

Research note

Administrative Monopole in China: Ursachen und Reformversuche

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Summary

As an answer to the structural problems facing the Chinese economy, the Chinese leaders proclaimed comprehensive reforms that aim at establishing a united, open and fair market order and a rule by law system for the “new era” of development starting in 2013. The accomplishment of those goals requires the reshaping of the relations between state and market. The paper focuses on one of the most serious problems of the Chinese market system: the administrative monopolies. They are defined as illegal competition constraints conducted by administrative government units. Based on the analysis of the Anti-monopoly Law (AML) enacted in 2008, the paper argues that administrative monopolies as an endogenous obstacle for market functioning were caused by missing coherence of economic reform, reform of justice and of the state administration and the preference for state-owned enterprises as carriers of state industrial policy. The paper also discusses the recent reforms of the governance structure and government institutions, the establishment of a Fair Competition Review Mechanism that aim at enhancing effectiveness and independence of the implementation organ of AML and policy measures related to reshape industrial investment controls. The author sees an urgent need for the Chinese government to cope with administrative monopolies by determining the fundamental role of competition policy, creating and consistently implementing a strong and fair system of competition control anchored in the AML and beyond this.

Keywords: China, competition policy, Anti-monopoly Law, economic transition, industrial policy, state-owned enterprises

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