

Monthly Report

Topics from China; Aug. & Sep. 2023

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China Macroeconomy

China to Further Optimize Environment for Foreign Investment

On August 13, a circular named “Opinions on Further Optimizing the Environment for Foreign Investment and Intensifying Efforts to Attract Foreign Investment” was released by the State Council, China’s cabinet, which includes 24 new guidelines to attract more global capital and further optimize the country’s business environment for multinational corporations (hereafter “24 New Guidelines”).

The 24 New Guidelines mainly highlight the following 6 aspects:

- To improve investment quality**
 China will draw more foreign investment in key sectors and support foreign enterprises to establish R&D centers in China, cooperate with domestic enterprises in technology exploration and application and undertake major research projects.
- To guarantee national treatment for foreign enterprises**
 China will ensure their legal participation in government procurement, equal role in standards formation and fair treatment in supportive policies.
- To enhance the protection of foreign businesses' rights**
 It’s to strengthen law enforcement and standardize policy and regulation formation in foreign trade and investment.
- To improve the facilitation of investment and operation**
 China will optimize its residence policies for employees of foreign enterprises and explore a safe management framework for cross-border data flows with less frequent inspection of those with low credit risks.

- **To increase fiscal and tax support**
China will strengthen its guarantee of promotion capital for foreign investment and encourage foreign enterprises to re-invest in China, especially in designated sectors.
- **To optimize ways to promote foreign investment**
It's to explore more effective ways to promote foreign investment and establish a system for evaluating the effectiveness of foreign investment promotion, focusing on the actual contribution of foreign investment to economic and social development.

Via the 24 New Guidelines, the State Council emphasizes to create a market-oriented, law-based and first-class international business environment, give full play to the advantages of the country's ultra-large market, and attract and utilize foreign investment more vigorously and more effectively.

In the first half of 2023, China saw its newly established foreign-invested enterprises reach 24,000, up 35.7 percent year-on-year, according to the Ministry of Commerce.

MIIT: Work Plan for Automotive Industry on Stabilizing Growth (2023-2024)

On September 1, the Ministry of Industry and Information Technology (MIIT), together with other six ministries, released the "Work Plan for Automotive Industry on Stabilizing Growth (2023-2024)" (hereafter "Work Plan").

The Work Plan begins with the significance of the automotive industry to the national economy by saying it plays the role of cornerstone for the steady growth of the whole industrial economy, with a long industrial chain, high correlation and strong driving force.

The targets set for the industry are to bring the 2023 annual auto sales to about 27 million vehicles, an increase of 3% from the 2022 level; of which new energy vehicle (NEV) sales of about 9 million, an increase of about 30%; and the added value of the automobile manufacturing increased by about 5% year-on-year. In 2024, the operation of the automotive industry will remain within a reasonable range, and the quality and efficiency of industrial development will be further improved.

To realize growth targets, the Work Plan specifies measures including:

- expanding NEV consumption while stabilizing that of petrol vehicles,
- boosting auto exports,
- encouraging second-hand auto sales,
- strengthening product quality,
- keeping industrial and supply chains stable, as well as
- improving infrastructures.

It also particularly pointed out that all the existing supportive policies for NEV consumption should be well implemented, while no further restrictions should be placed on petrol vehicle purchases. Besides, the comprehensive electrification of vehicles in the public sector, as well as the application scale of fuel cell vehicles, will be further promoted.

Regarding automobile export, car companies are encouraged to develop and produce products for the international market and increase efforts to explore markets in Belt and Road countries and emerging economies, according to the Work Plan.

Policy and Regulation

SAMR: Guide on the Construction of the National Standard System for Hydrogen Energy Industry _Version 2023

On August 8, the State Administration for Market Regulation (SAMR), jointly with the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Ecology and Environment (MEE), the Ministry of Emergency Management (MEM), and the National Energy Administration (NEA), announced the "Guide on the Construction of the National Standard System for Hydrogen Energy Industry _Version 2023" (hereafter "Guide 2023").

China is currently the largest hydrogen producer in the world, with an annual production output of about 33 million metric tons, therefore, a national standard system is urgently needed to both guarantee industrial security and lead healthy development. The Guide 2023 defines a phased developmental target by 2025:

- To build up an initial system of more than 30 national and industrial standards, covering all the phases along the whole chain of production, storage, transport, and use.
- To encourage the related organizations to establish their group standards, supplementing the use cases and market needs.
- To participate ISO, IEC, and other international standardization projects, promoting the influence of China in hydrogen energy.

To zoom in all the standard contents involved by the framework, the Guide 2023 categories them into the following 3 levels:

- Standards of basis and safety, including terminology, graphic symbol, general safety requirement and assessment, etc.
- Standards on hydrogen supply, including its production, storage, transport, and refueling station.
- Standards on hydrogen application, including in transportation system, for energy storage, for electric power generation, and in industrial fields.

The Guide 2023 also echoed an earlier document “2021-2035 Plan on Hydrogen Energy Development” from the NDRC, naming hydrogen as a key part in the country’s future energy system and setting the strategic goal: China aims to have about 50,000 hydrogen fuel-cell vehicles, which are supported by electricity produced from hydrogen, and produce 100,000 to 200,000 metric tons of renewable energy-based green hydrogen annually by 2025.

CAC: Interim Measures for the Administration of Generative Artificial Intelligence (AI) Services

On August 15, the regulation named “Interim Measures for the Administration of Generative Artificial Intelligence Services” (hereafter “Measures”) officially came into force, which was published by the Cyberspace Administration of China (CAC) and other six ministries on July 13.

The booming of generative AI technology has created new opportunities for economic and social development but has also brought problems such as the spreading of fake information, the infringement of personal information and data safety, according to the CAC.

The Measures put forward a slew of provisions on boosting generative AI technology on the one hand and stipulate basic norms for generative AI service providers on the other, aimed at promoting the sound development of generative AI and its standard applications, safeguarding national security and social public interests, and protecting the legitimate rights and interests of citizens, legal entities and organizations.

It’s also particularly clarified that the scope of the Measures is limited to generative AI, i.e., the big-language model, therefore, other AI applications such as autonomous driving are not affected.

MIIT: Implementation Plan of New Industry Standardization Pilot Project (2023-2035)

On August 22, the Ministry of Industry and Information Technology (MIIT), jointly with the Ministry of Science and Technology (MOST), the National Energy Administration (NEA), and the Standardization Administration of China (SAC), announced the “Implementation Plan of New Industry Standardization Pilot Project (2023-2035)” (hereafter “Plan”).

The “new industry” is defined by the Plan as the emerging industries and future industries that develop and expand with the application of new technologies, characterized by active innovation, intensive technology, and broad prospects for development.

The phased targets are put forward as:

- By 2025, the standard system that supports the development of emerging industries will be gradually improved, and the standards that will lead the innovation and development of future industries will be accelerated.
- By 2030, the standard system that meets the high-quality development needs of new industries will continue to improve, and the standardization work system will become more complete.
- By 2035, the supply of standards to meet the high-quality development needs of new industries will be more sufficient, and new industry standardization work will be fully formed.

The Plan specifically involves eight major emerging industries: new generation information technology, new energy, new materials, high-end equipment, new energy vehicles, green environmental protection, civil aviation, ships and ocean engineering equipment.

As for future industries, the Plan focuses on the metaverse, brain-computer interface, quantum information, humanoid robots, generative artificial intelligence, bio-manufacturing, future displays, future networks and new energy storage.

This Plan will act in its role to further implement the “Outlines for the Development of National Standardization” released by the State Council, vowing to continuously improve the technical level and internationalization of new industry standards, and to provide solid technical support for accelerating the high-quality development of new industries by 2035.

NRTA: Notice on Further Strengthening Vehicle Audio and Video Management

On September 14, the National Radio and Television Administration (NRTA), the Ministry of Industry and Information Technology (MIIT), and the State Administration for Market Regulation (SAMR) jointly issued a “Notice on Further Strengthening Vehicle Audio and Video Management” (hereafter “Notice”).

The Notice specifies the “Strengthening” from the following 3 aspects:

- Standardize the vehicle audio and video receiving terminals.
- Strengthen management of in-vehicle audio and video service provider.
- Strengthen management of in-vehicle audio and video platform operation.

The Notice in general stresses the importance of vehicle audio and video system from the perspectives of both delivering the governmental voices and acting as the communication channel for emergency response, so the transmission approach and the transmission content are both included, and the former one may involve the product solution of the VDA members, no matter OEMs or suppliers.

An initial discussion was organized by VDA China among the local members to evaluate the potential influence, and a general conclusion was that the NRTA would focus more on the political sensitivity and program contents of the service provider, while the automotive industry should pay more attention to the further administrative direction of MIIT and SAMR in the future. Further workshops will be organized to evaluate the potential impact.

NDRC: Administrative Measures for Power Demand Side & Administrative Measures for Power Load

On September 17, the National Development and Reform Commission (NDRC) officially issued the “Administrative Measures for Power Demand Side and Administrative Measures for Power Load” (hereafter “Measures”), after its draft release for public consultation earlier in this May.

Compared with the previous versions, the new Measures propose the following key updates:

- Adding a chapter on demand response
- Preparing for worst-case scenarios in power safety
- Enriching the contents on green development
- Adopting the novel information technologies

The new Measures also further expand and improve the requirements on electricity conservation and green electricity conservation, add the contents on electricity replacement, and provide effective support for relevant industries.

Meanwhile, in line with the rapid development of up-to-date information technologies, such as cloud computing, big data, internet of things, mobile internet, and artificial intelligence, the new Measures seek to make power consumption more intelligent, raise the power utilization efficiency, and reform the power utilization method.

The automotive industry is specially involved by supporting its development of new energy vehicles, new energy storage functionality, and distributed power supply systems. The consumption of green electricity is also being promoted in the leading automotive enterprises, e.g., the large state-owned enterprises and multinational companies.

MOFCOM: Announcement Concerning Export of Used Cars _ Draft for Comments

On September 28, the Ministry of Commerce (MOFCOM) released an announcement on matters related to the export of used cars, to solicit public comments until October 28. China is rolling out new measures to facilitate the export of used cars and support domestic companies in establishing warehouses in overseas markets.

The drafted document specifies the related requirements and procedures for the export of used cars, which were jointly formulated by MOFCOM, the Ministry of Industry and Information Technology (MIIT), the Ministry of Public Security (MPS), Ministry of Transport (MOT) and General Administration of Customs (GAC).

China officially kicked off the exports of second-hand cars in May 2019, with Beijing, Tianjin, Shanghai, and Guangdong among the first batch of ten regions allowed to conduct such trade. At present, more efforts are being made to facilitate vehicle transaction registration, license application, and customs clearance to create a sound environment.

CAC: Provisions on Regulating and Facilitating Cross-Border Data Transfer _ Draft for Comments

On September 28, the Cyberspace Administration of China (CAC) released the Draft Provisions on Regulating and Facilitating Cross-Border Data Transfer (hereafter, "Draft Regulation"), open for public comments until October 15.

The Draft Regulation, if ultimately issued substantially in its present form, would benefit many multinational companies as they transfer various kinds of data out of China. The substance of the Draft Regulation consists in ease of the requirements and approving process, such as security assessments and standard contracts, set out by existing laws and regulations, e.g., Data Security Law (DSL) and Personal Data Protection Law (PIPL), for outbound cross-border data transfers, especially on the authorizations for the export of "important data" and personal information (PI) in certain scenarios.

Under the Draft Regulation, none of the data export related requirements would apply in the following circumstances:

- PI exporting that is necessary for the conclusion or performance of a contract to which the PI subject is a party, such as cross-border shopping, payments, ticket and hotel bookings, visa applications, etc.;
- Exporting PI of employees for purposes of implementing HR management according to employment policies and collective labor contracts.
- Exporting PI of no more than 10,000 individuals within one year;
- Exporting PI for purposes of protecting individuals' life, health, or property security in emergency situations;
- Exporting of PI that is not collected or generated within mainland China;
- Exporting non-PI data that is collected or generated during international trade, academic cooperation, cross-border manufacturing and marketing, and certain other as-yet unspecified activities, unless such data is recognized as "important data".

Besides, the Draft Regulation provides that Free Trade Zones (FTZs) are allowed to formulate negative lists to specify data types subject to the relevant data export requirements. For a data processor domiciled in an FTZ, the data export related requirements would only apply to export of data types included in the FTZ's Negative List.

The spirit of most provisions of the Draft Regulation are what the VDA and its members have long been calling for, especially on facilitation of transferring PI of China employees or of customers, vendors, and other business associates, which would significantly reduce compliance burdens for many multinational companies.

At the same time, according to VDA members, certain provisions or aspects of the Draft Regulation would still need to be clarified or interpreted by the CAC, such as the way of calculating the one-year period for counting the number of subjects whose PI will be transferred, and clarifying whether a standard contract would be sufficient for transferring sensitive PI of more than 10,000 individuals, but fewer than one million, within a one-year period.

Automotive Industry Topics

World New Energy Vehicle Congress (WNEVC) took place at IAA MOBILITY 2023 in Munich on Sep. 6th

As one of the highlights of **IAA MOBILITY 2023**, the **World New Energy Vehicle Congress (WNEVC)**, co-hosted by VDA and China SAE, successfully took place on September 6th in Munich, which was the first time in Germany.

The congress included a plenary session, a closed-door meeting of the Chinese and German automotive industries, and a themed forum, which attracted more than 600 participants from the global automotive industry.

The congress themed “Carbon Neutral Mobility, Win-win Cooperation” and focused on strategies and pathways for low-carbon development. Over 30 speakers incl. Govt. officials, OEM and Suppliers CEOs, industry leaders from Germany and China gathered and discussed the goals and strategies of the automotive industry, driven by the vision of carbon neutrality, and how to accelerate the widespread commercialization of new energy vehicles., etc.

VDA has been long term committed to promoting the exchange and dialogue between China and Germany at both governmental and industrial levels.

Standardization

Standard Projects for Approval

In August & September, MIIT released following standard projects for approval publicity:

NO.	Title	Publicity date	Deadline for comments	Project Pre-No.
1	GB/T 40711.5-xxxx Off-cycle technology/device energy saving effects evaluation methods for passenger cars-Part 5: Generator	2023-09-28	2023-10-28	

Standard Drafts for Public Comments

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

NO.	Title	Publicity date	Deadline for comments	Note
1	QC/T 983—xxxx test method for cleanliness of automobile transmission assembly	2023-08-07	2023-09-16	To replace QC/T 983-2014
2	GB/T 21437.4—xxxx Road vehicles —Electrical disturbance by conduction and coupling— Part 4: Electrical transient conduction along shielded high voltage supply lines only	2023-08-10	2023-10-09	Reference of ISO/TS 7637-4:2020
3	QC/T 631-xxxx Automotive exhaust muffler assembly technical specification and test methods	2023-08-18	2023-09-27	To replace QC/T 631-2009
4	QC/T 289-xxxx Oil pump of Automobile engine	2023-08-21	2023-10-01	To replace QC/T 289-2001
5	QC/T XXX-xxxx Bevel box of automobile	2023-09-01	2023-10-11	
6	QC/T XXX-xxxx Car monomer high-strength alloy cast iron piston ring microstructure examination	2023-09-04	2023-10-14	

7	QC/T XXX-xxxx Car piston ring plasma sprayed coating test	2023-09-04	2023-10-14	
8	QC/T XXX-xxxx Specifications for piston with austenitic carrier insert	2023-09-04	2023-10-14	
9	QC/T XXX-xxxx Car and motorcycle steel piston ring nitride layer depth and hardness measurement	2023-09-08	2023-10-18	
10	QC/T 554-xxxx Car and motorcycle engine piston ring technology	2023-09-08	2023-10-18	To replace QC/T 554-1999
11	QC/T 798-xxxx Multi-layers plastic tubing for auto motive fuel system	2023-09-18	2023-10-28	To replace QC/T 798-2008
12	QC/T XXX-xxxx Hydraulic hose assembly for commercial vehicle clutch	2023-09-18	2023-10-28	
13	QC/T XXX-xxxx Composite integrated footstep for autotruck	2023-09-18	2023-10-28	
14	QC/T XXX-xxxx Modified polypropylene door panel for automobile	2023-09-18	2023-10-28	
15	QC/T XXX-xxxx Dump semi-trailer	2023-09-19	2023-10-29	
16	QC/T XXX-xxxx Curtain side semi-trailer	2023-09-19	2023-10-29	
17	QC/T XXX-xxxx Composite integrated footstep for autotruck	2023-09-20	2023-10-30	
18	GB/T XXXX-xxxx Road vehicles-wheels and rims-Use, general maintenance and safety requirements and out-of-service conditions	2023-09-28	2023-11-27	Reference of ISO14400: 2021
19	GB/T 37133-xxxx High voltage connection system for electric vehicle	2023-09-28	2023-11-27	GB/T 37133-2018
20	QC/T XXX.1-xxxx Common platform of battery swap for battery electric passenger vehicles-Part 1: Electric vehicle	2023-09-28	2023-11-27	
21	QC/T XXX.3-xxxx Common battery swap platform for Electric passenger car-Part 3 Communication for Vehicle and facility	2023-09-28	2023-11-27	
22	QC/T XXX.1-xxxx Compatibility of on-board battery swap system for battery electric passenger vehicles-Part 1: Battery swap electricity interface	2023-09-28	2023-11-27	
23	QC/T XXX.2-xxxx Common platform of battery swap for battery electric passenger vehicles-Part 2: Battery pack	2023-09-28	2023-11-27	

Standard Drafts for Approval

In August & September, MIIT released a list of following standards for approval publicity:

NO.	Title	Publicity date	Deadline for comments	Note
1	GB 9743-xxxx Passenger car tyres	2023-08-18	2023-09-17	20190068-Q-339 To replace GB 9743 - 2015

2	GB 9744-xxxx Truck tyres	2023-08-18	2023-09-17	20190072-Q-339 To replace GB 9744- 2015
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Official Publication of Standards

In August & September, SAC officially published the following standards:

NO.	Title	Release date	Implementation date	Note
1	GB/T 18487.1-2023 Electric vehicle conductive charging system-Part 1: General requirements	2023-09-07	2024-04-01	To replace GB/T 18487.1-2015
2	GB/T 20234.1-2023 Connection set for conductive charging of electric vehicles-Part 1: General requirements	2023-09-07	2023-09-07	To replace GB/T 20234.1-2015
3	GB/T 20234.3-2023 Connection set for conductive charging of electric vehicles-Part 3: DC charging coupler	2023-09-07	2023-09-07	To replace GB/T 20234.1-2015
4	GB/T 20234.4-2023 Connection set of conductive charging for electric vehicles-Part 4: High power DC charging coupler	2023-09-07	2024-04-01	
5	GB/T 27930-2023 Digital communication protocols between off-board conductive charger and electric vehicle	2023-09-07	2024-04-01	To replace GB/T 27930-2015
6	GB/T 33014.11-2023 Road vehicles-Component test methods for electrical disturbances from narrowband radiated electromagnetic energy-Part 11: Reverberation chamber	2023-09-07	2024-04-01	Reference of ISO 11452-11:2010
7	GB/T 38698.2-2023 Recycling of traction battery used in electric vehicle -Management specification (Part2)-Specifications for construction of recycling service network	2023-09-07	2023-09-07	
8	GB/T 38775.8-2023 Electric vehicle wireless power transfer-Part 8: Specific requirements of commercial vehicle	2023-09-07	2023-09-07	
9	GB/T 43187-2023 Vehicle-mounted wireless communication terminal	2023-09-07	2023-09-07	
10	GB/T 43192.1-2023 Road vehicles-Interchange of digital information on electrical connections between towing and towed vehicles-Part 1: Physical and data-link layer	2023-09-07	2024-04-01	
11	GB/T 5334-2021 Passenger car wheels performance requirements and test methods for cornering and radial fatigue-No.1 Amendment sheet	2023-09-07	2023-09-07	To revise GB/T 5334-2005
12	GB 13057-2023 The strength of the seats and their anchorages of passenger vehicles	2023-09-08	2024-01-01	To replace GB 13057-2014
13	GB 22757.1-2023 Energy consumption label for light-duty vehicles-Part 1: For gasoline and diesel vehicles	2023-09-08	2024-07-01	To replace GB 22757.1-2017
14	GB 22757.2-2023 Energy consumption label for light-duty vehicles Part 2: For off-vehicle-chargeable hybrid electric vehicles and battery electric vehicles	2023-09-08	2024-07-01	To replace GB 22757.2-2017

15	GB 29753-2023 Road transportation-Perishable foodstuffs and biological product-Safety requirement and test methods of refrigerated vehicle	2023-09-08	2024-01-01	To replace GB 29753-2013
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