



...with DG Zhenguo Wu

In this month's edition of CPI Talks... we have the pleasure of speaking to DG Zhenguo Wu, Director General of the Anti-monopoly Bureau of the Chinese State Administration for Market Regulation.

Thank you, DG Wu, for taking this time to talk to CPI.

1. **Would you please outline the achievements and focus of anti-monopoly law enforcement by the SAMR in 2020? And what role has it played in the prevention and control of COVID-19?**

In 2020, China's antitrust authority implemented the strategic deployment of the CPC Central Committee on strengthening anti-monopoly rules and preventing disorderly expansion of capital in face of the impact of COVID-19 and the complex and challenging domestic and foreign economic environment, and worked diligently to push forward anti-monopoly law enforcement to a new stage and reach a higher level.

Following the principle of fair competition, SAMR directly addressed the weaknesses in market entity development, solved consumers' most direct and practical problems, improved consumer welfare, and supported high-quality economic development through anti-monopoly work. SAMR balanced pandemic prevention and economic and social development, and successfully completed the tasks of competition enforcement. The officers overcame difficulties, strengthened anti-monopoly law enforcement, and accelerated the construction of the national market which is unified and open with orderly competition. SAMR acted proactively to improve the competition enforcement system, optimize marketization, the rule of law, and international business environment, and create a more innovative and fairer competition environment.

In 2020, 109 monopoly cases were settled nationwide, with total fines of 451 million RMB; 485 merger cases were filed, and 473 cases were closed, of which four merger cases, including Nvidia's acquisition of Mellanox, were approved with remedies, facilitating the development of a modern market system which is unified, open, and with orderly competition.

- a) **Supporting epidemic prevention and control and the resumption of work and production.** The "Announcement on Adjusting the Work Methods of Reception and Other Works during the Period of Epidemic Prevention and Control" and the "Announcement on Supporting Anti-Monopoly Law Enforcement for Epidemic Prevention and Control and Resumption of Work and Production" were released in time. A series of measures were formulated in terms of anti-monopoly enforcement and fair competition review to stabilize expectations, promote development, and protect people's livelihoods. In 2020, the number of merger cases filed and closed has increased by 5 percent and 1.7 percent, respectively, and the average filing and reviewing time were shortened by 27 percent and 14.5 percent respectively. Over 3,800 telephone consultations from enterprises and the public were received.
- b) **Regulating competition in the platform economy.** We implemented the decision and deployment of the CPC Central Committee and the State Council, and strengthened anti-monopoly law enforcement in the platform economy. We investigated three cases of platform companies failing to notify concentrations. These cases include Alibaba's acquisition of Yintai Retail's equity. We also investigated Alibaba for its "either-or" policy which was a suspected monopoly conduct, to send a clear signal that the Internet industry must comply with the anti-monopoly law. Furthermore, we strengthened administrative guidance in the online economy and community group purchases, guided enterprises to operate in compliance with laws, and promoted the standardized, orderly, innovative, and healthy development of the platform economy.

- c) **Deepening anti-monopoly law enforcement in key areas.** The anti-monopoly law enforcement has been strengthened in the pharmaceutical field. We imposed a fine of RMB 325.5 million on three calcium gluconate API distributors, investigated and dealt with the monopoly case of Simcere Pharmaceuticals, and guided the local authorities in handling monopoly cases involving twelve types of API. We continued to strengthen anti-monopoly law enforcement in areas including public utilities, automotive vehicle detection, second-hand vehicles, building materials, etc. A great number of typical cases were also exposed.
- d) **Maintaining a unified national market.** We strengthened law enforcement on the abuse of administrative power to eliminate and restrict competition, and paid attention to reducing behaviors such as local protection, designated transactions, etc., eliminated improper government intervention, promoted a better integration of effective markets and effective governments, and pursued a virtuous cycle in the national economy.

2. In 2020, SAMR accelerated the revision of the Anti-Monopoly Law and issued a number of policies and guidelines. Would you please describe in detail what measures SAMR took to consolidate the foundations of the antitrust legal system and competition system in 2020?

Law is the foundation of governance. Following the law, SAMR built a scientific and complete anti-monopoly legal system, improved the fair competition system, promoted the modernization of the competition governance system, and provided guarantees for high-quality economic development.

- a) **Continuously improving the anti-monopoly legal system.** We completed the “Amendment Draft of the Anti-Monopoly Law,” issued the “Interim Regulations on the Review of Concentration of Undertakings,” revised the “Provisions on Prohibition of Abuse of Intellectual Property Rights to Exclude and Restrict Competition,” released the “Anti-monopoly Compliance Guidelines for Operators” and the “Anti-monopoly Guidelines in Platform Economy,” drafted the “Anti-monopoly Guidelines in the Field of APIs,” and the “Anti-monopoly Guidelines for Overseas Enterprises,” focusing on strengthening the basic position of competition policy and the anti-monopoly supervision on the digital economy, and improving the anti-monopoly system. With them, the operability and predictability of the anti-monopoly legal system have been enhanced.
- b) **Effectively strengthening the top-level design of competition policy.** In 2020, we carried out research in terms of strengthening the basic position of competition policy, and formulated competition policies compatible with a high-level socialist market economic system. We also approved pilot programs in Pilot Free Trade Zones of Shandong and Shanghai and Guangdong-Hong Kong-Macao Greater Bay Area and guided the Hainan Free Trade Zone to formulate the “Fair Competition Regulations,” to innovate relevant mechanisms and accumulate experience to better implement competition policies.
- c) **Accelerate the construction of a fair competition system.** We issued the “Notice on Further Promoting Fair Competition Review Work,” amended the “Implementation Rules for the Fair Competition Review System,” refined the review mechanism, optimized the review process, and strengthened the rigid constraints of the system. We organized a comprehensive screening of the policies and practices promulgated by governments before 2019, carried out direct supervision in twelve provinces, cleaned up 1.07 million policies and practices, of which nearly 6000 were abolished and revised. We carried out fair competition review and supervision throughout 2020, to significantly promote the authority and effectiveness of the system.
- d) **Steadily perfecting the market competition evaluation system.** We formulated market competition evaluation regulations and industry competition evaluation examples, improved the overall market competition evaluation report, completed the evaluation of competition in eight industries, including the platform economy, automobiles, and aviation, to provide solid support for scientific and effective anti-monopoly law enforcement.

3. How did SAMR contribute to improving the domestic fair competition market environment?

The key to vitalizing market participants and boosting China's economic development is to create a market-oriented, law-based, and international business environment. SAMR enhanced anti-monopoly law enforcement capabilities, advanced the modernization of governance system, and promoted the continuous optimization of the fair competition market environment.

- a) **Giving full effect to the role of the Anti-Monopoly Committee of the State Council.** A plenary meeting of the Anti-Monopoly Committee of the State Council was held to provide organizational and intellectual support for the revision of the "Anti-Monopoly Law," evaluation of competition in key industries, compilation of typical cases, anti-monopoly enforcement and training.
- b) **Comprehensively fulfilling coordination duties for fair competition review.** We convened the third plenary inter-ministerial joint meeting for Fair Competition Review to study, optimize and improve the responsibilities of inter-ministerial joint meeting, the joint meeting office and the member units, and the organization and operation rules of the joint meeting. We pushed forward the implementation of thirteen key tasks, offering strong guarantee for maintaining a fair and competitive market environment.
- c) **Strengthening anti-monopoly law enforcement capabilities.** We formulated the "Anti-monopoly Law Enforcement Report Filing Measures," "Verification Working Rules on Monopoly Case Clues" and other systems, compiled anti-monopoly law enforcement manuals and a compilation of rules and guidelines, and formulated the "Management Measures on Anti-Monopoly Work" to enhance anti-monopoly law enforcement capabilities.

4. What efforts did SAMR make to strengthen collaboration with international authorities in the competition field in 2020, to improve the international business environment?

In line with the internationalism and openness of anti-monopoly work, SAMR adhered to the "bringing in" and "going out" principle, and promoted institutional opening of the competition field, actively participated in global competition governance, discovered new strengths in international economic cooperation. The above efforts contributed to a better competitive environment for China implementing its high level of opening to the world.

- a) **Promoting institutional opening up in the competition field.** We actively prepared for the 7th BRICS International Competition Conference. We deepened research on competition policy issues of free trade agreements, completed negotiation on regional comprehensive economic partnership agreement, and participated in negotiation on competition and anti-monopoly law enforcement under free trade agreements of China-Norway, China-Israel, China-Japan-Korea, and China-Peru. We co-sponsored with Russia and others, making the combat of cross-border cartels a priority work for the Intergovernmental Group of Experts of the United Nations Conference on Trade and Development ("UNCTD") from 2020 to 2025 to reinforce international cooperation on law enforcement.
- b) **Actively participating in global competition governance.** We attended the video conference of the BRICS Coordination Committee on Anti-Monopoly Policy and issued the "Statement of the BRICS Competition Agencies in Response on COVID-19." We pushed forward the topic of competition and cooperation included in the important outcome documents of the 12th BRICS Leaders' Summit and the 25th Regular Meeting between Chinese and Russian Prime Ministers. We strengthened law enforcement exchanges with antitrust agencies in the United States, the European Union, Japan, South Korea and so forth, attended thirteen online international conferences such as the UNCTD and OECD, and held the EU-China Competition Week to achieve a higher level of international cooperation.
- c) **Vigorously advocating for a fair competition culture.** We published the first Chinese and English edition of the "Annual Report on China's Anti-Monopoly Law Enforcement (2019)," selected and released ten representative cases of anti-monopoly law enforcement in 2019, compiled and printed the "Anti-Monopoly Laws and Regulations Collection of the Belt and Road Nations," published five anti-monopoly guidelines, and issued an interpretation of the "Interim Provisions on the Review of Concentration of Undertakings." We also produced the SAMR's first fair-competition-themed promotional film to continuously extend the influence of anti-monopoly law enforcement in China.

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