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In recent years, the indiscriminate expansion of capital has become especially acute; the “barbaric” growth of the platform and digital economy and the lack of regulation have brought new problems. It is necessary to accelerate and promote the revision of the Antimonopoly Law, the Law on Combating Unfair Competition and other laws and accelerate the improvement of relevant legal institutions.

Xi Jinping in an article for the political-theoretical magazine Qiushi ¹

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¹ Source: <https://baijiahao.baidu.com/s?id=1724910088865039959&wfr=spider&for=pc>

Xi Jinping: The barbaric growth of the platform economy brought new problems

The leading political journal of the CPC Central Committee, Qiushi, published an article by Xi Jinping on the path of the rule of law under socialism with Chinese characteristics. One of the guarantees of the formation of legitimate governance, the chairman calls the acceleration of lawmaking in key sectors. It is necessary to create laws in an accelerated mode for areas such as the digital economy, Internet finance, artificial intelligence, big data and cloud computing. "In recent years, the issue of indiscriminate expansion of capital has become especially acute; the "barbaric" growth of the platform and digital economy and the lack of their regulation have brought new problems. It is necessary to accelerate and promote the revision of the Antimonopoly Law, the Law on Combating Unfair Competition and other laws, and accelerate the improvement of relevant legal institutions," the article says.

Source: <https://baijiahao.baidu.com/s?id=1724910088865039959&wfr=spider&for=pc>

Regulation of online markets

The People's Daily published an article on the importance of regulating online markets. Improvement of this area of regulation was first proposed in the Plan for the Modernization of Market Regulation in the 14th Five-Year Plan, published in January 2022. Such a measure can play an important role in guiding and stimulating the healthy development of the entire digital economy. "Improvement" implies a clear indication of the responsibility of all types of online market entities, the creation of a state platform for the regulation of online transactions, the strengthening of mechanisms for interregional law enforcement and interagency cooperation.

Source: http://m.people.cn/n4/0/2022/0217/c125-15443951_2.html

Data as a factor of production

In early January, the State Council of the People's Republic of China published the Common Project of Pilot Zones on Comprehensive Reform of the Market Allocation of Factors of Production. The "project" requires "to study and create rules for the circulation of data as a factor of production." This involves work in four areas:

1. Improve the public mechanism for openness and data sharing
2. Create and strengthen rules for the circulation and trading of data
3. Expand the space for regulated development and use of data
4. Strengthen data security protections

The "project" highlights the critical role of the market in the circulation of data and is essential for the development of China's digital economy.

Source: <https://mp.weixin.qq.com/s/WNV-z1E6cpzKPkPFnrFqew>

14 million reports of misinformation in January 2022

In January 2022, the competent authorities received more than 14 million requests to post illegal or unwanted information on the Internet. This is 16.9% more than the previous month, and 31.5% more than the same period last year. At the same time, most of the requests (72.3%) concern the largest digital platforms in China: Weibo (similar to Twitter), Baidu (search service), Zhihu (similar to Quora), Alibaba, Kuaishou, Tencent, etc. The Cyberspace Administration invites the general public to actively participate in the governance of the Internet, together to protect its "purity".

Source: https://mp.weixin.qq.com/s/Khu00Jek6XR_cICVs-j-Tw

India blocked 54 Chinese apps

On February 14th, India's Ministry of Electronics and Information Technology ordered 54 Chinese apps to be banned due to "security risks", and on the 15th, Indian tax authorities conducted a series of searches against Indian-Chinese companies. In response, Gao Feng, spokesman for the Chinese Ministry of Commerce, said that Indian agencies have been putting pressure on Chinese businesses and products for some time now. "Foreign investors – including Chinese companies – are increasingly concerned about the investment environment in India. They create many jobs in Indian territory and make an active contribution to the Indian economy. We hope that India will improve the conditions for entrepreneurship and treat all foreign investors, including Chinese ones, based on the principles of fairness, transparency and non-discrimination," the speaker said.

Source: <https://baijiahao.baidu.com/s?id=1724996110917167656&wfr=spider&for=pc>

First penalty for abuse of dominance in 2022

On February 10th, SAMR reported that Fengyang Yimin Water Supply Company, a water service provider in eastern China's Anhui province, was fined 1.77 million yuan (≈\$280,000) for abuse of dominance. As the sole provider of such services in part of the cities in Fengyang County, the company forced construction companies and users to purchase certain water supply equipment and unreasonably charged deposits. This is the first fine for abusing a dominant position in the market this year.

Sources:

https://mp.weixin.qq.com/s/pkKtqXFTUM_wqkUtvbSb1A

https://www.samr.gov.cn/fldj/tzgg/xzcf/202202/t20220210_339643.html

The intensity of antimonopoly measures will be increased in the capital

The Beijing Municipal Market Authority announced an increase in the intensity of antitrust enforcement in areas such as pharmaceuticals, utilities, building materials, consumer goods and educational services. The Authority will vigorously investigate anti-competitive agreements and abuses of market power and actively check that administrative decisions do not interfere with competition. The measures are enshrined in the new "Work Plan for the formation and activation of the vitality of market entities and the sustainable optimization of the business environment."

Source: https://mp.weixin.qq.com/s/73E5Z2OTC_zA1okMnXFeAA

Food delivery services required to reduce commissions

Shares in China's largest food delivery service, Meituan, fell more than 15% on February 18th, when the Development and Reform Committee issued measures to restore the service industries hit by [the pandemic]. Paragraph 12 of the document says: encourage digital platforms - including food delivery services - to lower fees for serving food service providers in order to reduce their costs; encourage platforms to offer feed-in tariffs to entrepreneurs from regions with medium and high disease risk.

Source: <https://baijiahao.baidu.com/s?id=1725085298445106339&wfr=spider&for=pc>

Iron ore prices

In the face of unusual fluctuations in the price of iron ore, SAMR, the Reform and Development Committee, and the Securities Commission carefully studied the volume of stocks in ports, as well as futures and spot transactions. Previously, the departments banned news organizations from distributing unverified and unreliable information about ore prices so as not to cause artificial excitement. The China Iron and Steel Association, for its part, condemned mining companies for spreading false price data:

“We condemn such actions. The subjects of any action that ignores the laws of the market or interferes with the normal course of market operations must correct themselves and pay for the violation.

Sources:

<https://www.globaltimes.cn/page/202202/1252039.shtml>

https://www.samr.gov.cn/xw/zj/202202/t20220215_339719.html

Munich Re penalty for uncoordinated takeover

SAMR fined Munich Re Group 300,000 Chinese yuan (≈\$47,000) for taking over a stake in Covanta Europe Assets without notifying the supervisory authority. Munich Re is a German company, global risk reinsurance and direct insurance provider. In 2019, the company agreed to acquire a 15% stake in Covanta. Munich Re met the criteria for filing a transaction petition but violated this requirement under Article 20 of the PRC Antimonopoly Law based on the prior year's revenue.

Source: https://www.samr.gov.cn/fldj/tzgg/xzcf/202202/t20220214_339693.html

New requirements for taxi services

The eight agencies have published an updated Notice to Strengthen Collaboration to Regulate the Online Taxi Industry at All Stages of the Chain - Before, During and After the Violation. In case of failure to address a serious violation, the agencies can jointly order the platform to temporarily stop providing business services in the region, remove the mobile application, interrupt the connection to the network, and so on. The regulation focuses on unreasonable differentiation, violation of cybersecurity and personal data security, violation of drivers' labour rights, violation of public order, etc. The notice also requires government agencies, enterprises, employees, passengers, and industry associations to participate in the governance mechanism jointly.

The taxi business is getting attention at the local level as well. For example, Henan provincial authorities held a meeting with five online taxi services (including DiDi). The departments drew attention to common problems: the opacity of pricing rules, the increase in platform commissions, the unscientific nature of order distribution mechanisms, and also published specific violations of each service: for example, the lack of proper licenses, late submission of data, the difficulty of returning deposits, etc.

Sources:

<https://mp.weixin.qq.com/s/7Xm92NKq7-GCj3fEzz9Iag>

<https://mp.weixin.qq.com/s/EwPeuLV5Cz1wO8AbukF2fQ>

DiDi cuts employees

According to LatePost, DiDi has planned a massive reduction in staff. DiDi representatives said that the removal of the application was a big blow to the business: the company not only lost the ability to acquire new customers but also began to lose old ones. According to the financial report, for the third quarter of 2021, revenue, order volume, and average ticket decreased by 13%, 9% and 5%, respectively. As of January 2022, DiDi processes approximately 20 million orders per day, down 20% from post-prospectus figures. The service's share in the taxi ordering market also fell from 90% to 70%.

Source: <https://mp.weixin.qq.com/s/dGbroyAMtwC4IJ1XYj4ORA>

Shanghai protects against strict algorithms

Shanghai municipal governments have issued Opinions on Occupational Health and Safety for Employees Employed in New Forms of Business – Taxi Drivers, Food Deliverers, and Other Workers Practicing Flexible Employment on Digital Platforms. According to Opinions, a pilot project will be launched on local platforms in Shanghai to monitor the violation of the labour guarantees of such employees. Platforms are required to improve the algorithms: it is forbidden to evaluate performance based on the “most stringent algorithms”. It is emphasized that fines in themselves are not a full-fledged regulatory mechanism.

Previously, similar language has already been encountered at the national level: in July 2021, SAMR and other departments banned the use of “the most stringent algorithms” (that is, they prescribed to calculate the volume of orders and the accuracy of delivery times according to reasonable, moderate criteria, as well as to relax restrictions on delivery times), and back in March, the Chinese Trade Union proposed moving away from the “strictest” to the algorithmic “medium”.

Source: http://views.ce.cn/view/ent/202202/16/t20220216_37334004.shtml

Tencent: profit is not the main goal

Tencent Pictures is undergoing a restructuring from a platform and content group to a corporate development group. This implies that the Tencent film label will focus on the production of film products that reflect the spirit of the era and assume greater social responsibility, and China Literature Tencent Animation will produce commercial films from the content group. Tencent representatives said that "making money" is by no means their main goal of filmmaking. They plan to support more patriotic paintings that have greater social significance.

Meanwhile, Tencent continues to improve its competitiveness and acquires exclusive video content. The company entered into an agreement with Beijing Jetsen Technology to acquire the rights to broadcast 6,332 films and television programs. The contract amounted to more than \$280 million. Beijing Jetsen Technology is China's largest film and television product licenses holder. From now on, for the rights to broadcast works from the list, competing platforms - Bytedance, Bilibili, etc. - must apply to Tencent, which also received the right to decide whether to renew their existing licenses for this content.

The company was previously ordered to relinquish its exclusive rights to the music for an unnegotiated deal to acquire China Music in 2016.

Sources:

<https://baijiahao.baidu.com/s?id=1724360211677719871&wfr=spider&for=pc>

<https://baijiahao.baidu.com/s?id=1724814430301018913&wfr=spider&for=pc>