



China Regulatory and Compliance Observation

September 2023



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Message from BESTAO

Dear Readers,

We're pleased to present you with the September 2023 edition of China Regulatory and Compliance Observation for AEM.

In the edition, policies, laws, regulations, certification and standards for agricultural machinery, construction, cybersecurity and earth-moving etc. of China in September 2023 are elaborated.

In the horizontal section, a briefing on a newly issued action plan on the development of safety and emergency equipment is elaborated.

The agricultural machinery section puts forward the key takeaways on China's carbon peak and carbon neutrality development from a high-end forum.

For the construction and mining machinery section, you'll read about the general information of three national standard drafts that are calling for comments, together with a standard project soliciting notice by the mining machinery TC of China.

Other important topics covered in this issue range from ESG, and energy efficiency. Some updates on China's ESG development and status, along with some latest info on the country's carbon voluntary market are covered in different articles in the report.

The policy briefing of this edition will bring you the Comparison on EU's GDPR and China's Personal Information and Data Protection System.

Enjoy the reading.

Best Regards,

AEM project team of BESTAO



Horizontal

1. New Policy Promotes R&D and Application of Machinery for Emergency Response

On September 22, 2023, MIIT (Ministry of Industry and Information Technology), MEM (Ministry of Emergency Management), and three other government departments jointly issued the "*Development Action Plan for Key Areas of Safety and Emergency Equipment (2023-2025)*." It aims to bolster the modernization of safety and emergency equipment in China and outlines key tasks to facilitate its realization. Among these tasks, some are related to AEM products:

To conduct R&D for key equipment, including "modularized intelligent remote-control engineering machinery" for seismic and geological disaster response, "special firefighting vehicles, high-rise building firefighting and rescue equipment" for urban fires, "rapid inspection and rescue equipment for tunnel accidents", and "unmanned driving equipment with environmentally precise sensing and multidimensional autonomous decision-making" for mining (tunnel) accidents.

- To select advanced, reliable, and promising equipment and guide users to purchase and utilize them. This includes equipment such as "all-terrain emergency rescue equipment and remote-control intelligent excavators" for seismic and geological disasters, "multi-functional snow removal and deicing machinery" for ice and snow disasters, "lightweight isolation zone excavation machinery" for forest and grassland fires, "elevating platform fire trucks, water tower fire trucks, and emergency rescue vehicles" for urban fires, "high-temperature-resistant explosion-proof firefighting robots, heavy-duty foam firefighting vehicles, chemical decontamination firefighting vehicles, remote-control decontamination equipment, and foam transfer firefighting vehicles" for hazardous chemical safety accidents, and "open-pit mining unmanned driving equipment, underground intelligent inspection equipment, rapid drainage rescue equipment with automatic water tracking, and intelligent rapid excavation rescue equipment" for mining (tunnel) safety accidents.
- To improve the industry chain of key equipment. Specifically, "focusing on safety and emergency robots, large-scale emergency rescue equipment, firefighting equipment, open-pit mining unmanned driving equipment, analyze the upstream and downstream of the industry chains, identify weak links in key core technologies and components, and promote overall improvements in the industry chain, innovation chain, and supply chain through resource allocation.
- To ensure the implementation of these key tasks, the document proposes to include eligible safety and emergency equipment projects in the insurance compensation scheme for the first application of major technical equipment and key new materials."

It also suggests implementing tax incentives for safety production equipment in government procurement. Furthermore, local governments are encouraged to introduce supportive policies for the development of safety and emergency equipment and their demonstration bases, as well as to promote safety and emergency products through methods like union procurement.

This policy document is favorable for AEM products usable in safety and emergency response scenarios. However, in the long term, it's evident that the document intends to support domestic industries, and AEM products may face stiff competition from local products.



Agricultural and Forestry Machinery

2. Experts Analyse Agricultural Carbon Peaking and Neutrality Development in China

On September 5, 2023, China's International Green Economy Association hosted the **Forum on Agricultural Carbon Peak and Carbon Neutrality** (hereinafter referred to as "the Forum"). It is one of the events of the China International Fair for Trade in Services (CIFTIS).

In order to achieve carbon peak and carbon neutrality in rural areas, the Ministry of Agriculture and Rural Affairs (MARA) and the National Development and Reform Commission (NDRC) have issued the Implementation Plan for Carbon Emission Reduction and Sequestration in Agriculture and Rural Areas on May 7, 2022. This policy document proposed six tasks and ten major actions that clarified the key directions and development routes for industries related to "carbon peak and carbon neutrality" (commonly called "dual carbon" in China) in agriculture. The key topics of the Forum are set based on the ten major actions, which include: Rice Methane Emission Reduction Action, Chemical Fertilizer Reduction and Efficiency Enhancement Action, Livestock and Poultry Low-carbon Emission Reduction Action, Agricultural Machinery Green Energy Saving Action, Farmland Carbon Sink Enhancement Action, and Straw Comprehensive Utilization Action, etc.

Several experts from different organizations have participated in the Forum, such as former Executive Deputy Minister of Ministry of Agriculture, Senior Adviser to International Green Economy Association, Counsellor of the State Council and former Deputy Minister of the Ministry of Agriculture and Rural Affairs, Assistant Representative of Food and Agriculture Organization of the United Nations (FAO) Representative Office in China, board member of Rocky Mountain Institute (RMI), and Project

Director of Food & Natural Resources Department of World Resources Institute, etc.

The key takeaways of this meeting regarding horizontal and developing trends include:

- Carbon emission reduction will be the main target for agriculture, especially farming, livestock, and fisheries sectors.
- Strengthen international communication, and actively participate in the formulation of international policies and standards related to carbon emission reduction and sequestration in agriculture and rural areas.
- Enhance trading guidance; research and explore the development of tradable emission reduction projects; timely docking carbon trading market, explore the value realization path of agricultural carbon sink, and build an agricultural carbon sink value evaluation system.

In terms of technology, the goal is to develop a number of integrated technical solutions, including but not limited in:

- Planting: low methane fertilizer, straw energy utilization, enhancement of farmland carbon sink;
- Aquaculture: greenhouse gas emissions, large-scale resource utilization
- Forestry: forest carbon sink and sequestration, forestry biological fluorine production, highly efficient carbon conversion, low-carbon product creation.
- Grass industry: productivity improvement and grass quality control of natural grassland;

For agricultural machinery and equipment, quite a few attending experts emphasize the need to

improve production efficiency and to solve technical pain points and difficulties. Some experts also stressed the importance of having clearly and aligned efforts/support from central and regional governments for achieving carbon peak and carbon neutrality.

Additional information:

China International Fair for Trade in Services (CIFTIS) is a nationwide, international, and comprehensive large-scale exhibition and trading platform specially built for trade in services, co-

*sponsored by the Ministry of Commerce of the People's Republic of China and the People's Government of Beijing Municipality. As an international exhibition focusing on service trade, CIFTIS has become one of the three major national-level and globalized exhibition platforms for China's opening up together with the **China International Import Expo (CIIE)** and the **China Import and Export Fair (Canton Fair)**. It is the largest comprehensive exhibition in the field of global service trade.*





Construction and Earth-moving Machinery

3. "China Construction Machinery Industry Yearbook 2023" Released

On September 20, during the 16th China (Beijing) International Construction Machinery, Building Material Machinery, and Mining Machinery Exhibition and Seminar (BICES 2023), the China Machinery Industry Yearbook Press, the China Construction Machinery Association (CCMA) and Guangxi Liugong Machinery Co., Ltd. jointly unveiled the 2023 edition of "*China Construction Machinery Industry Yearbook* (hereafter referred to as the "Yearbook")".

The Yearbook was first published in 2000. It generally includes key sections such as overview, major events, industry trends, enterprise development, market insights, research findings, statistical data, and industry standards.

The 2023 edition of the Yearbook provides a comprehensive account of the progress in sub-sectors of the construction machinery industry, encompassing excavating machinery, earthmoving and transport machinery, engineering cranes, industrial vehicles, road construction and maintenance machinery, rock drilling machinery and pneumatic tools, piling machinery, municipal and sanitation machinery, decoration and high-altitude operation machinery, sightseeing vehicles and off-road low-speed specialized vehicles, concrete machinery, construction cranes, engineering building material machinery, and construction machinery components. Additionally, it offers pertinent economic indicators related to the construction machinery industry. In an expansion from previous editions, this version also incorporates sections on the construction machinery industry's efforts towards achieving "carbon peak and neutrality" objectives and on the developments within the tower crane rental sector.

The publication can serve as a comprehensive resource for enterprises to track the annual developments within the construction machinery sector in China. Based on this information, enterprises can analyse market dynamics, devise strategic plans, and explore new business avenues.

For purchasing or translating this document, please contact BESTAO.

4. Three National Standards on Lifting Appliance Calling for Comments

On September 26 and 28, 2023, SAC/TC227 (Lifting Appliance) issued three notices to call for comments on three national voluntary standards: ***Lifting appliances—hazard identification*** (project no. 20221036-T-604), ***Cranes—Safe use—Part 5: Bridge and gantry cranes*** (project no. 20221143-T-604), and ***Lifting appliances— Intelligent system—Part 1: Vocabulary and classification*** (project no. 20230608-T-604).

Some preliminary progress on the hazard identification standard and that of crane safe use has been covered in the previous edition (item #5 of China Regulatory and Compliance Observation July Edition 2023), and the call-for-comment drafts have revealed more details on the standards:

Standard Name	Lifting appliances—hazard identification (project no. 20221036-T-604)	Cranes—Safe use—Part 5: Bridge and gantry cranes (project no. 20221143-T-604),	Lifting appliances—Intelligent system—Part 1: Vocabulary and classification (project no. 20230608-T-604)
Specific TC/SC	SAC/TC227	SAC/TC227/SC3 (Bridge and Gantry Cranes)	SAC/TC227/SC6 (Electrical system and Intelligitization)
Deadline for Comments	2022/11/27	2022/11/27	2022/11/25
Standard Scope	<p>This standard establishes the basic principles of hazardous source identification of lifting appliances and describes the methods of hazardous source identification. It also lists potentially unsafe events and sources of hazards.</p> <p>This standard applies to the identification and analysis of dangerous sources of lifting appliances when carrying out related risk assessment when using such equipment/machinery.</p>	<p>This standard specifies the safety work system of bridge and gantry cranes, personnel capabilities and duties, safety, crane selection, crane setup, installation and disassembly, work procedures, safety protection measures, working conditions, hoisting workers and load handling, testing, inspection and condition monitoring, and other safe use requirements.</p> <p>It applies to bridge and gantry cranes as specified in GB/T 6974.5-2008 (Cranes - Vocabulary - Part 5: Bridge and gantry cranes). It does not apply to manually driven (not powered) bridges and gantry cranes.</p>	<p>This standard defines the terms and definitions of intelligent systems of lifting appliances and specifies classification principles, classification elements, functional requirements, and technical requirements for each level.</p> <p>It applies to intelligent systems for all lifting appliances defined in GB/T 6974 (all standard series). Intelligent systems for other lifting appliances can follow this standard as a reference.</p>
Connection with International Standards	<p>The article regarding principles of hazard identification used ISO 1210:2010 Safety of Machinery--General Principles for Design-Risk Assessment and Risk Reduction as reference.</p>	<p>Principles established in ISO – DIS 12480-1 Cranes – Safe use – Part 1: General were used as reference in terms of safety working system, personnel responsibilities, etc.</p> <p>The chapter on the selection of cranes, work procedures, and safety protections in this standard has referred to requirements in AS 2550.1-2011 Cranes, hoists and winches—Safe use Part 1: General requirements.</p>	None

AEM and AEM members should be aware that, due to the fact that none of these three standards have adopted international standards, only some partial contents have used global counterparts or related standards as references. Once implemented, manufacturers may be directly impacted. Relevant stakeholders are suggested to check the standards' contents to see if any feedback can be raised to minimize potential compliance risk.

5. Chinese Construction Machinery Moving Towards Intelligence and Electrification

During the 16th China (Beijing) International Construction Machinery, Building Material Machinery, and Mining Machinery Exhibition and Seminar (BICES 2023), held from September 20 to 23 in Beijing, over 1300 domestic and international companies unveiled over 20,000 new products and technologies that they have developed in the past two years. This exhibition reflects the trend towards intelligent and electrified advancements within Chinese construction machinery.

Among the 43 products exhibited by Guangxi Liugong, 16 were electric products, and 3 were hybrid power products. They also showcased the world's first commercial unmanned electric loader. Through a cloud management platform, it can issue tasks to and operate the unmanned electric loaders located more than 2,000 kilometers away for material handling operations.

Of the 19 products presented by Zoomlion, 10 were new energy products, including 6 new energy earthmoving machinery like pure electric excavators, electric dragline excavators, and sliding loaders.

At the SANY booth, 13 out of 22 pieces of equipment were electric products, accounting for over 50%. They introduced electric concrete mixers, 5.8-ton electric loaders, intelligent balance forklifts, intelligent unmanned transportation systems, intelligent driving AI platforms and cloud control platforms.

XCMG launched 15 new energy products, accounting for about 60% of the total exhibited products. These included large-tonnage high-voltage lithium electric forklifts, 105-ton electric mining trucks, the first electric unmanned three-axle rigid mining truck, electric loaders, electric excavators, plug-in hybrid concrete pumps, and electric concrete mixers, among others.

Taiyuan Heavy Group unveiled new energy products such as a 25-ton methanol-powered truck crane, a 24-ton hydrogen fuel hydraulic excavator, carbon-based capacitor straight-arm and scissor-type telescopic boom lifts, an 8-ton electric mobile crane, electric control 55-180 ton crawler cranes, and remote-controlled fully electric crawler excavators.



Mining Machinery

6. Mining Machinery TC Calls for Standard Proposals for 2024

On September 6, 2023, SAC/TC 88 (Mining Machinery) issued a notice to call for standard proposals on mining machinery for the year 2024. The goal is to promote the effective improvement of the standard quality while maintaining reasonable quantity growth in the sector and to achieve a high-quality development of the sector.

The legal basis of the standard proposal soliciting includes but is not limited to key national documents such as the *National Standardization Development Outline, 14th Five-year Plan, 14th Five-year Plan for Circular Economy Development, National Guideline on the Construction of Intelligent Manufacturing Standard System*, and ministerial documents like *Guidelines on Intelligent Coal Mine Construction (2021 edition)* and *Framework for the Development of the Intelligent Mine Standards System*, etc.

Based on the notice, the proposed standard projects should focus on the following topics: technological and innovative progress, resource conservation and comprehensive utilization, industrial base reconstruction, service-oriented manufacturing, intelligent manufacturing, intelligent equipment, intelligent mining, industrial Internet, green manufacturing, energy structure adjustment, green low-carbon circular development, reliability technologies.

The proposed projects are required to be innovative, market-oriented, internationalized, and coordinated with existing mandatory standards. Proposals with the following features will be prioritized:

- Standards that will facilitate technical progress and industrial upgrade (quality improvement etc.), and those will support the implementation of sector policy and planning.
- Standards that can support the intelligent and green transition, resource-saving, technical reliability, environmental protection, innovation, and new industrialization.
- Standards that help achieve China's carbon peak and carbon neutrality goals (low-carbon, energy structure adjustment).
- Adoption of advanced international and foreign standards
- Voluntary national or sector standards that need to be revised.
- Projects that are listed in the translation plan of existing standards into foreign languages.

Clear submitting requirements and application templates have been provided with the notice to encourage relevant organizations/entities to submit proposals. The deadline for proposal submission is October 15, 2023.

A list of sector standards that are recommended by the TC for revision is also announced with the notice as an annex. It contains a total of 48 standards and means relevant stakeholders can submit applications to lead the revision work of these standards.

For AEM and AEM members, it is advised to observe such notice from TCs because it is a good window and opportunity to participate in China's standard system. AEM members who are interested in such

activity should also be aware that the expenses/costs for revising or formulating sector standards should be borne by the organization/unit once the application is approved.

7. State Council Guidelines Reinforce Mining Production Safety

On September 6, 2023, the General Office of the CCCPC and the General Office of the State Council **issued Opinions on Further Strengthening Work Safety in Mines** (hereinafter referred to as “the Opinions”). It aims at reinforcing mining safety and supporting high-quality development, as well as accelerating the mining safety transition to achieve a precaution and prevention model. According to the explanation by the relevant officials, the requirements and measures expressed in the documents are efforts to deal with new situations and challenges on the topic of safety arising in the mining sector in recent years, as quite some technological developments have taken place while new goals are set (like intelligent and green transition).

The Opinions lay out their requirements in seven perspectives:

- Stricter management on mining safety production access, further standardize administrative permit system.
- Facilitate mining transition and upgrade, encourage technological innovation.
- Guard against and defuse major safety risks.
- Strengthen the principal responsibility of enterprises.
- Enhance the monitoring and supervising responsibility of local government and regulators
- Promote law-based management of mining safety.
- Reinforce supportive and implementation measures.

This document and its key contents are critical to the mining sector. As a result, a series of specific trainings were organized to ensure the implementation of its requirements, together with an official press conference held on September 18 to further explain the Opinions.

Key takeaways based on the Opinions and the press conference that are related to AEM and AEM members are summarized below:

- Newly built coal mines and those with difficult conditions (gas outburst, rock burst, extremely complicated hydrogeology, etc.) should make intelligent designs according to coal mining and excavation status.
- Factors such as efficient use of resources, safe production, and ecological environmental protection should be scientifically considered and researched in the preliminary design and safety facilities design of mines.
- Promote the mechanization and upgrading of small and medium-sized mines and the automation and intelligent upgrading of large mines.
- Accelerate the intelligent construction of mines with serious disasters and high altitudes, and create a number of automated and intelligent benchmark mines
- Enhance the development and application of information technology, intelligent equipment, and robots in mines.
- Funds and financial support should be provided to ensure the intelligent mining construction and information systems.

For AEM and AEM members, a clear message from the Opinions is that intelligent and advanced machinery/technologies will be more and more applied in the mining sector. It should offer a market opportunity for manufacturers with such solutions. Further regional supportive policies or measures may issued in the future as well, and stakeholders are advised to keep tracking the updates.



Green and Environmental Protection

8. MIIT Selects Energy-Saving and Carbon-Reduction Technologies and Equipment

On September 18, 2023, MIIT (Ministry of Industry and Information Technology) issued a notice to organize the recommendation of energy-saving and carbon-reduction technologies and equipment in the field of industry and information technology for the year 2023.

The purpose of MIIT's organization of the recommendation is to promote the application of advanced and applicable energy-saving and carbon-reduction technology and equipment and to advance the goals of energy-saving and carbon-reduction in key industry sectors.

Energy-saving and carbon-reduction technologies and equipment that successfully meet the criteria established by MIIT will be incorporated into the annual "Catalog of Recommended Energy-Saving Technology and Equipment in the Field of Industry and Information Technology" (hereinafter referred to as the "Catalog"), published by MIIT. This inclusion will facilitate nationwide promotion and recognition.

One such technology, known as "fully electric drive technology for dump trucks," was included in the 2022 version of the Catalog. This technology leverages high-power fast-charging and discharging lithium batteries to supplant conventional diesel engine sets and generators as primary power sources. In collaboration with vehicle management systems and battery energy management systems, it harnesses electrical energy generated by the AC traction motor to recharge the battery when the vehicle undergoes electric braking, thus enhancing the vehicle's range. This technology is suitable for the energy-saving retrofitting of engineering or mining dump trucks.

In 2023, the scope for recommending includes new processes and technologies in mechanical production, electrical energy substitution, clean and efficient utilization of fossil energy, and technologies related to internal combustion engines that meet or exceed the Level 1 energy efficiency standards. AEM members that have FIEs in China can consult with local industry and information technology authorities and recommend their energy-saving and carbon-reduction technologies and equipment. Upon successful completion of MIIT's assessment and subsequent inclusion in the 2023 edition of the Catalog, these technologies and equipment will yield significant influence and economic benefits for the enterprise.

9. China Raises Energy Efficiency Requirements for Iron Ore Mining

On September 11, the Standardization Administration of China (SAC) publicly sought opinions on the mandatory national standard titled " *The norm of the energy consumption per unit product of iron ore mining and dressing (Draft*

for Public Consultation)." The deadline for submitting opinions is November 17.

This standard delineates the limits, technical specifications, statistical parameters, and

calculation methodologies for energy consumption per unit product associated with iron ore mining and dressing. The statistical parameters encompass the energy consumption in production processes, such as ore extraction, crushing, transportation, and waste disposal, in open-pit mining, underground mining, and ore dressing. Consequently, the energy consumption of mining machinery will form a substantial part of the statistical data.

The standard introduces elevated energy efficiency requirements. This will significantly

impact iron ore mining companies when they acquire mining machinery. When the completed standard is implemented, it will further prevent high-energy consumption machinery from entering the market.

It is advisable for AEM members to analyze and assess the potential repercussions of this standard on their product lines. Furthermore, they should proactively devise strategies to navigate its forthcoming implementation."



Cybersecurity and Data Protection

10. China Adjusts Policies over Regulation of Cross-border Data Transfer

On September 28, 2023, the Cyberspace Administration of China released the Provisions on Regulating and Facilitating Cross-Border Data Flows (Draft for Comments) (hereinafter referred to as the Provisions). The channel for submitting opinions stays open until October 15, 2023. Its release is marked as a significant adjustment for China in the regulatory policy for cross-border data. This regulatory action is based on the implementation experiences of cross-border data regulation work over the past year and indicates the general direction of future regulation policies.

Although the Provisions only consist of 11 articles, these articles reflect a major shift in the attitudes of authorities. The Provisions emphasize balance between "regulation" and "promotion," signaling adjustments in the policy for cross-border data regulation based on the summary of previous work experience. This indicates that, after considering feedback from businesses, regulatory authorities have recognized that the previous rules on cross-border data regulation imposed excessive compliance costs on businesses and hindered the comprehensive implementation of regulatory measures.

Based on the current version of the Provisions for solicitation of comments, the following changes are identified:

- Clarifying several issues: Justifiable cross-border data transfer that does not involve personal information and key data does not require prior approval for overseas transfer; For data that has not been designated and notified by the relevant departments or regional authorities as key data, data processors are not required to apply for the security assessment of such outbound data as key data.
- Exempting common outbound scenarios: Exemption is granted for fulfilling contractual obligations in cross-border e-commerce, payment institutions, and business travel platforms; exemptions are granted for the necessary management of human resources, respecting multinational companies' unified arrangements for human resource management and their judgments of necessity; exemptions are granted for emergency situations to protect individual interests.
- Raising the threshold for triggering regulation through security assessment: The security assessment is only required for providing personal information to overseas recipients exceeding one million individuals within a year; for the cross-border personal information transfer quantity ranging from ten thousand to less than one million individuals, standard contract or certification is sufficient; exemptions are granted for quantities below ten thousand individuals.
- Reserving space for notable policies in free trade zones: The pilot free trade zones are mandated to independently formulate a separate data list (hereinafter referred to as the Negative List), listing the scope under which it will be necessary to apply for the cross-border data transfer security assessment, conclude a standard contract, or pass the personal

information protection certification. Data that falls outside the scope of the Negative List can be transferred abroad without security assessment, a standard contract, or personal information protection certification.

- Balancing pre-regulation and post-regulation: Instead of emphasizing pre-regulation over in-process or post-regulation, the Provisions attempt to balance regulations through different stages. For scenarios listed in the Provisions that no pre-regulation measures are required (namely the security assessment, standard contract, or certification), possibilities for in-process or post-regulation are not excluded in those scenarios.

However, while comprehending these "burden-reducing" measures, foreign stakeholders should not interpret these measures as signals for lowering data protection requirements. On the contrary, their purpose is to alleviate the compliance burdens on businesses without reducing data protection requirements, thereby promoting the comprehensive implementation of regulatory measures. Exemptions or the reduction of some prior approvals are not intended to weaken the regulatory intensity of businesses' cross-border data activities but rather are considered based on the differences in security risks in different scenarios. Differential regulation is adopted to encourage compliance by businesses.

Policy adjustments are still in progress, and the official document may undergo changes. Although the new draft has indicated the general direction of regulatory policy adjustments, specific policies are still being refined, and further modifications may be made after the official documents are issued to coordinate the conflicts between the Provisions and current in-force legislation, and to make further clarifications over certain issues.



New Energy

11. China Updates Electric Vehicle Charging Standards

On September 7, SAC (Standardization Administration of China) announced and commenced the implementation of two new national standards for electric vehicle conductive charging connectors:

- *GB/T 20234.1-2023 "Electric Vehicle Conductive Charging Connector Part 1: General Requirements"*
- *GB/T 20234.3-2023 "Electric Vehicle Conductive Charging Connector Part 3: Direct Current Charging Interface"*

These two standards specify the definition, requirements, test methods, and inspection rules for electric vehicle conductive charging connectors, as well as the general requirements, functional definitions, structural forms, parameters, and dimensions of direct current charging interfaces. Compared to the 2015 version of the standards, the main changes involve increasing the maximum charging current from 250A to 800A and raising the charging power to 800KW based on the current direct current charging interface technology in China. Additionally, they have introduced technical requirements such as active cooling and temperature monitoring, optimized test methods for mechanical performance, locking mechanisms, and service life. These updates aim to further enhance the environmental adaptability, safety, and reliability of conductive charging connectors while meeting the practical needs of both low-power and high-power direct current charging.

On September 12, SAC released the three key standards for ChaoJi-1, the next-generation DC charging technology for electric vehicles in China.

- *GB/T 18487.1-2023 Electric Vehicle Conductive Charging System Part 1: General Requirements,*
- *GB/T 27930-2023 Digital Communication Protocol between Off-Board Conductive Chargers and Electric Vehicles, and*
- *GB/T 20234.4-2023 Connecting Devices for Conductive Charging of Electric Vehicles Part 4: High-Power DC Charging Interface.*

ChaoJi-1 uses the new, harmonized coupler and compatible charging system with CHAdeMO 3.1, the latest version of CHAdeMO vehicle charging, but operates under the Chinese communication protocol. This version is not only suitable for high, medium, and low power charging (up to 1.2MW), but also considers the current and future adaptability and upgrade capabilities to meet the needs of safe and fast EV charging.

The three standards will come into force on April 1, 2024.

As the electric machinery industry continues to evolve, China is preparing to establish corresponding charging standards. During this process, the above standards can serve as a valuable reference. Given the significant differences between Chinese and overseas EV charging technologies, these standards can help AEM members gain insights into China's conductive charging requirements. Furthermore, it is advisable for AEM members to actively monitor and participate in electric machinery charging standard projects within various relevant Chinese standard committees. BESTAO will keep tracking and inform AEM of such projects.



ESG

12. High-end Forum Summarize and Discuss China's ESG Development

On September 5, 2023, the *Forum on Carbon Neutrality Action and Corporate ESG Innovation* (hereinafter referred to as "the Forum") was held in Beijing.

For the overall situation in China regarding ESG: since 2018, the General Office of the CPC Central Committee, the General Office of the State Council, the China Securities Regulatory Commission, the State-owned Assets Supervision and Administration Commission of the State Council, and other departments have repeatedly issued relevant policies and documents on ESG management and information disclosure. Effective ESG management and information disclosure have become a requirement for multinational companies, listed companies, state-owned enterprises, and key enterprises in carbon emission, and an important symbol of high-quality development of all kinds of enterprises.

With such background, and as an event of the China International Fair for Trade in Services (CIFTIS), the Forum focused on the theme of "Carbon Neutrality Action and Corporate ESG Innovation", and aimed at showcasing the innovative practices and demonstration programs of representative enterprises in the industry. The event also discussed ESG management from multiple aspects such as policy, industry, finance, and the international market.

The main guests of the event included the Director of the Carbon Peaking and Neutrality Promotion Center of China Industrial and Economics Federation, the Director of China Office of World Business Council for Sustainable Development (WBCSD), the Special Adviser to the President of the International Sustainable Standard Board (ISSB), the Vice President of China Beijing Green Exchange and the Director of Global Reporting Initiative (GRI).

Key takeaways from the Forum and interviews with the experts regarding China's ESG status include:

- The quality of ESG information disclosure of listed companies in China is improving, but the status among different industries varies from each other.
- Requirements on ESG information disclosure of listed companies have become stricter, whereas regulatory policies are also improving.
- The concepts and principles of ESG development and those of business should be more deeply integrated. ESG practice needs to be strengthened.
- ESG evaluation has effectively improved companies to strengthen ESG management, but some shortcomings of ESG remain to be addressed.
- Policies continue to promote the steady development of the ESG investment market, and the trend towards sustainable development is obvious.

Furthermore, the ESG developing trend in China is estimated as:

- Further reinforcement is needed for ESG reporting and practice
- The evaluation system should be improved.
- ESG evaluation shall be more intelligent.
- A deeper understanding of the ESG concept shall take place in China.
- A better ESG ecosystem will be established.

13. Latest Updates on Chinese Certified Emission Reduction

On September 5, 2023, the **Forum on Carbon Neutrality Action and Corporate ESG Innovation** was held in Beijing. It is part of the China International Fair for Trade in Services (CIFTIS). The Vice President of China's Beijing Green Exchange attended the Forum and presented some further updates on the Chinese Certified Emission Reduction (CCER) scheme (hereinafter referred to as "the CCER scheme").

The CCER scheme is simply part of China's voluntary carbon market. On July 7, 2023, the Ministry of Ecology and Environment (MEE) released the draft of **Administrative Measures for the Trading of Certified Greenhouse Gas (GHG) Emission Reduction (trail)** (hereinafter referred to as "the Administrative Measures"), signifying the rebooting of the voluntary carbon market (further detail of the document was covered in #8 of China Compliance Report July Edition 2023).

In this event, the Chinese experts have defined the carbon market as a systematic tool to achieve carbon neutrality with low cost and high efficiency. Besides issuing a draft of the Administrative Measures for public comment, the establishment of a voluntary carbon market in China has made progress in the following two perspectives:

- Calling for public opinion and suggestions on the methodology of voluntary emission reduction projects. The feedback has been carefully evaluated for now. Once a solution/initiative for certification of voluntary emission reductions has been evaluated as "mature" and applicable, it will be published for implementation.
- A unified voluntary emission reduction system for registration and trading has been established across the country. Registering and settlement rules have been drafted.

Other efforts have also been made to support the reboot of the voluntary carbon market, such as issuing notice to call for account registration in the voluntary trading system, clarifying the offset quota process for enterprises that want to use CCER, etc.

Experts at the event also shared their opinions on the developing trend in China's carbon market:

- With the launching of international carbon markets/mechanisms (such as CORSIA, CBAM, IRA, SDM, etc.), the global carbon markets tend to align and unify, therefore China's system will become globalized, internationalized, and financialized.
- To achieve carbon peak and neutrality goals, China's management and carbon quota requirements will become stricter.
- Upgrade methodology and technical system of carbon accounting and verification; establish a carbon monitor and evaluation system to cover necessary scope and elements.
- Unify the carbon pricing system across the country and establish a market-oriented system where a wider range of stakeholders (enterprises in the key emission control sectors, financial institutions, intermediary service agents, and extending to non-emission control enterprises and personal investors, etc.) shall take on more responsibilities and will be given more play in their roles.

For AEM and AEM members, the relaunching of China's voluntary carbon market may provide opportunities for manufacturers with advanced emission management and technologies to gain some advantage. A follow-up on the CCER for further details is suggested for AEM and AEM members,

including implementation procedure, evaluation and certification methodology, evaluation requirements, etc. Participation in the CCER methodology collecting scheme is also strongly recommended for those with mature emission reduction methodologies or projects.



BESTAO policy review to this Issue:

- Policy Briefing - Comparison on EU's GDPR and China's Personal Information and Data Protection System

What can be expected in the following editions:

In the following editions, China Regulatory and Compliance Observation for AEM will still cover policies, laws, regulations, certification and standards for agriculture and forestry machinery, construction, and mining machinery of China, which will include but not limited to:

1. Machinery emission updates in China
2. FAQ on how foreign enterprises participate in China's standardization

About BESTAO Consulting Co. Ltd.

Founded by senior experts with solid industry experience, BESTAO Consulting provides regulatory compliance solutions across a wide range of industries to our global clients who wish to enter Chinese markets. Our areas of expertise include Government Affairs, Industry Policies, Technical Regulations and Standards, Certifications and Market Access, Tannings and Translation Services.

Accessing the Chinese market has become increasingly more important for overseas companies of all kinds and having a better understanding of the requirements to enter this large and complex market will give you the advantage over your competition. BESTAO Consulting can help you understand the Chinese regulatory environment to gain access quick and effective access to the Chinese Market.

What We Offer:

- The government affairs team supports our clients in identifying key stakeholders in China to build connections and improve business development.
- Our consulting team helps our clients understand China's legal framework, technical regulations, standardization system and certification schemes, including but not limited to Product Safety, CCC, China RoHS, Energy label, Medical Device Registration, Special Equipment Certification, etc. We advise our clients on market access requirements and draw comparisons between EU/US and China.
- Our intelligence collection team gathers up-to-date information on China's technical regulations and standardization in sectors like electrical and electronics products, consumer products, mechanical products, automotive, etc. We also make tailor-made observations for our clients upon their requests. We make sure that our clients stay informed on the latest developments in regulations, certification, and standardization in China.
- Our training team is dedicated to conducting workshops for overseas companies to facilitate their entry into Chinese markets.
- Our translation team provides high-quality English translations of laws, regulations, standards, and technical specifications.
- We also offer China representative, "virtual office" services and tailor-made China regulatory retainer services for overseas clients.

For more information on how BESTAO can help your company enter and grow in the Chinese market, please contact us at:

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