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Chinese antitrust.

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QUOTES

[While the text of the Antitrust Law was still being prepared,] an official approached me <...> and said that I overestimated "the importance of Western antitrust regulation, promoting competition and improving business efficiency."

In fact, at that time, many people asked whether the strengthening of the role of antitrust law would not run counter to Chinese realities - after all, the abuse of administrative powers to the detriment of competition is so widespread in our country, and industrial policy is often more important than competition. But over the 14 years of the Antimonopoly Law - and especially against the backdrop of the decisions of law enforcement agencies in many large and important cases - such doubts have become less and less. Clearly, people now understand antitrust law much better than they did more than ten years ago.

Wang Xiaoye, expert in antitrust law, participant in the preparation of the text of the Antimonopoly Law of the PRC ¹

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Luo Wen named new head of SAMR

¹ Source: <https://mp.weixin.qq.com/s/SyrprWj7IYTOkDsxHCZn3A>



罗文，男，汉族，1964年12月生，
长。

Luo Wen officially took over as head of China's State General Administration for Market Regulation. A little less than a month ago, he was also appointed secretary of the SAMR party cell. Previously, Luo Wen served as Vice Minister of Industry and Informatization, Deputy Head of the Development and Reform Committee, and Vice Governor of Sichuan Province. The new head of SAMR graduated with a bachelor's degree in Philosophy from Wuhan University. He also holds a doctorate in management sciences. In previous leadership roles, he

promoted the simplification and digitalization of public services, the emphasis on credit rating in the implementation of regulation, and the improvement of the business environment. His predecessor, Zhang Gong, was promoted to the position of Vice Mayor of Tianjin, one of China's four central cities and major international ports.

Source: <http://finance.sina.com.cn/wm/2022-07-08/doc-imizmscv0653470.shtml>

China's first digital platform compliance standards

The market regulator of Zhejiang Province has published a local competitive compliance standard for Internet platforms (No. DB33/T 2511-2022). There are 310 different online platforms in Zhejiang, where more than 11 million suppliers provide their goods and services - almost half of the total number throughout China. The standard aims to strengthen the responsibility of platforms in relation to the entities operating on them, as well as to achieve their self-regulation under the supervision of the government. The document addresses such common phenomena as prioritization of own goods and services, price discrimination, abuse of algorithms, coercion to exclusive cooperation, etc. The appendix classifies platforms into categories and lists the special risks inherent in Internet platforms. Before posting the draft Standard for public consultation, the working group sent the text to major technology companies, including Alibaba and NetEase, who made their adjustments.

In parallel, Zhejiang Province announced plans to be the first in China to create a zone of enhanced implementation of the fair competition policy within the borders of the province: previously, such pilot projects were created only within the framework of free trade zones. By 2025, it is planned to build an effective competition policy, raise the awareness of market entities of all types, significantly reduce the number of violations, and bring the level of public satisfaction with the state of competition to 95% or higher.

Sources:

<https://mp.weixin.qq.com/s/8KDmgB4MywSE2EJ2sARuow>

https://mp.weixin.qq.com/s/75PPUmdZfVBtMDGgQY_IWA

Verification of the application of the Law on Foreign Investments

The Standing Committee of the National People's Congress of China announced a planned review of the application of the Foreign Investment Law. From July to August, the working group will visit eight cities and provinces of China, where they will inspect the attitude of companies towards foreign capital, the use of negative lists (the list of industries in which foreign investment is prohibited or limited), the development of mechanisms to

stimulate foreign investment, measures to create a stable, transparent and predictable market environment with fair competition, protection of legal rights and interests of foreign investors, etc.

Source: <http://www.rmzxb.com.cn/c/2022-06-30/3151058.shtml>

Compliance of utility providers

The market regulator of the Inner Mongolia Autonomous Region (northern China) has published an antitrust compliance guide for utility providers, the first of its kind in China. The guidance aims to increase competition awareness in the utility sector and to prevent fines and compensation due to anti-competitive behavior. It is noted that by obtaining franchises, utility providers often occupy a monopoly position within the boundaries of a certain territory and form a strong dependence on their activities among users.

Source: https://www.nmg.gov.cn/zwyw/gzdt/bmdt/202206/t20220630_2080732.html

TikTok Protects US Users' Data

TikTok CEO Show Tzu Chu assured US senators that the company is making every effort to protect the privacy of US users. Earlier, senators approached him with a question about the limits of access of company employees to personal data. "We know that our platform is the target of some of the most stringent security reviews, and we are committed to eliminating any doubts about the security of US users' data," said Show Zi Chu. Amid the audits, TikTok moved all such data to Oracle's cloud servers, but backups continue to be stored on the company's own servers in the US and Singapore - the company plans to remove these copies and switch completely to the Oracle platform. The CEO confirmed that employees outside the US – including the Chinese team – may indeed have access, but only after rigorous background checks and permission from TikTok's US security team. He also stated that the company did not provide user data to the Chinese authorities or even receive such requests.

Source: <https://www.scmp.com/news/china/article/3183880/us-user-data-safe-tiktok-ceo-tells-senators-amid-fresh-scrutiny-over>

Protection against fraudulent financial applications

The Chinese Cyberspace Administration reported that in 2022 it had removed 42,000 fraudulent financial services mobile apps and blacklisted them. Such applications often imitate the design of well-known providers or lure users through tempting offers, such as cashback. Some of them even referred to affiliation with state-owned companies in order to inspire the trust of users. As previously reported by the Ministry of Public Security, 60% of all cases related to telecommunications relate specifically to fraud using fake applications.

Sources:

<https://news.bjd.com.cn/2022/07/02/10111701.shtml>

<https://xw.qq.com/cmsid/20220414A07ABJ00>

<https://www.scmp.com/tech/policy/article/3183909/chinas-internet-watchdog-ramps-crackdown-online-scams-amid-growing>

Seminar on Compliance and Effective Regulation

On July 2nd, SAMR together with the Huaxia Research Institute of Industry and Economics held a seminar on "Business Compliance and Efficient Market Regulation in the New Economy Era". Representatives from 10 companies attended online and offline, including Alibaba and Tencent Music. The seminar discussed nine key topics: theoretical problems of improving the efficiency of market regulation, prevention of risks associated with food safety, combating unfair competition, antitrust measures, price control, brand building, protection and enforcement of intellectual property rights, international experience in business compliance and environmental Protection. A trip to some regions of China was planned to study the compliance situation, collect the opinions of market actors and listen to their proposals, as well as identify difficulties in the field of big data, law enforcement, etc.

Source: <https://mp.weixin.qq.com/s/ESUvJmFpP6BKvCDVdr16pA>

Alleged data breach of 1 billion Chinese citizens

The attackers demanded a ransom of 10 bitcoins for the personal data of about one billion people in China. The data was allegedly stolen from the Shanghai police database - 23 terabytes of data containing names, places of birth, addresses, ID and phone numbers, and information about criminal cases of users were at the disposal of hackers. If the leak is confirmed, the incident would be one of the largest cybersecurity breaches in the country's history. According to a CNN report, the database remained public for more than a year until an anonymous user on a hacker forum offered to sell it last week and drew attention to it. Shanghai authorities have yet to publicly respond to the incident. It is reported that the hashtag "data leak" and all news about the incident are blocked on the Chinese Internet.

Sources:

<https://www.ft.com/content/b47c9b0b-9b5c-47fc-aedf-9285bb56553a>

<https://edition.cnn.com/2022/07/05/china/china-billion-people-data-leak-intl-hnk/index.html>

Methods for assessing the security of data export

The corresponding document was published by the Chinese Cyberspace Administration to eliminate the risks associated with the transfer of data outside of China: with the development of the economy, the demand for data processing operators to export them has increased markedly. The methods establish the need to combine a preliminary assessment with continuous follow-up monitoring, as well as a simultaneous risk and safety assessment. The security assessment is especially important for operators of

sensitive data and key information infrastructure, operators processing data of more than 1 million people, or those who have exported personal data of 100 thousand people or sensitive personal data of 10 thousand people since January of the previous year. When exporting, obligations to protect data security must be specified in the contract with the receiving party. Earlier, the Administration opened public consultations on the draft Rules on the template of contracts for the export of personal data.

Sources:

<https://mp.weixin.qq.com/s/n91CsxUkhdzOwYy8SwBSnQ>

<https://mp.weixin.qq.com/s/OgR5N7YuECde1M7U1ClmYA>

Alibaba establishes smart data analytics company

Linyang Intelligent Service Co will help companies achieve digital transformation. It will provide "data-intelligence-as-a-service" services that will simplify business decision making and increase operational efficiency. Alibaba says the Linyang Intelligent team are the corporation's best data experts as they provided technical support for key events, including the biggest November sale of the year. Based on her experience in using data analytics for manufacturing, marketing and other applications, she will be able to provide the best solutions to businesses across a wide range of industries.

Source: <https://www.scmp.com/tech/big-tech/article/3183886/alibaba-forms-new-data-intelligence-services-subsidiary-deepen-e>

Concrete Producers Anticompetitive Agreement

Seven concrete companies were fined 3% to 4% of their 2018 turnover by the market regulator in Fujian Province (southeast China), totaling more than 15 million yuan (~\$2.3 million). The companies established an industry association without appropriate permission and entered into an anti-competitive agreement: they set the price level in the relevant market and the amplitude of their fluctuations, and also divided the local sales market among themselves.

Source: https://www.samr.gov.cn/fldys/tzgg/xzcf/202207/t20220706_348395.html

Checking the prices of live pigs

The China Development and Reform Committee has pledged to check the price of live pigs, adjust stocks and supply-demand ratios, and strictly suppress the falsification of price increases and price gouging. Recently, prices for live pigs have increased at an accelerated pace, mainly due to deliberate overstocking by suppliers and additional fattening of animals to an unhealthy weight. The Committee confirmed that there is sufficient supply on the market, especially in the face of reduced consumption, and urged large pig farms to maintain normal supply rates. China is keeping a close eye on pork prices and is hard at work curbing excess volatility. The country is the world's largest consumer of meat, and pork is the most popular meat product among the Chinese population. At the same time, the livestock often suffers from diseases, including African swine fever.

Source: http://www.gov.cn/xinwen/2022-07/04/content_5699250.htm

China's digital economy reaches \$6.7 trillion

From \$1.64 trillion in 2012, the size of the Chinese digital economy has grown to \$6.7 trillion in 2021, while its share of China's GDP has increased from 21.6% to 39.8%. As stated, China has built the largest network infrastructure based on the most advanced technologies.

At the same time, China's big data market reached \$194.83 billion, and this industry is gradually entering a new stage of development. The state is actively shaping the industry chain and improving the big data ecosystem. At the moment, 12 national demonstration bases of a new type of industrialization in the field of big data have already been created, and the country's first independent fund for the development of open source software has also been opened.

Sources:

<http://www.ecns.cn/news/cns-wire/2022-07-06/detail-ihazynnw3904537.shtml>

<http://russian.people.com.cn/n3/2022/0707/c31518-10120244.html>