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Chinese antitrust.

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## QUOTES

“In an era of technological competition with the United States, Beijing is more inclined than ever to control business strategies and platform activities <...> And can use these platforms to achieve its geopolitical goals” to the detriment of competition.

Investors should consider reducing their holdings in Chinese tech platform stocks as the sector enters a new period of active government control.

Authorities may require platforms to drastically lower service prices and invest in new technologies to prioritize national interests.

From BCA Research China Investment Strategy Report <sup>1</sup>

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<sup>1</sup>Source: <https://www.scmp.com/business/china-business/article/3208960/investors-beware-beijing-tightens-grip-chinas-tech-platform-behemoths-expense-profits-bca-research>

## Xi Jinping emphasizes the importance of technological sovereignty

At a training session for members of the Politburo on the new development architectonics, Chinese President Xi Jinping pointed to the need to accelerate the pace of technological self-sufficiency so as not to be "strangled" by foreign states. We should strengthen strategic scientific and technological capacity, optimize the distribution of innovative resources, making China a global leader in key technologies, a pioneer in cutting-edge cross-disciplinary fields, and an important global scientific and technological center. To do this, it is necessary to work in parallel on the development of education, innovation and the education of qualified personnel.

Separately, Xi Jinping noted the importance of improving the competitiveness and security of production and supply chains in order to meet existing demand through autonomous, controlled and high-quality supply.

Source: [http://www.gov.cn/xinwen/2023-02/01/content\\_5739555.htm](http://www.gov.cn/xinwen/2023-02/01/content_5739555.htm)

## Reform of the IPO filing system

The China Securities Regulatory Commission (CSRC) has announced that it is starting a full-scale introduction of the "by registration" system for entering Chinese exchanges, which will replace the current "by permission" system. Whereas previously IPOs required regulatory approval, the new rules will require companies to fully disclose all required securities to investors. In addition, when entering the exchange "by permission", the Commission had the right to set a ceiling on share prices, and now prices will be regulated by market mechanisms. It follows that the investors themselves will be responsible for evaluating the prospects for the companies. The reform is provided for by the new edition of the Law on Securities, which entered into force in 2020, but until that moment, the IPO system "by registration" in test mode operated only on the Shanghai exchange for technology companies STAR Market. The Commission noted that the reform not only changes the subject of verification of documentation, but also emphasizes the importance of disclosing one's data, which makes the process more regulated, transparent and predictable. According to the SCMP, the "by permission" system was considered vulnerable to corrupt activity, and stock prices were often artificially low to make it easier for state-owned companies to buy them out.

Sources:

<https://baijiahao.baidu.com/s?id=1756636634339703563&wfr=spider&for=pc>

<http://www.chinadaily.com.cn/a/202001/13/WS5e1bc8caa310cf3e35584113.html>

<https://www.scmp.com/business/china-business/article/3208769/regulator-reforms-chinas-ipo-process-leaving-share-pricing-market-forces-bourses-vet-disclosures>

## US to vote to ban TikTok in February

In February, the U.S. House Foreign Affairs Committee will vote on an act to ban TikTok from the United States. The measure is aimed at forming a legislative framework for blocking the application for reasons of national security. "We are concerned that this application gives the Chinese government a bypass channel to access our phones," said Committee Chairman Michael McCall. Earlier, a bill was introduced in the US to ban any transactions with TikTok and any social media operators influenced by China, Russia, Iran, North Korea, Cuba or Venezuela.

On March 23<sup>rd</sup>, TikTok CEO Show Tzu Chu will also meet with the US Committee on Energy and Commerce. This will be his first meeting with any committee of the House of Representatives. As stated in the press release of the Committee, TikTok "is becoming an increasingly destructive force for American society." A TikTok spokesperson stated, "We welcome the opportunity to clarify the picture regarding TikTok, ByteDance, and the commitment we are making in response to US national security concerns." The company hopes that if it shares the details of its comprehensive plan, the House of Representatives will take a more thoughtful stance on agenda items, he said.

Sources:

<https://www.reuters.com/world/us/us-house-panel-vote-next-month-tiktok-ban-2023-01-27/>

<https://energycommerce.house.gov/posts/tik-tok-ceo-to-testify-at-energy-and-commerce-committee>

<https://www.theverge.com/2023/1/30/23577870/tiktok-ceo-testify-congress-bytedance-energy-commerce-shou-zi-chew>

### Bloomberg: Baidu will introduce an analogue of ChatGPT

According to Bloomberg, Chinese search service Baidu will launch its own chatbot similar to ChatGPT in March. The service will be integrated into the search engine and will allow you to receive search results in an interactive format. The chatbot is being developed on the basis of the Ernie neural network developed by Baidu.

The news has not received official confirmation from Baidu, and is published in the Chinese media with reference to Bloomberg.

Source: <https://www.bloomberg.com/news/articles/2023-01-30/chinese-search-giant-baidu-to-launch-chatgpt-style-bot-in-march>

### China condemns planned boycott of Huawei

According to US media reports, the Biden administration is discussing a complete end to cooperation between US suppliers and Huawei. Supplies to Huawei were limited four years ago when Donald Trump put the Chinese company on the list of "unverified organizations" (entity list) for national security reasons, and since then, US firms have needed permission from the authorities to make sales. Now, some members of the current administration are pushing for a total ban on all shipments: Huawei has long been suspected of having ties to the Chinese government and military.

The Chinese Foreign Ministry strongly protested. Foreign Ministry spokeswoman Mao Ning said that China opposes the abuse of state power and the unreasonable oppression of Chinese companies. Such actions violate the principles of the market economy and international trade, undermine the international community's confidence in the US business environment, and are undisguised technological hegemony.

Sources:

<http://usa.people.com.cn/BIG5/n1/2023/0201/c241376-32615701.html>

<https://www.bloomberg.com/news/articles/2023-01-30/biden-team-may-cut-off-huawei-from-intel-other-us-suppliers>

### Monopolist of gas supply services fined

The Market Authority of Chongqing Municipality fined Yongkang Gas for abusing its dominant position in the local gas supply market. The investigation began after a report by Chongqing TV channel about the imposition of gas stoves during the installation of equipment. The regulator revealed that Yongkang Gas indeed imposed additional services: for new customers, the installation of gas stoves, alarms and insurance were mandatory conditions for concluding a service contract, and for old customers, these goods and

services were allegedly necessary to comply with safety regulations. At the same time, the company was a monopolist and controlled almost 100% of the local market.

The agency considered the violation sufficiently serious and caused a great public outcry, but took into account that Yongkang Gas stopped illegal actions and took measures to mitigate the negative consequences even before the start of the investigation. The fine amounted to 2.4 million yuan ( $\approx$ \$350,000), i.e. 5% of the turnover for 2020 (for such a violation, the Antimonopoly Law of the PRC provides for a fine from 1% to 5%, depending on the circumstances of the case).

Source: [https://www.samr.gov.cn/fldys/tzgg/xzcf/202302/t20230201\\_353093.html](https://www.samr.gov.cn/fldys/tzgg/xzcf/202302/t20230201_353093.html)

More than 30 Chinese companies plan to list on the Swiss stock exchange

The Swiss Ambassador to China told Yicai Global that more than 30 Chinese companies are about to enter the SIX Swiss Exchange, where shares of nine Chinese companies are already traded under the Stock Connect mechanism. According to the embassy, Chinese investors prefer the Swiss capital market, since it is quite easy to obtain permission, and Swiss banks maintain good relations with both private and public investors. The ambassador also commented on the attitude of Swiss companies to investing in China: there is some misunderstanding between the parties now, but this is due solely to the lack of live communication due to coronavirus restrictions. According to the ambassador, no Asian market compares to China, and he hopes that communication will improve this year.

Source: <https://www.yicaiglobal.com/news/exclusive-over-30-chinese-firms-eye-swiss-stock-market-listings-ambassador-says>

A daily rubric to refute fakes was created

In order to combat rumors on the Internet, the Cyberspace Administration launched a daily rubric on its site to refute fakes - before, denials were published on a monthly basis. The launch of the rubric will help the general public to receive reliable, authoritative and accurate information in a timely manner. The site also launched the daily headings "Popular Science" and "Warnings", with the help of which the department effectively responds to current incidents.

Source: <https://mp.weixin.qq.com/s/dqsGKKW9oDv2yzJ9A9u9SQ>