

CPI's Asia Column Presents:

# Keynote Speech at the UCL Jevons Institute's 10th Anniversary Colloquium: Global Antitrust Enforcement 10 years and Beyond

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Ladies and gentlemen. Congratulations on the 10<sup>th</sup> anniversary of the UCL Jevons Institute. I would like to extend my thanks to the host for inviting me. This is an opportunity for me to update you the latest development on the enforcement of Anti-Monopoly Law and the implementation of competition policy by Chinese National Development and Reform Commission (NDRC) since 2015.

**Investigating anticompetitive activities conducted by companies.** Since 2015, NDRC and the provincial price regulation authorities have launched 20 investigations and imposed the total fine of RMB 7 billion. Those anticompetitive activities include horizontal agreements, vertical agreements and abuse of market dominance. The industry-sectors involved include automobile and auto parts, telecoms, pharmaceutical, transportation and intellectual property right. The relevant parties are quite diverse, including state-owned enterprises, private enterprises, foreign-invested enterprises, trade associations and so on.

**Enhancing its enforcement against abusing administrative power to eliminate or restrict competition.** Different from the E.U. and the U.S. competition laws, China's Anti-Monopoly Law is characterized by an independent chapter prohibiting the government agencies from abusing administrative powers to eliminate or restrict competition. In 2015, NDRC made substantial inroads in this area, and investigated five cases which covered the areas such as transportation, telecoms, pharmaceutical, and involved various conducts such as designated transactions, local protection, forcing undertaking to conduct anticompetitive behaviors, etc.

**Making the Law more workable by drafting the complementary guidelines.**

In 2015, entrusted by the Anti-Monopoly Commission, NDRC takes the leading role of drafting five guidelines on the issues related to application of the leniency program, the conditions and procedures for exemption of anticompetitive agreements, suspension of investigation based upon commitments, calculation of illegal gains and fines, and special guidelines in the automobile industry. In addition, NDRC has also been working together with MOFCOM and SAIC, its other two sister antimonopoly agencies, to draft the antitrust guidelines on abuses of intellectual property rights to exclude or eliminate competition. During the drafting process, NDRC has been always welcoming the comments from all kinds of stakeholders including but not limited to the general public, relevant foreign chambers, foreign enterprises, and international antimonopoly authorities. For the time being, all the drafts have been finalized and will be submitted to the Anti-Monopoly Commission of the State Council for approval in due time.

**Recognition of the fundamental role of competition policy in China.**

In the recent years, China has focused on establishing the overall institution on competition policy implementation. In 2015, a solemn declaration was made to “gradually establish the fundamental position for competition policy” in the portfolio of different kinds of economic policies at both national and local levels. This is really a breakthrough in China's economic

reform history since its formally adopting market economy in 1992. It symbolizes that the orientation of China's economic policies will transit from industrial policy to competition policy.

The fundamental position for competition policy means that fair competition principles should become the basis and direction of all the economic policies made by Chinese governments. Through establishing coordinative mechanisms with competition policy, all economic policies will be undergoing the self-screening by relevant government agencies in charge of policy drafting before coming into effect. In this way, the awareness of policy makers will be enhanced overtime.

As an important measure of safeguarding the fundamental status of competition policy, the fair competition review mechanism will be established and introduced in the very near future. On April 18, 2016, a statement was made to approve the establishment of a fair-competition review system to safeguard a united national market and an environment of fair competition. To carry out fair competition review, government authorities should conduct the self-evaluation on the potential anticompetitive effects of the policies and measures they are making to eliminate anticompetitive elements beforehand. Such a mechanism will define the border between the different roles played by government and market, prohibit the unreasonable government intervention, and ensure that market will play a decisive role in allocation of resources.

Thank you.