

THE TWENTY YEARS OF DEVELOPMENT OF THE CHINESE INTERNET

SHIH Hui Min

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Executive Summary

1. China's internet had a history of 20 years by 2014, registering a population of 649 million, a jump of 1,000 times since 1994.
2. In 2013, the revenue of China's internet economy was RMB600.4 billion (US\$100 billion) and in 2017, it is expected to reach RMB1.7 trillion. It has leveraged on the world's largest e-retailing market.
3. In 2013, the Chinese internet's gross domestic product (GDP) reached 4.4%, slightly higher than the United States' 4.3%, France's 4.2% and Germany's 3.7%. It had thus moved into the ranks of global leaders.
4. Telecommunication, as part of China's four major infrastructure projects, will be allocated a part of the budgeted RMB16 trillion (6.4% of China's GDP) for development from year 2013 to 2030. Cyberspace development will be the key part of telecommunication development.
5. For the past 20 years, the internet has contributed to China's economic development in four ways: advancement in information communication technology, enhancement of inter-industries integration, information consumption, industrial investment, acquisitions and other related business, and acceleration of business internationalisation.
6. The next wave of internet development will help transform China's model of economic growth based on productivity, innovation and consumption. New applications of the internet could facilitate 7-22% of China's labour productivity growth from 2013 to 2025.
7. Though the Chinese government supports the development of the internet due to its importance to economic growth, it is also concerned about internet security. President Xi Jinping heads both the State Security Committee and the Central Leading Group for Internet Security and Informatisation.

8. On 27 January 2015, China's internet authority, in response to recent reports about some VPNs (virtual private networks) becoming inaccessible, announced that this was because of the upgrading of the great firewall; "improper" information online will be regulated in accordance to Chinese law and new policy management measures.
9. The inaccessibility of foreign VPN services in China will further enhance local internet industry development. The impact of the new policy would be of concern to all local and international stakeholders.