



China Regulatory Observation

June 2024

Table of Contents

Message from BESTAO	2
Horizontal	3
1. China Released Work Notice on Determining Enterprises Eligible for Tax Deduction Policy	3
2. China Kicks Off New Round of Enterprise Standard Top Runner Selection.....	4
Agricultural and Forestry Machinery.....	6
3. Policy 2024: Subsidies for Scrapping and Renewing Agricultural Machinery.....	6
4. Guidelines Released for Renewal of Agricultural Machinery Promotion Appraisal Certificates	7
5. AMCS Seeks Public Comments on New Agricultural Machinery Promotion Appraisal Outlines	7
Construction and Utility Machinery.....	9
6. Amended Contents for Safety Regulation of Lifting Appliance Calling for Comment.....	9
7. Official English Version of Two Industrial Truck Standards Calling for Comments	9
8. Heavy Machinery Sector Issued Policy to Promote Equipment Renewal	10
9. Notice Issued for Product Recall and Upgrade of Special Equipment	11
Mining Machinery	13
10. Application Channel Opened for New or Revised Standard Projects in Mining Safety.....	13
11. China Issues Mining Catalogues on Recommending and Eliminating Technologies and Equipment	14
China RoHS.....	15
12. China RoHS Scope Will Extend to 10 Substances Since January of 2026.....	15
Standardization	16
13. Key Working Points Published for Machinery Standardization 2024	16
ESG	17
14. Carbon Footprint Accounting System Established for Lithium Battery.....	17
15. Implementation Plan Issued for Constructing Carbon Footprint Management	17
Subsidy.....	19
16. China Issues 2024-2026 Agricultural Machinery Subsidy Policy	19
BESTAO policy review to this Issue:	21
What can be expected in the following editions:	21
About BESTAO Consulting Co. Ltd.....	22

Message from BESTAO

Dear Readers,

Like always, we're happy to present you with the June 2024 edition of China Regulatory and Compliance Observation for AEM.

Policies, laws, regulations, certification and standards for agricultural machinery, construction, cybersecurity and earth-moving etc. of China in June 2024 are elaborated in this Edition.

The horizontal section presents you with the updates on favourable tax policies for manufacturing sectors, and China's "Top runner" system for enterprise standards.

In regards of the agricultural machinery section, some latest announcement on the promotion appraisals of agricultural machinery has been summarized with key points.

In the construction and mining machinery section, you'll read about three important announcements on the management of special equipment (including lifting appliance), and the main contents of standard project calling notice of mining machinery TC.

Other important topics covered in this issue range from China RoHS, ESG and subsidy.

The policy briefing of this edition is a full standard list of key agricultural machinery TCs.

Enjoy the reading.

Best Regards,

AEM project team of BESTAO



Horizontal

1. China Released Work Notice on Determining Enterprises Eligible for Tax Deduction Policy

On June 27, 2024, the General Offices of the Ministry of Industry and Information Technology (MIIT), Ministry of Finance (MoF), and State Taxation Administration (STA) jointly issued a Notice on Determining the List of Advanced Manufacturing Enterprises Eligible for the Value-added Tax (VAT) Deduction Policy in 2024 (hereinafter referred to as Notice). This notice complements the former Announcement on the VAT Deduction Policy for Advanced Manufacturing Enterprises (hereinafter referred to as the Announcement) that allows advanced manufacturing enterprises to reduce the amount of VAT payable by an additional 5% based on the current deductible input tax (hereinafter referred to as the additional VAT deduction policy). The Notice outlines specific criteria and procedures for determining eligible enterprises. Key takeaways of this document:

I. Background:

The additional VAT deduction policy was implemented for the first time on April 1, 2019, and applies to taxpayers in production and household services. The release of Announcement released in 2023 expands the application scope of the preferential policy, which was originally exclusive to the service industry, to a wider range of industries. As a supporting document, the Notice comprises 8 key articles defining the policy basis for the advanced enterprise list, criteria for inclusion, application timelines, validity period, considerations for branch offices, responsibilities of local authorities, considerations for major changes of the enterprises, and integrity requirements.

II. Scope of Potential Candidates:

- Qualification as High-Tech Enterprises: Advanced Manufacturing Enterprises refer to general high-tech taxpayers (enterprises) in the manufacturing industry, including their non-corporate branch offices. High-tech enterprises are defined as per the *Notice on Revisions to the Administration Measures for the Identification of High-Tech Enterprises*, focusing on high-tech sectors supported by the state.
- Potential candidates must demonstrate that at least 50% of their total sales from January 1, 2023, to December 31, 2023, stem from manufacturing operations, excluding VAT from total and manufacturing sales.

III. Application Time Frame and Platform:

- Time Frame:
 - Enterprises listed in the *List of Advanced Manufacturing Enterprises Enjoying VAT Additional Deduction Policy in 2023* with valid high-tech enterprise status can apply for 2024 listing from July 1, 2024, to April 10, 2025.
 - New applicants for the 2024 list can apply from September 1, 2024, to April 10, 2025.
- Platform: Applications must be submitted via the High-Tech Enterprise Identification Management Website (<http://www.innocom.gov.cn/>).

IV. Validity of Preferential Policy:

- Enterprises with valid high-tech enterprise status throughout 2024 will enjoy the policy from

January 1, 2024, to April 30, 2025.

- Enterprises whose high-tech enterprise status expires in 2024 and do not renew it within the year will enjoy the policy from January 1, 2024, to December 31, 2024.
- Enterprises whose high-tech enterprise status expires in 2024 but renew it within the same year will enjoy the policy from January 1, 2024, to April 30, 2025.
- Newly recognized high-tech enterprises in 2024 will enjoy the policy from January 1, 2024, to April 30, 2025.

According to Article 2 of the *Notice on Revisions to the Administration Measures for the Identification of High-Tech Enterprises* (hereinafter referred to as the Notice on Revisions), high-tech enterprises refer to resident enterprises registered in China (excluding Hong Kong, Macao and Taiwan) that have continuously carried out research and development and transformation of technological achievements within the "new and high technology Fields supported by the State Key", formed core independent intellectual property rights of the enterprises, and carried out business activities based on them. This means that eligible foreign-invested enterprises can also benefit from these preferential policies. Furthermore, the official list of high-tech sectors outlined in the Notice on Revisions includes specific fields that may be relevant to AEM and its members. These fields include onboard electronic equipment and system technology, new types of traction batteries, fuel cells, pollution reduction and zero-emission technologies in key industries, green manufacturing technology, advanced manufacturing industries, new types of machinery, etc. Therefore, AEM members with legally registered status in China are encouraged to carefully review relevant documents and policies to determine if they fall within the application scope of these preferential tax policies.

2. China Kicks Off New Round of Enterprise Standard Top Runner Selection

On June 20, 2024, China's State Administration for Market Regulation (SAMR) released the *Announcement on Key Areas for Selecting Enterprise Standards "Top runner" in 2024* (hereinafter referred to as the Announcement), which represents the official kick-off of the new round of Top runner selection and appraisal. The Announcement attached a detailed list of priority areas: 146 fields are categorized, and classified into 57 major sectors, such as agriculture, furniture manufacturing, textile industry, vehicle manufacturing, insurance, etc. The industrial development in these fields and sectors aims to promote consumption, increase domestic demands, and contribute to green and high-quality consumption.

Background

According to the requirements of the *China Standardization Law* revised in 2017, enterprises should disclose the code and name of the

mandatory national standards, recommended standards, association standards, or enterprise standards they implement; Where an enterprise implements its enterprise standards, it shall also disclose the functional indicators of its products and services and the performance indicators of its products. In 2018, the SAMR, together with ministerial departments, initiated the Enterprise Standard "Top runner" Project. Based on the disclosure system, this project will select the "Top runner" enterprises that implement the top-level product or service standards (mainly the enterprise standards or association standards, since national standards and sector standards usually do not represent top-level practices in this industry). It aims to create and cultivate a group of enterprises committed to high-quality development and innovative capability through developing and implementing high-level standards.

The selection process typically begins with the identification of priority areas by governmental authorities, followed by China National Institute of Standardization (CNIS)'s work in appraisal and selection. Below is a series of activities following the Announcement of the key areas:

I. On June 25, 2024, China's National Institute of Standardization (CNIS) organized a training meeting to develop the enterprise standard "Top runner" appraisal scheme for 2024. This training meeting:

- introduced the background and implementation of the enterprise standard "Top runner" system;
- clarified the relevant requirements for the preparation of the enterprise standard "Top runner" evaluation plan;
- interpreted the Announcement in detail;
- introduced the main content of the Enterprise standard "Top runner" Work Guide (trial) (Draft for comment);
- introduced the operation of enterprise standard "leader" management information platform;
- Exchanged on issues of application time for appraisal schemes and corresponding basis.

II. On June 27, 2024, the CNIS announced the Calls

for the Appraisal Institutes and Schemes for Enterprise Standards "Top runner" in 2024. The announcement details the scope and conditions, approach, as well as contact information. It is part of the preparation for the selection and identification of the enterprise standards "Top runner".

III. On June 28, 2024, the CNIS released the Enterprise Standard "Top runner" Work Guide (trial) (Draft for comment), which will replace the Enterprise Standard "Top runner" Implementation Plan (Trial) released in 2018. Apart from editorial adjustment, the Work Guide specified the role of the government authorities (mainly the SAMR) in this project to identify the key areas and provide guidance to CNIS.

Specifically, in the key areas identified by the SAMR this year, dedicated equipment manufacturing for mining, metallurgy, construction, and agriculture is of interest to AEM and its stakeholders. AEM members who have registered as legal persons in China are recommended to keep updated with the detailed procedures and requirements since the title of "Top runner" will assist the enterprise in gaining more visibility in the Chinese market.



Agricultural and Forestry Machinery

3. Policy 2024: Subsidies for Scrapping and Renewing Agricultural Machinery

On June 17, 2024, the Ministry of Agriculture and Rural Affairs and the Ministry of Finance jointly issued the *Notice on Increasing Efforts to Continuously Implement the Agricultural Machinery Scrapping and Renewal Subsidy Policy*. This document aims to support the accelerated elimination of old agricultural machinery that is energy-intensive, highly polluting and has low safety performance through the scrapping and renewal policy. It seeks to promote the adoption of advanced, energy-efficient, environmentally friendly, and safe agricultural machinery, thereby optimizing the agricultural machinery equipment structure and advancing the transformation and upgrading of agricultural mechanization and green development in agriculture.

Subsidy Recipients:

The subsidy recipients mentioned in the document are farmers and agricultural production and management organizations. Agricultural production and management organizations include rural collective economic organizations, farmer professional cooperative economic organizations, agricultural enterprises, and other organizations engaged in agricultural production and management.

Types of Subsidized Agricultural Machinery:

The types of agricultural machinery eligible for subsidies are those specified in the *Regulations on the Supervision and Administration of Agricultural Machinery Safety* that may endanger personal and property safety, as well as other key machinery. These include tractors, seeders, combine harvesters (including those used for grain, cotton, oil, and sugar crops), rice transplanters, Beidou-assisted driving systems for agricultural use, motorized sprayers, motorized threshers, feed (grass) crushers, and straw cutters. Provinces may also identify an additional 2-3 types of machinery for scrapping subsidies based on major tasks such as increasing the yield per unit area of major crops like grain and oil, focusing on increasing production and reducing losses, and allocating funds accordingly.

Conditions for Entering Subsidy Program:

The agricultural machinery applying for subsidies must meet the following requirements:

- Major components such as the engine must be intact, with clear and legal sources. The owner must provide a written commitment regarding the source and ownership of the machinery.
- Machinery included in the licensing management system must provide certificates issued by the agricultural machinery safety supervision agency. For machinery without licenses or not included in the licensing management system, identification information such as nameplates, factory numbers, or frame numbers must be provided.
- The technical conditions for scrapping agricultural machinery, including usage duration, will be determined by each province based on relevant machinery scrapping standards. Machinery that has not yet reached the scrapping age but poses significant safety hazards, has a high failure rate, is severely damaged, has high maintenance costs, and is technologically outdated may also apply for scrapping subsidies.

Subsidy Standards:

The agricultural machinery scrapping and renewal subsidies consist of two parts: the scrapping subsidy and the renewal subsidy. Applying for the scrapping subsidy requires the purchase of new equipment.

- The scrapping subsidy is a fixed amount determined by the provincial agricultural and rural departments in consultation with the finance departments. However, it shall not exceed the maximum subsidy amount listed in the annex to the policy document. The annex lists the maximum subsidy amounts for seven types of products: tractors, self-propelled full-feed rice and wheat combine harvesters, self-propelled half-feed rice and wheat combine harvesters, self-propelled corn combine harvesters, seeders, cotton pickers, and Beidou-assisted driving systems for agricultural use. Subsidy amounts for other agricultural machinery will be determined by each province.
- The renewal subsidy standards follow the agricultural machinery purchase and application subsidy policy.

This document is a continuation of China's equipment renewal policy in agricultural machinery. It seeks to motivate farmers to purchase new machinery by subsidizing the scrapping of old machinery, thereby stimulating consumption. The document is expected to lead to a new wave of agricultural machinery upgrades, benefiting the sales of new machinery products in the subsidy program.

4. Guidelines Released for Renewal of Agricultural Machinery Promotion Appraisal Certificates

On June 4, 2024, the Agricultural Mechanization Central Station (AMCS) of the Ministry of Agriculture and Rural Affairs (MARA) released the *Method for Confirming Conformity of Products with Expiring Agricultural Machinery Promotion Appraisal Certificates to Current Promotion Appraisal Outlines in 2024*. This document aims to assist with renewing expired agricultural machinery promotion appraisal certificates.

Due to the continuous updates to the agricultural machinery promotion and appraisal outlines by the Agricultural Mechanization Central Station, agricultural machinery products appraised according to older versions may not fully comply with the current new versions. Therefore, various issues may arise when renewing their appraisal certificates.

This document addresses these issues by outlining whether on-site inspections are required and detailing the inspection content for 103 types of products during certificate renewal.

It is recommended that agricultural machinery manufacturers needing to update their appraisal certificates regularly check for recent updates to the appraisal outlines related to their products and ensure their products meet the requirements of the current new outlines. This document helps companies understand and identify the core requirements of the new outlines that differ from older ones and carry out the certificate renewal process.

5. AMCS Seeks Public Comments on New Agricultural Machinery Promotion Appraisal Outlines

On June 28, 2024, the Agricultural Mechanization Central Station of the Ministry of Agriculture and Rural Affairs sought public comments on six newly drafted agricultural machinery promotion appraisal outlines (draft for comments) for the

- Tea Picking Machine,
- Tea Tree Pruning Machine,
- Grass Bale Wrapper,
- Fertilizer Applicator,
- Fish Descaler, and
- Fish Deboner.

The consultation period will last for one month. Agricultural machinery manufacturers producing related products and intending to undergo promotion appraisal should study the technical requirements outlined in these drafts to lay a solid foundation for successful appraisal and certification.



Construction and Utility Machinery

6. Amended Contents for Safety Regulation of Lifting Appliance Calling for Comment

On July 14, 2024, the Special Equipment Safety Supervision Bureau (under the management of China's State Administration for Market Regulation, commonly known as the SAMR) issued notice to call for comment for the Amendment No. 1 of the **Regulation on Safety Technology for Lifting Appliances**¹ (regulation no. TSG 51—2023, and hereinafter referred to as “the Regulation”). The comment calling period has ended on July 5, 2024

The Regulation aims at standardizing the safety supervision of lifting appliances, clarifying the basic safety requirements, and improving the system of laws and regulations. It is issued by SAMR on May 23, 2023, and has come into force on January 1, 2024. This round of amendment intends to further regulate the safety supervision of special equipment.

Several article details are modified in this Amendment draft of the Regulation, specifically:

- 2.3.5.3 Stiffness of tower crane
- 2.3.5.4 Jib displacement of the wheeled

crane and railway crane

- 2.3.5.5 Head displacement of crawler crane boom
- 2.3.5.6 Stiffness of railway crane base frame
- 2.7.2 Channels and platforms (1)²
- 3.3.1 General requirements (1)
- 6.4.1 General requirements (3)
- A3.1.1 Safety factors
- A5.12 Overload detection device (5)
- A5.14 Limiting device for vehicle length, width and height
- A6.1.1.2 Materials and welding (3)
- A6.1.2.1.1 Lifting mechanisms for lifting or dumping molten metals (2)
- A6.1.2.4 Spreader for lifting molten metal
- C1 Scope

Specific modified contents are very detailed and technical, AEM and AEM members, especially those with elevators and lifting appliance within their product family, are advised to go through the corresponding modified article contents and see if any one may actual initiate impact.

7. Official English Version of Two Industrial Truck Standards Calling for Comments

On June 18, 2024, SAC/TC332 (Industrial trucks) issued the official English drafts of two voluntary standards on industrial trucks to call for public comments, **Industrial trucks—Electrical control systems—Terminology and classification**, and **Industrial trucks—Specification of inspection and maintenance**. The deadline for feedback submitting will end on July 18, 2024.

Basic information of these two standards include:

¹ Further detail of the Regulation is covered in article #6 of BESTAO's monthly report **20230615 BESTAO-AEM China Compliance May 2023**.

² The marking of “(1)” refers to the specific point number within the article of this Regulation.

Project No.	Standard Name	Key Contents
20214879-T-604	Industrial trucks— Electrical control systems—Terminology and classification	This standard defines the classification and terminology of the electrical control systems for industrial trucks. It is applicable to the electrical control systems of various types of industrial trucks as defined in GB/T 6104.1 Industrial trucks—Terminology and classification—Part 1: Types of industrial trucks (identical adoption of ISO 5053-1:2015).
20214874-T-604	Industrial trucks— Specification of inspection and maintenance	This standard specifies the basic requirements of inspection and maintenance and describes the corresponding test methods of industrial trucks during usage. It is applicable to counterbalance lift trucks, reach trucks, side-loading trucks, straddle trucks, pallet-stacking trucks and lateral- and front-stacking trucks (three sides) as defined in GB/T 6104.1. It is used as a reference for other types of industrial trucks.

For AEM and AEM members, these two national standards are all newly drafted ones without any adoption from international standards, making their English version more important and convenient for foreign manufacturers. The English drafts are attached in this monthly report as Annex 1 and Annex 2, for further details and contents, please check for your reference.

8. Heavy Machinery Sector Issued Policy to Promote Equipment Renewal

On June 17, 2024, the China Heavy Machinery Industry Association (CHMIA) issued a policy document named *Action Plans for Promoting Equipment Renewal in the Heavy Machinery Sector (hereinafter referred to as “the Action Plan”)* to call for public comment. The deadline for submitting feedback has ended on June 26.

It is a response and implementation supportive document of the heavy machinery sector and the community to China’s national policy ***Action Plans for Promoting Large-Scale Equipment Renewal and Consumer Goods Replacement***³. The Action Plan consists of three chapters that elaborate general requirements, key tasks, and supportive measures. Key takeaways include:

- **General goal:** promote upgrades for technology and equipment in the heavy machinery sector to support that of other critical sectors (such as raw materials, energy, and transportation).
- **Principles:** market-driven, leading by standardization, integrates the renovation of software and hardware.
- **Quantitative goals:** By 2027, the scale of equipment investment in the heavy machinery industry will increase by more than 25% compared with 2023; the penetration rate of digital research and development and design tools of industrial enterprises above designated size and the numerical control rate of key processes will exceed 95% and 75% respectively.
- **Key objectives:** accelerate the replacement of outdated equipment; renovate and upgrade advanced and high-end equipment; improve inspection and testing equipment; promote intelligent manufacturing equipment; accelerate the construction of smart factories and digital infrastructure; implement green equipment promotion, including automatic and unmanned equipment; improve

³ Issued by the State Council on March 7, 2024. For further detail please refer to article #2 of the monthly report named “20240415 BESTAO-AEM China Compliance - March 2024”.

the energy efficiency of the key energy-consuming equipment; accelerate the application of solid waste disposal equipment; and enhance product safety standards within the sector.

- **Supportive measures:** The association will fully implement its bridge role to support sector regulators, and provide feedback to them regarding the voices of the sector community; accelerate and optimize the current standard system, and fully implement the role of association standards; guide the enterprises to dig into more key fields on R&D; enhance scientific research and study to make a breakthrough on key technologies.

As an implementation plan for the national one of the heavy machinery sector, the Action Plan covers specific requirements for different product categories within the sector, and the ones that are related to AEM and AEM members are:

- **Lifting appliance:** suggests scrapping some out-of-date models of lifting appliances; evaluate all lifting appliances with GB/T 41510-2022 Safety assessment rules for lifting appliances—General requirements, and scrap those that can't fulfil the requirements of this standard after readjustment and improvement. Encourage the bridge and gantry crane manufacturers to build the key parts of the crane reliability life test bed, material performance, material physics and chemistry, and welding laboratory.
- **Mining machinery:** to improve the performance of mine elevators, it is recommended to adopt different technical transformation measures such as i) the constant deceleration braking system is encouraged to use mine elevators with a speed of 5 meters per second and above; ii) permanent magnet motor direct drive technology is preferred for elevators with the power of 2000 kW and below; iii) DC hoist upgraded to frequency conversion drive; iv) multi-rope friction elevator can use high specific pressure friction liner; v) promote smart cages and unattended technology.

Although it is a policy document issued by the sector association, it would still reflect some of the developing trends of the sector, and the strategy of the country to an extent.

9. Notice Issued for Product Recall and Upgrade of Special Equipment

In June of 2024, the State Administration for Market Regulation (SAMR) issued two important notices regarding the management of special equipment:

I. Notice on Accelerating the Product Renewal Works of Special Equipment

The Notice was published on June 29, 2024. It is a more official supportive policy document for the special equipment sector (lifting appliances, particularly for AEM and AEM members) in response to the **Action Plans for Promoting Large-Scale Equipment Renewal and Consumer Goods Replacement**.

It sets the working goal of accelerating the elimination of backward and out-of-date

equipment, as well as promoting technical upgrades and quality enhancement, to solve the safety risks for the public.

For the lifting appliances, the Notice states that: *with a focus on metallurgical cranes, mechanical parking equipment and high-level lifting appliances, the equipment and its important parts should be upgraded. Support the smart transition of lifting appliances used in harsh environments such as steel, metallurgy, cement and other sectors. Enhance the promotion of advanced products and technologies for lifting appliances and special motor vehicles in the field (factory), encourage the application of high-strength steel and intelligent networking, integrated transmission, overall processing and other*

technologies, and improve the supply capacity of high-reliability, smart and green products.

For manufacturers, the Notice also suggests that the quality and safety standard systems and relevant regulations will be optimized, and manufacturers are encouraged to intensify relevant quality inspection and safety evaluation etc.

II. Call-for-comment: draft of Regulation for Defective Special Equipment Recall Management

This draft is issued by the SAMR on June 24, and the call for comment period will end on July 24, 2024.

It contains 7 chapters. Besides general principles, the document elaborates on the collection, analysis, investigation and identification of defective information, implementation/tracing and evaluation of recall. It also provides a set of ten templates that shall be used in all steps of defective case identification and processing.

The legal basis of this Regulation is the relevant laws and regulations of this sector including but not limited to the **Safety Law of Special Equipment in China**, etc. Its main purpose is to standardize the recall of defective special equipment, strengthen supervision and management, and ensure personal and property safety.

It applies to all products listed in the **Special Equipment Catalogue**, meaning the products that relate to AEM and AEM members including lifting appliances, factory (site) motor vehicles and their materials/components.

The parties responsible for the defective recall are the entities that manufacture, sell, rent or import such equipment, and those that own such equipment. Key regulators of this document and the defective recall case shall be the market administrations of all levels in China.

The Draft also specifies the working process, what information is required to be collected in a defective product case, and how to evaluate it.



Mining Machinery

10. Application Channel Opened for New or Revised Standard Projects in Mining Safety

On June 14, 2024, the National Mine Safety Administration issued a notice to call the public for project proposals on the standard revision or formulation of mining safety (hereinafter referred to as “the Notice”).

In general, the notice emphasized the importance of ensuring mining safety and providing powerful support for addressing mining safety risks. It also outlines five key fields that should be prioritized in terms of standard drafting & revision:

- Projects that will support general inspections that can discover potential risks, such as inspection methods, factors, the competence of inspection bodies, and requirements on reports etc.
- Projects that put forward safety technical requirements for equipment or materials on electrical explosion-proof, lift transportation, monitoring and communication, safety and self-rescue protection etc. Especially those that relate to upgrades of mechanization, automation and intelligent unmanning. This is the category that may closely connect with AEM and AEM members.
- Safety requirements include informatized and intelligent transition, encompassing production data acquisition, data analysis, network communication protocols, monitoring and early warning systems, intelligent classification of mines, etc.
- Focus on safety requirements that support the development of safety technology and equipment upgrading for mining depths of 600m to 1000m. Combined with the development of information, intelligent and digital technologies, develop standards that can regulate safety and technical requirements for deep well exploration, design, construction, mining, technical equipment, safety, and emergency rescue.
- Safety technical requirements on the design of mine safety facilities, safety management of mining enterprises, institutional setup and staffing, safety education and training, risk identification and hierarchical control, and potential danger investigation and management etc.

The qualification for project applicants can be mining safety regulators on the provincial level, mining enterprises, R&D institutes and universities that have a good foundation on standardization and must have enough resources such as professional staff and funding.

The project application should cover a rather general scope for implementation, cross-sector projects that can utilize different technologies are encouraged. Applying projects should also be harmonized with existing standard systems and standards, avoiding overlapping.

The application should be submitted before July 10, 2024, via the digital platform <https://zhxx.chinamine-safety.gov.cn/zxd/user/login> and those for national standards should also submit a paperwork version per the form templates that the notice attached, and send them to the secretariat of SAC/TC88. SAC/TC88 and mining safety regulators on the provincial level are the main organizers for potential applicants.

Similar to other organizations/regulators that are calling for standard projects, such notice is one of the methods for MNCs who have a registered legal entity in China to participate in the country's standardization works.

11. China Issues Mining Catalogues on Recommending and Eliminating Technologies and Equipment

On June 17, 2024, the National Mine Safety Administration issued two catalogues to guide the work of mining safety administrations in regional levels, namely the ***Catalogue of Advanced and Applicable Technologies and Equipment for Promotion in Mining Safety***, and the ***Catalogue of Backward Technology and Equipment for Elimination of Mining Safety*** (hereinafter referred to as “the two Catalogues”).

The two catalogues listed out 44 technologies and equipment that are recommended for promotion, and 10 items for elimination. For the recommending ones, the Catalogue specifies several details for stakeholders, including key technical points, promoting reason, applicable scope, sample case of application and the field for promotion. Whereas the Catalogue for elimination lists 10 items, and elaborates eliminating reason, recommending replacing product/technology, the date of forbidding use of each item, and the forbidden application fields.

For AEM and AEM members, following contents may be within the AEM members' product scope:

Item Name	Field of Promotion
Steady-state paste filling technology and matching deep cone thickener	Non-coal mines
Automation construction technology and equipment for underground drilling	Coal mines
Fast mechanical boring technology and equipment of roadway/slope/shaft	Non-coal and coal mines
Temporary support device for airborne boring machine/anchor digger	Coal mines
Remote control/unmanned technology for extracting and transport equipment	Non-coal mines
Automatic sweeping machine for mine water silo	Non-coal and coal mines

Other items in the recommending Catalogue involves some specific technologies that may possess by AEM members too. Being in the Catalogue simply means an official endorsement for market promotion and opportunities, and the Catalogues are also a good reference materials for observing and study China's developing trend on mining machinery.



China RoHS

12. China RoHS Scope Will Extend to 10 Substances Since January of 2026

On June 29, 2024, the Standardization Administration of China (SAC) issued No. 14 National Standard Notice, and announced the approval and implementation of 109 national standards and 4 amendments of national standards. Although all announced standards seem voluntary, the No. 1 Amendment (hereinafter referred to as “the Amendment”) of China RoHS standard **GB/T 26572-2011 Requirements of concentration limits for certain restricted substances in electrical and electronic products** may pose certain impact for some AEM member’s products that falls within the category of electrical and electronic products.

The Amendment is a one-page document, but it has finally officialized China’s long-discussed intention on extending the restricted substances from 6 to 10 items. It added 4 substances, which are 4 phthalates bis(2-ethylhexyl) phthalate

(DEHP) (0,1%), butyl benzyl phthalate (BBP) (0,1%), dibutyl phthalate (DBP) (0,1%) and diisobutyl phthalate (DIBP) (0,1%) to the list of restricted substances. On the other hand, AEM members that have conformed with EU RoHS shall not be impacted by this change as EU RoHS has required the restriction of the same 10 substances since July of 2011.

The official implementation date of this Amendment is January 1, 2026, meaning that all stakeholders are given 18 months of time as a transition period. Meanwhile, relevant AEM members are advised to notice that, as explained in the previous updates, the development of a mandatory standard for China RoHS’s hazardous substances restriction and labelling is in progress. This mandatory standard will replace SJ/T 11364 and GB/T 26572 eventually once it’s approved.



Standardization

13. Key Working Points Published for Machinery Standardization 2024

On June 3, 2024, the China Machinery Industry Federation (CMIF) publicized the full text of a document called *Key Working Points of Machinery Standardization for 2024* (hereinafter referred to as “the Key Working Points”). The notice issued to send out the Working Points to machinery SDOs was made on May 27, 2024, and was issued to the public in early June.

The Key Working Points articulate 6 chapters, and the main takeaways include:

- **Strengthen top-level design for the machinery standard system.** Topics such as future developing trends of machinery standardization, a faster upgrade in machinery standard systems, etc. will be further studied.
- **Upgrade of standard system will focus on five perspectives:** intensifying and improving safety standard systems (such as those for safety on key industrial products and special equipment etc., particularly the national mandatory ones); standards that can support equipment upgrade, improving reliability and quality in key sectors (including but not limited to agricultural equipment, general machinery, construction machinery, and heavy machinery etc.) should be prioritized; establish low-carbon standard framework to support green transition; standard system should be optimized in terms of consolidating safety of industrial chains, and that can create a standard matrix; improve the coordination of national, sector and association standards.
- **Accelerate standardization progress in emerging sectors and industrial upgrades.** The main focus will be on agricultural machinery, construction machinery, robots, high-end CNC machine tools, medical equipment, intelligent testing equipment and additive manufacturing equipment.
- **Extend participation and cooperation in international standards.** Encourage more domestic stakeholders to participate in international standardization, and actively adopt international standards applicable in China. Continue to study international standards and submit proposals for international standards more actively.
- **Optimize standardization process and quality management.** Strengthen standard drafting/revision process management to improve quality. Enlarge standard promotion and explanation for better implementation.
- **Improve personnel and organization qualification.** Consolidate the training of professionals in the standardization work and system; optimize the organization of SAC/TCs.

For AEM and AEM members, it is worth noting that CMIF plays a significant role in China’s machinery standardization, as it organizes and manages multiple secretariats of SAC/TCs in the machinery sector. This Key Working Points document is not a mere association notice but also holds a high-level value in identifying China’s focus on machinery standardization work in 2024.



ESG

14. Carbon Footprint Accounting System Established for Lithium Battery

On June 13, 2024, China published its carbon footprint accounting system for lithium batteries (hereinafter referred to as “the Accounting System”). It is expected to help enterprises accurately identify the carbon reduction potential at all stages of the product life cycle, and guide enterprises to carry out energy-saving and carbon-reduction technology transformation.

The Accounting System is established under the guidance of the Ministry of Industry and Information Technology (MIIT), and the drafting work is led by the China Electronics Standardization Institute jointly with more than 100 entities such as well-known Chinese universities, key lithium battery enterprises and relevant industry associations.

It is China's first subsector carbon footprint accounting system, covering lithium battery carbon footprint accounting methods, standard system, background database, accounting platform and other key core content, specifically:

- **Carbon footprint accounting method:** According to the migration and transformation of raw and auxiliary materials, energy consumption and environmental emissions, an accounting method for material flow, energy flow and waste flow based on the whole life cycle of the product is established. The list of material flow and energy flow of the basic unit process of battery production is built, the basic unit process is defined, the input-output relationship is established, and the carbon footprint accounting boundary of lithium batteries is defined.
- **Standard system:** The lithium battery carbon footprint system has been established, with over 70 planned standards, including sector-specific ones such as ***Carbon footprint Evaluation Technical Requirements for lithium-ion cells and batteries***. Additional key standards for lithium batteries are also under development.
- **Background database:** The current V1.0 database contains 210 pieces of data related to lithium battery production, covering 6 major links such as positive electrode materials, negative electrode materials, electrolyte, diaphragm, cell case, cooling system, as well as packaging, transportation, recycling and other industry chain data, accounting for more than 95% of the total carbon emissions from lithium battery production. All data collected are from China.
- **Accounting platform construction:** A service for carbon footprint accounting of lithium batteries has been developed, enabling enterprises to complete the entire product carbon footprint process seamlessly. This includes requesting supplier data, filling out forms online, and ensuring continuous traceability.

This System may not initiate any direct impact or involvement with AEM members. However, the lithium battery is one of the key components for new energy machinery, so it is worth understanding the framework in advance.

15. Implementation Plan Issued for Constructing Carbon Footprint Management

On June 4, 15 national ministries of China, including the Ministry of Ecology and Environment (MEE) and the National Development and Reform Commission (NDRC) etc., jointly issued the Implementation Plan for Constructing Carbon Footprint Management (hereinafter referred to as “the Implementation Plan”). Additionally, the MEE responded to the press to provide further explanation of this document, demonstrating its significance.

The Implementation Plan consists of 4 chapters which lay out specific targets and missions to construct the country’s carbon footprint management system. The legal basis of this document is the **Working Guidance for Carbon Peak and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy⁴**, **Opinions on Comprehensively Building a Beautiful China⁵**, and the **Action Plan for Carbon Peak Before 2030⁶**.

The key takeaways include:

- **Key purpose:** fulfil the tasks set in the 3 previous documents, which are: establish standards, certification and labelling systems for green and low-carbon products; explore the establishment of full-life-cycle carbon footprint standards for key products; establish a carbon footprint management system.
- **Main objectives:**
 - By 2027, establish a preliminary management system for carbon footprint; issue general national accounting standards aligned with international counterparts; formulate about 100 standards on accounting rules for key products.
 - By 2030, further optimize the carbon footprint management system, making it applicable to more scenarios; formulate about 200 standards on accounting rules for key products.
- **Key mission:** assigned 22 key missions in 4 grand categories (establish a sound carbon footprint management system, build a multi-party work pattern for carbon footprint, promote international mutual trust in product carbon footprint rules, and continue to strengthen capacity building related to product carbon footprints)
- **Coverage:** almost 20 sectors and 19 national departments are involved to complete the missions listed in the Implementation Plan.
- **Stakeholders:** besides the regulators, research institutions, industry associations, enterprises and other relevant parties are all encouraged to participate in constructing the management system.
- **Next steps:** MEE will coordinate with other relevant national ministries to push forward the listed missions while keeping up with international and domestic major-related topics and status; further responsibility allocation will be set and a task force may be established to ensure practical progress of the Implementation Plan; expand public knowledge and understanding on carbon footprint, promote excellent practices, and improve public awareness, while technical training, policy explanations, and supportive technical services shall also be organized to enhance overall working level.

For foreign stakeholders, considering the document’s direct connection with China’s carbon peak and neutrality goals, further specific actions will be related to business activities, manufacturing, product requirements etc. In such cases, it is necessary to at least keep track of the future updates of the system construction, and those regarding the specific sectors.

⁴ Issued by the State Council in October 2021.

⁵ Issued by the State Council in December 2023.

⁶ Issued by the State Council in October 2021.



Subsidy

16. China Issues 2024-2026 Agricultural Machinery Subsidy Policy

On June 5, 2024, the Ministry of Agriculture and Rural Affairs announced the *Implementation Opinions for Agricultural Machinery Purchase and Application Subsidy 2024-2026*, confirming the types of agricultural machinery eligible for subsidies, subsidy priorities, standards, and operational requirements for 2024-2026.

In terms of scope, the 2024-2026 subsidies cover both conventional machinery and innovative products.

- Conventional machinery includes 155 agricultural machinery items across 25 major categories and 55 subcategories, which is largely consistent with the draft previously released for public comment (see Item 14 in our China Regulatory and Compliance Observation Issue April 2024).
- Innovative products include those listed in the “agricultural machinery equipment shortage directory” (not publicly released) that have passed special evaluations and other innovative products.

Regarding subsidy priorities, the document emphasizes support for high-performance seeders, intelligent high-speed rice transplanters, and large intelligent high-end combine harvesters. These machines aid in increasing the yield per unit area of major crops like grain and oil, are urgently needed for agricultural production in hilly and mountainous areas, address agricultural machinery equipment shortages, and support the implementation of major national strategies (collectively referred to as “key machinery”).

For subsidy standards, the document proposes increasing the subsidy amount for some key machinery, raising the subsidy rate from 30% to 35%. This includes new energy agricultural machinery (hybrid or electric key machinery) certified by provincial or higher agricultural machinery appraisal (certification) agencies and filed with the Ministry of Agriculture and Rural Affairs and the Ministry of Finance. Subsidy amounts for mobile dryers, tracked tractors, and tracked harvesters that are severely insufficient and urgently needed in certain regions can be appropriately increased, with a maximum subsidy rate not exceeding 40%. For innovative products that have made research breakthroughs and require rapid standardization within the shortage machinery directory, specific subsidy support for up to three years may be provided, with a subsidy rate of up to 35%.

In terms of implementation, the document proposes organizing the appraisal tasks for new energy agricultural equipment (such as hybrid or electric key machinery) and large high-end intelligent green key machinery.

Compared with the subsidy policy for 2021-2023, the new policy places a greater emphasis on stabilizing production and ensuring supply. It prioritizes subsidies for key agricultural machinery essential for ensuring the stable supply of grain and important agricultural products over the next three years. Additionally, it aims to promote new agricultural machinery products with independent intellectual property rights to obtain subsidy qualifications. These measures reflect the ongoing weaknesses in China's domestic supply chain for key agricultural machinery products and the Chinese

government's efforts to enhance local supply chain capabilities and foster innovation through subsidy policies.

Furthermore, incorporating new energy agricultural machinery into the subsidy range highlights the development trend of the new energy transition in China's agricultural machinery industry. Manufacturers who prioritize the production of new energy agricultural machinery are likely to benefit from these policies.

BESTAO policy review to this Issue:

- BESTAO Policy Briefing - Opportunities and Challenges of New Energy Construction Machinery in China

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. Full text of China's 2024-2026 subsidy policy for agricultural machinery
2. Standard updates on lifting appliances

And many more...

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:

BESTAO Consulting Co., Ltd.
No.9, Xinyuanjie, Chaoyang District
Beijing, 100102. P R China
Phone: +86 10 6599 6261
Fax: +86 10 6474 9117
Email: assistant@bestao-consulting.com
Website: www.bestao-consulting.com