

China Competition Bulletin

The China Competition Bulletin summarises the latest developments of competition and regulatory policy in the People's Republic of China, covering laws and policies, cases, agency and other relevant news, and selected publications.

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Highlights

Both the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) released information about their antitrust enforcement activities in the first half of 2015. The NDRC noted that it had encouraged Dolby and HDMI to resolve their standard essential patent disputes with television companies, and the MOFCOM observed that merger activity involving Chinese companies has increased.

The NDRC investigated an abuse of administrative power in drug procurement in Bengbu and published its recommendation. The local office of the State Administration for Industry and Commerce (SAIC) in Liaoning investigated an abuse of dominance case involving a tobacco company. Notably, it expressly stated that state-sanctioned monopolies are not exempt from the Anti-Monopoly Law (AML).

On the policy front, progress has been made on the drafting of the antitrust guidelines. The SAIC also released an interpretation of its intellectual property regulations.

1. Cases

1. Liaoning AIC fines tobacco wholesaler in Fushun for bundling

On 12 August 2015, the SAIC published a decision made by the Liaoning Administration for Industry and Commerce (Liaoning AIC) on 1 June 2015 to sanction the Fushun branch of the Liaoning Tobacco Company (Fushun Tobacco) for abuse of dominance. The investigation was initiated in June 2014 in response to a complaint received by the Liaoning AIC.

The Liaoning AIC found that Fushun Tobacco held a dominant position in the cigarette wholesale market in Fushun. Fushun Tobacco is the only approved cigarette wholesaler in Fushun, and local cigarette retailers are completely dependent on Fushun Tobacco for supply.

Each week, Fushun Tobacco determined its delivery strategy for cigarettes in short supply. The sale of cigarettes that were in short supply was bundled with the sale of certain brands of cigarettes,

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In this edition

1. Cases	1
2. News of the Anti-Monopoly Enforcement Agencies and the Courts	4
3. Central and Local Government News	7
4. News of State-Owned Enterprises	8
5. Other News/Media Comments	9

in proportionate volumes. Fushun Tobacco called this an “incentive strategy”. The brands and volumes of cigarettes that retailers could purchase was electronically determined and managed. Retailers that did not implement the incentive strategy were asked to replenish stock or have their order volumes reduced.

Fushun Tobacco argued that the AML did not apply because it was a state-sanctioned monopoly. The Liaoning AIC rejected that argument. It noted that Article 7 of the AML requires that state-sanctioned monopolies conduct their business in accordance with the law, which includes the AML, and that the AML does not exempt state-sanctioned monopolies from the scope of its application.

The Liaoning AIC found that Fushun Tobacco’s bundling conduct violated Article 17(5) of the AML. Fushun Tobacco was fined over RMB 4 million, which represented 1% of its bundled sales in 2013.

Source: http://www.saic.gov.cn//zwgk/gggs/jzzf/cfjd/201508/t20150813_160207.html

2. The NDRC finds abuse of administrative power in drug procurement in Bengbu

On 17 August 2015, the NDRC found that the Bengbu Municipal Health and Family Planning Commission (Bengbu Health Commission) had abused its administrative power in its drug procurement practices. This is the NDRC’s first published antitrust enforcement decision in the pharmaceutical industry since the pharmaceutical pricing reforms, where the NDRC and other bodies decided to let the market determine the price of a majority of medicines.

According to the NDRC, from April to May 2015, the Bengbu Health Commission issued 3 tender notices as part of its drug procurement process for 30 kinds of drugs for hospitals and other public healthcare institutions in Bengbu. In one notice, the Bengbu Health Commission specified the names of the producers of the drugs, which meant that other producers of the same or substitute drugs were denied the opportunity to participate in the tender. Two other tender notices set different financial requirements for local and non-local businesses to participate in the tender, which excluded potential non-local bidders. The NDRC found that such conduct violated Articles 32, 34, and 37 of the AML.

In its letter to the Anhui Provincial Government dated 17 August 2015, the NDRC recommended that the government order the Bengbu Health Commission to stop and rectify its conduct by not setting discriminatory eligibility criteria for local and non-local businesses, not setting quotas for successful local and non-local businesses, and allowing producers of substitutable drugs to participate in the tender. The NDRC asked the Anhui Provincial Government to respond by 31 August 2015.

Source: http://www.ndrc.gov.cn/gzdt/201508/t20150826_748741.html

3. The MOFCOM approves Anheuser-Busch InBev’s acquisition increasing its stake in Zhujiang Brewery

On 20 August 2015, the MOFCOM approved Anheuser-Busch InBev’s acquisition of additional shares in Zhujiang Brewery. After the acquisition, Anheuser-Busch InBev’s interest in Zhujiang Brewery will be increased from 25.62% to 29.99%, but the composition of the board of directors and the supervisory board will remain unchanged and Zhujiang Brewery will remain under the control of the Guangzhou Municipal People’s Government State-owned Assets Supervision and Administration Commission. As the acquisition will result in only a minor change in the shareholding of Zhujiang Brewery and not substantially change the control of Zhujiang Brewery, the MOFCOM approved the acquisition.

The MOFCOM’s approval of this acquisition was required because one of the conditions of its approval of InBev’s 2008 acquisition of Anheuser-Busch was that the MOFCOM’s prior consent be obtained before InBev increases its stake in Zhujiang Brewery. The MOFCOM also confirmed that any further increases in Anheuser-Busch InBev’s interest in Zhujiang Brewery remain subject to the MOFCOM’s approval.

Source: <http://fldj.mofcom.gov.cn/article/ztxx/201508/20150801090985.shtml>

4. Ji'an Intermediate People's Court affirms Ji'an AIC's decision against salt company for bundling in violation of the AUCL

On 24 April 2015, the Ji'an Intermediate People's Court dismissed an appeal filed by the Ji'an branch of the Jiangxi Salt Company (Ji'an Salt Company) that challenged the administrative penalty decision imposed by the Ji'an Administration for Industry and Commerce (Ji'an AIC). The court's decision was published on 9 July 2015.

The Ji'an AIC found that the Ji'an Salt Company had bundled the sale of salt with other non-salt products such as cooking oil and white liquor. The company was also found to have bundled the sale of table salt with low-sodium salt and rock salt. On 10 July 2014, the Ji'an AIC imposed a fine of RMB 160,000 on the Ji'an Salt Company.

The Ji'an Salt Company filed for administrative reconsideration with the Ji'an Municipal Government, which affirmed the Ji'an AIC's decision. The Ji'an Salt Company then filed an administrative lawsuit against the Ji'an AIC before the Ji'an District People's Court. The court upheld the Ji'an AIC's decision, finding that the Ji'an Salt Company had abused its statutory monopoly to operate the salt business by bundling the sale of low-sodium salt with other non-salt products. The court found the Ji'an Salt Company had forced the bundle upon consumers in violation of Article 6 of the Anti-Unfair Competition Law (AUCL).

The Ji'an Salt Company appealed the first instance judgment to the Ji'an Intermediate People's Court. One of its claims was that its supply of salt is subject to state planning and thus is outside the scope of the AUCL. The Ji'an Intermediate People's Court rejected this argument and upheld the first instance decision.

Sources:

http://www.court.gov.cn/zgcpwsw/jx/jxsjaszjrmfy/xz/201507/t20150709_9396508.htm

http://www.court.gov.cn/zgcpwsw/jx/jxsjaszjrmfy/jasizqrmfy/xz/201507/t20150709_9432154.htm

5. Yunnan tour bus company files lawsuit challenging Yunnan AIC's decision that it violated the AUCL

According to news reports, in July 2015, a Yunnan court heard an administrative litigation case filed by a tour bus company operating in Xishuangbanna in Yunnan Province, challenging the decision made by the Yunnan Administration for Industry and Commerce (Yunnan AIC) that the tour bus company had breached the AUCL.

The Yunnan AIC reportedly found that the Banna Tour Bus Company owned 95.87% of the tour buses in Xishuangbanna. The Banna Tour Bus Company required other tour bus operators pay it a 4% depot fee before it would provide the tour bus operator with their itinerary. The Yunnan AIC determined that the Banna Tour Bus Company was not authorised to collect the 4% depot fee and had engaged in unfair competition in breach of the AUCL, and it confiscated illegal gains of RMB 1.54 million.

The Banna Tour Bus Company filed an appeal with the Xishan District People Court in Kunming. The company denied that it had a high market share in the local tourist transportation market and argued that the 4% depot fee was a service fee for use of its bus station. The company also argued that any dispute should be subject to the Contract Law and that this issue was beyond the Yunnan AIC's jurisdiction.

The Yunnan AIC's decision has not been made public yet and the local court is expected to announce its decision shortly.

Source: <http://yn.people.com.cn/news/yunnan/n/2015/0709/c228496-25515967.html>

2. News of Anti-Monopoly Enforcement Agencies and the Courts

1. Review system to be established to coordinate competition and industrial policies

On 25 July 2015, the SAIC Minister Zhang Mao announced that China will establish a fair competition review system to coordinate competition policies with industrial policies. The fair competition review system will help reverse the unfair competition environment that had resulted from government selection, government subsidies, and administrative measures.

On 31 July 2015, the NDRC Price Supervision and Anti-Monopoly Bureau met with other relevant departments and bureaus of the NDRC to solicit their views on the establishment of a fair competition review system. At the seminar, Deputy Director-General of the NDRC Price Supervision and Anti-Monopoly Bureau Li Qing outlined the relevant party and State Council documents and requested that the other departments and bureaus support this important task. The State Council Legislative Affairs Office, the Ministry of Industry and Information Technology (MIIT), the MOFCOM, and the SAIC had already provided comments on the design of such a review mechanism.

Sources: http://news.xinhuanet.com/politics/2015-07/25/c_1116039111.htm

http://jjs.ndrc.gov.cn/gzdt/201508/t20150803_744195.html

2. Update on the drafting of antitrust guidelines

The NDRC Price Supervision and Anti-Monopoly Bureau held a seminar on 29 July 2015 to discuss the antitrust guidelines on leniency and the calculation of fines with other departments and bureaus of the NDRC. Tsinghua University Law School and Peking University Law School, which have been asked by the NDRC Price Supervision and Anti-Monopoly Bureau to undertake research on the guidelines on the calculation of fines and leniency, respectively, discussed some of their preliminary findings. Deputy Director-General Li emphasised that the antitrust guidelines are the responsibility of all relevant government departments and asked for their support and cooperation in the drafting process. Representatives from the Economic Law Division of the Legislative Affairs Commission of the National People's Congress, the MOFCOM Anti-Monopoly Bureau, and the SAIC Anti-Monopoly and Anti-Unfair Competition Enforcement Bureau also attended this seminar.

On 7 August 2015, the NDRC Price Supervision and Anti-Monopoly Bureau held an industry expert meeting to discuss the drafting of antitrust guidelines for the automotive industry and obtain feedback and suggestions. More than 50 participants attended the meeting, representing vehicle manufacturers, car dealers, auto parts suppliers, industry associations, and law firms. At the meeting, the participants and the NDRC officials discussed matters such as the style of the guidelines, the key areas of concern to be addressed by the guidelines, how the guidelines and sector regulations should be coordinated, the change in the way that vehicles and auto parts are sold, and how to balance the interests of the parties involved in the supply chain. The NDRC Price Supervision and Anti-Monopoly Bureau stated that it would adopt an "open door" approach to the drafting the guidelines and solicit views and suggestions from a wide range of parties.

Sources: http://jjs.ndrc.gov.cn/gzdt/201507/t20150730_743395.html

http://jjs.ndrc.gov.cn/gzdt/201508/t20150810_744873.html

3. Unconditional merger clearances for the second quarter of 2015 released

On 6 July 2015, the MOFCOM released a list of 91 transactions that it unconditionally cleared in the second quarter of 2015. This is the largest number of transactions that the MOFCOM has cleared in a quarter since it began releasing quarterly statistics on merger enforcement in late 2012.

Source: <http://fldj.mofcom.gov.cn/article/zcfb/201507/20150701034930.shtml>

4. Overview of the MOFCOM's antitrust enforcement for the first 6 months of 2015

On 21 July 2015, the MOFCOM provided information about its merger enforcement activities in the first 6 months of 2015. In the period from 1 January to 30 June 2015, the MOFCOM received 160 merger notifications, initiated 169 merger reviews, and completed 156 merger reviews, which represented an increase of 55%, 46%, and 33% on the same period last year, respectively. The MOFCOM approved 153 mergers unconditionally, 2 notifications were revoked, and 1 notification was withdrawn. Of the 153 unconditionally approved mergers, 57% occurred in the manufacturing industry and involved automobiles and auto parts, ships, machine manufacturing, and electrical equipment. There was a significant increase in merger activity in the finance, communications, agriculture, and transportation industries. In contrast, mergers in the electricity, gas, and wholesale and retail industries declined. A substantial majority of the transactions (87%) involved share acquisitions or joint ventures, with joint ventures being the main way that foreign investment entered China. The MOFCOM noted that domestic merger activity has increased, and Chinese companies are now more frequently engaging in merger activities overseas.

Source: <http://www.mofcom.gov.cn/xwfbh/20150721.shtml>

5. Update on the MOFCOM's enforcement activities

On 2 July 2015, Shang Ming, Director-General of the MOFCOM Anti-Monopoly Bureau, met with the President and Chief Executive Officer of NXP Semiconductors, Richard L Clemmer. Director-General Shang also met with representatives from Nokia, Alcatel-Lucent, and Alcatel-Lucent Shanghai Bell on the same day.

On 4 August 2015, the MOFCOM confirmed that it was aware of Wal-Mart's buy-out of Yihaodian, China's largest online supermarket, in July 2015. The MOFCOM noted that China had lifted restrictions on foreign investment in the e-commerce sector in March 2015, stated that it welcomed the acquisition, and hoped that it would result in a positive impact on the Chinese e-commerce market and that Wal-Mart would contribute to the sustainable development of the online retail sector in China.

On 19 August 2015, the MOFCOM confirmed that it had received a complaint from Qunar that Ctrip failed to notify its acquisition of a minority stake in eLong. All three parties are online travel providers. The MOFCOM plans to hold talks with Ctrip and relevant parties.

Director-General Shang led a delegation from the MOFCOM to Austria on 14 August 2015, where they visited the Federal Competition Authority and the Cartel Court. The MOFCOM and the Federal Competition Authority also discussed and agreed upon the provisions of a memorandum of understanding on antitrust cooperation between China and Austria.

On 21 August 2015, Director-General Shang met with Tembinkosi Bonakele, Commissioner of the South African Competition Commission. Director-General Shang spoke about the MOFCOM's merger review experience, and exchanged views with Tembinkosi Bonakele about cooperation between China and South Africa in the antitrust area.

Sources: <http://fldj.mofcom.gov.cn/article/xxfb/201507/20150701031850.shtml>

<http://fldj.mofcom.gov.cn/article/xxfb/201507/20150701032160.shtml>

<http://www.mofcom.gov.cn/article/ae/slfw/201508/20150801070110.shtml>

<http://www.mofcom.gov.cn/xwfbh/20150819.shtml>

<http://fldj.mofcom.gov.cn/article/xxfb/201508/20150801084856.shtml>

<http://fldj.mofcom.gov.cn/article/xxfb/201508/20150801089190.shtml>

6. Overview of the NDRC's antitrust enforcement for the first 6 months of 2015

On 17 August 2015, the NDRC provided information on its antitrust enforcement activities in the first half of 2015. The NDRC investigated high profile cases involving Qualcomm and Mercedes Benz, encouraged Dolby and HDMI to resolve their standard essential patent disputes with television companies, and investigated abuse of administrative monopoly cases in Shandong and Yunnan. Overall, the NDRC investigated more than 16,000 cases involving price-related conduct and imposed more than RMB 7.937 billion of economic sanctions.

The NDRC stated that it will pay close attention to the level of competition in key sectors, undertake antitrust investigations in a timely manner, and publish typical antitrust cases. It will also strengthen its advocacy efforts, implement a fair competition review mechanism, draft antitrust guidelines, and continue improving antitrust related laws and regulations.

Source: http://www.ndrc.gov.cn/xwzx/xwfb/201508/t20150817_745309.html

7. Update on the NDRC's enforcement activities

From 5 to 12 July 2015, Director-General of the NDRC Price Supervision and Anti-Monopoly Bureau Zhang Handong participated in the Seventh United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices held in Switzerland. Director-General Zhang also visited the Directorate-General for Competition at the European Commission in Brussels and met with Deputy Director-General for Antitrust Cecilio Madero and then Director of Policy and Strategy Carles Esteva Mosso.

Separately, Director-General Zhang met with Commissioner Yamamoto of the Japan Fair Trade Commission on 20 July 2015. They discussed relevant laws and regulations, recent enforcement experiences, and the effectiveness of recent bilateral cooperation on antitrust matters. They agreed to deepen cooperation and exchange and to continue discussions on a memorandum of understanding, with the aim to signing it soon.

Sources:

http://jjs.ndrc.gov.cn/gzdt/201507/t20150713_737156.html

http://jjs.ndrc.gov.cn/gzdt/201507/t20150731_743960.html

http://jjs.ndrc.gov.cn/gzdt/201507/t20150720_738421.html

8. The SAIC releases an interpretation of the IP Regulation

On 29 July 2015, the SAIC released an interpretation of the *Regulation on the Prohibition of Conduct Eliminating or Restricting Competition Through the Abuse of Intellectual Property Rights* (IP Regulation) through its newspaper. The interpretation was in the form of questions and answers. The IP Regulation came into effect on 1 August 2015.

In analysing the exercise of intellectual property rights (IPRs) under the AML, the SAIC stated that it will adopt the same approach it takes in analysing anticompetitive agreements and abuses of dominant position because the abuse of IPRs is not a separate category of illegal conduct under the AML. It will review how businesses use their IPRs, consider the nature of the relationship between businesses that use IPRs, define the relevant market, determine the market position of the businesses, and analyse the competitive effects of the businesses' behavior. In its analysis, the SAIC intends to take into account the special nature of IPRs yet treat IPRs and other property rights equally.

Source: <http://www.cicn.com.cn/zggsb/2015-07/28/cms74478article.shtml>

9. Update on the SAIC's enforcement activities

From 28 May to 17 June 2015, the SAIC held its fifth antitrust and unfair competition training course for expert enforcement officials. Key SAIC officials working in competition law and economic law enforcement around China attended the 21-day course, which aimed to train officials in how to handle complex cases and novel issues in antitrust and unfair competition enforcement. Participants also attended a seminar on 10 June 2015 organised by the SAIC and IPKey on anti-unfair competition law and intellectual property rights, which was also attended by experts from Germany, Spain, and the Netherlands.

On 15 to 16 June 2015, the SAIC, the US Federal Trade Commission, and US Department of Justice held a seminar on vertical agreements and investigation techniques. Participants discussed issues relating to competition assessment, investigation techniques, and enforcement experiences. The US experts also talked about most-favoured nation clauses, hub-and-spoke agreements, and other cutting edge antitrust issues. About 100 SAIC officials from around China attended.

On 24 to 26 June 2015, the SAIC and the Russian Federal Antimonopoly Service (FAS) held seminars on Sino-Russian competition policy in Blagoveshchensk, Russia and Heihe in Heilongjiang Province in China. These regional seminars were held pursuant to the memorandum of understanding between the SAIC and the FAS on antitrust and unfair competition matters. At these seminars, each party presented on its antitrust laws, anti-unfair competition laws, advertising regulations, and typical cases and discussed ways to strengthen border authorities' cooperation and protect bilateral trade.

During July 2015, the SAIC discussed the IP Regulation at various seminars. Representatives of the SAIC attended seminars to discuss the IP Regulation. One seminar was organised by the Renmin University-Korea University Market & Regulation Law Centre and the Competition Law and Policy Research Centre of Shanghai Jiaotong University on 3 July 2015 and focused on issues relating to coordinating the development of antitrust and intellectual property rights protection, and the other seminar was jointly held on 29 July 2015 by China's State Intellectual Property Office and the US Patent and Trademark Office on intellectual property licensing and technology transfers.

On 3 to 4 August 2015, the Chongqing AIC and Anhui AIC visited the SAIC Anti-Monopoly and Anti-Unfair Competition Enforcement Bureau to report on their antitrust investigations and discuss the issues faced in those investigations and steps taken to resolve them.

Sources: http://www.saic.gov.cn/fldyfbzdjz/gzdt/201507/t20150703_158536.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201507/t20150703_158535.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201506/t20150625_157946.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201507/t20150703_158534.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201507/t20150708_158675.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201507/t20150731_159615.html

http://www.saic.gov.cn/fldyfbzdjz/gzdt/201508/t20150811_160059.html

3. Central and Local Government News

1. The MIIT regulates on-campus telecommunication services

On 21 August 2015, the MIIT held a conference with telecommunications operators in China to stress the need to properly implement the recently adopted *Notice on Regulating the Conduct of Current On-Campus Telecommunication Services Providers*. The notice is meant to ensure fair competition in the provision of telecommunications services in schools and universities. According to news reports, the MIIT requires that telecommunications operators not conclude exclusive agreements with schools and universities or restrict market entry by other operators.

Sources: <http://www.miit.gov.cn/n11293472/n11293832/n11293907/n11368223/16808355.html>
<http://it.people.com.cn/n/2015/0823/c1009-27503555.html>

2. New National Security Law enacted

On 1 July 2015, the Standing Committee of the National People's Congress adopted the *National Security Law*, which came into effect on the same day. The *National Security Law* contains seven chapters and covers almost every aspect of public life in China, including politics, the military, the economy, finance, culture, resources, technology, territorial sovereignty, cybersecurity and cyberspace sovereignty, ideology, and religion.

Source: http://www.gov.cn/xinwen/2015-07/01/content_2888316.htm

3. Draft Cybersecurity Law released for public comments

On 6 July 2015, the draft Cybersecurity Law was released for public comments. The draft law is intended to tighten the rules on cyber attacks and data protection and reinforce national security. Notably, the draft Cybersecurity Law requires key network equipment to be certified by the government and that certain important information to be kept within China. The public consultation period closed on 5 August 2015.

Source: http://www.npc.gov.cn/npc/xinwen/lfgz/flca/2015-07/06/content_1940614.htm

4. The State Council issues guiding opinion to promote “Internet Plus”

On 4 July 2015, the State Council issued the *Guiding Opinion on Promoting the “Internet Plus” Initiative*. Some measures to promote the “Internet Plus” plan include establishing scientific and efficient market regulation, improving the orderly development of the market, protecting fair competition, and preventing monopolies and market barriers.

Source: http://www.gov.cn/zhengce/content/2015-07/04/content_10002.htm

4. News of State-Owned Enterprises

1. Increasing privatisation of the petroleum industry in Xinjiang

There have been some recent developments that show that mixed ownership reform in the Chinese petroleum industry is progressing. On 7 July 2015, the Ministry of Land and Resources announced that six oil and gas exploration blocks in Xinjiang Province will be open for tender by private companies. On 16 and 17 July 2015, two Chinese private companies, Guanghui Energy and Guangzheng Group, each announced that they had concluded lease agreements for gas stations with the Xinjiang branch of China National Petroleum Corporation. Further reforms to relax market entry rules and prices and measures to progress mixed ownership reform in the petroleum industry are expected in the future.

Sources:

http://www.mlr.gov.cn/zwgk/zytz/201507/t20150707_1357971.htm

<http://finance.sina.com.cn/chanjing/cyxw/20150723/012822764738.shtml>

2. Opinion issued on opening the railway industry to private capital

On 10 July 2015, the NDRC, together with 4 other ministries, jointly issued the *Implementing Opinion to Further Encourage and Expand Private Capital Investment in Railway Construction*. According to the opinion, railway construction and operation will be fully opened up to private investment through joint ventures, sole ownership, or public-private partnerships. The government aims to encourage private capital in the construction and operation of inter-city railways, urban railways, railways designed for resource development, and feeder lines. Private capital will also be encouraged in railway passenger and freight transportation services and “going-global” railway projects.

Source: http://www.sdpc.gov.cn/gzdt/201507/t20150729_743443.html

5. Other News/Media Comments

1. Chinese film associations defend themselves against allegations of anticompetitive conduct

On 8 July 2015, the China Film Distribution and Exhibition Association and the China Film Producer's Association issued the *Notice on the Marketing and Selling of Movie Tickets*, which requires film producers, film distributors, and cinemas to set minimum retail movie ticket prices in distributing and screening agreements. This notice triggered public concerns that the two film associations were implementing a price fixing agreement in violation of the AML.

On 7 August 2015, the two film associations published an announcement to explain the notice. They argued that they did not violate the AML because the notice requires that the relevant parties set prices independently and does not intervene with pricing principles, and formulas and that the relationship between film distributors and cinemas is an agency relationship and not a distribution relationship.

Sources:

<http://www.chinafilm.org.cn/Item/Show.asp?m=1&d=8253>

<http://www.chinafilm.org.cn/Item/Show.asp?m=1&d=8339>

http://finance.cnr.cn/315/gz/20150719/t20150719_519250707.shtml

Major Acronyms

AML	Anti-Monopoly Law 2007, PRC
MOFCOM	Ministry of Commerce, PRC (MOFCOM is one of China's three competition enforcement agencies which applies the AML and is responsible for enforcing the merger control regime under the AML)
NDRC	National Development and Reform Commission, PRC (NDRC is one of China's three competition enforcement agencies which applies the AML and is responsible for enforcing price-related infringements of the AML in the areas of restrictive agreements and abuse of dominant market position)
SAIC	State Administration for Industry and Commerce, PRC (SAIC is one of China's three competition enforcement agencies which applies the AML and is responsible for enforcing non price-related infringements of the AML in the areas of restrictive agreements and abuse of dominant market position)
PRC	People's Republic of China

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