



Another Wave of Business Regulation

We have it on good authority that after the lull in announcements from Beijing on business regulation several more are in the offing. And imminently!

Except this time the regulators are not in Beijing. They are in Brussels.

Why is this relevant? As we have written before ([China through the US looking glass Part V](#)), although Beijing has effectively closed some business models since it started its campaign last summer (after school tutoring, for example) and has dished out some hefty fines against others (Alibaba, Tencent, Didi Chuxing, Baidu, JD.com, ByteDance, Meituan, and Suning) this is by no means the end of the Chinese capitalist revolution. It is rather the simple recognition that anti-trust legislation is required to avoid the abuse of monopolistic power.

Neither is this anti-trust zealotry a particularly Chinese phenomenon. Anti-trust legislation has been added to consistently over the last 130 years in the US and elsewhere around the world. The business regulation in our subject line is of course the Digital Markets Act and the Digital Services Act which could pass into law in the EU as imminently as this week. But such has been the speed of change caused by the internet that regulators have struggled to keep up. The two EU Acts have been described as “the first overhaul of the rules that govern competition on the internet in 20 years in the EU”.

So, what should the EM investor make of this? Well, getting EM right is about getting China right and China has been facing big headwinds since last summer, one of the strongest being business regulation. We have said ([Chinese Shape Shifting](#)) that now that Beijing has made its point, there have been indications that further intrusion would be on pause.

Further announcements earlier this week by Beijing’s top economic minister that he would be taking measures to support both the economy AND the financial markets were well received by investors. In the light of these, it seems unlikely that Beijing is going to be as active on the anti-trust front in the coming year.

Biography



Mark Martyrossian | Director

Mark has been involved in Asian equities since 1987. He was based in Hong Kong for the 1990s where he spent much of his time working in China. He joined Aubrey in 2017 as CEO having known Andrew Dalrymple, one of the founders of the business, for over 20 years. He recently handed on his role as CEO to Andrew Ward in keeping with the firm's succession plan in order to concentrate on the development of Aubrey's business. He is a Director and shareholder of Aubrey.

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