

GLOBAL MATERIALS COMPLIANCE HANDBOOK



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A JOHN WILEY & SONS, INC., PUBLICATION

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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Library of Congress Cataloging-in-Publication Data:

Phyper, John-David.

Global materials compliance handbook / John Phyper, Philippe Ducas,
Peter J. Baish.

p. cm.

ISBN 0-471-46739-1 (Cloth)

1. Hazardous substances—Transportation. I. Ducas, Philippe.

II. Baish, Peter. III. Title.

T55.3.H3P59 2004

363.17—dc21

2003014217

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

GLOBAL MATERIALS COMPLIANCE HANDBOOK

*To my wife, Christine, for her patience, and daughters, Megan and Madison,
for constantly reminding me of the important things in life.*

J.D.P.

*To my wife, Catherine, for her understanding and loving. Also to Stéphanie,
Pascale, and Pierre-Olivier, who are the most beautiful gifts of my life.*

P.D.

To my wife, Mary Alice, and children, Meg, Sarah, Liz, and P.T., I love you!

P.J.B.

PREFACE

This book is primarily directed to assisting those individuals who are responsible for material compliance (MC). The term MC refers to activities and processes used to ensure an organization is compliant with legislation related to hazardous (regulated) goods across all aspects of its business; for example, purchasing, research and development, testing, manufacturing, selling, documenting and distribution of regulated materials. Currently, companies spend hundreds of billions of dollars to satisfy these regulatory requirements. Examples of job functions related to MC include the following:

- Personnel who generate and distribute regulatory documents, e.g., safety data sheets, workplace safety cards, labels.
- Staff or third party contractors who train personnel on hazard communication requirements and import/export legislation.
- Personnel involved in the purchase, importation, manufacture or use of hazardous (regulated materials).
- Personnel who take new orders, transport goods locally/internationally or export hazardous (regulated materials).
- Research personnel involved in the development of new/modified formulations or products.

The primary purpose of the hazard communication documents is to prevent injury to workers or consumers, identify potential danger to the environment and be able to quickly and effectively respond to an incident, for example, tanker spill along a roadway or consumption of product by a child.

The book was designed to assist readers to answer the following questions relative to their organization:

- What is MC legislation?
- What components of global MC legislation should my business care about?
- How do I keep track of all this legislation?
- What are the components of a good material compliance system (MCS)?
- What is a MCS-information system (IS) and how can I incorporate one into our business?

In many cases, a lack of knowledge or poor execution of global MC requirements has prevented companies from filling international orders. Most companies now realize that the successful management of MC activities provides a competitive advantage for companies doing business globally, especially as North America and Europe “de-industrialize” and companies move their businesses abroad to capture lower labor costs. Key components of a successful MC management program include a well-defined process, personnel knowledgeable in both regulatory matters and supply chain issues and technology for information transfer.

ACKNOWLEDGMENT

This handbook represents the efforts of more than the three authors. To ensure that the information has been presented properly and is current, the following experts reviewed draft versions of the chapters. All of these people freely gave of their time and ideas and authors are indebted to each of them for their assistance: Leo Appelman, Akzo Nobel Coatings; Frank Arcadi, Atrion International Inc.; Sarah K. Baish Milin; Joe Cella, Atrion International Inc.; Taco de Jong, Akzo Nobel Coatings; Gil Duhn, General Motors Corporation; Steve Fogel, Applied Materials; Pierre Gravel, Canada Customs and Excise, Retired; Jerry Hagan, Atrion International Inc.; Scott Harter, Atrion International Inc.; Lea Johnson, Weyerhaeuser Corporation; Ian Jones, BP International Limited; Aad van Keulen, Atrion International Inc.; Sally Meier, IBM; Luc Seguin, Kemika XXI Inc.; Jill Thomas, Applied Materials; and Henk van Peske, Kodak Polychrome Graphics.

CONTENTS

PREFACE	xiii
ACKNOWLEDGMENT	xv
1 Introduction	1
1.1. Overview, 1	
1.2. Types of Legislation, 6	
1.3. Government Enforcement, 8	
1.4. Content, 10	
References, 12	
PART I REGULATORY REQUIREMENTS	13
2 Chemical Registration, Notification, and Listing	15
2.1. Introduction, 15	
2.2. Requirements for North America, 15	
2.2.1. United States, 15	
2.2.2. Canada, 21	
2.3. European Requirements, 21	
2.3.1. Current Requirements, 21	
2.3.2. REACH Program, 27	
2.4. Pacific Rim Requirements, 28	
2.4.1. China, 28	

- 2.4.2. Australia, 32
- 2.4.3. Philippines, 35
- 2.4.4. Korea, 36
- References, 39

3 Material Safety Data Sheets

41

- 3.1. Introduction, 41
- 3.2. Global MSDS Requirements, 42
- 3.3. North American Requirement, 53
 - 3.3.1. United States Requirement, 53
 - 3.3.2. U.S. Approach to GHS, 58
 - 3.3.3. Canadian Requirements, 60
 - 3.3.4. Mexican Requirement, 61
- 3.4. European Safety Data Sheets, 62
 - 3.4.1. Overview of Labeling (Classification), 62
 - 3.4.2. Substance Versus Preparation, 94
 - 3.4.3. Environmental Classification, 96
 - 3.4.4. SDS Format, 97
 - 3.4.5. Languages, 99
- 3.5. Pacific Rim MSDS, 100
 - 3.5.1. MSDS for Japan, 100
 - 3.5.2. SDS for Korea, 114
 - 3.5.3. SDS for China, 120
 - 3.5.4. SDS for Australia, 123
 - 3.5.5. SDS for Malaysia, 126
 - 3.5.6. SDS for Thailand, 129
- 3.6. Global Harmonization System (GHS), 130
- References, 143

4 Product Label Requirements

145

- 4.1. Introduction, 145
- 4.2. North America, 146
 - 4.2.1. United States, 146
 - 4.2.2. Canada, 149
 - 4.2.3. Mexico, 154
- 4.3. Europe, 157
 - 4.3.1. Information Contained on a European Label, 158
 - 4.3.2. Final Choice of Risk and Safety Phrases, 158
 - 4.3.3. Chemical Name(s) to Be Displayed on the Label, 159
 - 4.3.4. Choice of Danger Symbols, 160
 - 4.3.5. Choice of Risk Phrases, 160
 - 4.3.6. Choice of Safety Phrases, 161

- 4.3.7. The EC Number, 162
- 4.3.8. The Dimensions of the Label for Preparations, 162
- 4.3.9. Special Cases: Substances, 163
- 4.3.10. Special Cases: Preparations, 163
- 4.4. Pacific Rim, 163
 - 4.4.1. Japan, 163
 - 4.4.2. Korea, 164
 - 4.4.3. China, 168
 - 4.4.4. Australia, 170
 - 4.4.5. Malaysia, 171
- References, 176

5 Transport Requirements

177

- 5.1. Overview of Transport Legislation, 177
- 5.2. International Requirements, 181
 - 5.2.1. United Nations (UN), 181
 - 5.2.2. ICAO and IATA, 192
 - 5.2.3. IMO, 193
- 5.3. North American Requirements, 197
 - 5.3.1. U.S. DOT, 197
 - 5.3.2. Canadian TDG, 203
 - 5.3.3. Mexican, 212
- 5.4. European Requirements, 218
 - 5.4.1. ADR, 218
 - 5.4.2. EU Inland Waterways, 220
 - 5.4.3. Navigation on the Rhine, 221
 - 5.4.4. RID-OTIF, 223
- 5.5. Other Country Requirements, 223
 - 5.5.1. Australia National Dangerous Goods Policy, 223
 - 5.5.2. China Transport Packaging of Dangerous Goods, 229
- References, 232

6 Import Compliance

233

- 6.1. Change in Strategy at the Border, 233
 - 6.1.1. Overview of Content, 233
 - 6.1.2. Historical Perspective, 233
- 6.2. Import Compliance Issues, 235
- 6.3. Self-Assessments?, 237
- 6.4. Import Requirements of Individual Countries and Economic Unions, 238
 - 6.4.1. United States, 239

- 6.4.2. Canada, 246
- 6.4.3. Mexico, 250
- 6.4.4. European Union, 255
- 6.4.5. Australia, 261
- 6.4.6. China, 266
- 6.4.7. Japan, 268
- 6.4.8. Korea, 273
- 6.4.9. Taiwan, 276
- References, 277

7 Export Compliance 279

- 7.1. Overview, 279
- 7.2. General Export Control Legislation, 280
- 7.3. International Agreements for Export Control, 282
- 7.4. North America, 282
 - 7.4.1. United States, 282
 - 7.4.2. Canada, 291
 - 7.4.3. Mexico, 294
- 7.5. European Union, 295
- 7.6. Pacific Rim, 297
 - 7.6.1. Australia, 297
 - 7.6.2. China, 300
 - 7.6.3. Japan, 301
 - 7.6.4. Korea, 304
 - 7.6.5. Taiwan, 305
- 7.7. Corporate Export Compliance Programs, 306
- References, 308

PART II MATERIAL COMPLIANCE SYSTEMS 309

8 Impact of Terrorism on the Supply Chain 311

- 8.1. Introduction, 311
- 8.2. Effect on Cargo Movements, 312
- 8.3. Dangerous Times: Next Attack?, 313
- 8.4. Countermeasures, 314
 - 8.4.1. Tightening Legal Requirements, 314
 - 8.4.2. Private Sector Partnerships, 316
 - 8.4.3. Overseas Targeting of Container Freight, 317
 - 8.4.4. U.S./Canadian Border Clearance and Security Enhancements, 318
- 8.5. New Reality, 318
- References, 320

9 Material Compliance Systems 321

- 9.1. Overview of Management System, 321
 - 9.1.1. General Management System Principles, 322
 - 9.1.2. Key Components of a MCS, 324
 - 9.1.3. Reasonable Care, 328
- 9.2. Material Compliance Policy, 331
- 9.3. Planning, 332
 - 9.3.1. Areas of Potential Risk, 332
 - 9.3.2. Legal and Other Requirements, 334
 - 9.3.3. Objectives and Targets, 335
 - 9.3.4. Management Programs, 336
- 9.4. Implementation and Operations, 337
 - 9.4.1. Structure and Responsibility, 337
 - 9.4.2. Training, Awareness, and Competence, 338
 - 9.4.3. Communications, 340
 - 9.4.4. MCS Documentation, 341
 - 9.4.5. Document Control, 343
 - 9.4.6. Operational Control, 345
 - 9.4.7. Emergency Preparedness and Response, 346
- 9.5. Checking and Corrective Action, 347
 - 9.5.1. Monitoring and Measurement, 347
 - 9.5.2. Nonconformance and Corrective and Preventative Action, 348
 - 9.5.3. Records, 349
 - 9.5.4. MCS Audits, 350
- 9.6. Management Review, 352
 - References, 353

10 MCS–Information Systems 355

- 10.1. Introduction, 355
 - 10.1.1. Overall MCS-IS Components, 355
 - 10.1.2. Business Drivers, 358
- 10.2. Identifying Preferred Approach, 359
 - 10.2.1. Documenting Business Requirements, 359
 - 10.2.2. Documenting Current/Future Costs, 360
 - 10.2.3. Maintain Status Quo, Build, or Buy?, 361
- 10.3. Implementation of Selected Solution, 366
 - 10.3.1. Implementation Process, 366
 - 10.3.2. Project Team, 370
 - 10.3.3. Project Management, 372
 - 10.3.4. Uncertainty of Implementation Costs, 376
 - 10.3.5. Implementation Schedule, 376
 - 10.3.6. Do's and Don'ts, 378

10.3.7.	Training Program,	379
10.3.8.	Installation and Configuration,	381
10.3.9.	Conference Room Pilot,	382
10.3.10.	Custom Modifications (Commercial Application),	383
10.3.11.	Legacy Data Migration,	383
10.3.12.	Interfaces,	385
10.3.13.	Testing,	386
10.4.	Go Live and Post Implementation,	387
10.4.1.	Going Live,	387
10.4.2.	Maintenance,	388
	Reference,	389

APPENDICES	391
1 Glossary	391
2 Audit/Inspection Checklists	397
3 Material Management Web Sites	423
4 Import/Export Web Sites	437
5 Occupational Exposure Limits Legislation	441
INDEX	459

1

INTRODUCTION

1.1 OVERVIEW

Whether a company operates facilities across the globe or merely imports or exports goods to a single jurisdiction, company personnel and their advisors must be aware and understand regulatory requirements pertinent to their activities. The term *material compliance* (MC) refers to activities and processes used to ensure an organization is compliant with legislation related to hazardous (regulated) goods across all aspects of its business, for example, purchasing, research and development, testing, manufacturing, selling, documenting, and distribution of regulated materials. Currently, companies spend hundreds of billions of dollars to satisfy these regulatory requirements.

In many cases, a lack of knowledge or poor execution of the requirements has prevented companies from filling international orders. More and more companies are realizing that the successful management of MC activities provides them a competitive advantage. This is becoming more critical as North America and Europe companies move their businesses abroad to capture lower labor costs.

Within a company's supply chain activity there are multiple areas that need to interact with a proper MC process. These include, as a minimum, the following:

- Review of suppliers' Material Safety Data Sheets (MSDS) or Safety Data Sheets (SDS) to ensure material can be imported and that documentation addresses pertinent regulatory requirements.
- Approval of vendors for specific chemicals, taking into consideration import/export legislation (e.g., embargos).
- Create Workplace Safety Cards (WSC), primarily in Europe, and labels using key information from suppliers' MSDS/SDS and country-specific regulatory information.
- Train workers on how to use these chemicals and make the MSDS/SDS and WSC readily available.
- Use a new chemical within a research and development activity and identify potential regulated criteria that will be associated with new or modified finished products (product optimization) that use this new chemical.
- Create MSDS/SDS and WSC for the newly design product.
- Verify registration and import quantity limitations for targeted countries.
- Verify the inventory listing for each substance (pure product) that is used to create the new product.
- Verify export information (banned list, embargo screening, etc.).
- Create label (potentially multilingual) information for product selling and shipment.
- Send MSDS/SDS to client prior to shipment (distribution by mail, fax, e-mail) in appropriate language and jurisdiction.
- Create driver instruction cards, in appropriate language, for road shipment (Tremcards).
- Print all documentation needed with the shipment, addressing local languages and legislation for areas through which the shipment may pass.

It is important to note that the primary "purpose" of the hazard communication documents listed above is to prevent injury to workers or consumers, to identify potential danger to the environment, and to be able to quickly and effectively respond to an incident, for example, a tanker spill along a roadway or accidental consumption of product by a child.

To effectively manage MC on a global scale, the following are required:

- well-defined process
- personnel knowledgeable in both regulator matters and supply chain issues
- technology for information transfer

Most companies who ship or receive goods internationally have developed material compliance systems (MCS) that address these regulatory require-

ments. These MCS are typically labor intensive, address mainly the primary business location (e.g., U.S. or German operations only), and are not updated in a timely manner as legislation changes. More and more proactive companies are automating the screening of orders and generation of regulatory documents while incrementally expanding regulatory content to address global requirements.

This book provides guidance to companies importing, exporting, or transporting hazardous (dangerous) goods around the world. The terms *hazardous* and *dangerous* are used here in general context; both can have very specific meanings within particular legislation. Key issues addressed by the book include:

- proper classification of hazardous goods according to import/export, health and safety, and transportation legislation,
- review of prohibition rules related to shipments of hazardous goods to and from countries and product registration requirements,
- preparation of proper shipping/transportation documents, labels, WSC, and MSDS/SDS,
- proper screening of shipments to ensure compliance with import/export legislation,
- helpful hints on antiterrorism activities to ensure ongoing security of shipments, and
- development of global MCS and MCS information systems.

The book also provides information on the important components of successful MCS and MCS information systems. The proposed components were derived from the International Organization for Standardization quality (ISO 9000) and environmental (ISO 14000) series of standards and the U.S. Bureau of Industry and Security (BIS), formerly the Bureau of Export Administration, Export Management System (EMS) guidelines. Components, if not properly addressed, can quickly translate into:

- Development of new products that contain ingredient(s) that may cause significant risk and, in some cases, are banned from being imported into some countries.
- Delays and uncertainties in custom clearance that result in parts shortages and the requirement to provide excess inventory.
- Return or impoundment of goods as prohibited from entering/leaving a country due to prohibition on material, incorrect containers, or documentation.
- Monetary fines, civil and/or criminal prosecution.
- Prohibitions on the import/export of goods by the company.