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PEOPLE'S REPUBLIC OF CHINA

**POSITION PAPER OF THE PEOPLE'S REPUBLIC OF CHINA
ON INDUSTRY VERIFICATION**

The industry verification regime is one of the key instruments in pursuit of the object and purpose of the Chemical Weapons Convention (hereinafter “the Convention”). Since the Fourth Review Conference, the verification regime has performed effectively overall and played an important role in monitoring the destruction of chemical weapons stockpiles, preventing the re-emergence of chemical weapons, and enhancing mutual trust among States Parties.

Since the Fourth Review Conference, China has been continuously strengthening its national implementation legislation and regulation, such as amending and implementing its “Rules for the Regulations on Monitored and Controlled Chemicals and the List of Schedules of Controlled Chemicals” and other supporting legal documents to reinforce the management of the scheduled and non-scheduled chemicals in accordance with the Convention. Efforts have also been made to hold training courses and provide inspection guidance to local governments and the chemical industry in order to further strengthen and build their capacity for implementing the Convention. China has been actively conducting education and outreach activities to raise public awareness of implementation, such as organising a series of events nationwide to commemorate the anniversary of the entry-into-force of the Convention and the establishment of the OPCW. In 2022, China’s National Authority held a commemorative conference for the twenty-fifth anniversary of the entry-into-force of the Convention and carried out a variety of supporting activities, with more than 220,000 people participating.

China is the State Party with the largest number of declared and inspected facilities under Article VI of the Convention. Since 2018, China has submitted 12 national declarations and received 75 industrial inspections in total (as at 31 December 2022). All of the inspection reports have demonstrated that China has been faithfully and earnestly fulfilling its obligations under the Convention. Even against the backdrop of the COVID-19 pandemic, China still tried its best and showed maximum flexibility to support the work of the Technical Secretariat (hereinafter “the Secretariat”) and several exceptions have been made in this regard, such as receiving on-site inspections over two consecutive weeks, arranging long-distance and inter-provincial sequential inspections of Schedule 2 facilities, setting up five temporary points of entry, and facilitating the entry of inspection missions during China’s official holidays. All of these measures have greatly contributed to reducing the inspection backlog, and improving efficiency and saving costs.



Meanwhile, China takes note of the problems and challenges that industrial verification is currently faced with in terms of declarations, on-site inspections, policy making, and implementation measures. China's positions on the above issues are elaborated as follows:

1. Article VI of the Convention should be implemented in a full, effective, and non-discriminatory manner to further enhance the effectiveness of the industry verification regime. Its modification and optimisation should proceed with due consideration for the principle of not placing additional burdens on the industry, and with the aim of improving effectiveness and efficiency. Inspection procedures—especially for sequential inspections—should be simplified, and the standardisation of the regime should be further promoted, such as reducing ambiguity and arbitrary discretion when evaluating inspection outcomes. The mechanism to solve disagreements should also be improved to minimise the impact on production and operational activities of companies in the chemical industry. Any temporary measures taken by the Secretariat must be consistent with the provisions of the Convention, and its mandate should be adopted by the policy-making organs, such as the Executive Council (hereinafter “the Council”) or the Conference of the States Parties as pursuant to the procedures embedded in the Convention.
2. In the past 26 years since the entry-into-force of the Convention, rapid developments in the chemical industry and technology have been witnessed. Some Schedule 2 chemicals have found increasingly extensive commercial applications, leading to increased production quantities in the fields of construction, textiles, pesticides, and pharmaceuticals. Thus, the classification guideline of “not produced in large commercial quantities for purposes not prohibited under the Convention” is no longer applicable to some Schedule 2 chemicals. States Parties and the Secretariat should take development and safety into account holistically, and carry out more research on Schedule 2 chemicals and scientific and technological advances. The provision to “avoiding hampering the economic or technological development of States Parties” found in Article XI should be faithfully implemented, to ensure that the achievements in chemistry can fully benefit mankind.
3. According to the Secretariat's inspection findings, the following items are most frequently identified as falsely declared by State Parties: main activities, the production capacity of declared Schedule 2 chemicals, the product group codes of discrete organic chemicals (DOC), the approximate number of DOC production plants and PSF-related¹ plants. China suggests that the Secretariat should not only continue to update the OPCW Declaration Handbook, but also take practical measures to clarify the criteria and guidelines for declarations in close consultation with States Parties, so as to further improve the accuracy of declared information. For example, the Secretariat could make a completion guideline for declaring main activities involving scheduled chemicals at a plant, specify the methods for determining the production capacity of Schedule 2 chemicals, the product group codes of common DOC, and the classification criteria for DOC plant sites. These measures could further reduce the discrepancies resulting from different interpretations of declaration requirements.

¹ PSDF = Phosphorus, sulphur, or fluorine.

4. How to correctly identify DOC and accurately declare other chemical production facilities (OCPFs) is a common difficulty in the declaration process for chemical enterprises. In recent years, China has made consistent efforts and attempts to improve the accuracy of declarations. In 2018, China compiled a catalogue of around 9,000 DOCs, including: the official and common name (if any) of the chemical, the Chemical Abstracts Service (CAS) number, the PGC, the molecular formula, whether or not the chemical contains PSF, the structural formula, the main purpose of use, etc.. Following a joint cross-check with the Secretariat, China's National Authority officially issued the Catalogue on Certain Discrete Organic Chemicals in 2019. As a public product for implementation and a reference to declaration submission, the Catalogue is free for download at home and abroad and has received widespread welcome. China proposes that the Secretariat could consider establishing an internal database of DOCs for States Parties, so as to enhance their ability to identify chemicals and improve the accuracy and completeness of their declarations.
5. Many symposiums, expert-level meetings, and industry-cluster consultations within the framework of the OPCW have come to the conclusion that discrepancies in the declarations of import, export, and transfer operations among States Parties are not caused by neglect or intentionally false declarations, but rather by varying national procedures in collating aggregate import and export data. China proposes that, as a reference for States Parties, the Secretariat should further specify the procedure for collecting import-export data and related declaration criteria, set a uniform standard for classifying the export destination and transit States for scheduled chemicals, and provide clearer declaration criteria for import-export scheduled chemicals among States Parties at the turn of the year. These proposals are aimed at addressing the root cause of the large number of discrepancies in scheduled chemical transfer declarations resulting from technical problems. Meanwhile, the Secretariat should encourage States Parties to resolve any discrepancies through consultation, and provide a platform for communication and cooperation, such as setting agenda items for discussion on transfer discrepancies at National Authority meetings, regional meeting, etc..
6. According to a report by the Secretariat, the activities of Schedule 2B04 facilities have rapidly increased in recent years due to market changes and growing environmental and health concerns regarding halogenated flame retardants, the declarations of which now account for 60 – 70% of all declared Schedule 2 facilities and has apparently affected the OPCW's inspection planning and activities. The Secretariat should, in accordance with paragraph 20, Part VII of the Verification Annex to the Convention, review its current risk assessment methodology for Schedule 2 facilities and determine the proper frequency for their subsequent inspections based on their respective risk levels, so as to put into place an effective mechanism to clear the backlog of Schedule 2 inspections. It also should be underscored that the selection approach for subsequent inspections of Schedule 2 plant sites should be strictly in line with the risk assessment principle set by the Convention, and should be differentiated from the "random selection" mechanism applied for determining the inspected Schedule 3 and OCPF plant sites. In light of the increasingly extensive application of certain Scheduled 2B04 chemicals in the civilian chemical industry, China proposes reviewing the risk of relevant plant sites and reduce the frequency of their subsequent inspections accordingly.

7. With regard to the Secretariat's assessment, OCPF inspections are expected to reach a "tipping point" in the next five to eight years. By then, the number of States Parties with uninspected OCPF sites will be reduced from 50 to 30, which will negatively impact the selection of inspected OCPF facilities and exacerbate the imbalance in the geographical distribution of inspections. According to paragraph 6, Article VI of the Convention, "each State Party shall subject facilities specified in Part IX of the Verification Annex to data monitoring and eventual on-site verification in accordance with that Part of the Verification Annex unless decided otherwise by the Conference of States Parties pursuant to Part IX, paragraph 22, of the Verification Annex". According to paragraph 11, Part IX of the Verification Annex of the Convention, the "equitable geographical distribution of inspections" should be the primary weighting factor for random selection of OCPF sites for inspection. China believes that the above-mentioned principles should be strictly observed. In the Council decision entitled "Policy Guidelines for Determining the Number of Article VI Inspections" (EC-66/DEC.10, dated 7 October 2011), it was clearly stated that "the length of time between two Article VI inspections in any one State Party should not exceed approximately eight years". Therefore, China suggests that the OCPF sites for which the initial inspection dates back to more than a certain time span could be regarded as uninspected in the selection mechanism. The Secretariat should continue to optimise the selection methodology for OCPF inspections and work out a sound and effective inspection plan by taking into account the risks associated with each site and the principle of equitable geographical distribution. While prioritising uninspected OCPFs, including those for which the initial inspection dates back to more than a certain period of time, subsequent inspections could focus on facilities with record of "uncertainty" and "issues requiring further attention" in their initial inspections, as well as those where the chemical production quantity and facility numbers have demonstrated a significant change.
8. The Secretariat should closely monitor the development of on-site, new generation analytical technology and enhance its sampling and analysis capacities accordingly in order to further improve its inspection efficiency. In view of the high cost of transporting the requisite equipment and reagents, on-site analysis inspections should prioritise Schedule 2 facilities with higher-risk levels that are subject to sampling and analysis under the Convention.
9. The Secretariat is encouraged to make full use of the Centre for Chemistry and Technology to provide States Parties with more training programmes to enhance their capacity to implement the Convention and receive inspections with on-site analysis.