



I. Legal News

11 Administrative Approvals to Be Abolished by the State Council

In a decision published on the 3rd of August (the "Decision"), the State Council announced the abolition of 11 administrative approvals and requested relevant governmental authorities in charge to publish such abolition within 20 days upon releasing of the Decision.

Among the beneficiaries of this Decision, the following administrative approvals are to be abolished, such as the registration of approved conglomerates, employment permits for Taiwan, Honk-Kong and Macao residents working in mainland China, business permits for motor-vehicles repairs, project approval for foreign investment in the transport sector, preliminary approvals for investment of domestic enterprises in establishing enterprises (except for financial enterprises) abroad, record-filing for establishing company branches, record-filing for branches established, changed and deregistered by foreign-invested partnerships, and announcements for withdrawing business licenses.

Measures will be taken to balance the suppression of these administrative authorizations. For instance, about the "registration of approved conglomerates", the State Administration for Market Regulation will revise relevant regulations to detail the standards and requirements concerning the use of the word "group" in conglomerates' name. In general, the supervision of the stakeholders during the in- and post-process will be reinforced, and more transparency demanded.

(http://www.gov.cn/zhengce/content/2018-08/03/content_5311485.htm)

NDRC and PBC published a Circular on Strengthening Credit Regulation on Dishonest Behaviors

The General Office of the National Development and Reform Commission ("NDRC") and the General Office of the People's Bank of China ("PBC") have jointly published a circular on Strengthening Credit Regulation among Subjects of Bad Faith (the "Circular"). This Circular will be piloted from the 24th of July 2018 until December 31, 2020.

The Circular provides 20 measures among which include "urging subjects of bad faith to make corrections within a designated amount of time", "warning a subject about bad faith behavior and organizing cautionary talks in a standardized manner" or "the disclosure of information". The information that should be disclosed include administrative penalties, blacklist or negative records of judicial decisions and enforcement.

The Circular also calls for establishing and improving China's social credit system. It further explains that a credit restoration system will be put in place for dishonest individuals and legal representatives (or responsible individual in charge) of dishonest organizations under blacklist or under closely watched list. They may restore their credit if they rectify the dishonest act, attend credit repair training or participate to social public services.

(http://www.ndrc.gov.cn/zcfb/zcfbtz/201808/t20180802_894669.html)

II. Hot Topic

Recent Rumors about Carrefour Leaving China

At the beginning of August, a text named "Goodbye Carrefour" spread on the internet and generated rumors about the possible withdrawal of the company from the Chinese market. This is not the first time, as Carrefour has seen its situation in China deteriorate in the last years.

Carrefour, a French food retail group operating more than 12.300 stores in more than 30 countries¹, entered the Chinese market in 1995 and in 2017, it ranked 7th in the hypermarket category in China.

For a long time, the brand's success in the Chinese market has been praised. However, since 2009 the group has been losing market shares, outperformed by competitors such as the Chinese Da Yun FA and the American WAL-MART. In the meanwhile, Carrefour seems to have had adaptation problems to appreciate the rapid development of e-commerce. In 2013, Carrefour opened a Carrefour online shopping mall in China, focusing on door-to-door delivery, but the delivery happened to be to slow and pricey compared to services offered by Chinese competitors such as T-mall or Jingdong. During the same period, Carrefour also faced criticisms regarding to its customer service, the high price of its products, underpaying its employees or food safety issues².

Two recent decisions might cause the rumors. Firstly, a plan for the voluntary departure of 2400 employees, justified by the "Carrefour 2022" strategy oriented towards e-commerce and online shopping. Secondly, in January 2018 Carrefour announced investments from Tencent and the local supermarket chain Yonghui in Carrefour China as well as a strategic cooperation agreement with Tencent in China. This partnership led to the opening of a high-tech store in Shanghai last May, "Le Marche".

Some observers have analyzed this move as determination from the French retailer to continue its adventure in the Chinese market, other have interpreted this announcement as a sign that Carrefour was ready to sell itself and leave China.

Regarding the rumors spread recently, they were unofficially denied by Carrefour China³ whose spokesperson stated that Carrefour was determined to keep on developing on the Chinese market. However, till now, no official statement of Carrefour has been released.

French source:

https://chine.in/actualite/cn/carrefour-est-resolu-poursuivre-son_112026.html

Chinese source:

<https://xw.qq.com/finance/20180805006104/FIN2018080500610400>

http://www.gov.cn/zhengce/content/2016-06/12/content_5081222.htm

http://www.xinhuanet.com/2018-05/08/c_1122797913.htm

<https://www.creditchina.gov.cn>

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