



April 7<sup>th</sup>, 2023

## Chinese antitrust.

### Review #11 (2023)

#### QUOTES

“When children grow up, they must leave their home and face the market on their own <...> I hope the Alibaba system will give rise to many public companies, and they will continue to raise their own sons and daughters.”

Alibaba CEO Daniel Zhang addresses employees on splitting the company into six independent business groups <sup>1</sup>

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<sup>1</sup> Source: <https://www.scmp.com/tech/big-tech/article/3215862/alibaba-plans-break-employees-worry-about-its-impact-units-not-focused-e-commerce>

## Head of CSRC welcomed foreign financial organizations

Chairman of the China Securities Regulatory Commission (CSRC) Yi Huiman held a meeting with the heads of global financial institutions, including Bridgewater Associates, HSBC, Allianz Group, Goldman Sachs, and others. He reaffirmed that despite the complex and changing global environment, the Chinese capital market continues to pursue a course of deepening reform and opening up. China welcomes international financial institutions and global investors to expand their Chinese business and investment in China. Representatives of organizations stressed that they were able to experience the stability, potential and viability of the Chinese economy through their own experience, and noted that they firmly believe in its prospects.

Source: <https://www.globaltimes.cn/page/202303/1288375.shtml>

## Employees worry about the impact of Alibaba's reorganization

Alibaba's recent decision to split into six independent business groups was enthusiastically received by investors, but some employees of the company have expressed concern about the future of less core divisions and job security.

Alibaba has been able to create a powerful image, its name plays an important role in building business connections in the industry - this advantage can be lost after the separation. Employees are worried about potential layoffs as CEO Daniel Zhang announced cuts to support and middle management positions. Some find collaboration between teams difficult as it is and believe that the restructuring will only make communication more difficult. The impact will be least for the e-commerce group, which generates more than 2/3 of Alibaba's revenue, while the rest account for 3% to 8% of sales.

Source: <https://www.scmp.com/tech/big-tech/article/3215862/alibaba-plans-break-employees-worry-about-its-impact-units-not-focused-e-commerce>

## Chinese AI experts support FLI's letter on the dangers of AI development

Recently, the Future of Life Institute (FLI) published an open letter on the dangers of artificial intelligence, calling for the creation of independent regulators to ensure the safety of future systems. Among the signatories are Elon Musk, Steve Wozniak, Yuval Harari and others. And although the initiative was criticized by individual practitioners, some experts from mainland China and Hong Kong expressed their support:

*“One measurement is how fast and powerful it [AI] would grow to the extent beyond our imagination. Some people thought it would grow slowly and we still have decades or even hundreds of years [left],” said Cai in an interview with the Post on Sunday. “But that’s not the case ... we only have a couple of years – because our [AI] advancement is just too fast.”*

Cai Hengjin, Professor, Institute for the Study of Artificial Intelligence, Wuhan University

*“I signed the letter <...> to support the AI-related security issues raised, hoping there will be a better system to coordinate LLM development activities across big companies, <...> GPT-4 and bigger models will unleash a productivity upgrade and lead to the loss of jobs for many. How to safely, reasonably, and ethically develop and use super large language models needs our attention ”*

Associate Professor of Nanjing University of Science and Technology Zhang Yizhe

Source: <https://www.scmp.com/tech/article/3215994/several-chinese-ai-experts-back-call-musk-and-others-pause-rapid-development-chatgpt-technologies>

## **WSJ: China delays US M&A review**

China delays approval of mergers and acquisitions involving US companies. According to the correspondent of The Wall Street Journal, this is due to the aggravation of the technological conflict between China and the United States. Chinese regulators are slowing down the process of considering applications for economic concentration transactions, which involve, among others, Intel Corp., MaxLinear Inc. and others. As a condition for approval, SAMR requires companies to provide access in China to their products sold in other countries, a step that will help cope with US-imposed export restrictions, the publication's sources said. There were no official comments from interested parties.

Source: [https://www.wsj.com/articles/chinas-new-tech-weapon-dragging-its-feet-on-global-merger-approvals-d653ca4a?mod=Searchresults\\_pos1&page=1](https://www.wsj.com/articles/chinas-new-tech-weapon-dragging-its-feet-on-global-merger-approvals-d653ca4a?mod=Searchresults_pos1&page=1)

## **Shenzhen to strengthen antitrust regulation**

Shenzhen, one of the driving forces of the Chinese economy and a city with a special economic zone, has published a municipal plan to promote the integrated development of domestic and foreign trade. One of the points of the plan is to strengthen and develop antitrust enforcement and combat unfair competition, as well as finalize antitrust laws for the platform economy and conduct consultations on compliance in this sector. In addition, it is necessary to improve the mechanisms for checking administrative decisions for the absence of provisions that impede the development of competition, and to strengthen cooperation between the competent departments in the regulatory process. A general demand is put forward to more effectively coordinate competition policy with industrial policy.

Source: [https://mp.weixin.qq.com/s/5swkivZT\\_IIDB1xA3TWgDw](https://mp.weixin.qq.com/s/5swkivZT_IIDB1xA3TWgDw)

## **China asks the WTO to strengthen supervision of export restrictions on the import of chips**

At a meeting of the WTO Council for Trade in Goods, a Chinese representative expressed concern about the export restrictions on chips imposed by the United States, Japan and the Netherlands. He noted that there is no official information about the relevant agreement between them, although such news was actively circulated in the media. China has asked the three countries whether such an agreement actually exists and, if so, whether it should be approved by the WTO. The Chinese side suggested that these WTO members probably realize that their agreement violates the norms of the Organization, and that is why they deliberately do not declare it openly.

Source: <https://news.cctv.com/2023/04/05/ARTIKKC0tZjDI2DbNe0gitZC230405.shtml>

## **The creation of a pilot zone for the digitalization of regulation has begun**

Work has officially begun on the creation of a pilot zone for the digitalization of market regulation in Beijing. The project responds to the request of the authorities to modernize the regulation of the market. The agreement, signed by SAMR and the mayor of Beijing, announced that the city would have a "middle office" that would collect data on five areas: market access, in-process regulation, platform economy regulation, integrated law enforcement, and consumer rights Protection. It will be used for efficient data sharing, coordination of interagency efforts, and more precise management and regulation.

Source: [https://www.samr.gov.cn/xw/zj/202304/t20230407\\_354431.html](https://www.samr.gov.cn/xw/zj/202304/t20230407_354431.html)

## 25th Sino-European Competition Policy Week

From March 28<sup>th</sup> to 31<sup>st</sup>, the SAMR Competition Policy Coordinating Unit and the European Union DG Competition held a symposium on the 25th China-Europe Competition Policy Week. The parties discussed the mechanisms for internal review of antitrust cases, legislative and law enforcement innovations in the digital economy, methods of economic analysis used when considering applications for economic concentration transactions, measures of state support for the car industry on new energy sources in the EU, the Chinese strategy of the "single national market", etc. The participants stressed their intention to strengthen exchange and cooperation in antimonopoly regulation, protect fair competition in the market, and deepen bilateral trade and economic ties.

Source: [https://www.samr.gov.cn/jzxts/gjhz/202304/t20230406\\_354395.html](https://www.samr.gov.cn/jzxts/gjhz/202304/t20230406_354395.html)

## Tencent and Douyin signed a cooperation agreement

Chinese short video platform Douyin (operated by TikTok's parent company ByteDance) and Tencent Video have announced a collaboration to promote both long and short videos. Douyin will be able to broadcast Tencent's programs, and users of Douyin's services will have the right to create their own videos based on this content. The agreement marks the end of years of copyright disputes between the two companies. For example, in 2021, Tencent demanded \$123 million in compensation from Douyin for the unauthorized broadcast of the Soul Land anime series, the exclusive rights to which Tencent owned. Tencent said their collaboration is an important step for the audiovisual industry in terms of innovative use of film and TV content copyright, and the parties will look for new formats of cooperation based on copyright respect.

Sources:

<https://baijiahao.baidu.com/s?id=1762498950361775873&wfr=spider&for=pc>

<https://www.scmp.com/tech/article/3216333/tencent-and-douyin-end-years-copyright-disputes-signing-cooperation-agreement-content-distribution>

## Alibaba presented its analogue of ChatGPT

On April 7<sup>th</sup>, Alibaba Cloud announced the official start of beta testing of its analogue ChatGPT - users by invitation will be able to evaluate the capabilities of the Tongyi Qianwen model. It is reported that it is noticeably behind the most advanced at the moment GPT-4. The model was developed by Alibaba's institute for the study of technology and innovation - Damo Academy. As Alibaba CEO Daniel Zhang commented, cloud computing is a key strategy for Alibaba's future development. In combination with AI (including generative), these technologies are at the stage of technological breakthrough. Earlier, Baidu presented its large language model (Ernie Bot), but after the presentation, a lot of negative feedback was received from the audience - the development did not meet user expectations.

Sources:

<http://hk.rj.com.cn/2023/04/07155937460355.shtml>

<https://www.scmp.com/tech/big-tech/article/3216344/alibaba-unveils-chatgpt-alternative-tongyi-qianwen-under-cloud-services-after-baidus-high-profile>