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Chinese antitrust.

Review #18 (2022)

QUOTES

It will be difficult for Chinese startups to attract investment in 2022 and possibly beyond. Investors in private equity and venture capital funds - limited partners - are becoming much more selective in the transfer of funds <...>

Sectors that are in line with Beijing's long-term ambitions are good opportunities: factory automation and so-called deep-tech, businesses that will help eliminate the "bottlenecks" in the supply chains that have plagued the world for the past two-plus years <...> If you believe that the Chinese economy is so or otherwise regain momentum and strength, now is a good time to invest in her companies.

Bao Fan, founder of China Renaissance Holdings¹

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¹ Source: https://www.bloomberg.com/news/articles/2022-06-01/top-tech-dealmaker-warns-china-s-vc-winter-is-far-from-over?utm_source=google&utm_medium=bd&cmpid=google

US proposes to ban digital yuan apps

Republicans have come up with a similar initiative in the Senate: they propose to ban American mobile app stores (including the Apple Store and Google Play) from placing programs in their catalogs that allow you to make and accept payments in the digital yuan. This is due to concerns that the payment system will allow Beijing to track the activities of American citizens. According to the drafters of the bill, the digital yuan will give the Chinese government "real-time access to all network transactions, which will jeopardize the privacy and security of Americans participating in such a network." The digital yuan is already supported by WeChat Pay and AliPay, operated by Tencent and Ant Group (Alibaba), respectively.

Source: <https://www.reuters.com/technology/us-bill-would-bar-google-apple-hosting-apps-that-accept-chinas-digital-yuan-2022-05-26/>

China to consider draft amendments to AIZ at the end of June

The draft amendments to the Antimonopoly Law of the People's Republic of China will be considered at the upcoming session of China's highest legislative body, the Standing Committee of the National People's Congress. The session will be held from 21st till 24th of June in Beijing. The NPC Standing Committee will also consider a number of other bills, including a bill to combat fraud in telecommunications networks. The Chinese Antimonopoly Law came into force in 2008 and has not been amended since.

Source: http://www.news.cn/politics/leaders/2022-05/30/c_1128697104.htm

Action #17: Promote the healthy and regulated development of the platform economy

Amid the economic downturn amid strict anti-epidemic measures, the State Council of the People's Republic of China has introduced a package of 33 measures to support and stabilize the economy. Measure 17 requires the promotion of a regulated and healthy development of the platform economy. It is required to propose concrete measures to ensure such development, to prevent the "disorderly expansion of capital", to set up "traffic lights" to protect the competitive order in the market. It is also necessary to fully disclose the role of platforms in stabilizing employment, stabilize expectations from the development of digital platforms and small and medium-sized enterprises coexisting with them, and use the platforms to "pull" the latter out of a difficult situation. In addition, the State Council encourages platforms to accelerate breakthroughs in technological fields such as AI, cloud computing, blockchain, operating systems, and more.

According to the SCMP, citing the Ministry of Industry and Informatization, from January to April, the income of Internet platforms from household services, ordering a taxi, tourist trains, financial services, car rental and housing decreased by 20.2% (to \$17.7 billion).

Sources:

<https://mp.weixin.qq.com/s/VkqUX6syX8JmNQbCm6vppA>

<https://www.scmp.com/tech/big-tech/article/3179895/chinas-internet-demand-services-tumble-most-years-amid-covid>

SAMR head Zhang Gong appointed vice mayor of Tianjin

This decision was made by the Standing Committee of the Tianjin People's Congress, which has a special status and is directly controlled by the Central Government. Since 2020, Zhang Gong has been the head of China's State General Administration for Market Regulation. Information about the new head of the department has not yet been

received. The National Antimonopoly Bureau under SAMR continues to be responsible for antitrust regulation under Gan Lin, who is also one of the deputy heads of the market regulator.

According to the SCMP analysis, in recent years, China has been increasingly appointing cadres with engineering backgrounds to the posts of regional leaders, even if their experience in politics is very limited. Zhang Gong trained as an electrical engineer and worked for state-owned manufacturers for the first 20 years. However, from 2012 to 2018 He served as Vice Mayor of Beijing and later as Vice Chairman of the All China Federation of Trade Unions.

Sources:

http://www.news.cn/politics/2022-05/31/c_1128699821.htm

https://m.thepaper.cn/baijiahao_18317308

<https://www.scmp.com/news/china/politics/article/3179865/head-chinas-market-regulator-takes-over-acting-mayor-tianjin>

Platform Document Transparency Campaign

SAMR has launched a campaign covering more than 100 e-commerce platforms in 31 provinces, autonomous regions and central cities of China. Platforms must present (place in a conspicuous place) a business license, administrative permits, certificates of registration of the company and mandatory certification of goods, as well as openly publish information about user agreements and transaction rules. These measures will contribute to the formation of a transparent, fair and honest environment for online consumption.

Source: <https://mp.weixin.qq.com/s/xHmgSQ6GqP2Bdm3kGDNnDA>

The authorities will distribute the digital yuan

In order to stimulate consumption and restore business, Shenzhen City will distribute digital yuan vouchers worth more than CNY 30 million. They can be used to pay for purchases on the Meituan platform. The action is carried out as part of the strategy for the introduction of the digital yuan. Previously, residents of the city also received from the authorities an amount in digital yuan with an expiration date - the money "burned out" if it was not spent within a certain period. The digital currency is gradually being implemented on various platforms: now payment in e-CNY is already available in Alipay and WeChat Pay wallets.

Source: <https://finance.ifeng.com/c/8GQrlwuC45k>

Foreign companies positively assessed business conditions in China

According to a report prepared by the China Committee for the Promotion of International Trade, in the first quarter of this year, foreign-owned enterprises in China generally rated the country's business environment as good, with the vast majority of them maintaining or expanding their business scale, according to an industry report. Overall, they are optimistic about China's new high-quality development opportunities, and their expectations and confidence about future development remain stable.

Meanwhile, the British Chamber of Commerce in China issued a policy brief pointing to the "uncertainty and changing attitude" of British companies regarding their activities in China. The note said that the tough quarantine measures have deprived businesses of one of the important anchor points - a stable and relatively predictable business environment: "As a result, businesses are faced with growing uncertainty about their future in China." The Chamber also noted the weak interaction between government agencies and foreign companies in relation to policies, goals and various procedures.

Sources:

<http://russian.people.com.cn/n3/2022/0531/c31518-10103403.html>

https://www.britishchambershanghai.cn/content/media/2022/05/EN-British-Business-in-China-Position-Paper-2022_compressed.pdf

Douyin began to charge a commission from household service providers

These providers include businesses that provide offline services: accommodation, education, food, etc. From June 1st, they will pay a commission of 2% or more of the transaction amount when buying their goods / services - the so-called. a software service fee that was not previously charged. The highest commission is set for wedding services - 8%. New sellers will have a grace period (0.6%) for the first 60 days on the platform. In addition, the platform offers support measures: a 50% fee refund for suppliers that ensure full compliance, and 100% for certain categories of micro and small enterprises and those who have been severely affected by the pandemic.

Source: https://www.thepaper.cn/newsDetail_forward_18394950

Bloomberg: FAW may buy back shares of DiDi

Chinese state-owned automaker China FAW Group is considering buying out a significant stake in the DiDi taxi service. FAW said it will help DiDi resolve data security issues and set up conditions for a listing in Hong Kong. The information has not received official confirmation, and the Chinese media report the news with reference to Bloomberg.

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. This is said to be necessary to facilitate China's cybersecurity investigation and address existing violations. Until the completion of the delisting process, DiDi will not list its securities on any other exchanges.

Source: <https://www.bloomberg.com/news/articles/2022-05-27/didi-is-said-to-draw-state-backed-faw-s-interest-in-buying-stake?sref=DXr1Xtbs>

China to support expansion of big data centers

The establishment of big data R&D centers in China by multinational companies is also encouraged. This was stated by the Minister of Industry and Informatization Xiao Yaqing at the annual big data exhibition in Guiyang. According to him, big data, which was previously used only in the Internet sector, finance and telecommunications, is now actively used in smart manufacturing, digital society and digital governance projects. The Minister expressed support for cooperation between Chinese and foreign companies in researching new technologies, developing standards and intellectual property, and reaffirmed that China will help Chinese companies enter the international market in this area.

Source: <https://www.globaltimes.cn/page/202205/1266683.shtml>

Online movie licenses

According to the decision of the National Radio and Television Administration (NRTA), from June 1st, all films, cartoons and series broadcast online must be issued a special license. The license number will be displayed on the screen for 5 seconds before the start of the actual video. NRTA spokesman Li Jingsheng said that the innovation will help Internet platforms not become a platform for the free circulation of incorrect content: "It is necessary to be responsible for users and for a wide audience."

The agency also issued a new regulation for agents working in the field of radio, television and online audiovisual content. From now on, agents are required to strictly monitor the content of information releases and not create a stir due to provocative news created specifically to cause online conflicts between fans, force them to spend money or spread rumors.

Sources :

http://society.sohu.com/a/552772385_121019331

<https://www.globaltimes.cn/page/202205/1266911.shtml>