

Monthly Report

Topics from China; November-2022

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China Macroeconomy

Chinese President Xi Jinping Met with German Chancellor Olaf Scholz

On November 4, Chinese President Xi Jinping met with German Chancellor Olaf Scholz in Beijing on his official visit to China, as the first European leader to visit China after the 20th National Congress of the Communist Party of China (CPC).

Noting the complex and fluid international landscape, both sides stated that it is particularly important for China and Germany to continue to treat each other with mutual respect, seek common ground despite existing differences, and focus their collaboration on mutual benefits, which would ensure the two countries remained on the right course since the establishment of diplomatic relations 50 years ago.

Scholz expressed that even in changed circumstances, China remains an important business and trading partner for Germany and Europe, so the visit also involved significant discussions about Germany-China trade and investment opportunities with the delegation comprising numerous German business senior executives from various industries. The automotive sector is always part and parcel of the bilateral dialogue. As it's revealed, the VDA members, including VW, BMW, Siemens and BASF, were on board.

VDA China had prepared the "Consolidated Paper for Sino-German Governmental Consultation" earlier, as a practice for years, to voice the position and concerns on behalf of German automotive industry in China, where the following topics is focusing:

- General economic policies, incl. geopolitics and COVID-19 impacts
- Decarbonization
- Automated and connected drive

- Cybersecurity and data security

Policy and Regulation

SAMR: Implementation Plan of Establishing and Improving Standard Measurement System for Carbon Peak and Carbon Neutrality

On October 31, the State Administration for Market Regulation (SAMR), along with the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT) and other six relevant departments, released its implementation plan to promote the standard measurement system to lay a solid foundation for the implementation of national decarbonization strategy, which is regarded as another improvement of the construction of the “1+N” policy system for Carbon Peak and Carbon Neutrality.

The implementation plan sets the general milestones of 2025 and 2030:

- By 2025, a basic standard measurement system will have been initially established, which can support carbon accounting and verification, energy consumption and efficiency indicators setting-up for key industries and products.
- By 2030, a sound standard system with optimized structure will have been finished, which will synchronize with industrial transformation, including improved carbon measurement and management system, upgraded non-fossil energy standard system, completed ecological carbon sink standard, etc.
- By 2060, an international leading carbon measurement system will have been achieved to fully support the ultimate goal of carbon neutrality.

Standard system construction is critical in a country’s basic system, playing a fundamental and leading role in the process of achieving decarbonization goals. Facing the urgent need for standards at present, the implementation plan proposes the following key subjects:

- Basic universal standards for carbon emissions
- Standards on carbon emission reduction
- Standards on carbon offset
- Standards on carbon marketization mechanism
- Standards on measurement technology
- Standards on measurement management
- Standards on measurement service

To conclude, a rational standard measurement system will play a crucial part in promoting unified carbon calculation, carbon offset, carbon transaction, as well as lowering carbon emissions. The “Implementation Plan of Establishing and Improving Standard Measurement System for Carbon Peak and Carbon Neutrality” provides a technical roadmap for building a full-coverage, multi-dimensional, and multi-level carbon measurement standard system.

MIIT: Notice on Pilot Work on the Market Access and Road Operation of Intelligent and Connected Vehicles_ Draft for Comment

On November 2, the Ministry of Industry and Information Technology (MIIT), joint with the Ministry of Public Security (MPS), released the "Notice on Pilot Work on the Market Access and Road Operation of Intelligent and Connected Vehicles (ICV)", (hereinafter referred to as the “Notice”), to solicit public comments till December 1.

[Background] The pilot is proposed to further support the “Opinions on Strengthening the Management of Market Access of ICV Production and Products”, issued by the MIIT in August of 2021, as a “rehearsal” stage before the official and ultimate ICV commercialization. The two ministries will select eligible vehicle manufacturers and ICVs equipped with autonomous driving functions that meet the conditions for mass production to carry out tests on selected public roads in pilot cities. This Notice for the first time signifies that road tests for autonomous driving vehicles will be gradually carried out nationwide, city by city.

[Objective] The Notice also disclosed the primary objective of the pilot work, which is, namely, to lead ICV manufacturers and users to strengthen capacity building and facilitate the optimization of ICVs’ function and performance, on the premise of ensuring safety. Then based on the experience from pilot

demonstrations, the formulation and revision of relevant laws, regulations, and technical standards should be promoted, to finally complete the market access system and road traffic safety management system of ICVs in China.

[Scope] Notably, the autonomous driving features carried by the ICV are defined as the Level-3 (conditional autonomous driving) and Level-4 (highly autonomous driving) functions defined in the national standard “GB/T 40429-2021 Taxonomy of driving automation for vehicles”. This excludes those ICVs with Level-2 automation functions in the general market. Besides, due to the role that MIIT is playing in the automotive industry of China, the Notice is only targeted at the local enterprises and the locally produced ICVs.

[Requirements] The pilot will be conducted via two steps: first to acquire production and product type approval, then to carry out pilot operation on selected public roads. The corresponding requirements for pilot cities, ICV manufactures, ICV products, and operation entities are specified from multiple annexes.

In general,

- The pilot city should be equipped with supportive policy and regulation system, compatible infrastructures and facilities, and safety management capacity.
- The pilot ICV manufacturer is required to possess the capabilities on R&D and validation, the platform of safety monitoring, and the systems on accident reporting and user notification.
- The pilot ICV product shall firstly meet the existing market access requirements and acquire type approval, then provide life-cycle safeguards including functional safety, SOTIF, cybersecurity, data security, etc., and verification and testing based on a multi-pillar approach including simulation, virtual testing, test site testing, road testing, etc.
- The pilot operation entity will need to take the most management responsibilities, like safety monitoring, emergency management, insurance and accident liability handling, operational personnel management, etc.

Moreover, all stakeholders participating in the pilot are required to strengthen the management of the data collected during the whole process. The storage, transmission, and processing of the data should comply with the relevant law, regulation, and technical standards of China concerning automotive data security administration.

[VDA Position] The VDA and members deem the ICV pilot a rather progressive move from the Chinese government, in a way to fill the gap of ICV management at the mercy of the lag of standardization and the to-be-further-proved technology and market. It's highly expected that the imported manufactures and vehicles could be involved in the pilot from the next stage.

Banking on the potential participation, the VDA proposed comprehensive position paper with concrete justification to the MIIT, conveying the primary messages including to further refine the timetable and requirements, fully align the pilot management in different cities, well harmonize the pilot requirements with the existing regulation and standard of China and international, and finally to consider linking up the pilot results and the official market access via an effective way in the future.

MIIT & SAMR: Notice on the Synergetic and Stable Development of the Lithium-ion Battery Industrial and Supply Chains

On November 18, the Ministry of Industry and Information Technology (MIIT) and the State Administration for Market Regulation (SAMR), jointly issued the “Notice on the Synergetic and Stable Development of the Lithium-ion Battery Industrial and Supply Chains” (hereinafter referred to as the “Notice”).

The Notice points out that lithium-ion (Li-ion) batteries are the basic electronic products that support the development of industries of new intelligent terminals, electric tools and new energy storage. To secure the stable development of the Li-ion battery industrial and supply chains, deep cooperation is encouraged among:

- upstream resources enterprises, including lithium, nickel, cobalt, etc.
- system integration, channel distribution, logistics and transportation enterprises
- Li-ion batteries (cells and battery packs) manufacturers
- Li-ion battery end-use enterprises
- Li-ion battery recycling enterprises

To conclude, a long-term mechanism shall be established through the signing of long-term orders and technical cooperation to guide upstream and downstream organizations to stabilize expectations, clarify pricing, guarantee supply, and ultimately cooperate for win-win situations.

In addition, the Notice specifies that local market regulators should strengthen supervision and severely deal with the cases like hoarding, price gouging and unfair competition in the upstream and downstream of the Li-ion battery industry to maintain market order.

Automotive Industry Topics

IAA MOBILITY to Take Place in Munich from September 5 to 10, 2023

On September 5, 2023, the second edition of the leading mobility platform IAA MOBILITY will kick off in Munich. As the world's most progressive platform for the future of mobility, sustainability, and technology, it connects all companies active in the mobility ecosystem with each other - as well as with new target groups. The focus is on sustainable and intelligently connected mobility solutions. Under the new motto "Experience Connected Mobility," the intelligent networking of vehicles and infrastructure will be brought to life at the IAA MOBILITY.

At the premiere of the new IAA MOBILITY 2021, the mobility show thrilled more than 400,000 visitors under difficult corona conditions and generated an unprecedented global reach for the topic of sustainable mobility. In 2023, the IAA MOBILITY will continue demonstrating future mobility and transformation through its new concepts.

Interested companies can still register for IAA MOBILITY until December 23, 2022. More information about the packages can be found [here](#).

VDA Annual Report 2022 - Topics and Figures on the Development of the German Automotive Industry

VDA Annual Report 2022 is published in November. As the Automotive Industry is at a turning point, this report included several topics like Economic Performance and Markets, the Technology, Economic Development of the Automotive Industry, IAA Mobility and IAA Transportation reviews, VDA Positions as well as the introduction of the Organization and VDA Members. The full version of the report can be downloaded [here](#).

Standardization

Standard Drafts for Public Comments

In November of 2022, CATARC released following drafts of standard for comments:

NO.	Name	Release date	Deadline for comments	Note
1	GB/T 18297-xxxx Performance test code for road vehicle engines	2022-11-04	2023-01-03	ISO 1585:2020, ISO 2534:2020 as reference
2	GB/T 19055-xxxx Reliability test methods for motor vehicle engines	2022-11-07	2023-01-16	Supersede GB/T 19055-2003
3	No.1 Amendment Sheet of GB 40164-2021 Automobiles and trailer - Specifications and test methods of brake part	2022-11-18	2023-01-18	ECE R90 as reference

Sino-German Standardization Cooperation Commission Annual meeting of Sub-Working Group ICV

To carry out the decisions of the Sino-German Standardization Cooperation Commission "strengthen the communication on ICV standardization", DIN Standards Committee Automotive Technologies (VDA/NA Automobile) and China National Technical Committee of Automotive Standardization

(NTCAS) organized the 2022 Meeting of the SGSCC SWG ICV on November 16. More than 50 participants joined online, incl. Mr. Thomas Frisch, Head of Division IVA5 – Automotive Industry, Automated and Connected Driving, BMWK, Mr. Xiang Fanghuai, Deputy Director of the Department of Standards and Technology Management, SAMR, and representatives from the VDA, CATARC, as well as experts from standardization institutes, associations, and industry.

VDA and CATARC presented the achievements at international and national levels. Both sides will continue to cooperate in depth to promote the harmonization in ICV standardization.

Plenary Session of the German-Chinese Commission for Standardization (DCKN)

Within the framework of the German-Chinese Commission for Cooperation in Standardization (DCKN), the annual meeting of the DCKN between BMWK and SAMR took place on November 21.

More than 100 participants joined, incl. Dr. Thomas Zielke, Head of Division VIC5, National and International Standardization and Standardization Policy, Patent Policy, BMWK, Mr. Guo Chenguang, Deputy Director of Standards Innovation Management Division, SAMR, Mr. Christoph Winterhalter, CEO of Deutsches Institut für Normung (DIN), Mr. Michael Teigeler, Managing Director of DKE and representatives from the VDA, CATARC, as well as experts from standardization institutes, associations, and industry.

CATARC reported the Sino-German cooperation achievements of Automated and Connected Driving Sub Working Group and the plan of 2023 on behalf of both sides. We are happy that both sides agree to continuously strengthen the communication on ICV standardization and promote cooperation, transparency, and harmonization in terms of standard and regulation.

Establishment of China Automotive Standardization Research Institute

To assist the government and industry, CATARC provides continuous and effective support to the development of China's automotive standardization. To better play the role of standards and regulations in the progress of automotive industry, CATARC further strengthened its capacity in auto standardization field and officially built up the new subordinate body – “China Automotive Standardization Research Institute (CASRI)” on November 28. In the future, CASRI will strive to contribute to the sustainable and harmonized development of the global automotive industry.

Since signing the MoU on the cooperation on ICV regulation and standardization in 2018, CATARC and VDA have been long dedicated to promoting Sino-German cooperation in automotive industry. The VDA would like to continuously support the collaboration with CASRI, and together contribute to the international harmonization on regulation and standardization, based on the principle of transparency, non-discrimination, reliability, and reciprocity. In the long term, to further expand common ground and promote cooperation in the interest of both German and Chinese Automotive Industry.

SAC/TC114/SC34 RMIS WG & Cyber Security Meeting

On November 4, 2022, the 6th Resources Management & Information Services (RMIS) Series Working Group Meeting of ICV Sub-Committee of National Technical Committee on Road Vehicle (SAC/TC114/SC34) was held online with participants from OEMs and suppliers. Status of key standardization project has been updated by CATARC:

- GB/T ICV general data requirements: draft for comments, to be approved in 2023
- GB/T ICV data security management system: new project to be kicked off
- GB/T ICV Technical requirements of in-vehicle operating system: project set up application

On November 18, 2022, the 12th Cyber Security Series Working Group Meeting of ICV Sub-Committee of National Technical Committee on Road Vehicle (SAC/TC114/SC34) was held online.

The timeline of GB CS has been updated:

- Draft for comments in 2022 as estimated
- Examination meeting to approve the final draft by March of 2023

The implementation date is as following:

- Duration between release date (year: a) and effective date(a+1): 1-year transitional period
- New type approval implementation (a+1): from the effective date of the standard
- Existing type approval implementation (a+3): 2 years transitional period from the effective date of the standard

VDA China is closely monitoring the standards' status under SC34 together with members. Regular meetings will be held to synchronize the progress of standard drafting and evaluate the technical challenges.

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