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QUOTES

The "visible" hand started to act - the rules of the game on the Internet have changed.

Experts in the article "Antitrust is rewriting the rules of the game on the Internet."¹

Based on laws and acts, regulators have strengthened regulation and enforcement in the field of combating monopolies and unfair competition, precisely hitting the "pain points" of the development of market entities. <...> practices of unfair interference in the market competition are legally eliminated, fair competition in the markets is restored in a timely manner - all market actors have already realized that it is useless for monopolists to wait for a "miraculous salvation".

China Economic Daily²

EVENTS

- China in 12th place in the global ranking of innovations
- Content-control by means of platforms
- External links in WeChat
- "Teenage Mode" in Douyin
- New rumours about DiDi
- Central Bank of China: We Strengthen Antimonopoly Measures
- Ant Group will transfer credit information to the Central Bank
- Expert: it is impossible to analyze the situation only in statics
- Strengthening the IPR system
- Tencent will train retirees to use gadgets
- Supreme Court on Antitrust and Protection of Platform Workers
- Control over M&A in the 14th five-year plan
- Jiangsu Province publishes compliance guidelines
- Security of the "automotive" Internet
- Monopoly on insurance services

¹ Source: https://m.thepaper.cn/baijiahao_14582235

² Source: <http://finance.eastmoney.com/a/202109202110033171.html>

China in 12th place in the global ranking of innovations

The World Intellectual Property Organization has published the 2021 Global Innovation Index. China is steadily increasing its place in this ranking - it is now close to the top 10, and since last year it has risen from 14th to 12th position. Among the top thirty countries, it is the only middle-income economy.

Source: <https://m.gmw.cn/baijia/2021-09/23/1302594751.html>

Content-control by means of platforms

The Cyberspace Administration of China has released Opinions on Further Strengthening the Subjective Responsibility of Internet Platforms with regard to content. The document calls for more active self-regulation and clarifies the obligations of platforms to administer content: they should, among other things, better monitor accounts, improve information verification mechanisms, improve the quality of content, not engage in unfair dissemination of information, strictly comply with legislation in their activities, strengthen the protection of minors on the Internet to prevent the formation of addiction, etc.

Source: http://www.cac.gov.cn/2021-09/15/c_1633296790051342.htm

External links in WeChat

Following a recent demand from the Ministry of Industry and Informatics to ensure interoperability of platforms, WeChat has posted steps to improve the user experience: After updating the app to the latest version, users will be able to follow external links in a face-to-face conversation, provided all security requirements are met. In addition, a channel will open to receive complaints related to external links. WeChat has also pledged to promote other platforms to increase openness actively gradually. Previously, the app did not allow correct navigation on links to Alibaba marketplaces and content on the Douyin video platform.

Source: https://mp.weixin.qq.com/s/B_OmfFhthsnWvsqIxxqOGA

"Teenage Mode" in Douyin

In continuation of the campaign to reduce Internet time for young users, the Douyin video platform, the Chinese version of the world-famous TikTok, has introduced a time limit for those under 14 years old. For them, a limit is set on the use of the application no more than 40 minutes a day, and from 10 pm to 6 am the next day, the platform's content is completely unavailable for viewing. Douyin also asked parents to check the accuracy of their children's names and age information on the app.

Source: <https://mp.weixin.qq.com/s/zp43DhzwanDApoPCIgCvIQ>

New rumours about DiDi

On September 20, Reuters announced the intention of co-founder and president of the company, Jin Liu, to leave his position. This decision looks plausible, given the massive "retirement" of the heads of other Chinese tech giants, but DiDi posted a rebuttal on its official Weibo account: "The Reuters report about the management reshuffle is unreliable. We strongly condemn the actions of individual media outlets for the repeated and deliberate dissemination of slander and rumours about DiDi and reserve the right to take legal measures to bring them to justice for the violation."

Source: <https://m.weibo.cn/status/4683631861958540?>

Central Bank of China: We Strengthen Antimonopoly Measures

In a videoconference with Germany on financial technology and global payments, People's Bank of China Governor Yi Gang said Chinese regulators are working hard to balance the link between promoting development and preventing risks. According to him, China seeks to ensure that all financial activities are fully controlled by regulators and carried out only with the appropriate license. In addition, the state is strengthening antimonopoly measures, calls on large Internet platforms to overcome the closed nature of their systems to guarantee consumers' right to choose a payment instrument thoroughly. And thirdly, regulators are applying prudential oversight, improving the regulation of companies so that they offer online deposits and lending, insurance and fund creation services only in accordance with applicable law.

Source: <https://baijiahao.baidu.com/s?id=1711242441531692284&wfr=spider&for=pc>

Ant Group will transfer credit information to the Central Bank

Ant Group's Huabei consumer loans application will begin transmitting information about issued loans to the creditworthiness system of the Central Bank of China. Many users have already received a request from the application to sign a power of attorney for data transfer. Once a month, the system will be sent information about the date of opening an account in the application, credit line limits and used share, as well as the status of loan payments. Huabei representatives assured that if the user uses the service in good faith and timely repays consumer loans, this will not in any way affect the approval of loan applications by bank structures. As part of the optimization of the national system of public creditworthiness, it is expected that other consumer loan services will be connected to the Central Bank's database.

Source: <https://baijiahao.baidu.com/s?id=1711683560171444626&wfr=spider&for=pc>

Expert: it is impossible to analyze the situation only in statics

In an interview with the Legal Daily, Xue Jun, deputy head of the Institute of Law and head of the Center for the Study of E-Commerce Law at Peking University, said that the strengthening of antitrust measures is not aimed at countering the so-called "giants", but at restoring effective market competition and, on its basis, maximizing the aggregate welfare of society. According to him, when detecting unfair competition, it is necessary to proceed from a long-term perspective and analyze whether such practices are conducive to realizing the market's vitality, increasing consumer welfare, and developing technology and innovation. It is impossible to assess only "statically" and think that if competition harms competitors, it is immediately unfair.

Source: https://m.thepaper.cn/baijiahao_14582235

Strengthening the IPR system

On September 22, the CPC Central Committee and the State Council of the People's Republic of China published the "Program for the Creation of a Power with a Strong Intellectual Property Rights System for 2021-2035." The program is aimed at improving the legal system for suppressing abuse, strengthening the development of legislative documents on antitrust measures and combating unfair competition in the field of IP. According to the plan, by 2025, the added value of industries with intensive patenting will amount to 13% of the country's GDP, and by 2035, China will become one of the leading powers in terms of the overall competitiveness of this sector.

Source:

<https://mp.weixin.qq.com/s/1LgvvD-WMa10Wj3kqR3pDA>

<http://russian.people.com.cn/n3/2021/0923/c31517-9899518.html> (рус.яз.)

Tencent will train retirees to use gadgets

Tech giant Tencent has signed a strategic cooperation agreement with the China Senior Citizens Association. The parties will pool their resources to jointly introduce older users to new technologies and help them get used to the Internet environment, thereby improving the quality of life. Within the first project, "Program for the Silver Age", it is planned to train 10 million elderly people in "digital" skills over three years. With the help of short videos, people over the age of 60 will be helped to learn how to order a taxi and food using a mobile phone, register for various services, pay using a QR code and even shoot a video.

Source: <https://mp.weixin.qq.com/s/aGZxzkaeR9UzoyEDrCqiYA>

Supreme Court on Antitrust and Protection of Platform Workers

On September the 23rd, at a press conference by the State Council Press Office, Deputy Head of the Supreme People's Court for Current Affairs, He Rong, announced that the Court plans to publish a number of model cases related to antitrust and unfair competition, as well as to issue judicial interpretations to combat the latter. She also noted that it is necessary to clarify the labour relations of workers in new industries - couriers, taxi drivers, live broadcasts on e-commerce sites, etc., linking the regulation of the healthy development of the platform economy and the protection of the legal rights of workers.

Sources:

<https://baijiahao.baidu.com/s?id=1711683918475153738&wfr=spider&for=pc>

<https://www.zhitongcaijing.com/content/detail/564295.html>

Control over M&A in the 14th five-year plan

The publication China Market Regulation News (the mouthpiece of the Chinese market authority) published a long article, where it outlined the ideological principles of control over economic concentration transactions:

— "put up a control barrier" for mergers and acquisitions in order to "filter out" the negative impact on competition. In the first half of the year, requests for 334 transactions were received, 309 inspections were started, and 299 were completed - of which 2 transactions were approved with additional conditions;

— act as "guardians" of fair competition in the platform economy. "Fair competition is always the engine of sustainable development of the industry - no matter what and at what stage," the article says. - "The Internet sector is by no means outside the scope of the antitrust law";

— "escort" high-quality economic development. By strengthening control over M&A transactions, the market authority practically protects the competitive order in the market and prevents the formation of market monopolies in key technology industries.

Source: http://k.sina.com.cn/article_3686739204_dbbf2d04019010vt4.html

Jiangsu Province publishes compliance guidelines

The document warns business entities about key antitrust risks, outlines the requirements for the corporate compliance system and proposes measures to respond to external risks. The guide describes in detail the forms of anti-competitive behaviour (horizontal and vertical agreements, abuse of market power and administrative powers to the detriment of competition, implementation of uncoordinated deals of economic concentration) and how to prevent them. A separate article is devoted to specific sectors of the economy from a competitive point of view - this includes utilities, building materials and the Internet.

Source: http://scgj.jiangsu.gov.cn/art/2021/9/22/art_78968_10023737.html

Security of the "automotive" Internet

The Ministry of Industry and Informatization called for the security of the data collected by the systems of "smart" cars. Manufacturers were obliged to develop a plan to prevent leaks and improve their capabilities to protect information security. The export of data is of particular concern to the authorities: companies that need to transfer data collected or generated in China abroad are required to conduct a risk assessment and report this to the local information, industry and informatization authorities.

Source:

https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_ba43080de41242e4ab6d6d5fa3218ff9.html

Monopoly on insurance services

In Anhui province, an administrative monopoly was revealed: Back in 2014, the Provincial Committee for Seniors ordered all municipal and county divisions to take over the responsibility of obtaining comprehensive accident insurance. At the same time, a specific insurance company was appointed by the executing organization. According to the order of the law enforcement officer, the committee cancelled the orders and allowed to get insurance in any competent organization on a competitive basis.

Source: http://www.samr.gov.cn/fldj/tzgg/qlpc/202109/t20210917_334851.html