



... with Mr. Zhenguo Wu¹

In this month's edition of CPI Talks... Dr. Vanessa Yanhua Zhang, Special Editor of the Antitrust Chronicle² has the pleasure of speaking with Mr. Zhenguo Wu. Mr. Wu is Director General of the Anti-Monopoly Bureau of State Administration for Market Regulation ("SAMR") of P.R. China.

Thank you, Mr. Wu, for sharing your time for this interview with CPI.

- 1. In 2019, three supporting regulations to the Anti-Monopoly Law ("AML") were issued and implemented, i.e. the Interim Provisions for Prohibiting Monopolistic Agreements, the Interim Provisions for Prohibiting Abuse of Market Dominance, and the Interim Provisions for Prohibiting Eliminating and Restricting Competition by Abuse of Administrative Power. Could you please explain their consequences for enforcement practice?**

These three regulations were promulgated on June 26, 2019 and came into effect on September 1, 2019, with important historical and practical significance. Since the implementation of the AML on August 1, 2008, China's antitrust agencies have earnestly performed their duties and effectively enforced the AML, in order to maintain fair market competition, protect consumers' interests, and promote the sustainable and healthy development of China's socialist market economy. After more than ten years of such enforcement, the agencies have accumulated relatively rich experience in the areas of prohibiting monopolistic agreements, prohibiting abuses of market dominance, and prohibiting the elimination or restriction of competition by abuses of administrative power.

At the same time, China's enforcement agencies have been optimized by integrating the former three authorities into one, and SAMR is responsible for a unified approach to enforcement. The three "Interim Provisions" pursue this aim, and their adoption is an important milestone in the development of China's enforcement system.

A. System Design

The three regulations aim to solve the cross functional problems existing in the former agencies. These regulations have unified rules, and clarified standards in terms of prohibiting monopolistic agreements, prohibiting abuses of market dominance, and prohibiting the elimination and restriction of competition by abuses of administrative power. They enhance transparency and predictability for operators by building a unified, standardized, efficient and authoritative anti-monopoly enforcement system. This design is mainly based on three aspects as described below:

1. Optimization of the Enforcement System

Pursuant to the AML, enforcement is primarily central. At the same time, the State Council may authorize the corresponding agencies of provinces, autonomous regions and municipalities to be responsible for enforcement work according to their needs. The three Interim Provisions clarify the system accordingly.

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- **Prioritizing the role of local authorities.** Provincial market regulators are often best placed in terms of responsiveness and familiarity with relevant markets. They have also accumulated more experience in the past ten years. The three “Interim Provisions” authorize provincial administrations to be responsible for enforcement regarding monopolistic agreements, abuses of market dominance, and abuses of administrative power. They also mobilize local law enforcement forces and aim to form a joint anti-monopoly network.
- **Clarifying the scope of SAMR and the jurisdiction of provincial administrations.** SAMR is responsible for investigating and punishing monopolistic agreements and abuses of market dominance across provinces, autonomous regions and municipalities directly under the central government, which SAMR considers necessary to investigate by itself. Such cases are usually relatively complicated or have significant influence in the whole country. SAMR also directly investigates and deals with abuses of the administrative powers of provincial people’s governments, where this eliminates and restricts competition, where the facts are relatively complicated or it is considered necessary to directly investigate and punish such conduct. Provincial administrations are mainly responsible for enforcement in their respective administrative regions regarding restrictive agreements, abuses of market dominance and abuses of administrative power that would eliminate or restrict competition. SAMR may also designate provincial regulators to investigate and deal with certain cases.
- **Guidance for provincial authorities.** It is important that at both central and local levels will inevitably require the uniform law enforcement standards, the establishment of fair, open and transparent market rules, and resolute prohibition of local protectionism and market segmentation. Therefore, the three “Interim Provisions” clearly require provincial administrations for market regulation should implement law enforcement in accordance with the relevant regulations of SAMR and SAMR should strengthen the guidance and supervision on the enforcement of provincial administrations for market regulation. The three regulations also regulate a report filing system, and standardize the contents of the administrative punishment decision in order to ensure the orderly implementation of anti-monopoly enforcement and maintain the unified national market.

2. Refinement of the AML

The three regulations refine the corresponding provisions in the AML. The Interim Provisions for Prohibiting Monopolistic Agreements are closely combined with SAMR’s enforcement practices against monopolistic agreements, clarifying and refining factors used to identify monopolistic agreements. Specially, the new rules pay more attention to consideration relevant to new technologies and services, strengthen law enforcement relating to “prohibiting and exempting” resale price maintenance, and clarify factors used to identify other monopolistic agreements. At the same time, the regulations set out detailed provisions to govern the commitments, exemption leniency systems, thus further enhancing law enforcement.

- **Dominance.** The Interim Provisions for Prohibiting Abuse of Market Dominance specify the factors to determine the existence of market dominance, set out the considerations to determine “fair prices,” and the “cost” standard for predatory pricing rules. They also set out, based on accumulated enforcement experience, a set of possible legitimate defenses. These include defenses for selling goods at a below-cost prices, refusals to deal, restrictive practices, tying, or attaching unreasonable trade conditions, and differential treatment. These all enhance the effectiveness of law enforcement and market expectations. At the same time, the regulations also govern the determination of market dominance in new businesses, such as the online businesses, and the assessment of alleged predatory pricing in such new sectors.
- **Abuses of administrative rules.** The Interim Provisions for Prohibiting Eliminating and Restricting Competition by Abuse of Administrative Power, which sum up existing rules and administrative practices, set out rules concerning the abuse of administrative power and other behavior that eliminates or restricts competition. These rules guide authorities in handling cases in accordance with the law, improve the transparency and predictability of law enforcement, provide guidance for administrations and organizations authorized by laws and regulations with the function of managing public affairs to administer in accordance with the law, and avoid abuse of administrative power which eliminates and restricts competition. At the same time, the regulations distinguish between different situations, and provide four ways to deal with abuse of administrative power which eliminates and restricts competition, further improving the operability of the law.

3. Unified Law Enforcement Procedures

Before the institutional reform, due to cross-functionality, customary practices, and other factors, procedures were governed by different departmental regulations. Following institutional reform, the application of different standards and procedures for the same type of behavior has caused great confusion in law enforcement practices, and does not result in unified enforcement practices. At the same time, considering that different types of conducts are subject to significantly different enforcement procedures under the AML, we take conduct categories as a starting point. As such, we aim to set out targeted regulations for different types of cases, from the reporting, filing, investigation and punishment stages. This will form a more focused and systematic system, and further improve the standardization and transparency of enforcement practices.

4. Changes in Antitrust Enforcement

The three regulations provide for clear and powerful legal supports for anti-monopoly enforcement, and unify enforcement in terms of procedures, standards and ideas.

- **Strengthening the powers of provincial administrations.** “Universal authorization” gives provincial administrations for market regulation more autonomy when investigating and initiating anti-monopoly investigations. As provincial administrations for market regulation have a better understanding of the local situations and are more convenient to mobilize law enforcement forces to conduct field investigations, the “universal authorization” has not only strengthened enforcement, but also facilitated the improvement of law enforcement efficiency. In 2019, 43 cases of monopolistic agreements and abuse of market dominance were filed, 16 were closed, and the amount of fines confiscated was RMB310 million. The number of cases filed in 2019 increased by 19.4 percent compared to that in 2018, and the number of cases closed in 2019 was the same as in 2018. The amount of fines confiscated increased by a 11.9 percent year-on-year growth rate.
- **Further standardizing procedures.** After establishing the principle of universal authorization, in order to strengthen the supervision on enforcement of provincial administrations for market regulation, the three “Interim Provisions” have clearly defined that provincial administrations for market regulation must investigate and deal with monopolistic agreements, abuse of market dominance, and abuse of administrative power which eliminates and restricts competition. A stricter supervision mechanism has been established through the strict implementation of the pre-case reporting system, case filing, and post-case filing mechanisms; the post-case publicity system further enhanced the fairness, standardization, and transparency of enforcement. Enforcement has been carried out in an orderly manner, forming a new and unified enforcement pattern.
- **Gradual unification of enforcement standards.** When determining the amounts of specific fines, the agencies shall take into account the nature, circumstances, degree, duration and other factors of the illegal conducts. In enforcement practice, agencies should take the above factors into consideration when penalizing business operators. At the same time, the pre-case reporting system as determined in the “Interim Provisions” requires provincial administrations for market regulation to report to SAMR before making the decision to suspend the investigation, the decision to terminate the investigation, or the notification of administrative punishment, or before making the proposal to handle the administrative monopoly cases or terminate the investigation, so as to ensure that the law enforcement standards are unified nationwide. In 2019, we carried out centralized enforcement against monopolistic agreements in the field of building materials. We filed 17 cases, investigated and dealt with 4 cases, and imposed a total economic penalty of RMB16.75 million on 33 enterprises involved. In the process of handling these cases, we attached great importance to maintaining the consistency of law enforcement standards and have established unified and clear competition rules for market subjects.
- **Clearer enforcement.** These three regulations provide clearer enforcement priorities. For example, the “Interim Provisions for Prohibiting Monopolistic Agreements” further clarified the analytical thinking of applying “prohibition + exemption” to horizontal monopolistic agreements and resale price maintenance. In administrative law enforcement, we can presume that the relevant behavior meets the criteria for eliminating and restricting competition as stipulated in Article 13 of the AML, and the operator bears the burden of proving that it does not constitute “eliminating and restricting competition” or meets the exemption. The administrative penalty decision against monopoly of Toyota Motor (China) Investment clearly reflects this idea in law enforcement.

Competition is the essence of the market economy. But the rule of law provides for an optimal business environment. The agencies will continue to strengthen and improve their enforcement practices and policies, improve the rule of law, improve procedures, and maintain fair market competition. They will do so while focusing on creating a market and rule-of-law, and internationally-oriented business environment. They will also do so with the aim of building a unified, open and orderly high-standard market system nationwide.

2. What were some of SAMR's enforcement priorities in 2019?

In 2019, the Anti-Monopoly Bureau of SAMR focused on protecting fair market competition and safeguarding the interests of consumers, and steadily promoted antimonopoly enforcement. We filed and investigated 103 cases, imposed 44 administrative penalty decisions, and confiscated RMB320 million. Among these cases, 28 cases concerned investigations into monopolistic agreements and administrative sanctions were imposed in 12 of these. In addition, we investigated 15 cases of alleged abuse of market dominance, and imposed administrative sanctions in 4 of these. Moreover, 24 cases of administrative monopoly were filed for investigation, with corrections of abuse of administrative power imposed in 12. On top of this, we dealt with 36 cases concerning failures to file concentration, and imposed sanctions in 16 of these. We received 503 merger filings, filed 462 complaints, and resolved 465 of those. In this category, 5 mergers were approved subject to conditions. Our enforcement powers have always been a sharp sword, and as such a strong deterrent. We have vigorously promoted the construction of a unified, open, and orderly market system across the country.

In our enforcement priorities, we pay attention to the following considerations:

- **First, we focus on protecting fair market competition.** We conditionally approved five merger cases in the semiconductor, marine, automotive, pharmaceutical and other sectors to protect competition and promote economic development.
- **Second, we enforce in the people's interests.** Our starting and end point is protecting consumer interests, and vigorously promoting enforcement in areas of livelihoods such as raw materials, building materials, and public utilities. We seek to solve the people's troubles, and increase people's happiness.
- **Third, we seek to maintain a unified national market.** Focusing on areas such as bidding, tendering and government procurement, we seek to prevent abuses of administrative power that eliminate or restrict competition. We also seek to reduce improper intervention by government departments in market activities, and promote the construction of a unified, open, and orderly market system across the country.

3. Please describe some of SAMR's key cases and experiences in 2019.

2019 was the first year of unified enforcement after the institutional reform. In this year, we continued to strengthen enforcement, optimize the law enforcement mechanism, unify law enforcement standards, fully mobilize the enthusiasm of law enforcement agencies at the central and local levels, and concentrated our efforts to investigate and deal with a number of major typical monopoly cases. Our enforcement work is remarkable and we have accumulated a lot of good methods and experience.

- **First, we focused enforcement in a centralized way in key industries.** For example, in areas such as building materials and public utilities, which are directly related to the immediate interests of the people and with many monopolies, enforcement has been deployed in a centralized way, with 4 cases of monopolistic agreements in the field of building materials and 4 cases of monopolies in the public utility sector investigated and punished. We also investigated and punished 2 cases of vertical monopolistic agreements in the automotive industry. In response to the public's strong response to monopoly the field of APIs, we have held conferences, and conducted special work across the country to form a comprehensive crackdown on the monopoly behaviors involving APIs. These centralized and special law enforcement actions have achieved very good results, effectively curbing the momentum of monopoly behaviors, protecting fair market competition, and safeguarding the legitimate rights and interests of the people.

For example, in the monopoly agreement case of *Chang'an Ford Automobile*, it has been investigated that since 2013, Chang'an Ford has restricted the minimum resale price of the whole vehicle of the downstream dealers in Chongqing by formulating the Price List, signing the Price Self-discipline Agreement, and restricting the lowest price of the downstream dealers during

the auto show and in the online stores, which violates Article 14 of the AML on prohibiting operators from entering into a vertical price monopoly agreement with the trade counterparty. In June 2019, SAMR imposed a fine of RMB162.8 million on Chang'an Ford Automobile according to law. This case carried the highest fine of 2019. Before that, agencies had imposed penalties on auto brands such as Chrysler, Mercedes-Benz, FAW Audi, Dongfeng Nissan, and SAIC-GM for implementing monopolistic agreements.

In the monopolistic agreement case of *Lexus Automobiles*, upon investigation, from June 2015 to March 2018, Toyota asked the dealers in Jiangsu Province to unify the online quotations of Lexus cars and restricted the minimum prices for the dealers to sell Lexus automobiles, which violated Article 14 of the AML on prohibiting operators from reaching a vertical price monopoly agreement with the trade counterparty. In December 2019, Jiangsu Administration for Market Regulation fined Toyota Motor (China) Investment RMB87.613 million. It was the case with the highest fine imposed by provincial administrations for market regulation in 2019. At the same time, we are investigating and dealing with major typical cases of abuse of market dominance in the API industry. At present, we are promoting the handling work in accordance with the law. Once we make an administrative punishment decision, it will be announced on the website of SAMR.

- **Second, we focused on improving the standardization of enforcement.** We focus on strengthening industry research and conducting in-depth economic analysis to provide strong support for scientific and professional anti-monopoly enforcement. For example, in 2019, we approved five cases of concentrations of business operators with additional conditions, in the areas of semiconductor, marine, medicine, automobile, etc. During the review of these cases, we conducted extensive industry surveys, fully listened to the opinions of companies in the relevant industries, thoroughly understood the industry's operating models and competition situation, and commissioned third parties to conduct economic analysis to accurately grasp the competition concerns that may result from the transactions, and formulated practical remedy plans for the competition concerns. The review work effectively protected fair market competition and was fully affirmed in the industry, which played a positive role in promoting the healthy development of the relevant industries. For example:
 - In the case of Eastman's abuse of market dominance, we introduced econometric methods to define the relevant market, identify market dominance, and analyze anti-competitive effects. We also conducted quantitative analysis into the alleged abusive and exclusive dealing behaviors. SAMR concluded that in 2013-2015, Eastman abused its dominant position in the CS-12 market in mainland China, and signed and implemented the "Take-or-pay Agreement" and "Most Favored Nation Treatment Agreement" with downstream paint manufacturers to limit the minimum purchase amount, restricting transactions between trade counterparties and other competitors and eliminating and restricting market competition. A fine of 5 percent of its 2016 turnover in mainland China was imposed on Eastman, totaling RMB24.38 million.
 - In the case of KLA-Tencor's acquisition of Orbotech, it was found that competition in China's semiconductor deposition and etching equipment manufacturing market was different from others. This merger could have eliminated or restricted competition in the deposition and etching equipment market. Approving the transaction subject to commitments maintained fair competition in China.
 - In the case of Cargotec Group's acquisition of certain businesses of TTS Group, both parties were important suppliers of ship supporting equipment in China, and the transaction caused widespread concern in the shipbuilding industry. We focused on the impact of the concentration on competition in China in hatch covers, ro-ro equipment for merchant ships, and cargo cranes. On the basis of those competition concerns, we adopted comprehensive behavioral remedies, such as maintaining the independence of both parties, a firewall, and a commitment to fair supply, which maintained competition in the relevant markets.
 - In the case of Photop Technologies' equity acquisition of Finisar, we commissioned an independent third-party consulting agency to conduct economic analysis, laying a solid foundation for scientifically and reasonably defining the relevant market and clarifying any competition concerns. We believe that the transaction may have had the effect of eliminating or restricting competition in the wavelength selective switch market. We imposed remedies requiring both parties to keep their wavelength selective switch businesses independent of each other, in order to ensure that they would continue to exert sufficient competition.

- In the case of the newly-established joint venture between Zhejiang Garden Biochemical and Royal DSM based on national market conditions and in light of developments in other major jurisdictions such as Europe and the United States, we conducted an in-depth investigation under the AML. We believe that the merger may have had the effect of eliminating or restricting competition in the NF lanolin cholesterol market, which is the upstream of human and animal vitamin D3. In light of the facts, in designing the remedies, we sought to preserve the legitimate trading interests of both parties to the maximum extent. Nonetheless, we ensured Zhejiang Garden's right to supply other downstream competitors as far as possible, and effectively maintained competition.
- In the case of Novelis' equity acquisition of Aleris, we defined the relevant market accurately and obtained first-hand market share data through various ways, such as issuing questionnaires, market research, communications and symposiums with industry authorities, associations and competitors. We also cooperated with authorities in Europe, the U.S., etc., which confirmed that the transaction may have had the effect of eliminating or restricting competition in the markets for automobile body aluminum sheet inner panel and automobile aluminum sheet outer panel in China. The combination of structural and behavioral remedies adopted effectively solved the possible competition concerns in this case.
- **Third, we focused on improving the effectiveness of our enforcement efforts.** We adhere to the combination of laws and regulations and flexible guidance, give full play to the demonstration effect of significant cases, and promote industry-wide standardized production and operation behavior. For example, on the basis of earnestly strengthening anti-monopoly enforcement in the building materials industry, we organized a warning meeting on monopoly behavior, publicized the legal provisions, deployed all participating units to carry out self-examination and submit reports in accordance with the AML, and regulated monopoly behavior in the whole industry, which effectively curbed the trend of monopoly behavior, reduced the cost of law enforcement, and improved the efficiency of law enforcement.

4. Please describe SAMR's main achievements in promoting the fair competition review system in 2019.

2019 was the first year following the institutional reform and the implementation of the fair competition review system, and the first year for the new inter-ministerial joint meeting for fair competition review to be adjusted in place and put into operation. SAMR resolutely implements the decision-making arrangements of the Central Committee of the Communist Party of China and the State Council on fair competition review work, adheres to scientific planning, reform and innovation, and pays close attention to their implementation. SAMR has made progress in various regards to achieve full coverage of the fair competition review system at the national, provincial, municipal and county-level government levels. Further we seek to improve the efficiency of our procedures, so as to optimize the business environment, promote high-quality development, and enhance the modernization of the national governance system.

A. Improving the Enforcement System and its Foundations

The Central Committee of the Communist Party of China and the State Council attach great importance to fair competition review. In March 2019, Premier Li Keqiang and State Councilor Xiao Jie respectively hosted the State Council Executive Meeting and a special meeting of the Function Transformation Coordination Group to listen to the report on the implementation of the fair competition review system, and set out clear next steps. Regulations and documents such as the "Opinions of the Central Committee of the Communist Party of China on Creating a Better Development Environment to Support the Reform and Development of Private Enterprises," "Regulations on Optimizing Business Environment" have set out clear priorities for fair competition review. To this end, we will further improve the system.

- **First, we issued the "Notice on Screening Policies and Measures that Hinder Unified Market and Fair Competition,"** which deploys comprehensive screening for regulations, regulatory documents and other policy measures promulgated before December 31, 2019. We screened many regulations and practices that potentially hinder competition, in order to lay a good foundation for the full implementation of the fair competition review system.
- **Second, we formulated the "Notice on Further Promoting Fair Competition Review Work,"** and improved review rules, and working mechanisms. We also strengthened organizational guarantees, and sped up the establishment of a comprehensive review system with comprehensive coverage, complete rules, clear powers and responsibilities, efficient operation, and effective supervision. We will improve the effectiveness and binding of these measures, and prioritize regulating government behavior and promoting fair competition.

- **Third, we issued the “Implementation Guidelines for Third-Party Evaluation of Fair Competition Review,”** which clarifies the scope of application of third-party evaluation, procedures and methods, the use of evidence, and the evaluation of third-party agencies, so as to provide guidance for policy-making authorities to introduce the third-party evaluation in fair competition review. Currently, Liaoning, Shanghai, Zhejiang, Hubei, Hunan, Chongqing, Hainan, and other provinces (autonomous regions and municipalities) have carried out third-party evaluations and have conducted useful reviews.
- **Fourth, we organized the revision of the “Implementation Rules for the Fair Competition Review System (Interim)”** (the “Implementation Rules”). We took account of institutional experience accumulated during this process in the formulation of the “Implementation Rules” to further refine review standards, optimize the review mechanism, strengthen rigid constraints, and improve the pertinence and operability of the system.

B. Improving Mechanisms and Enhancing Capacity

We actively explore and innovate. We aspire to a high degree of professionalism in our enforcement of the fair competition review system. We focus on mechanism building, with emphasis on capacity improvement.

- **First, we improve our working mechanism.** We have always firmly supported the Inter-Ministerial Joint Meeting System for Fair Competition Review. After the institutional reform, we quickly urged local authorities to adapt in a timely manner. At present, member units of joint meetings and their offices in 31 provinces (autonomous regions and municipalities) are in place, some of which also explore best practices. Liaoning, Jiangxi, Ningxia, and other provinces (autonomous regions and municipalities) have clearly designated the person-in-charge as the convener of the relevant joint meetings. Liaoning has also established a coordination mechanism and a liaison system for member units of the joint meeting. The person-in-charge and the liaison are clearly designated, and their work responsibilities are clearly assigned.
- **Second, we conduct field guidance.** In June 2019, in accordance with the State Council Executive Meeting’s requirement to “achieve full coverage at the national, provincial, municipal and county-level governments by the end of the year,” we kept an eye on the target and made specific efforts. We went to Inner Mongolia and Liaoning to conduct field surveys and issue guidance and achieved full coverage at the national, provincial, municipal and county-level governments in September 2019, ahead of schedule.
- **Third, we have improved our training procedures.** In addition to the courses provided by SAMR, courses have also been set up for 7 authorities, including the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, Civil Aviation Administration of China, and 15 provinces (autonomous regions and municipalities), including Shanghai, Jiangsu, Chongqing, at which the trainers explain relevant rules, work requirements and typical cases to improve administrative capabilities. More than 4,000 cadres engaged in fair competition review were trained throughout the year.

C. Strengthening Supervision

In order to maintain the authority of the system, we take multiple measures to strengthen supervision and evaluation, and strive to build good working practices.

- **First, we adopted a comprehensive supervision and assessment system.** In 2019, based on a comprehensive self-examination, we organized key inspections in 8 provinces (autonomous regions and municipalities) including Beijing, Shanxi, Shandong, Ningxia, Sichuan, Anhui, Hunan, and Yunnan, covering a total of 420 randomly selected documents. Currently, issues discovered during the inspection are being further checked and any violations will be notified.
- **Second, we announced typical cases.** According to the key supervision situation in 2018, we announced 30 policy documents that violated the review standards, including Liaoning Administration of Housing and Urban Rural Development’s documents which designated four agencies to undertake the review of construction drawings, the documents of the Economy and Information Technology Commission of Guangdong which required that insurance premium subsidy should be offered only to enterprises registered in the province, the documents of the Department of Transportation of Heilongjiang which granted toll preferential policies only to passenger transport groups registered in the province, etc.. The typical cases provide a warning and improve the deterrence and transparency of the system.

- **Third, we integrated fair competition review into the relevant assessment and evaluation systems.** The Ministry of Justice has incorporated fair competition review into the demonstration index system of municipal and county-level government governed by the rule of law, as well as the assessment and evaluation system of the administration and government governed by the rule of law in Zhejiang, Guangdong, Guangxi, Guizhou, Chongqing, and Gansu.

D. Public Outreach

In view of the characteristics of the fair competition review system, such as short establishment time, new concept and wide coverage, we actively increase policy publicity, improve the interpretation, focus on competition advocacy, and strive to create a good fair competition atmosphere. In April 2019, Ms. Gan Lin, Deputy Director of SAMR, attended a regular policy briefing meeting of the State Council, detailing the latest progress in the implementation of the fair competition review system and the next steps in its work arrangements to increase its influence. By publishing a series of articles focusing on the fair competition review system and compiling and publishing the *Study Book on the Fair Competition Review System*, we interpreted the fair competition review system to increase social awareness and create a good atmosphere.

E. Deepening Cooperation and Opening the System

Focusing on the overall situation of opening up, we actively strengthened international exchanges and cooperation, deepened the China-EU dialogue on fair competition review and the State aid system, and signed the Memorandum of Understanding on the *Dialogue Mechanism in the Areas of the Fair Competition Review System and the State Aid Control Regime with EU* and the *Directive on Establishing a Steering Group under the Dialogue Mechanism in the Areas of the Fair Competition Review System and the State Aid Control Regime with EU*, successfully held the second dialogue, and jointly hosted the two China-EU Competition Weeks. We have strengthened communication with the United Kingdom, the Economic Cooperation Organization, the World Bank and other countries and international organizations, discussed in depth the issues of cooperation in fair competition review, learned from international experience and promoted the improvement of the system.

5. In the era of the digital economy, various new business modes such as the platform economy and the Internet economy, are emerging one after another. Is SAMR facing new challenges in anti-monopoly enforcement? What is the focus of SAMR's enforcement?

In recent years, the Internet economy has been booming, giving birth to new economies and new forms such as the digital economy, the sharing economy, and the platform economy. This has injected new vitality into China's economy, greatly changed the consumption patterns and lifestyle of the people and provided new growth momentum for economic transformation and upgrading. Competition is the source of power for the rapid development of the Internet economy. In general, competition in the Internet sector in China is relatively adequate and the competition is good. At the same time, there are many responses to the competition in the field of Internet, including responses against the behaviors of some Internet platforms that may eliminate and restrict competition.

At present regulation in the Internet field is a common challenge faced by enforcement agencies in various countries. The basic system and analytical framework of the AML are also applicable to the Internet, but at the same time, the Internet economy has distinct characteristics that are different from the traditional economy, such as multi-sided markets, platform economies, cross-border competition, and dynamic competition.

With regard to relevant market definition, the determination of market dominance, and the analysis of the effects of eliminating or restricting competition, the above characteristics need to be fully considered within the framework of the legal system. At the same time, Internet operators may use technology such as big data and algorithms to carry out behaviors that eliminate or restrict competition, and which also may make it difficult to obtain evidence. SAMR has been paying attention to competition issues in the Internet field and has carried out a large number of investigations and studies. We will adhere to the principle of "prudent tolerance, encouragement of innovation, and specific case analysis," supervise the Internet field in accordance with the law, maintain the competitive vitality and momentum of the Internet industry, and promote the sustainable and healthy development of the Internet industry in China.

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