

# Kluwer Competition Law Blog

## Main Developments in Competition Law and Policy 2024 – China

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### Legislative developments

In terms of legislative developments, the year of 2024 was marked by the State Council's issuance of the [Regulation on Fair Competition Review](#). It supplemented the 2021 [Detailed Rules for the Implementation of the Fair Competition Review System](#) and provided a higher-level legal basis for the scope, standards, mechanisms, and oversight of fair competition review. Additionally, the [Rules on Handling Complaints Regarding Fair Competition Review](#) formulated by the State Administration for Market Regulation came into effect in October 2024. These rules address the emerging practices of some local governments circumventing the fair competition review and engaging in protectionist practices due to limited oversight channels for businesses and the public to monitor the rule-making activities affecting market competition.

The fair competition review procedures were also regulated at the provincial level. For example, Hainan province has issued a [technical assessment document](#) related to fair competition review. This document applies the Structure-Conduct-Performance analysis model, drawing on the experiences of other regions in assessing market competition conditions. It incorporates various indicators to comprehensively assess factors influencing market competition.

Since the adoption of the Anti-Monopoly Law (AML), more than 50 antitrust cases involving industry associations have been investigated. To clarify the broad wording of AML provisions on associations of undertakings, the State Council issued the [Antitrust Guidelines on Industry Associations](#), which lists specific circumstances in which industry associations may be found in violation of the AML. The Guidelines include typical scenarios such as organizing undertakings to engage in anti-competitive agreements, acting as an undertaking engaging in anti-competitive agreements or abusing market dominance, or unlawfully conducting concentrations of undertakings. They also address situations where industry associations authorized by laws or regulations to perform public administration functions abuse administrative power to restrict competition.

To address anti-competitive practices in China's rapidly developing digital economy, the State Administration for Market Regulation issued the [Interim Provisions on the Regulation of Unfair Competition on the Internet](#), which entered into force in September 2024. The Interim Provisions build on Article 12 of the [Anti-Unfair Competition Law](#) (AUCL) and Article 35 of the [E-Commerce Law](#) by enumerating over a dozen types of emerging unfair competition practices in the

digital economy, including fake reviews, malicious interception or blocking, unauthorized data acquisition, and unreasonable restrictions or conditions imposed by platform operators on businesses.

As China's position in the global industrial and value chains continues to rise, balancing the interests of standard-essential patent (SEP) holders and implementers, while ensuring both intellectual property protection and fair market competition, has become a legislative priority. In November 2024, SAMR issued the [Antitrust Guidelines on Standard-Essential Patents](#). Building on the AML, the [Antitrust Guidelines in the Field of Intellectual Property Rights](#), and the [Provisions on Prohibiting the Abuse of Intellectual Property Rights to Eliminate or Restrict Competition](#), the Guidelines refine antitrust rules concerning the development and implementation of standards. The Guidelines introduce a “strengthened preemptive and interim regulation mechanism” requiring parties to proactively report antitrust risks. Enforcement authorities are advised to implement a tiered regulatory approach, including reminders and interviews, combined with *ex post* investigations and penalties to punish anti-competitive conduct. The Guidelines identify practices that may constitute abuse of a dominant market position, including unfairly high licensing fees, restrictive grant-back arrangements, bundled licensing, and no-challenge clauses. They also provide detailed norms for handling sensitive information exchange and exclusive licensing arrangements in patent pools.

In 2024, another prominent theme in local legislation has been the implementation of the “Three Letters and One Notice” antitrust system. In December 2023, the Anti-Monopoly and Anti-Unfair Competition Commission of the State Council and the SAMR issued a notice on establishing the “[Three Letters and One Notice](#)” system. Through reminder letters for early warnings and rectifications, interview notices for timely improvements, and investigation notices to initiate formal investigations, the system is aimed at ensuring AML compliance. This framework establishes a closed-loop regulatory mechanism covering prevention, investigation, rectification, and enforcement. The issuance of the “Three Letters and One Notice” was followed up by implementation measures from several provinces and regions, including [Shanghai](#), [Zhejiang](#), [Jiangsu](#), [Heilongjiang](#), [Shanxi](#), [Henan](#), [Shaanxi](#), [Fujian](#), etc. For example, Chongqing introduced the first detailed local [implementation measures for the “Three Letters and One Notice” system](#), specifying procedural steps such as initiation and approval, document issuance, rectification implementation, review decisions, and case closure. Meanwhile, [Xinjiang](#) explored integrating the Fair Competition Review mechanism with the “Three Letters and One Notice” system. Under this framework, if market supervision departments at various levels in the region identify inadequate implementation of the fair competition review system by the same-level administrative bodies or lower-level market supervision departments, they may issue a reminder letter. If the issues are not rectified within the specified time or remain unresolved, a notice of interview may be issued.

In the domain of regional economic integration, the Guangdong Administration for Market Regulation and the Hong Kong Competition Commission jointly released the [Competition Compliance Manual for Businesses in Guangdong and Hong Kong](#). The manual provides an overview and comparison of the legal frameworks and enforcement mechanisms under AML and Hong Kong's Competition Ordinance. It also offers compliance recommendations for Guangdong and Hong Kong enterprises based on illustrative cases. The manual is non-binding and is intended to guide enterprises in voluntarily adopting competition compliance standards. It aims to enhance the integration of the Guangdong-Hong Kong-Macao Greater Bay Area by fostering fair and competitive business practices.

## Enforcement developments

In terms of enforcement data, the pace and intensity of antitrust enforcement slowed down in 2024. The SAMR publicly disclosed seven cases of abuse of market dominance, seven anti-competitive agreement cases, and three cases of illegal implementation of concentrations of undertakings without required notification. Instead of investigating anti-competitive practices and imposing fines for AML infringements, the SAMR leaned toward softer compliance-enhancing practices. Notably, SAMR issued a [Warning Letter](#) to Avanci in relation to AML compliance of its patent pool. This was the first publicly disclosed use of the “Three Letters and One Notice” system. While SAMR did not disclose the exact concerns regarding Avanci’s potential violations of the AML, this action demonstrates a proactive and preventive approach. Additionally, SAMR conducted a [Guidance Meeting](#) with the representatives of the pesticide industry while the Administration for Market Regulation of the Ningxia Autonomous Region organized a similar [Guidance Meeting](#) with undertakings in the cement industry. These efforts demonstrate a clear focus on promoting compliance and raising awareness across industries to prevent anti-competitive practices.

In 2024, cases of abuse of market dominance predominantly concerned undertakings in monopolized and regulated sectors such as energy, water resources, and public utilities. For example, in the gas industry monopoly power can be leveraged on competitive upstream or downstream segments. For instance, [Hainan Kunlun Ganghua Gas Co., Ltd.](#) was penalized by the Hainan Administration for Market Regulation for abusing its market dominance by requiring developers of new residential complexes to exclusively use its services for pipeline gas installation projects. Similarly, the Shanxi Administration for Market Regulation imposed administrative penalties on [Datong China Resources Gas Co., Ltd.](#) following an investigation into its alleged abuse of market dominance. In the water supply sector, [Jianyang Haitian Water Co., Ltd.](#) was fined by the Sichuan Administration for Market Regulation for abusing its market dominance by requiring downstream users to purchase water meters and installation services exclusively from the company, as well as mandating the use of its recommended manufacturers for secondary water supply facilities. [Weihai Water Group](#) was penalized for abusing its dominance in the urban public water supply market with sanctions including the confiscation of illegal gains and a fine amounting to 3% of its 2022 turnover. The Market Regulation Administration of the Guangxi Zhuang Autonomous Region imposed administrative penalties on [Shanglin County Sanli Liuxian Water Co., Ltd.](#) for abuse of market dominance.

The disclosed anti-competitive agreement cases also concern [livelihood-related sectors](#). In Anhui, [bottled gas enterprises](#) collaborated to divide the market and share sales profits, jointly operating a company which disrupted market competition and harmed consumer interests. In Hunan, [vehicle inspection agencies](#) agreed to uniformly raise service prices. In Chongqing, [driving schools](#) under the organization of the local transportation association coordinated price increases and revenue distribution. In Xinjiang, mineral wool manufacturers concluded agreements to limit production and fix prices, reducing market competition. These cases involve price fixing, division of markets, or production restrictions, which restricted competition in livelihood-critical markets and negatively impacted consumer welfare.

## Courts and competition law enforcement

On 24 2024, the Supreme People's Court (SPC) issued the [Interpretation concerning the Application of Law in the Trial of Civil Dispute Cases Arising from Monopolistic Conduct](#). The 2012 version of the interpretation established the basic procedural framework for private antitrust litigation but did not provide judicial interpretations or guidelines for applying substantive provisions of the AML in civil cases. The 2024 [interpretation](#) retained nine articles from the 2012 version and substantively revised or supplemented five articles. It introduces thirty-seven new articles, mainly addressing interpretations and application of substantive provisions, particularly 2022 amendments in the AML. The new judicial interpretation strengthens the connection between administrative enforcement and private litigation. It explicitly provides that facts determined in administrative cases addressing AML infringements are presumed true in principle but may be rebutted. Furthermore, it clarifies methodologies for calculating damages for victims of anti-competitive conduct. The SPC reminded the courts of their discretion to determine reasonable compensation based on the specifics of each case. However, unlike discretionary compensation in intellectual property cases, no upper limit was prescribed for antitrust damages.

With the emergence of novel business models in the platform economy, the unfair competition cases handled by the courts reflected the tendency of the judiciary to protect investments into platforms, contents and other resources. For example, in the [first virtual reality unfair competition case](#) in China, the defendant shared his membership account for profit, which allowed a large number of users to access game resources, which are meant to be available only through paid accounts, without registering or paying for such accounts. This undermined the plaintiff's revenue model, reduced the plaintiff's potential transaction opportunities, and harmed the plaintiff's business income derived from providing gaming services to users. The court classified the defendant's actions as unfair competition.

Similarly, the Guangdong High People's Court adjudicated the [first unfair competition case involving data scraping and trading](#). The defendant repeatedly changed IP addresses and user accounts to fraudulently access plaintiff's dedicated APIs, extracting and selling unauthorized backend data for profit. The court ruled that this constituted unfair competition under Article 2 AUCL. The judgment affirmed and protected the rights of Internet platform enterprises and other data resource processors to autonomously control, lawfully utilize, and derive legitimate benefits from data they hold in compliance with the law. It also ensured that their investment in data resources generates reasonable compensation.

In 2024, the SPC published four typical AML cases, all focused on livelihood-related sectors, including food, digital television services, natural gas supply, and wholesale of vegetables. These cases encompassed various forms of anti-competitive conduct, such as price fixing, boycotts, tying, unfairly high prices, and discriminatory practices. In a horizontal agreement case involving [rice noodle manufacturers](#), the court clarified the criteria for identifying coordinated boycotts and price-fixing practices. In an abuse of market dominance case involving [cable digital television services](#), the judgment established clear standards for determining tying arrangements and refusals to deal. In the [natural gas company tying case](#), the court ruled that the defendant's requirement for users to install designated boilers constituted a tying arrangement. It incorporated findings from the administrative infringement decision to reduce the plaintiff's evidentiary burden and awarded damages based on actual losses and lost profits, aligning with the latest SPC interpretations on private antitrust litigation. In the [vegetables wholesale market](#) abuse of dominance case, the court ruled that an arbitration agreement cannot not exclude the court's jurisdiction over private antitrust disputes, thereby reinforcing the judiciary's role in resolving AML-related disputes.

## Conclusion

The legislative, enforcement, and judicial developments in 2024 reflect China's course towards refining its competition law framework in alignment with the growing complexities of its economy. The legislative developments signal an effort to strike a balance between ensuring fair competition and maintaining business-friendly environment. Enforcement trends also reveal a deliberate shift toward preventive and softer regulatory approaches, such as the "Three Letters and One Notice" system and compliance guidance meetings, which demonstrate an emphasis on fostering a compliance culture while addressing systemic antitrust concerns in critical sectors like energy, water resources, and public utilities. The emphasis on curbing monopolistic practices in livelihood-critical sectors highlights the enforcement agencies' role in protecting public welfare. Finally, in the field of judicial practice, private antitrust litigation evolved under SPC guidance summarized in the latest judicial interpretations. In contrast, cases in the unfair competition domain demonstrate judicial innovation in recognizing new types of conduct constituting acts of unfair competition. This trend reflects a broader shift away from extensive intervention in the digital platform economy under AML towards addressing unfair competition practices involving smaller-scale operators.

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A graphic for a survey report. It features a dark background with a glowing blue and red digital circuit pattern. In the center is a wooden gavel resting on a wooden block. The text is white and blue. A blue button with white text is present. Logos for Wolters Kluwer and Future Ready Lawyer are also included.

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