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QUOTES

Capital is an important engine for the development of productive forces, and over several decades of continuous development, the Chinese economy has accumulated colossal capacities in this regard. It is necessary through leadership and regulation to prevent the disorderly expansion of capital, direct it to serve social and economic development, so that it plays an active role in promoting scientific and technological progress and the prosperity of a market economy, raising the standard of living of the people and participation in international competition, and not "fighting with simple traders for the last cent. "

Xinhua Article "10 Questions About the Chinese Economy"¹

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¹ **Source:** http://www.samr.gov.cn/xw/mtjj/202110/t20211025_336034.html

Collecting opinions on the new edition of AML

The draft of the updated Antimonopoly Law of the PRC has been posted in the public domain - at present, public opinion is being collected according to the text, which will last until November 21st. One of the important features of the new edition is a significant increase in fines:

Violation	Current fine	New edition
Anticompetitive agreements		
Conclusion and implementation	Withdrawal of illegally obtained profits; 1-10% of the turnover for the previous year	Withdrawal of illegally obtained profits; 1-10% of the turnover for the previous year; in the absence of turnover in the previous year, a fine of up to 5 million yuan
Conclusion without implementation	up to 500 thousand yuan ²	up to 3 million yuan ³
Personal responsibility (legal representative or responsible persons)	-	up to 1 million yuan ⁴
Organization of the conclusion anti-competitive agreement other entities or providing actual help for such a conclusion	-	the above three points apply
Organization by an industry association of an anticompetitive agreement between industry entities	up to 500 thousand yuan; revocation of a license	up to 3 million yuan; revocation of a license
Abuse of dominant market position		
Abuse of dominant market position	Withdrawal of illegally obtained profits; 1-10% of the turnover for the previous year	Withdrawal of illegally obtained profits; 1-10% of the turnover for the previous year
Economic concentration		

² 500 thousand yuan = 80 thousand US dollars

³ 3 million yuan = 470 thousand US dollars

⁴ 1 million yuan = 157 thousand US dollars

Violation of the requirements for filing a petition, execution of a transaction in violation of applicable law	Для сделок, которые имеют или могут иметь эффект устранения или ограничения конкуренции	up to 500 thousand yuan; order to take the necessary measures to restore competition	1-10% of the turnover for the previous year; order to take the necessary measures to restore competition
	Для сделок, которые не устраняют и не ограничивают конкуренцию	up to 500 thousand yuan	up to 5 million yuan ⁵
Failure to assist an investigation by law enforcement authorities in an inspection or investigation			
Refusing to provide materials, providing counterfeit materials, concealing, destroying or moving evidence	Для физических лиц	up to 100 thousand yuan ⁶	up to 500 thousand yuan
	Для юридических лиц	up to 1 million yuan	up to 1% of the turnover for the previous year; if there is no turnover in the previous year or it is difficult to calculate it - a fine of up to 5 million yuan

In the presence of aggravating circumstances, by the law enforcement officer's decision, it is possible to increase the fine by 2-5 times..

Sources: <http://www.npc.gov.cn/flcaw/userIndex.html?lid=ff8081817ca258e9017ca5fa67290806> https://mp.weixin.qq.com/s/u-1M_mfbuhyFHIYOl8K36g

Draft guidelines on platform types and responsibilities

Until November 8th, SAMR collects public opinion on the drafts of the two guidelines. The first is devoted to the classification of platforms. Based on the key functions and who or what they associate a person with (goods, services, other persons, information, etc.), it was proposed to sort platforms according to 6 categories: online sales platforms, consumer services platforms, social and entertainment networks, information, financial and computing platforms. Each type is further subdivided into more specific categories. In addition, depending on the number of users and business areas and market capitalization and the ability to limit economic agents in reaching consumers, platforms are also classified into three levels: small / medium, large and super platforms.

The second guideline defines the responsibility of platform operators as market entities for such positions as exemplary competitive behaviour, non-discriminatory approach, openness, data handling, risk assessment, security verification, promotion of innovation, compliance with legislation (including antitrust law), development of algorithms, pricing practices, advertising, protection

⁵ 5 million yuan = 780 thousand US dollars

⁶ 100 thousand yuan = 15 thousand dollars

of intellectual rights, dissemination of information, etc. The protection of workers and special groups of the population, environmental protection and cybersecurity are separately mentioned.

Source: http://www.samr.gov.cn/hd/zjdc/202110/t20211027_336137.html

Plan for the development of electronic commerce for the 14th five-year plan

The document was jointly published by the Ministry of Commerce, the Cyberspace Administration and the Development and Reform Committee. It specifically stipulates the requirement to accelerate the revision of the Antimonopoly Law and the Law on Electronic Commerce to prevent and suppress monopolistic practices and unfair competition in the platform economy. There is also a need to guide platforms towards business compliance, ensure data security, and develop rules for data operations, artificial intelligence and algorithms.

The Plan says that online shopping has become an important consumption channel for Chinese residents, with e-commerce at RMB 37.2 trillion in 2020 and online retail sales at RMB 11.8 trillion. For the 14th five-year period, these indicators are planned to be increased to 46 trillion and 17 trillion yuan, respectively.

Source: <https://mp.weixin.qq.com/s/ZqJmoiDaVKID6ZAFuWUKfQ>

Equal treatment of Chinese and foreign companies

On October 25th, the Ministry of Finance issued a notice on the policy of equal treatment of enterprises with Chinese and foreign capital in government procurement. The goal of the policy is to create a single and open public procurement market with orderly competition. Notice requires:

- 1) To guarantee equal participation of Chinese and foreign companies in government procurement if this does not affect national security and state secrets;
- 2) To apply equal requirements in procurement activities (discrimination, differentiated approach, as well as restrictions on the form or structure of ownership or organization, citizenship of investors, brand of goods, etc. are prohibited);
- 3) To ensure equal legal rights of enterprises with Chinese and foreign capital (in particular, financial authorities are obliged to consider complaints from companies on an equal basis).

Source: http://gks.mof.gov.cn/quizhangzhidu/202110/t20211020_3759590.htm

Exclusive cooperation with Sam's Club

Supermarkets Carrefour and Hema accused Sam's Club of forcing an exclusive partnership. With this accusation, they turned to the competent authorities: supermarkets reported that the Sam's Club chain, operated by Walmart, puts pressure on individual brands and forces them to cooperate only with themselves. Carrefour also published an open letter, where it apologized to consumers that, as a result of unfair practices of competitors, some brands have to recall their products and deprive customers of the opportunity to purchase them in the Carrefour club network.

Walmart responded that they have always attached great importance to compliance and welcomed fair competition. The CEO of Sam's Club said that since the opening of the first store in October last year to the present day, the chain is constantly faced with similar practices from Carrefour, which is why Sam's Club is forced to look for new partners and rebuild supply chains. The club also plans to file a complaint with law enforcement officials in order to improve the state of competition in the market and provide more choices for consumers.

Source: <http://news.cnfol.com/it/20211025/29215753.shtml>

Unfair competition in medical cosmetology

As part of the campaign to publish sample cases on unfair competition, SAMR spoke about 10 representative cases in the medical cosmetology industry. This market is in great demand, and many companies distribute false advertisements and mislead consumers in order to increase profits. From January to September 2021, China's market authorities at all levels dealt with a total of 5397 unfair competition cases and recovered 350 million yuan⁷, of which 71 cases (yuan 3.55 million in fines and penalties) were from the sector. The published cases concern advertising of fictitious qualifications of specialists, fictitious properties of goods and services, etc. The campaign aims to warn the general consumer about the importance of a scientific approach to consumption and the danger of blindly following fashion.

Source: http://www.samr.gov.cn/xw/zj/202110/t20211025_336001.html

Administrative monopoly in Hebei province

In December 2020, the Cangzhou Municipal Government designated the Shanghai company as its sole e-bike sharing operator and signed a 2-year renewable agreement. The market regulator revealed a violation of Articles 32 and 37 of the Antimonopoly Law of the PRC: "Government bodies <...> have no right to abuse administrative powers to restrict <...> in conducting business, purchasing and using goods."

The Provincial Markets Regulatory Authority has issued "Administrative recommendations" to the city government, which indicated the need to issue an order to eliminate the violation, strengthen the work on competition review and restore competition in the market.

Source: http://www.samr.gov.cn/fldj/tzgg/qlpc/202110/t20211025_336048.html

⁷ 350 million yuan = 55 million US dollars