

GUIDELINES FOR IMPORTATION AND INSPECTION OF METAL SCRAP

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1. INTRODUCTION

- 1.1 Under the purview of Ministry of International Trade and Industry (MITI), all metal scraps intended to be imported into Malaysia are subjected to inspection process and issuance of Certificate of Approval (CoA) as per Customs (Prohibition of Imports) Order 2017.
- 1.2 This Guideline specifies the requirements that must be adhered to for the importation, inspection and CoA issuance of metal scraps into Malaysia for manufacturing purposes along with the objective of protecting the environment.
- 1.3 This Guideline also provides information on metal scrap criteria (including scheduled wastes and other impurities) that are allowable to be imported.

2. SCOPE OF APPLICATION

- 2.1 This Guideline covers all incoming importation of metal scrap into Malaysia intended for manufacturing purposes in various fields, particularly, iron & steel, aluminum and copper.
- 2.2 The tariff codes for metal scrap allowed for importation are as follows:
 - (i) HS 7204: Ferrous waste and scrap; remelting scrap ingots of iron or steel
 - (ii) HS 7404: Copper waste and scrap
 - (iii) HS 7602: Aluminium waste or scrap
- 2.3 The imported metal scrap must not contain or be contaminated by materials that allow it to be:
 - (i) classified as scheduled waste under the Environmental Quality Act (Scheduled Waste) Regulations 2005; or/and
 - (ii) defined as hazardous materials or other wastes under the Basel Convention.
- 2.4 Application of metal scrap imports can only be made by:
 - (i) Manufacturers approved with Manufacturing License from MITI.
 - (ii) Manufacturers who are exempted from Manufacturing License from MITI but issued with Exemption from Manufacturing License from Malaysian Investment Development Authority (MIDA) (ICA10).
 - (iii) Third parties or subsidiary of the iron and steel manufacturers, aluminium or copper manufactures who conduct trading activities (trading arm

companies). Trading arm companies must have proof of document importing on behalf of manufactures as follows:

- approved invoices from ML holders or ICA10 manufacturers; and
- Memorandum of Agreement (MoA) with ML holders or ICA10 manufacturers.

2.5 The following parties are not allowed to import metal scrap into Malaysia:

- (i) Manufactures that do not fulfill requirements specified under 2.4 (i) and 2.4(ii).
- (ii) Traders purely undertaking trading activities.

2.6 The importation of metal scrap into Malaysia is only allowed via sea mode of transport at all ports of entry in Malaysia. Importation via land as mode of transport is not allowed.

3 PRE-CONDITIONS/PRE-QUALIFIERS FOR CoA APPLICATION

3.1 The following outlines the pre-conditions to be fulfilled before CoA can be applied.

3.2 **If you are a manufacturer:**

- (i) Must have a valid Manufacturing License (ML) or a Confirmation Letter that the Company is exempted from Manufacturing License (ICA 10) issued by MIDA.
- (ii) Hold a License under SIRIM Certification / Eco-Label scheme or undertake inspection/verification services at manufacturing premises from SIRIM.
- (iii) Ensure that the applied imported metal scrap volume is based on quota of raw material required, not exceeding maximum annual production capacity of ML holder or ICA10 manufacturer.
- (iv) Provide SIRIM with a Bank Guarantee. This Bank Guarantee will be determined based on per shipment/consignment of imported value to ensure compliance of the rules imposed through this Guideline.
- (v) The premises are in operation and have complied with the Environmental Quality Act 1974 and its related Regulations.

- (vi) Ensure that the storage space / capacity of imported metal scrap materials is adequate, covered and good housekeeping is practiced.
- (vii) Ensure that the imported metal scrap is not contaminated with any scheduled waste, hazardous materials or other impurities that can cause the recycling process to be carried out not in an environmentally-sound manner.

Criteria imposed is as per table below:

HS Code 7204 (Ferrous waste and scrap; remelting scrap ingots of iron or steel)

No	Criteria Grouping	Requirement (% by weight)
1.	Solid Ferrous	Minimum: 94.75%
2.	Solid Non- Ferrous	Maximum: 5.0 %
3.	Solid Plastics	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
5.	Other Impurities	0%
	Total	100%

HS Code 7404 (Copper waste and scrap)

No	Criteria Grouping	Requirement (% by weight)
1.	Solid Non- Ferrous	Minimum: 94.75%
2.	Solid Ferrous	Maximum: 5.0 %
3.	Solid Plastics	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
5.	Other Impurities	0%
	Total	100%

HS Code 7602 (Aluminium waste or scrap)

No	Criteria Grouping	Requirement (% by weight)
1.	Solid Non- Ferrous	Minimum: 94.75%
2.	Solid Ferrous	Maximum: 5.0 %
3.	Solid Plastics	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
5.	Other Impurities	0%
	Total	100%

- In general cases, the expected total shipment weight of metal scrap (solid ferrous & solid non-ferrous) will be up to 99.75%.
 - All scheduled wastes (SW1, SW2, SW3, SW4, and SW5) under First Schedule, Environmental Quality (Scheduled Wastes) Regulations are not allowed to be imported.
 - Crushed form of metal scrap is not allowed for importation.
- (viii) Apply Pre-shipment inspection to SIRIM or any accredited Foreign Inspection Body (FIB) to inspect each consignment before shipment to ensure that the metal scrap does not contain or is contaminated with hazardous materials that allow it to be subjected to hazardous materials or any waste under the Basel Convention, and does not contain other impurities.
- (ix) Apply to SIRIM for CoA and undertake Post-shipment inspection at port of entry in Malaysia.

In the event of non-compliance, manufacturer will have to:

- (i) Return the imported metal scrap to the country of origin.
- (ii) agree that Bank Guarantee provided for CoA application will be void if this Guideline is not complied with or false declaration is made. The Bank Guarantee will be used by SIRIM as transportation and incidental costs particularly for shipment that will have to be returned to the country of origin.
- (iii) Ensure that the management of e-waste (SW110) resulting from segregation work (segregation) is handled in accordance with the requirements of the Environmental Quality (Scheduled Waste) Regulations 2005.
- (iv) Conduct an environmental audit based on Section 33A of the Environmental Quality Act 1974 on e-waste management.

3.3 If you are a Trading Arm Company or a third-party importer:

- (i) Must have approved invoices from ML holders or ICA10 manufacturers, and Memorandum of Agreement (MoA) with ML holders or ICA10 manufacturers.
- (ii) Ensure the imported metal scrap volume is proportionate to the quota of ML Holders/ ICA10 manufacturers accorded based on their annual production capacity.

- (iii) Ensure the ML Holders / ICA 10 manufacturers hold a License under SIRIM Certification / Eco-Label scheme or undertake inspection/verification services at manufacturing premises from SIRIM.
- (iv) Provide SIRIM with a Bank Guarantee. This Bank Guarantee will be determined based on per shipment/consignment of imported value to ensure compliance of the rules imposed through this Guideline.
- (v) Apply Pre-shipment inspection to SIRIM or any accredited Foreign Inspection Body to inspect each consignment before shipment to ensure that the metal scrap does not contain or is contaminated with scheduled waste, hazardous materials that allow it to be subjected to hazardous materials or any waste under the Basel Convention, and does not have other impurities.
- (vi) Apply to SIRIM for CoA and undertake Post-shipment inspection at port of entry in Malaysia.

In the event of non-compliance, the trading arm company or a third party will have to:

- (i) Return the imported metal scrap to the country of origin.
- (ii) Have the Bank Guarantee for the purposes of returning metal scrap to country of origin by the applicant in the event of non-compliances to these Guidelines.

3.4 If you are Shipping and Logistics Agents, Cargo Transport and Carriers / Shipping Liners:

- (i) Ensure that the declared consignee is a manufacturer or trading arm companies that has a valid premise and relevant licenses.
- (ii) Ensure that the declaration of goods is true based on declaration made for transported genuine goods.

4 PROCEDURE FOR IMPORTATION AND INSPECTION OF METAL SCRAP INTO MALAYSIA

4.1 Applicants are required to undergo all three (3) processes for every shipment before imported metal scrap can be cleared into Malaysia. Details of what is required to be done are outlined in the following explanation:

- (i) Pre-shipment inspection. Refer clause 4.3.
- (ii) CoA Application. Refer clause 4.4
- (iii) Post-shipment inspection (On-board) for CoA issuance. Refer clause 4.5.

4.2 Refer **FLOWCHART 1** for the Overview of Processes for Importation of Metal Scrap into Malaysia.

4.3 **Pre-Shipment Inspection Process**

4.3.1 Applicant must apply Pre-shipment inspection to be conducted at the country of origin by:

- (i) SIRIM or ;
- (ii) Foreign Inspection Body (FIB) of preference that are available in SIRIM's "Approved Foreign Inspection Body (FIB)" list.

4.3.2 Applicant may also use other accredited Inspection Body but must ensure the Inspection Body is successfully registered with SIRIM before they can conduct the Pre-shipment inspection.

4.3.3 SIRIM will not accept the Inspection Report issued by an unregistered Inspection Body.

4.3.4 An Inspection Body can be registered as FIB under SIRIM's "Approved Foreign Inspection Body (FIB)" list by the following methods:

- (i) an applicant applying to register on behalf of the Inspection Body or;
- (ii) The Inspection Body applying directly to SIRIM.

4.3.5 The applicant or Inspection Body must submit the following documents for registration:

- (i) Copy of certificate of accreditation ISO/IEC 17020
- (ii) Copy of scope of accreditation
- (iii) List of competent inspector(s)

4.3.6 SIRIM will evaluate only completed documents for registration approval.

4.3.7 SIRIM will notify the applicant/ Inspection Body and include the Inspection Body in SIRIM's "Approved Foreign Inspection Body (FIB)" list. SIRIM will also notify applicant/Inspection Body in the case of rejection.

4.3.8 The process flow for registration of a Foreign Inspection Body (FIB) is as per **FLOWCHART 2**.

- 4.3.9 Applicant to proceed with application and arrangement for Pre-shipment inspection to SIRIM or FIB.
- 4.3.10 Upon completion of the inspection, the Pre-shipment inspection report will be issued to the applicant.
- 4.3.11 The Pre-shipment inspection report (issued by FIB or SIRIM) must contain information on:
- Visual inspection of the vessel transporting the metal scrap.
 - Evidences such as photos of inspection and metal scrap.
 - Visual evidence of loading of the metal scrap including the final condition of the metal scrap (inside vessel or container)
 - Visual evidence of segregation and grouping
 - Verification of shipping documents (K1 form, Invoice, packing list & bill of lading) and Manufacturing License (ML) or Confirmation Letter for a Company Exempted from Manufacturing License (ICA 10) issued by MIDA.
 - Method of sampling
 - Segregation, calculation, interpolation, weighing.
 - Testing report on metal scrap classification, scheduled wastes, other impurities and hazardous elements (if applicable)
- 4.3.12 If the Pre-shipment inspection results do not comply with this Guideline, the metal scrap is not allowed to be imported into Malaysia.
- 4.3.13 If the Pre-shipment inspection results comply with this Guideline, the metal scrap is allowed to be imported into Malaysia and the applicant may proceed to apply for CoA from SIRIM. Refer clause 4.4.
- 4.3.14 The Pre-shipment inspection report is valid for three (3) months.
- 4.3.15 The complete process flow for Pre-shipment Inspection is as per **FLOWCHART 3**.

4.4 CoA Application:

- 4.4.1 Application for CoA is **ONLY ALLOWED** for applicants who fulfilled the preconditions/pre qualifiers listed in clause 3.
- 4.4.2 For manufacturers, documents to be submitted for application of CoA are as follows:

- Certified True Copy from the RMCD of shipping documents (Invoice, Packing List & Export Declaration)
- Valid Pre-shipment inspection report
- Proof of manufacturing license (ML) or Confirmation Letter for a Company Exempted from Manufacturing License (ICA 10) issued by MIDA.
- Bank Guarantee
- SIRIM Certificate

4.4.3 For trading arm companies, documents to be submitted for application of CoA are as follows:

- Certified True Copy from the RMCD of shipping documents (Invoice, Packing List and Export Declaration)
- Valid Pre-shipment inspection report
- Proof of manufacturing license (ML) or Confirmation Letter for a Company Exempted from Manufacturing License (ICA 10) issued by MIDA.
- Verified invoice from ML holders or ICA 10 manufacturers and Memorandum of Agreement (MoA) with ML holders or ICA 10 manufacturers
- Bank Guarantee
- SIRIM Certificate

4.4.4 SIRIM will evaluate completed documents submitted by the applicants for CoA. Non-satisfactory information or incomplete application will be rejected. Re-application is allowed should CoA conditions be fulfilled and the required documents are complete.

4.4.5 Upon acceptance of CoA application, SIRIM will notify and issue an invoice to the applicant, and applicant must make payment for the following fees:

- (i) CoA; and
- (ii) Post-shipment inspection

4.4.6 Once SIRIM receives payment from the applicant, applicant can proceed with Post-shipment inspection process before CoA can be issued. Refer clause 4.5.

4.4.7 The complete process flow for CoA Application is as per **FLOWCHART 4**.

4.5 Post-shipment inspection (On-board) for CoA Issuance

- 4.5.1 Applicant must undertake Post-shipment inspection process (On-board inspection) by SIRIM for all imported metal scrap into Malaysia at port of entry before CoA can be issued.
- 4.5.2 Post-shipment inspection must be performed by an authorized inspector.
- 4.5.3 Applicant must notify SIRIM the time and date for inspection at least three (3) days in advance.
- 4.5.4 Applicant must arrange for Post-shipment inspection activity on-board.
- 4.5.5 Applicant must provide "ORIGINAL" Shipping Documents i.e Pre- shipment inspection report, K1 Form, Invoice, Packing List & Bill of Lading, during the inspection.
- 4.5.6 Post-shipment inspection must be conducted on-board and will involve the following:
- (i) Visual Inspection
 - (ii) Segregation
 - All cost of metal scrap segregation and manpower for segregation works must be paid by applicant. These segregation works must be witnessed by the authorized inspector.
 - Segregation of metal scrap must be done as follows (if imports contain all of these in the shipment):
 - Solid ferrous
 - Solid non-ferrous
 - Solid plastics
 - Scheduled waste including electrical and electronic waste
 - Other Impurities
- 4.5.7 Upon completion of Post-shipment inspection, SIRIM will issue an inspection report to the applicant that will contain information on:
- Verification of Pre-shipment inspection report
 - Evidences such as photos of inspection and metal scrap.
 - Visual inspection of the vessel transporting the metal scrap.
 - Visual evidence of segregation and grouping.
 - Verification and evidence of shipping documents (K1 form, Invoice, Packing List & Bill of Lading) and Manufacturing License (ML) or Confirmation Letter for a Company Exempted from Manufacturing License (ICA 10) issued by MIDA.
 - Method of sampling.
 - Segregation, calculation, interpolation, weighing.

- Testing report on metal scrap classification, scheduled wastes, other impurities and hazardous elements (if applicable)
- 4.5.8 If Post-shipment results do not comply with the requirements under this Guideline, the applicant will have to return the imported metal scrap to the country of origin at their own cost.
- 4.5.9 If Post-shipment results comply with the requirements under this Guideline, SIRIM will issue the CoA.
- 4.5.10 Upon issuance of the CoA, the applicant can proceed to obtain clearance approval from RMCD and Port Authority to unload and deliver the imported metal scrap to designated/manufacturer premises for manufacturing process.
- 4.5.11 SIRIM will undertake audit checks on the manufacturer's premises under SIRIM Certification/Eco-Label scheme or conduct inspection/verification services at manufacturing premises.
- 4.5.12 The complete process flow for Post-shipment inspection (On-board) for CoA issuance is as per **FLOWCHART 5**.

4.6 Sampling Plan for Inspection

- 4.6.1 Authorized inspector will select samples from each grouping according to MS ISO 2859-1, Sampling Plan according to General Inspection Level II and Acceptance Quality Limit (AQL) 6.5. Samples to be weighing and calculated the percentage of waste from the incoming various scrap.

5 SIRIM SCHEDULE OF FEES

(i) Pre-Shipment Inspection by SIRIM

No	Description	Fee (RM)
1.	First 3000 MT	6,000 / Shipment
2.	Subsequent Weight (>3000 MT)	1.80 / Ton
3.	Inspection Report	500.00 / Shipment
4.	Incidental	As charged, where applicable for accommodation, living allowances and transportation/mileage

(ii) CoA Fee

No	Description	Fee (RM)
1.	New application fee & Issuance of Certificate of Approval (CoA) / Shipment <i>(Payable upon application & non-refundable)</i>	350 / Shipment

(iii) Post-shipment inspection (On-board) Fee

No	Description	Fee (RM)
1.	First 3000 MT	2,700 / Shipment
2.	Subsequent Weight (>3000 MT)	0.70/MT
3.	Inspection Report	500/Shipment
4.	Testing Fee (If Applicable)	1,500/day/shipment
5.	Incidental SIRIM at its discretion will assign an authorized inspector from SIRIM branch that nearest to the Port of Entry.	Refer Table 1: Incidental for Post-shipment inspection (On-board)

TABLE 1: INCIDENTAL FOR POST-SHIPMENT INSPECTION (ON-BOARD)**SIRIM HQ to Port (Central Region)**

No	Port	Incidental (RM) / Round Trip
1.	West Port, Klang	72
2.	North Port, Klang	48
3.	Lumut Port, Perak	336

SIRIM Johor to Port

No	Port	Incidental (RM) / Round Trip
1.	Johor Port, Pasir Gudang	72
2.	Tanjung Langsung Port, Pasir Gudang	96
3.	Tanjung Pelepas Port, Gelang Patah	72

SIRIM Penang to Port

No	Port	Incidental (RM) / Round Trip
1.	NBCT Port	24
2.	BWCT Port	24

SIRIM Pahang to Port

No	Port	Incidental (RM) / Round Trip
1.	Kuantan Port, Pahang	24
2.	Kertih Port, Terengganu	160
3.	Kemaman Port, Terengganu	160

SIRIM Sarawak to Port

No	Port	Incidental (RM) / Round Trip
1.	Kuching Port	16
2.	Miri Port	Flight Ticket + Incidental (0.80/km)
3.	Bintulu Port	Flight Ticket + Incidental (0.80/km)
4.	Sibu Port	Flight Ticket + Incidental (0.80/km)

SIRIM Sabah to Port

No	Port	Incidental (RM) / Round Trip
1.	Kota Kinabalu Port	40
2.	Sepanggar Port	24
3.	Sandakan Port	Flight Ticket + Incidental (0.80/km)
4.	Tawau Port	Flight Ticket + Incidental (0.80/km)
5.	Lahad Datu	Flight Ticket + Incidental (0.80/km)
6.	Labuan Port	Flight Ticket + Incidental (0.80/km)

6 CLIENT CHARTER

a. Registration of Foreign Inspection Body (FIB)

Evaluate Foreign Inspection Body	1 working day
Approval of Foreign Inspection Body	1 working day
Register in SIRIM Approved FIB list	1 working day
Total	3 working days

b. Pre-Shipment Inspection by SIRIM

SIRIM issue invoice	1 working day
SIRIM performs inspection at Country of Origin	2-5 working days
SIRIM Issue inspection report to Applicant	2 working days
Total	5 – 8 working days

c. CoA Application

SIRIM evaluates submitted shipping documents	1 working day
SIRIM issues invoice for CoA and Post-shipment inspection (including Post-shipment)	1 working day
Total	1 working day

d. Post-shipment inspection (On-board) and CoA Issuance

Post-shipment inspection (On-board)	3-5 working days
Inspection report and Approval	1 working day
SIRIM issues CoA	1 working day
Total	5-7 working days

7 GLOSSARY OF TERMS

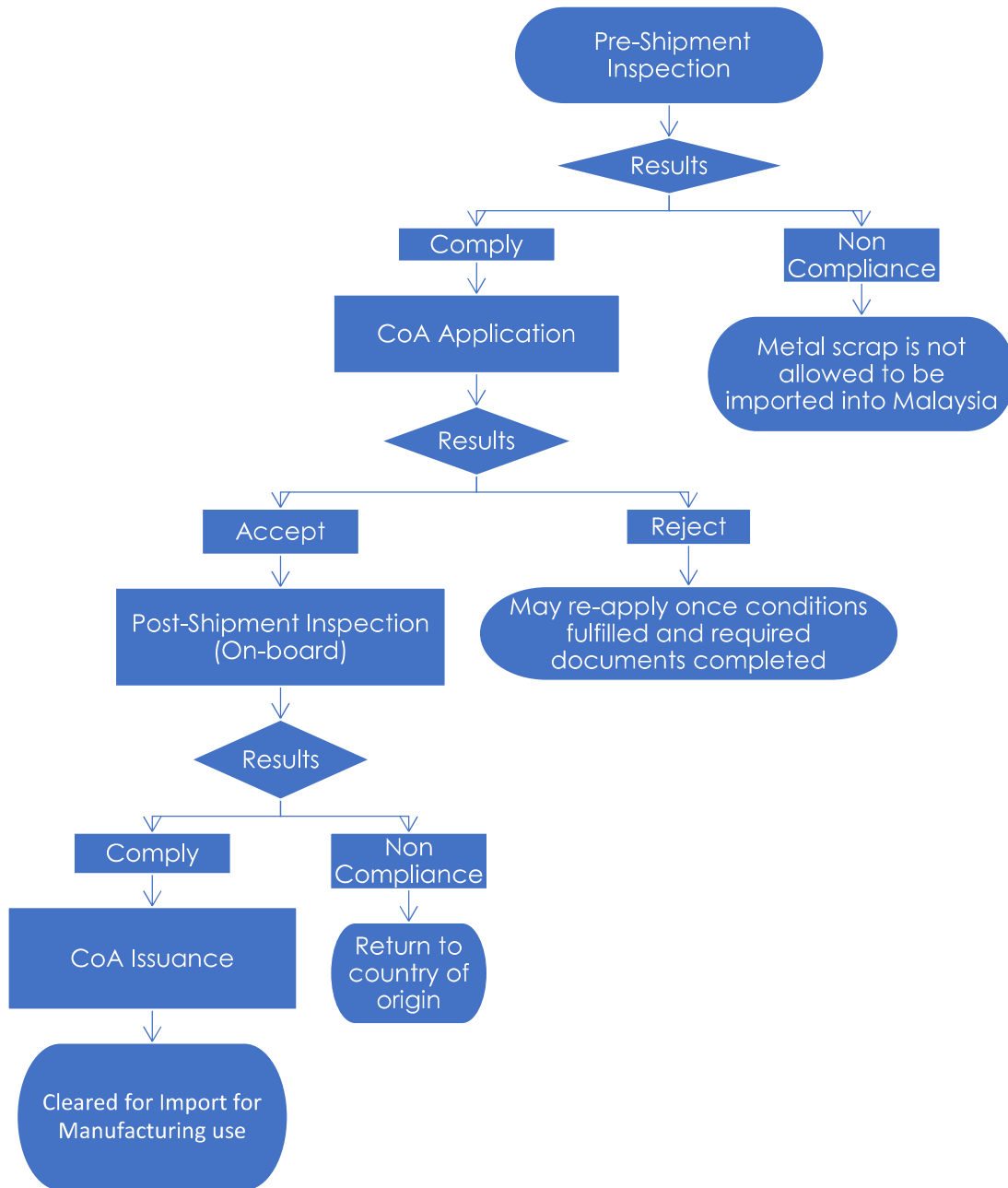
- 7.1 **Applicant** – Importer (Manufacturer or trading arm company) who applies for the importation of metal scrap into Malaysia.
- 7.2 **Authorized inspector** – Person who is responsible for performing the inspection activity authorized by SIRIM.
- 7.3 **Certificate of Approval (CoA)** – Certificate of Approval or permit issued to applicant for metal scrap which has been inspected as complying with these Guidelines.
- 7.4 **Foreign Inspection Body** – Inspection body accredited to ISO/IEC 17020 with metal scrap inspection scope that has been registered with SIRIM.
- 7.5 **ICA10 manufacturers** - Manufacturers who are exempted from Manufacturing License from MITI but granted with Exemption from Manufacturing License from Malaysian Investment Development Authority (MIDA) (ICA10).
- 7.6 **Inspection report** – A report from SIRIM or Foreign Inspection Body for the metal scrap inspection.
- 7.7 **Manufacturing License (ML) holder**– A manufacturing company which already registered with Companies Commission of Malaysia (SSM) and obtained Manufacturing License (ML) from MITI and other licenses from relevant local authorities.
- 7.8 **Metal scrap** – recyclable materials leftover from product manufacturing and consumption that is capable of being recycled.
- 7.9 **Post-shipment inspection (On-board)** – means inspection conducted on the vessel at port of entry for the imported metal scrap before issuance of CoA.
- 7.10 **Pre-shipment Inspection** – means an inspection conducted for metal scrap at country of origin by SIRIM or FIB
- 7.11 **Scheduled waste** - any waste that falls within the category of waste listed in the First Schedule, Environmental Quality (Scheduled Wastes) Regulations 2005.
- 7.12 **Shipping document** – A set of documents consist of Invoice, Packing List, Export Declaration, Bill of Lading & K1 Form from the scheduled incoming various scrap shipment.
- 7.13 **SW110** - Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl.

- 7.14 **Trading arm company** – third parties or subsidiary of the iron and steel mills, aluminium producers or copper makers who conduct trading activities

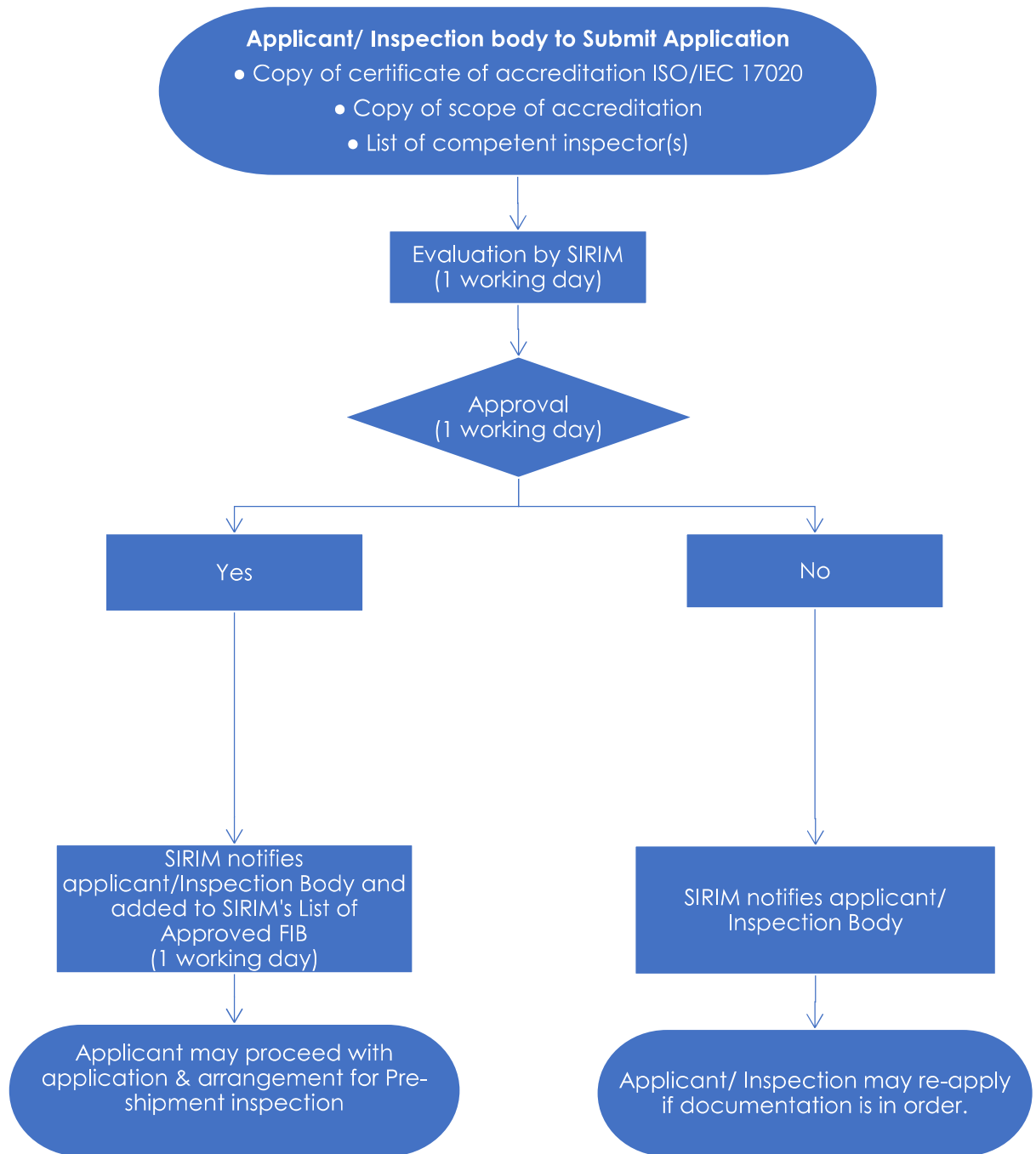
8 REFERENCES

No.	REFERENCES
1.	Department of Environment (DOE) "Garis Panduan Pengimportan Sekerap Logam ke Malaysia", Jabatan Alam Sekitar, Keluaran Pertama, Januari 2020
2.	ISO 2859-1: Sampling procedures for inspection by attributes – Part 1: Sampling schemes indexed by acceptance quality limit (AQL) for lot-by lot inspection
3.	DOE "Environmental Quality (Scheduled Wastes) Regulations 2005"
4.	DOE "Environmental Quality Act 1974"

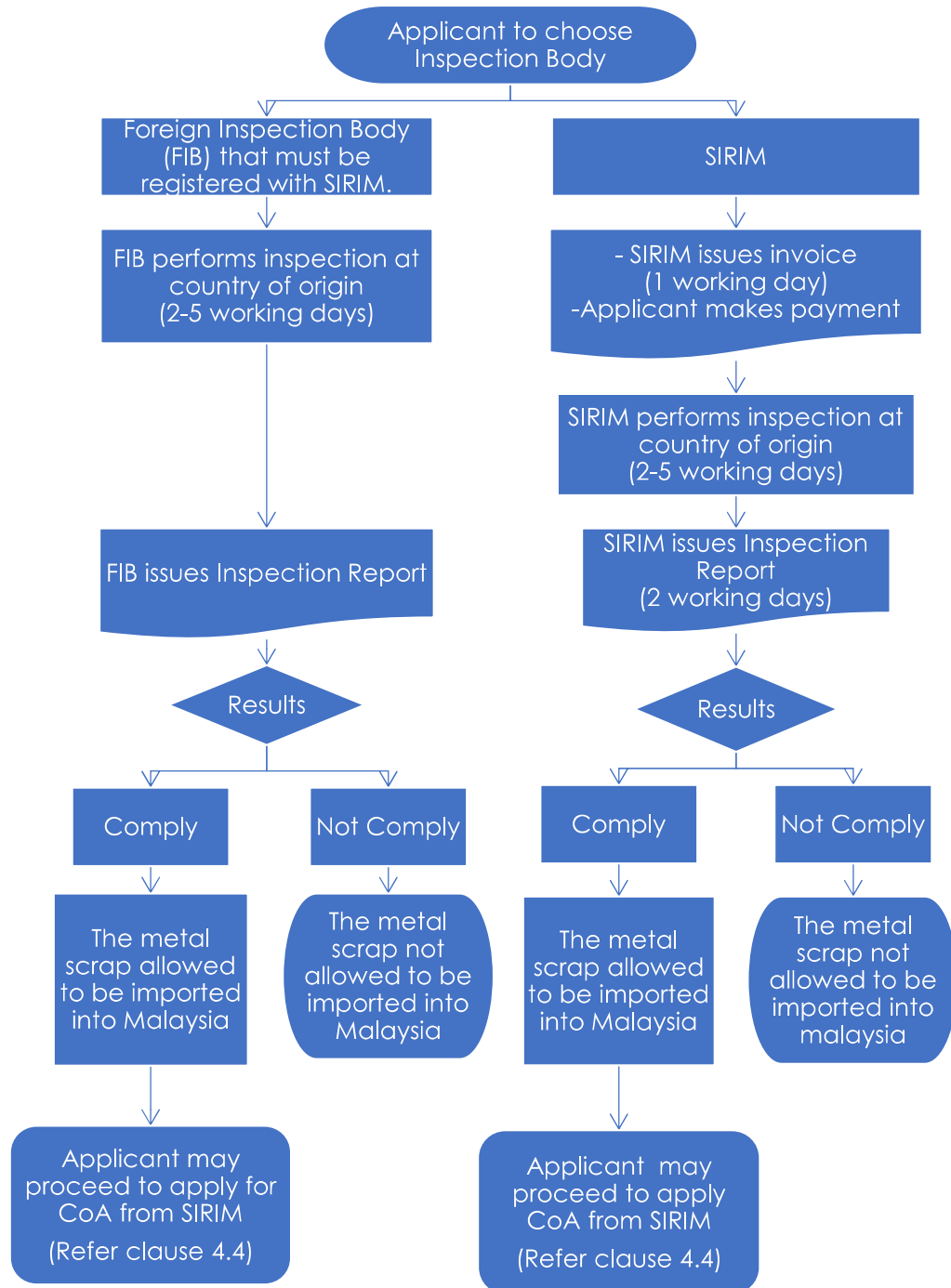
FLOWCHART 1: OVERVIEW OF THE PROCESSES FOR IMPORTATION OF METAL SCRAP INTO MALAYSIA



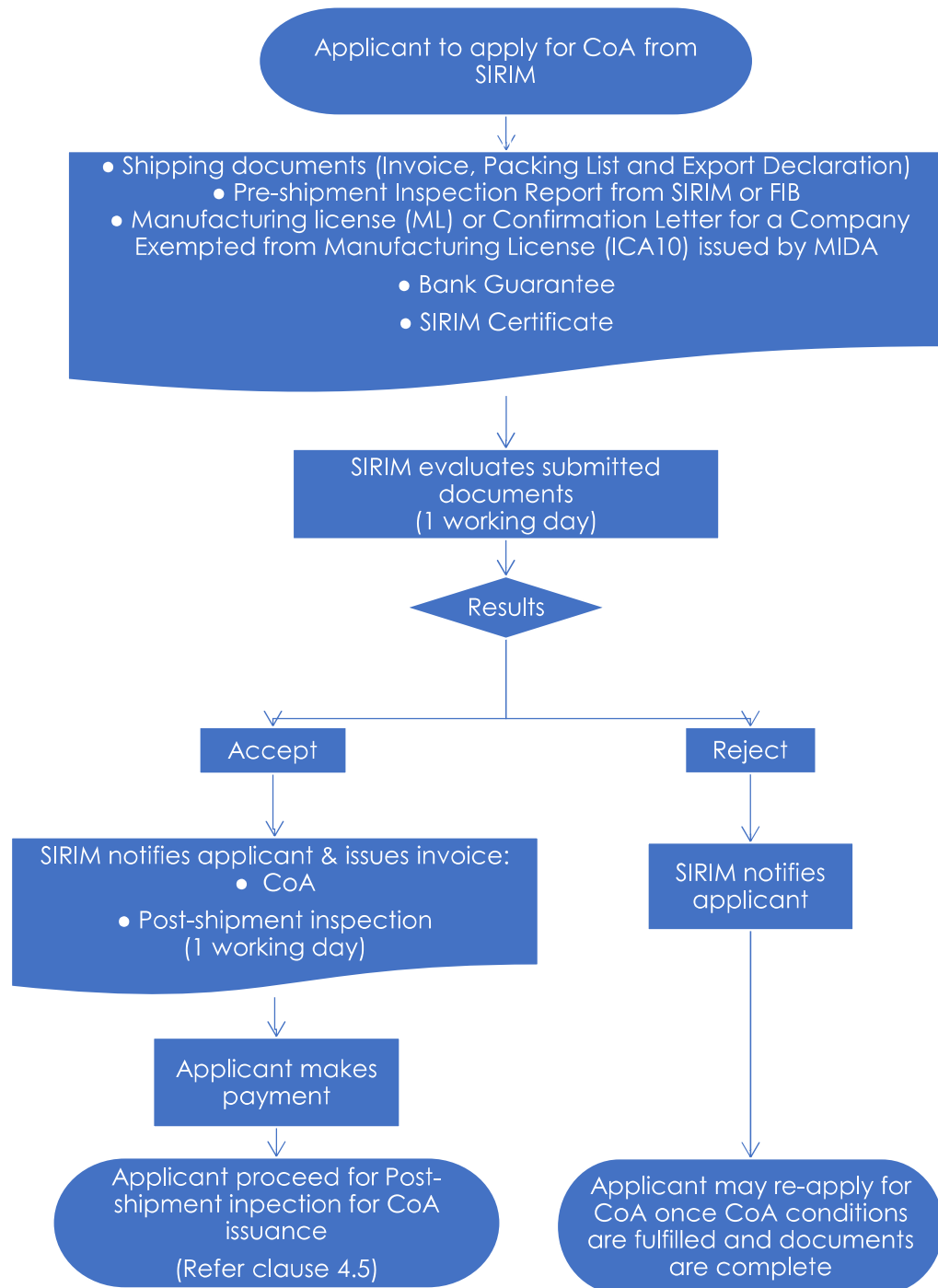
FLOWCHART 2: REGISTRATION OF FOREIGN INSPECTION BODY (FIB)



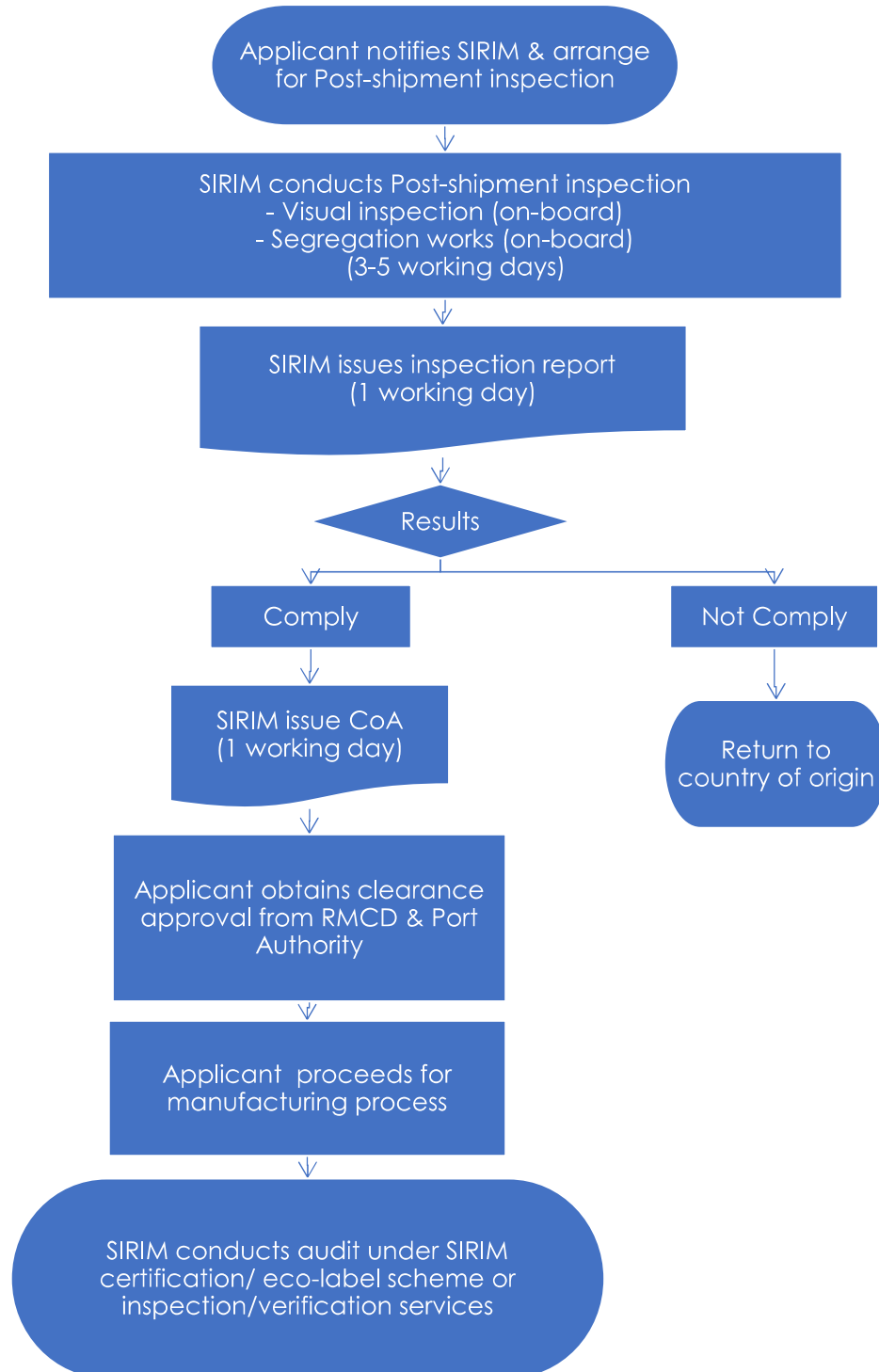
FLOWCHART 3: PRE-SHIPMENT INSPECTION



FLOWCHART 4: CoA APPLICATION



FLOWCHART 5: POST-SHIPMENT INSPECTION (ON-BOARD) FOR CoA ISSUANCE



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