

**Situation Report – HM Restrictions During 2008 Olympic Games**  
**USDOT / Pipeline and Hazardous Materials Safety Administration**

<b>1. Topic of Discussion:</b> Restrictions on Hazardous Materials in Chinese Ports During the Olympic Games	<b>SITREP # 1</b> <input checked="" type="checkbox"/> <b>Original</b> <input type="checkbox"/> <b>Update</b>
<b>2. Date and time (of this SITREP):</b> 5/29/08	
<b>3. Information source (of this SITREP):</b> Various	
<b>4. Next Update:</b> Upon receipt of new information	
<p><b>Background:</b> The United States Department of Transportation’s (USDOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) has received numerous and conflicting reports concerning potential temporary restrictions on production and transportation of hazardous materials in China prior to and during the 2008 Olympics. To date, PHMSA has not received confirmation on specific hazardous material production and transport restrictions, and whether these potential restrictions are being imposed by the Chinese government or local authorities (municipalities, port authorities, etc.)</p> <p>The Public Security Bureau of Beijing issued a directive on April 14, 2008, concerning regulations addressing control measures for the production and transportation of chemicals during the 2008 Beijing Olympics including a list of 257 restricted chemicals. The restrictions apply in certain regions and cities where 2008 Olympic events are scheduled. For instance, the restrictions apply for May 20-24 and July 1-August 22, 2008 for Shanghai and from May 1 through October 17<sup>th</sup> for Beijing.</p> <p>Based on feedback from other Chinese government agencies and inquiries from PHMSA to the China Ministry of Transport indicating that the restrictions were excessive and could possibly cause serious impact on the entire chemical industry and supply chain, the directive was temporarily suspended. The Chinese agency that initially issued the directive was provided comments and extensive opposition from chemical companies, commerce chambers and the National People’s Congress. A revised regulation is being considered and is expected to be finalized by the end of May 2008.</p> <p>Chinese businesses annually ship billions of dollars of hazardous materials globally. PHMSA is concerned that the temporary restrictions could have a significant impact on the US economy and on companies that rely on imports from China to support their manufacturing and distribution operations. PHMSA believes that the implications must be identified and communicated to the Chinese government to avoid significant detrimental impacts to US companies that rely on the continuous supply of goods to and from China</p> <p><b>Current Status:</b></p> <p><u>5/13/08</u> – Document issued by the port of Shanghai, which states:</p> <ul style="list-style-type: none"> <li>○ From July 18<sup>th</sup> to August 25<sup>th</sup>, all dangerous goods containers transporting any of the following: explosive chemical, Organic peroxide, toxic materials, radioactive materials, Hydrogen peroxide, acetone, vitriol, nitric acid, hydrochloric acid, ammonium nitrate are all forbidden to declare in the port.</li> <li>○ From July 20 to August 31, the port will stop any work on those listed above dangerous goods. Special cases must get the approval from Port management.</li> </ul>	

5/23/08 – Deputy Assistant Secretary for Transportation Policy (DAS) Joel Szabat met with Chinese Ministry of Transportation (MOT) officials to discuss the potential fireworks and HM restrictions. The MOT officials acknowledged the need for central government policy guidance due to fireworks explosions earlier in the year and recent rumors of local government action involving port restrictions. The MOT noted that recommendations for short-term measures addressing the pressing issue of fireworks shipments in time for the 4<sup>th</sup> of July have been forwarded to the MOT senior leadership for consideration. The officials indicated that a decision from senior leadership could be rendered by May 31<sup>st</sup>.

5/23/08 – PHMSA and the Consumer Products Safety Associations (CSPA) met with the First Commercial Secretary of the Chinese Embassy in Washington, DC. The objectives of the meeting were:

1. US interests and companies require clarification on what (if any) hazardous materials restrictions will be in place at Chinese ports during the time span of the Olympic ceremonies
  - a. There are conflicting reports coming from numerous sources that discuss partial restrictions of certain high-risk hazardous materials to complete prohibitions of hazardous materials through specific ports.
  - b. What Chinese Ministry is implementing the restrictions and for what purpose (Safety, Security, Pollution, etc)?
  - c. Are regional authorities issuing independent restrictions? If so, can site specific clarification be obtained?
  - d. Clarification of the restrictions and where they will be in effect will allow HM shippers and transport companies to implement contingencies to reduce impact?
2. If the restrictions are security-based, is the Chinese government open to alternative methods that will meet the required security without HM restrictions (alternate routes, etc)?

The First Secretary indicated he was not aware of the potential restrictions or what ministry was implementing them. He suggested that a letter be written to the Chinese Embassy addressing the expressed concerns. He informed us that China had recently formed government oversight working groups to improve the communication between Chinese ministries, and that directing the concerns to one of those groups might help. The First Secretary will discuss this matter with other members of the embassy including representatives from the Ministry of Public Security.

CSPA drafted the proposed letter and delivered it to the Chinese Embassy on the afternoon of 5/23.

5/28/08 – The U.S. Embassy inquired about the proposed short-term measures and no final decision has been made yet.