



China Regulatory and Compliance Observation

August 2023

Table of Contents

Message from BESTAO	2
Horizontal	3
1. China Publishes Comprehensive Standardization Policy, Aims to Lead the Development of High-end Industries.....	3
2. SAMR Specifies and Clarifies Its Licensing Schemes	4
3. China Releases Policy to Stabilize the Growth of the Machinery Industry.....	5
4. New Rules Allow Association Standards to Become National Standards	7
Agricultural and Forestry Machinery.....	8
5. Update on China’s Agricultural Machinery Testing and Appraisal Scheme.....	8
6. CAAMM and CSAM Jointly Develop Unmanned Farm Standards.....	9
Construction, Earth-moving, and Mining Machinery	10
7. Updates on Earth-moving Machinery Standards.....	10
8. SAMS Publishes the Framework for the Development of Intelligent Mine Standards	11
CCC	13
9. CNCA Promotes Electronic CCC Certificates	13
Cybersecurity and Data Protection	14
10. Call for Comment: Risk Assessment Method for Data Security.....	14
11. Call for Comment: Security Requirements for the Processing of Key Data	14
New Energy.....	17
12. China Issued Standardization Guidelines on Hydrogen Energy Industry.....	17
13. China Establishes Certification to Promote the Reuse of Traction Battery	19
Subsidies	21
14. Updates on China’s agricultural machinery subsidies	21
BESTAO policy review to this Issue:.....	23
What can be expected in the following editions:.....	23
About BESTAO Consulting Co. Ltd.	24

Message from BESTAO

Dear Readers,

As always, we're pleased to present you with the August 2023 edition of China Regulatory and Compliance Observation for AEM.

This edition is consisted of policies, laws, regulations, certification and standards for agricultural, earth-moving, and mining machinery, as well as cybersecurity and new energy topics in China in August 2023.

In the horizontal section, you'll read about updates on China's implementation plans of standard system for emerging technologies, and an announcement on the licensing items for market regulation management.

For the agricultural machinery section, MARA issued the guidelines for the testing and appraisal scheme of agricultural machinery in the 14th Five-year period. The information on some association standards related to new technologies is also covered.

The earth-moving and mining machinery section brought you with the key takeaways of TC334's latest working meeting, and a briefing on the standards development plan for intelligent mining.

Other important topics covered in this issue range from China's planning on hydrogen standard system, reuse of traction battery, to updates on key data security standards.

The policy briefing of this edition is about new energy policies in China's machinery and equipment sector.

Enjoy the reading.

Best Regards,

AEM project team of BESTAO



Horizontal

1. China Publishes Comprehensive Standardization Policy, Aims to Lead the Development of High-end Industries

On August 22, 2023, Ministry of Industry and Information Technology (MIIT), jointly with Ministry of Science and Technology (MOST), National Energy Administration (NEA) and the Standardization Administration of China (SAC), issued the full text of **Implementation Plan of Standardization for Emerging Industries (2023-2035)** (hereinafter referred to as “the Implementation Plan”) to the public. The purpose is to thoroughly implement the deployment requirements of the **National Standardization Development Outline**, continuously improve the standard system of emerging industries, and proactively plan for future industry standard research.

The “emerging industries” are defined in the Implementation Plan as “the emerging and future industries that develop and expand with the application of new technologies. They are characterized by active innovation, intensive technology, and broad prospects for development. These industries relate with the overall situation of national economic and social development, together with the optimization and upgrading of industrial structure.”

It contains five chapters and elaborate key fields and technologies that would need a further improvement on standard formulation and research. A variety of new technologies was covered, ranging from traditional sectors (high-end equipment and machinery manufacturing, ships and marine engineer) to hot topics in recent years (new generation ICT, metaverse, carbon peak and neutrality, quantum information, AIGC etc.)

Main goals are set for the year of 2025, 2030 and 2035, and that for the year of 2025 include some quantitative goals:

- More than 2,000 new national and sector standards will be formulated, and more than 300 advanced association standards will be cultivated.
- More than 10,000 enterprises will carry out standard promotion and implementation.
- Participate in the formulation of more than 300 international standards.
- The international standards conversion rate in key areas will exceed 90% and will support and lead the internationalized development of emerging industries.

Following sections within the Implementation Plan are closely related with AEM and AEM members, and the full translation are presented as follows:

- **Agricultural machinery equipment.**

Develop standards of agricultural machinery equipment special materials, special sensors, key core parts standards, as well as agricultural machinery operation communication protocols, agricultural machinery performance tests and other basic general standards. Develop key technical standards of high-efficiency and fine cultivation, multi-functional field management, high-efficiency and low-loss harvest of grain feed, etc. Develop high-end agricultural machinery and equipment standards of high-horsepower tractors, high-standard farmland construction equipment, seed breeding and fine sorting processing equipment, intensive livestock breeding equipment, large-scale agricultural initial processing equipment, modern facility agricultural equipment, etc. Develop standards of intelligent agricultural machinery equipment with function of information perception, intelligent decision-making, accurate control, etc. Develop green agricultural machinery and

equipment standards of energy saving, water saving, seed saving, fertilizer saving, medicine saving, green products and green factories, etc.

- **Construction machinery.**

Develop basic and general construction machinery and equipment standards of safety requirements, performance test methods, etc.; key materials standards of carbon fiber, graphene, special alloys, etc.; core components standards of high-speed bearings, high-pressure hydraulic parts, high-reliability fasteners, high-performance seals, etc.; as well as lightweight design standards. Focus on the electrification of construction machinery development needs to develop standards of pure electric drive, hybrid power, etc. Develop large, super large and multi-function construction machinery standards. Develop standards of intelligent construction machinery with function of information perception, intelligent decision-making, precise control, unmanned driving, etc.

- **New energy vehicles** (which may serve as a reference for new energy machinery development)

Intelligent and connected technology. Develop basic intelligent and connected vehicles standards of terminology and definition, autonomous driving system design, operating conditions, etc.; Develop general specifications of functional safety and expected functional safety process, audit and evaluation, whole vehicle network security, data security, software upgrade, digital certificate and password application, test targets; Develop product and technology application standards of emergency assistance, combined driving assistance,

autonomous driving, vehicle operating system, data interaction, LTE-V2X connectivity function, etc.

Charging/battery swap infrastructure. For the needs of new energy vehicle in terms of conducted charging, wireless charging, hydrogenation, vehicle network interaction, etc., develop and revise electrical vehicles standards of conducted charging connection device, interoperability, conducted charging performance, wireless charging communication consistency requirements, fuel cell vehicle hydrogen gun, hydrogenation communication protocol, and two-way charging and discharging interaction. For the needs of new energy vehicles in terms of battery swap, develop standards of pure electric vehicle on-board battery swap system interchangeability, general platform for battery swap, pure electric commercial vehicle batter swap safety, etc.

For AEM and AEM members, the Implementation Plan is an overall guideline for standards systems in corresponding sectors in China, and the main contents actually identified lists for key sectors/technologies. Further actions are very likely to be led by TCs, standardization research institutions, together with a full participation of all stakeholders (enterprises, associations etc.), among which, enterprises would be encouraged for more participation, and taking on a more leading role. Those with advanced manufacturing technologies, especially higher corporate standards would have more advantages for presence and participation in China's standardization.

2. SAMR Specifies and Clarifies Its Licensing Schemes

On August 28, 2023, the State Administration for Market Regulation (SAMR) made announcement on issuing *Implementation Rules for Administrative Licensing Items in the Fields of Market Regulation* (hereinafter referred to as "the Implementation Rules"). It contains 31 administrative licensing items under the monitor of the SAMR, and is a response to the requirement of China's State Council for clarifying details of administrative license items (**Fully Implementing the List-based Management of Administrative Licensing Items**, issued in 2022).

Seven items listed below may have connection with AEM and AEM member's product and business:

- Licensing Specification for Special Equipment Production Unit
- Approval Specification for New Material, Technology and Technique of Special Equipment
- Approval Specification of Foreign Country (Region) Enterprises Engaged in Production and Business Activities within the Territory of China

The main contents of the Implementation Rules are:

- Specify the administrative licensing matters in the field of market supervision, the basis for setting and implementing, and the implementing authorities. Clarify the establishment and implementation basis and monitor/approval level of each administrative license item (national, provincial, municipal etc.)
- Clarify sub-items under each administrative item, and provide details on the approval level, category, profession and grade of the approval object/matter.
- Provide clear implementing details such as administrative approval condition and review procedure etc.

SAMR also issued an explanation document for the announcement, and stated that the next steps of the Implementation Rules are:

- Regional market regulators (provincial, municipal and so on) should formulate guidelines for the approval item stakeholders based on the SAMR announcement requirements. Provide clear, easy and direct service instructions and process chart and they should have access via phone or internet for stakeholders.
- Optimize current service system, improve working efficiency without adding restrictions or limitations such as extra documentation, third party service etc.
- Improve monitor and supervise system on such administrative services.

For AEM and AEM members, first of all, these administrative licensing items are not newly released. The announced batch of documents are mainly added more details to clarify implementing details to avoid confusion and increase transparency in administration works in China. Foreign stakeholders would benefit from such clarification. What's more, besides SAMR, all national ministries have carried out or will carry out similar measures to facilitate enterprises and all relevant parties on dealing with administrative licensing items.

3. China Releases Policy to Stabilize the Growth of the Machinery Industry

On August 17, 2023, MIIT, MARA, and five other ministries jointly released the *Work plan for stabilizing the growth of the machinery industry (2023-2024)*. The policy can be seen as the Chinese government's response to the three major pressures faced by the machinery industry, namely: contracted demand, supply shock, and weakening expectations. The aim therefore is to stabilize the industry's development.

The policy puts forward multiple measures to incentivize the industry's growth. These cover various areas such as tapping the potential of the domestic market, accelerating the digitization of equipment, facilitating the intelligent transition and upgrading of manufacturing industry, stabilizing key industrial and supply chains, enhancing the competitiveness of enterprises, increasing supply capacity, and strengthening the development of industrial clusters. Through these measures, the

Chinese government forecasts the industry's operating revenue to reach 1.1 trillion USD by 2024, which would correspond to an average of over 3% annual increase in operating revenue. The Chinese government also hopes to establish around 10 industrial clusters nation-wide, with a total output value of 10 billion USD during the period of 2023-2024.

The document also outlines a series of tasks specifically applying to agricultural and construction machinery. Specifically, for agricultural machinery, the document states that (local governments) shall:

- Further address the weaknesses of agricultural machinery and equipment, in practice signalling stronger focus on large-scale, high-horsepower, high-end intelligent agricultural machinery, and small agricultural machinery suitable for hilly and mountainous areas. Other priorities include accelerating the research and development of inferior machinery products and technical innovation in weak links, optimizing the product structure of agricultural machinery and equipment, and making every effort to promote the upgrading of agricultural machinery and equipment.
- Focusing on the needs of agricultural machinery for soybean oil crops and for operation in hilly and mountainous areas, encourage enterprises, scientific research institutes, promotion agencies and application entities to jointly to carry out collaborative research.
- Carry out research, development, promotion, and application of agricultural machinery in urgent need, following a model of open competition among all relevant actors.
- Support the integration and application of Beidou intelligent monitoring terminals and auxiliary driving systems, cultivate systematic intelligent operations, commanding and dispatching capabilities, promote collaborative innovation between intelligent agricultural machinery and intelligent farms and cloud farms, continue to promote unmanned agricultural operation pilots, and promote the development of smart agriculture.

For construction machinery, local governments are required to:

- Focus on improving the basic capabilities of the industry, making breakthroughs on key core technologies and components – such as system control and hydraulics. The goal is to fill in the gaps in the development of the industry.
- Guide enterprises to strengthen research and large-scale application of key core components – such as batteries, motors, and electronic controls for new energy construction machinery.
- Research and implement application pilots and promotion and support policies for new energy construction machinery, explore decommissioning mechanisms for old construction machinery, and support qualified regions to take the lead in implementing construction machinery registration management and decommissioning mechanisms.
- Focus on typical application scenarios, such as mines and ports, and the construction needs of major projects, such as the Sichuan-Tibet Railway. At the same time, carry out demonstration applications of electric products, such as electric excavators and electric loaders.
- Support enterprises to strengthen the cultivation and international promotion of construction machinery brands, improve the global brand service system, and stabilize the resilience of export growth.

The document outlines the priorities for the development of China's machinery industry in the coming year. Overseas machinery manufacturers are advised to closely analyse the document and

its implementation, in order to identify challenges and opportunities for their businesses in China and react accordingly.

4. New Rules Allow Association Standards to Become National Standards

On August 6, 2023, the Standardization Administration of China (SAC) issued the *Interim Provisions on Conversion of Association Standards into Recommended National Standards* (hereinafter referred to as “the Interim Provisions”). It is the first time that a national provision has been issued to specify a clear pathway and requirements for association standards to become national ones.

The Interim Provisions contains 17 articles that elaborate on the qualification of the to-be-converted standards, basic rules, documentation required, and conversion assessment criteria. The details of key contents are summarized below:

- **Conversion qualification:**
 - Complying with the development requirements and scope of recommended national standards, the technical contents in the association standards are advanced and leading.
 - Formulated and released by the social organizations that comply with the standard of Good Practice of Social Organization Standardization.
 - Published on the National Association Standards information platform for 2 years, reaching sound effects.
- **Applications can be submitted by a suggestion from a national TC to the association that formulated the standard or applied by the association to a national TC.**
- **Evaluation items for standard conversion:**
 - Whether meet the qualifications
 - The necessity of conversion standards, including i) whether the standard users are extensive; ii) need and urgency of conversion standards.
 - Feasibility of conversion standards
- **The converted national standard will skip the formulation step and have a shortened call-for-comment period compared with regular standard developing procedures.**

AEM and AEM members are advised to note that, with the clarification of such conversion, association standards will practically play a more important role in China’s system. The reputable associations in China that have been formulating professional and applicable standards shall weigh in more into the country’s standard system. It also opens an indirect but more feasible and easier pathway for foreign stakeholders to participate in China’s standardization work.



Agricultural and Forestry Machinery

5. Update on China's Agricultural Machinery Testing and Appraisal Scheme

On August 1, the Agriculture Mechanization Central Station of MARA issued the *Guidelines for the Construction of the Outline System for Testing and Appraisal of Agricultural Machinery during the 14th Five-Year Period* (hereinafter referred to as the Guidelines). The guidelines specify the plan for the development and revision of the outlines for agricultural machinery testing and appraisal. It constitutes the document on the basis of which the agricultural machinery testing and appraisal system operates through 2025.

The outline system is an important technical basis for carrying out agricultural machinery testing and appraisal; at the same time, it is an important technical support for ensuring the implementation of agricultural machinery purchase and the allocation of subsidies. The system indicates the appraisal content, test conditions, test methods and judgment rules for agricultural machinery, for both promotion appraisal and special items appraisal. Specifically:

- The outlines for promotion appraisal are used to regulate agricultural machinery products suitable for promotion, including key general-purpose agricultural machinery products, as well as those that are advanced and applicable, technologically mature, safe, reliable, energy-saving and environmentally friendly. The outlines for promotion appraisal are formulated and published by MARA.
- The outlines for special item appraisal are used to standardize innovative products that are suitable for promotion, but have not yet been effectively covered by the existing promotion appraisal. The outlines

for special item appraisal are formulated and published by provincial-level agriculture mechanization administrative departments, and reported to MARA for filing.

China's current agricultural machinery testing and appraisal scheme includes 6 general rules, 293 outlines for promotion appraisal, and 207 outlines for special item appraisal.

The newly released Guidelines propose that MARA and its affiliates will develop and revise 200 agricultural machinery testing and appraisal outlines by 2025, ensuring the full coverage of all equipment included under the agricultural machinery purchase and application subsidy policies, while achieving a coverage of, respectively, 80%, 70%, 40%, 65%, and 75% on planting machinery, animal husbandry machinery, fishery machinery, primary agricultural product processing machinery, and agricultural power.

As for specific products, the Guidelines indicate that efforts will be made for (i) completing and optimizing the outlines for machinery and tools required for grain and oil production; (ii) strengthening the development and revision of the outlines for seed production and protective farming machinery, large-scale high-power and high-end intelligent agricultural machinery and equipment, and small machinery suitable for hilly and mountainous areas; (iii) accelerating the revision of the outlines for livestock breeding, aquaculture, facility agriculture, primary processing machinery and those that are urgently needed, efficient and cost-saving,

green and environmentally friendly, intelligent and safe.

The Guidelines provides a useful and comprehensive reference to overseas machinery manufactures of China’s agricultural

machinery testing and appraisal outline system. They are advised to closely monitor and participate in the development and revision work of the outlines that are relevant to their products.

6. CAAMM and CSAM Jointly Develop Unmanned Farm Standards

The China Association of Agricultural Machinery Manufacturers (CAAMM) and the Chinese Society for Agricultural Machinery (CSAM) issued a call for comments, open from August 16 to September 15, on the following three jointly developed standards.

No.	Standard Name	Main Contents
1	Unmanned farm – Technical specification for digital map construction for autonomous operations of intelligent agricultural machines	This document specifies the terms and definitions, general specifications, technical requirements, scenario reconstruction methods, digital map performance requirements, and application effect evaluation of intelligent scenario reconstruction technology, for unmanned farms. It is applicable to the technical design and operation implementation of unmanned farm construction, and can be used for reference for unmanned orchards.
2	Unmanned farm – Technical regulations for farm task allocation of multi-machine cooperative operations	This document mainly specifies the terms, definition, scope, methods, and impact assessment of task allocation for multi-machine cooperative work in unmanned farms. This document applies to tasks assignment in unmanned farms, and can be used as reference for tasks assignment in unmanned orchards.
3	Technical specification for special communication of agricultural robot cooperative operations	This standard mainly specifies the terms and definitions, scope, general requirements, terminal requirements, transmission requirements, communication detection technology and evaluation criteria for communication technology in agricultural robots collaborative operations. This standard is applicable to communication in agricultural robots cooperative operations.

Unmanned farm is one of the most prominent application scenarios of intelligent agricultural machinery in the future. At present, many standardization organizations in China are developing unmanned farm standards. CAAMM and CSAM are among the key actors in the standardization of agricultural machinery products in China; their standards represent an important development direction of unmanned farm technology in China. Therefore, overseas machinery manufactures are advised to closely track and analyse their standards to prepare for entering this market in the future.



Construction, Earth-moving, and Mining Machinery

7. Updates on Earth-moving Machinery Standards

On August 30, SAC/TC334 held a working meeting in Qingdao, during which it summarized its standardization results for the first half of 2023, and reviewed several electric earth-moving machinery draft standards.

Specifically, in the first half of 2023, the TC:

- Carried out, in coordination with relevant stakeholders, pre-research on standardization for the safety of electric earthmoving machinery, battery safety, electrical performance of whole machines, general requirements for battery swapping system, facility and interface.
- Launched the revision of national standards for earthmoving machinery products' identification code, basic type identification and terminology, and function safety. All these standards are converted from ISO standards.
- Launched the development of a batch of homegrown national standards, including *Earthmoving Machinery-Attachments-Terminology*, *Electric Earthmoving machinery- Terminology*, *Earthmoving Machinery-Intelligent Systems- Part 1: Terminology and Classification*, and *Earthmoving Machinery-Hierarchical Software Architecture for Machine Control Systems Part 1~4*.
- Initiated a number of sector standards projects, addressing e.g., unmanned crawler bulldozers, test methods for energy consumption of pure electric hydraulic excavators and tire loader, cold start testing methods under extreme working conditions of low temperature, 3D digital construction system for ground levelers, construction machinery headlights, and test methods for construction machinery headlights.

Regarding the next steps, the TC will carry out the revision of the mandatory national standards for earth-moving noise. It will also kick off electric and autonomous driving standards projects that are urgently needed in the industry, while continuing the development and promotion of electric earth-moving machinery standards.

The TC also discussed and reviewed the following draft standards addressing autonomous driving, electric earth moving machinery, and energy consumption:

- *Earth-moving Machinery- autonomous rollers*
- *Earth-moving Machinery – autonomous and semi-autonomous non-road dumpers*
- *Earthmoving machinery- battery electric non-road mining dumpers - technical conditions*
- *Earthmoving machinery - battery electric non-road mining dumpers - test methods*
- *Earth-moving machinery - energy consumption of traction system for non-road electric drive mining dumpers - test methods*

Participants proposed a number of changes to these standards and eventually agreed on the revised texts.

Electrification is a major development direction for China's construction machinery. Overseas machinery manufacturers are advised to actively monitor, participate and even influence the

formulation of TC334 electric earthmoving machinery standards, paving the way for their own products to enter this market in the future.



8. SAMS Publishes the Framework for the Development of Intelligent Mine Standards

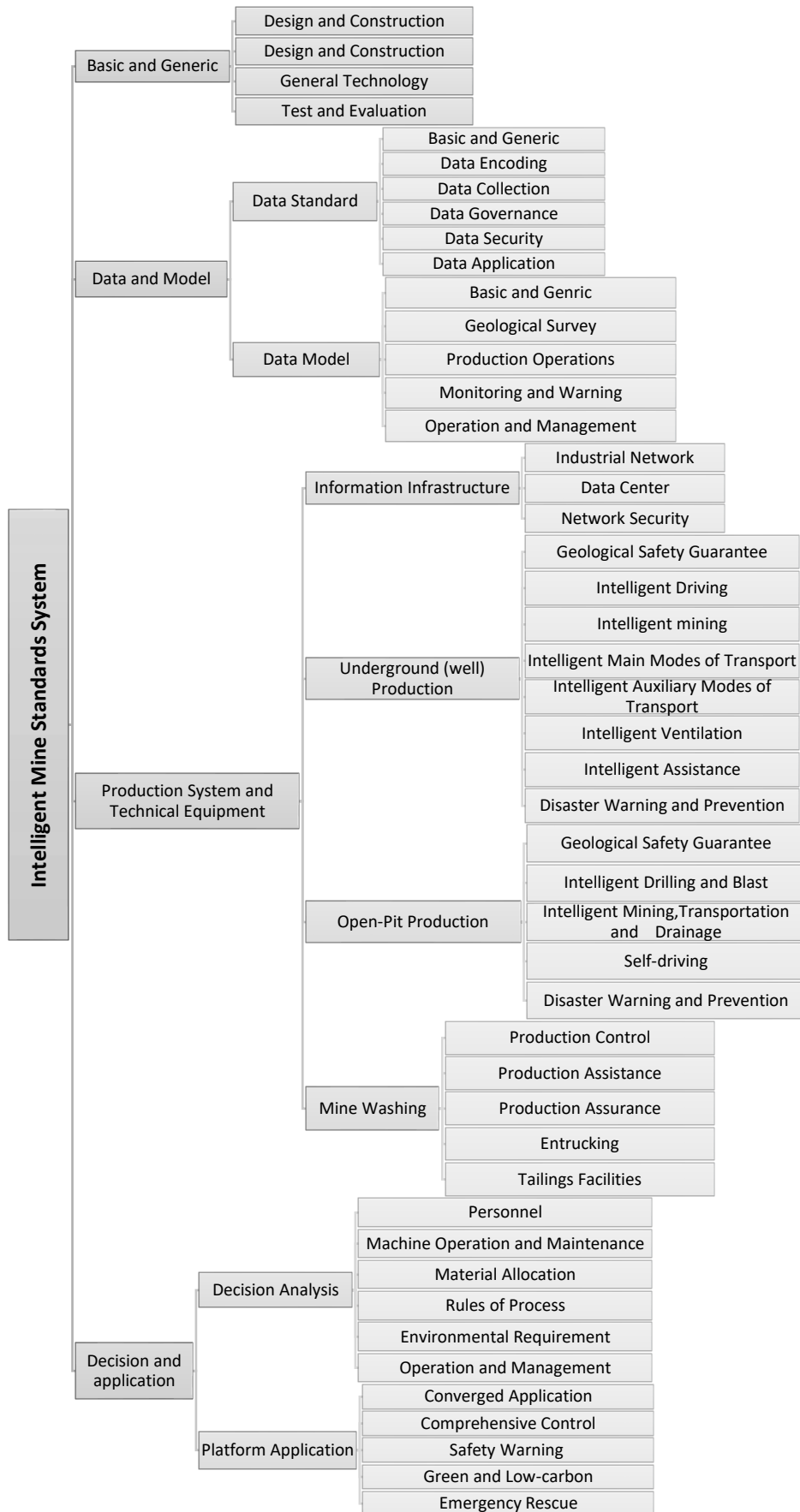
On August 9, the State Administration of Mine Safety (SAMS) published the *Framework for the Development of the Intelligent Mine Standards System*, formally encouraging relevant organizations to develop regulations and standards according to it.

The policy document summarizes the standardization needs in the field of intelligent mining, driven by the deep integration of new technologies such as big data, artificial intelligence and robots within the traditional mining industry. The document covers the whole life cycle of intelligent mines, from design and construction to operations; the goal is to build a complete intelligent mine standards system from multiple dimensions, such as mining technology, technical equipment, data governance and safety guarantee.

The document also illustrates standards development plans. For example, under the subcategory of "unmanned driving", 11 standard development projects are planned, such as *General technical requirements for unmanned driving in open pit mines* and *Technical requirements for the performance of unmanned vehicles in open pit mines*.

The intelligent transition represents the future development trend of mining machinery. Overseas mining equipment manufacturers are advised to carefully analyze the document and identify standard projects related to their products, and actively participate in relevant standardization activities.

The standards system outlined by the document is structured as follows (view on next page):





CCC

9. CNCA Promotes Electronic CCC Certificates

On August 8, 2023, the Certification and Accreditation Administration of China (CNCA) issued a notice on the optimized management of the certificate and mark of China Compulsory Certification (CCC).

The measures were established per requirements from the *Opinions on Accelerating the Expansion of the Applications of Electronic Licenses and Certificates and their Mutual Recognition Nationwide* (issued by the State Council on January 20, 2023). The *Opinions on Accelerating the Expansion of the Applications of Electronic Licenses and Certificates and their Mutual Recognition Nationwide* stated that the use of electronic certificates in certification services should be expanded and that the key role that markets can play in resource allocation should be promoted.

Therefore, the details of the updated measures include:

- The application of CCC electronic certificates. The paper certificate will only be issued per the client's request. The previously issued paper certificates will stay valid and shall be replaced by electronic ones following the process of renewal or revision. Both certificate formats have the same legal effect.
- The making of the CCC certificate and mark should conform to requirements stipulated in the *Management Requirements of China Compulsory Certification Certificate* and the *Management Requirements of China Compulsory Certification Mark*.

Please check the full translation of these two documents from the links below:

Management Requirements of China Compulsory Certification Certificate

https://www.bestao-consulting.com/detail?id=1527&status=bestao_library

Management Requirements of China Compulsory Certification Mark

https://www.bestao-consulting.com/detail?id=1528&status=bestao_library

The measures will become effective on January 1, 2024, with the nullification of the *Mark Application Management Requirements of China Compulsory Certification* (issued by the CNCA in 2018). For AEM and AEM members, such change will offer ease of access to certificates with clearer mark and certificate management requirements. It is also advised to go through the two management requirements documents and evaluate if any possible compliance change is needed.



Cybersecurity and Data Protection

10. Call for Comment: Risk Assessment Method for Data Security

On August 21, 2023, China's National Information Security Standardization Technical Committee (SAC/TC260) released the *Notice on Soliciting Comments on the Draft of Information Security Technology - Risk Assessment Method for Data Security* (hereinafter referred to as the Draft). The standard is a national standard supporting the construction of the data security risk assessment mechanism, in line with the *Data Security Law*. The purpose is to provide a methodology for stakeholders to identify the potential data security risks, and adopt the necessary prevention measures.

The Draft's main reference documents include the *Cybersecurity Standard Practice Guide — Guidelines for the Implementation of Network Data Security Risk Assessment*, which contains specific and feasible measures and requirements for implementation. This is particularly visible in Article 8.4 of the Draft, titled Security of Data Processing Activities,

which identifies seven aspects on which the risk assessment of data processing activities shall be based. Specifically, they are risks identification in data collection, data storage, data transfer, data usage and processing, data supply, data disclosure, data deleting, other data processing activities. For each aspect, the Draft includes a note that clearly requires stakeholders to refer to the Practice Guide, which contains practical to-do lists instead of abstract requirements.

AEM and AEM members are advised to pay close attention to the supplementary relationship between the Draft and the Practice Guide, especially as the latter contains specific requirements in terms of risk assessment for cross-border data transfer. For the details of the requirement, AEM and its members may refer to the article of ***Guidelines for the Implementation of Network Data Security Risk Assessment*** in the monthly report of Bestao-AEM China Compliance April 2023.

11. Call for Comment: Security Requirements for the Processing of Key Data

On August 25, 2023, China's National Information Security Standardization Technical Committee (SAC/TC260) released the *Information security technology - Security requirements for the processing of Key Data* (draft for comments) (hereinafter referred to as the Security Requirements). The standard is an important component of China's data grading management system, according to which data are graded into three different levels: core data, key data, and generic data. Each grade implies specific protection requirements and processing measures. The Security Requirements are specifically aimed for the processing of key data. It is possible to submit public comments until 24 October 2023.

The Security Requirements consist of six major parts: application scope, normative reference documents, terminology and definition, device security, security of data processing activities, and security of operations and management. It is applicable not only to processors of key data, but also

to supervising authorities, evaluation bodies and other stakeholders as a reference for the supervision and evaluation of key data processing activities.

For foreign stakeholders, especially those involved in cross-border transfer activities, the Article 5.4.6 of the Security Requirements is particularly relevant. It specifies the obligations for those transferring key data to overseas entities, namely:

- Reporting to the Cyberspace Administration of China, and pass the data cross-border security assessment;
- Implementing technical and management measures to carry out cross-border data transfer, commensurate with the established purpose, scope, method, data type scale, etc. of the transfer. Transfer activities will not be allowed if they are inconsistent with the report submitted to the Cyberspace Administration of China for security assessment;
- Receiving and handling user complaints related to cross-border data transfer;
- Keeping the relevant cross-border data transfer log for more than three years;
- Presenting information in plain text and readable form to the competent department or law enforcement department where they are verifying the type and scope of key data to be transferred overseas;
- Stopping transfer activities and taking effective measures to protect the security of the data transferred overseas, when the competent authorities do not authorize the transfer;
- Refraining from providing key data stored in China to foreign judicial or law enforcement agencies without the prior approval of the competent authorities of China.

For foreign stakeholders, the first and foremost task is to assess whether their data collected from China falls within the scope of key data. According to the *Cyber Security Standards Practice Guide - Guidelines on Classification and Classification of Network Data* (hereinafter referred to as the Guide) released by SAC/TC260, the grading of the data must be determined based on the national or industrial key data catalogues released by public authorities. If such catalogues are not available, data processors will need to refer to the key data grading rules and standards (currently being developed), and specifically assess the potential impact that the cross-border data transfer will have on different objects (Form 1):

Data Grading	Impact Objects			
	National Security	Public Security	Personal Legitimate Rights	Legitimate Rights of Organizations
Core Data	Ordinary damage or Serious Damage	Serious Damage	/	/
key data	Minor Damage	Ordinary Damage or Minor Damage	/	/
General Data	No Damage	No Damage	No damage, Minor Damage, Ordinary Damage or Serious Damage	No damage, Minor Damage, Ordinary Damage, or Serious Damage

Form 1: Framework for Data Grading

According to the Guide, the impact objects are categorized into four types: (i) national security, (ii) public interest, (iii) personal legitimate rights, and (iv) legitimate rights of organizations. The impact level is also categorized into four types: (i) serious damage, (ii) ordinary damage, (iii) minor damage,

and (iv) no damage. Data which, if tampered with, destroyed, leaked, or illegally obtained or used, might cause minor damage to national security or ordinary to minor damage to the public security, will fall under the category of key data.

For the agricultural and construction machinery industry, the catalogue of key data is not yet available. Stakeholders may either refer to the definition of key data in the automobile industry, as specified in the ***Several Provisions on the Management of Automobile Data Security (for Trial Implementation)***, or perform an initial impact assessment to preliminarily determine the grade of the data.





New Energy

12. China Issued Standardization Guidelines on Hydrogen Energy Industry

On August 18, 2023, the Standardization Administration of China issued an explanation document on the **Guidelines for Establishing the Standard System for the Hydrogen Energy Industry** (issued on July 19, 2023, by SAC and other five ministries, hereinafter referred to as the “Guidelines”). According to the Guidelines, the standard system is a layered tree diagram, from basics and safety (part 1) to hydrogen energy supply (part 2, 3, and 4) and to hydrogen utilization (part 5). See as the figure 1.

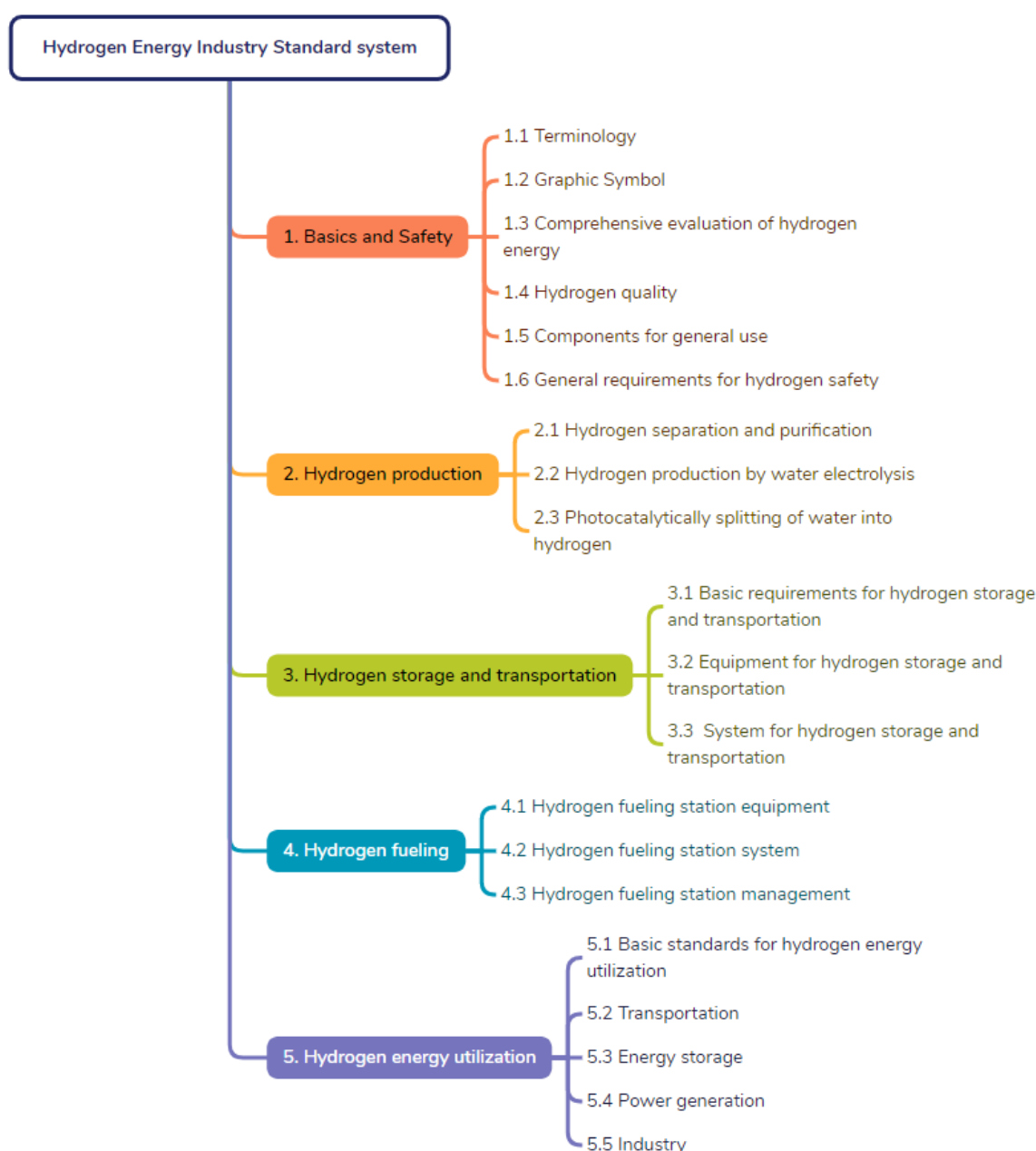


Figure 1: Standard System for the Hydrogen Energy Industry

The Guidelines include six sections: general requirements, rationale for the standard system, the standard system, key tasks, implementation provisions, and a list of hydrogen-related standards. In the general requirement part, the Guidelines set the goal of, by 2025, developing over 30 national and sector standards in support of hydrogen production, storage, transportation, and utilization, with the focus of standardization on testing of hydrogen quality, hydrogen safety, renewable hydrogen production by water electrolysis, vessels for storage of high pressure hydrogen, on-board hydrogen storage cylinder, equipment for hydrogen liquefaction, liquid hydrogen vessel, hydrogen energy pipeline, hydrogen fuelling station, fuelling agreement, fuel cell, fuel cell vehicles, etc. In this process, association standards and engagement in international standardization are encouraged. In the last part of the Guidelines, a total of 158 standards or standard projects are identified. Among them, 19 are standard projects are awaiting to be developed. Around 50% of the standard projects are involved with hydrogen transportation system.

Engagement in international standardization is another key task identified in the Guidelines. To enhance China's influence in international standardization community, China encourages experts from leading enterprise, research center, universities to participate in international hydrogen-related standardization activities of ISO and IEC. Exchange activities and cooperation in this field are more than welcomed. Specifically, the goal in the Guidelines is set to convert over 5 international standards and propose over 3 international standard projects.

For AEM and AEM members, the Guidelines are in line with the long-term plan for standardization and hydrogen industry development. Again, with specific goal number of international standard project, the Guidelines reflect China's ambition in enlarging its influence in international standardization community and contributing to the development. In addition, as the hydrogen application still remains preliminary, not much specific contents are related with the standardization of machinery in the topic yet.

Additional Information: Briefing on China's standard system and policy support of hydrogen and fuel cell sector

1. Key policy documents since 2021

- In August 2021, **Notice on Launching the Pilot Application of Fuel Cell Vehicles** was issued by five ministries (Ministry of Finance, Ministry of Industry & Information Technology, Ministry of Science & Technology, National Development & Reform Commission, National Energy Administration). Now five demonstration city clusters have been formed in Beijing-Tianjin-Hebei, Shanghai, Henan, Hebei and Guangdong.
- In December 2021, **14th Five-Year Plan on Promoting High-Quality Development of the National Standard System Construction** was issued. It stated that the standard research and formulation for emerging technologies (such as hydrogen) should be strengthened.
- In March 2022, National Development & Reform Commission (NDRC) and National Energy Administration issued the **Medium and Long-Term Plan for the Development of Hydrogen Energy Industry (2021-2035)**. A high-quality development of hydrogen sector is coordinated on the national level.
- In February 2023, Standardization Administration of China (SAC) issued Guidelines on the

Standard System Construction of New Energy Storage, and made planning on standard of power-use hydrogen storage.

- In April 2023, eleven ministries including SAC and NDRC has jointly issued **Guidelines for Establishing a Standard System for Carbon Peaking and Carbon Neutrality**. The document mentioned that for hydrogen energy, the key points are optimizing technical standards for the whole industrial chain, and accelerating general standards and application & technical standards on hydrogen fuel quality and hydrogen energy testing.

II. Main SDOs and achievements

- SAC/TC 309 (Hydrogen Energy), the mirror group of ISO/TC197.
32 national standards on hydrogen energy have been issued, and other 10 are under development or revision.
- SAC/TC 342 (Fuel cell and flow battery), mirror group of IEC/TC105.
The TC has issued 41 standards on fuel cells, and other 5 are under development or revision.
- SAC/TC 114 (Road Vehicles), mirror group of IEC/TC69 and ISO/TC22
14 national standards have been issued on fuel cell vehicles, and other 6 are under development or revision.
- Others TCs and even ministries, such as SAC/TC 31 (Gas Cylinders), SAC/TC 262 (Boilers and Pressure Vessels), SAC/TC 206 (Gases), and Ministry of Housing & Urban-Rural Development etc., all have some standards released on hydrogen energy.

III. Current status on standard system (up to April of 2023)

Based on preliminary statistics, up to end of April 2023, China has issued 113 national standards on hydrogen and fuel cells, and other 30 ones are under development or revision. A total of 50 sector standards, 18 local standards and 131 association standards have been issued on the topic.

Judging from the standard types, national standards have been supplemented and optimized on hydrogen and fuel cells. 56 standards have been revised or formulated on hydrogen storage/production/transportation, fuel cell vehicles, fuel cell safety and performance etc., taking up of half of the total number. Since 2017, the total number association standards that have been issued has exceeded that of national ones, showing that the market-oriented strategy has kicked in. On the content perspective, standards are still insufficient or short of supply in safety testing, storage and transportation, key components, applications of hydrogen. New products, technologies, fields have already emerged along with the sector development, and are in urgent need of standards. In addition, some of the standard contents have gone out of date for current developing status, and should be revised or optimized accordingly.

13. China Establishes Certification to Promote the Reuse of Traction Battery

On August 30, 2023, the State Administration for Market Regulation (SAMR) and the Ministry of Industry and Information Technology (MIIT) issued the **Product Certification Catalogue for Graded Use of Traction Batteries Used on New Energy Vehicles**. It is a further implementing action to support the country's relevant certification system.

Two product was included in the first batch catalogue with details as below:

Catalogue		Pursuant Standards of the Certification
Category	Product Type	
Stationary Graded Use Battery	Uninterruptible Power Supply (UPS)	1. GB 40165-2021 Lithium-ion cells and batteries used in stationary electronic equipment—Safety technical specification 2. YD/T 3768.1-2020 Technical requirement and test methods of echelon using
	Emergency Power Supply (EPS)	GB 40165-2021 Lithium-ion cells and batteries used in stationary electronic equipment—Safety technical specification

A certification technical committee has also been established by SAMR and MIIT to provide policy consultation and technical support. The members come from China’s corresponding research institutions or organizations such as China Automotive Technology and Research Center Co., Ltd (CATARC) and China Electronics Standardization Institute (CESI), testing bodies and relevant enterprises such as Contemporary Amperex Technology Co (CATL)

China’s plan on the voluntary certification for the graded use of traction batteries of new energy vehicles was published in a notice issued by the SAMR and the MIIT on March 6, 2023. Based on the notice and the catalogue that released, further next steps related with this voluntary certification would be:

- Further certification rules for such products will be published by the Certification and Accreditation Administration of China (CNCA), and they should be made and specified based on existing national, sector or association standards.
- An application database will be established for products that are certified and will be open to the public.
- More products are likely to be included into the catalogue.

For AEM and AEM members, certified products are more encouraged to be used in governmental funding projects, key local projects and municipal public works. It is very likely to be adopted by the governmental procurement or similar projects by state-owned enterprises etc., therefore may cause some impact for certain foreign suppliers of such products.

Meanwhile, following the guidelines elaborating in the notice issued in March, development banks are encouraged to offer capital support, loans or financing services to relevant manufacturers. Support insurance companies to design solutions and services that can offer risk guarantees for the wider application of such batteries.

In addition, as the certification scheme is still under development, AEM and AEM members with locally registered entities in China are suggested to closely observe and follow up on future updates, even join the preparing work on drafting implementation rules/product catalogues if possible.



Subsidies

14. Updates on China's agricultural machinery subsidies

On August 10, MARA published a notice requiring the provinces which had been assigned soybean sowing tasks (in the *MARA notice on the issuance of 2023 food and oil production targets for all provinces*), to incorporate within their provincial-level subsidy

schemes soybean harvesters and special cutting tables for soybean harvesting.

The notice also includes a subsidy reference table (see below) on the basis of which relevant provinces are required to formulate and publish, as soon as possible and no later than September 10, their provincial subsidy schemes.

No.	Products category	subcategory	Basic configuration and parameters	Recommended central government subsidy amount in 2023
1	soybean harvester	1.5-2kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 1.5kg/s ≤ suction volume < 2kg/s; Reel type: spring-tooth	7700 CNY (≈1056 USD)
2		2-3kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 2kg/s ≤ suction volume < 3kg/s; Reel type: spring-tooth	11700 CNY (≈1605 USD)
3		3-4kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 3kg/s ≤ suction volume < 4kg/s; Reel type: spring-tooth	12900 CNY (≈1770 USD)
4		4-5kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 4kg/s ≤ suction volume < 5kg/s; Reel type: spring-tooth	13500 CNY (≈1852 USD)
5		5-6kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 5kg/s ≤ suction volume < 6kg/s; Reel type: spring-tooth	35600 CNY (≈4883 USD)
6		6-7kg/s self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; 6kg/s ≤ suction volume < 7kg/s; Reel type: spring-tooth	37900 CNY (≈5200 USD)
7		7kg/s and above self-propelled wheeled soybean harvester	Structural type: self-propelled, wheeled, full feeding; suction volume ≥ 7kg/s; Reel type: spring-tooth	40300 CNY (≈5528 USD)
8		0.6-1kg/s self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; 0.6kg/s ≤ suction volume < 1kg/s; Reel type: spring-tooth	7500 CNY (≈1028 USD)
9		1-1.5kg/s self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; 1kg/s ≤ suction volume < 1.5kg/s; Reel type: spring-tooth	9200 CNY (≈1262 USD)

No.	Products category	subcategory	Basic configuration and parameters	Recommended central government subsidy amount in 2023
10		1.5-2.1kg/s self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; 1.5kg/s ≤ suction volume < 2.1kg/s; Reel type: spring-tooth	13800 CNY (≈1893 USD)
11		2.1-3kg/s self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; 3.1kg/s ≤ suction volume < 3kg/s; Reel type: spring-tooth	24600 CNY (≈3375 USD)
12		3-4kg/s self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; 3kg/s ≤ suction volume < 4kg/s; Reel type: spring-tooth	28800 CNY (≈3951 USD)
13		4kg/s and above self-propelled crawler soybean harvester	Structural type: self-propelled, crawler, full feeding; suction volume ≥ 4kg/s; Reel type: spring-tooth	31300 CNY (≈4294 USD)
14	special cutting tables for soybean harvesting	1.5m and above special cutting tables for soybean harvesting	Working width ≥1500mm; reel tooth material: non-metal	1000 CNY (≈137 USD)
15		2.5-5m special cutting tables for soybean harvesting	2500mm ≤ working width <5000mm; Structural type: Full feeding, the number of sliding plates ≥ 3: copying mechanism type: four-link mechanical copying or electro-hydraulic control hydraulic copying; copying amount ≥90mm	6000 CNY (≈823 USD)
16		5m and above special cutting tables for soybean harvesting	Working width ≥ 5000mm; Structural type: Full feeding, the number of sliding plates ≥ 3: copying mechanism type: four-link mechanical copying or electro-hydraulic control hydraulic copying; copying amount ≥90mm	10000 CNY (≈1372 USD)

BESTAO policy review to this Issue:

- New Energy Policies on China's Machinery and Equipment Sector

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. Comparison of China's Personal Information Protection Measure with EU's GDPR
2. Key takeaways of carbon peak and neutrality panel on agriculture development
3. Updates on China's ESG and CCER system

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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