

# “The Regulation of Online Games in China”

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## *Introduction*

Competition in the online games market in China is fierce. However, revenues being earned in the market are quite extraordinary. Currently, the top ten online games in China are

1. DNF

Game Developer: NEOPLE, has been bought out by NEXON

Game Operator: Tencent

2. kaixin online

Game Developer: TQ Digital Entertainment

Game Operator: NetDragon Websoft Inc.

3. asktao

Game Developer: G-GITS NETWORKS

Game Operator: Beijing Guangyu Huaxia Technology Limited Liability Company

4. moyu

Game Developer: TQ Digital Entertainment

Game Operator: NetDragon Websoft Inc.

5. World of Warcraft

Game Developer: Blizzard Entertainment

Game Operator: NetEase

6. Westward Journey Online II

Game Developer: NetEase

Game Operator: NetEase

7. Jade Dynasty

Game Developer: Perfect World Co., Ltd.

Game Operator: Perfect World Co., Ltd.

## 8. tialongbabu

Game Developer: Changyou.com Limited

Game Operator: Changyou.com Limited

## 9. ZhengTu

Game Developer: Giant Interactive Group, Inc.

Game Operator: Giant Interactive Group, Inc.

## 10. CrossFire

Game Developer: Smile Gate

Game Operator: Tencent

Interestingly, only two foreign games make it into this top ten list at present. It could be that foreign game developers are awaiting approval of their games by the Chinese authorities prior to putting their games online in China. However, it is now well documented that some foreign game companies are willing to risk fines and sanctions by offering their games in China, whilst their applications for approval are pending.

This article gives a brief introduction of the competent government departments, and relevant laws and regulations relevant to the examination and approval of online games accessible in China. Recently confusion has erupted within China as to the overlapping jurisdiction of a number of government departments. It seems that China continues to struggle with convergence issues as it has done since the initial encryption regulations 9 years ago.

### *The Departments and Regulations*

#### 1. China GAPP

The General Administration of Press and Publication (**GAPP**) is the government's administrative agency responsible for drafting and enforcing China's publication distribution control regulations, as well as for screening books discussing "important topics". The GAPP also has the legal authority to screen, censor, and ban any print, electronic, or Internet publication in China. Because all publishers (including Internet publishers) in China are required to be licensed by the GAPP, that agency also has the power to deny people the right to publish, and completely shut down any publisher who fails to follow its directions.

A recent regulation issued by the GAPP which has caused a stir within the games industry as well as within the Chinese government and political circles is the "Notice on Implementation of the "Three Regulations" State Council and Relevant Interpretations of Office of Censpxal Institutional Organization Commission, Further

Strengthening the Implementation of Online Game Pre-approval and Imported Online Game Supervision.” This notice was issued by the GAPP, along with the National Copyright Administration of the People's Republic of China (NCA) and the working group office of the national "Sweeping away Pornography and Cracking down on Illegal Publications" campaign on 28 September 2009. This notice unambiguously states that games that operate without GAPP pre-approval or with unauthorized content added after the approval has been given, will be ordered to cease operations.

The following lists approvals issued by GAPP:

<b>Importer</b>	<b>Online Game Name</b>	<b>Date of Approval</b>
Shanda	ChangChun 《苍天》	2008-08-06
Shanda	pingpang 《超级乒乓》	2008-05-12
Shenyang Electronics Press	Tenvi 《冲锋岛》	2008-08-06
Shenyang Electronics Press	counter strike online 《反恐精英 Online》	2008-08-06
Shenyang Electronics Press	ArtOfWar 《弹头奇兵》	2008-02-03
Tianjin Electronics Press	STREET GEARSJ 《极速轮滑》	2008-04-12
Jinbao Electronic Audio-visual Publishing Center	We Dancing Online 《唯舞独尊》	2008-08-06
Jinbao Electronic Audio-visual Publishing Center	yanlongqishituan 《炎龙骑士团》	2008-04-12
中国华侨出版社	《地下城与勇士》	2008-06-04
China Overseas Press	Cross fire 《穿越火线》	(2008-06-04
China Overseas Press	Dungeon & Fighter 《地下城与勇士》	2008-06-04
China Overseas Press	nana 《QQ 飞行岛》	2008-04-30
Beijing Botong Electronics Press	R-MAN 《合金战纪》	2008-05-12
Beijing Botong Electronics Press	potianyijian 《破天一剑》	2008-01-17
中国文采声像出版公司	koongpa 《哼哼哈嘿》	2008-05-12
China Wencai Audio-video Publishing Company	Sengoku Musou Online 《真·三国无双 Online》	2008-01-17

## 2. China Ministry of Culture

The Ministry of Culture (**MOC**) is a ministry of the government of the People's Republic of China which is responsible for culture policy and activities in China, including managing national museums and monuments; promoting government policies; promoting and protecting the arts (visual, folk, theatrical, musical, dance, architectural, literary, audiovisual and cinematographic) and abroad; and managing the national archives and regional culture centers.

The “Notice of the General Office of the State Council on Issuing the Provisions on the Main Functions, Internal Bodies and Staffing of the General Administration of Press and Publication (National Copyright Administration)” was issued by the State Council (China’s cabinet) on 11 July 2008.

According to this notice, the MOC is responsible for industry planning, project construction, trading and market regulation related to animated and networked games.

Further, it says that the GAPP is responsible for the management of the publication of comics and animations, and the pre-approval of online publications and issuance of games publications. So according to this notice, once interpretation could be that GAPP is responsible for the pre-approval of online games, and once the games are online, the MOC is responsible for the management of such games. If an online game is approved by GAPP, it seems that the MOC should allow this online game and shall not repeat the same review and approval process. If however the reverse situation arises, as has happened recently in relation to a game run by Netease in China, the regulations are not clear as to how the issue should be addressed – it would appear that technically speaking, such a game should not be operated or offered in China, until approval from the GAPP has been issued.

The Notice on Strengthening Management Work of Online Game Virtual Currency was issued by the MOC and Ministry of Commerce on 4 June 2009. According to this notice, entities engaged in “the network game virtual currency issuing services” and “network game virtual currency transactions” need to be preapproved by the MOC prior to offering these services.

The following lists the foreign made games approved by the MOC:

<b>Online Game Name</b>	<b>Operator</b>	<b>Date of Approval</b>
sanguozhi online 《三国志 Online》	Shanghai Play Cool Information Technology Co., LTD	2009/08/31
YS Online 《伊苏战记 online》	Shanghai Tianxi Network Technology Co., LTD	2009/05/05
LUNA online 《露娜》	Shanghai Tianyou Software Co., LTD.	2009/05/14
Dreamy Journey 《精灵乐章》	Shanghai Youyou Network Software Technology Co., LTD	2009/08/06
Lazeska 《天空战记》	Shanda	2009/08/06
Atrix 《激斗》	Shanda	2009/08/06
World of Warcraft 《魔兽世界》	NetEase	2009/07/21
liushengqunxiazhuang 《六圣群侠传 online》	Beijing Longtuzhiku Technology Co., LTD	2009/05/14
Mini Fighter 《K.O 堂》	Hangzhou Dukou Network Technology Co., LTD	2009/05/14
AVA 《战地之王》	Tencent	2009/03/31

The following lists the locally produced games approved by the MOC:

<b>Online Game Name</b>	<b>Operator</b>	<b>Date of Approval</b>
STARS 《巨星》	Shanda	2009/09/15
Pet Forest 《宠物森林》	Shanghai Jiyou Network Technology Co., LTD	2009/09/15
Xin 《新星际家园》	Beijing Lianzhong Computer Technology Co., LTD	2009/09/15
Xingjijiyuan 《星际家园 2》	Beijing Lianzhong Computer Technology Co., LTD	2009/09/15
QQxuanwu 《QQ 炫舞》	Tencent	2009/09/15
《2061》	Shenzhen Yijia Network Technology Co., LTD	2009/09/07
Jianghufengyu 《江湖风云》	Hangzhou Caitong Network Technology Co., LTD	2009/09/07
tianshuqitan 《天书奇谈》	Oak Pacific Interactive	2009/09/07
maoyouji 《猫游记》	Oak Pacific Interactive	2009/09/07
yongzhechuanshuo 《勇者传说》	Guang Zhou Netgame Digital Technology Ltd.	2009/09/07

The workload of the MOC seems to be considerable. Further, it is interesting that the GAPP has not issued any public announcements regarding approvals in 2009. Many are complaining that the GAPP has stopped issuing approvals despite its roars and threats of enforcement.

### 3. China Ministry of Information Industry and Information Technology

The Ministry of Industry and Information Technology (MIIT) was established in March 2008, by the enlargement of the former Ministry of Information Industry. It is the state agency of China responsible for the regulation and development of the postal services, the Internet and ecommerce, wireless and telecommunications technology, broadcasting, general communications, production of electronic and information goods, the software industry and the promotion of the national information management economy.

The Internet Station Management Regulations were issued by the former Ministry of Information Industry on 25 October 2005. According to this regulation, the MIIT is responsible for ICP, IP addresses and domain name record management information work nationwide and relevant supervision, guidance and coordination. If an online game site was to be blocked, ultimately the MII would be required to carry out the actual blocking.

### 4. Catalogue for the Guidance of Foreign Investment Industries (Amended in 2007)

Per the 2007 edition of the Catalogue for the Guidance of Foreign Investment Industries, the following industries are designated as prohibited for foreign investment:

- (1) Business of publishing, producing, master issuing, and importing of books, newspaper and periodical
- (2) Business of publishing, producing, master issuing and importing of audio and visual products and electronic

The GAPP, MOC and Ministry of Commerce generally feel that online games probably belong to (2), thus foreign investment in this area is problematic.

#### *Latest Government News*

The MIIT is planning to specify national standards for online game products and network classification management policies in the near future. It is likely that these

regulations will go some way to dealing with the overlap and uncertainty existing in this industry at present – alternatively, it could exacerbate it.

Further, the MOC is planning on issuing new regulations “confirming” its authority as the only government department entitled to approve and regulate the online games space in China. No doubt the GAPP will issue a reply shortly thereafter, such that the overlap of regulatory authority will continue.

### *Conclusions*

Many people complain that the online games industry in China suffers from too many unnecessary regulations. Many Chinese blogs and chatrooms seem to be dedicated to this cause. After reviewing the regulations applying to this space, as well as the number of government departments that are seeking to control this space, it is easy to sympathise with this group. It is hoped that the State Council can flex its muscles, with the support of the National Development and Reform Commission to streamline the approval and monitoring of online games, and place the enforcement of the regulations in one hands of one competent department.