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Chinese antitrust.

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QUOTES

[It is necessary] to put the digital economy in a position equal to the real one. The digital economy is not a virtual sector, but an economic form closely intertwined with the development of the real economy. It is an important pillar of the transformation of the real sector and an important source of employment. The digital economy is a key direction and way both to identify systemic advantages and to realize the potential of new consumption in the large Chinese market, both to overcome today's challenges and to meet future competition. Many of the successful companies that have emerged in recent years are specifically in the digital sector, and they have an important role to play in the overall stabilization of market expectations - through strategic planning and promoting the development of "digital".

Dong Yu, Vice Executive Director, China Development Planning Institute, Tsinghua University ¹

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¹ Source: <https://view.inews.qq.com/a/20220526A06U7400>

CPPCC PC on Digital Transformation

On May 17th, China's highest deliberative body, the People's Political Consultative Council of China (CPPCC), announced, "[It is] necessary to promote the sustainable and healthy development of the digital economy." The Vice Chairman of the CPPCC Standing Committee, Lin Nianxiu, explained this setting. First, China will develop the necessary infrastructure: in particular, create a unified system of data centers and developed networks of computing power. Secondly, institutional support for the circulation of data as a factor of production, their fair and safe distribution will be strengthened. Thirdly, the state will focus on the digitalization of the real economy. Previously, the Development and Reform Committee already released the Digital Economy Development Plan for the 14th Five-Year Plan, and now it is preparing a guide to promote digital transformation. Attention will also be paid to the platform economy: streamlining it, creating a stable and predictable sectoral policy and, of course, stimulating the innovative potential of digital platforms.

Source: <https://baijiahao.baidu.com/s?id=1733694060165006704&wfr=spider&for=pc>

Advances in market regulation over the past 10 years

Ahead of the 20th Congress of the Communist Party of China (Autumn 2022), which will host the re-election of key political figures in the country, including the President of the PRC, the Party Central Committee held a series of information events to highlight China's progress over the past 10 years (Xi Jinping's presidency). In particular, an article was published in Chinese and English on the main achievements and results of market regulation reforms. At the thematic press conference, SAMR Vice President Pu Chun gave an overview of the regulatory progress. "The Competition Law Institute [in China] is improving every day," he said. In particular, work is underway on amendments to the Antimonopoly Law and the Law "On Combating Unfair Competition", methodological recommendations are appearing, for example, for the platform economy or for compliance with business entities. In 2018, the functions of the antimonopoly regulator, distributed among different departments, were transferred to the State General Administration for Regulation of Markets of China, and in 2021, the National Antimonopoly Bureau appeared. Over 10 years, a total of 195 cases of anti-competitive agreements, 82 cases of abuse of dominance and 3822 applications for economic concentration transactions were considered.

Pu Chun also commented on the recently proposed concept of a "single all-China large market." According to him, the single national market is a sign of a mature economy. Within its framework, a stable, open, transparent, safe, legal and predictable institutional environment is being formed for stable assistance to the economy. All market participants are also provided with equal and convenient access to resources and factors of production.

English text of the article (given after Chinese): http://www.china.com.cn/zhibo/content_78228555.htm

Sourced:

<https://mp.weixin.qq.com/s/6-sOusWOzVRiySK5Mxhyppg>

https://www.samr.gov.cn/xw/mtjj/202205/t20220524_347255.html

BRICS cooperation in digital transformation

Member of the State Council Wang Yong called on BRICS cooperation in the development of the Industrial Internet and digital transformation at the BRICS Forum on the Development of the Industrial Internet and Digital Manufacturing. He noted that China

is ready to cooperate with BRICS partners in these areas to jointly achieve better and more sustainable growth. The industrial structures of the BRICS countries are largely complementary to each other, which gives them a wide field for cooperation in the digital transformation of manufacturing industries.

Source: <https://english.news.cn/20220525/2598a8246c78411a98de007aacdc4412/c.html>

People's Daily calls to switch to Chinese software

A feature article from China's main publication, People's Daily, talks about the importance of success in developing your own software. "Practice confirms over and over again: key technologies cannot be asked, bought or bargained for," the authors write. "At a time when information technology is giving deep attention to the transformation of all industries and ensuring the happy life of people, the Chinese software industry needs to firmly grasp the right of sovereign innovation and sovereign development even more than before." According to the text, the development of technologies is possible only if there are opportunities to use domestic software in as many companies as possible.

Source: <http://ex.chinadaily.com.cn/exchange/partners/82/rss/channel/cn/columns/sn19a7/stories/WS628ed53ea3101c3ee7ad73e8.html>

Consumer protection in banking and insurance

The China Banking and Insurance Regulatory Commission (CBIRC) has posted a draft Consumer Protection Regulation for public consultation. The paper proposes to make such protection part of corporate governance, business strategies and corporate culture. In order to ensure that consumers have the right to make their own choice, the Rules establish a number of prohibited practices: "loaded" sales, the provision of paid services unilaterally (without the consent of the consumer), misleading to make purchases, etc. It is also required to guarantee the right of consumers to information and to provide information about goods and services in an understandable and accessible form, to clarify special terminology. The collection of opinions will last until June 19th.

Source: https://finance.sina.com.cn/money/bank/bank_hydt/2022-05-19/doc-imcwiwst8273315.shtml

DiDi to leave the New York Stock Exchange

On May 23rd, the company held a shareholder vote on the issue of delisting: after 327 days on the New York Stock Exchange, DiDi will conduct a voluntary delisting. As stated, this is necessary to facilitate the investigation of cybersecurity and eliminate existing violations. Until the completion of the delisting process, DiDi will not list its securities on any other exchanges.

On July 2nd, the China Cyberspace Administration began reviewing the DiDi app for cybersecurity, and on July 4th, app stores were ordered to remove the service from their catalogs.

Source: <https://export.shobserver.com/baijiahao/html/490108.html>

Airbnb to stop operations in China

In China, only one office will remain in Beijing - it will organize trips of Chinese citizens abroad. The rest of the company's operations will be terminated. Airbnb launched the Chinese segment in 2016 and has been forced to face growing competition from local players. Sources say that this proved to be quite difficult to manage and costly, and the pandemic has only exacerbated the existing challenges and their impact on the company's work. According to media reports, income from activities in China accounted for only 1% of

Airbnb's total revenue. Earlier, LinkedIn and Yahoo reported about the withdrawal from China.

Source: <https://www.cnbc.com/2022/05/23/airbnb-is-closing-its-domestic-business-in-china-sources-say.html>

WSJ: Apple plans to develop production outside of China

The company announced this decision to some of its contractors, citing, among other things, strict anti-epidemic measures in China. Alternative production sites could be, for example, India or Vietnam, where small volumes of Apple products are already produced. At the moment, more than 90% of iPhone, iPad, MacBook and other devices are made in China. According to analysts, a strong dependence on this country carries potential risks against the backdrop of strict regulation and contradictions with the United States. An Apple spokesperson declined to comment. However, back in April, CEO Tim Cook said: "Our supply chain is truly global, so our products are made everywhere," adding that Apple continues to explore optimization opportunities.

The media is also reporting that the development of at least one iPhone model planned for this year is being delayed due to the impact of lockdowns.

Sourced:

https://www.wsj.com/articles/apple-looks-to-boost-production-outside-china-11653142077?mod=Searchresults_pos2&page=1

<https://asia.nikkei.com/Spotlight/Supply-Chain/Apple-s-iPhone-development-schedule-hit-by-China-lockdowns>

33 measures to stabilize the Chinese economy

The importance of stabilizing economic indicators and their return to normal was emphasized by the Premier of the State Council of China, Li Keqiang. He noted the growing pressure on the economy and the serious obstacles that many market players face. A package of 33 measures was announced covering 6 areas: fiscal incentives, credit preferences, stabilization of production and supply chains, promotion of consumption and efficient investment, energy security, provision of social guarantees. "Local authorities must urgently develop measures to stabilize economic activity, taking into account local conditions," the Prime Minister stressed.

He later confirmed that since March, and especially since April, employment, industrial production, energy consumption and freight transport have all declined significantly - problems in some areas are now much more serious than in 2020, when the pandemic hit the country.

Sourced:

http://english.www.gov.cn/premier/news/202205/24/content_WS628c1099c6d02e533532b335.html

<https://baijiahao.baidu.com/s?id=1733624735097155620>

http://www.news.cn/politics/leaders/2022-05/25/c_1128684127.htm

China spends record amounts to support priority industries

According to a report by the Center for Strategic and International Studies (CSIS), China spends significantly more on aid to priority industries than other major economies: aid comes from public funds, cheap loans and other government stimulus initiatives. In 2019, China's spending on industrial policies was at least 1.73% of GDP, more than defense spending in the same year. It also far exceeds that of other countries: as a share of GDP, it is more than twice that of the next ranked South Korea, and in dollar terms, it is more than twice that of the United States. This approach is exceptional from a historical

perspective, as China maintains or reinforces vertical industrial policies during the development phase when other countries loosen such measures.

Source: <https://www.csis.org/analysis/red-ink-estimating-chinese-industrial-policy-spending-comparative-perspective>

Alibaba to develop personal carbon footprint tracker

This was announced by Alibaba Group President Michael Evans at the World Economic Forum in Davos. He said that the tracker will be able to take into account, for example, where and how a person moves and what he eats. Alizila, a news outlet that publishes Alibaba's corporate news, covers the company's individual carbon footprint initiative in more detail. In February, the Energy Expert platform was launched: it "allows people to record their carbon footprint and receive points that have a monetary value for choosing low-carbon actions." The Corporation aims to develop models that can track human activity and translate it into "carbon points", thus contributing to the spread of a low-carbon agenda.

Sources:

<https://thecountersignal.com/alibaba-is-creating-a-carbon-footprint-tracker/>

<https://www.alizila.com/alibaba-cloud-makes-net-zero-targets-personal-with-carbon-ledger/>

China Big Data Industry Exhibition

The China International Big Data Industry Expo 2022 will be held online in Guizhou Province (Southwest China) on May 26th, according to the People's Daily. The province is the country's first national big data pilot area. It promotes the big data industry as a foundation for high-quality social and economic development and has already attracted large enterprises and world-renowned research institutes to set up large data centers and regional headquarters on its territory.

Source: <http://russian.people.com.cn/n3/2022/0526/c31516-10101466.html>

Penalties for overpricing coal

The Chinese Development and Reform Committee has announced penalties for unreasonably high coal prices. Violating companies face confiscation of illegally obtained profits and a fine of up to five times the volume of such profits. In particularly serious cases, business licenses will be suspended. The meeting was attended by representatives of China's largest coal companies: China Energy, China National Coal Group Corporation, etc. All of them expressed their readiness to submit data on the extraction and sale of coal, as well as to assist the authorities in reducing production costs.

Source: <https://www.globaltimes.cn/page/202205/1266421.shtml>

China and Brazil to step up cooperation

The countries agreed to intensify cooperation in a number of sectors, including agricultural trade, investments in low-carbon and clean technologies, digital economy, etc. The relevant departments of the governments of China and Brazil also signed documents on jointly improving the tax service for cross-border business and deepening cooperation in the field of pesticides. Countries will discuss deeper integration of digital economies, promote cooperation in scientific innovation, industrial and supply chains, and strengthen digital technology sharing.

Source: <https://english.news.cn/20220524/b10b8aad09984ff18b44d717aa91a0c6/c.html>

Alibaba reports record low financial growth

The company's revenue growth was 9%, a record low since the IPO in 2014, but still better than expected. The press release cites a drop in overall gross trade, mainly due to disruptions in supply chains and logistics, as well as reduced demand amid the pandemic. "Given the difficult to predict risks and uncertainties associated with COVID-19, which are beyond our control, we think it prudent not to make financial projections at this time, as we usually do at the beginning of the financial year," the statement said. Previously, Tencent reported near-zero revenue growth and a 51% drop in net income, its worst financial performance since listing in Hong Kong in 2004.

Source: https://www.alibabagroup.com/en/news/press_pdf/p220526.pdf

Antimonopoly fine for a gas supply company

Ningxia Changran Natural Gas was fined by the local market regulator for abusing its dominant position in the gas supply market within a district in Wuzhong. The company forced its customers to purchase alarm sensors and corrugated pipes as a prerequisite for connecting gas, although these goods were available to consumers in free circulation. Between January 2016 and September 2021, Ningxia Changran Natural Gas imposed an optional purchase on 2,777 customers. The agency decided to confiscate illegally obtained profits (752,000 yuan, ≈\$112,000) and a fine of 2% of the turnover for 2020 (357,000 yuan, ≈\$53,000). Individuals were also fined for refusing to cooperate with the investigation of the case, deliberately withholding facts, providing inaccurate pricing information, and instructing individuals to issue false materials.

Source: https://www.samr.gov.cn/fldys/tzgg/xzcf/202205/t20220526_347331.html