



## Analyses on Functions of Newly Set-up SAMR

### Background:

On 13<sup>th</sup> March China government started the institutional restructuring of the state council. As the consequence of reorganization, State Administration of Market Regulation (SAMR) was formed, consolidating the former State Administration for Industry and Commerce (SAIC), General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and China Food and Drug Administration (CFDA). It also includes anti-monopoly investigation and execution functions formerly under the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM).

On 9<sup>th</sup> August 2018, SAMR issued “The Detailed Function of the State Administration for Market Regulation” to officially announce the functions, responsibilities and the difference task assignments with other ministries.

SESEC IV team translated the this document and recommend it to the European stakeholders. The document can be regarded as the official documents on what can be processed by SAMR. It also will give the relevant partners in European to talk with proper parties and people in SAMR.

SESEC expert suggested European relevant stakeholders for standardization, conformity assessment and market access of China to read this document carefully.

Analyses for key information or take-aways for SESEC stakeholders were listed below.

1. This document is very helpful to understand the organizational structures and functions of the newly set-up big ministry SAMR.
2. In **Article 2**, it states that SAMR is directly under State Council, where CNCA (Certification and Accreditation Administration of the People’s Republic of China) and (SAC) Standardisation Administration of the People’s Republic of China are totally absorbed by SAMR and only the names of them are retain for public and external use.
3. In **Article 3.1**, one can see that one key function of SAMR is to drafting laws and regulations on market supervision and management, and formulating relevant regulations, policies and standards. It also mentioned three key China national



- strategies managed by SAMR, which are “strategy of superpower in quality, food safety strategy and standardisation strategy” .
4. In **Article 3.3**, it confirmed that the market surveillance will be done by SAMR. While in **Article 3.4**, the anti-monopoly and fair-competition issues are also managed by SAMR.
  5. In **Article 3.5**, beside management of the traditional market transactions, the behaviour of online commodity transactions and related services are also managed by SAMR.
  6. In **Article 3.6** and **3.7**, the document emphasized a lot not only on product safety issues but also product quality issues. It again showed that the Chinese government wants to use “administrative means or governmental powers” to encourage, control or force the Chinese industries on updating their product qualities and services qualities. From this reason, some standards not only regulate the essential safety requirements, but also draft a lot of clauses and parameters on higher quality or “higher” performance requirements for the products.
  7. Special equipment, food safety and metrology work in China are managed by SAMR.
  8. In **article 3.12**, it regulates the standardization functions of SAMR. Where for the mandatory national standards, “SAMR (SAC) is undertaking the project approval, numbering, external notification and authorisation approval publication of the mandatory national standards”, while the project proposal and drafting for mandatory national standards are not undertaken by SAC. It also states that SAMR (SAC) “**Develop** recommended national standards. **Coordinate, guide and supervise** the formulation of sectoral standards, local standards, and association standards. **Organise** the implementation of international standardisation cooperation and participate in the formulation and adoption of international standards.”
  9. Product inspection and testing, certification and accreditation work previously undertaken by CNCA, are key functions of SAMR in **article 3.13** and **3.14**.
  10. In **article 3.16**, China Food and Drug Administration (CFDA) and the State Intellectual Property Administration (previous SIPO) are under SAMR.
  11. In **article 3.18**, it proposed the prospective developments or wishes of SAMR.
    - i. One of them is the “Vigorous promotion of quality improvement”, where the enterprise standards and its self-declaration scheme and “technologically advanced association standards” are strongly encouraged. SAMR, from this

- clause, also wished to innovate third-party quality evaluation, and benchmark the international standards, to make China with superpower in quality.
- ii. Second wish of SAMR is to simplify the administrative measures like reduce the product category and “numbers” of “Product Permission”.
12. In **article 3.19**, different functions undertaken by SAMR and other potentially relevant/conflicting ministries are clarified here. For example, in food area, “The Ministry of Agriculture and Rural Affairs is responsible for the quality and safety supervision and management of edible agricultural products **from the cultivation and breeding** links to the wholesale, retail market or before entering production and processing enterprises. **After the edible agricultural products enter the market, they are supervised and managed by the SAMR**”.
  13. The China Drug Administration is responsible for formulating regulatory systems for pharmaceuticals, medical devices and cosmetics, and is responsible for the licensing, inspection and punishment of the development link of pharmaceuticals, medical devices and cosmetics.
  14. Internal divisions are explained in **Article 4**. There are total 28 Divisions under SAMR. Relevant Divisions for SESEC Project are listed as follow
    - i. **Law and Regulation Division**. Undertake the work of drawing up market supervision and management related draft laws, regulations and rules. Undertake the review of the legality of normative documents as well as international cooperation agreement, agreement and protocol drafts.
    - ii. **Law Enforcement Inspection Bureau**. It is a division for market surveillance matter.
    - iii. **Anti-monopoly Bureau**.
    - iv. **Online Trading Supervision and Management Division**. Online commerce regulations and relevant supervision scheme will be done by this division. SESEC think some standards regulate Online commerce behaviours will also be led by them.
    - v. **Quality Development Bureau and Product Quality and Safety Supervision and Management Division**. They are two key departments for “Formulate, organise and implement policies and measures to promote the strategy of superpower in quality,”, therefore its activities and the relevant measures or mindsets for product quality upgrading needs to be closely observed in the future.

- vi. **Special Equipment Safety Supervision Bureau.** It decides the special equipment catalogs and safety technical specifications, checking standards compliance for special equipment.
- vii. **Standard Technical Management Division and Standard Innovation Management Division.** These two departments take over the previous functions of SAC. SESEC still believe in the future there will be some coordination of these two department especially who representing SAC externally.
- viii. Two departments take over the previous functions of CNCA are **Certification Supervision and Management Division and Accreditation, Testing, Inspection and Supervision Management Division.**

15. The Staff of SAMR are 805. There are 1 Administrator, 4 deputy Administrator, and 120 director-level leaders.

#### Conclusions:

With the staff and functions finally confirmed by SAMR, SESEC expert will keep following their activities and set up new contacts in the relevant Divisions.