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Chinese antitrust.

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## QUOTES

Regulation of platforms is not the same as their antitrust regulation. Antitrust measures are an important regulatory tool for dealing with competition issues, however, “cleansing up” of platforms also includes issues related to cybersecurity, privacy protection, content management, the protection of minors online, and so on.

Yu Wenwen, Junior Researcher, Legal Administration Research Institute, Beijing Academy of Sciences <sup>1</sup>

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<sup>1</sup> Source: [https://mp.weixin.qq.com/s/R6Wy0hX0DIOyRux2L\\_hkvQ](https://mp.weixin.qq.com/s/R6Wy0hX0DIOyRux2L_hkvQ)

## Economic Daily: Promote the development of platforms

On the front page of one of the largest state-owned media in China - Economic Daily - there was an article about supporting the development of digital platforms. "An increasingly positive signal is being sent, and the market reaction is becoming more and more positive," the article says. The authors argue that China has long maintained a tolerant and cautious position in regulating the platform economy, but now regulation seems to be no less important than development. It is important to note that promoting healthy development is not about loosening regulation, but about improving regulations and policies to "curb chaotic phenomena" and bring the platform economy into a virtuous cycle. It should be expected that after all violations in the activities of the largest platforms are eliminated, further regulation from point and irregular will become "normalized" and based on the principles of the market of legal management and internationalization.

Source: [https://hznews.hangzhou.com.cn/jingji/content/2022-05/08/content\\_8247888.htm](https://hznews.hangzhou.com.cn/jingji/content/2022-05/08/content_8247888.htm)

## China will continue to open up to foreign investors

Against the backdrop of global uncertainties, China has reaffirmed its commitment to the policy of opening up its securities exchanges: it will expand and optimize the interconnection of mainland China with other territories, for example, developing links between the Shanghai and Shenzhen exchanges with the Hong Kong Stock Exchange. The state also welcomes the listing of qualified foreign companies in China. Commenting on the volatility of Class A shares, Wang Jianjun, Vice Chairman of the China Securities Regulatory Commission, said that this will not affect the positive development trend of the Chinese capital market in the long term. "The impact of various risk factors on stocks is objectively present, but it is controllable, and there is a solid basis for the stable functioning of the market," he said. "We are confident that short-term fluctuations will not affect the long-term positive trends in the Chinese capital market."

Sources:

<https://english.news.cn/20220512/db04fe5133ea4626b837df9d937ffc5/c.html>

[http://www.xinhuanet.com/mrdx/2022-05/11/c\\_1310589936.htm](http://www.xinhuanet.com/mrdx/2022-05/11/c_1310589936.htm)

## CPPCC: Promote the sustainable and healthy development of the digital economy

On May 17th, China's supreme deliberative body, the People's Political Consultative Council of China (CPPCC), held a meeting on the development of the digital economy. Council Chairman Wang Yang said that the sector should become stronger, better and bigger. Vice Premier of the State Council of China Liu He spoke at the meeting and noted the importance of supporting the sustainable and healthy development of the platform economy and the private sector. He emphasized that it is necessary to valiantly fight the "battle for key technologies", regulate the relationship between the authorities and the market, support digital companies to enter the Chinese and foreign exchanges, stimulate competition through openness, and innovation through competition. The next day, State Council Premier Li Keqiang also supported the listing of platform and digital enterprises in his speech. These speeches were regarded as a positive signal and caused the growth of shares of Chinese technology companies on the Hong Kong stock exchange.

Sources:

<http://www.nbd.com.cn/articles/2022-05-17/2284181.html>

<http://cn.chinadaily.com.cn/a/202205/19/WS6285773aa3101c3ee7ad5ffa.html>

## Draft Competitive Compliance Rules for Platforms

The document was released for public consultation by the market regulator of Zhejiang Province. The document describes the competitive risk management systems that should be present on digital platforms and measures to strengthen the conscious attitude towards compliance with competition laws. The appendix categorizes platforms and lists the specific risks associated with Internet platforms. Before posting the draft Rules for public consultation, the working group sent the text to major technology companies, including Alibaba and NetEase, who made their adjustments. The collection of opinions will last until May 29th, and after the adoption, the document will act as a local industry standard.

Source: <https://view.inews.qq.com/a/20220429AOCN5N00>

## Chinese experts recommend limiting market intervention

At the China Macroeconomic Forum, experts discussed the conditions for the formation of a "single all-China market", which is planned to be created in China for more efficient production, circulation and consumption. Professor of the Academy of State Development and Strategy of the Renmin University of China, Liu Ruiming, made a report, where he pointed out that the key condition is a clear delineation of the functions of the state and the market. The market should play a decisive role in the allocation of resources, and the authorities should play their role (effectively provide public services) and loosen regulation where it is not needed. The report noted that there has always been strong local protectionism in China, and there are overt or covert barriers to market entry, resulting in inferiority or unfair competition. Lu Ming, a visiting professor at Shanghai Transportation University, also noted that administrative interference in the market is a big problem. The authorities provide support to individual enterprises, as a result of which some of them do not live up to market expectations and the so-called "zombie companies" appear. The reasons for such phenomena lie in the remnants of the planned economy that are still preserved.

Sources:

<https://baijiahao.baidu.com/s?id=1732350303972002911&wfr=spider&for=pc>

<https://news.cnstock.com/news/yw-202205-4876880.htm>

## CNKI will cooperate with the inspection body

On May 13th, SAMR announced the launch of an antitrust investigation against China's largest database of scientific articles, China National Knowledge Infrastructure (CNKI). The resource operator Tongfang expressed his willingness to assist in the investigation.

"The development of the CNKI is impossible without the kind-hearted care of the party and the state, without the guiding assistance of all social circles and, of course, without relying on a wide range of authors and readers who trust us," the statement says. "We will assume the social responsibility of China's knowledge infrastructure."

"The more significant a platform is, the more strictly it must comply with the law," the Central Commission for Discipline Inspection says about alleged violations of the article base. "The investigation against CNKI is another wake up call for all platforms: a long, stable and healthy existence can only be ensured through a smarter business model and taking on social responsibility."

Sources:

<https://mp.weixin.qq.com/s/F1tZIB4m54oq72FDVArWGA>

<https://mp.weixin.qq.com/s/e0uA3Xkty1gGNTW4fZARCA>

## Platforms report on social responsibility

The 2021 Sustainable Social Value Program Implementation Report has been published by Tencent. The initiative was launched a year ago, in the midst of heightened regulation of digital platforms as internet giants began trying to reaffirm their commitment to socialist values. The company spoke about projects and studies on rural development, developing disaster and accident response systems, reducing carbon emissions, introducing unmanned technologies, helping the elderly learn new technologies, implementing children's educational programs, etc. In the preface, Tencent founder and CEO Pony Ma highlighted the Tencent Docs project, through which rescuers received information about the victims of last year's floods (the data document was viewed more than 2.5 million times in 24 hours). He also mentioned the WeChat ecosystem, which is being created in collaboration with users: "We have never aimed to create a centrist and fully controlled model, a platform on which we will collect users. We work on a distributed model and share all the possibilities so that users can develop as they want, and we see ourselves as a liaison, helper and servant." The report comes amid reports of near-zero revenue growth for Tencent for the first quarter of 2022 and a 51% drop in net income, its worst financial performance since listing in Hong Kong in 2004.

The Meituan food delivery service also reported on its social value: the platform introduced an additional interface for the elderly, actively offered the services of a fund to help seriously ill employees, returned more than 30 million yuan to businesses affected by the pandemic, promoted better exposure of agricultural goods to residents of cities, in As part of the green consumption program, more than 100 million times customers refused devices when ordering food, and during the lockdown in Shanghai, an unmanned vehicle delivered more than 210 thousand orders.

Sources:

<https://www.tencent.com/en-us/articles/2201349.html>

[https://mp.weixin.qq.com/s/1kDp-GGAg8SMPTYc\\_OsZFw](https://mp.weixin.qq.com/s/1kDp-GGAg8SMPTYc_OsZFw)

## Informatization of the competition review system

SAMR is launching a pilot campaign to informatize the competition review system - checking administrative decisions and policies for the absence of provisions that impede the development of fair competition. The campaign will be piloted in nine administrative divisions of China, which will be divided into four groups. In the first group, the system will automatically collect and analyze big data; in the second government, they will strengthen interdepartmental interaction and improve the mechanism for coordinating competition policy with industrial policy; in the third, technology will enable more efficient processing of whistleblower complaints, and in the fourth, indicators to promote fair competition will be developed on a scientific basis, which will help to better perform macro-assessment and implement competition review policies.

Source: [https://www.samr.gov.cn/xw/zj/202205/t20220519\\_347089.html](https://www.samr.gov.cn/xw/zj/202205/t20220519_347089.html)

### Revisiting IP infringement rules

Wang Xianlin, member of the Expert Advisory Council of the Antimonopoly Commission of the State Council of the People's Republic of China, spoke about the revision of legislation in the field of intellectual property rights that has already begun. SAMR will develop amendments to the Rules on the prohibition of misuse of intellectual property rights in order to eliminate or restrict competition. The purpose of the revision is to further find a balance between the protection of intellectual property rights and the maintenance of competition. The rules were released in 2015 and have already been revised once, but the current state of competition requires new changes. "It is expected that China will issue a new version of the Antimonopoly Law this year, so the Rules will also be amended accordingly." Wang Xianlin is also a member of the Academic Council of the BRICS Antimonopoly Center.

Source: PaRR

## Tencent accuses Vivo of unfair competition

The digital giant is accusing smartphone brand Vivo of using software built into the devices for unfair competition. Through pop-ups, text messages, buttons, built-in risk checks, and other methods, Tencent said Vivo is preventing users from downloading and installing Tencent's Yingyongbao app store, and using it to download and install various services. At the same time, Vivo "lures" users to the page of its application store, due to which it receives more traffic and commercial benefits. Tencent's lawsuit will be heard on May 20th.

Source: <https://baijiahao.baidu.com/s?id=1733167555358634600>

## China's first data-as-a-resource court case

In the city of Wenzhou, a specialized court has been launched that will deal with cases of data as a resource. In the digital economy, data is an important factor in production, and the practice of generating, storing, using and trading data will only expand. "Which direction new industries develop, the law and enforcement measures should rush there," said Jiang Weiyu, chairman of the Wenzhou Intermediate Court. The court will be able to consider any cases related to data as a resource, both criminal, civil and administrative. This includes cases of confidentiality of personal data and trade secrets, fair competition on the Internet, administrative disputes regarding licenses, inspections and fines in the field of data, etc.

Source: <https://mp.weixin.qq.com/s/-OvmNOizVjqQ5HOVmyf6Tg>

## Elon Musk noted the convenience of the WeChat model

During the All-In Summit 2022 technology conference, he called the WeChat platform a "really great app" with a "good model." Musk noted that there is nothing similar in the West, while the Chinese application provides Twitter, PayPal and many other services on a single platform. He said it would be great to have such an application in other markets besides Chinese: you can make it from Twitter or create it from scratch.

Sources:

<https://www.thestandard.com.hk/section-news/section/21/241807/Musk-praises-WeChat-model>

<https://technode.com/2022/05/19/elon-musk-praises-wechat-model-as-he-discusses-plans-for-twitter/>

## WSJ: Microsoft uses censorship to find politically sensitive names in China

According to a Citizen Lab report, Bing's autocomplete system often doesn't offer any options when searching for names sensitive to the Chinese government. Microsoft turned off autofill last year and this year as required by Chinese law, and this report suggests that Chinese censorship may extend to users in the US and Canada. The lab study showed that autocomplete does not work when searching for politically significant names in China, such as President Xi Jinping or the late human rights activist Liu Xiaobo, in both Chinese and English. Microsoft said it is already looking into the issue, which is caused by a "technical error."

Source: [https://www.wsj.com/articles/microsoft-said-to-censor-searches-in-u-s-for-politically-sensitive-chinese-names-11652965201?mod=Searchresults\\_pos3&page=1](https://www.wsj.com/articles/microsoft-said-to-censor-searches-in-u-s-for-politically-sensitive-chinese-names-11652965201?mod=Searchresults_pos3&page=1)

## Canada to ban Huawei and ZTE equipment for 5G

Equipment manufactured by Chinese technology corporations Huawei and ZTE will be banned from use in Canada's next-generation 5G networks. The decision was made

following a nearly four-year security investigation. Canada is the last member country of the Five Eyes alliance to reaffirm the association's position on the use of Chinese telecommunications equipment in 5G infrastructure. Such mobile networks serve self-driving cars and other devices connected to the Internet. Huawei and other Chinese manufacturers deny their ties to the Chinese government and say they do not use their products for espionage.

Source: [https://www.wsj.com/articles/canada-to-ban-5g-equipment-from-huawei-zte-11652991601?mod=Searchresults\\_pos1&page=1](https://www.wsj.com/articles/canada-to-ban-5g-equipment-from-huawei-zte-11652991601?mod=Searchresults_pos1&page=1)