

Monthly Report

Topics from China; February-2023

Content

Policy and Regulation	1
MIIT: Notice on Organizing and Conducting Pilot Project for Full Electrification of Public Vehicles	1
CAC: Standard Contract Measures on the Export of Personal Information	2
Automotive Industry Topics	3
China Launched First Carbon Publicity Platform for Automotive Industrial Chain	3

Policy and Regulation

MIIT: Notice on Organizing and Conducting Pilot Project for Full Electrification of Public Vehicles

On February 3, the Ministry of Industry and Information Technology (MIIT), jointly with the Ministry of Transport (MoT), National Development and Reform Commission (NDRC), Ministry of Finance (MoF), Ministry of Ecology and Environment (MEE), Ministry of Housing and Urban-Rural Development (MOHURD), National Energy Administration (NEA) and State Post Bureau (SPB), 8 ministries and departments in total, issued the "Notice on Organizing and Conducting Pilot Project for Full Electrification of Public Vehicles" (hereinafter referred to as the "Notice").

The Notice states that a nationwide pilot for full electrification of public vehicles will be launched, with a project period of 2023-2025. Public vehicles are specified to include company-owned vehicles, urban buses, taxis (including cruising taxis and online ride-hailing vehicles), sanitation vehicles, postal delivery vehicles, urban logistics vehicles, and airport vehicles.

The main objectives of the pilot are to:

- Vehicle electrification: improve the proportions, aiming at 80% ultimately, of new energy vehicles (NEVs) in the newly added and replaced public vehicles, especially for those in the fields of urban public transportation, taxis, delivery, and urban logistics distribution.
- Infrastructure improvement: establish an advanced, intelligent, efficient and structurally balanced charging and battery swapping infrastructure system, where the ratio of newly added public charging piles to the NEVs promoted in public sectors will be targeted at 1:1 and the parking spaces with charging facilities in highway service areas are expected to account for no less than 10%.
- Innovative application: promote new technologies and new models to establish an intelligent transportation system and a green energy supply system, such as V2G communication, high-power charging, fast battery swapping and vehicle-network integration.
- Policy frame formulation: encourage pilot cities to propose the supporting policy system in light of local conditions and explore new systems that adapt to the new technologies and business models.

To achieve the above objectives, the pilot encourages the promotion and application of new energy heavy duty trucks in specific scenarios such as short-haul transportation, urban logistics, and mining sites. Simultaneously, the acceleration of the scrapping and replacement of old vehicles with NEVs is supported, as well as the innovation in business models, including battery swapping, financial leasing, and "vehicle-battery separation".

From a macro perspective, the pilot is regarded as a project to serve multiple purposes. Firstly, it's to accelerate industrial transformation and promote green consumption, via improving public

infrastructures and application environment. Then, by applying the new technologies into practical scenarios, it's to drive technological development, enhance innovation capabilities and cultivate emerging industrial ecological chains. Ultimately, it will facilitate energy conservation, emission reduction, and transport decarbonization in the long run.

CAC: Standard Contract Measures on the Export of Personal Information

On February 24, the “Standard Contract Measures on the Export of Personal Information” (hereinafter referred to as the “Measures”) was officially released by the Cyberspace Administration of China (CAC), after soliciting public comments in last June and July, which will enter into force on June 1, 2023. The Measures is to clarify how companies can transfer personal information outside of China by signing a “Standard Contract” with the overseas recipient of the data – a simpler procedure that does not require an external audit.

The Measures are drafted under China’s “Personal Information Protection Law (PIPL)”, which came into effect on November 1, 2021. The Standard Contract is one of a few different mechanisms offered in the PIPL to receive approval for cross-border data transfer. The Measures require the PI processor to file the Standard Contract and the self-assessment report at the local provincial-level cybersecurity office, and clearly state the liabilities for non-compliance.

- **Applicable Scope**

Due to the simplified procedure, the Standard Contract only applies to relatively small data operators and companies that don't handle data deemed to be of concern to national security and interests, so companies meet all of the following criteria are eligible to use the Standard Contract:

- They are not critical information infrastructure operators (CIIO).
- They process the PI of less than one million people.
- Since January 1 of the previous year, they have transferred less than 100,000 people's PI out of China.
- Since January 1 of the previous year, they have transferred less than 10,000 people's “sensitive” PI out of China.

- **Personal Information Protection Impact Assessment**

Though it does not require an audit by either the CAC or an accredited third-party agency, companies going this route will be required to carry out a Personal Information Protection Impact Assessment on following matters:

- The legality, legitimacy, and necessity of the purpose, scope, and processing method.
- The amount, scope, type, and sensitivity level of the outbound PI.
- The responsibilities and obligations undertaken by the overseas recipient.
- The risk of leakage, damage, tampering, abuse, and other risks to the PI after being exported.
- The impact that the PI protection policies and regulations in the country or region where the overseas recipient is located may have on the fulfilment of the Standard Contract.

- **Standard Contract Contents**

The contents of the Standard Contract must essentially cover all of the aspects assessed in the Personal Information Protection Impact Assessment. Specifically, it must include the following items:

- Basic information of the PI processor and the overseas recipient.
- The purpose, scope, and method of the processing activity, the type, sensitivity, quantity, retention period, and storage location of the PI, and other relevant items.
- The responsibilities and obligations of the PI processors and the overseas recipients to protect the PI, as well as the technical and management measures taken to prevent security risks that may arise from the cross-border data transfer.
- The impact of the PI protection policies and regulations of the country or region where the overseas recipient is located.
- The rights of PI subjects, and the channels and methods adopted for protecting the rights of the PI subjects.
- Remedies, contract rescission, liabilities for breach of contract, dispute resolution mechanisms, and other articles.

- Additionally, if there are any changes to the PI information stipulated in the contract during its validity period, the PI processor must re-sign and re-file the Standard Contract.

The Standard Contract Measures provide a much clearer picture for the companies on how to handle cross-border data transfer activities, which has been one of the major concerns for multinational companies. However, there are limitations to the provision which may continue to cause some confusion, most of which stems from the definitions of various terms introduced in other legislation and regulations.

Automotive Industry Topics

China Launched First Carbon Publicity Platform for Automotive Industrial Chain

On February 9, China launched the first carbon publicity platform (CPP) in Beijing for the automotive industry, which is also regarded as the world's first carbon footprint data platform developed for the whole automotive industrial chain, aiming to improve China's automotive carbon data, promote international mutual recognition of carbon data, and outperform the new international trade track with carbon emissions as its core.

China pledged to peak its carbon emissions by 2030 and reach carbon neutrality by 2060, thereinto, vehicle production and use makes up almost 8 percent of total carbon emissions in China, according to China Automotive Technology & Research Center (CATARC).

The CPP platform, run by China Automotive Carbon Digital Technology Center - a subsidiary of CATARC, has carbon-related statistics about over 5,000 automotive products including passenger vehicles, automotive components as well as raw materials, involving over 10 types of information such as carbon footprints, carbon emissions and carbon labels. On this basis, it will focus on the automotive industry's decarbonization solutions and also serve the authorities' decision-making in the segment.

Copyright German Association of the Automotive Industry (VDA) China

Editor Mr. Lin Zhang | Ms. Lucia Liu | Ms. Stacy Dong
Mr. Yinan Li | Ms. Amy Sun

Address Unit 0501A, DRC Liangmaqiao Tower D1,
19 Dongfang East Road, Chaoyang District,
Beijing 100600, P. R. China

Contact info@vda.cn

Date February 28, 2023