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Living Mobility

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Living Mobility is Unifying Spotlight on PPP for future mobility

In conversation with Liang Xu, partner

Living Mobility is unifying. Collaboration between the public and private sectors to improve mobility solutions is an important illustration of the unifying aspect of living mobility. In China, the integration of the public and private sectors is particularly profound. For example, a business enterprise can partner with local government to bring advanced technology to an area in exchange for help in growing its business. Limited concerns about data privacy also create a rich ecosystem for machine learning. Liang Xu discusses technology developments and the impact of public-private partnerships (PPP) on the future of mobility.

What should the mobility and transportation industry keep in mind when considering technology developments specific to China?

Xu: Broadly speaking, people in China are more accepting of AI and technology than people in other parts of the world. From a data privacy perspective, the Chinese people are more tolerant of personal data usage and more accustomed to accepting technology than people in Europe and the United States. Consciously exchanging data for convenience is part of daily life.

For example, people in China have been using apps like WeChat for years to complete everyday tasks. When logging onto an app like WeChat, there are usually standard Privacy Policy and Terms and Conditions requiring consent for certain collection, processing and use of personal data. In China, people agree to use these apps because the platforms make life so much easier.

Platforms capable of ordering meals, booking medical appointments and paying at grocery stores simplify life. People in China have a basic understanding that their data is an asset and are willing to disclose their personal data in exchange for the convenience of accessing these services, if the data processing activities of such apps and platforms are conducted within a reasonable scope. This premium placed on convenience is one distinctive feature of Chinese culture impacting industry.

How has public sentiment on data privacy impacted AI development in China?

Xu: Beyond making life more convenient and more fun, apps and platforms demonstrate the power of AI to optimize convenience when provided with data that is physically grounded in daily activities. Deep learning can only optimize on data made available to the algorithm. Companies in the U.S. and Europe amass data from public activity on virtual platforms like videos watched, posts “liked” and searches made.

In China, AI capacity is supported by data beyond online activity. Chinese companies gather data from public activities in daily life like physical purchases and trips taken. Because of the robust data pools, AI can be applied broadly to daily life.

How do public-private partnerships (PPP) in China impact developing technologies like EVs?

Xu: In terms of electric vehicle (EV) technology, the public sector works with the private sector to bring advanced technologies to cities by offering financial incentives from local governments.

For many years, the Chinese government has been trying to invest in and encourage the development and use of EVs as a solution to air pollution. Financial incentives include tax breaks, interest-free loans, and investment funds supplied by state-owned institutions that provide equity to private companies to help them develop their technology and grow their business.

These incentives for EVs are offered not only for potential environmental benefits. It is also about the creation of jobs and a better future. China is the world's largest EVs market and EVs are very popular among Chinese consumers: EVs sales have surged in China not only for the current market leader, Tesla, but also for emerging EV brands (some of which are listed in the U.S.) as a result of which their stock price is soaring.

Considerable efforts have also been taken towards the development of autonomous vehicle (AV) technology (particularly autonomous buses and taxis, which are being rolled out on a pilot basis in certain Chinese cities) together with the underlying 5G infrastructure.

How might public-private partnerships (PPP) impact industry supply chains in China?

Xu: From the supply chain perspective, public-private partnerships are things local governments are on top of. For example, semiconductor technologies are in high demand and a local government realizes it needs good technology in the area. The local government considers its options and shops around for the best deal – the best partnership. Sometimes the partnership involves an equity investment by a state-owned entity (for example, through the establishment of a joint venture with the foreign investor); some other times, the local government's role is limited to providing a space for the business (for example in a high-tech industrial park) and the other relevant financial incentives discussed above.

For business enterprises, negotiations with local authorities often involve an “investment cooperation agreement” enforceable against the local government. Contractual safeguards prompt delivery on a party's promise to maintain a good relationship with the local government. As a practical matter, keeping good relations with local authorities is important as support is needed almost on a daily basis after setting up operations. If all parties are acting reasonably, then partnerships work well. If a party is not honouring its commitments, recourse can involve reporting to higher levels. Such efforts help protect the interests of involved parties and maintain good relationships.

At the end of the day, mutually beneficial partnerships represent opportunities for improved mobility solutions.

Featured Speaker



Liang Xu

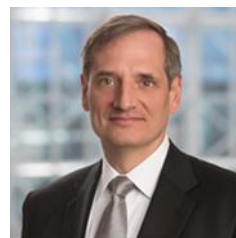
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