



China Regulatory Observation

April 2024

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Message from BESTAO

Dear Readers,

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

In the edition, policies, laws, regulations, certification and standards for agricultural machinery, construction, cybersecurity and earth-moving etc. of China in April 2024 are elaborated.

The horizontal section elaborates a guideline issued by the tax administration and picked out the tax incentives listed within that may relate with AEM members.

In regards of the agricultural machinery section, updates on several standards, and the latest news on promotion appraisals.

The construction and earth-moving machinery sections brought you with briefing on a sector standard for hydrogen fuel cell industrial trucks, and a newly-released policy document promoting intelligent mining and its safety.

Other important topics covered in this issue range from CCC, ESG and especially, two pieces of news on China's standardization management that would impact the whole system.

The policy briefing of this edition is on the cross-border data management update.

Enjoy the reading.

Warm regards,

AEM project team of BESTAO



Horizontal

1. Guidelines Issued on China's Tax Incentives for Manufacturing Sectors

On April 25, 2024, the State Taxation Administration of China issued the **Guideline on Preferential Policies for Major Taxes and Fees to Support the Development of Manufacturing Sectors** (hereinafter referred to as "the Guidelines").

It is a document that summarizes all applicable tax incentives for the manufacturing sectors: a total of 31 items divided into two groups: special tax incentives (targeting a specific topic, such as manufacturers producing certain products like organic fertilizers, etc.), and inclusive & regional tax incentives (benefit for the majorities in the sectors or those who establish production facilities in certain regions like high-tech industrial parks in Shanghai Pudong). To provide a clear guide, each tax incentive item is presented in the document with the main benefit body, the content, valid period, qualifying criteria, declaration time, application materials, application/receiving method, legal basis, and a sample case.

After combing through the full text, the items that may benefit AEM members fall within the and inclusive & regional incentives, and further information is summarized below:

High-tech enterprises defined in the catalogue named *High-tech Areas Supported by the State*¹: 15% business income tax (minimum regular tax rate: 25% or more)

- Agricultural machinery/technology: new technologies on the crop, forage, forest seed harvesting, selection, processing, and quality testing; new types of farm operation machinery, facility agriculture technology; new types of livestock, poultry, aquaculture large-scale breeding technology; agricultural production process monitoring, control, and decision-making system and technology; precision agriculture, remote sensing, and rural information service system and technology.
- Mining machinery: mining and beneficiation technology to improve the recovery and utilization rate of mineral resources: large scale, automation, high efficiency, and specialized technology of mining and mineral processing equipment; Information technology of automatic detection and intelligent control in mining and mineral processing; green mining technology.
- General mechanical equipment manufacturing technology: manufacturing technology of lifting, material handling, and other equipment using automation control and computer information management; other mechanical equipment special parts and power machinery technology with new types of mechanisms, energy-saving and environment-friendly.

Accelerated depreciation or amortization policies for fixed assets or software purchase

- If the fixed assets of an enterprise need accelerated depreciation due to technological progress or other reasons, the depreciation period may be shortened, or accelerated depreciation methods may be adopted.
- The fixed assets newly purchased after January 1, 2015, by enterprises in four key sectors, including

¹ The currently effective version was issued by the Ministry of Science and Technology of China (MOST) with two ministries on January 29, 2016. Original link (in Chinese): https://www.most.gov.cn/xgk/xinxfenlei/fdzdgknr/fgzc/gfxwj/gfxwj2016/201602/t20160205_123998.html

light, textile industry, machinery, and automobile, can be chosen by the enterprises to shorten the depreciation life or adopt accelerated depreciation methods.

Other potential tax incentive items:

- Preferential tax rates for SMEs.
- Additional deductions in tax reporting for R&D expenses.
- Income tax incentives for investment or factory construction in specific industries (such as high-tech enterprises) in specific regions/industrial parks, like in western regions of China, or the high-tech industrial park in Shanghai Pudong.

For AEM and AEM members, particularly those who have manufacturing facilities in China, it is advised to look into related tax policy details as it is a direct cost-effective measure once qualified.

In addition, the Guideline is one of the many guidelines that the national regulator drafted to clarify tax policies and facilitate stakeholders in the China market. Other relevant guidelines include those on tax policy for stabilizing foreign trade and foreign investment, preferential tax policy for supporting educational development, and major preferential tax policy for supporting scientific and technological innovation, etc. The complex but wide-covering tax incentive system is expected to be more favourable for manufacturing sectors.

2. New Policies on the Renewal of Production Equipment and Construction Machinery

In April, China successively issued equipment renewal implementation plans in the industrial and construction sectors.

1) MIIT, SAMR, and five other departments issued the "Implementation Plan for Promoting Equipment Renewal in the Industrial Sector."

The document proposes 12 key actions to promote the renewal of production equipment, digital transformation, promotion of green equipment, and improvement of safety levels in the industrial sectors such as machinery. The overall goal is to increase the investment scale in industrial equipment by more than 25% compared to 2023 by 2027. The penetration rates of digital R&D design tools in scale-above industrial enterprises and the CNC rate of key processes are expected to exceed 90% and 75% respectively. To fully enable digital transformation, it should be implemented comprehensively across industrial provinces, cities, and key industrial parks. Additionally, energy-consuming capacity below the energy

efficiency benchmark level in key industries should be phased out. The energy efficiency of major energy-consuming equipment should reach the energy-saving level.

For the machinery industry, the document proposes accelerating the replacement of backward and inefficient equipment. Specifically, for industries such as agricultural machinery, construction machinery, industrial mainframes, and electric bicycles where production of equipment is generally at a medium-low level, efforts will be made to accelerate the elimination of backward and inefficient equipment as well as the replacement of old equipment that has exceeded its service life. Key efforts include promoting the renewal of flexible shearing, forming, welding, and manufacturing production technologies and equipment in the agricultural machinery industry; updating hydraulic presses, bending machines, obsolete production lines, and online inspection equipment in the construction machinery industry; and renewing CNC machining

equipment, calibration equipment, and so on in the instrumentation industry.

To implement these requirements, the document proposes:

- Increase financial support for equipment renewal and technological transformation in the industrial sector, and include eligible key projects in the scope of financial support from the central budget. Increase tax incentives for energy-saving, water-saving, environmental protection, and safety production of special equipment, and include digitalization and intelligent transformation in the preferential scope.
- Establish special re-lending for scientific and technological innovation and technological transformation and guide financial institutions to strengthen support for equipment renewal and technological transformation.
- Encourage localities to strengthen the resources guarantee of enterprise technology transformation projects, including land use and energy use related to technology transformation projects in the priority guarantee scope.

iv) Revise a batch of energy-saving and carbon reduction, environmental protection, safety, and recycling-related standards around key industries and key areas, formulate the *"Advanced Safety and Emergency Response Equipment (Promotion) Catalogue,"* promote the *"National Recommended Catalogue for Energy-saving and Carbon Reduction Technology and Equipment in the Industrial and Information Technology Field,"* and guide enterprises to implement equipment renewal and technological transformation according to advanced standards.

2) MoHURD issued the *"Implementation Plan for Promoting the Renewal of Building and Municipal Infrastructure Equipment."*

The Plan determines 10 key tasks in the field of building and municipal infrastructure equipment renewal, including environmental sanitation and construction equipment renewal, building

energy-saving renovation, residential elevator renewal and installation, water supply, heating, sewage treatment, liquefied petroleum gas filling stations, and urban lifeline project construction. The overall goal is to complete the planned renewal and transformation of equipment that is technologically backward, does not meet relevant standards, and does not meet energy-saving and environmental protection standards by 2027.

Regarding the key tasks of building construction equipment renewal, the document proposes: "According to the requirements of 'JGJ 160 Construction Site Machinery Equipment Inspection Technical Specifications', to replace and eliminate construction engineering machinery and equipment (vehicles) such as excavation, lifting, loading, concrete mixing, elevators, and bulldozers that have been in use for more than 10 years, are highly polluting, have high energy consumption, severe aging and wear, and are technologically backward. Encourage the purchase of new energy and new technology engineering machinery and intelligent construction equipment such as intelligent elevators and construction robots."

To implement these requirements, the document proposes:

- Provide appropriate support through channels such as central budget investment for the renewal of relevant equipment that meets the conditions.
- Use policy tools such as re-lending to guide financial institutions to strengthen support for the renewal and technological transformation of relevant equipment.
- Implement actions to improve standards in the field of building and municipal infrastructure, strictly implement mandatory standards and equipment elimination catalogues for energy consumption, emissions, safety, etc., and accelerate the renewal and elimination of old and high-energy-consuming equipment in the field of building and municipal infrastructure per laws and regulations.

These documents refine and divide the tasks proposed in the State Council's *"Action Plan for Promoting Large-scale Equipment Renewal and the Replacement of Consumer Goods"* (see the previous monthly report for details), which will promote the improvement of the production technology level of mobile machinery production enterprises nationwide and promote the adoption of more advanced construction machinery equipment.

It can be foreseen that in the coming years, overseas mobile machinery production enterprises will face competition from local enterprises equipped with more advanced production equipment.

On the other hand, in the field of construction machinery, equipment renewal will bring more market opportunities for domestic and foreign enterprises.

In addition, as the basis for the renewal and elimination of construction machinery, the standard JGJ 160 mentioned in the document should attract the attention of overseas construction equipment manufacturers. It is recommended that AEM carefully study the technical requirements stipulated in this standard to understand the impact of this policy on their products. The Chinese version of this standard is available.



Agricultural and Forestry Machinery

3. MARA Releases New Batch of Guidelines for Agricultural Machinery Promotion Appraisal

On April 29, 2024, the Ministry of Agriculture and Rural Affairs (MARA) released 36 agricultural machinery promotion appraisal guidelines, including 20 revised and 16 newly formulated ones. Details are shown in the table below:

No.	Reference	Name of outlines	Revision/Newly Developed	Outlines replaced
1	DG/T 001-2024	Agricultural wheeled and tracked tractors	Revision	DG/T 001-2019
2	DG/T 007-2024	Strip-till seed drill	Revision	DG/T 007-2019, DG/T 028-2019
3	DG/T 014-2024	Grain combine harvester	Revision	DG/T 014-2019
4	DG/T 015-2024	Corn harvester	Revision	DG/T 015-2021
5	DG/T 027-2024	Rotary tillage planter	Revision	DG/T 027-2019
6	DG/T 028-2024	Single-seed (precision) planter	Revision	DG/T 007-2019, DG/T 028-2019
7	DG/T 036-2024	Rice mill	Revision	DG/T 036-2021
8	DG/T 043-2024	Baler (compression baler)	Revision	DG/T 043-2019
9	DG/T 057-2024	Rapeseed harvester	Revision	DG/T 057-2019
10	DG/T 072-2024	Garden management machine	Revision	DG/T 072-2019
11	DG/T 077-2024	Peanut harvester	Revision	DG/T 077-2019
12	DG/T 098-2024	Potato planter	Revision	DG/T 098-2019
13	DG/T 101-2024	Seed pre-sowing treatment equipment (rice seed sprouter)	Revision	DG/T 101-2019
14	DG/T 173-2024	Rhizome medicinal plant planter	Revision	DG/T 173-2019
15	DG/T 181-2024	Fresh corn husker	Revision	DG/T 181-2019
16	DG/T 189-2024	Rhizome medicinal plant harvester	Revision	DG/T 189-2019
17	DG/T 215-2024	Automatic feed pusher	Revision	DG/T 215-2019
18	DG/T 249-2024	Leaf vegetable harvester	Revision	DG/T 249-2021

No.	Reference	Name of outlines	Revision/Newly Developed	Outlines replaced
19	DG/T 250-2024	Combustion-type CO2 generator	Revision	DG/T 250-2021
20	DG/T 298-2024	Hill-drop planter	Revision	DG/T 007-2019, DG/T 028-2019
21	DG/T 299-2024	Strip-till cultivator	Newly developed	/
22	DG/T 300-2024	Roller	Newly developed	/
23	DG/T 301-2024	Straw returning cultivator	Newly developed	/
24	DG/T 302-2024	Precision seed-coating machine	Newly developed	/
25	DG/T 303-2024	Rotary tillage ridge planter	Newly developed	/
26	DG/T 304-2024	Frost protection machine	Newly developed	/
27	DG/T 305-2024	Orchard flower thinning machine	Newly developed	/
28	DG/T 306-2024	Multifunctional crawler management machine	Newly developed	/
29	DG/T 307—2024	Rapeseed swather	Newly developed	/
30	DG/T 308—2024	Coarse grain combine harvester	Newly developed	/
31	DG/T 309—2024	Green onion harvester	Newly developed	/
32	DG/T 310—2024	Specialized rapeseed header	Newly developed	/
33	DG/T 311—2024	Livestock pen environment control system	Newly developed	/
34	DG/T 312—2024	Feed spreader	Newly developed	/
35	DG/T 313—2024	Metal grain storage silo	Newly developed	/
36	DG/T 314—2024	Rapeseed thresher	Newly developed	/

The specific texts of these guidelines (in Chinese) can be downloaded via the following link :
http://www.moa.gov.cn/govpublic/NYJXHGLS/202404/t20240430_6454721.htm

These guidelines come into effect from the date of publication. Therefore, AEM members planning to participate in agricultural machinery promotion appraisal should evaluate their products according to the latest guidelines. Other companies can use these guidelines to understand the direction of technological development for relevant products in China."

4. Five Standard Drafts on Agricultural Machinery Calling for Comments

On April 29, 2024, the SAC/TC201/SC2 (Agricultural Mechanization) published a new set of agricultural machinery standards calling for public comments. The call-for-comment period will end on June 30, 2024.

Further information on the standard drafts include:

No.	Project No.	Standard Name	Key Contents	Standard to be Replaced
1	20232781-T-604	Agricultural machinery maintenance and repair terms	It defines the main terms and definitions for agricultural machinery maintenance and is applicable for the same field.	GB/T 21963-2008
2	20232788-T-604	Repairing all-purpose technical criterion for agricultural machinery	It specifies the safety requirements for the environment, operation, equipment and personnel protection in the process of agricultural machinery repair. It is applicable to operations for agricultural machinery repair.	GB/T 22129-2008
3	20232791-T-604	Repair of agricultural machines--Safety regulations	It specifies the technical requirements for major repair operations of agricultural machinery . It is applicable to the agricultural machinery repair.	GB/T 21964-2008
4	20232668-T-604	Examine general rule of repair quality for tractor-Part2: Wheeled tractor	It establishes the main items of post-repair quality inspection of wheeled tractors, specifies the technical requirements and describes the inspection methods. It is applicable to the quality inspection of wheeled tractors after repair.	GB/T 19209.1-2003
5	20232713-T-604	Examine general rule of repair quality for tractor--Part 2: Caterpillar tractor	It establishes the main items of quality inspection after repair of caterpillar tractors, specifies the technical requirements and describes the inspection methods. It is applicable to the quality inspection of caterpillar tractors used in field operations after repair.	GB/T 19209.2-2003

These standards are all voluntary ones and are revisions for the previous version, and they may only apply to AEM members in the agricultural machinery who:

- need to establish an evaluation system to judge local partners in China on repair quality; or
- have self-owned repair team in China for the products sold locally.

But it is worth noting that all standards are originally drafted by experts in the SC without any reference or citation of international standards, and there are no counterparts in the international standard system yet according to the SC experts. It may serve as a reference if AEM or AEM relevant members intend to draft similar standards.

On the other hand, some of these standards cited various national standards in China regarding corresponding products, so it is a consistent system after all for manufacturers, regardless domestic or abroad in the China market.

5. Multiple National Standards Approved for Implementation on Agricultural and Forestry Machinery

On April 25, 2024, the Standardization Administration of China (SAC) issued National Standardization Notice No. 6 of 2024, announcing the implementation approval of more than 300 hundreds of national standards. Among all the approved standards, various national voluntary standards are related with agricultural and forestry machinery, together with two that connect with requirements on machinery safety.

Detailed information is summarized as below:

Standard No.	Standard Name	Standard replaced	to-be	Relation with International Standards
Agricultural and Forestry Machinery				
GB/T 4330-2024	Agricultural trailer	GB/T 4330-2003		N/A
GB/T 4331-2024	Agricultural trailer—Test methods	GB/T 4331-2003		N/A
GB/T 20340.1-2024	Agricultural trailers and trailed equipment—Drawbar jacks—Part 1: Design safety, test methods and acceptance criteria	GB/T 20340-2006		Modified adoption of ISO 12140-1:2020
GB/T 20340.2-2024	Agricultural trailers and trailed equipment—Drawbar jacks—Part 2: Application safety, test methods and acceptance criteria	Partially replace GB/T 20340-2006		Modified adoption of ISO 12140-2:2020
GB/T 21956.1-2024	Tractors for agriculture and forestry—Roll-over protective structures on narrow tractors—Part 1: Front-mounted ROPS	GB/T 21956.1-2015 GB/T 21956.2-2015		Modified adoption of ISO 12003-1:2021
GB/T 21956.2-2024	Tractors for agriculture and forestry—Roll-over protective structures on narrow tractors—Part 2: Rear-mounted ROPS	GB/T 21956.3-2015 GB/T 21956.4-2009		Modified adoption of ISO 12003-2:2021
GB/T 24675.1-2024	Conservation tillage equipment—Part 1: Shallow cultivator	GB/T 24675.1-2009		N/A
GB/T 24675.2-2024	Conservation tillage equipment—Part 2: Subsoiler	GB/T 24675.2-2009		N/A
GB/T 20183.1-2024	Equipment for crop protection—Spraying equipment—Part 1: Test methods for sprayer nozzles	GB/T 20183.1-2006		IDT ISO 5682-1:2017

Standard No.	Standard Name	Standard replaced	to-be	Relation with International Standards
GB/T 20183.2-2024	Equipment for crop protection—Spraying equipment—Part 2: Test methods to assess the horizontal transverse distribution for hydraulic sprayers	GB/T 20183.2-2006		IDT ISO 5682-2:2017
GB/T 20183.3-2024	Equipment for crop protection—Spraying equipment—Part 3: Test method to assess the performance of volume/area adjustment systems	GB/T 20183.3-2006		IDT ISO 5682-3:2017
GB/T 20790-2024	Head-feed combine harvester—Technical requirements	GB/T 20790-2006		N/A
GB/T 43907.1-2024	Tractors and machinery for agriculture and forestry—Camera interface between tractor and implement—Part 1: Analogue camera interface	Newly drafted		IDT ISO 20112-1:2018
Machinery Safety				
GB/T 28780-2024	Safety of machinery—Integral lighting system used for machines	GB/T 28780-2012		N/A
GB/T 18153-2024	Safety of machinery—Safety data to establish temperature limit values for touchable hot surfaces	GB/T 18153-2000		N/A

For AEM and AEM members, considering all the aforementioned standards are voluntary, and the majority are revision to replace the previous version that probably is out-of-date (some dated back to the year of 2003), while being adoption from international standards, basically the necessary advised action is to comb through the list and see if any standard is applied for the product that are sold/exported to China before, and update the product with latest technical requirements in the latest version. All these standards will come into effect on November 1, 2024, leaving quite some transition time for relevant manufacturers.



Construction and Earth-moving Machinery

6. Sector Standard on Hydrogen Fuel Cell Industrial Trucks Calling for Comments

On April 18, 2024, SAC/TC332 (Industrial trucks) issued the draft of a sector standard called Industrial trucks—Particular requirements for hydrogen fuel cell industrial trucks to call for public comments (hereinafter referred to as “The Standard Project”). The call-for-comment period will end on May 18, 2024.

The Standard Project was approved in 2023 by the Ministry of Industry and Information Technologies (MIIT) under project number 2023-1377T-JB

It contains eight chapters including terms and definitions, technical requirements, testing methods, inspection rules, labelling and marking, and usage information (requirements on the user manual). It applies to industrial trucks equipped with fuel cell power systems of compressed gaseous hydrogen.

TC332 carried out thorough research on fuel cell standards (not limited to hydrogen fuel cells) in both China and in international communities, making the result a significant reference for the formulation of this standard. The main principles of the drafting include: being market-oriented,

ensuring standard quality and operability; and vast consultation with stakeholders like manufacturers, supervision, and inspection institutions together with users.

For AEM and AEM members, this is up to now the highest level of standard regarding industrial trucks with hydrogen fuel cells in China, and no international standard is cited. Considering no national one exists yet and the drafter is TC332, it is of certain importance, and a research reference on China’s regulatory trend on this type of product. Another point that stands out from this draft is that an association standard named ***T/CCMA 0111—2020 Lithium-ion batteries and their systems for industrial trucks***, drafted by the China Constriction Machinery Association (CCMA), is cited as a reference material. AEM and AEM members intend to explore more into China’s standard system regarding industrial trucks with hydrogen fuel cells may also check out the other two association standards issued by CCMA on August 22, 2023: ***T/CCMA 0150-2023 Technical specification of hydrogen fuel cell power system for industrial trucks*** and ***T/CCMA 0151-2023 Industrial trucks of hydrogen fuel cell***.



Earth-moving and Mining Machinery

7. Intelligent Mining and Safety Promoted by National Guiding Opinions

On April 24, 2024, the National Mine Safety Administration of China, jointly with other six national ministries, issued **Guiding Opinions on Further Promoting Intelligent Mining and Mining Safety** (hereinafter referred to as “the Guiding Opinions”).

The Guiding Opinions defined the intelligent construction of mining as an important measure for mining safety and national resource security. The document is issued to further intelligent development and solve existing issues such as unbalanced insufficiency, and lack of coordination.

Specific statistical goals are listed in the Guiding Opinions in two phases:

- By 2026, a complete intelligent mine standard system will be established, achieving mine data fusion and interoperability, environmental intelligent perception, system intelligent linkage, and intelligent warning of major disasters, The proportion of intelligent coal mine production capacity in the country will be no less than 60%, the number of intelligent working faces will be no less than 30%, and that of the normal operation rate will be no less than 80%. The replacement rate of intelligent equipment or robots for dangerous and heavy jobs in coal mines and non-coal mines is not less than 30% and 20% respectively, and the underground personnel of mines in the country are reduced by more than 10%, and a group of intelligent mines with no more than 50 workers in a single shift are created.
- By 2030, a complete intelligent mining technology, equipment, and management system will be established to realize deep integration and shared application of mining data. Promoting less humanization and unmanned mining operations to effectively prevent and control major safety risks, and significantly improve the essential safety level of mines.

The main measures are specified in the document under six categories: strengthen top-level design, insist innovation, accelerate digitalization process, expand intelligent scenarios, improve overall application level, and supportive measures. Detailed measures that relate to the regulatory environment and machinery products include:

- Further optimize relevant laws, regulations, and standard systems. Standards under the intelligence topic will be formulated or revised, especially those on technical equipment, mining technology, and production & operations.
- Catalogues will be published on typical application scenarios of emerging technologies such as mining robots, AI, and 5G.
- A scientific evaluation system will be established for construction results on intelligent mining.
- Following intelligent equipment/machinery will be encouraged for mining: quick digging equipment, hard rock cutting and digging equipment, drilling equipment, ace fully mechanized mining equipment of ten-million-ton scale, thin coal seam and thin vein mining equipment, shovel loading, and transportation equipment, tailings filling equipment, unmanned drilling and blasting equipment, open-pit mine large-scale mining and stripping equipment, heavy-duty operation robots, new mining unmanned vehicles, etc.

For AEM and AEM members, the document is another supportive policy under the country’s intelligent transition, so the developing trend for mining equipment and market surveillance will move toward the direction pointed out in the Guiding Opinions. On the other hand, those who have already sold machinery/equipment within the scope in China are advised to follow up on the possible funding support and favourable policies that are covered as supportive measures in the document.

8. Seven Earth-moving National Standards on Scrapping Calling for Drafting Units

On April 7, 2024, SAC/TC334 (Earth-moving machinery) issued a notice calling for drafting units for seven national standard projects on machinery scrapping technical requirements, which are:

No.	Standard Name ²
1	Earth-moving machinery—Scrapping of loader—Technical requirements
2	Earth-moving machinery—Scrapping of hydraulic excavator—Technical requirements
3	Earth-moving machinery—Scrapping of grader—Technical requirements
4	Earth-moving machinery—Scrapping of dozer—Technical requirements
5	Earth-moving machinery—Scrapping of non-road wide-body dumper—Technical requirements
6	Earth-moving machinery—Scrapping of roller—Technical requirements
7	Earth-moving machinery—Technical specification for recycling and dismantling of scrap products

For AEM and AEM members, the key takeaways of this drafter-calling notice are:

- Although scrapping standards may have limited direct impact on machinery manufacturers, these standards may stipulate some product requirements on reliability and quality according to the TC’s experts.
- All these standard projects are in preparation stage, meaning not approved by the Standardization Administration of China (SAC) yet. However, the projects are established under the requirements of China’s recent significant policy named *Action Plans for Promoting Large-Scale Equipment Renewal and Consumer Goods Replacement*³, therefore is of high importance and focus for the whole sector, and provides some certainty on getting approved.
- Expected timeline of these standard projects: TC334 is currently drafting the contents and it is expected to submit for SAC’s project approval within this year or early next year.
- Applying to be drafting members does NOT require the applicant to be current member of the TC334. As long as the applicant organization owns a legally registered entity in China with business relevance to earth-moving machinery, and especially those who would be able to make actual technical contributions to the standard drafts, they are qualified for applying. The application submitting deadline is May 10, 2024.

² Current names are translated from Chinese as official English ones haven’t been announced yet. Name changes remains possible and such information will be updated in future monthly reports.

³ Issued by the State Council on March 7, 2024, and see further detail in article #2 of the BESTAO-AEM China Compliance - March 2024 edition.



Green and Environmental Protection

9. Filing Requirements Clarified for Carbon-related Certification Rules

On April 7, 2024, the National Certification and Accreditation Administration of China (CNCA) issued the Notice on the Filing Requirements of Direct Carbon-related Certification Rules (hereinafter referred to as “the Notice”), aiming at clarifying and specifying carbon-related certification activities by certification bodies.

The definition of “Direct Carbon-related Certification Rules” refers to the basic requirements and process for carbon-related certification on products, management systems and services in the basis of GHG emission quantification. The Notice only applies to the certification rules that are drafted by the certification bodies, or those rules that have been authorized to be implemented when the national one does not exist.

This document also present official categorization for certification rules under its scope into three types for certifications on product/services or management systems: carbon reduction/removal, carbon disclosure, and carbon neutrality.

Key requirements for the relevant certification rules include:

- Such certification rules need to at least cover application scope, technical basis (technical specification, mandatory technical requirements or standards), qualifications of certification staff, certification model (when apply); data quality requirements, GHG quantification methods of certain specific sectors, implementing process, surveillance after certification and renewal process, requirements of certificate and mark, changing condition of certificate status.

- Certification rules that to be filed should not have similar or identical name with national carbon-related certification rules; certification rules are encouraged to prioritize the stipulations in international, national and sector standards, and it is NOT allowed to only adopt domestic and abroad carbon reduction systems such as Chinese Certified Emission Reduction (CCER), Clean Development Mechanism (CDM), Verified Carbon Standard (VCS), Gold Standard (GS) etc.

- Background database or emission factors should be selected in accordance with China’s sector developing status, while being fair and scientific.

Certification bodies with existing certification rules within the scope must apply and file their certification rules to the official online reporting platform if they haven’t done so. For those that are not comply with the requirements in the Notice, the corresponding certification rules shall be cancelled, and the certificates based on them should be revoked before April 30, 2024. Failing to follow the requirements for the certification rules or the stipulated deadline will lead to penalty by CNCA.

For AEM and AEM members, the Notice provides a very practical guidelines for choosing the qualified certification bodies when such certification is needed. Meanwhile, AEM members with possibilities to carry our such certification in China are advised to notice that, the emphasis on the importance of international and nationals standards for drafting relevant implementation rules besides domestic and international certification systems makes it more aligned with the country’s standard system, therefore some attention on the updates of such standards can be necessary.



CCC

10. Recent Changes in CCC May Impact Mobile Machinery Components

1) On April 7, 2024, the State Administration for Market Regulation (SAMR) issued a notice, deciding to implement compulsory product certification (CCC) for 7 products and to restore third-party assessment for CCC certification of low-voltage components. The specifics are as follows:

- 7 types of products enter the CCC catalogue

The seven products include explosion-proof lamps and control devices, flame-retardant wires and cables, combustible gas detection and alarm products, commercial gas burners, electronic bidets, water-based interior wall paints, and electric bicycle passenger helmets.

Starting from May 1, 2025, explosion-proof lamps and control devices and electric bicycle passenger helmets must undergo CCC certification and be marked with the CCC certification logo before they can be manufactured, sold, imported, or used in other business activities.

Starting from July 1, 2025, flame-retardant wires and cables, combustible gas detection and alarm products, commercial gas burners, electronic bidets, and water-based interior wall paints must undergo CCC certification and be marked with the CCC certification logo before they can be manufactured, sold, imported, or used in other business activities.

- Third-party certification for low-voltage electrical components is restored

Starting from May 1, 2024, enterprises of low-voltage electrical components will no longer be able to generate CCC-conformity self-declarations for their products via the "Mandatory Certification Product Compliance Self-Declaration Information Submission System". Designated certification bodies will begin accepting CCC third-party certification applications for such products.

For products with valid CCC self-declarations, designated certification bodies will directly issue CCC certificates and ensure certification validity through post-certification supervision.

Before November 1, 2024, enterprises with valid CCC self-declarations should complete the conversion from the self-declarations to CCC certificates; for products that have already been manufactured and are no longer in production, there is no need for conversion.

After November 1, 2024, all CCC self-declarations for low-voltage components in the system will be cancelled.

2) On April 8, 2024, the CNCA (Certification and Accreditation Administration of the People's Republic of China) released a bulletin announcing a batch of new CCC certification implementation rules, which may be relevant to AEM products. They include:

- CNCA-C01-01:2024 Implementation Rules for Compulsory Product Certification - Electric Cables and Wires
- CNCA-C03-02:2024 Implementation Rules for Compulsory Product Certification - Low Voltage Electrical Apparatus - Low Voltage Components
- CNCA-C23-01:2024 Implementation Rules for Compulsory Product Certification - Explosion-proof Electrical Equipment

These implementation rules will take effect on July 1, 2024, replacing the old versions. Valid CCC certificates issued under the old rules can continue to be used and should be updated according to the new rules upon expiration.

The Chinese versions of these rules can be downloaded via the following link:

https://www.cnca.gov.cn/zwxx/gg/2024/art/2024/art_0c6e57c2bb6646f4991061b278496032.html

The CCC is one of China's core market access systems, and products falling into the scope of the CCC can only be placed on the Chinese market after passing CCC certification. As the CCC system in China continues to evolve, component suppliers for AEM's mobile machinery products should stay informed about these changes and take timely measures to mitigate compliance risks arising from the changing regulatory requirements.



ESG

11. ESG Standardization Project Research Group Founded by SAC

On April 18, 2024, the secretariat of the Standardization Administration of China (SAC) announced the founding of the ESG Standardization Project Research Group (hereinafter referred to as “the ESG Group”).

It is founded under the consideration of the fact that ESG has become a mainstream global framework on sustainable development information disclosure and a core requirement for enterprises in the pursuit of high-quality development.

The ESG Group consists of four types of organizations: institutions for scientific research (such as the Chinese Academy of Environmental Planning, etc.), colleges and universities (such as the Capital University of Economics and Business and Tsinghua University, etc.), organizational institutions (such as Beijing office of the International Sustainability Standards Board, etc.) and enterprises (such as the People’s Insurance Company of China, etc.). The routine work will be organized by the Capital University of Economics, with a convenor from the same university, and a deputy convenor from the China National Institute of Standardization (CNIS).

The ESG Group is expected to accelerate the progress of ESG standardization in China, effectively guide the green and low-carbon transition of enterprises, and help realize the carbon peak and carbon neutrality goals of the country. It is also expected to promote the integration of Chinese enterprises into the international economic system and enhance the

international discourse power of China's participation in global economic governance. The main responsibilities of the ESG group are:

- Analyse the current situation and trend of domestic and global ESG standardization.
- Study and analyse the current status and future requirements of ESG standards.
- Clarify the development path of ESG standardization, and put forward international and domestic standardization policies, systems, and strategic suggestions.
- Identify a list of new working items in the short term and set priorities.
- Put forward advice on construction or optimization for ESG SDOs.
- Set a list of international ESG standard proposals and present recommendations for the adoption of international standards.

AEM and AEM members are advised to note that, the working period of this Group is planned for 18 months, meaning that comparative research, developing strategy, standardization roadmaps of China, and standard system on ESG may be yielded in this period. The positive impact is that the system is prepared to integrate into the international structure, making it easier for AEM members to fit in. It is also likely to raise the benchmark for local machinery manufacturers on ESG, especially those who haven’t done relevant work so far may be required to join the system, resulting in a fairer market environment for AEM members who may have already put in efforts and costs to do so.



Standardization

12. China Established Statistical Analysis System for Mandatory Standards

On April 25, 2024, the Standardization Administration of China (SAC) issued *Opinions on Establishing a Statistical Analysis and Reporting System for the Implementation of Mandatory Standards* (hereinafter referred to as “the Opinions”).

The legal basis of this document is the *Standardization Law of China*, and the *National Outline on Standardization Development*⁴. The purpose is to fully understand the implementation status, efficiency, and issues via tracking and monitoring, information collection, and analysis of mandatory standards, with the final goal to build full circle management on formulation-implementation-feedback to improve applicability.

Key takeaways from the detailed requirements in the Opinions include:

- SAC should organize the overall work on establishing the statistical analysis and reporting system (hereinafter referred to as “the System”), and drafting integrated and scientific general rules and measures for the System’s establishment and implementation.
- Statistics and analysis points should be assigned by the SAC on key sectors and clusters, together with performance evaluation solutions to assess completion rate, task finishing rate and result quality, etc.
- SAC will identify key mandatory standards every year for the statistic collection and analysis. Other sector ministries and regional governments are also allowed to choose their core mandatory standards to monitor and analyse.
- Sector national ministries and regional governments should organize and carry out statistic collection and analysis on the topic and report the result to the SAC.
- Main data sources and measures for such monitor and statistic collection include but are not limited to collecting data from production licensing, filing, inspection and testing, certification, appraisal, supervision and sampling, administrative law enforcement, feedback on the implementation of standards, etc.; summarize and analyse the standard citation information of laws and regulations and policies; organize discussions and exchanges on the implementation of standards and on-site research.
- A platform should be constructed and kept optimized for publicizing the implementation statistics and analysis for the mandatory standards. Statistic and analysis points are encouraged to set up information and intelligent platforms for such work and integrate them into the national platform when necessary.

The establishment of the System and the information disclosing platform will facilitate AEM and AEM members in acquiring relevant information and identifying what mandatory standards they’ve been connected with are of higher priority. It would also help standard drafters in AEM and AEM members to have more direct insight into the implementation of most parts of China’s standard system (the mandatory standards).

⁴ Issued by the SAC on October 10, 2024.

13. SAMR Strengthens Supervision on Standardization

On 12 April 2024, SAMR issued a call for comments on the *"Guiding Opinions on Strengthening the Supervision of Standard Setting and Implementation (Draft for Comment)"*, with the deadline for commenting set on 13 May 2024. This is a comprehensive policy intended to enhance the oversight of standardization, especially the implementation of standards. Below is a summary of the key points:

Objectives:

The document aims to strengthen the standard setting and supervision process to support high-quality development through a more effective standardization governance structure. It outlines an ambitious goal to establish mechanisms that cover the entire lifecycle of standard setting and implementation by the end of the 14th Five-Year Plan period.

Tasks and Responsibilities:

The document proposes to

- Intensify supervision over mandatory national standards, which are considered essential technical regulations for ensuring safety and compliance.
- Promote the dissemination and implementation of recommended standards, while monitoring and facilitating their adoption across various administrative levels and sectors.
- Address and correct problems in standard drafting, such as conflicts of interest or undue competitive advantages.
- Enhance the transparency and public accessibility of standard texts, ensuring that standards are implemented fairly and efficiently.

Mechanisms for Supervision:

The document highlights to

- Establish a routine monitoring and feedback mechanism to continuously assess the effectiveness and enforcement of standards.
- Implement supervision and random checks throughout all phases of standard setting and implementation to ensure compliance and address any deviations promptly.

China has a complex standards system and manages them in a disorganized manner. This policy will help improve the effectiveness and applicability of Chinese standards, increase openness and transparency in China's standardization work, and create a fair competition environment at the standard level.

One point worth noting for overseas companies is that this document signals that supervision and inspection of compliance with mandatory national standards in China will be strengthened. Aside from standards referenced by the compulsory certification systems, China's supervision of compliance with other mandatory national standards has been inadequate. It is expected that China will refer more frequently to mandatory national standards in future market supervision inspections. Therefore, overseas companies should ensure they understand and comply with all and track the latest changes in mandatory national standards related to their products.



Subsidy

14. 2024-2026 National Agricultural Machinery Subsidy Scope Issued

From April 22 to 26, 2024, the Agricultural Mechanization Central Station of the Ministry of Agriculture and Rural Affairs (MARA) published a notice to solicit opinions on the '*Scope of Agricultural Machinery Eligible for National Purchase and Application Subsidy 2024-2026 (Draft for Comments)*.'

According to this document, in 2024-2026, 154 items of machinery equipment in 25 major categories and 55 subcategories will be included in the national agricultural machinery purchase and application subsidy scheme. Please refer to the **Annex** for details. Relevant equipment manufacturers can use this table to determine whether their products are within the national subsidy scope. It is expected that the central government will draft more detailed subsidy plans in the coming days, and relevant equipment manufacturers should ensure that they have obtained the necessary CCC or agricultural machinery appraisal certificates before applying.

15. China Allocates \$3.44 Billion for Agricultural Machinery Purchase and Application Subsidies

On April 22, Deputy Minister of Finance Wang Dongwei announced during a State Council press conference that the central government has allocated this year's funding related to agricultural production. Key funding allocations potentially associated with agricultural machinery include:

- Allocating 24.6 billion yuan (approximately \$3.44 billion) to support subsidies for the purchase and application of agricultural machinery, enhancing the implementation of the latest machinery scrapping and renewal policy.
- Allocating 4 billion yuan (approximately \$560 million) to support actions for increasing yield per unit for grain and oil crops in large-scale cultivation, promoting high-density planting, precision sowing, and other yield-enhancing techniques.
- Allocating 3.4 billion yuan (approximately \$476 million) to support green, high-yield, and efficient actions for major crops like grain and oil, accelerating integrated systems of high-quality fields, seeds, machinery, methods, and management.
- Allocating 11 billion yuan (approximately \$1.54 billion) to support breakthroughs in key core technologies for breeding crucial varieties like corn and soybeans. This will fund integrated pilot projects for the development and application of major varieties and provide incentives for leading seed-producing counties.
- Increasing the per-mu subsidy standard for high-standard farmland construction from 1,300 yuan to 2,400 yuan (approximately \$1,112 to \$2,052 per acre).
- Allocating 5.2 billion yuan (approximately \$728 million) to expand protective tillage practices in black soil to cover an area of 100 million mu (approximately 16,470,000 acres).
- Allocating 4 billion yuan (approximately \$560 million) to expand saline-alkali land utilization pilot projects from two provinces to twelve.

These funds are expected to at least partially flow into the agricultural machinery procurement sector, driving trade-ins for older machinery and advanced agricultural equipment purchases, and creating new business opportunities for advanced agricultural machinery manufacturers.

Corporate News

16. BESTAO Spook at AEM Product Safety & Stewardship Conference

On April 24, 2024, BESTAO team was invited to deliver two presentations at the Product Safety & Stewardship Conference | Product Liability Seminar 2024 organized by the Association of Equipment Manufacturers (AEM).

As a long-term partner and consultant to AEM, BESTAO team produces monthly regulatory observation reports that cover standards development, compliance advisory, and policy analysis that help to facilitate AEM member companies accessing the China market.

BESTAO's Senior Partner Ms. Shirley Kong delivered two presentations on the topics of 'the Introduction of Regulatory and Standardization Landscape in China', and 'the New Energy Machinery Policies and Standardizations in China'. Both presentations followed by heated Q&A

sessions, demonstrating a growing interest to the compliance challenges from the China market.

AEM is the leading organization in North America advancing construction and agriculture equipment manufacturers and their value chain partners in the global marketplace. The Product Safety & Stewardship Conference has been a long-term and reputable event that held by AEM for its members. It is the industry's only annual conference that brings heavy equipment manufacturers, value chain partners, and subject matter experts together to participate in a unique educational opportunity in North America.

This year's Conference was held from April 22nd to 25th. More than 200 attendees registered to attend the events this year, a record high number since the start of this event more than 30 years ago.

BESTAO policy review to this Issue:

- Policy Briefing - China Regulation on Cross-border Data Transfer - Overview and latest update

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. New draft calling comments for ***Measures for the Administration of Adoption of International Standards***
2. Mandatory standard on lithium-ion battery safety issued draft for public comments.

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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