIDENTIAL]**' relates to. Explain how did TAGAL qualify for this refund? (provide all documentary evidence including application form and approval forms).

Response:

[CONFIDENTIAL, explanations to the program and the qualification for this fund, the disclosure of which will impair the interests of the company]

Please refer to Exhibit S4 [CONFIDENTIAL] for the application form and approval form. In this exhibit, we highlighted that this program belongs to 2002-2007 rather than the POI.

I. [CONFIDENTIAL] (TAGAL)

27. Provide details of '**[CONFIDENTIAL]**'. How did TAGAL qualify for this grant (provide all documentary evidence).

Response:

[CONFIDENTIAL, explanations to the program and the qualification for this fund, the disclosure of which will impair the interests of the company]

Please refer to Exhibit S5 [CONFIDENTIAL] for the approval document and the certificate.

J. [CONFIDENTIAL] (TAGAL)

28. In your email dated 27 March, it was stated that the '**[CONFIDENTIAL]**' is paid by the local authority for '**[CONFIDENTIAL]**' depending on the local policy. Please explain in detail the '*local policy*' that entitles TAGAL for the '**[CONFIDENTIAL]**' (Provide a translated copy of this policy).

Response:

Please refer to Exhibit S6 [CONFIDENTIAL] for the document.

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K. [CONFIDENTIAL] (TAGAL)

29. Provide details of **[CONFIDENTIAL]**' How did TAGAL qualify for this grant (provide all documentary evidence).

Response:

[CONFIDENTIAL, explanations to the program and the qualification for this fund, the disclosure of which will impair the interests of the company]

L. High and New Technology Enterprise Grant (TAGAL)

30. Provide details of 'High and New Technology Enterprise Grant'. How did TAGAL qualify for this grant (provide all documentary evidence).

Response:

We have provided detailed documents concerning this program in our original submission on January 11, 2013. Please kindly refer to Exhibit C.4.4 for the application and approval form of this program.

M. Exporter /Producer's Declaration

I hereby declare that **Angang Steel Company Limited** (company) did, during the investigation period export the goods and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.



Name : Fu Yong.

Signature : *傅勇*

Position in Company : Export Sales Manager

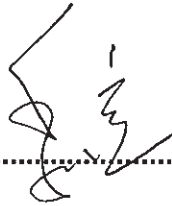
Date : *2013.4.16*

M. Exporter /Producer's Declaration

I hereby declare that **ANSC-TKS Galvanizing Co., Ltd.** (company) did, during the investigation period export the goods and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : Wei Kewei

Signature :



Position in
Company : Director of Sales & Marketing

Date :

2013-04-17

中国名牌产品管理办法

第一章 总则

第一条 为推进名牌战略的实施，加强中国名牌产品的监督管理，规范中国名牌产品的评价，推动企业实施名牌战略，引导和支持企业创名牌，指导和督促企业提高质量水平，增强我国产品的市场竞争力，根据《中华人民共和国产品质量法》、国务院颁布的《质量振兴纲要》和国务院赋予国家质量监督检验检疫总局（以下简称“国家质检总局”）的职能，制定本办法。

第二条 本办法所称中国名牌产品是指实物质量达到国际同类产品先进水平、在国内同类产品中处于领先地位、市场占有率和知名度居行业前列、用户满意程度高、具有较强市场竞争力的产品。

第三条 中国名牌产品评价工作建立以市场评价为基础，以社会中介机构为主体，以政府积极推动、引导、监督为保证，以用户（顾客）满意为宗旨的总体推进机制。

第四条 中国名牌产品评价工作坚持企业自愿申请，科学、公正、公平、公开，不搞终身制，不向企业收费，不增加企业负担的原则。

第二章 组织管理

第五条 国家质检总局负责制定中国名牌产品推进工作的目标、原则、计划、任务和范围，对中国名牌战略推进委员会的工作进行监督和管理，并依法对创中国名牌产品成绩突出的生产企业予以表彰。

第六条 国家质检总局授权中国名牌战略推进委员会统一组织实施中国名牌产品的评价工作，并推进中国名牌产品的宣传、培育工作。

中国名牌战略推进委员会是由有关全国性社团组织、政府有关部门、部分新闻单位以及有关方面专家组成的非常设机构。中国名牌战略推进委员会秘书处设在国家质检总局质量管理司，负责中国名牌战略推进委员会的组织、协调及日常管理工作。

第七条 中国名牌战略推进委员会每年根据工作需要，聘任有关方面专家组成若干专业委员会，各专业委员会在中国名牌战略推进委员会的组织下，根据产品类别分别提出中国名牌产品评价实施细则和方案，进行具体评价工作。评价工作结束后，各专业委员会自动解散。

第八条 各省（自治区、直辖市）质量技术监督部门在本行政区域内负责中国名牌产品的申报和推荐工作，并组织实施对中国名牌产品的监督管理。

第三章 申请条件

第九条 申请中国名牌产品称号，应具备下列条件：

- (一) 符合国家有关法律法规和产业政策的规定；
- (二) 实物质量在同类产品中处于国内领先地位，并达到国际先进水平；市场占有率、品牌知名度居国内同类产品前列；
- (三) 年销售额、实现利税、工业成本费用利润率、总资产贡献率居本行业前列；
- (四) 企业具有先进可靠的生产技术条件和技术装备，技术创新、产品开发能力居行业前列；
- (五) 产品按照采用国际标准或国外先进标准的我国标准组织生产；
- (六) 企业具有完善的计量检测体系和计量保证能力；
- (七) 企业质量管理体系健全并有效运行，未出现重大质量责任事故；
- (八) 企业具有完善的售后服务体系，顾客满意程度高。

第十条 凡有下列情况之一者，不能申请“中国名牌产品”称号：

- (一) 使用国（境）外商标的；
- (二) 列入生产许可证、强制性产品认证及计量器具制造许可证等管理范围的产品而未获证的；
- (三) 在近三年内，有被省（直辖市、自治区）级以上质量监督抽查判为不合格经历的；
- (四) 在近三年内，出口商品检验有不合格经历的；或者出现出口产品遭到国外索赔的；
- (五) 近三年内发生质量、安全事故，或者有重大质量投诉经查证属实的；
- (六) 有其他严重违反法律法规行为的。

第四章 评价指标

第十一条 建立以市场评价、质量评价、效益评价和发展评价为主要评价内容的评价指标体系。

第十二条 市场评价主要评价申报产品的市场占有率、用户满意水平；质量评价主要评价申报产品的实物质量水平和申报企业的质量管理体系；效益评价主要对申报企业实现利税、工业成本费用利润水平和总资产贡献水平等方面进行评价；发展评价主要评价申报企业的技术开发水平和企业规模水平，评价指标向拥有自主知识产权和核心技术的产品适当倾斜。

第十三条 不同产品评价细则的制定、综合评价中评分标准的确定、不同评价指标权数的分配、不能直接量化指标的评价方法、评价中复杂因素的简化以及综合评价结果的确定等，均由中国名牌战略推进委员会确定。

第五章 评价程序

第十四条 中国名牌产品评价工作每年进行一次。每年一季度由中国名牌战略推进委员会公布开展中国名牌产品评价工作的产品目录及受理中国名牌产品申请的开始和截至日期。

第十五条 企业在自愿的基础上如实填写《中国名牌产品申请表》（另行制定）、提供有

关证明材料，并按规定日期报本省（自治区、直辖市）质量技术监督局。

第十六条 各省（自治区、直辖市）质量技术监督局在规定的期限内组织本省（自治区、直辖市）有关部门及有关社会团体对申请企业是否符合申报条件、企业申报内容是否属实等有关方面提出评价意见，并形成推荐意见，统一报送中国名牌战略推进委员会秘书处。

第十七条 中国名牌战略推进委员会秘书处汇总各地方推荐材料后，组织有关部门和社会团体对企业的申报材料进行初审，确定初审名单，并将初审名单及其申请材料分送相应的专业委员会。

第十八条 各专业委员会按照评价细则对申请产品进行综合评价，形成评价报告，并据此向中国名牌战略推进委员会秘书处提交本专业的中国名牌产品建议名单。

第十九条 中国名牌战略推进委员会秘书处将各专业委员会提出的建议名单汇总分析后，提交全体委员会审议确定初选名单。

第二十条 中国名牌战略推进委员会将全体委员会审议确定的初选名单通过新闻媒体向社会公示并在一定期限内征求社会意见。

第二十一条 经过广泛征求意见确定的名单再次提交中国名牌战略推进委员会全体会议审议、确定并公布。

第二十二条 以国家质检总局的名义授予“中国名牌产品”称号，颁发中国名牌产品证书及奖牌。

第六章 监督管理

第二十三条 中国名牌产品证书的有效期为三年。在有效期内，企业可以在获得中国名牌产品称号的产品及其包装、装潢、说明书、广告宣传以及有关材料中使用统一规定的中国名牌产品标志，并注明有效期间。法律法规另有规定的除外。

第二十四条 中国名牌产品在有效期内，免于各级政府部门的质量监督检查。对符合出口免检有关规定的，依法优先予以免检。

第二十五条 中国名牌产品在有效期内，列入打击假冒、保护名优活动的范围；中国名牌产品生产企业应配合执法部门作好产品真假鉴别工作。

第二十六条 对已经获得中国名牌产品称号的产品，如产品质量发生较大的波动，消费者（用户）反映强烈，出口产品遭国外索赔，企业发生重大质量事故，企业的质量保证体系运行出现重大问题等，国家质检总局可以暂停或者撤销该产品的中国名牌产品称号。

第二十七条 中国名牌产品标志是质量标志。中国名牌产品称号、标志只能使用在被认定型号、规格的产品上，不得扩大使用范围。未获得中国各牌产品称号的产品，不得冒

用中国名牌产品标志；被暂停或撤销中国名牌产品称号的产品、超过有效期未重新申请或重新申请未获通过的产品，不得继续使用中国名牌产品标志；禁止转让、伪造中国名牌产品标志及其特有的或者与其近似的标志。违者按《中华人民共和国产品质量法》对冒用质量标志的规定进行处理。

第二十八条 参与中国名牌产品评价工作的有机构和人员，要保守企业的商业和技术秘密，保护知识产权；严以律己、公正廉洁，要严格按照有关规定、程序进行评价。对于违反规定的单位或者个人，将取消其评价工作资格。凡因滥用职权、玩忽职守、徇私舞弊，未构成犯罪的，由其所在的工作单位给予行政处分；构成犯罪的，依法追究刑事责任。

第二十九条 申请企业及有关机构所提供的数据应当真实，严禁弄虚作假。对于采取不正当方法获取中国名牌产品称号者，将予以取消，并通报批评，三年内不再受理该企业的中国名牌产品申请。

第三十条 各省（自治区、直辖市）质量技术监督部门负责本行政区域内名牌战略的推进工作，可以按照本办法规定的原则，协助政府制定相应的管理办法并组织实施。

除按本办法规定的名牌产品评价工作外，其他组织和个人不得进行名牌产品评价活动。

第七章 附则

第三十一条 中国名牌产品标志管理办法另行制定。

第三十二条 本办法由国家质检总局负责解释。

第三十三条 本办法自发布之日起施行，2001年国家质检总局发布的《中国名牌产品评价管理办法（试行）》（国质检[2001]32号）同时废止。

Measures for the Administration of Chinese Famous Brand Products

Chapter 1 General Provisions

Article 1 In accordance with the Product Quality Law of the People's Republic of China, the Essentials of the Promotion of Quality issued by the State Council, and the powers authorized to the State Administration of Quality Supervision, Inspection and Quarantine (hereinafter referred to as the SAQSIQ) by the State Council, these Measures are formulated for the purpose of promoting the implementation of the Name Brand Strategy, intensifying the supervision and administration of Chinese famous brand products, standardizing the evaluation of Chinese famous brand products, promoting the enterprises to carry out the name brand strategy, guiding and supporting the enterprises to establish their name brands, directing and urging the enterprises to improve the quality level, thus enhancing the competitive capacity of Chinese products.

Article 2 For the purpose of these Measures, Chinese famous brand products mean the products, of which the physical goods quality comes up to advanced levels of comparable international products and takes the lead among comparable domestic products, of which the market share and recognition are in the leading position of the trade, with high levels of consumer satisfaction and considerable competitive capacity.

Article 3 The evaluation of Chinese famous brand products shall establish the general promotion system, in which the market evaluation is taken as the basis and the public intermediary agencies are the main body, guaranteed by the active promotion, guidance and supervision of the governments and aiming at the consumers' (customers') satisfaction.

Article 4 The evaluation of Chinese famous brand products shall be carried out according to the principles of voluntary application by enterprises, those being science, equity, fairness, openness, absence of lifelong tenure, no charging enterprises and no additional burdening of the enterprises.

Chapter 2 Organization and Administration

Article 5 The SAQSIQ shall be responsible for the formulation of the objectives, working principles, planning, tasks and range for the promotion of Chinese famous brand products, carrying out supervision over the work of the National Committee for the Promotion of the Name Brand Strategy, and commending the manufacturing enterprises that have made remarkable achievements in establishing Chinese famous brand products.

Article 6 The SAQSIQ authorizes the National Committee for the Promotion of Name Brand Strategy to organize and carry out the evaluation of Chinese famous brand products in a unified way, and to promote the publicity and cultivation of Chinese famous-brand products. The National Committee for the Promotion of the Name Brand Strategy is a non-permanent

body composed of specialists from the relevant national social organizations, government departments, some press units and other relevant circles. The Secretariat of the National Committee for the Promotion of the Name Brand Strategy shall be set up under the Quality Department of the SAQSIQ, which shall be responsible for the organization, coordination and day-to-day administrative work of the National Committee for the Promotion of the Famous Brand Strategy.

Article 7 The National Committee for the Promotion of the Famous Brand Strategy may, in light of the need for work, retain specialists from relevant areas to form several special committees, which shall, under the organization of the National Committee for the Promotion of the Name Brand Strategy, and according to the classification of products, work out their respective implementing rules and plans for the evaluation of Chinese famous brand products, and carry out the specific evaluation work. And the special committees shall dissolve automatically after the evaluation work ends.

Article 8 The departments of quality and technology supervision of the provinces (autonomous regions, municipalities directly under the Central Government) shall be responsible for the application and recommendation of Chinese famous brand products within their respective administrative areas, and shall organize and carry out the supervision and administration of Chinese famous-brand products.

Chapter 3 Requirements for Application

Article 9 The following requirements must be met for applying for the title of Chinese famous brand product:

- (1) Compliance with the relevant provisions of laws, regulations and industrial policies of the state.
- (2) The physical quality takes the lead in domestic similar products and reaches the internationally accepted standard; the market share and brand recognition are all in the leading position among domestic similar products.
- (3) The annual sales, the profit payments and tax turnover realized, the profit rate on industrial costs and expenses and the total assets contribution ratio are all in the leading position of the trade.
- (4) The enterprise has reliable, advanced production techniques and equipment, and leads the industry in technological innovation and development of products
- (5) The goods are produced in accordance with the domestic standards, which reflect international standards or advanced foreign standards.
- (6) The enterprise has sound and complete measurement and monitoring systems and guaranteed measurement capacity.
- (7) The enterprise has a sound quality control system that is in effective operation, and has not experienced any major quality liability incident.
- (8) The enterprise has a sound and complete after-sale service system with high level of customers' satisfaction.

Article 10 Those in any of the following situations may not apply for the title of “Chinese famous brand product”:

- 1) Using foreign (overseas) trademarks;
- 2) Failing to obtain the licenses for the products subject to the control of production license, forcible production certification and measurement apparatus manufacturing license, etc;
- 3) Having records of failure in the selective examinations of quality supervision at the level of province (municipality directly under the Central Government, autonomous region) or above in the last 3 years;
- 4) Having records of failure in the export commodity inspections in the last 3 years; or foreign countries having claimed compensation for the export products;
- 5) Having encountered quality or safety accidents in the last 3 years, or having received major quality complaints which have been verified to be true;
- 6) Having committed other serious violations of laws and regulations.

Chapter 4 Norms of Evaluation

Article 11 A system of evaluation norms shall be established by giving priority to market evaluation, quality evaluation, results evaluation and development evaluation.

Article 12 The market evaluation shall mainly evaluate the market share, degree of consumer satisfaction of the submitted products; the quality evaluation shall mainly evaluate the physical quality level of the submitted products and the quality control system of the applying enterprises; the results evaluation shall mainly evaluate the aspects of the applying enterprises such as the profit payments and tax turnover realized, the profit rate on industrial costs and expenses and the total assets contribution rate, etc; and the development evaluation shall mainly evaluate the level of technological development and the level of enterprise scale of the applying enterprises, and the norms of evaluation shall be considerably preferential for the products embodying independent intellectual property and essential technology.

Article 13 The National Committee for the Promotion of the Name Brand Strategy shall determine the formulation of detailed rules for the evaluation of different products, the determination of criteria for the comprehensive evaluation, the allocation of the weight of different evaluation norms, the evaluation methods for the norms that cannot be directly quantified, the simplification of complex factors in the evaluation, and the determination of the results of comprehensive evaluation.

Chapter 5 Evaluation Procedures

Article 14 The evaluation of Chinese famous brand products shall be conducted once a year. The National Committee for the Promotion of the Name Brand Strategy shall, in the first quarter of each year, announce the catalog of the products for which the evaluation shall be carried out and the starting date and deadline for accepting applications for the evaluation.

Article 15 The enterprise shall, on a voluntary basis, accurately fill out the Chinese Famous

brand Product Application Form (to be formulated separately), provide relevant certifications, and submit the applications within the prescribed period of time to the Bureau of Quality and Technical Supervision of the local province (autonomous region, municipality directly under the Central Government).

Article 16 The Bureaus of Quality and Technical Supervision of various provinces (autonomous regions and municipalities directly under the Central Government) shall, within the prescribed period of time, organize the relevant departments and the relevant social organizations in their respective provinces (autonomous regions or municipalities directly under the Central Government) to offer opinions on whether the applying enterprises meet the requirements for application and whether the materials submitted by the enterprises are true, etc., and form the recommendation comments and submit them in a unified way to the Secretariat of the National Committee for the Promotion of the Famous Brand Strategy.

Article 17 The Secretariat of the National Committee for the Promotion of the Famous Brand Strategy shall, after the collection of the recommendation materials, organize the relevant departments and social organizations to conduct preliminary examination on the application materials of the enterprises, fix the list for preliminary examination and distribute such list and application materials to the corresponding special committees.

Article 18 The special committees shall conduct comprehensive evaluations on the submitted products according to the detailed evaluation rules and work out the evaluation report, and submit to the Secretariat of the National Committee for the Promotion of the Name Brand Strategy the lists of recommended Chinese famous brand products for their respective trade based on that report.

Article 19 The Secretariat of the National Committee for the Promotion of the Name Brand Strategy shall, after collecting and analyzing the lists of recommended products presented by various special committees, submit such lists to the plenary committee for examination to determine the list of primary selections.

Article 20 The Secretariat of the National Committee for the Promotion of the Name Brand Strategy shall, through the press media, make public the list determined after examination by the plenary committee and solicit opinions from the society within a certain time limit.

Article 21 The list determined after soliciting opinions from all circles shall be submitted again to the plenary committee of the National Committee for the Promotion of the Name Brand Strategy for examination, determination and announcement.

Article 22 The title of “Chinese famous brand product” shall be conferred in the name of the SAQSIQ, with the issuance of the certificates of Chinese famous brand product and medals.

Chapter 6 Supervision and Administration

Article 23 The certificate of Chinese famous brand product shall be valid for three years. During its term of validity, the enterprise may use the uniformly fixed sign of Chinese famous brand product on the product that has obtained the title of Chinese famous brand product and in its packing, decoration, specification, advertisement and other relevant materials, with the indication of the term of validity. Where laws and regulations otherwise have provisions, those provisions shall be observed.

Article 24 In terms of their validity, Chinese famous-brand products shall be exempt from the quality supervision and inspection taken by the governments at various levels. Products complying with the relevant provisions on the exemption of exit inspection shall have priority in the exemption of inspection according to law.

Article 25 In terms of their validity, Chinese famous brand products shall automatically be included in the range of the activities involved in cracking down on fake goods and protecting famous quality ones; and the enterprises of Chinese famous brand products shall cooperate with the law enforcement departments in the work of authentication of real and false products.

Article 26 With regard to products with the title of Chinese famous brand product, if there is any considerable fluctuation in the quality thereof, with strong complaints from the consumers (users), or foreign countries deserve compensation for the export products, or the enterprise encounters a serious quality liability incident, or any serious troubles have occurred to the operation of the enterprise's quality guarantee system, the National Committee for the Promotion of the Famous Brand Strategy shall suspend or cancel the title of "Chinese famous brand product" for the products involved.

Article 27 The sign of a Chinese famous brand product is a quality sign. The title and the sign of Chinese famous brand products may only be used on the products with recognized models and specifications, and the range of use may not be expanded. No product without the title of "Chinese famous brand product" may use the sign of Chinese famous brand product; products of which the title of Chinese famous brand product has been suspended or cancelled, and the products of which the producer thereof fails to make new application or the new application has not been approved within the terms of validity may not continue to use the sign of a Chinese famous brand product. It is prohibited to transfer or forge the sign of a Chinese famous brand product and its particular signs or the signs similar to it. The violators shall be dealt with according to the provisions of the Product Law of the People's Republic of China on false use of quality signs.

Article 28 All organizations and persons participating in the evaluation of Chinese famous brand products shall keep confidential the commercial and technical secrets of the enterprises, and protect intellectual properties, shall be strict with themselves, be just, honest and clear, and conduct the evaluation in strict accordance with the relevant provisions and procedures. The units or individuals violating the relevant provisions shall be disqualified from further participation in the evaluation. Those abusing their powers, neglecting their duties and committing self-seeking misconduct shall be given an administrative sanction by the units to

which they belong if no crime has been constituted or, in case of any crime, be investigated for their criminal responsibilities.

Article 29 Applying enterprises and relevant organizations shall provide authentic data without any deception. The title of Chinese famous brand product that has been obtained through improper practice shall be cancelled, with the circulation of a notice of criticism, without further acceptance of any application by the relevant enterprise for the title of Chinese famous brand product for the following three years.

Article 30 The departments of quality and technology supervision of various provinces (autonomous regions, municipalities directly under the Central Government) shall be responsible for the promotion of Name Brand Strategy within their respective administrative areas, and may, in accordance with the principles prescribed in these Measures, assist the governments in formulating their corresponding administration measures and organize the implementation.

No other organization or individual may conduct evaluation of famous brand products other than those provided for by these Measures.

Chapter 7 Supplementary Provisions

Article 31 The measures for the administration of the sign of Chinese famous brand product shall be formulated separately.

Article 32 The power to interpret these Measures shall remain with the SAQSIQ.

Article 33 These Measures shall come into force on the day of promulgation, and the Measures for the Control of Evaluation of Chinese Famous brand Products (for Trial Implementation) (No.32 [2001] of the SAQSIQ) promulgated by the SAQSIQ in 2001 shall be abolished simultaneously.