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Chinese antitrust.

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QUOTES

At present, the Chinese Internet industry has entered a new stage of development, Internet companies are flourishing and have the broadest prospects. We will firmly hold on to development opportunities, steadily become bigger and stronger, but at the same time actively fulfill our social responsibility, vigorously maintain a stable ranks of existing employees, and try to create new jobs for society.

Chinese technology companies at a meeting with the Chinese Cyberspace Administration on planned layoffs ¹

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¹ Source: https://mp.weixin.qq.com/s/W2Kh4mlkVwheOg9Tw_4Yjw

Launching a campaign based on algorithms

On April 8th, China officially launched a campaign announced back in March to “streamline algorithms. Cyberspace administrations of all levels will check the implementation of the Regulations on Algorithmic Recommendations and assess the security potential of algorithms. The focus check will take place in relation to large platforms that can significantly influence public sentiment. The campaign will run until December this year. The main areas of work include the organization of self-checks and correction of own violations, on-site checks, stimulation of registration of algorithms, strengthening of subjective responsibility and elimination of problems in a limited time.

Source: http://www.cac.gov.cn/2022-04/08/c_1651028524542025.htm

Local Antitrust Campaigns

A number of provinces and cities in China have announced focus campaigns on antitrust regulation. For example, in Hebei Province, from March to October, enhanced measures will be taken to detect abuse of dominance, anti-competitive agreements and administrative monopoly in key areas, including education, health care, construction, utilities, transportation, tender purchases and insurance. And in Chongqing and Fujian Province, they will focus on combating the abuse of their administrative powers by the authorities, which leads to the restriction or elimination of competition, namely: creating obstacles for the free circulation of goods and services between territories, restricting the activities of suppliers from other territories, creating barriers to entry to the market, etc.

Sources:

<https://mp.weixin.qq.com/s/leM8IX0qa2Z1f4LzrQFWFQ>

https://m.thepaper.cn/newsDetail_forward_17499067

<https://mp.weixin.qq.com/s/U59BFb1-l2owe3UL6x3FFQ>

Platforms: the number of employees remains stable

Against the backdrop of news of large-scale layoffs in technology companies, the PRC Cyberspace Administration held a meeting with 12 largest platforms (Alibaba, Tencent, Meituan, JD.com, Weibo, etc.). All participants of the meeting expressed their confidence in the future development and stated that the Internet industry has always been characterized by high staff turnover, but at the moment the number of employees and the development of business activities remain stable. From July 2021 to March 2022, the 12 invited companies laid off a total of 216,000 people and recruited 295,000. Thus, the net increase in personnel amounted to 79 thousand employees. Many noted that, thanks to the economic growth of the country, they have the opportunity to constantly increase the staff. In order to optimize business lines, individual positions are abolished and new ones are added, but the overall trend in the growth of labor resources in companies remains positive.

Earlier, some media outlets, such as The Wall Street Journal, reported on planned massive layoffs at major technology companies amid a slowdown in the economy and increased regulation.

Along with this, SCMP reports that some companies have conditionally renamed "layoff" to "graduation": instead of notices about the reduction, the JD.com marketplace and Bilibili video hosting sent congratulations to laid-off employees "on a successful graduation", where they gave detailed instructions on how to resolve further social security issues, work books and other personnel matters.

Sources:

https://mp.weixin.qq.com/s/W2Kh4mlkVwheOg9Tw_4Yjw

<https://www.wsj.com/articles/chinas-big-tech-firms-are-axing-thousands-of-workers-11647867255>
<https://www.scmp.com/tech/big-tech/article/3172266/jdcom-bilibili-trigger-outcry-after-dismissals-rebranded-graduations>

Court finds for the first time "keyword screen dominance"

The Suzhou Court issued the first decision in China on the so-called. "keyword screen dominance" in Baidu's search engine case against an unnamed Internet search service provider. This term refers to the practice of a search operator generating large volumes of low-quality pages with popular keywords and inserting them into subdirectories of sites in order to bring them to the top of the search results. According to Baidu, by creating such fake pages, the defendant interfered with organic search results. The court recognized these actions as unfair competition and imposed a fine of 2.75 million yuan (≈\$430,000) on the defendant.

Sources:

<https://mp.weixin.qq.com/s/LAWv4CWdaUh1jwoShxccdQ> (Chinese)

<https://app.parr-global.com/intelligence/view/intelcms-74pvtp> (English)

Draft amendments to the foreign listing rules

The China Securities Regulatory Commission has published for public consultation a draft of a new version of the Privacy and Documents Policy for Chinese companies when issuing securities and listing abroad. The main attention was drawn to the remote requirement to carry out "on-the-spot checks" for the most part by Chinese regulators or rely on the results of the check by the Chinese side. Instead, it is proposed to use the mechanism of cross-border regulatory cooperation. According to CNN correspondents, this could resolve the contradictions between China and the United States regarding the audit of Chinese companies and their potential delisting from US exchanges.

Companies also have a data security responsibility to comply with applicable confidentiality requirements when providing or disclosing material to brokers, auditors and foreign regulators.

Source: <http://www.csrc.gov.cn/csrc/c101981/c2274589/content.shtml>

23rd China and EU Competition Policy Week

In order to raise the level of Sino-European cooperation in the field of competition, from March 28 to 31, the SAMR Competition Policy Coordination Unit and the EU Directorate-General for Competition jointly held online seminars as part of the XXIII Sino-European Competition Policy Week. Law enforcers and experts of the parties discussed progress in antitrust lawmaking and law enforcement, consideration of economic concentration transactions, the competition review system, as well as antitrust regulation of key areas, including pharmaceuticals and state-controlled areas. Both sides expressed their intention to deepen practical cooperation in the field of competition, bring it to new heights and a qualitatively new level, and strengthen mutual trade and economic ties.

Source: https://www.samr.gov.cn/fldj/gjhz/202204/t20220402_341023.html

Online events in honor of All Souls' Day

On April 5th, China celebrates the Feast of the Dead. On the eve of the event, a circular was issued where online platforms were required not to publish or distribute such illegal information on memorial days, such as distorting history and desecrating the honor and memory of fallen heroes. The regulation is of particular relevance, since due to coronavirus restrictions, many traditional events for caring for the graves of ancestors and

honoring their memory are being held online. Online platforms are not allowed to distribute information of a vulgar nature or related to medieval superstitions.

Source: <http://russian.people.com.cn/n3/2022/0404/c31516-10079807.html>

Independent competition review in Sichuan

Sichuan Province engaged an independent organization to evaluate the operation of the competition review system, which checks whether new or already adopted administrative decisions contain items that impede the development of fair competition in the market. The review has already begun in one of the cities in the province: the organization will evaluate the work of the Joint Competition Review Meeting, the Department of Commerce, the Department of Agriculture and Rural Affairs, the Department of Water Resources and other municipal departments and make sure that they are doing a good job of checking administrative documents for anti-competitive provisions. It will also gather input from relevant companies and industry organizations.

Source: https://www.samr.gov.cn/fldj/tzgg/gpjzsc/202204/t20220402_341031.html

Baidu commented on potential delisting

According to the company, being on the list of delisting candidates is due to the fact that Baidu's financial report was prepared by an organization whose draft audit documents are not subject to review by the US Public Company Accounting Oversight Board (PCAOB). At the same time, according to the Foreign Companies Liability Act (HFCAA), only a company in respect of which the US Securities Commission (SEC) has determined that its securities have been audited by such an organization not regulated by the PCAOB for three consecutive years can be required to leave the exchange. In a statement, Baidu stressed that it is actively exploring possible solutions to the problem, intends to continue to comply with Chinese and US laws, and also, if conditions allow, maintain a presence on NASDAQ and the Hong Kong Stock Exchange.

Earlier, the SEC included more than 10 Chinese companies in the list of candidates for delisting, including Weibo microblogging, Baidu search service and iQiyi video platform.

Source: http://www.jjckb.cn/2022-03/31/c_1310538441.htm

Chongqing Data Regulation

The city of Chongqing has adopted a municipal regulation on the treatment of data - the document will come into force on July 1st, 2022. It emphasizes that the processing of personal data must be guided by the principles of legality, reasonableness and necessity. The city will create a system of complaints and appeals on relevant issues, as well as open channels for the protection of personal data. The regulation requires the creation of a full-fledged data security system, the launch of cross-border data circulation as part of stimulating digitalization, and also strengthen the regulation of online commerce. The regulation includes 8 chapters with a total of 60 points - a separate chapter is devoted to the data market as a factor of production.

Source: <https://baijiahao.baidu.com/s?id=1728832772107904462&wfr=spider&for=pc>

Five-Year Plan for Technological Innovation in Energy

The China Energy Administration has published a five-year (2021-2025) energy technology development plan to stimulate the green development and digital transformation of the industry. China will focus on developing new technologies to provide a more efficient, cost-effective and reliable supply of renewable energy using wind, solar,

biomass and geothermal sources. A breakthrough in the application of hydrogen energy and innovative improvements in the efficiency of nuclear and fossil sources are also expected. China will launch smart systems pilot projects in the regions and introduce digital technologies into traditional areas such as coal mining and gasoline production.

Sources:

http://www.china.org.cn/china/2022-04/02/content_78146205.htm

http://www.gov.cn/zhengce/2022-04/02/content_5683273.htm

Software industry revenue increased at a double-digit pace

According to the Ministry of Industry and Informatization of the People's Republic of China, the Chinese software industry showed steady growth in the first two months of this year, and its revenues grew at a double-digit pace (11.6% year on year, reaching about 185.8 billion US dollars, which is higher than average growth rate for the same period of the last two years).

The total income from information technology services amounted to 770.3 billion yuan (≈\$122 billion), up 13.1% year on year and accounting for 65.3% of the sector's total income. Including, technical services revenue of e-commerce platforms grew by 24.8% year on year, and revenue from industrial Internet platform services increased by 16.6% compared to the previous year.

Source: <http://russian.people.com.cn/n3/2022/0406/c31518-10080237.html>

Change of JD.com marketplace CEO

On April 7th, Richard Liu, founder of China's e-commerce platform and technology giant JD.com, announced that he was stepping down as CEO to focus on long-term strategic planning, educating young professionals, and rural development. The new director will be Xu Lei, who was appointed president of the company last year. Richard Liu will retain his position as Chairman of the Board of Directors. He is not the first in the list of technology company executives who left a high leadership position: during the period of increased regulation of Internet platforms, the head of the Pinduoduo marketplace, Colin Huang, the head of the Kuaishou video service, Su Hua, and the founder of ByteDance, Zhang Yiming, departed from daily management tasks. The company was also left by Jack Ma, who rarely appears in public and is rumored to be engaged in art and charity.

Source: https://www.thepaper.cn/newsDetail_forward_17501370