

## **GUIDELINES FOR IMPORTATION AND INSPECTION OF METAL SCRAP**

### **1. When is the effective date of the Guidelines for Importation and Inspection of Metal Scrap?**

The effective date of the Guidelines for Importation and Inspection of Metal Scrap is **10 January 2021**.

- Any Purchase Order dated after 10 January 2022 (regardless of the ETD) is subjected to the Guideline
- Any ETD start 1 February 2022 is subjected to the Guideline.

Start 10 January 2022, all application for COA importation for Scrap Metal and Waste paper is using E-Permit System.

### **2. What is Certificate of Approval (COA)?**

A permit to import metal scrap after successfully complying to the various standards and meeting all the requirements under this Guideline.

It is a document that is required for customs clearance of the imported scrap imported into Malaysia.

It is applied and issued via ONLINE.

<https://newepermit2.dagangnet.com.my/>

### **3. Besides COA, is there any other approval document required for customs clearance?**

No. Only COA is required.

### **4. What types of metal are subjected to Customs (Prohibitions of Imports) (Amendment) (No.2) Order 2021 that requires COA from SIRIM?**

The metal scrap classified under the following tariff codes are required for COA from SIRIM:

- (i) HS Code 7204: Ferrous waste and scrap; remelting scrap ingots of iron or steel
- (ii) HS Code 7404: Copper waste and scrap
- (iii) HS Code 7602: Aluminium waste or scrap

Other Metal Scrap not classified under the above HS codes, are not covered under the scope of the Guidelines for Importation and Inspection of Metal Scrap.

## **5. How to identify the HS Codes of metal scrap?**

Please obtain Tariff Code Classification Letter from the Royal Malaysian Customs Department (RMCD). Contact details as follows:

Customer Services Counter, Classification, Tariff and Drafting Branch,  
Technical Division, Royal Malaysia Customs Department, Putrajaya: 03 8882  
2901 / 8882 2827

This Tariff Code Classification Letter shall be submitted to SIRIM as one of the documents required for COA application.

## **6. Who can import metal scrap?**

- (i) Manufacturers with a Manufacturing Licence ("ML") approved by MITI; or
- (ii) Manufacturers who have been issued with a *Confirmation Letter for a Company Exempted from the Manufacturing License* (ICA 10) ("ICA 10 Manufacturers");
- (iii) Any third party importer ("Third Party Importer") or Trading Arm Company. The Third Party Importer or the Trading Arm Company shall produce the following documents for the application process:
  - a. Approved invoices from ML holders or ICA 10 Manufacturers; and
  - b. Memorandum of Agreement (MoA) with Manufacturing Licence holders or ICA 10 Manufacturers.

## **7. What are the pre-condition/pre-qualifiers for importer to apply for COA?**

- a. Shall have a valid ML or a Confirmation Letter for a Company Exempted from the Manufacturing License (ICA 10).
- b. Hold a License under SIRIM Certification/Eco-Label scheme or undergo annual inspection or verification services at manufacturing premises to ensure that manufacturers consistently process scrap metal and waste that meets the standard requirements including the requirements under this Guideline.
- c. Ensure that the applied imported metal scrap volume is based on the quota of raw material required and does not exceed the maximum annual production capacity of the ML holder or ICA 10 manufacturer.
- d. Provide SIRIM with a Bank Guarantee.
- e. Ensure that the manufacturer's premises are in operation and comply with the Environmental Quality Act 1974 and its related Regulations.
- f. Ensure that the storage space/capacity of imported metal scrap materials is adequate and handled appropriately.

Pls refer the Guidelines for Importation and Inspection for Metal Scrap for details.

## 8. How to apply Manufacturing License (ML) or Confirmation Letter for a Company Exempted from the Manufacturing License (ICA 10)?

Manufacturer can apply to Malaysian Investment Development Authority (MIDA). Below links maybe useful:

Online Application at:

<https://investmalaysia.mida.gov.my/>

Forms & Guidelines:

<https://www.mida.gov.my/forms-and-guidelines/>

Enquiry/Feedback:

<https://investmalaysia.mida.gov.my/EIP/CustomerService.aspx>

## 9. How to determine quota?

Importer shall ensure that the applied imported metal scrap volume is based on the quota of raw material required and does not exceed the maximum annual production capacity of the ML holder or ICA 10 manufacturer. SIRIM shall conduct an audit or inspection to verify and confirm the quota of raw materials and the maximum production capacity.

Calculation for determine the importation quota for scrap and waste (recovered materials) shall be as below.

Import Quota (tonnes per year) =

**Production output per day X No. of days per year / Yield ratio X Imported recovered materials**

**Legend :**

**Production output per day** = 
$$\frac{\text{Actual total production output per year (tonnes)}}{\text{Number of working days per year}}$$

**Production capacity per day** = 
$$\text{Designed production capacity per day (tonnes)}$$

**No. of days per year** =. 
$$365 \text{ days} - \text{Average Number of preventive maintenance days per year}$$

**Yield ratio** = 
$$\frac{\text{Actual total production output per year (tonnes)}}{\text{Total raw materials per year (tonnes)}}$$

**Imported recovered materials** =. 
$$\frac{\% \text{ Total raw materials (100\%)} - \text{Average \% local recovered materials.} - \text{Average \% Other raw materials}}{100}$$

100

For industry that fall under Prescribed Activities in Second Schedule of Environmental Quality (Prescribed Activities) Environment Impact Assessment

order 2015, value for production output/capacity per day, shall follow the value calculated in the approved Environmental Impact Assessment (EIA) from the Director General of Department of Environment

### 10. What are the procedures/ Methods to import metal scrap?

There are 5 methods that importers can choose:

Requirements/ Processes	Methods			
	WITHOUT SIRIM approved MRF			WITH SIRIM approved MRF
	Type 1A	Type 1B	Type 1C	Type 2
Mode of Transport	Land & Sea	Land & Sea	Sea Only	Land & Sea
Pre-Shipment Inspection	✓ (By SIRIM)	✓ (By FIB with MoA)	✓ (By FIB)	✗
Post Shipment	✗	✗	✓ (By SIRIM)	✗
COA	✓	✓	✓	✓
Inspection at Factory Storage Yard	✗	✗	✗	✓ (By SIRIM)

Refer details from the Guidelines for Importation and Inspection of Metal Scrap. Applicants need to choose manner of import for every time importation. It is **NOT** fix under 1 type of import only.

### 11. How to obtain approval for Material Recovery Facilities (MRF)?

Please refer to the Guidelines for Material Recovery Facility Scheme, as publish in SIRIM QAS International Website. PIC to refer to

- 1) En. Hasnol Zakaria at [hasnol@sirim.my](mailto:hasnol@sirim.my)
- 2) En. Kamarul Arieffin at [arieffin@sirim.my](mailto:arieffin@sirim.my)
- 3) Pn. Nurnadhiah Nadhirah at [nnadhiah@sirim.my](mailto:nnadhiah@sirim.my)

### 12. What is the cost of COA?

RM 350/shipment

### 13. How payment for COA and inspection by SIRIM can be done?

Payment for COA, Post-shipment Inspection at port and Post-shipment inspection at storage yard is online through E-Permit System.

### 14. Can payment be made monthly, yearly, instead of by each shipment?

As for now all payment can made via E-Permit system but in future there will be a platform for weekly, monthly and even yearly for payment.

### 15. When to apply COA?

Application for COA can be applied immediately once the shipment leaving Port of Origin at exporting country.

### 16. How to submit documents for COA Application?

COA application and its supporting documents can be submitted to SIRIM via ONLINE. Pls register and apply via the following link:

<https://newepermit2.dagangnet.com.my/>

### 17. What documents required for COA Application?

NO	COA APPLICATION DOCUMENTS	MANUFACTURERS	TRADING ARM COMPANIES
1	Shipping documents: (Invoice, Packing List & Import Documents)	✓	✓
2	Valid Pre-shipment inspection report (For Method Type 1A, 1B and 1C)	✓	✓
3	Inspection reports issued by SIRIM Approved MRF (For Method Type 2 only)	✓	✓
4	Proof of SIRIM Approved MRF Certificate (For Method Type 2 only)	✓	✓
5	Proof of manufacturing license (ML) or Confirmation Letter for a Company Exempted from Manufacturing License (ICA 10) issued by MIDA.	✓	✓
6	Verified invoice from ML holders or ICA 10 manufacturers and Memorandum of Agreement (MoA) with ML holders or ICA 10 manufacturers	✗	✓
7	Bank Guarantee	✓	✓
8	SIRIM Certificate	✓	✓
9	Shipping Insurance Policy	✓	✓
10	Tariff Code Classification Letter issued by RMCD	✓	✓

### 18. What means by SIRIM Certificate?

SIRIM Certificate can be any Certificate/License issued under the following schemes:

- SIRIM Product Certification Scheme
- SIRIM Eco-Label Certification Scheme
- Inspection Certificate issued under the Guidelines for Management of Imported Scrap and Waste
- SIRIM Management System Certification such as ISO 14001, ISO 9001

**19. How long it takes to issue COA when my goods arrived at Port?**

COA will be issued within one (1) working day if documents and inspection results are satisfactory.

If the importation is via Method Type 1C, inspection shall be carried at port of entry first before COA can be issued, that will take 2-5 working days (depending on the completion of the post-inspection).

**20. How long is the COA validity period?**

The validity period of the COA is one (1) month.

**21. Is there any demurrage charges incurred for this COA activities?**

Only **TYPE 1C** may have demurrage charges when post-shipment inspection is done at port of entry. The charges are subjected to Port Authorities/ Port Operators jurisdiction for detention of the imported metal scrap for inspection. In order to avoid demurrage charges, please arrange inspection as soon as shipment arrive at port of entry.

**22. Please explain about Bank Guarantee?**

Bank Guarantee is required as a security for the compliance of the Guideline. The Bank Guarantee amount shall be projected based on the maximum shipping cost including all incidental costs for returning the non-compliance materials to its country of origin (per shipment).

Examples:

There are estimated 100 shipments in a year. Among of these shipments, one of the shipments incurs the highest cost for returning to country of origin, for example, RM 1 million. Therefore, this cost of RM 1 million shall be regarded as the Bank Guarantee value.

Importer shall ensure the Bank Guarantee value is sufficient to cover the shipping cost plus incidental (other cost such as administration, logistic, storage, insurance etc.) that will incur to return the goods to the country of origin, in the event of non-compliance.

The same Bank Guarantee can be used for COA application of all the shipments throughout its validity period.

Importer to apply Bank Guarantee from Bank under the name of SIRIM QAS International Sdn. Bhd.

The Bank Guarantee shall be submitted to SIRIM along with other documents for COA application.

The Bank Guarantee provided for COA application shall be forfeited in the event of non-compliance or any false declaration and actions required are not taken by the importer or the shipment is abandoned at the Port of Entry.

Letter requesting Bank Guarantee and its format from SIRIM QAS International website.

**23. Is there any sampling process activities at the port?**

Yes, but only applicable for importation via Type 1C only. SIRIM will identify the sampled containers from the shipment. Only the sampled containers will subject for inspection.

Other importation method i.e Type 1A, Type 1B and Type 2 not require sampling and inspection activities at port of entry.

However, SIRIM reserves the right to conduct random inspections at port of entry notwithstanding any selected Method of Importation by the Applicant. All costs of inspection to be borne by the applicants. This may include the inspection to be conducted upon requests by relevant authorities like the Royal Malaysian Customs Department (RMCD).

**24. How sampling for inspection is conducted?**

Sampling for inspection at port of entry ( for importation Method Type 1C) is conducted based on MS ISO 2859-1; General Inspection Level II; Acceptance Quality Limit (AQL): 6.5.

Sampling at factory storage yard ( for importation Method Type 2) will use the same standard unless if 100% inspection is required.

Example:

180 containers per shipment:

Number of sampled containers: 32 containers

Lot size (Number of ordered products)	General Inspection Levels			Special Inspection Levels			
	I	II	III	S-1	S-2	S-3	S-4
2 → 8	A	A	B	A	A	A	A
9 → 15	A	B	C	A	A	A	A
16 → 25	B	C	D	A	A	B	B
26 → 50	C	D	E	A	B	B	C
51 → 90	C	E	F	B	B	C	C
91 → 150	D	F	G	B	B	C	D
151 → 280	E	G	H	B	C	D	E
281 → 500	F	H	J	B	C	D	E
501 → 1 200	G	J	K	C	C	E	F
1 201 → 3 200	H	K	L	C	D	E	G
3 201 → 10 000	J	L	M	C	D	F	G
10 001 → 35 000	K	M	N	C	D	F	H
35 001 → 150 000	L	N	P	D	E	G	J
150 001 → 500 000	M	P	Q	D	E	G	J
500 001 → 10000000	N	O	R	D	E	H	K

ISO 2859-1. ANSI/ASQ Z1.4. MIL-STD 105E. Single Sampling Plan

		Acceptance Quality Limits (AQL) in %																
		0.015	0.025	0.040	0.065	0.10	0.15	0.25	0.40	0.65	1.0	1.5	2.5	4.0	6.5	10	15	25
	NUMBER OF SAMPLES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A	2																	
B	3																	
C	5																	
D	8																	
E	13																	
F	20																	
G	32																	
H	50																	
I	80																	
J	125																	
K	200																	
L	315																	
M	500																	
N	800																	
P	1250																	
Q	2000																	

✔ Acceptance ✘ Rejection  
 ISO 2859-1, ANSI/ASQ Z1.4, MIL-STD 105E, Single Sampling Plan, Normal Severity

**25. Can SIRIM can do inspection during Public Holiday or weekend**

SIRIM has the provision to perform inspection during Public Holiday or weekend but subject to early request and availability of Port Authorities/Port Operators/Customs staff involved.

**26. How many days importers to inform SIRIM prior the inspection date?**

SIRIM requires at least :

- 5 working days in advance for Pre-Shipment Inspection (for Type 1A)
- 3 days in advance for Post-Shipment Inspection at Port of Entry (for Type 1C)
- 3 days in advance for Inspection at Factory Storage Yard (for Type 2)

**Contact details as follows:**

- 1) Pn. Noridah Nordin at [noridahn@sirim.my](mailto:noridahn@sirim.my) for Metal Scrap
- 2) En. Muhammad Abdul Hakim at [abhakim@sirim.my](mailto:abhakim@sirim.my) for Waste Paper



## 27. What are the inspection criteria for metal scrap?

Criteria imposed as per table below:

### a) 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.	Other recoverable materials including plastic	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
	Total	100%

### b) HS Code 7404 (Copper waste and scrap)

No	Criteria Grouping	Requirement (% by weight)
1.	Solid Non-Ferrous (Copper only)	Minimum: 94.75%
2.	Solid Ferrous and other Non-Ferrous	Maximum: 5.0 %
3.	Other recoverable materials including plastic	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
	Total	100%

### c) HS Code 7602 (Aluminium waste or scrap)

No	Criteria Grouping	Requirement (% by weight)
1.	Solid Non-Ferrous (Aluminium only)	Minimum: 94.75%
2.	Solid Ferrous and other Non-Ferrous	Maximum: 5.0 %
3.	Other recoverable materials including plastic	Maximum: 0.25%
4.	Scheduled waste including electrical and electronic	0%
	Total	100%

- The expected total shipment weight of metal scrap (solid ferrous & solid non-ferrous) shall be up to 99.75%.
- The metal scrap **SHALL NOT** contain or be contaminated with hazardous wastes that allow it to be subjected to hazardous wastes or any waste under the Basel Convention, and does not contain other impurities.
- Crushed or shredded form of metal scrap of sizes less than 5 mm is not allowed for importation.
- Manufacturers shall have waste management facilities or standard recycling processes for the recoverable materials including plastic.
- Unintentional traces of scheduled waste including e-waste aiming at 0% should not be penalised.

## 28. What happen if failed inspection criteria?

- (i) SIRIM shall issue a Notification Letter and Suspension Letter.
- (ii) Importer is required to take the following actions:
  - a. For non-compliance due to the presence of scheduled or hazardous waste

To return the non-compliant metal scrap to the country of origin, as per Article 9 of the Control of Transboundary Movements of Hazardous Wastes under the Basel Convention. All costs of return to be borne by the manufacturer.

Note:

- Any non-compliance may be subject to enforcement under Section 34B of the Environmental Quality Act 1974.

- b. Other non-compliance apart from the scheduled waste and hazardous waste

To return to the country of origin or appropriately dispose of in an environmentally sound manner. All cost of return to be borne by the manufacturer.

- (iii) The Bank Guarantee provided for COA application shall be forfeited in the event of non-compliance or any false declaration and actions required are not taken by the importer or the shipment is abandoned at the Port of Entry. The Bank Guarantee amount shall be used to cover transportation and incidental costs for the return shipment to its country of origin and/or its disposal.

The Suspension letter shall be withdrawn if all actions are complied with by the importer.

The importer is prohibited from any future applications for a COA pursuant to the Guideline if it fails to take actions.

SIRIM reserves the right to disqualify any importer from future applications of a COA in the case of repetitive non-compliance of more than two (2) times by the same manufacturer.

Manufacturers may also be prohibited and disqualified in the event that their appointed Third Party Importer or Trading Arm Company is found to be in non-compliance of this Guideline.