

# Monthly Report

## Topics from China; Dec. 2024

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## China Macroeconomy

### 2024 The Central Economic Work Conference

On December 11<sup>th</sup> and 12<sup>th</sup>, the Central Economic Work Conference (CEWC), China's annual event to review the current year's economic performance and outline priorities for the next year, took place in Beijing. This conference highlighted China's key economic policies for 2025, emphasizing **stability** as the guiding principle amid growing internal and external challenges.

In 2024, China's economy faced substantial pressure, including rising global trade protectionism, de-globalization trends, and domestic challenges such as supply shocks, shrinking demand, and weakened expectations. Despite these, China met its annual economic and social development goals through a comprehensive and timely stimulus package.

Looking ahead, China's 2025 strategy focuses on balancing short-term adjustments with long-term goals, prioritizing stability while pursuing sustainable growth. Key initiatives to **expand domestic demand**, **foster innovation**, and **deepen reform** reflect China's efforts in navigating external uncertainties and driving global economic recovery. These measures present significant opportunities for international collaboration and shared development.

The CEWC outlined nine key tasks for 2025, emphasizing again stability and adaptability, as follows:

- **Expanding domestic demand:** Stimulate household consumption and improve investment efficiency through initiatives such as pension increases, subsidies, and the promotion of industries like cultural tourism.
- **Promoting technological innovation:** Drive advancements in AI, quantum computing, green technologies, and next-generation networks to enhance industrial modernization and global competitiveness.
- **Deepening reforms:** Address systemic inefficiencies through landmark reforms, such as establishing a unified national market and introducing policies to support private sector growth.
- **High-level opening-up:** Stabilize foreign trade and investment, enhance free trade zones, and promote high-quality Belt and Road cooperation.

- **Strengthening risk prevention:** Tackle systemic risks in real estate, local government debt, and financial sectors to safeguard economic stability.
- **Advancing urbanization and rural revitalization:** Promote balanced urban-rural development and accelerate rural modernization.
- **Regional development strategies:** Address regional disparities and unlock growth potential in less-developed areas.
- **Accelerating green development:** Advance the green transition through renewable energy, zero-carbon industrial parks, and biodiversity protection.
- **Improving livelihoods:** Enhance social welfare and grassroots governance and ensure stability and well-being.

Among the above nine strategic tasks, four areas are particularly relevant to the automotive industry. These initiatives highlight opportunities for collaboration and development, especially in the context of **innovation, sustainability, and high-quality growth**:

- China will continue implementing **trade-in policies** to encourage vehicle replacement and upgrades. **Broader stimulus measures**, such as purchase tax reductions, are also expected to boost demand among first-time car buyers. This creates significant opportunities for automakers to meet growing consumer needs in the domestic market.
- The government's focus on **technological advancements**, including the "AI+" initiative, aims to foster future industries such as intelligent driving chips. Additionally, efforts to **curb excessive competition** and regulate enterprises and local government behavior will promote a healthier business environment. These developments align with the German automotive industry's emphasis on innovation in autonomous driving and AI-powered solutions, paving the way for deeper collaboration.
- The rapid growth of intelligent and connected vehicles (ICVs), and new energy vehicles (NEVs), underscores the importance of openness in automakers' global strategies. **By enhancing resource integration between domestic and international players**, this creates opportunities for German automakers to strengthen partnerships, leverage China's innovation ecosystem, and expand in the NEV market.
- Carbon competitiveness is becoming a critical factor in the global automotive market. In line with the dual-carbon goals, China aims to **establish a comprehensive automotive carbon footprint accounting system** and **enhance industry-wide green standards**. These initiatives present opportunities for German automakers to align operations with China's sustainability goals, contribute to the green transition, and integrate low-carbon practices into their supply chains.

## Policy and Regulation

### State Council: Guidelines to Accelerate the Construction of an Open and Unified Transportation Market

On December 23<sup>rd</sup>, the Central Committee of the Communist Party of China (CPC) and the State Council released the Guidelines to Accelerate the Construction of an Open and Unified Transportation Market (hereafter "Guidelines"), which outline a comprehensive set of measures aimed at promoting general aviation and the low-altitude economy, ensuring equal legal treatment for all businesses in this sector, and driving deeper reforms in the transportation system to better support the high-quality development of the economy and society as a whole.

The Guidelines set actionable targets for advancing the transportation industry across several key areas, including sectoral reforms, market improvement, resource optimization, and regulatory enhancement. The main objectives are summarized as follows:

- **Deepening transportation sector reforms**  
Reforms are advancing to optimize governance systems across railways, highways, waterways, civil aviation, and postal services. Low-altitude airspace management and general aviation are being developed to support economic growth, while toll and maintenance systems are being overhauled to enhance efficiency. Comprehensive coordination between regional and sectoral stakeholders ensures the alignment of transportation development with national economic and spatial planning. Legal frameworks and standards for transportation systems are being refined, with efforts to standardize multimodal connectivity and enhance statistical monitoring for decision-making.

- Enhancing transportation market mechanisms**  
 A unified national transportation market is being strengthened by eliminating barriers to market entry and promoting fair competition. Price-setting systems are being reformed for highways, ports, railways, and civil aviation to ensure transparency. Mechanisms for market exit are being standardized, while equal treatment policies support the participation of private enterprises and SMEs. State-owned enterprises are undergoing modernization to improve efficiency and separate public services from competitive business operations, ensuring a fairer and more dynamic market environment.
- Optimizing resource allocation in transportation**  
 Resource allocation is being improved through better coordination of land, sea, and air resources for transportation infrastructure projects. Facilities like railway stations, ports, and urban transit hubs are being optimized to enable co-sharing and integration with energy and emergency services infrastructure. Financial mechanisms, such as transport-related real estate investment trusts (REITs) and industry-focused investment funds, are being developed to encourage private investment in sustainable transportation. Data-driven innovations, including big data platforms and digital standards for transportation, are empowering smart resource management while ensuring system security and privacy.
- Strengthening transportation market regulations**  
 Efforts to enhance market regulation include refining enforcement mechanisms, strengthening safety oversight, and promoting cross-regional regulatory coordination. Anti-monopoly and anti-unfair competition measures are being reinforced, with special attention to regulating new and emerging transportation business models. Digital governance is being advanced with standardized electronic licenses and cross-province administrative services. Consumer and worker protections are prioritized, ensuring fair practices for drivers, logistics personnel, and other stakeholders, while improving mechanisms for resolving disputes and addressing grievances effectively.

## Beijing: Regulations on Autonomous Vehicles

On December 31<sup>st</sup>, the Standing Committee of Beijing Municipal People's Congress passed the Regulations on Autonomous Vehicles (hereafter "Regulations"), which will come into effect on April 1<sup>st</sup>, 2025, marking a significant progress in advancing autonomous vehicle technologies in Beijing, aligning with China's broader efforts to support innovation and industrial growth in this field.

The Regulations establish a comprehensive framework for the development, deployment, and management of autonomous vehicles with Level 3 and more advanced systems, addressing key areas such as technological innovation, infrastructure, traffic management, and safety assurance.

The main guidelines and initiatives are as follows:

- Technological innovation**  
 To advance the development of autonomous vehicles, efforts should focus on enhancing the innovation and industrial chains by supporting the establishment of key laboratories, technological innovation centers, innovation consortia, and platforms dedicated to the research and development of common technologies.  
 Simultaneously, it is essential to strengthen quality inspection and testing systems while fostering collaboration among various participants in the industry chain to promote data development, utilization, and the creation of data service products.  
 Moreover, governments at all levels and relevant departments must consider the specific needs of technological innovation and development in this sector, thereby cultivating a policy environment that actively encourages and supports innovation.
- Infrastructure planning and development**  
 Coordinated efforts are required to designate and adjust areas and roads accessible to autonomous vehicles, ensuring that road construction, renovation, and expansion align with development plans and incorporate intelligent testing infrastructure.  
 The establishment of a unified service management platform is mandated, requiring enterprises to upload vehicle operation data as per regulatory requirements. Businesses should also be encouraged to develop low-latency and high-reliability communication networks for autonomous driving, while relevant organizations explore the safe application of high-precision maps.  
 Additionally, active participation from various entities in infrastructure investment, construction, operation, and maintenance should be promoted.

- **Road operation management**

To foster innovation in application scenarios, the private passenger car is recommended as a key use case for autonomous vehicles. Testing autonomous driving functions within the city requires an application scenario to conduct road testing, and upon successful completion and fulfillment of necessary conditions, further applications can be made to test scenarios such as passenger or cargo transport through demonstration activities.

Following these steps, upon approval, autonomous vehicle license plates can be obtained, and pilot programs for road applications can be initiated in accordance with relevant regulations.

- **Safety assurance**

Autonomous vehicle manufacturers must possess capabilities in functional safety, intended functional safety, cybersecurity, data security, software upgrade management, and risk and emergency management.

Entities conducting pilot programs must fulfill legal responsibilities by establishing and improving operational safety management systems for vehicles and personnel, while also strengthening routine maintenance and inspection of vehicles. The safety supervisor and platform monitor must be assigned for pilot activities.

Autonomous vehicle manufacturers, vehicle networking software providers, and mobile network operators must implement cybersecurity protection measures in accordance with legal requirements and establish robust data security management systems.

Activities involving mapping with autonomous vehicles must comply with regulations by obtaining qualifications or by entrusting qualified entities, ensuring the safety of geographic information data transmitted, stored, or processed outside the vehicles.

Road testing, demonstrative applications, and pilot programs must comply with national and local regulations by purchasing compulsory traffic accident liability insurance, carrier liability insurance, and other supplementary commercial insurance.

Since the launch of China's first high-level autonomous driving demonstration zone in September 2020, Beijing has made remarkable progress in building intelligent infrastructure spanning 600 square kilometers. The capital is also home to leading companies such as Baidu, Pony.ai, and Neolix, which have contributed significantly to industry advancements. To date, the demonstration zone has issued road test permits to 33 companies, covering nearly 900 vehicles and achieving a combined autonomous driving test mileage exceeding 32 million kilometers.

## MOFCOM: Adjustments to the Catalog of Technologies Subject to Export Bans and Restrictions \_ Draft for Comment

On January 2<sup>nd</sup>, the Ministry of Commerce (MOFCOM) issued a notice soliciting public comments on Adjustments to the Catalog of Technologies Subject to Export Bans or Restrictions (hereafter "Catalog"), as part of efforts to strengthen the management of technology imports and exports. The soliciting of public opinion will last until February 1<sup>st</sup>, 2025.

The proposed adjustments include the addition of one new item, the revision of one existing item, and the removal of three items from the Catalog. The updated Catalog would consist of 23 items subject to export bans and 109 items subject to export restrictions, for a total of 132 items. Below is a summary of the specific adjustments:

The revised items are subject to export prohibitions:

- The entry for Traditional Chinese Construction Techniques (Code: 085001J) has been removed from the prohibited exports list.

The revised items are subject to export restrictions:

- In the category of Construction Decoration, Renovation, and Other Building Industries, the entry for Traditional Chinese Construction Techniques (Code: 085001X) and the entry for Building Environmental Control Technology (Code: 085002X) have been removed.
- In the category of Chemical Materials and Products Industry, a new restricted export item, **Battery Cathode Material Preparation Technology (Code: 252604X)**, has been added. This includes technologies related to the preparation of lithium iron phosphate, lithium manganese iron phosphate, and phosphate cathode raw materials.
- In the category of Non-Ferrous Metal Smelting and Rolling Industry, the control points for Non-Ferrous Metallurgy Technology (Code: 083201X) have been updated to include methods for

extracting gallium from alumina mother liquor using ion exchange or resin methods. Additional restrictions have been introduced under this category, covering technologies for lithium extraction from spodumene to produce lithium carbonate and lithium hydroxide, as well as techniques for processing lithium metals and alloys.

## MIIT: Requirement on Parallel Management of Passenger Car Corporate Average Fuel Consumption and New Energy Vehicle Credit of 2026-2027\_Draft for Comment

On January 2<sup>nd</sup>, the Ministry of Industry and Information Technology (MIIT) issued a draft of Requirement on Parallel Management of Passenger Car Corporate Average Fuel Consumption (CAFC) and New Energy Vehicle (NEV) Credit of 2026-2027 (hereafter "Requirement") to solicit public comments until February 5<sup>th</sup>, 2025.

Key updates include the following:

- The Requirement confirms that the NEV assessment ratio is set as 48% and 58% respectively for 2026 and 2027.
- For domestic passenger car manufacturers producing fewer than 2,000 vehicles annually, as well as independent entities engaged in production, R&D, and operations, and for imported passenger car enterprises with an annual import volume of fewer than 2,000 vehicles: if their CAFC decreases by 4% or more compared to the previous year, their target requirement will be eased by 60%. If the CAFC reduction is between 2% and 4%, the target will be relaxed by 30%.
- When enterprises meet the NEV credit target ratio, their "low fuel consumption passenger vehicle" or "imported vehicles" will be counted as 0.1 of their actual volume.
- The off-cycle technologies (OCT) that meet standards will continue to be calculated for CAFC credits. Until new regulations on OCT credit calculations are issued, the provision outlined in the Notice on Parallel Management of Passenger Car Corporate Average Fuel Consumption and New Energy Vehicle Credit of 2024-2025 will remain in effect.

The detailed calculation method for NEV credits is provided in an annex, with key formulas and conditions are as follows:

- **Battery electric passenger vehicles (BEVs):  $0.0017 \cdot R + 0.15$  (R represents the driving range under working conditions, in kilometers)**
  - The credits for BEVs are calculated using the formula: Standard Model Credits  $\times$  Range Adjustment Coefficient  $\times$  Energy Density Adjustment Coefficient  $\times$  Energy Consumption Adjustment Coefficient  $\times$  Low-Temperature Range Adjustment Coefficient.
  - The range adjustment coefficient varies from 0.7 to 1, based on the vehicle's range (R), with a maximum coefficient of 1 for  $R \geq 300$  km.
  - Energy density adjustment is determined by the mass energy density of the battery system, ranging from 0 (for  $<90$  Wh/kg) to 1 (for  $\geq 125$  Wh/kg).
  - The energy consumption adjustment coefficient (EC) is calculated as the target energy consumption value divided by the actual value, capped at 1.2. Vehicles meeting GB 36980.1 limits but not the target use an EC factor of 1, while others use 0.5, with credits limited to internal use.
  - Energy consumption target is set at 85% of the limits specified in GB 36980.1, and vehicles are evaluated for compliance with this target.
  - For the low-temperature range adjustment coefficient, if vehicles where range reduction under heating (GB/T 18386.1, Appendix A) is less than 35%, the coefficient is 1.2; otherwise, it is 1.
- **Plug-in hybrid electric passenger vehicles (PHEVs): 0.5**
  - PHEVs must meet the requirements outlined in GB/T 32694.
  - The fuel consumption in charge-sustaining mode must be less than 60% of the limits specified in GB 19578, and the energy consumption in charge-depleting mode must be less than 130% of the limits in GB 36980.1.
  - Vehicles failing to meet the above criteria earn  $0.5 \times$  standard credits, with credits limited to internal use.
- **Fuel cell passenger vehicles (FCEVs):  $0.05 \cdot P$  (P refers to the rated power of the fuel cell system, in kilowatts)**

- The key requirements include driving range  $\geq 300$  km, fuel cell system rated power  $\geq 50$  kW or 50% of the motor's rated power, start-up temperature  $\leq -30^{\circ}\text{C}$ , Fuel cell stack rated power density  $\geq 3.0$  kW/L; system rated power density  $\geq 400$  W/kg.
- Vehicles meeting all the above criteria earn  $1\times$  standard credit. Others earn  $0.5\times$  standard credits, with credits limited to internal use.

## Standardization

### Standard Projects for Approval

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

NO.	Title	Publicity date	Deadline for comments	Project Pre-No.
1	GB 7258-xxxx Technical specifications for safety of power-driven vehicles operating on roads	2024-12-23	2025-01-22	
2	GB/T 40711.3-xxxx Off-cycle technology/device energy saving effects evaluation methods for passenger cars - Part 3: Automotive air conditioner	2024-12-23	2025-01-22	
3	GB XXXX-xxxx Technical Requirements of On-board Energy Consumption Monitoring for Passenger Cars	2024-12-23	2025-01-22	

### Standard Drafts for Public Comments

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

No.	Title	Publicity date	Deadline for comments	Note
1	GB/T 34598-xxxx Plug-in hybrid electric commercial vehicles - specifications	2024-12-04	2025-02-02	To replace: GB/T 34598-2017
2	GB/T XXXX-xxxx Commercial vehicle controller area network (CAN) communication protocol	2024-12-13	2025-02-11	

### Official Publication of Standards

In December, SAC officially published the following standards:

NO.	Title	Release date	Implementation date	Note
1	GB/T 12540-2024 Minimum turning circle diameter, turning clearance circle and swing-out value test method for motor vehicles and combination of vehicles	2024-12-31	2025-04-01	
2	GB/T 17350-2024 Classification, name and model compilation method for special motor vehicles and special trailers	2024-12-31	2026-01-01	
3	GB/T 18487.5-2024 Electric vehicle conductive charging system-part 5: DC charging system for GB/T 20234.3	2024-12-31	2024-12-31	
4	GB/T 27930.2-2024 Digital communication protocols between off-board conductive charger and electric vehicle-	2024-12-31	2024-12-31	

	part 2: communication protocols for GB/T 20234.3			
5	GB/T 20717-2024 Road vehicles-connectors for the electrical connection of towing and towed vehicles (15-pole) - 15-pole connector for vehicles with 24 V nominal supply voltage	2024-12-31	2025-07-01	
6	GB/T 25982-2024 Limits and measurement methods for bus interior noise	2024-12-31	2025-07-01	
7	GB/T 43758.2-2024 Road vehicles - supply voltage of 48 V-electrical requirements and tests	2024-12-31	2025-07-01	
8	GB/T 45144-2024 Road vehicles - wheels and rims-use, general maintenance and safety requirements and out-of-service conditions	2024-12-31	2025-07-01	
9	GB/T 45146-2024 Road vehicles - air and air/hydraulic braking systems of motor vehicles test procedures	2024-12-31	2025-07-01	
10	GB/T 45147-2024 Road vehicles - test of vehicle air braking systems with a permissible mass of over 3.5t- acquisition and use of reference values using a roller brake tester	2024-12-31	2025-07-01	

## CNCA: Implementation Rules for China Compulsory Product Certification (CCC) of Electric Vehicle Supply Equipment

On December 16th, the National Certification and Accreditation Administration (CNCA) officially released the Implementation Rules for Compulsory Product Certification of Electric Vehicle Supply Equipment (Hereafter “Rules”). This follows the December 5<sup>th</sup> announcement by the State Administration for Market Regulation (SAMR) regarding the Implementation of Compulsory Product Certification (CCC) for Electric Vehicle Supply Equipment (EVSE). The Rules mandate EVSE products with rated output voltages below 1000V for AC and below 1500V for DC, excluding battery swap and wireless charging equipment.

The Rules will come into effect on March 1, 2025. Furthermore, starting from August 1, 2026, any EVSE without CCC certification will be prohibited from being sold or imported. The Rules specify the certification processes, including type testing, factory inspections, and ongoing post-certification supervision. For specific technical requirements, the Rules refer to two mandatory national standards issued this year: GB 39752-2024 Electric Vehicle Conductive Charging System Safety Requirements and GB 44263-2023 Electric Vehicle Supply Equipment Performance Requirements.

As of the end of October 2024, China had 11.88 million charging piles, including 3.39 million public chargers and 8.49 million private chargers. By introducing the charging equipment in CCC, the SAMR aims to enhance the safety and reliability of EVSE, support the rapid growth of China’s electric vehicle infrastructure, and ensure compliance with evolving market and regulatory requirements. Products that meet these standards will be required to display the CCC mark as proof of compliance.

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