



June 9<sup>th</sup>, 2023

## Chinese antitrust.

### Review #17 (2023)

#### QUOTES

Citi has full confidence in the outlook for the Chinese economy and the financial industry in China. We will continue to use our advantages and expand our presence in the country.

Citigroup CEO Jane Fraser during a visit to China <sup>1</sup>

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<sup>1</sup> Source: <https://www.chinadailyhk.com/article/334887>

## 2022 Antitrust Enforcement Report Published

SAMR, represented by the Antimonopoly Bureau, released the 2022 China Antitrust Enforcement Annual Report. Key achievements in this area include the introduction of the first amendments to the Antimonopoly Law and the enhanced development of related legislation. 187 antimonopoly cases were considered and 784 million fines and confiscations (≈110 million US dollars) were collected, 794 proposals for concluding economic transactions were considered (of which 5 were approved with the involvement of the parties). A Fair Competitive Test Awareness Week was also held. A separate report on the enhancement of China's international authority in the antimonopoly field: in particular, promoting the unification of the BRICS, as openness, inclusiveness and mutual income, and the discussion of BRICS cooperation and cooperation in the field of discussion.

Source: [https://www.samr.gov.cn/xw/zj/art/2023/art\\_38056964cf5449daa346237200e24da0.html](https://www.samr.gov.cn/xw/zj/art/2023/art_38056964cf5449daa346237200e24da0.html)

## Regulators on enhanced antitrust policy and easier market access for foreign capital

At a briefing by the State Council of the People's Republic of China, the head of the SAMR Comprehensive Planning Department, Zhu Jianqiao, spoke about the ongoing antitrust policy: the agency fights against local protectionism and administrative monopoly, suppresses and prevents the precedents of unreasonable interference in market activities, raises public awareness of the value of fair competition, and cancels decisions that impede development competition, conducts antimonopoly campaigns in socially significant sectors. At the moment, SAMR is negotiating amendments to the law "On Combating Unfair Competition" and developing Regulations on the fair competition review system, as well as standardizing and digitalizing market regulation measures.

In turn, the head of the system building department of the Ministry of Finance, Zhou Qiang, confirmed that the Chinese market is open and oriented to the whole world. China is determined to provide more space and better conditions for all market actors, including foreign companies. On behalf of the department, he undertook to remove or at least reduce restrictions on the access of foreign capital to China.

Source: [https://www.samr.gov.cn/xw/xwfbt/art/2023/art\\_3b1d83453cba4eecabe0311b2f136292.html](https://www.samr.gov.cn/xw/xwfbt/art/2023/art_3b1d83453cba4eecabe0311b2f136292.html)

## M&A petitions and artificial intelligence are included in the State Council's legislative agenda

The State Council of the People's Republic of China has published a legislative work plan for 2023: it is planned to develop amendments to the Regulations on the Criteria for Submitting Applications for Economic Concentration Transactions, and draw up Rules for the Management of Network Data Security. The body will also submit to the NPC for consideration a new version of the Law on Combating Unfair Competition. In addition, it is tentatively scheduled to submit a draft law on artificial intelligence to the NPC.

Source: [https://www.gov.cn/zhengce/content/202306/content\\_6884925.htm](https://www.gov.cn/zhengce/content/202306/content_6884925.htm)

## 13 representative cases on the protection of socially significant markets

In late March and early April, the market regulation departments of individual cities and provinces launched local antitrust enforcement campaigns in socially significant sectors: education, transportation, pharmaceuticals and medicine, auto industry, utilities, consumer goods, and so on. Recently, as a subtotal of the campaign, SAMR published 13

representative cases that can serve as a model for further enforcement. 11 of them are related to monopolistic practices, and 2 are related to the abuse of administrative powers by the authorities. At the same time, 5 cases affect the pharmaceutical sector and 8 - the sphere of utilities and insurance.

Separately, the municipal departments of Beijing and Shanghai reported on the progress of the campaign. For example, draft guidelines were prepared in Beijing, including those on antimonopoly compliance in the field of algorithms. The Shanghai Office reported that it is actively engaged in educational work, for example, the first "Lesson on Competition", a thematic lecture on antitrust compliance for state-owned enterprises, organized jointly with the State Assets Committee, was recently held for the first time.

**Sources:**

[https://www.samr.gov.cn/fldys/sjdt/gzdt/art/2023/art\\_ca0a25bb34b6413fa5309ffea9d06a74.html](https://www.samr.gov.cn/fldys/sjdt/gzdt/art/2023/art_ca0a25bb34b6413fa5309ffea9d06a74.html)

[https://www.samr.gov.cn/xw/mtjj/art/2023/art\\_921082752cfb4345b2143ba3aac5b1a3.html](https://www.samr.gov.cn/xw/mtjj/art/2023/art_921082752cfb4345b2143ba3aac5b1a3.html)

[https://www.samr.gov.cn/fldys/sjdt/dfd/art/2023/art\\_d7008897bdc409faeec07840f8f0662.html](https://www.samr.gov.cn/fldys/sjdt/dfd/art/2023/art_d7008897bdc409faeec07840f8f0662.html)

[https://www.samr.gov.cn/fldys/sjdt/dfd/art/2023/art\\_ce040b6f4dbf442ca32a7ca12d9693cf.html](https://www.samr.gov.cn/fldys/sjdt/dfd/art/2023/art_ce040b6f4dbf442ca32a7ca12d9693cf.html)

## 43 companies filed for foreign IPO

Since February of this year, the “by registration” system for entering the Chinese exchanges has been fully operational in China - it replaced the previously existing “by permission” system. Whereas earlier IPOs required regulatory approval, the new rules will require companies to fully disclose all required paperwork to investors. So far, 43 companies have filed for IPO under the new system, and two of them have already successfully completed the registration process.

**Source:** <https://www.stcn.com/article/detail/886761.html>

## Alibaba Cloud will cooperate with a state-owned mining company

Shaanxi Coal and Chemical Industry Group announced the launch of Western Energy cloud platform. The platform will accelerate the digitalization of the western regions of China: with its help, local companies will be able to upload equipment data, use “industrial” applications and cloud services. The technical support of the platform is provided by Alibaba Cloud. At the moment, China is actively encouraging the involvement of digital giants in the implementation of government programs. So, earlier, Alibaba Cloud signed a framework cooperation agreement with the Shenzhen Data Exchange.

**Source:** <https://www.scmp.com/tech/big-tech/article/3223546/alibaba-cloud-wins-deal-chinese-coal-giant-push-woo-more-state-owned-clients>

## Sequoia Capital to split into 3 companies

Sequoia Capital has notified a limited number of its partners of the planned division into 3 companies: as a result, Sequoia Capital (region: USA and Europe), HongShan (China) and Peak XV Partners (India and Southeast Asia) will be formed. It is stated that the plan will be implemented no later than March 2024. The management of the venture fund explains this decision, among other things, by the complexity of centralized compliance management and geopolitical tensions.

**Source:** <https://www.forbes.com/sites/alexkonrad/2023/06/06/sequoia-splits-into-three-firms/?sh=187f1f627e8a>

## China urges Europe to end 'economic coercion'

Chinese Foreign Ministry spokesman Wang Wenbin expressed hope that the European Union will join the international community in the fight against American tactics of economic coercion. Wang noted that both China and the EU are victims of economic coercion by the US, which is forcing other countries to accept a ban on the export of semiconductor manufacturing equipment. "Technological bullying has seriously affected the development of the semiconductor industry and not only harmed the interests of China and the EU, but also violated multilateral trade rules and affected the global economic order," he stressed.

Source: <https://www.globaltimes.cn/page/202306/1292151.shtml>

### **Pirelli asks to reduce Chinese investment in the Italian market**

Pirelli CEO Marco Tronchetti Provera has asked the Italian government to help curb Chinese government investment in Italian tire makers. According to him, the company's independence is at stake. At the meeting, he noted that action must be taken to block the "seizure" of market power by Sinochem. Previously, a Chinese conglomerate bought a stake in the company, and now Tronchetti Provera is concerned that he is trying to interfere in management processes in ways not covered by the terms of the deal.

Source: <https://www.wsj.com/articles/pirellis-italian-ceo-seeks-to-curb-chinas-grip-on-tiremaker-a464b0c3>

### **Chinese Foreign Ministry: Huawei has never violated the security of European countries**

According to Chinese Foreign Ministry spokesman Wang Wenbin, the boycott of Huawei would violate the principles of a market economy, free trade and fair competition. The announcement came in response to a Financial Times report about a possible forced boycott of companies, including Huawei, whose 5G networks allegedly carry security risks. As the speaker emphasized, this is not the first time the United States and certain European countries have mentioned such risks, but they have never provided any evidence: their accusations are based on a presumption of guilt and disinformation. Meanwhile, Huawei has given a powerful boost to the development of European telecommunications and created significant social and economic benefits in the region.

Source: <https://www.globaltimes.cn/page/202306/1292175.shtml>

### **Senators urge TikTok to talk about data access**

In a letter to TikTok CEO Shaw Tzu Chu, U.S. Senators Richard Blumenthal and Marsha Blackburn sought clarification on how the company stores and with whom it provides access to U.S. user data. The email follows a Forbes article alleging that TikTok stores financial information (including social security and tax numbers) on Chinese servers for US content makers who receive money in the app. A TikTok spokesperson said the company is "looking into the letter": "We reiterate that we are confident in the accuracy of the evidence and the responses to Congress."

Sources:

<https://www.scmp.com/tech/big-tech/article/3223339/us-senators-tell-tiktok-ceo-explain-contradictions-reports-data-storage-and-security>

<https://www.forbes.com/sites/alexandravine/2023/05/30/tiktok-creators-data-security-china/?sh=7d06fd2b7048>

### **Internet companies report profit growth**

According to the People's Daily, in the first four months of 2023, the profits of Chinese Internet giants and Internet service operators increased significantly. According to the Ministry of Industry and Informatization of the PRC, during the specified period, the profit of these companies grew to  $\approx 5.4$  billion - by 62.1% year on year. At the same time, their total operating revenue amounted to  $\approx \$57$  billion, up 3.3% compared to the same period last year.

**Source:** <http://russian.people.com.cn/n3/2023/0605/c31518-20027465.html>