



# **China Regulatory Observation**

**August 2024**

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# Message from BESTAO

**Dear Readers,**

We're very pleased to present you with the August 2024 edition of China Regulatory and Compliance Observation for AEM.

This edition provides a comprehensive overview of China's policies, laws, regulations, certifications, and standards for agricultural machinery, construction and earth-moving machinery, ESG, and other areas for August 2024.

The horizontal section summarizes China's latest policies on full green transition and market access.

In the agricultural machinery section, we highlight the key points of the latest subsidy allocation for general agricultural machinery and a new sector standard for mechanization evaluation.

The construction and earth-moving machinery section includes a summary of the working meeting of China's mirror group for ISO TC on industrial trucks, as well as updates on three relevant standards.

Other significant topics covered in this issue include ICV, China RoHS, import and export controls, and standardization.

The policy briefing in this edition features a full text translation of the market access policy documents issued by the State Council of China.

Enjoy the reading.

Best Regards,

**AEM project team of BESTAO**



# Horizontal

## 1. National Policy on Quality and Safety of Industrial Products Calling Public Comment

From August 1 to 30, 2024, the State Administration for Market Regulation (SAMR) sought public comments on a draft policy titled *Implementation Opinions on Promoting Quality and Safety Traceability of Key Industrial Products*. Once finalized, this policy will require enterprises producing industrial products with potential safety and health risks to report traceability information to SAMR.

### A. Key Deadlines for Traceability Implementation

The draft outlines a phased approach for implementing traceability requirements:

- By the end of 2024, quality and safety traceability will be mandatory for industrial products already subject to production licensing and compulsory certification schemes, including products such as electric wires and cables, gas appliances, electric bicycles, and cold-rolled ribbed steel bars.
- By the end of 2025, traceability will be extended to cover all products under these licensing and certification frameworks.
- By the end of 2027, traceability requirements will apply to key industrial products that directly impact personal health, life, and property safety and are governed by mandatory national standards.

### B. Traceability System Requirements

The draft policy requires the use of four types of traceability codes: product barcodes, IoT identification codes (Ecode), digital identity codes, and CCC certification codes. These codes will serve as carriers for a traceability system spanning the entire product lifecycle.

Manufacturers will assign these codes at the production stage, while wholesalers, retailers,

and consumers must recognize and use them to track products. Companies can choose between data filing or system integration to report their product quality and safety data to SAMR. To support this system, SAMR will establish the National Quality and Safety Traceability Platform for Key Industrial Products, which will collect traceability data, assist local authorities in monitoring product safety, and provide public access to traceability information.

### C. Data to Be Reported

The policy outlines specific data points that manufacturers must report, including:

- Production Unit Data, which includes details such as enterprise name, unified social credit code, address, contact information, and business license information.
- Product Information, which includes details such as product name, type, specifications, production date, warranty, serial/batch numbers, applicable standards, and certification details (production license or compulsory certification).
- Flow Information, such as records of the sales transactions, covering buyer details including name, address, and contact information.

### D. Promoting the Adoption of Traceability

To encourage the adoption of this traceability system, the draft policy promotes:

- Incorporating traceability requirements into the formulation and revision of national and sector-specific standards.
- Encouraging industry associations and social organizations to use traceability compliance as a metric for evaluating companies' quality and safety standards.

- Encouraging state-owned enterprises and large buyers to consider traceability as a key criterion in bidding, procurement, and supplier selection processes.

#### E. Initial Product Categories and Future Expansion

Producers of the first batch of products identified in the document must establish traceability systems and begin reporting to SAMR by the end of 2024. Although mobile machinery, such as

wheeled tractors and plant protection machines, is not included in this first batch, they fall under the China Compulsory Certification (CCC) scheme and must comply with traceability requirements by the end of 2025.

It is expected that additional machinery products will be added in the coming years, prompting mobile machinery manufacturers to proactively prepare for these new compliance obligations.

## 2. Opinions Issued to Optimize China's Market Access System

On August 21, 2024, the General Office of the CPC Central Committee and the State Council jointly released a policy document named the *Opinions on Improving the Market Access System* (hereinafter referred to as "the Opinions") aimed at enhancing the Market Access System in China, a critical element of the country's socialist market economy. These guidelines, titled, outline a series of measures intended to break down market barriers, streamline access procedures, and create a more open, transparent, and equitable business environment. Key Points of the Opinions include:

- **Optimization of the Negative List Management Model:** The Opinions call for integrating all market access management measures into a unified national negative list. This list will encompass all laws, regulations, and policies that impose market entry restrictions. The aim is to ensure that only those activities explicitly mentioned in the negative list require special permits or are subject to restrictions. The negative list will be dynamically adjusted, and its contents will be fully disclosed to the public.
- **Scientific Determination of Market Access Rules:** The Opinions advocate for a broad access threshold combined with stringent post-access regulation, particularly in fully competitive sectors. In areas critical to national security and the economy, stricter access controls will be maintained. The financial field will see strengthened regulatory oversight to prevent monopolistic practices.
- **Reasonable Market Entry Prohibitions and Permits:** Specific prohibitions on market entry will be established in sectors where management is necessary, with clear guidelines on licensing and qualifications. All such information will be public, and unauthorized market entry will face strict penalties.
- **Coordination of Domestic and Foreign Investment Policies:** The Opinions emphasize the need for harmonized policies between domestic and foreign investments, ensuring that any relaxation of market access for foreign entities is matched by similar adjustments for domestic businesses. Pilot regions like the Hainan Free Trade Port will explore new models of coordinated market access.
- **Easing Restrictions in Service Sectors:** Access restrictions in non-sensitive service sectors will be gradually removed, particularly in education, healthcare, and sports. Administrative barriers will be reduced to encourage cross-regional business operations, fostering a more competitive and innovative service sector.
- **Facilitation of Market Access for New Business Sectors:** The Opinions highlight the need to develop market access systems for emerging industries such as deep-sea exploration, aerospace, artificial intelligence, and new energy. These sectors will benefit from tailored policies to promote innovation and the application of advanced technologies.



- **Piloting and Expanding Market Access in Strategic Regions:** Pilot projects will be launched in key regions to test the easing of market access thresholds. Successful models may be replicated across other areas to drive national growth in strategic industries.
- **Strengthened Implementation and Supervision:** The Opinions call for a comprehensive evaluation of the market access system's effectiveness, with third-party institutions playing a key role. Violations of market access regulations will be monitored and publicly disclosed through national credit platforms.

The Opinions represent a significant step toward creating a more streamlined and equitable market environment in China, with a strong emphasis on fostering innovation and ensuring fair competition across all sectors. For enterprises, it is advised to familiarize themselves with the updated negative list and assess their market strategies accordingly. Particularly, businesses in emerging sectors should actively engage with pilot projects to leverage new opportunities.

For investors, both domestic and foreign investors are encouraged to explore opportunities in regions where pilot programs are being rolled out. Understanding the evolving regulatory environment will be crucial for making informed investment decisions.

### 3. New Policy Accelerates Full Green Transition in China

In August of 2024, the State Council publicized a policy document named the ***Opinions on Accelerating the Full Green Transition of Economic and Social Development*** (hereinafter referred to as “the Opinions”). The original issuing date was July 31, 2024, but the State Council only made it to the public on August 11, 2024.

The Opinions are considered the top-design document on accelerating China’s full green transition and are therefore of great importance. An interview was carried out by China’s national news agency Xinhua News Agency with a high-rank official from the National Development and Reform Commission (NDRC) to explain further this document, demonstrating a national focus.

It contains 12 articles outlining the next steps and setting development goals. An overall objective is set to “accelerate the comprehensive green transition of economic and social development, and form a spatial pattern, industrial structure, mode of production and way of life that conserve resources and protect the environment”.

The Opinions first lay out the working principles of the full green transition in the following ways:

- Requirements of green transition should be integrated into all aspects and fields of economic and social development.
- Fully consider the uneven developing status of different regions and sectors, to make scientific planning.
- Insist on innovations in technology, policy, and business models to better support the green transition.
- Resolve and guard against potential issues during the transition, and well balance the relationship between development and emission reduction, overall and local, present and long-term, and the regulatory management and market.

The main goals have been stated in the Opinions as follows:

- By 2030, remarkable results will be achieved in terms of green transition, where positive transition progress will be made in the key areas, green production methods and lifestyles will be formed, the coordination capacity for reducing pollution and carbon will be significantly enhanced, the efficiency of major resources will be further improved, and the system of policies and standards supporting green development will be improved.
- By 2035, a green, low-carbon, and circular economic system should be in place, while green modes of production and life are widely adopted, significant progress is made in synergies to reduce pollution and carbon, the efficiency of major resources would reach an international advanced level, the country's economic and social development should be on a green and low-carbon track, and carbon emissions should steadily decline after carbon peaking.

More specific goals are laid down in 10 perspectives, and the key takeaways include:

- Coordinate economic development and the transition, some regions are mentioned in the Opinions as examples to ensure ecological green transition while maintaining economic growth, such as the Beijing-Tianjin-Hebei Region, the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, the Hainan Free Trade Port, and the ecological protection of the Yellow River basin
- Digital, green, and low-carbon sectors are highly encouraged. Traditional sectors will continue the upgrade for cleaner and lower energy consumption with technical innovation.
- Accelerate green transition in energy sectors by improving cleaner and low carbon use of fossil fuel energy, and the better and wider usage of non-fossil fuels.
- Transportation, urban, and rural constructions should develop toward a low-carbon and green model by improving energy efficiency and more groundbreaking and intelligent systems and infrastructures.
- Reinforce higher energy efficiency levels by implementing energy-saving upgrades in equipment and products in key sectors; intensify circular economy.
- Promotion and set up better publicity on low carbon and green lifestyle to call for higher public awareness, and supply consumer goods with better energy efficiency.
- Set up national labs and pioneering platforms to facilitate the development of innovative and emerging technologies; encourage giant enterprises to take the lead while supporting SMEs on relevant R&D activities.
- Optimize green policy supply on tax, financing, investment, pricing, standardization, and market activities.
- Reinforce international cooperation on climate change, pollution control, biological diversity, etc. Support developing countries and actively participate in international standardization activities regarding green development and transition.

In terms of regulatory and standardization, foreign stakeholders and MNCs are advised to notice the following contents of the Opinions mentioned following points:

- Binding standards related to land use, the environment, energy efficiency, water efficiency, and carbon emissions will be revised to ensure that national standards guide the optimization and modernization of traditional sectors.
- Further establish a standard system for peaking carbon neutrality: promote the formulation and revision of standards for carbon reduction and carbon removal; formulate standards for accounting, reporting, and verification of corporate carbon emissions and product carbon footprints.
- Accelerate the updating and upgrading of energy conservation standards, raise the requirements on energy consumption limits for key products; expand the coverage of energy consumption limit

standards; and improve the renewable energy standard system and the industrial green and low-carbon standard system.

- Establish and improve the hydrogen energy "production, storage, and use" standard.
- Strengthen international cooperation on green standards and conformity assessment, participate in the formulation and revision of relevant international standards, and promote convergence and mutual recognition of carbon footprint and other rules with major trading partners.





## Agricultural and Forestry Machinery

### 4. China Revises the Evaluation Standard for the Mechanization Level of Crop Farming

The agricultural industry standard *NY/T 1408.1-2007 The evaluation for the level of agricultural mechanization—Part 1: Crop cultivation*, in effect since 2007, has been a key tool for assessing the mechanization level of crop farming in practical production. It also supports the compilation and implementation of the *National Agricultural Mechanization Statistical Yearbook*, serving as an important reference for government evaluations of mechanization progress across various agricultural sectors and the development of related policies.

In 2021, the Agricultural Mechanization Management Department of the Ministry of Agriculture and Rural Affairs (MARA) entrusted the China Agricultural Mechanization Development Research Center at China Agricultural University to lead the revision of this standard. A draft of the revised standard is now open for public consultation from August 29 to September 28, 2024.

The revised standard:

- Specifies the evaluation indicators and calculation methods for assessing the mechanization level of crop farming, applicable to the evaluation of mechanization in crop farming.
- Provides clear definitions of the comprehensive mechanization rates for plowing, planting, and harvesting, as well as the mechanization rate for major crop production.
- Lists the evaluation indicators along with the composition and weighting of the comprehensive mechanization rates for plowing, planting, and harvesting, as well as the mechanization rate for major crop production.
- Clarifies the calculation methods used in the evaluation indicator system for the comprehensive mechanization rates of plowing, planting, and harvesting, and the mechanization rate for major crop production.

This revised standard offers a technical foundation for understanding China's agricultural mechanization policies. For further details, please contact us.

### 5. Central Financial Subsidy Allocation Announced for General Agricultural Machinery

On August 6, the Agricultural Mechanization Central Station (AMCS) under the Ministry of Agriculture and Rural Affairs (MARA) publicly released the *2024-2026 Maximum Central Financial Subsidy List for General Agricultural Machinery (Draft for Public Comment)*. The list covers 10 major categories, 19 subcategories, and 31 items. Compared to the previous two rounds of agricultural machinery subsidies, this round

shifts towards intelligent and precision-based technologies, aligning with the national strategy of phasing out low-end, outdated machinery in favor of advanced, high-end equipment.

This year's subsidies place particular emphasis on increasing grain yield per unit area, with new items such as seedling and sowing machines, row seeders, rotary tiller-seeders, and side fertilization devices being added. High-

performance corn seeders are now divided into subcategories, including high-performance, high-performance no-till, and high-performance electric-driven single-grain (precision) seeders. Similarly, high-performance wheat seeders are now categorized by different levels, with varying subsidy amounts depending on the category.

Tractors have traditionally been the most popular product in China's agricultural machinery industry. In this round of subsidies, the subsidy amount for crawler tractors (160 horsepower and above) has been increased to 54,200 yuan. In addition, subsidies for smart-controlled tractors (over 80 horsepower) have been introduced, primarily supporting tractors with advanced features such as power shift, continuously variable transmission, and intelligent control, with a maximum subsidy of 74,700 yuan. The subsidy for power-shift tractors over 200 horsepower has also been raised, from 67,200 yuan to 72,200 yuan.

As modern agriculture demands increasingly diversified tools, the current round of subsidies features more precise classifications and

structures. For example, grain harvesters, previously subsidized at a maximum amount for products over 7KG, are now further segmented into two tiers: 7-12KG and 12KG and above. The subsidy for products over 12KG has been raised to 68,000 yuan. Similarly, grain dryers have seen the introduction of a new category for mobile grain dryers, and the previous category for products handling over 100t/d has been further refined. Now, products with a handling capacity of 300t/d are eligible for a maximum subsidy of 120,000 yuan.

A comparison of the maximum subsidy amounts over the previous and current three-year periods reveals a clear focus on agricultural machinery that boosts grain yield, high-horsepower advanced intelligent machinery, and equipment suitable for hilly terrain. Understanding the "directional indicators" of the new three-year agricultural machinery subsidy policy is essential for those seeking to expand their market presence in China.



## Construction Machinery and Utilities

### 6. China's ISO Mirror Group of Industrial Truck Held Annual Meeting

On August 14 to 16, 2024, the ISO/TC110 (Industrial trucks) mirror group of China held the annual meeting in Anhui Province. 17 participants from 12 enterprises and organizations attended the meeting.

The meeting reviewed and approved the latest version of the Constitution of the mirror group of ISO/TC110, *the Working Summary of 2024*, and *the Key Working Plan of 2025* of the mirror group. The potential international standard proposals for the next years are also carefully discussed, and the attending experts also conferred on the working items for the ISO/TC110 meeting that will be held in France later this year.

Some working suggestions were also raised at the meeting during the discussion regarding China's international standardization work on industrial trucks:

- Insist on coordination and cooperation to maintain a high working level.
- Reinforce talent cultivation to keep the professional level.
- Reinforce study on international standards to improve international influence.

China's mirror group of ISO/TC110 is hosted by SAC/TC332 (Industrial trucks), whose secretariat is also held by the Beijing Materials Handling Research Institute Co., Ltd. Therefore, this annual meeting also handled some work of SAC/TC332: the drafts for approval of the English translation of two national standards, namely the *Industrial trucks—Electrical control systems—Terminology and classification*, and *Industrial trucks—Specification of inspection and maintenance*, have been reviewed together with a summary from the leading translating group and the comments collected from public<sup>1</sup>. The drafts of the two official translations have been approved after thorough discussion and review.

SAC/TC332 has actively participated in ISO/TC110's work, and the present secretary general of SAC/TC332 is also the Chairperson of ISO/TC110/SC5 (sustainability) until the end of 2026. As China puts more and more effort into international standardization activities, discussion within the international standardization organizations, such as ISO, IEC, ITU, etc., is another good channel for AEM and AEM members to get updates or contact with Chinese corresponding SDOs.

### 7. Official English Draft of Launching Machine Standard Calling for Comments

On August 23, 2024, SAC/TC227/SC3 (Bridge and Gantry Cranes) issued notice to call for comment on the draft of English translation for national standard *GB/T 26470 General specification for launching machine* (hereinafter referred to as "the English Draft"). The call-for-comment period will end on September 23, 2024.

<sup>1</sup> For further information on the comment calling and the standards, please refer to article #7 of the *20240715 BESTAO-AEM China Compliance - June 2024*, and the draft for public comments can be found in the annexes of the same monthly report.

The English Draft was translated per the request of the notice issued in 2023 by the Standardization Administration of China (SAC) on approval of standard projects and translations. The translation is a parallel work with the update to GB/T 26470-2011, the presently effective version. The latest revised draft of the **General specification for launching the machine** called for comment on February 8, 2024<sup>2</sup>.

Being identical to the Chinese version, the English draft contains a total of eight chapters and one annex. It specifies the types, basic parameters, and technical requirements of the launching machine, describes the testing methods, and specifies inspection rules, marking, packaging, transport, and storage of the launching machine. This Standard applies to launching machines used in railways, highways, and municipal engineering. It may be used for other launching equipment as a reference.

For AEM and AEM members, the existence of an English version is a good way to acquire accurate information on relevant Chinese national standards. In addition, the English draft would provide first-hand knowledge of what revision would take place compared with the present version. Meanwhile, it is worth noting that this is a standard that doesn't adopt any international one. The full English draft is attached as an Annex in this monthly report for AEM and AEM members' reference.

## 8. Standard Draft Calling for Comment on Crane Limiting and Indicating Devices

On August 30, 2024, SAC/TC227/SC1 (Tower Cranes) issued Draft of **GB/T 24810.1 Cranes – Limiting and indicating devices – Part 1: General** (hereinafter referred to as “the Draft for Comments”) to call for public comments.

The Draft for Comments specifies general requirements for limiting and indicating devices for cranes that apply to loads and motions, performance, and environment. These devices restrict operation or provide the operator or other persons with operational information. It also states that the specific requirements for the various types of cranes are given in the remaining parts of the ISO 10245 series, as the standard is an identical adoption of **ISO 10245-1:2021 Cranes – Limiting and indicating devices - Part 1: General**. The main changes listed in the Draft for comments are mainly on the general and

operation requirements of limiting and indicating devices on rated capacity, together with some definitions. The main purpose of this revision is to align with the latest requirements in the ISO standard version change on technical content. The standard is currently planned to be published before August 2025.

For AEM and AEM members, the call for comment period would end on October 29, 2024, leaving plenty of time for further evaluation by relevant members with business in China to form comments if any. Another fact that is worth noting is that, China's GB/T 24810 standard series on cranes' limiting and indicating devices are all identical adoptions of the ISO 10245 series, which would facilitate relevant AEM members to conform with requirements for the Chinese market.

<sup>2</sup> For further information on the draft for comment please refer to article #6 of **20240315 BESTAO-AEM China Compliance - February 2024**.



## Earth-moving Machinery

### 9. China Plans to Adopt Standard on Earth-moving Machinery Collision Management

On August 27, 2024, the Standardization Administration of China (SAC) issued notice to call for comments on 72 standard projects until September 26, 2024. It contains a variety of sectors among which is an earth-moving machinery standard named **Earth-moving machinery—Collision warning and avoidance—Part 3: Risk area and risk level for forward/reverse motion** (hereinafter referred to as “the Standard”). The standard drafting work will be carried out by SAC/TC334 (Earth-moving Machinery)

According to the information disclosed and collected from the TC, this standard will be an identical adoption of international standard **ISO 21815-3:2023 Earth-moving machinery — Collision warning and avoidance — Part 3: Risk area and risk level for forward/reverse motion**, and it is considered as a significant standard for the earth-moving machinery sector due to following reasons:

- Earth-moving machinery is operated in more complicated scenarios than before in recent years with its technical development, making it riskier in collisions
- The technical advancement in the sector necessitates new requirements for the product category’s anti-collision capabilities. Therefore, it is necessary to stipulate risk area and risk level for forward/reverse motion.
- The development of China’s earth-moving machinery market calls for international alignment on the design requirements of risk area and risk level for forward/reverse motion to facilitate global trade while achieving better sector development.

The Standard specifies the risk areas that may exist in the forward and reverse motion of earth-moving machinery, and the classification of risk levels. The product categories it will cover include:

- earth-moving machinery as defined in **GB/T 8498 Earth-moving machinery—Basic types—Identification and terms and definitions** (identical adoption of ISO 6165:2012).
- mobile underground mining machinery as defined in ISO 19296
- road construction machinery as defined in ISO 22242.

It does not apply to collision warning and collision avoidance systems installed/manufactured before the date of its publication.

The main technical content of the Standard is expected to cover:

- Define the shortest safe distance for the mechanical anti-collision alarm device to issue a warning, the possible and expected path during the mechanical movement, and the detection area.
- Put forward the overall requirements of the anti-collision alarm device, and clarify the warning content and intervention actions that should be issued by the anti-collision alarm device under different scenarios.
- Clarify the definition of risk levels and the basic logic of anti-collision alarm devices for such judgment.
- Define the use restrictions of anti-collision alarm devices, and specify the requirements on system parameter configuration in the case of restrictions.
- Clarify the calculation method of the minimum safe distance in different scenarios.

The identical adoption will make it easier for relevant AEM members to comply. Considering the emphasis of SAC/TC334 on its importance, this national voluntary standard may still need some focus in case it may be cited by any Chinese regulations or certifications once it's approved and published.







## ESG

### 10. Two ESG Association Standards Under Drafting

On August 28, 2024, the China Certification and Accreditation Association (CCAA) issued an association standard draft, namely the ***Environmental, Social, and Governance (ESG) report for verification of applicable standard evaluation requirements*** (hereinafter referred to as “the Standard Draft”) to call for public comments. The call-for-comment period will end on September 30, 2024.

It sets out the minimum requirements for the evaluation of verification criteria for ESG reporting and identification of verification protocols. It can be used to determine the appropriate verification criteria and program for the ESG reporting verification system. Additionally, it can also be used for the development of ESG reporting verification standards and verification programs.

The main contents contain 6 chapters that specify:

- Principles: distinguish between the requirements for objectives from activities; remain neutral and fair; adhere to the function method of conformity assessment; ensure that the evaluation result should be comparable and good practice.
- Evaluation requirements: principles and contents of the scheme, and evaluation criteria on ESG reporting evaluating standards or specifications, etc.
- Details on implementing evaluation: procedure, personnel competence, process, and activities after the evaluation.

China’s ESG management system remains preliminary up to now, but relevant stakeholders and regulators are quite active in promoting this approach on different levels. However, on a national standard level, there is currently only one project directly connecting with ESG, which is under drafting for the finance sector with the name ***Environmental, Social, Governance (ESG) Evaluation Framework for Bond Issuers***. Therefore, it is likely that association standards may precede national or sector standard systems. Additionally, more comprehensive or similar association standards related to ESG may be developed at the association level. For example, the China Association of Environmental Protection Industry (CAEPI) issued a notice on August 27, 2024, to call for drafting units on its ESG association standard called Index System of ***Environmental, Social, Governance (ESG) for Environmental Protection Enterprises***.

AEM and AEM members are advised to notice that, it is an overall standard for establishing an ESG reporting evaluation standard system. Considering it is the only standard within this category, and the important role that CCAA plays in China’s conformity assessment system, this association standard may be a significant one in the country’s ESG management system at this period. It is also a good reference for AEM and AEM members to understand China’s basic logic and consideration of ESG management.



## 11. New Batch of China RoHS Standards Approved for Implementation

On August 23, 2024, five national standards and one national technical guideline (standard name starts with “GB/Z”) for China RoHS are approved for implementation by the Standardization Administration of China (SAC) in its no. 17 national standardization notice of 2024.

All six standards and guidelines will be implemented on December 1, 2024, and the basic information are summarized as below:

No.	Standard No.	Standard Name	Status	Relation with International Standards	Implementation Date
1	GB/T 39560.2-2024	Determination of certain substances in electrotechnical products—Part 2: Disassembly, disjointment and mechanical sample preparation	Replacing GB/T 39560.2-2020	Identical with IEC 62321-2:2021	2024/12/1
2	GB/T 39560.302-2024	Determination of certain substances in electrical and electronic products—Part 3-2: Screening fluorine, bromine and chlorine in polymer and electronics by combustion-ion chromatography (C-IC)	newly-developed	Identical with IEC 62321-3-2:2020	2024/12/1
3	GB/T 39560.303-2024	Determination of certain substances in electrical and electronic products—Part 3-3: Screening polybrominated biphenyls, polybrominated diphenyl ethers and phthalates in polymers by gas chromatography-mass spectrometry using a pyrolyser/thermal desorption accessory (Py/TD-GC-MS)	newly-developed	Identical with IEC 62321-3-3:2021	2024/12/1
4	GB/T 39560.9-2024	Determination of certain substances in electrical and electronic products—Part 9: Hexabromocyclododecane in polymers by gas chromatography -mass spectrometry (GC-MS)	newly-developed	Identical with IEC 62321-9:2021	2024/12/1
5	GB/T 39560.10-2024	Determination of certain substances in electrical and electronic products—Part 10: Polycyclic aromatic hydrocarbons (PAHs) in polymers and electronics by gas chromatography-mass spectrometry (GC-MS)	newly-developed	Identical with IEC 62321-10:2020	2024/12/1
6	GB/Z 44383-2024	Test method development — Guidelines for substance selection	newly-developed	Modified with IEC TR 62936:2016	2024/12/1

These standards are approved for drafting/revision in May of 2023<sup>3</sup>. Another national standard is also approved for drafting in the same batch with the announced standards, but is still under reviewing:

<sup>3</sup> Further previous briefing please refer to article #11 of 20230615 BESTAO-AEM China Compliance May 2023

Project No.	Standard Name	Status	Relation with International Standards	Implementation Date
20221254-T-469	Determination of bisphenol A in electrical and electronic products—High performance liquid chromatography	newly-developed	None	Under review

This one may call for more attention for AEM members as it is a self-drafted one by SAC/TC297/SC3 (Test Methods of Hazardous Substances).

For AEM and AEM members, it is also worth noting that China has changed its RoHS supportive testing rules from the previous **GB/T 26125-2011 Electrical and electronic products - Determination of six regulated substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers)**, which is an identical adoption of IEC 62321:2008, into the present GB/T 39560 series (identical adoptions of IEC 62321 series). The fact that the GB/T 39560 series already covers more than a dozen standards and is still expanding provide more clarity for manufacturers on approach China RoHS, but it may also potentially complicate testing procedures and lead to cost increase. AEM and AEM members that have product falls within the China RoHS category are advised to follow-up on the relevant updates, together with the IEC 62321 series to ensure compliance.



## Import and Export Control

### 12. Revision on Tariff Regulations and Relevant Regulatory Changes Calling for Comments

In August of 2024, the General Administration of China (GACC) consecutively issued two regulatory drafts to call for public comments in terms of the tariff management. The revisions announced in both documents and drafts are all in the purpose of aligning with the latest requirements and stipulations listed in the newly drafted the **Tariff Law of the People's Republic of China** (hereinafter referred to as “the Tariff Law”), which will be implemented on December 1, 2024, and replace the **Regulations of the People's Republic of China on Import and Export Duties (2017 Revision)**. Further details of the two drafts are summarized as below:

#### **Measures of the Customs of China for the Administration of the Collection of Duties on Imported and Exported Goods (draft for comments)**

On August 2, 2024, the General Administration of Customs (GACC) released a draft regulation for public comment, with the consultation period running until September 2, 2024. This regulation was initially introduced in 2005, and the current version was last revised in 2018.

This document is crucial as it clarifies the tariff calculation formula, relevant regulatory procedures, and processes for all stakeholders. In addition to aligning with China’s new Tariff Law, the revision is deemed necessary to support the country’s reform towards nationwide integrated customs clearance, which aims to facilitate global trade. The main changes of this round of revision that may relate with AEM members include:

- Support the stipulation in the Tariff Law where the customs examination and taxation will be changed to taxpayers' self-reporting and self-payment.
- Specify requirements on the reporting of royalties (a tax that relate with IP using expenses) for cargo that is exported into China.
- Adjust the applicable dates for tax rates and exchange rates.
- Optimize the tax notice and receipt, future version will provide more information for the tax-payers on their rights and contact channels for potential issues.
- Adding requirements for taxpayers that they should calculate and declare the tax amount themselves.
- Optimize stipulations on refund of overdue fine.
- Improve present management system on tax risks.
- Remove the overlapping and repeating stipulations with the **Measures of the Customs of the People's Republic of China for the Administration of the Tax Reductions and Exemptions for Imported and Exported Goods** (latest revision has come into force on January 1, 2024) in regards of tax reduction and exemption.

#### **Decision of the General Administration of Customs on Amending Several Regulations (draft for comments)**

On August 30, 2024, GACC published the draft of this document to call for public comment until September 30, 2024. It involves the revision of some article details of 33 regulations, and the ones that may relate with AEM and AEM members’ import/export business include:

- *Measures of the Customs of the People's Republic of China for the Supervision of the Goods Transited between Customs Offices*
- *Measures of the Customs of the People's Republic of China for the Collection of Fees for Delayed Declaration on Imported Goods*
- *Measures of the Customs of the People's Republic of China for the Administration of the Centralized Declaration of Imported and Exported Goods*
- *Provisions of the Customs of the People's Republic of China on the Administration of Preferential Origins of Imported and Exported Goods*
- *Measures of the Customs of the People's Republic of China for the Determination of the Customs Value of Imported and Exported Goods*
- *Measures of the Customs of the People's Republic of China for the Administration of Goods Temporarily Imported or Exported*
- *Measures of the Customs of the People's Republic of China for the Administration of the Tax Reductions and Exemptions for Imported and Exported Goods*
- *Provisions of the Customs of the People's Republic of China on the Commodity Classification of Import and Export Goods*

Quite a few revisions are editing changes due to the terms or expression modification in their upper law the **Tariff Law of the People's Republic of China**. AEM members that have import/export activities in China are advised to check the regulation list and revision contents to see if any actions needed due to the revisions, or any feedback is necessary to be submitted to GACC.



## Standardization

### 13. Performance Assessment Index Announced for Association Standard Organizations

On August 7, 2024, the Standardization Administration of China (SAC) introduced the Comprehensive Performance Assessment Index System for Association Standards Organizations, aiming at enhancing the quality and regulation of association standards across the country.

The Index System includes a total of 59 indicators that assess various aspects of the standards development process, including organizational management, technical expertise, and the ability to promote and implement standards. Of these, 17 are considered fundamental. Failure to meet any of these key indicators may result in the suspension or termination of an organization's standardization activities, with SAC urging corrective action. In such cases, organizations are expected to improve their processes according to the Index System or collaborate with more capable organizations to continue their standardization work.

For the remaining 42 indicators, the Index System introduces a points-based evaluation system. Organizations are scored based on their adherence to these criteria, with a perfect score totaling 100 points. The scoring system also categorizes performance: organizations scoring above 70 points receive a one-star rating, those above 85 points earn two stars, and those exceeding 95 points are awarded the prestigious three-star rating.

One notable aspect of the Index System is the inclusion of criteria that encourage international collaboration. Organizations can gain points by involving foreign experts and scholars in the standards development process. For every instance of participation by international experts from global organizations, universities, research institutions, or enterprises within a three-year period, organizations receive 0.5 points, up to a maximum of 2 points. This incentive is designed to increase global engagement in China's association standard-setting activities.

According to the document, association standards organizations must complete a self-assessment using the Index System by December 31, 2024. These self-evaluation results must be publicly disclosed via the National Association Standards Information Platform. The government will prioritize the adoption of standards from organizations rated two stars or higher when developing related policies.

For overseas stakeholders, the introduction of the Index System presents two key advantages. First, it provides a clear framework for identifying high-quality association standards organizations in China. Second, it encourages greater involvement of international experts in the development of these standards, fostering deeper collaboration and alignment between Chinese and global standards.

### 14. China Establishes IoT Standard System

On August 26, 2024, China's Ministry of Industry and Information Technology (MIIT) and Standardization Administration of China (SAC) jointly issued the *Guidelines for the Construction of Internet of Things (IoT) Standard System - 2024 Version* (hereinafter referred to as the Guidelines). The



Guidelines are the response to the *Implementation Plan for the Leading Engineering of Standardization in New Industries (2023-2035)*.

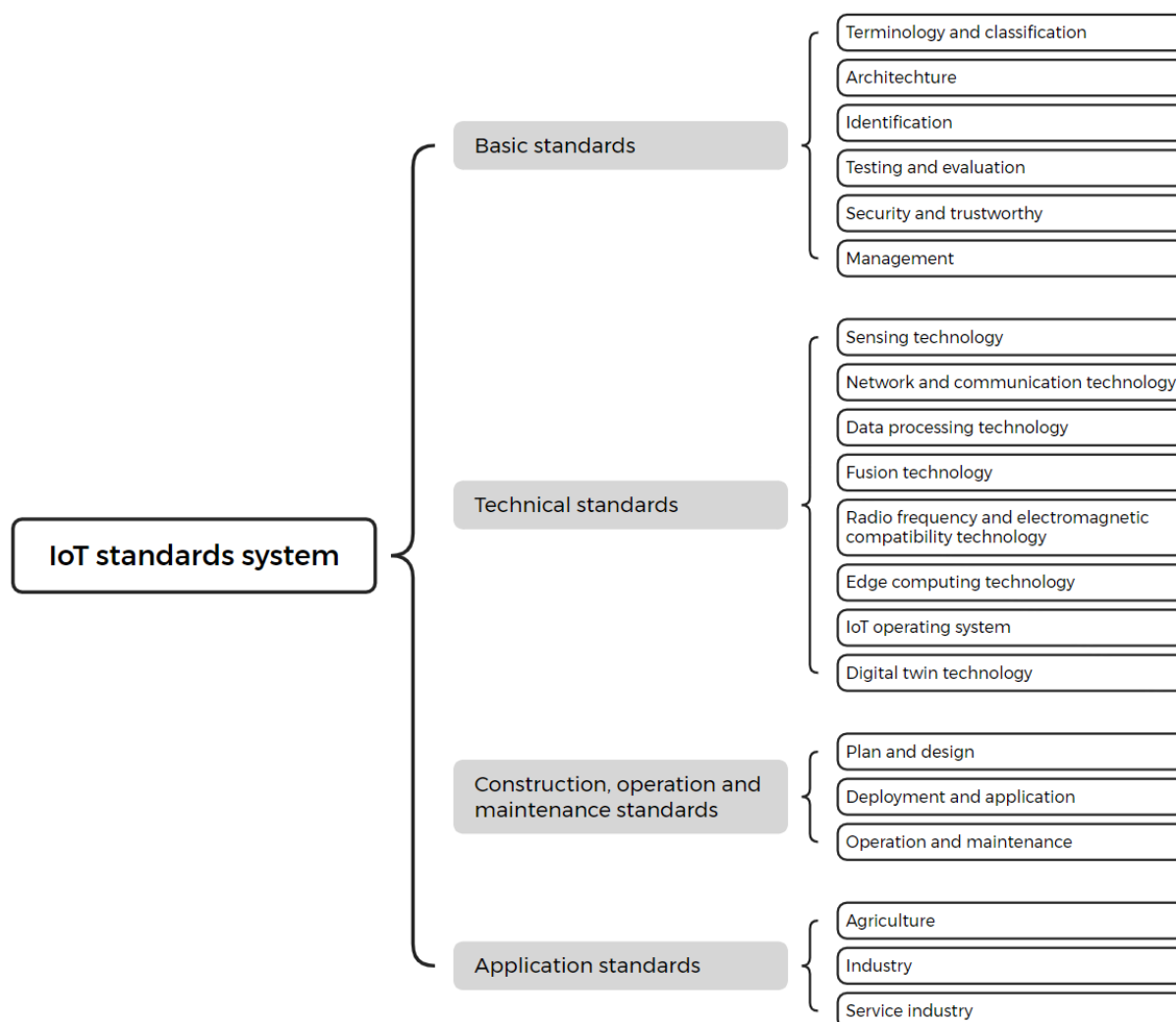
According to the Guidelines, the IoT standard system, shown in Figure 1, includes four parts: basic standards, technical standards, construction and operation and maintenance standards, as well as application standards. Among them, the technical standards include sensing technology, network and communication technology, data processing technology, fusion technology, radio frequency and electromagnetic compatibility technology, edge computing technology, IoT operating systems, as well as digital twin technology. By 2025, China is expected to formulate more than 30 new national standards and sector standards in the field of IoT and engage in the formulation of more than 10 international standards.

For each aspect presented in Figure 1, the Guidelines have made further elaborations. Take the standards of edge computing technologies for instance. The Guidelines point out that it refers to standards that standardize IoT-related edge data collection and processing, edge devices, edge platforms, as well as cloud-edge-end collaboration. Specifically, the standards are expected to cover general requirements for edge computing, edge data interface, edge data management, resource allocation and collaboration, edge nodes, edge gateways, edge controllers, as well as edge intelligence.

Notably, even though the Guidelines set the goal for the future, it doesn't mean that the standardization of IoT is at the beginning stage. It has been an ongoing process for relevant standards formulation and revision. Given edge computing, certain standards have been published, such as *GB/T 41780.1-2022 Internet of things—Edge computing—Part 1: General requirements*, *GB/T 41780.2-2024 Internet of things—Edge computing—Part 2: Data management requirements*, while a few are in the stage for comment, including *20232448-T-469 Internet of things-Edge computing-Part 3: Node interface requirements* and *20242093-T-469 Internet of things – Edge computing – Part 4: Node technical requirements*.

In addition, the last instruction outlined in the Guidelines indicates the importance of deepening international cooperation, including the adoption of international standards for IoT, increasing the consistency of key indicators of domestic and international standards, and actively engaging in international standardization activities via the platform of ISO, IEC, and ITU.

Due to the wide range of technical objects involved in the IoT, it is time-consuming to systematically summarize and map out the list of related standards, which is usually attached to such standard system documents. In this regard, foreign stakeholders who are interested in tracking the dynamics of IoT are advised to monitor multiple related technical committees and subcommittees, including SAC/TC 28 Information Technology and its relevant subcommittees, SAC/TC485 Communication, etc. Among these standard development organizations (SDOs), China founded a dedicated national subcommittee in August 2019, namely the SAC/TC28/SC41 Internet of Things, with a secretariat hosted by China Electronics Standardization Institute. The SAC/TC28/SC41 is mirroring the ISO/IEC JTC 1/SC 41, mainly responsible for the formulation and revision of a basic and generic technical standards of IoT, such as architecture, terminology, data processing, interoperability, sensor networks, as well as testing and evaluation. As of April 2024, the SAC/TC28/SC41 has established six working groups, including basic and supporting working group (WG 1), network communication working group (WG 2), application working group (WG 3), digital twin working group (WG 4), trustworthy IoT research group (SG 7) and an advisory working group for processing the mirroring work of international activities (AG).



**Figure 1: The Standard System of the Internet of Things**

For AEM and its members, the standards of IoT related to IoT’s application in industry are worthy of attention. Such standardization might involve not only the IoT-dedicated SDOs but also the relevant industrial stakeholders. For instance, *20230211-T-469 Identification requirements of engineering machinery products based on OID*. The standard, currently awaiting final approval, applies to the construction, application, and maintenance of product identification systems in the construction machinery industry. It is formulated under joint efforts of both SAC/TC28/SC41, China Construction Machinery Association, Xuzhou Construction Machinery Group, and other stakeholders. Tracking their activities and conformity with the standards might earn favors from the government and contribute to the business in China



## 15. China Strengthens Administration on ICV's Market Access and Recall

On August 1, 2024, China's Ministry of Industry and Information Technology (MIIT) and the State Administration for Market Regulation (SAMR) jointly released a draft for comment, titled the *Notice on Further Strengthening the Management of Market Access, Recall, and Software Online Upgrades for Intelligent Connected Vehicles (ICVs)* (hereinafter referred to as the Notice). The solicitation for public feedback has concluded on September 1, 2024. It outlines new regulatory guidelines aimed at enhancing the safety and oversight of ICV's combined driver assistance systems and over-the-air (OTA) software updates.

The Notice consists of four parts: the main body of the Notice, Annex 1 - Guidelines for ICV Market Access, Recall, and Software Online Upgrade Management, Annex 2 - Reference Table of Vehicle Product Technical Parameters, and Annex 3 - Major Content of Product Safety Incident Reports. It allocates obligations between vehicle manufacturers and regulatory bodies such as MIIT and SAMR, focusing on market entry, product recalls, and enhancing product safety and software management.

### Combined Driver Assistance Systems

The driver assistance system indicated in the Notice refers to Level 2 driving automation, namely the combined driver assistance systems according to China's national standard *GB/T 40429-2021 Taxonomy of driving automation for vehicles*. To strengthen market access and recall management for these systems, the Notice offered guidelines in Annex 1 requiring manufacturers to build their internal capacity and improve the safety, performance, and quality of their products. In the meantime, to facilitate the administration of competent government

authorities, manufacturers must submit vehicle product technical statics, as outlined in Annex 2, which lists 19 parameters, 10 of which are directly related to the combined driver assistance systems.

The Notice also sets requirements for testing, safety risk assessments, and reporting of accidents related to the combined driver assistance systems. The manufacturers are obligated to carry out tests, assessments, and file reports with SAMR. In the event of a safety incident, they must report to both MIIT and SAMR. MIIT will be responsible for analyzing and optimizing market access requirements, while SAMR will handle incident investigations and defect analysis, strengthening the vehicle recall process.

In terms of certification and standardization, the document highlights the importance of establishing a certification system for ICVs, focusing on key areas such as the safety of combined driver assistance systems, data security, cybersecurity, and functional safety. Voluntary certification is encouraged in these areas, and mandatory national standards are expected to be timely applied in compulsory product certification process.

### OTA Software Upgrades

The Notice emphasizes the importance of supervising OTA software upgrades, a key feature of ICVs. In this regard, manufacturers must file details about their management capabilities, vehicle models and functions, upgrading activities, and related verification documentation before conducting OTA updates. The SAMR will then evaluate and supervise these upgrades to prevent companies from using OTA software updates to

conceal vehicle defects or avoid liability. In cases where OTA updates are used to address product defects or recall issues, manufacturers must submit a recall plan in line with the *Measures for the Implementation of the Regulation on the Administration of the Recall of Defective Auto Products*, and report this to SAMR promptly.

In conclusion, the primary goal of this document is to ensure the safety of drivers and passengers by improving the regulatory framework for ICVs. For members of the AEM and its members, this Notice is relevant considering the increasing

intelligence of machinery and the government's promotion of digital technologies in agricultural machinery. This includes the integration of driving automation systems into agricultural machinery. While the Notice focuses on vehicles, it offers valuable insights into how future requirements on intelligent machinery might evolve. Given the unique operational environments of different types of machinery, some regulatory aspects may differ, but the focus will likely remain on standard development and revision, safety testing, and record-keeping to ensure compliance with future regulations.

## BESTAO policy review to this Issue:

- Full Text Translation - Opinions of the General Office of the CPC Central Committee and the State Council on Improving the Market access 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. Non-road emission management system updates
2. Latest updates on electrical earth-moving machinery standards

## 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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