

# Monthly Report

## Topics from China; June-2023

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### China Macroeconomy

#### Chinese Premier Li Qiang Visit Germany and Hold the Seventh Germany-China Inter-governmental Consultation, Automotive Topics Involved

On June 20, Chinese Premier Li Qiang and German Chancellor Olaf Scholz co-chaired the seventh Germany-China inter-governmental consultation at the Federal Chancellery in Berlin, the first time the newly formed governments of two countries interfaced with each other in an all-around fashion.

Reports were given on the progress of Germany-China cooperation in relevant fields from the responsible officials of 22 departments including foreign affairs, economy and trade, industry, finance, justice, transport, education, science and technology, health, environmental protection and development. The two sides agreed that Germany-China cooperation enjoys a solid foundation and is full of vitality.

After the consultation, Premier Li and Chancellor Scholz jointly witnessed the signing of multiple bilateral cooperation documents in such fields as climate response, innovation, advanced manufacturing, and vocational education. It is noted the “Climate” and “Innovation Drives Technology” are the two overarching themes of the consultation.

Besides, the National Development and Reform Commission (NDRC) signed statements of intent to cooperate with three German automakers: BMW, Mercedes-Benz, and Volkswagen, focusing on research, innovation, the promotion of NEVs and decarbonization.

The Germany-China cooperation in the automotive field has long been an anchor for the trade and economy of the two nations. Prior to the Consultation, Chinese Premier Li Qiang attended a seminar with representatives of the German business community, including the VDA members: Volkswagen, Mercedes-Benz, BMW, Siemens, Schaeffler, BASF, etc.

VDA China had prepared the “Consolidated Paper for 2023 German-Chinese Governmental Consultations” earlier in June for German Government, as a practice for years, to voice the challenges and position on behalf of German automotive industry in China.

## RCEP Agreement in Effect for All 15 Members

On June 2, The Regional Comprehensive Economic Partnership (RCEP) agreement took effect for the Philippines, confirming that the RCEP agreement has been now in effect for all 15 members.

The RCEP agreement was signed in November 2020 by the 15 Asia-Pacific countries after eight years of negotiations. It entered into force on the first day of 2022, creating the world's largest trade bloc.

The full RCEP implementation reflects the determination and actions of its 15 members - 10 members of the Association of Southeast Asian Nations, China, Japan, the Republic of Korea, Australia, and New Zealand - in supporting an open, free, fair, inclusive and rules-based multilateral trading system.

Speaking of the automotive industry, the signing of the treaty won't have much impact on the general structure of the region, but member economies are expected to benefit from a relatively closed loop, a larger shared market and lower manufacturing costs, analysts said. For example, China's new energy vehicle industry can take the opportunity to seize a larger share of the ASEAN market with its leading technological, e.g., battery, and cost advantages. With lower tariffs, imported cars may be cheaper in both the Chinese and ASEAN markets. It's also noted that from a macro perspective, freer circulation of materials within the region will create a strong synergy effect, strengthening the regional supply chain.

## Policy and Regulation

### State Council: Guideline on Further Construction of High-Quality Charging Infrastructure System

On June 19, the General Office of State Council released a guideline to further boost the building of a high-quality charging infrastructure network to meet the rapid development of the country's new energy vehicles (NEVs).

The Guideline set the overall development goals as by 2030, a high-quality charging infrastructure network with extensive coverage, moderate scale, sound structure, and full function will basically be in place, capable of supporting the development of NEVs and people's charging needs.

According to the specific measures listed, the charging infrastructure system will be developed from:

- Optimizing the layout and distribution of charging networks
- Speeding up the construction in key areas
- Improving the service experience of charging infrastructure operation and maintenance
- Strengthening the leadership in scientific and technological innovation, e.g., vehicle-to-grid (V2G) technology

The Guideline not only stressed the need for efforts to build a well-structured charging network in urban areas, focusing on the coverage of charging piles in residential and business areas, as well as commercial, industrial, and leisure centers; but also covered the effective coverage in rural areas, which echoes the document released in May "To Accelerate the Construction of Charging Infrastructure to Better Support New Energy Vehicle Deployment in Rural Areas and Rural Revitalization".

### MOF, STA & MIIT: Announcement on the Continuation and Optimization of the New Energy Vehicle Purchase Tax Reduction Policy

On June 21, the Ministry of Finance (MOF), the State Taxation Administration (STA), and the Ministry of Industry and Information Technology (MIIT) jointly announced the continuation of purchase tax reduction policy until the end of 2027 for the new energy vehicle (NEV) officially, which is expected to further stimulate consumer buying sentiment for NEVs and inject strong impetus into the automotive market.

The announcement stated that the NEVs bought in 2024 and 2025 will be exempted from purchase tax amounting to as much as 30,000 yuan per passenger vehicle, and the tax on NEVs purchased in 2026 and 2027 will be halved amounting up to 15,000 yuan of tax exemption per passenger vehicle, with some specifications in detail:

- Purchase date – subject to the date on the invoice or other valid credentials from customs.
- NEV involved – pure electric vehicles, plug-in hybrid electric vehicles and fuel-cell vehicles that fulfil the related technical requirements.

- New energy passenger vehicle – the vehicle designed to carry passengers with a maximum of 9 seats, including the driver's.
- Price for NEVs with battery-swap mode – the price of the NEV without power battery, excluding tax.

It's estimated that extending the policy of NEV purchase tax exemption is expected to waive 200 billion yuan in taxes by 2025, and such a stimulus policy will play a crucial role in bolstering the development of the NEV industry in the long run.

China's NEV segment has witnessed rapid growth this year. Sales of NEVs in the country expanded 60.2 percent year-on-year to 717,000 units in May, data from the China Association of Automobile Manufacturers (CAAM) showed.

## Automotive Industry Topics

### Sino-German ICV Standardization Working Group Meeting 2023 Held in Beijing

Under the frame of Joint Declaration of Intent on the Cooperation in the Area of Automated and Connected Driving between BMWK, BMDV and MIIT and the Decisions of the Sino-German Standardization Cooperation Commission, the Sino-German ICV Standardization Working Group, co-led by VDA and CATARC, all along bears the mission of strengthening the bilateral communication on ICV standardization.

Sino-German ICV Standardization Working Group Meeting of 2023 was held on June 15 in Beijing. More than 40 experts from VDA, CATARC, GIZ, BMW, Mercedes-Benz, Volkswagen, Porsche, Bosch, BAIC, FAW, Dongfeng, Changan, Geely, SAIC, Huawei, and other enterprises attended the working group meeting. Mr. Zhang Lin, Vice President of VDA China and Mr. Wang Zhao, Head of CATARC Standardization Institute opened the meeting and welcomed all participants. The thematic introduction and discussion were focused on automotive chips, data security, cybersecurity, highway assistant function, AVP, among other hot topics.

The below two joint research projects of 2023 were fully discussed and also initiated at this WG meeting:

- Analysis on the applicability of existing automotive standards and regulations of Europe and China for the development of the ICV
- Research on automotive software standard system

### VDA-CATARC Delegation Trip to Germany

From June 26 to 28, VDA China organized the delegation trip to Germany with the participation of Standardization Institute of CATARC, OEM member companies (BMW, Mercedes-Benz, Volkswagen), and VDA HQ office.

During the visit to member companies, fruitful exchanges on China ICV standardization roadmap and planning, including automated driving especially on highway assistant, software, and cybersecurity were conducted, which provided the platform for Sino-German collaboration and dialogs face-to-face after the pandemic.

## Standardization

### Standard Drafts for Public Comments

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

NO.	Name	Release date	Deadline for comments	Note
1	GBT XXXXX- xxxx Road vehicles - Supply voltage of 48 V - Electrical requirements and tests	2023-06-01	2023-07-31	Reference of ISO 21780:2020, MOD

2	QC/T XXXX- xxxx Automobile engine — Surface treatment of piston ring— Inspection method Part 1: Chromium based ceramic composite coating	2023-06-01	2023-07-11	
3	QC/T XXXXX- xxxx Automobile engine - Surface treatment of piston ring - Inspection method Part 2: PVD coating	2023-06-01	2023-07-11	
4	QC/T 476 - XXXX Requirement and test method for rain proof	2023-06-02	2023-07-12	To replace QC/T 476 - 2007
5	QC/T XXXXX - xxxx Wheel side drive axle of electric bus	2023-06-02	2023-07-12	
6	QC/T XXXXX - xxxx Technical requirements and test methods of automotive specific wireless short-range transmission system	2023-06-26	2023-08-05	
7	QC/T XXXXX - xxxx Technical requirements and test methods of automotive wired high-speed media transmission system	2023-06-26	2023-08-05	
8	GB/T 37340-2019 Conversion methods for energy consumption of electric vehicles No.1 Amendment sheet	2023-06-26	2023-08-25	To partially amend GB/T 37340 - 2019
9	QC/T XXXXX - xxxx Inner handle assembly of passenger car door	2023-06-27	2023-08-06	
10	GB/Z XXXXX - xxxx Test methods for durability of fuel cell engine and its key co	2023-06-28	2023-08-27	
11	GB/T XXXXX - xxxx Post-crash safety requirement for fuel cell electric vehicle	2023-06-28	2023-08-27	

## SAC/TC114/SC34 2<sup>nd</sup> Standard Examination Meeting of 2023 Held in Dalian

On June 20 and 21, the 2<sup>nd</sup> standard examination meeting of the ICV Sub-Committee of National Technical Committee on Road Vehicle (SAC/TC114/SC34) was held in Dalian with the participation of the representatives from automotive, electronic, transport, communication, and all sides of the ICV related authorities and industries.

The following two GB/T protocols were inspected and passed the review at this meeting after heated discussions:

- GB/T Intelligent and connected vehicle - General technical requirements for automated driving system**  
 Which will define the general and basic technical requirements for the L3 and L3 above automated driving systems, specifically including requirements on dynamic driving tasks (DDT), DDT fallback, human machine interface (HMI), etc.
- GB/T Intelligent and connected vehicle - General requirements of data**  
 Which is to set the general principles for processing the data collected by vehicles, based on the Data Protection Law, Personal Information Protection Law, and CAC Provisions on Management of Automotive Data Security, including the requirements on important data protection, personal data protection, cabin data processing, etc.

It's widely deemed that these two standards will play the significant roles for ICV development in China, since they are not only to fill the gaps of automotive standard field, but also to act as the connection of the national regulation to the applicable technical requirements.

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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](mailto:info@vda.cn)

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