VDA | German Association of the Automotive Industry

Monthly Report

Topics from China; September-2022

Content

Policy and Regulation

MOF, STA & MIIT: China to Extend NEV Purchase Tax Exemption to the End of 2023

On September 26, a notice to extend new energy vehicle (NEV) purchase tax exemption to the end of 2023 was officially issued, jointly by the Ministry of Finance (MOF), the State Taxation Administration (STA) and the Ministry of Industry and Information Technology (MIIT), which was to implement one of the decisions made from the State Council executive meeting on August 18.

The purchase tax exemption policy was initiated in 2014 to foster NEV sales. To spur NEV consumption and green development, the notice officially stated that **the vehicle purchase tax exemption for NEVs, which has already been extended twice and is due to conclude at the end of this year, will be extended to the end of 2023**. The tax stands at 10 percent of a vehicle's sticker price, and it is estimated that its continued suspension is to waive taxes of 100 billion yuan ($13.98 billion).

The exemption scope is defined as the NEVs that are:

- Purchased as late as December 31, 2023, subject to the date of invoice or tariff-paid document or other valid credentials.
- Listed by the “NEV Purchase Tax Exemption Catalog” approved by MIIT and STA.
- Including pure battery electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV) and fuel-cell vehicles (FCEV), where PHEV covers extended range electric vehicles (EREV).

China's NEVs segment has witnessed rapid growth this year. Retail sales of NEVs in China surged 111.2 percent year-on-year to 529,000 units in August, according to the China Passenger Car Association (CPCA). From January to August, the production of NEVs totaled 3.97 million units, while the sales reached 3.86 million units, an increase of 1.2 times and 1.1 times, year-on-year, respectively.

China started to subsidize its NEV sector in 2009. Thanks in part to financial stimulus, the country became the largest market for NEVs in 2015 and has since held that title for seven years in a row. A growing number of models and improved charging infrastructure have made NEVs a serious choice for car buyers. The State Council's latest packages of moves will ensure the sector continues its upward momentum.

The market size of China's NEV sector is forecast to reach 15.98 million units in 2026, with a compound annual growth rate of 35.1 percent during the period, according to a report from global market research firm International Data Corp.

CAC: Amendments of Cybersecurity Law of China _ Draft for Comment

On September 14, the Cyberspace Administration of China (CAC), China's top cybersecurity body, released new amendments to the China Cybersecurity Law (CSL) of 2017 edition, to solicit the public comments till September 29.

The amendments were released along with a brief explainer, which stated that the amendments seek to make the law consistent with several new laws that have been released since the Cybersecurity Law came into effect in 2017. These are the Administrative Punishment Law, the Data Security Law (DSL), and the Personal Information Protection Law (PIPL), all of which were revised or implemented in 2021.

All the amendments do not make changes to the requirements or legality of various types of behavior or activity prohibited by the Cybersecurity Law, but to change the scope and severity of penalties for violating certain provisions, including:

- Improve the legal liability system i.e., increased fines and penalties for violations of general provisions on network operation security.
- Revise the legal responsibility system for the security protection of critical information infrastructure (CII).
- Adjust the legal responsibility for network information security – that is, the obligations of network providers to ensure the information shared through their networks by companies and individuals does not violate China's laws.
- Be more consistent with the provisions of the PIPL and provide better protection for personal information (PI).

If passed, the amended law will increase fines for violations of cybersecurity obligations and prohibitions for network operators to up to RMB 50 million.

The amendments to the China Cybersecurity Law may raise the stakes for smaller companies, making compliance even more critical, it is widely regarded.

Automotive Industry Topics

Sino-German ICV Research Report on C-V2X Mass Production and Application Jointly Released by VDA & CAICT

As an important achievement of the project on Smart City between the VDA and China Academy of Information and Communications Technology (CAICT), the release of **Sino-German ICV Research Report on C-V2X Mass Production and Application** was officially announced at World Intelligent Connected Vehicle Conference (WICV) on September 18 in Beijing.

The project kicked off in July 2021, with the aim of jointly research on the path of commercializing C-V2X function in Chinese market, explore development patterns of the ICV and Smart City industry to seize the V2X market opportunities. The report includes the study of the feasibility of different scenarios of V2X functions, technical solutions, cost, and infrastructures, etc., which gave out an authoritative guidance on C-V2X mass production.

VDA will continue to strengthen the cooperation with CAICT on regulation and standards, infrastructures, and validation testing in the area of V2X to facilitate the development of industry.

China-Germany International Forum on Intelligent Connected Vehicles during World Intelligent Connected Vehicle Conference (WICV) 2022 in Beijing

Co-organized by the VDA and MIIT/CCID, moderated by Mr. ZHANG Lin, the Vice President of VDA China, the China-Germany Forum was successfully held during World Intelligent Connected Vehicle Conference (WICV 2022) on September 18 in Beijing.

Address speeches from the MIIT, Beijing Municipal Government, and Dr. Marcus Bollig, Managing Director of VDA, reflected on the fruitful bilateral cooperation from all levels, looked into the future of the automotive industry of Intelligence & Networking, and emphasized on the great significance of Germany-China cooperation to the development of ICV and the whole automotive industry.

Keynote speeches from Mr. LENG Yan, the EVP of Daimler Greater China, Dr. Ralf Grassnick, the VP of R&D Business Development China of BMW Group, Mr. Helmut Stettner, CEO of Audi FAW NEV Company, and Mr. Jay JIANG, the VP of Bosch China, shared their insights and strategies on ICV development, digitalization, electrification, decarbonization and other critical fields, where the consensus of all German enterprises was the high confidence to the China market and the strong expectation to the stable dialogue and continued collaboration of the two countries.

VDA China Sustainability & Carbon Workshop

Themed as “German Automotive Engagement with China Sustainability Strive”, the discussion on the topic of “Sustainability & Carbon” is kicked off at the VDA platform on September 28.

It is all agreed to be continued as a long-term mechanism for China-based German enterprises to keep the regular communication and approach the common German position on this subject of great significance, complexity, and uncertainty.

In the context of policy framework and development status in Europe and China, the representatives from VDA member companies of OEMs and Suppliers shared their strategies, practices, and insights in the related fields, as well as challenges and opportunities are facing, where all participants struck a chord on the necessity to strengthen external dialogue with Chinese authorities based on the clear position and concrete comments, which will also be the target for this VDA internal discussion.

Standardization

Standard Drafts for Public Comments

In September, CATARC released following drafts of standard for comments:

NO.	Name	Release date	Deadline for comments	Note
1	GB/T XXXX-xxxx Requirements and testing methods of warning sound for vehicle reversing	2022-09-27	2022-11-26	Not applicable to M1 category vehicle
2	GB/T XXXX-xxxx Intelligent and connected vehicle — General technical requirements for automated driving system	2022-09-07	2022-11-06	

Examination Meeting of Charging Standards ChaoJi & GB/T 2015

On September 22 and 23, CEC organized the examination meeting for ChaoJi standards:

- GB/T 18487.1-xxxx Electric vehicle conductive charging system Part 1: General Requirements
- GB/T 27930-xxxx Communication protocols between off-board conductive charger and battery management system for electric vehicle
- GB/T 20234.4-xxxx Connection set of conductive charging for electric vehicles Part 4: High power DC charging coupler

From charging facility companies, power grid companies, automobile companies, more than 50 experts and representatives from testing institutions and operators attended the meeting. After two days of detailed review, the three national standards were passed the technical approval by the expert group, which indicates that the ChaoJi charging technology route has completed the standard preparation. CEC will organize the standard preparation team to revise and improve according to the review opinions, form the final draft for approval to speed up the completion of the release.

On September 25, CATARC TC114 held the examination meeting for GB/T 2015 standards revision. The meeting reviewed and approved below 2 standards draft:

- GB/T 20234.1-xxxx Connection set for conductive charging of electric vehicles--Part 1: General Requirements
- GB/T 20234.3-2015 Connection set for conductive charging of electric vehicles--Part 3: DC charging coupler

Based on current DC charging interface technical solutions, the two standard revisions have increased charging voltage and current ratings, added technical requirements for high-power charging-related functions such as active cooling and temperature monitoring, and optimized and improved mechanical performance and locking devices, service life and other test methods.

VDA China has been deeply involved in both the standards drafting and exchanged with MIIT and SAC since the very beginning, raising the position that one unique solution is crucial for both OEMs and infrastructure manufacturers. However, there is no clear decision from the authority. VDA will continue to monitor the progress and actively keep in touch with Chinese partners to address members' concern in time.

Draft of ICV Standardization Roadmap for Comments

In order to meet the new demands of industry development in ICV area, MIIT and SAC jointly organized the NTCAS and related parties to initiate the revision on the ICV Standardization Roadmap. On September 16, MIIT released the Draft of "Guidelines for the Construction of the National ICV Industry Standard System (Intelligent Connected Vehicles) 2022" for comments till October 24.

The roadmap 2022 has determined the new principles, goals, and development vision for the construction of the ICV standard system in the future, put forward the system framework, overall content and specific standard projects, and clarified the status of each standard.

- **Phase I till 2020**: 39 national and industry standards have been submitted for approval, 42 standards have been drafted in 6 professional fields including ADAS, AD, connectivity and resource management and applications, functional safety and network security have been completed.
- **Phase II till 2025:** formulate more than 100 standards, covering such as combined driving assistance, key systems for automatic driving, basic functions and operating systems, high-performance computing chips and cybersecurity, data security etc.
- **Phase III till 2030:** formulate more than 130 ICV-related standards and establish implementation effect evaluation and dynamic improvement mechanisms to meet the full-scenario application requirements of combined driving assistance, autonomous driving and connected functions.

VDA China has set up deep cooperation mechanism with CATARC in ICV standardization area and will jointly promote the cooperation, coordination, and harmonization in the area of standardization, to create a good international platform for automotive industry between the two sides.

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Date September 30, 2022

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