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QUOTES

In recent years, China has been actively promoting digital industrialization and digitalization of industry to promote deep digital integration and socio-economic development. Digitalization, internetization and intellectualization should give a greater impetus to socio-economic development. It is important to open new horizons in cooperation in the field of the digital economy.

Xi Jinping in a congratulatory letter to the China-SCO Digital Economy Forum and Smart China Expo 2021¹

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¹ Source: <http://russian.people.com.cn/n3/2021/0824/c31521-9887168.html> (official website of Zenmin Zibao)

Draft Regulation on Algorithms for Recommendations on the Internet

The document was published by the Cyberspace Administration of China. The provisions will apply to Internet services provided using recommendation algorithms. The project sets out the responsibilities of such suppliers, including:

- to increase the transparency and explainability of the rules of search, rating, selection, promotion and display;
- to not use algorithms for excessive recommendations and manipulation of rankings and search results;
- to provide users with non-personalized options or the ability to close personalized offers;
- to not use algorithms to discriminate transaction conditions (prices, etc.) based on consumers' propensities and transactional habits, and so on.

For violation of the provisions of the document, such punishments as a fine, a warning, an order to stop providing services, deregistration, revocation of a license, closure of a site, etc., are established. The collection of opinions will last until September 26.

At present, the Supreme People's Court is also collecting public comments on the interpretation of the PRC Law on Unfair Competition.

Sources:

http://www.cac.gov.cn/2021-08/27/c_1631652502874117.htm (official website Cyberspace Administration of China)

http://www.samr.gov.cn/jjj/fbzdjz/202108/t20210820_333864.html (official website SAMR)

China's first compliance document for platforms

Zhejiang Province, where major platform players such as Taobao and Tmall are registered, has taken a breakthrough step in regulating the digital sector by releasing the country's first Competition Compliance Guidelines for platform companies. The document identifies seven types of competition violations typical for this sector and 14 forms of "sensitive" actions with a high degree of risk.

Violations may include actions such as: using the platform to collect and exchange sensitive information, including prices, sales, costs, customers, etc .; use data, algorithms, platform rules and technical tools to enter into horizontal competitive agreements on price-fixing, market sharing, etc .; and so on. The following risks are indicated: to use the advantage in capital, traffic, etc. to make sales at a price below cost to crowd out competitors; establish unreasonable restrictions and obstacles related to platform rules, algorithms, technologies, traffic distribution, etc .; apply differentiated pricing terms based on big data and algorithms; and so on.

Source: <https://baijiahao.baidu.com/s?id=1709231264067685632&wfr=spider&for=pc> (official account of the Paper)

“One for all” internet platform policy

On August 26th, Han Wenxiu, deputy director for day-to-day work of the Office of the Central Commission for Finance and Economics, told reporters that strengthening antitrust regulation and measures to combat unfair competition is an important area of the

government's streamlining work. At the same time, the policy of eliminating violations and regulating the activities of Internet platforms applies to all equally and is aimed at unlawful behaviour, not only at private enterprises or companies with foreign capital.

Han Wenxiu said that in strengthening the regulation of large platforms, China is committed to the simultaneous importance of regulation and development. On the one hand, it sets up a "traffic light for capital," on the other; it realizes the role of the platform economy as an important component of progressive production forces.

Source: <https://baijiahao.baidu.com/s?id=1709140341244777000&wfr=spider&for=pc> (official website of Zenmin Zibao)

67 mobile apps removed

According to the Ministry of Industry and Informatization, violations of the "Law on Cybersecurity" were identified during a "retrospective check" on parameters such as illegal requests for credentials and the use of pop-ups that cause inconvenience to users. Previously, these applications were notified of the need to correct the violation but did not comply with this requirement within the prescribed period.

Such checks are carried out regularly. Last week, the Ministry identified some of China's largest mobile applications as violators - WeChat, Tencent Video, Tencent Maps, Weibo Wallet, iQiyi, Ctrip, Suning.com platform products, etc., until August 25th).

Sources:
<https://baijiahao.baidu.com/s?id=1709146810660493044&wfr=spider&for=pc> (official website of Zenmin Zibao)
<https://www.scmp.com/tech/policy/article/3145645/beijing-names-wechat-and-other-apps-data-flaws-and-shuts-down-fan-club> (South China Morning Post)

SAMR representatives met with AmCham China

On August 23rd, SAMR Vice Head Tian Shihong held a video meeting with Alan Bibi, President of the American Chamber of Commerce in China (AmCham China). The meeting was also attended by decision-makers from affiliates, including Merck, Herbalife, Universal Pictures, Qualcomm, 3M, and others. Tian Shihong noted that SAMR attaches great importance to the concerns and suggestions of foreign enterprises in China and welcomes affiliates' recommendations for a sustainable and supportive business. Wednesday. He expressed the hope that AmCham China will continue as a "bridge" and "catalyst" to call on US-owned enterprises to support the sustainable development of trade and economic ties between the US and China.

Source: http://www.samr.gov.cn/xw/zj/202108/t20210825_334029.html (official website of SAMR)

“Administrative monopoly” in Fujian Province

The investigation found that the Mingxi County People's Government and the Zhaoan County People's Government discriminated against businesses in other territories

and only allowed companies registered or resident in their counties to tender and provide certain types of services. According to the provincial market regulator, such actions violated the PRC Antimonopoly Law and the Provisional Abuse of Administrative Powers to eliminate or restrict competition. During the investigation period, the county governments, on their own initiative, stopped the illegal actions and made changes to the relevant documents, which became a legal basis for the termination of the investigation.

Source: (official website of SAMR):

http://www.samr.gov.cn/fldj/tzgg/qlpc/202108/t20210826_334106.html

http://www.samr.gov.cn/fldj/tzgg/qlpc/202108/t20210826_334107.html

A penalty for the water supplier

On August 25th, the Shaanxi Provincial Market Authority fined Jinyang County Water Supply, which provides services for the production, supply and sale of piped water, for abusing its dominant position in the county-wide water utility market. During the reinstallation of meters, the company demanded that residents purchase meters and bear the cost of installing them, while the county implemented a policy of subsidizing such works, and the price of reinstallation was already included in the price of a cubic meter of water. The fine for the application of unreasonable terms of the transaction (Article 17 of the Antimonopoly Law) amounted to 162 thousand Chinese yuan (2% of the turnover in 2017), and illegally obtained profit in the amount of 28 thousand Chinese yuan was also seized.

Source: https://mp.weixin.qq.com/s/SBRnsaSe3gs5Ree_d6yybw (Channel - Practical comment on Antimonopoly)

Tencent sues Douyin for unfair competition

Citing the 21st Century Business Herald, Tencent Video is reported to have filed a complaint with the Beijing Intellectual Property Court for infringement by Douyin (the Chinese equivalent of TikTok) of its copyright to host the Crime Crackdown series. Tencent demanded the removal, filtering or concealment of the episodes unlawfully posted on Douyin, as well as compensation for the economic damage in the amount of RMB 100 million. The court has already started considering the case.

In the Douyin app, the channel that hosts the sliced footage from the series is labelled as the "Official Crime Crackdown Channel." At the same time, Tencent Video claims that it has exclusive rights to post this video content on the Internet.

Source: <https://baijiahao.baidu.com/s?id=1708418022627793972&wfr=spider&for=pc> (official website of Sina Finance)

Registering athlete's names

The State Intellectual Property Rights Office announced that it had rejected 109 trademark applications. All applications submitted by both individuals and legal entities contain the names of the athletes of the Chinese Olympic team - Yang Qian (air rifle shooting), Chen Meng (table tennis), Quan Hongchan (diving). In the opinion of the Office, this is an unfair use of someone else's reputation and a violation of the relevant personal rights and interests, which has already led to negative consequences. The agency said it

will continue to protect the names of famous personalities, including the country's Olympic athletes.

Source: <https://baijiahao.baidu.com/s?id=1708591170295708674&wfr=spider&for=pc> (official account of Central National Radio)

Deputy Minister of Labour on the rights of food delivery workers

On August 18, at a meeting with reporters, Deputy Minister of Labor and Social Security, Yu Jun, commented on the issue of protecting the rights of food delivery workers. He noted that in pursuit of their own development, platforms must adhere to the correct social values and maintain a balance of all parties' interests to achieve mutually beneficial development for all. The work tasks of food delivery couriers come from the platform, and there they receive their income. Therefore, the platforms must proactively take responsibility for the social security of such workers: improve the rules of remuneration, create a reasonable mechanism for assessing the effectiveness of their work, and optimize the mechanism for distributing orders. Platforms should set a reasonable order volume and not infringe on the proper rights of workers through algorithms. These remarks were made by the Deputy Minister against the backdrop of the recent adoption of SAMR, together with the competent authorities, on the protection of the rights of foodservice providers.

Source: <http://www.gov.cn/xinwen/2021zccfh/35/index.htm> (official website of the State Council of the People's Republic of China)