



Australia China Business Council
澳大利亚中国工商业委员会

 Alibaba Cloud

CHINESE MARKET SNAPSHOT: DIGITAL ECONOMY

MARCH 2022

CHINA'S DIGITAL ECONOMY: OVERVIEW

China is emerging as a highly influential player in the global digital economy. It leads the world in a range of areas, from 5G networks to ecommerce to Artificial Intelligence (AI).

On some definitions, China's digital economy has already reached ¥39.2 trillion, accounting for 38.6% of its GDP (2020).

According to a white paper released by the China Academy of Information and Communications Technology (CAICT), the digital economy grew by 9.7% in 2020 even amidst the pandemic and the resulting global economic downturn.

Mobile, financial, and online shopping innovations have all been pushing this market forward at an unprecedented rate.

With an estimated 904 million cyber citizens and 710 million online shoppers as of 2020 — technology now plays an increasingly vital role in China's accelerating online consumer marketplace.

900+
MILLION

Cyber Citizens in
China (2020)

710
MILLION

Online Shoppers
in China (2020)

Applications of AI are widespread in China. AI technology has been introduced in areas such as traffic flow management, with cities such as Beijing, Guangzhou and Hangzhou spearheading its implementation. Over 500 smart city pilot tests have been established.

Growth in China's digital economy comes against a background of rapid growth in research and development (R&D) spending. China's annual R&D expenditure stood at ¥2.44 trillion in 2020, a 170-fold increase over the 1990s. In 2013, China's total R&D expenditure overtook that of Japan, making China second only to the United States in R&D expenditure.

In China's current Five-Year Plan, next-generation information technology and digital innovation have been identified as strategic emerging industries.

China's digital economy is only set to further grow. This growth trend, though likely to eventually slow, is expected to continue in the years to come.

E-commerce, cloud-based services, and digital payment tools have driven growth in the past decade. Moving forward, China's digital economy is forecast to move in a more specialised, and technologically-advanced direction.

170x

increase in R&D
Spending in China
(1990s-2020)

¥2.44

TRILLION

Total Annual R&D
Spending in China
(2020)

500

Smart City Pilot
Tests as of 2018

SPURRING INNOVATION IN INTERNATIONAL COMPANIES

Global businesses active in China are thriving. In a survey of international companies by Bain and Company, 64% of surveyed companies reported higher revenues and profitability.

Within the same survey by Bain and Company, more than half of the executives also said that they were using more advanced digital technology in China than elsewhere in the world. 90% of businesses said that they will continue investing in innovation.

For companies, this innovation comes because developing technology is vitally important in China's advanced, digital marketplace. Participating in this marketplace provides an opportunity for companies to become more digitally competitive within the country and also the world.

Innovating now will future-proof businesses, as customers increasingly turn to mobile products and services in the rest of the world.

Globally, the number of mobile users is expected to hit 7.5 billion people by 2025. With such a significant increase, any investment spent to develop digital capabilities for China will also likely pay off around the world.

64%

of surveyed
international
companies in China
reporting higher
profitability

90%

of surveyed companies
to continue investing in
innovation



Alibaba Cloud has been supporting local organisations in Australia such as Chemist Warehouse, Airwallex and The University of Sydney to both expand their business and manage their challenges of operating within the China market. Our data centres have been operational since 2016 and Gartner recently ranked Alibaba Cloud us as the 3rd largest public cloud provider in the world in terms of infrastructure market-share.

Since its founding in 2009, Alibaba Cloud risen to become a global leader in cloud computing and artificial intelligence, providing services to thousands of enterprises, developers, and government organisations in more than 200 countries and regions. Alibaba Cloud has 75 zones strategically located across 24 global regions, providing reliable computing support for billions of customers. Since January 2017, Alibaba Cloud has become the official cloud services partner of the Olympics and also for the Australian Olympic and New Zealand Olympic team members.

If interested in the services of Alibaba Cloud, please contact:



James Wang
Country Manager - Australia & NZ;
Alibaba Cloud

Email: james.wang@alibaba-inc.com

Phone: +61 (0) 431 148 471

Website: www.alibabacloud.com

 Alibaba Cloud



Australia China Business Council
澳大利亚中国工商业委员会