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## **The Information Revolution Comes to China**

On May 3, 2000, the CSIS International Communications Studies Program and the Global Information Infrastructure Commission held a joint roundtable session on issues related to China's fast growing information and communications industries and markets, with focus on Internet expansion and e-commerce initiatives. Dr. Ernest Wilson III of the University of Maryland and Will Foster, Ph.D. candidate at the University of Arizona, shared with the audience their recent studies on China's information industry and field interviews with Chinese IT professionals and policy makers. The strategic implications of China's fast-paced movement towards the global information age, according to the speakers, is profound and far-reaching.

Dr. Wilson stated that China has stepped into the world information revolution and China is fostering a large number of information "revolutionaries" who are using their entrepreneurial spirit to create businesses in both telecom and the Internet. These "revolutionaries" not only roll out new economic and commercial opportunities, but also are acting as a new force in changing China's regulatory landscape.

"In looking at China's information sector," Dr. Wilson commented, "fundamental network build-up, market structure, individual initiatives, and government policies should all be taken into account." He noted that many of the rising information revolutionaries in China, such as the CEOs of Sparkice and Sohu, were educated in the West, returned with high ambitions, and are armed with both idealism and pragmatism. They tend to maintain an extensive network with each other and with China's academics, government organizations and non-government sources.

The medium for these revolutionaries is primarily the Internet. Internet Service Providers (ISPs) and Internet Content Providers (ICPs) however, are operating in policy and regulatory gray areas and are facing severe pressure from China Telecom's monopoly. Because of the high stakes involved in Internet business, institutional conflicts among China's bureaucratic organizations such as MII, Ministry of Railways, the military, and the State Administration of Radio, Film and Television are specially intense. These government agencies are trying to reposition themselves to meet the challenge of information revolution to their traditional positions.

Foster focused on e-commerce development in China. He said China's online retail business size was only about US\$24 million in 1999, but the figure will likely rise to US\$100 million this year. Key issues facing e-commerce in China include lack of regulatory and business transparency, underdeveloped licensing regime, online content censoring and network security issues that concern identity, signature, payment and data protection. The emergence of e-commerce in China gives foreign investors a huge opportunity for their commercial and business interests regarding Internet access, equipment supplies, business management, and trade in products and services.