

Monthly Report

Topics from China; October-2022

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Policy and Regulation

SAMR: Announcement on Certification of Echelon Utilization of Power Battery for New Energy Vehicle _ Draft for Comment

On September 30, the State Administration for Market Regulation (SAMR) released the “Announcement on Certification of Echelon Utilization of Power Battery for New Energy Vehicle” (hereafter, the Announcement) to solicit public comments until October 30.

This is drafted to further implement the “Administrative Measures for the Echelon Utilization of Power Batteries for New Energy Vehicles” issued in August of 2021.

The SAMR and Ministry of Industry and Information Technology (MIIT) are dedicated, via carrying out product certification of power battery echelon utilization, to improving the market system and promote the orderly development of this industry. The Announcement also lists the concrete measures by different authorities and organizations:

- The product **certification catalogue** is to be co-decided by SAMR and MIIT, and the detailed **certification rules** are to be issued by SAMR.
- The qualification of **certification bodies** shall be co-approved by SAMR and MIIT.
- The **technical committee** for product certification of power battery echelon utilization will be established to give technical and policy support.
- The **admissible application database** will be established by SAMR and MIIT, open to the public for reference.
- MIIT encourages local government to offer subsidies or other **financial support** to products that have been approved and accelerates the establishment of a system for recycling resources.

Echelon utilization of waste power batteries has high market potential in China after so many years promotion of new energy vehicles. Meanwhile, circular economy also plays an indispensable role in the sustainability and carbon neutrality of automotive industry. Therefore, bottlenecks, such as product

standards, echelon utilization technology, and recycling network systems, have given rise to the urgent need for policy improvement and rules setting.

MIIT: Final Review of the Liquidation of New Energy Vehicle Subsidies of 2018-2020 & Pre-allocation of New Energy Vehicle Subsidies of 2020-2022

On October 8, the Ministry of Industry and Information Technology (MIIT) opened the final review of the liquidation of new energy vehicle subsidies of 2018-2020 and pre-allocation of new energy vehicle subsidies of 2020-2022, for the oversight of the general public, until October 14.

To look at the subsidies of 2020-2022, among the 80 automotive enterprises in total, there are 21 enterprises allocated subsidies above 100 million RMB, 12 enterprises above 200 million RMB, 5 enterprises above 500 million RMB and 1 enterprise above 1 billion RMB.

Specifically, the top 1 is BYD, and the following leading ones are Tesla Shanghai, JAC (including Nio) and GAC. Meanwhile among the new EV makers, Xpeng and Hozon are subsidized above 400 million RMB; Leap and WM both get around 150 million RMB.

Overall, the local brands represented by BYD, JAC and GAC are the biggest beneficiaries of new energy vehicle subsidies, then the new EV makers also benefit a great deal, while the joint ventures get much less. From another point of view, the passenger vehicle enterprises are much more benefitted from the subsidy scheme than commercial vehicle enterprises.

NEA: Action Plan of Energy Standardization Promotion for Carbon Peak and Carbon Neutrality

On October 9, the National Energy Administration (NEA) released its action plan to promote the energy standardization to support the low-carbon transition of China's energy system, which is regarded as another important piece of puzzle fitting into the "1+N" policy system of China on Carbon Peak and Carbon Neutrality.

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

- By 2025, a complete standard system will have been initially established, which can effectively support and lead the green and low-carbon transformation of energy industry, where the energy standardization will have changed from quantity-driven to quality-focused, well corresponding with technological innovation and industrial development.
- By 2030, an advanced standard system with optimized structure will have been finished, which will synchronize with industrial transformation. The energy standardization will provide solid support and guarantee that the energy sector's realization of carbon peak and achieves carbon neutrality.

Along the planned journey, three objectives are mentioned in the document, which are to guide further standardization of renewable energies mainly on photovoltaic and wind power, to formulate technical standards related to emissions reduction of the energy supply chain, and to revise the energy efficiency standards for conventional energy production, conversion, transmission, and utilization.

Specially, the further implementation will emphasize and prioritize the standardization of the following 6 key subjects and under each subject different standard projects on different topics are also planned.

- Non-fossil energies
- New electrical power system
- Energy storage technologies
- Hydrogen energy technologies
- Energy efficiency improvement
- Carbon reduction in the energy chain

To conclude, a sound standard system will play a role in promoting the adequate supply and "safety" of energy while working to upgrade the energy supply chain and lower its emissions footprint. Technical standards are used to provide requirements to ensure materials, products and processes are fit for purpose. China views them as a vital tool for guiding its energy system towards carbon peaking before 2030 and carbon neutrality before 2060.

MoT & SAC: Guidelines for Standard System Construction of Intelligent Transportation and Logistics

On October 24, the Ministry of Transport (MoT) and Standardization Administration Committee (SAC) jointly released the “Guidelines for Standard System Construction of Transportation and Intelligent Logistics” (hereafter, the Guidelines).

The intelligent transportation will be focusing on logistics and distribution, which will involve the technologies of Internet of things, big data and cloud computing, chain blocks, etc., as well as the elements including facilities, equipment, goods, personnel, etc., to finally achieve comprehensive perception, accurate identification, real-time tracking, intelligent decision making, and other service and management requirements.

Therefore, the Guidelines state that the standardization for transportation and logistics will cover the following 4 subjects:

- Basic and general standards, including terminology, coding and identification, data resources, etc.
- Facilities and infrastructure standards, including intelligent logistics hubs, smart vehicles, carrying units and intelligent terminal equipment, etc.
- Platforms and data documentation standards, including various platforms, system software, electronic documents, data transmission and exchange, etc.
- Service and management standards, including intelligent transportation operation process, operation service, monitoring management, quality evaluation, etc.

A phased target is to finish more than 30 prioritized projects by 2025 to meet the urgent needs, which will lay the elementary basis for the development of transportation, logistics, and other related industry. Well-designed transport and logistics systems are fundamental to individual mobility, commerce, welfare, and economic growth.

MIIT: Administrative Regulation on Admission of Road Motor Vehicle Manufacture _ Draft for Comment

On October 28, the MIIT released the newly revised “Administrative Regulation on Admission of Road Motor Vehicle Manufacture” (hereafter, the New MIIT Rule) to solicit public comments until November 27. The New MIIT Rule is termed as a Regulation from the title, which signifies higher legal force, compared with the currently effective version issued in 2018.

With the aim to address the rapid development of the auto industry, especially on the growing promotion of the intelligent and connected vehicle (ICV), the New MIIT Rule introduced a series of changes to reform the regulatory regime for the market admission of automobile manufacturer, i.e., Manufacturer Admission, as well as the admission of vehicle products, i.e., Product Admission, which primarily targeted at cybersecurity, data security, functional safety, real-name registration of vehicle networking, etc..

Specifically, the newly added requirements for Manufacturer Admission:

- Article 6_The ICV manufacturer shall possess the ability to guarantee the cybersecurity and data security of vehicle products.
- Article 16_The upgrading of vehicle software (OTA) shall be filed by the MIIT, where the upgrading that involves performance of safety, environmental protection and energy saving shall be approved beforehand.
- Article 26_The ICV manufacturer shall establish the management systems on cybersecurity, data security, personal information protection, vehicle network access card and software upgrading (OTA).
- Article 27_The manufacturer shall implement all the relevant requirements from the real-name registration of the vehicle network access card fitted by the ICV.
- Article 28_The network and service platform used by the ICV manufacturer shall operate in accordance with the Cybersecurity Law.
- Article 29_The personal information and important data collected and generated in the process of product sale and use by the ICV manufacturer shall be stored in China according to laws, where the data cross-border transfer due to business necessity shall be assessed and approved by the MIIT and CAC (Cyberspace Administration of China) beforehand.

- Article 30_The ICV manufacturer shall establish the system for discovering, reporting, repairing and releasing security vulnerabilities of vehicle products, carry out regular risk assessment of cybersecurity and data security and develop contingency plans.

The additional requirements for Product Admission in general:

- Article 9_The ICV products shall meet the standards and technical specifications on functional safety, safety of the intended functionality (SOTIF), cybersecurity and data security, where the products with the advanced autonomous driving function shall pass extra risk assessment.
- Article 22_The ICV products shall be provided with the manual which clearly displays the introduction on activating/deactivating and restrictions of automatic and autonomous driving functions, the method of using the safety emergency device, the responsibilities of the driver, the human machine interface (HMI), etc.
- Article 26_The hardware and software fitted by the ICV products shall meet the cybersecurity related mandatory requirements from national standards.

The New MIIT Rule is expected to have profound impact on the automotive sector and ICV development, while there are still much more to be further specified. The New MIIT Rule will be an umbrella rule with many details left for MIIT to define in the following technical standardization and the future implementation rules.

Automotive Industry Topics

The 22nd Round Table of Presidents/CEOs of German Suppliers in China

The 22nd VDA Round Table of Presidents/CEOs of German Suppliers in China gathered over 90 participants and had a lively discussion online on October 21st.

Ms. Hildegard Müller, President of the VDA, Dr. Patricia Flor, German Ambassador in China shared their insights on the opportunities and existing challenges between Germany and China, despite the global geopolitical relations, climate changes, supply chain disruption and other profound transitions the industry is going through, the strong collaboration and exchanges on an international level for the automotive industry is needed.

Dr. Manuel Kallweit, Head of Department Economic Intelligence and Mr. Andreas Rade, Managing Director of the VDA gave the updates regarding market figures, European economic situation, “fit for 55”, and Corporate Sustainability etc. Mr. Lin ZHANG, Vice President of VDA China shared the updates from VDA China office and key industrial topics incl. decarbonization, data security, and cybersecurity which VDA China actively works on. Mr. Michael Bäcker, EVP Purchasing of Volkswagen China shared VW’s localized, reliable, and sustainable supply chain management in China for China. Mr. Forest TU, Co-President of SLS & Marketing System of CATL presented the CATL’s Technology Innovation Leading New Era of TWh.

VDA Round Table is dedicated to gaining more mutual understanding between both Chinese and German governments and industries.

Standardization

Standard Drafts for Public Comments

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

NO.	Name	Release date	Deadline for comments	Note
1	GB/T XXXX-xxxx Cybersecurity requirements for vehicle diagnostic interface	2022-10-19	2022-12-20	
2	GB/T 19514-xxxx Passenger cars - Luggage compartment - Method of measuring reference volume	2022-10-21	2022-12-20	Supersede GB/T 19514-2004

3	GB/T 12674-xxxx Motor vehicle, trailers and combination vehicles mass parameters measurement method	2022-10-21	2022-12-20	Supersede GB/T 12674-1990
4	GB/T XXXX-xxxx Intelligent and connected vehicle -General requirements of data	2022-10-31	2022-12-30	

Official Publication of Standards

In October, SAC released the following standards:

NO.	Name	Release date	Implementation date
1	GB 14023-2022 Vehicles, boats and internal combustion engines - Radio disturbance characteristics - Limits and methods of measurement for the protection of off-board receivers	2022-10-12	2023-11-01
2	GB/T 41796-2022 Performance requirements and test methods for lane keeping assist system of commercial vehicles	2022-10-14	2023-05-01
3	GB/T 41797-2022 Performance requirements and test methods for driver attention monitoring system	2022-10-14	2023-05-01
4	GB/T 41798-2022 Intelligent and connected vehicles -Track testing methods and requirements for automated driving functions	2022-10-14	2023-05-01
5	GB/T 41871-2022 Information security technology - Security requirements for processing of motor vehicle data	2022-10-14	2023-05-01
6	GB/T 41901.1-2022 Road vehicles - Extended vehicle (ExVe) methodology - Part 1: General information	2022-10-14	2023-05-01
7	GB/T 41901.2-2022 Road vehicles - Extended vehicle (ExVe) methodology- Part 2: Methodology for designing the extended vehicle	2022-10-14	2023-05-01

SAC/TC114/SC34 AD WG Meeting

On October 28, 2022, the 10th AD 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.

The summary and planning were reported by the representative of SC34. It's summarized that there were in total 7 standards officially published, 3 protocols examined and approved, and 6 projects under soliciting comments plus 7 pre-research projects which remarked the ICV standardization system establishment has achieved a phased result. The leading companies of standard projects also introduced the status of projects individually, in which GB DSSAD targets to February of 2023 for final approval.

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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