

# Monthly Report

## Topics from China; June 2024

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### China Macroeconomy

#### EU: Decide to Impose the Additional Temporary Tariffs on Imported Chinese Electric Vehicles

On June 12<sup>th</sup>, the European Commission unveiled provisional tariffs ranging from 17.4 percent to 38.1 percent, on top of the existing 10 percent tariff, for Chinese electric vehicle makers despite widespread market concerns and China's objections. Additional provisional EU duties are scheduled to take effect by July 4<sup>th</sup>, with the tariffs expected to be finalized on November 2<sup>nd</sup>.

According to the EU, the tariffs will be imposed on the products of "sampled" companies such as BYD, Geely and SAIC at rates of 17.4 percent, 20 percent and 38.1 percent respectively. Non-sampled participating manufacturers will face an average tariff of 21 percent, while the tariffs for non-cooperating manufacturers will be as high as 38.1 percent. Tesla cars imported from China, too, might be subjected to a separate rate of tariff. The EU's motive behind announcing tariffs is clear: to protect its domestic EV market and expedite local production, aiming for over 50 percent localization in the supply chain under the European Critical Raw Materials Act. The move is in response to the rapid growth of Chinese-made EVs in the global market.

China, in response to the EU's decision to impose additional tariffs on Chinese EVs, would take all necessary actions to safeguard the legitimate rights of Chinese companies, which led to speculation that retaliatory measures are possible. On June 20<sup>th</sup>, Beijing opened an antidumping investigation into pork imports from the EU and is also reviewing applications seeking an anti-subsidy probe into the bloc's dairy products. In addition, an antidumping investigation launched in January into brandy imported from

the EU is moving forward. Beijing also may choose to impose retaliatory duties targeting EU-produced large-engine vehicles.

On June 24<sup>th</sup>, China and the EU announced to start consultations on the latter's anti-subsidy investigation into Chinese EVs, with the aim of finding a mutually acceptable solution by addressing the reasonable concerns of both sides.

On July 4<sup>th</sup>, the EU announced to adjust some of its planned tariffs: the rates for BYD, Geely and SAIC will be adjusted to 17.4 percent, 19.9 percent and 37.6 percent respectively. Non-sampled participating manufacturers will be subject to the 20.8 percent duty rate, while the tariffs for non-cooperating manufacturers will be imposed at the rate of 37.6 percent. So far, technical-level consultations between China and the EU have been held multiple rounds. There is still a four-month period before the final ruling, China and EU must work together to expedite the consultation process and reach a mutually acceptable solution based on facts and rules as soon as possible.

On the earlier day, the VDA's position was reiterated and remains unchanged with the following key points:

- Anti-subsidy tariffs are not in the EU's interest.
- Constructive dialogue between the EU and China is needed.
- Negative impacts on companies and Europe as a production location.
- The risk of an escalation of the trade conflict is real.
- Potential Chinese countermeasures could cause enormous damage.
- The transformation is being slowed down.
- No flooding of the market by Chinese BEVs to be expected.
- Tariffs do not strengthen the competitiveness of European industry.

The German automotive industry has long established close ties with the Chinese market, and the German government has repeatedly voiced its opposition to target Chinese EVs as doing so restricts market competition and showed the signal to engage in dialogue in view of the facts. Meanwhile, German OEMs such as BMW, Mercedes-Benz and Volkswagen have expressed their opposition to EU's actions.

In order to stop this move away from global cooperation and free and fair trade, both China and the EU Commission must do everything in their power to find a solution through open and constructive dialogue. A possible global trade conflict must be averted. In recent days, both sides have signaled their willingness to talk and are in an intensive exchange. VDA strongly support this approach and appeal to both sides to bring the negotiations to a successful conclusion. The VDA key points paper on the European Commission's anti-subsidy investigation can be found [here](#).

## German Vice-Chancellor Robert Habeck's Three-day Official Visit to China & New Working Group on Industrial Carbon Reduction

From June 21<sup>st</sup> to 23<sup>rd</sup>, German Vice Chancellor and Federal Minister of Economic Affairs and Climate Action (BMWK), Dr. Robert Habeck had a three-day visit to China, which helped to ease tensions between the EU and China over the issue to a certain degree. His package itinerary included stops in Beijing, Shanghai and Hangzhou, where he met with business leaders of both China and Germany, as well as Chinese Minister of Commerce (MOFCOM) Mr. Wang Wentao and Minister of the National Development and Reform Commission (NDRC) Mr. Zheng Shanjie.

This year marks the 10<sup>th</sup> anniversary of the establishment of the comprehensive strategic partnership between Germany and China. Both have been beneficiaries of economic globalization, and the two countries' economic interests are deeply intertwined. Dr. Habeck's hosts reaffirmed that Germany is willing to work with China to deepen mutually beneficial cooperation between the two side' enterprises, create an open and fair competition environment, and inject more positive energy into the healthy and stable development of Germany-China and EU-China economic and trade relations. The productive exchanges during Dr. Habeck's visit clearly convey the common pro-free trade stance, as well as the jointly concerns over the dire implications of the EU's planned punitive tariffs on Chinese EVs.

On June 22<sup>nd</sup>, the first high-level dialogue under the Sino-German dialogue and cooperation mechanism on climate change and green transition was held by the Minister of NDRC, Mr. Zheng Shanjie and Dr. Robert Habeck. Several key outcomes were announced following the dialogue:

- Provincial-level cooperation on green transition.
- Work plan for the Sino-German Energy Efficiency Working Group in 2024.

- Implementation plan of the Sino-German dialogue on circular economy and resource efficiency in the near future.
- A new working group on industrial carbon reduction.
- Demonstration projects to enhance energy efficiency in key sectors.

During the dialogue, China expressed readiness to further enhance cooperation with Germany on energy efficiency, the circular economy, industrial carbon reduction, and energy transition. Germany is willing to explore further collaboration with China in areas such as renewable energy, smart grid development, and the production of zero-carbon and low-carbon products.

## German Minister Volker Wissing's Four-day Official Visit to China & Signing a Memorandum of Understanding on Enhancing Cooperation on Cross-border Data Flow

From June 24<sup>th</sup> to 27<sup>th</sup>, the German Federal Minister for Digital Affairs and Transport (BMDV), Dr. Volker Wissing had four days visit to China, holding meetings with Chinese ministries and local governments in Beijing and Shenzhen, as well as visiting the R&D center of German enterprise in Shanghai. Dr. Wissing also called an automotive round table meeting on June 26<sup>th</sup>, moderated by the Ambassador of Germany to China, Dr. Patricia Flor, where VDA Managing Director, Dr. Marcus Bollig, and representatives of OEMs and suppliers had an open exchange, especially on the challenges that German automotive enterprises are facing in China.

On June 26<sup>th</sup> afternoon, Dr. Volker Wissing, and the Director of the Cyberspace Administration of the People's Republic of China (CAC), Mr. Zhuang Rongwen signed a Memorandum of Understanding on Enhancing Cooperation on Cross-border Data Flow (hereafter "MoU"), which is a next step after the renewal of the "Joint Declaration of Intent on Dialogue and Cooperation in the Area of Automated and Connected Driving", witnessed by the Federal Chancellor Schulz in this April, and complements the cooperation in the area of data exchange.

Within the MoU framework, China and Germany will set up a dialogue mechanism to strengthen communications on cross-border data flow and build a fair and non-discriminatory business environment for companies from the two countries. Mr. Zhuang Rongwen stated that China is willing to join hands with Germany to implement the consensus of the heads of state of the two countries and boost for more achievements in China-Germany cyberspace communications and cooperations. Dr. Wissing also expressed that Germany attaches high importance to cross-border data flow, artificial intelligence, and other fields, and will strengthen communications and cooperation with China to actively promote the implementation of the MoU.

The VDA and German automotive industry highly welcome and fully support the signed MoU between BMDV and CAC and its following implementation activities. Cross-border data transfer is of crucial importance for German manufacturers and suppliers to remain a global leader in the future technologies. Particularly for the research and development of autonomous driving, data collected worldwide is essential.

## State Council: Intensify Efforts to Further Attract and Utilize Foreign Investment

On June 26<sup>th</sup>, the executive meeting of the State Council, chaired by the Premier Li Qiang, decided that China will take steps to deepen opening-up efforts in key sectors. The meeting pointed out that foreign-funded enterprises play an important role in building a new development pattern, efforts should be stepped up to attract and utilize foreign investment, and multiple measures should be taken to stabilize foreign investment, which is another positive step to respond to the demands of foreign-funded enterprises for fair participation in the government procurement process.

The meeting highlighted the following aspects:

- Removing market access restrictions on foreign investment in the manufacturing sector and introducing a new round of pilot measures to expand opening of the service sector.
- Treating domestic and foreign companies on an equal footing when participating in various sectors, including in large-scale equipment upgrades and government procurement.
- Improving the facilitation of investment and optimizing foreign investment policies in areas such as pharmaceuticals and medical devices.

- Releasing a revised version of the industry catalog that encourages foreign investment and making it easier for foreign nationals to work in China.

According to the data from the Ministry of Commerce, in the first five months of the year, 21,764 new foreign-invested enterprises were established, up 17.4 percent year-on-year. The manufacturing sector attracted 117.11 billion yuan, accounting for 28.4 percent of the total inflow of foreign direct investment, which indicates an increase of 2.8 percent points compared with the same period last year and points to ongoing improvement in China's investment structure. Meanwhile, recent surveys conducted by various business chambers found that more than three-fourths of United States, European, and Japanese companies planned to sustain their operations in China, which indicates foreign businesses operating in China continue to exhibit stable investment expectations and confidence in the country's market.

## Policy and Regulation

### MEE: Implementation Plan on Developing the System for Carbon Footprint Management

On June 4<sup>th</sup>, the Ministry of Ecology and Environment (MEE), in collaboration with 14 other national government administrations, unveiled an Implementation Plan on Developing the System for Carbon Footprint Management (hereafter "Implementation Plan"), with the aim of contributing to the development of international rules for product carbon footprints by 2030, promoting the green and low-carbon transformation of production and lifestyles in China, and enhancing exchange and mutual trust in carbon footprint management on the global stage.

The Implementation Plan clarifies the following objectives:

- By 2027, China aims to preliminarily establish a unified national system for managing carbon footprints, develop national guidelines for calculating product carbon footprints in accordance with international standards, and establish calculation rules and standards for approximately 100 key products by then.
- By 2030, the national carbon footprint management system will be further refined and applied in more diverse scenarios. The number of key products with specific carbon footprint calculation rules and standards will increase to 200. China expects to make a significant contribution to the development of international product carbon footprint rules by that time.

Key tasks mapped out by the Implementation Plan include 4 aspects:

- **Establish and improve the management system**  
Issuing standard and guidelines for carbon footprint calculation of key products, establishing a comprehensive database of carbon footprint factors and label certification system, and exploring the solutions of the disclosure system.
- **Form the multi-party involved working mechanism**  
Strengthening the policy coordination and support from financial institutions and encouraging local governments to involve in pilot practices and policy innovation. Enterprises in the key industries are inspired to participate in pilot implementation at an early stage.
- **Promote international mutual trust on rules and standards**  
Following international carbon-related trade policies, promoting international alignment on carbon footprint rules, and actively participating in standardization through close international collaboration.
- **Enhance the capacity of carbon footprint management**  
Standardizing professional services for carbon footprint management, strengthening talent training, establishing a support and guarantee system for measuring the quality of carbon footprint data, and emphasizing data security and intellectual property protection.

The Implementation Plan is of great significance to promote the green and low carbon transformation of China's industries and the high-quality development, to respond to the trend of international carbon pricing, to facilitate the formation of a green economy and lifestyle, and to help achieve the goals of carbon peaking and carbon neutrality.

## MOT: Action Plan for the Large-Scale Renewal of Transport Equipment

On June 7<sup>th</sup>, the Ministry of Transport (MoT), together with 12 other ministries, issued an Action Plan for the Large-Scale Renewal of Transport Equipment (hereafter “Action Plan”) to accelerate the construction of a new pattern of transport services, promote the high-quality development of the transport industry, and facilitate the investment and consumption. The Action Plan acts as an important pillar of the “N” elements of the “1+N” framework on trade-in put forward by the central government in April this year.

The Action Plan sets the targets that, by 2028, the structure of ship capacity will be effectively improved, the promotion of new energy public transport vehicles will be further advanced, the large-scale renewal of new energy locomotives will be realized, the application of Beidou terminal will be further improved, and the total pollutant emissions will be further reduced.

Thereinto, the following tasks are especially related to the automotive industry:

- Encourage the renewal of new energy buses of over 10 years and the end-of-life batteries, and local governments should formulate relevant policies based on their own situation.
- Accelerate the phase-out and renewal of old operational diesel commercial vehicles and replace them with new energy types.

Via the Action Plan it's to further identified ships, locomotives, and logistics facilities and equipment as areas for renewal, and the establishment of assorted standards and policy systems as the next step to focus on, to ultimately promote the clean, low-carbon, and high-efficiency development of transport systems and achieve the transformation of the industry.

## NDRC: Measures on Promoting New Consumption Scenarios and Fostering New Consumption Demand

On June 24<sup>th</sup>, the National Development and Reform Commission (NDRC), the Ministry of Agriculture and Rural Affairs (MARA), the Ministry of Commerce (MOFCOM), the Ministry of Culture and Tourism (MCT), and the State Administration for Market Regulation (SAMR) jointly released the Measures on Promoting New Consumption Scenarios and Fostering New Consumption Demand (hereafter “Measures”), to better play the fundamental role of consumption in economic development and coordinate the expansion of domestic demand with the deepening of supply-side structural reform. The Measures act as an important role in promoting the continuous emergence of new consumption forms, modes, and products, and stimulating the vitality of the consumer market and the potential of enterprises.

The Measures define the automobile consumption sector as an essential pillar and emphasize the expansion of consumption scenarios in this area:

- Cities with restrictions on vehicle purchases are encouraged to ease these limitations or provide additional quotas for vehicle purchases.
- Local governments are encouraged to support vehicle replacement and renewal when conditions allow.
- Full electrification of public transport will be promoted in more areas.
- The efforts will be made to steadily promote the commercialization of autonomous driving and new scenarios for advanced driving functions.
- The implementation of the “vehicle-road-cloud integration” pilot for intelligent and connected vehicles will be accelerated.
- Automobile-related products and services will be enriched in diverse scenarios, such as car races, camping, and car modification.
- The government will also further enhance the safe and convenient trading of used cars.

The Measures represent the targeted policy for the automotive consumption market, which aims to boost the growth and upgrading of the automotive industry from multiple dimensions. Meanwhile, it is also a positive signal for VDA members, who will gain opportunities to achieve better market performance and further develop autonomous driving technology in this favorable policy environment.

## Automotive Industry Topics

### High-Level Exchange between VDA and CATARC on Enhancing German-Chinese Industrial Collaboration

On June 25<sup>th</sup>, Dr. Marcus Bollig, Managing Director of VDA, paid a visit to CATARC in Tianjin and engaged discussions alongside Mr. AN Tiecheng, President of CATARC, focusing on German-Chinese collaboration in decarbonization, E-mobility, and ICV amidst the competitive Chinese market landscape. The importance of customer-centric design and development to meet evolving market needs was highlighted, emphasizing localization across production, supply chains, and R&D for German enterprises to maintain competitiveness in the Chinese market. The dialogue reinforced the commitment to enhancing the mutually beneficial partnership between VDA and CATARC, particularly in policy, regulations, and standardization for future collaboration.

## Standardization

### Standard Projects for Approval

In June, SAC released the following standard projects for approval publicity:

NO.	Title	Publicity date	Deadline for comments	Project Pre-No.
1	GB/T XXXX - xxxx Electrical performance requirements and test methods for electric double-layer capacitors for use in hybrid electric vehicles	2024-06-03	2024-07-03	

### Standard Drafts for Public Comments

In June, CATARC released the following drafts of standard for public comments:

NO.	Title	Publicity date	Deadline for comments	Note
1	GB/T 18487.5 - xxxx Electric vehicle conductive charging system - part 5: DC charging system for GB/T 20234.3	2024-06-03	2024-08-02	
2	GB/T 27930.2 - xxxx Digital communication protocols between off-board conductive charger and electric vehicle - part 2: communication protocols for GB/T 20234.3	2024-06-03	2024-08-02	
3	QC/T XXX - xxxx Test methods of venting of traction battery for electric vehicles	2024-06-05	2024-07-15	
4	QC/T XXX - xxxx Peak power test methods for traction battery of electric vehicles	2024-06-05	2024-07-15	
5	QC/T 592 - xxxx Performance requirements and bench test methods for vehicle hydraulic brake caliper assembly	2024-06-11	2024-07-20	To replace QC/T 592 - 2013
6	GB/T XXXX - xxxx Commercial vehicles - stopping distance in straight line braking with ABS - open loop and closed loop test methods	2024-06-13	2024-08-12	
7	GB/T XXXX - xxxx Commercial vehicle - straight-ahead braking on the split-surface - vehicle stability test method	2024-06-13	2024-08-12	
8	GB/T XXXX - xxxx	2024-06-13	2024-08-12	



	Passenger cars - straight-ahead braking on surfaces with split coefficient of friction - vehicle stability test method			
9	GB/T 20716.2 - xxxx Road vehicles - connectors for the electrical connection of towing and towed vehicles - part 2: connectors for braking systems and running gears of vehicles with 12V nominal supply voltage	2024-06-20	2024-08-19	To replace GB/T 20716.2 - 2006
10	GB/T 20716.1 - xxxx Road vehicles - connectors for the electrical connection of towing and towed vehicles - part 1: connectors for braking systems and running gears of vehicles with 24V nominal supply voltage	2024-06-20	2024-08-19	To replace GB/T 20716.1 - 2006
11	GB 11555 - xxxx Motor vehicles - windshield demisting and defrosting systems technical specification	2024-06-24	2024-07-24	To replace GB 11555 - 2009
12	GB XXXX - xxxx On-board accident emergency call system	2024-06-24	2024-07-24	
13	GB XXXX - xxxx Light sources for power-driven vehicles and their trailers' safety requirements	2024-06-24	2024-07-24	
14	GB 19578 - xxxx Fuel consumption limits for passenger cars	2024-06-24	2024-07-24	To replace GB 19578 - 2021

## Official Publication of Standards

In June, SAC officially published the following standards:

NO.	Title	Release date	Implementation date	Note
1	GB 24406 - 2024 Strength of student seat and their anchorages of special school bus	2024-06-25	2025-01-01	To replace GB 24406 - 2012

## MIIT: First Batch of Enterprises Entering the Pilot Market Access for Intelligent Connected Vehicles (ICVs)

On June 4<sup>th</sup>, the Ministry of Industry and Information Technology (MIIT), in collaboration with the Ministry of Public Security (MPS), Ministry of Housing and Urban-Rural Development (MOHURD) and Ministry of Transport (MoT), jointly released the List of the First Batch of Enterprises Entering the Pilot Market Access for Intelligent Connected Vehicles (ICVs), which include the selection of 9 entities for the L3 ICVs pilot program.

The pilot program, initiated in November 2023, aims to gather experience to support the revision of relevant laws, regulations, and technical standards, to accelerate the development of the market access management systems and accumulate more implementation experience to support the future type approval rules for ICVs.

The 9 entities selected for the pilot program include major local automotive players in China, most of which are state-owned:

NO.	Manufacturer	Operation City	Type
1	Changan	Chongqing	Passenger Car
2	BYD	Shenzhen	
3	GAC	Shenzhen	
4	SAIC	Shanghai	
5	BAIC Bluepark	Beijing	
6	FAW Group	Beijing	
7	NIO	Shanghai	

8	SAIC Iveco Hongyan	Danzhou (Hainan province)	Trucks
9	Yutong Bus	Zhengzhou (Henan province)	Bus

The pilot program is implemented in five stages in total: pilot application, product access trail, road access trail, pilot suspension and exit, and evaluation and adjustment. The current stage only completes the selection phase for pilot applications, and it does not signify that the ICVs with autonomous driving capabilities have obtained approval or are permitted to operate on the road. The next step will involve guiding the selected consortia through the promulgation of the pilot program, revising the related policies and regulations, and strengthening the access approval for ICVs and the road traffic safety management system.

By the end of April 2024, China has opened more than 29,000 kilometers of ICV testing roads, issued more than 6,800 testing demonstration licenses, and the total road-testing mileage has exceeded 88 million kilometers. Batches of ICV products equipped with autonomous driving functions have undergone extensive research and development, and some products have certain application conditions for mass production. Organizing ICV pilot programs and promoting the application of mass-production vehicle models is conducive to accelerating the improvement of the technical level of ICV products, effectively facilitating the iteration and optimization of the industrial ecosystem and accelerating the industrialization process of ICVs.

### BJECIDC: Regulations on Autonomous Vehicles in Beijing (Draft for Public Comments)

On June 30<sup>th</sup>, the Beijing Municipal Bureau of Economy and Information Technology (BJECIDC) released the draft version of the Regulations on Autonomous Vehicles in Beijing (hereafter BJ Regulations) for public comments. Following Shenzhen and Hangzhou, Beijing is the third city to issue local autonomous driving regulations.

Different from the regulations in the other two cities that emphasize individual vehicle intelligence, the BJ Regulations include the requirements of both roadside units and individual vehicles. This alignment with the MIIT's "vehicle-road-cloud integration" pilot program, signifies the authorities' stance on the development of autonomous driving technology, promoting a transition from individual vehicle intelligence towards comprehensive integration through the 'vehicle-road-cloud' concept.

Regarding the widely discussed issue of "traffic accident liability" for autonomous driving, BJ Regulations specify the responsibility protocols as:

- If a road accident happens in which the vehicle's automated driving system is inactive, liability judgment is followed by existing regulations.
- If a road traffic accident occurs while the vehicle's automated driving system is active, compensation obligations are to be shouldered by the vehicle owner or operating entities.

Meanwhile, the BJ Regulations encourage collaboration between autonomous vehicle enterprises and insurance companies to jointly develop insurance products for autonomous vehicles.

As of today, the Beijing High-level Autonomous Driving Demonstration Zone has issued 31 road test licenses, with over 28 million kilometers of cumulative testing. Additionally, Beijing has initiated autonomous driving shuttle services at 5 railway stations and 2 airports. With the introduction of the BJ regulations, Beijing is expected to enter a rapid development period in autonomous driving.



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