

Guideline to ensure fair competition

Mechanism will bolster private sector by targeting administrative monopolies, regional protectionism

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China has ramped up efforts to develop a review mechanism that will ensure local governments promote fair competition, a move experts said will level the playing field for businesses of various types of ownership and spur domestic and foreign investment.

An official guideline published on May 12 said the central government will, in the next three years, establish a review mechanism that will enable comprehensive, forceful oversight, detail clear-cut responsibilities and contain a complete set of rules to effectively stamp out anti-competitive practices.

The guideline, issued by the State Administration for Market Regulation, the country's antitrust regulator, and three other departments, stipulates that all government documents, regulations and policies in areas such as market access, industry development and government procurement must be subject to fair competition reviews.

The review mechanism will help break administrative monopolies, establish a unified, open and orderly competitive market system and develop a business environment that is in line with market principles, the rule of law and international standards, it added.

The State Council first introduced a review mechanism for fair competition in a guideline issued in 2016. But it has faced problems such as incomplete rules and a lack of constraints within the system, with some local authorities and departments failing to recognize its significance, the latest guideline said.

Wang Junlin, a partner at Yingke Law Firm who specializes in anti-monopoly law, said the move by the central government is aimed at tackling regional protectionism, administrative monopolies and the preselection of winners during bidding for projects.

"Only by creating an environment that enables fair competition can we ensure market prosperity," he said. "Otherwise, the growth of the economy will be impeded."

The review mechanism will pave the way for more private businesses to enter sectors dominated by State-owned enterprises, Wang said.

China's private investment was down 13.3 percent year-on-year in the first four months of this year due to the impact of the novel coronavirus outbreak. Foreign direct investment was down 6.1 percent year-on-year.

Zhang Qinyu, head of the Institute of Economic Laws at China University of Political Science and Law, said a fair competition review mechanism is the pillar for the development of the private sector.

"The mechanism will help private businesses overcome the various hurdles in market access and business operations and offer them a strong pillar for their prosperity," he said.



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Zhang said it was important for the authorities to troubleshoot policies that hindered fair competition for the private sector and step up the review of future policies. Confidence was a key factor for the growth of the private sector, he said, and it was damaged by differentiated policies.

The introduction of the mechanism would impose limits on the behavior of local authorities and spur them to abandon protectionist policies, Zhang added.

"We can look forward to the

enforcement of more stringent reviews of future policies so that the playing field between the public and private sectors can be leveled," he said.

To enable more effective enforcement, the guideline called for the application of more detailed review standards to target malpractices such as hindering equal and easy market exits, the offering of subsidies to certain businesses, and carrying out biased oversight.

The government will refine

review methods and encourage market regulators to enforce the review mechanism together with policymaking departments before new policy measures are rolled out by local governments, the guideline said.

Higher-education institutions, research institutions and professional consultancies will be encouraged to take part in the review process, with the government to promote third-party evaluation to fully assess the impact of policies on

market competition, it added.

The State Administration for Market Regulation will conduct a random inspection of policies and measures each year to see if review procedures have been followed, with sectors and regions with many administrative monopolies set to be key targets.

The government will also encourage whistle-blowing on policies and measures suspected of violating fair competition review standards, it added.

POLICY RESPONSE

Samples of 131 kinds of products to be tested in campaign

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A number of ministry-level departments, including those responsible for market regulation, commerce, and culture, have responded recently to issues of public concern.

Sample testing to focus on eight categories

The State Administration for Market Regulation said it will test samples of 131 kinds of products for quality in this year's national sample test campaign.

The products are divided into



eight categories, the first being daily-use and clothing products, including infant clothes, stationery for students, bed linen, leather jackets and suitcases.

The second is electronic products and home appliances, such as refrigerators, air conditioners, washing machines, loudspeakers, televisions and LED lights.

The third is light-industry products, which include gas stoves and water heaters, eye glasses, laundry detergents and bicycles.

The fourth is construction and decoration materials, such as cement, aluminum alloy extrusions and faucets.

Other kinds of products subject to testing include fertilizers, car seat belts and brake pads, power strips, electric cables, glass food containers, plastic milk bottles for infants and paper cups.

The testing of samples would focus on products whose quality is a matter of great public concern, the administration said, adding that it will publicize the test results and deal with any breaches detected.

Foreign investment up 11.8 percent in April

China utilized 70.36 billion yuan (\$9.9 billion) of foreign investment in April, up 11.8 percent year-on-year, the Ministry of Commerce said.

The impact of the novel coronavirus outbreak saw the amount of foreign investment utilized in China in the first four months of this year fall 6.1 percent year-on-year to 286.55 billion yuan, ministry spokesman Gao Feng told a news conference on Thursday.

But the high technology sector utilized 2.7 percent more foreign investment in those months than in the same period last year.

In terms of actual investment, countries participating in the Belt and Road Initiative invested 7.9 percent more in the first four months of the year than the same period a year ago, Gao said.

Actual investment from members of the Association of Southeast Asian Nations increased by 13 percent, while that from European Union countries dropped by about 29 percent.

The year-on-year increase in utilized foreign investment in April had

several causes, Gao said, including policies China had adopted to boost foreign investment.

However, the country was under pressure to stabilize foreign investment and trade due to the serious global pandemic situation and sluggish transnational investment around the world, he said.

The ministry will follow decisions made by the Communist Party of China Central Committee and the State Council to improve service for foreign investors, implement relevant policies, and enhance the investment climate and investors' confidence in long-term investment in China, Gao said.

Theaters told to limit audience numbers

Theaters that are allowed to reopen should limit audience numbers to no more than 30 percent of seating capacity, the Ministry of Culture and Tourism said.

In a guideline issued on May 12, the ministry said theaters and other performing arts venues in areas with low risk of novel coronavirus transmission can put on small-scale



commercial performances after obtaining permission from local Party committees and governments.

The venues should make audience members book their tickets in advance, and theaters should have audience members sit at least 1 meter apart from each other during shows, the guideline said. Actors should also keep a distance from each other.

Each venue will be allowed to open only one performance hall, and should strictly implement disease control regulations and make their own disease control plans, it said.

The venues should sterilize public areas twice a day — including stages, audience areas, dressing rooms, passages, entrances and exits — among other preventive measures, the guideline said.

Policy digest

State Council stresses 'six priorities'

Facing "unprecedented challenges this year", the government needs to ensure its "six priorities" are met, the State Council was told at an executive meeting held on Wednesday.

The six priorities are safeguarding employment, people's livelihoods, the development of market entities, food and energy security, the stable operation of industrial and supply chains and the smooth functioning of society.

The meeting was told priorities were set to tackle outstanding risks, and the government shoulders great responsibility in that regard, a statement issued by the State Council said.

The government must carry out the priorities to stabilize employment, the financial sector, foreign trade, foreign and domestic investment and expectations, the meeting was told.

The priorities are the bottom lines for stable economic fundamentals, and by sticking to those parameters, the country will gain time to tackle the challenges and strengthen the foundation for a moderately prosperous society in an all-around way, it was told.

As a result, the government should step up macroeconomic regulation, give full play to the synergy of fiscal, monetary, social security and employment policies and adopt more targeted regulatory measures.

It should strengthen reform and opening-up, respect innovation at the grassroots level and do more to improve basic systems to stimulate more vitality in market entities and more innovation in society.

The meeting was also told that efforts should be made to further opening-up to stabilize the supply chain and increase the economy's resilience and potential.

Financial support guideline for Bay Area

A financial support guideline for the development of the Guangdong-Hong Kong-Macao Greater Bay Area has been issued, the central bank said Thursday.

The guideline was jointly issued by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange.

Promoting the development of the Bay Area is a major strategic decision made by the Communist Party of China Central Committee and the State Council, and it is expected to have a significant and far-reaching impact on China's reform and opening-up, the central bank said in a statement.

The guideline put forward 26 specific measures in five areas: promoting the Bay Area's cross-border trade and facilitating investment and financing, expanding the opening-up of the financial sector, promoting the connectivity of financial markets and financial infrastructure, boosting innovation in the Bay Area's financial services, and preventing cross-border financial risks.

The guideline is expected to help further promote financial opening-up and innovation, deepen the Chinese mainland's financial cooperation with Hong Kong and Macao, enhance the role of the Bay Area in supporting and leading the country's economic development and opening-up, and provide strong financial support for building a dynamic and internationally competitive first-class bay area and a world-class city cluster, the central bank said.

Chinese authorities unveiled the outline development plan for the Guangdong-Hong Kong-Macao Greater Bay Area in February last year, aiming to develop the region into a role model of high-quality development.

The Bay Area consists of Hong Kong, Macao and nine cities in Guangdong — Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing.

Xinhua contributed to this story.

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