

**CHINA'S COMPETITION POLICY:
SOME RECENT DEVELOPMENTS**

QIAN Jiwei

EAI Background Brief No. 1409

Date of Publication: 29 November 2018

Executive Summary

1. China is among the more than 100 countries to have adopted the competition law. It is now one of the major jurisdictions for competition law in the world by virtue of the size of its economy.
2. It has been 10 years since the Anti-Monopoly Law (AML), the core competition policy in China, has been introduced in 2008 to correct market imperfection and protect consumers' interests.
3. In these 10 years, three government agencies including the National Development and Reform Commission, State Administration for Industry and Commerce and Ministry of Commerce had been responsible for the antimonopoly enforcement.
4. Competition policy enforcement in China saw a decline of consumer prices in some sectors. A number of merger and acquisition cases among major multinational companies have been reviewed by the Ministry of Commerce.
5. However, there were some concerns for the AML enforcement. The capacity of enforcement is limited and there is a conflict of interest among different policy initiatives, in particular between competition policy and industrial policy.
6. The enforcement process is not very transparent and many decisions were released without explicit explanation. Fragmentation in enforcing the AML may also lead to coordination problems among government departments.
7. Three government initiatives have been released recently. First, in June 2016, the Chinese government initiated an *ex ante* administrative procedure which requires government departments to comply with AML.
8. Second, since March 2018, the State Administration for Market Regulation (SAMR) has been established as the single government agency responsible for enforcing the AML.

9. Third, in October 2018, official source reported that the principle of “Competitive Neutrality” will be used by SAMR based on the AML and state-owned enterprises are expected to be treated on equal terms with enterprises in other ownership types.
10. However, there are some remaining issues in enforcing the competition law including how to enforce “competitive neutrality” and division of labour between central and local level enforcers.