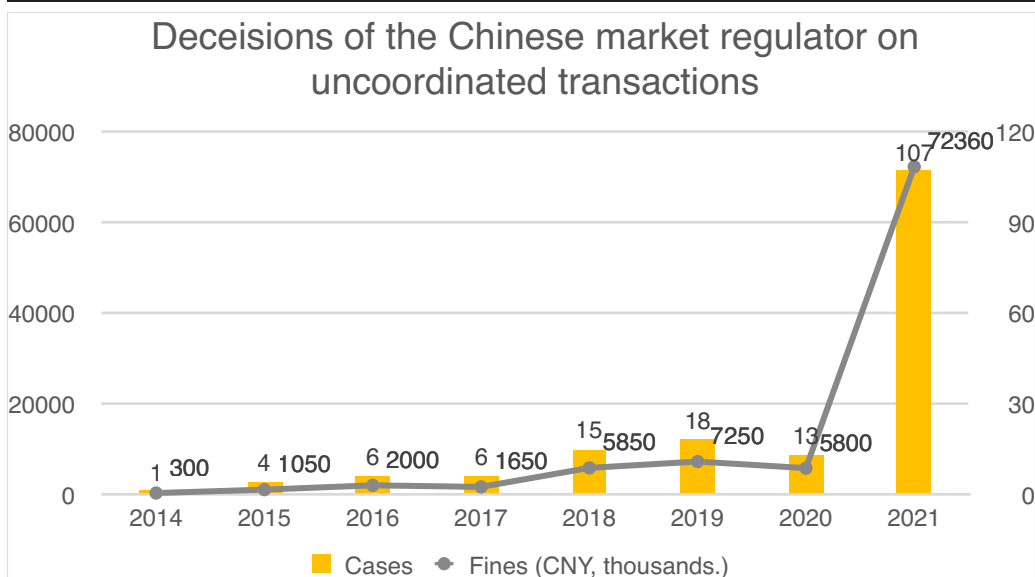




Chinese antitrust.
Review #9 (2022)

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STATISTICS



Source: PaRR Global¹

EVENTS

- Antimonopoly budget of the market regulator
- Business Integrity Initiative
- Updated "negative market access list"
- Directions for "cleansing" the Internet in 2022
- Recommendations on ethics in scientific and technological activities
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Antimonopoly budget of the market regulator

On March 24th, SAMR released its 2022 estimate. One of the items of expenditure amounts to 146 million yuan (≈\$23 million) for market streamlining and regulatory enforcement projects. At the same time, the need to focus, among other things, on

¹ Source: <https://app.parr-global.com/intelligence/view/intelcms-whj9h2>

antimonopoly regulation and the fight against unfair competition was noted. The overall goal of such projects is, based on the strategy of creating new competitive advantages for the country, to adhere to the course of "equal importance" of development and regulation, to understand the patterns of development of the platform economy, to create a full-fledged system of regulation of the platform economy, to promote fair competition, to counteract monopolies, to prevent the indiscriminate expansion of capital. The list of KPIs includes: development and preparation of at least 1 regulatory document on competition, consideration of at least 5 anti-competitive cases, verification of at least 60 mergers and acquisitions. It is also planned to conduct at least 3 reviews of the online market and 90% (or more) complete the preparation of the framework regulation of algorithms.

Source: <https://mp.weixin.qq.com/s/LVv10lfl9yletcZ8sdn4LQ>

Business Integrity Initiative

As part of a series of consumer protection day events, SAMR hosted an integrity seminar for businesses. The 12 participating companies, including FAW Group, China Mobile, Huawei, Douyin (Chinese version of Tiktok), Xioami, Ctrip, and others, launched a "promise keeping" initiative: they announced that enterprises must "keep their word" and exercise self-discipline, forming a creditworthy entrepreneurial image. Pu Chun, Deputy Head of SAMR, noted that trust is the cornerstone of a market economy, a symbol of modern civilization and a company's "pass" to the world of growth and development.

Source: https://www.samr.gov.cn/xw/zj/202203/t20220323_340742.html

Updated "negative market access list"

The list of 117 items recounts industries access to which prohibited or restricted for Chinese and foreign investment. Prior to this, the version of the list from 2020 was valid, consisting of 123 items. The explanations to the list emphasize the importance of antimonopoly regulation, counteracting the disorderly expansion of capital and its "barbaric" growth. It is necessary to improve the rules of regulation, improve regulatory models, improve the accuracy and efficiency of regulation.

Source: <https://mp.weixin.qq.com/s/ULU8J-QXwCt88bKU9U8QGw>

Directions for "cleansing" of the Internet in 2022

At a State Council press conference, representatives of the China Cyberspace Administration highlighted the main directions of the Qinglan campaign to "clean up" the Internet space for 2022. The department will focus on eliminating violations and "chaos" in 10 areas and activities: live broadcasts and short videos; information content in multichannel networks; fakes; Internet for minors during the summer holidays; software; Internet communications; algorithms; cyber environment during the celebration of the Chinese New Year; account administration; fake traffic, black PR and paid comments.

Source: https://m.thepaper.cn/baijiahao_17265705

Recommendations on ethics in scientific and technological activities

China has published Guidelines for Strengthening the Ethical Regulation of S&T Activities. The document emphasizes the importance of ethical standards in the process of scientific research and technological development. The recommendations clarify certain

ethical principles: when conducting scientific activities, it is necessary to serve the welfare of mankind, respect the right of people to life, adhere to justice and justification, control risks, maintain openness and transparency. It is also necessary to create and improve ethical requirements for key areas, including the natural sciences, medicine, artificial intelligence, etc., as well as improve ethical review and risk management procedures.

After the release of the document, the People's Bank of China also announced the need to develop ethics regulations for financial technologies.

An unofficial English translation of the Recommendations is available here: <https://ai-ethics-and-governance.institute/2022/03/22/china-released-opinion-on-strengthening-the-ethics-and-governance-in-science-and-technology/>

Sources:

[https://english.news.cn/20220320/7f1b45a2c37049c59cf754609f855de6/c.html#:~:text=BEIJING%2C%20March%2020%20\(Xinhua\),facing%20ethics%20in%20the%20field](https://english.news.cn/20220320/7f1b45a2c37049c59cf754609f855de6/c.html#:~:text=BEIJING%2C%20March%2020%20(Xinhua),facing%20ethics%20in%20the%20field)
https://www.cs.com.cn/xwzx/hg/202203/t20220323_6253066.html

Steady growth of the e-commerce market

According to People's Daily, China's e-commerce market sowed a robust growth in 2021, with China's online retail sales reaching 13.1 trillion yuan (≈\$2.06 trillion) in 2021, up 14.1% compared to last year. In particular, retail sales of physical goods via the Internet for the first time exceeded 10 trillion yuan (≈\$1.6 trillion), and accounted for 24.5% of the total retail sales of consumer goods in the country.

Monitoring data from the Ministry of Commerce of China shows that last year there was a marked increase in the level of consumption in the online retail market. Healthy, "green", high-quality and high-tech products are becoming increasingly popular among buyers. E-commerce has also effectively supported rural development.

Source: <http://russian.people.com.cn/n3/2022/0323/c31518-9974932.html>

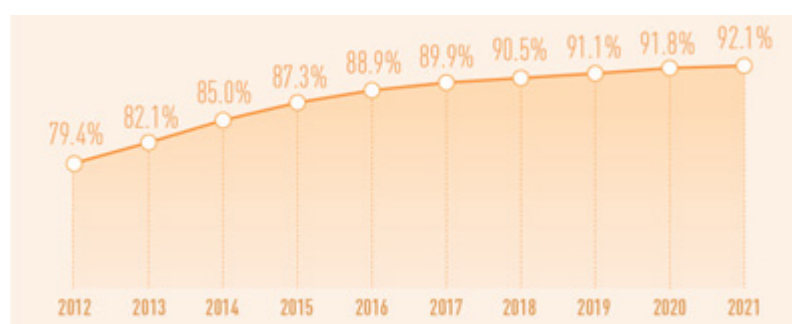
Control of over-workinng practices in Beijing

In order to protect the rights of workers, the Beijing Municipal Office of Human Resources and Welfare will conduct an inspection of the work schedule of employees of companies in key industries, key companies and key Internet platforms from March 15th to May 15th. The regulator will check whether the time of work and rest is respected, whether overtime is paid and whether unused vacation is compensated. The country has a work norm of 8 hours a day (40 hours a week), but many companies - especially technology companies - practice the so-called 996 schedule, i.e. 9 am to 9 pm six days a week.

Source: http://www.beijing.gov.cn/ywdt/gzdt/202203/t20220316_2631656.html

The number of private companies in China has quadrupled in 10 years

The number of private companies in the country increased from 10.9 million in 2012 to 44.6 million in 2021, according to the Chinese Market Authority, which increased to 92% of the total number of Chinese companies. The private sector has been cited as an important force contributing to China's economic and social development. More and more traditionally state-controlled areas are being opened up to private capital: for example, this



January the first private high-speed railway, a section of about 270 km from Hangzhou to Taizhou, was put into operation.

The share of private companies in the total number of Chinese enterprises

Sources:

https://www.samr.gov.cn/xw/mtjj/202203/t20220323_340715.html

<https://www.yicaiglobal.com/news/china-first-private-railway-starts-operating>

Anticompetitive agreement of driving schools

The Yunnan Provincial Market Regulatory Authority fined 4 local driving schools for an anti-competitive agreement, totaling more than 450,000 yuan (≈\$70,000). In 2020, schools entered into an agreement in which they set the minimum cost of classes for various categories of vehicles and the amount of the guarantee fee. After 2 months, the competent department held a meeting with the schools, and the agreement was terminated. The regulator considered the actions of schools a violation of Art. 13 of the PRC Antimonopoly Law (price fixing or price adjustment agreements for goods/services are prohibited) and Article 7 of SAMR Order No. 10 "Temporary Provisions on the Prohibition of Anticompetitive Agreements" (economic entities between which there is a competitive relationship are prohibited from entering into the following anticompetitive price agreements for goods or services: agreements on fixing or changing the price level, the amplitude of price fluctuations, profit levels, discounts, commissions and other fees). Each school received a fine of 3% of the turnover for 2020.

Source: https://www.samr.gov.cn/fldj/tzgg/xzcf/202203/t20220318_340584.html

Temporarily limited search engine functions Bing

Microsoft's Bing search service in China has suspended automatic search recommendations for 7 days. This is the second disabling of this feature - in December 2021, recommendations were disabled for 30 days. Representatives of the company explain this by the requirements of Chinese law and express their commitment to comply with laws and users' rights to access information and facilitate the search for information to the maximum extent permitted by law. Bing is the only major foreign search service available in China.

Source: <https://baijiahao.baidu.com/s?id=1727714991231078352&wfr=spider&for=pc>