

China's sweeping data privacy laws will target private company misuse but leave government data abuses largely unchanged

Article

The news: The Chinese government is expected to pass one of the world's strictest data privacy laws, which would limit the ways in which private companies siphon personal information, **according to** The Wall Street Journal.

- Called the **Personal Information Protection Law**, the proposed measure is reportedly on its last leg of reviews before being enacted into law.
- It would require any individual or private company interacting with a Chinese user's data to take steps to **first obtain prior consent, and then limit data collection going forward..**
- At the same time, regulators also released draft guidelines attempting to prevent companies from engaging in anti-competitive practices by barring firms from adjusting prices based on a user's shopping history, or using data or algorithms to influence a user's choice or access to rival services.

How we got here: If passed, the measures mark a milestone in China's rapid crackdown on some of its largest, most influential technology companies, all in the name of consumer rights.

- Chinese companies, and tech firms in particular, were given years of free reign to grow, but now regulators have recently begun to shorten their leash, reigning in companies it believes have grown too powerful.
- Earlier this year, for example, regulators fined Alibaba **\$2.8 billion** for antitrust violations.
- Not long after that, regulators ordered app stores to cease hosting the app for ride-hailing giant **Didi** over allegations the company was illegally collecting personal data.
- To cap it all off, last month the Chinese government announced a **six-month campaign** to regulate internet companies for **allegedly** "disturbing market order," per Yahoo News.

What's the catch? Though China's new rules may place some of the world's strictest data restrictions on private firms, those same standards **won't apply equally to the government's own internet activities.**

- The country's crackdown on allegedly invasive data collection efforts comes as human rights and civil liberties groups continuously condemn the Chinese government for dystopic levels

of state-backed digital surveillance, particularly of vulnerable groups such as the country's **Uighur Muslim** minority.

- And while privacy protections in the US and Europe generally apply to both the public and private sector, the Chinese government is attempting to use simmering Chinese public mistrust of large internet firms to appear in support of consumers by clamping down on firms while continuing its own intrusive data practices, according to **Kendra Schaefer, a partner** at Beijing-based consulting firm **Trivium China**, per the Journal.

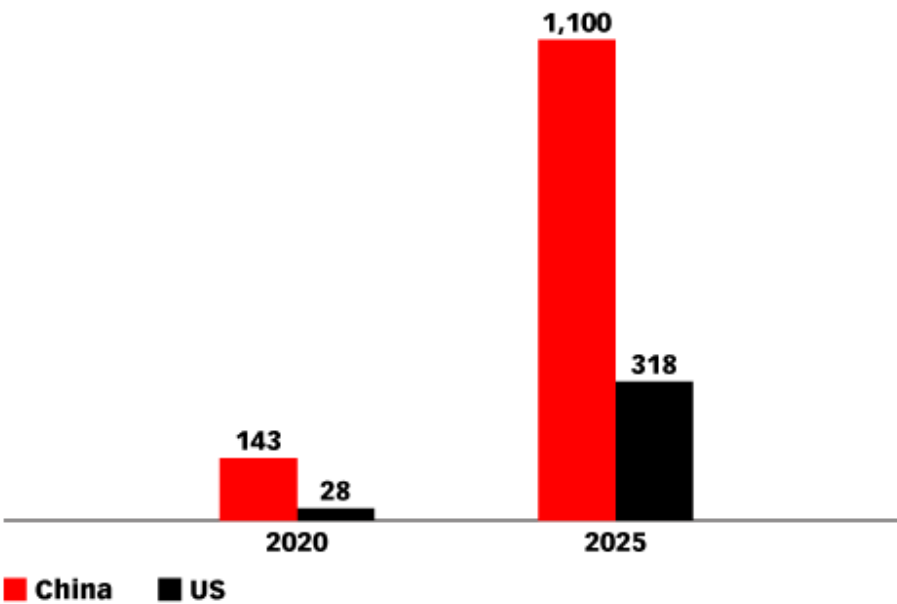
What's next? The passage of the new privacy and anti-competition measures could lead China towards a more consolidated, unified future, where tech companies work more closely to help the government achieve its **goals** of becoming a global leader in **5G, blockchain technologies**, and other emerging tech.

- China already has **the world's largest 5G network**, with estimates predicting China's 5G mobile connections will increase nearly tenfold between 2020 and 2025, according to ABI research.

At the same time, the country is actively **trying** to set global standards around blockchain technology. By severely limiting a firm's ability for growth and kneecapping privacy violators, regulators can potentially steer internet giants towards business practices which are more closely in line with the government's proposed strategy.

5G Mobile Connections in China and the US,
2020 & 2025

millions



Source: ABI Research, "Network Technology and Market Tracker" as cited in press release, Nov 5, 2019

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