

NEWSLETTER

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Japan's Supply Cut-off: Crisis And Opportunity for China's Machine Tool Industry

Japanese revised Export Control Order (will take effect on August 16, 2026) ends general bulk licenses for high-end machine tools to China, imposing case-by-case review (up to 6 months) covering five-axis CNC and core parts (such as high-end CNC systems and high-performance functional components). Short-term pain for downstream, but long-term it forces China to speed up domestic substitution of imported machine tools. **(Sina)**

Smart Driving Safety Rules Tightened

China issued an updated mandatory safety standard (effective July 1, 2027) for new energy vehicles and driver-assistance, pedal-misuse suppression, ADAS condition and driver monitoring, single-pedal and digital-control rules. Large/medium buses and trucks must add AEB, ESC, TPMS, lane departure, blind-spot and driver-attention systems; some need OTA, hardware changes take longer. **(China Daily)**

Competition Producing Steady Stream Of New NEV Models

In July, China's NEV retail penetration hit 65.1% (+11.6% YoY), reaching 65.8% in August (1.04 million units). Charging points reached 23.68 million by end-July (+41.9%). The driving factors are cost cuts, tech upgrades, 18-month development cycles, CATL's 10% to 80% charge within 4 minutes, the output in Yangtze Delta increasing 40%, 1,345 yuan per ton (\$20.41 per ton) gasoline rise. Scale-to-iteration ecosystem matures. **(China Daily)**

New Zones Planned For Auto Event In Shanghai

The 22nd Auto Shanghai will run April 23 to May 2, 2027, spanning 400,000 sqm (compared 360,000 in 2025's 1,000 exhibitors). New exhibition areas include embodied AI, physical AI, high-end chip testing. Autonomous driving, batteries and AI-powered vehicles will be the highlight. Shanghai H1 car sales 259,500 sets (-0.98% YoY); China August passenger vehicles sales 1.62 million sets (-19% YoY, +11% MoM). **(China Daily)**

Audi, SAIC launch Shanghai Innovation Hub as Foreign Automakers Deepen China R&D Push

On Sep 3, 2026, Audi and SAIC launched the AUDI Innovation & Technology Center (AITC) in Shanghai—a joint venture R&D hub with about 300 staff for the China-only AUDI brand. Covers EV, AI cockpit, ADAS on ADP 2.0. Four new models planned, with the first model slated for release in 2028. Reflects foreign automakers shifting R&D localization to China (German chamber: 33% now R&D locally, up from 12%). **(Global Times)**