

## ADVANTAGES AND CHALLENGES OF CHINA'S DIGITAL ECONOMY

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With the development of China's digital economy, the overall scale of the digital economy is expanded, and its role in the national economy is more obvious. The rapid development of China's digital economy is inseparable from the support of its own advantages. At the same time, the United States regards China as a competitor for the global development of the digital economy and starts to build a global plan to contain China's digital economy. In this context, China's digital economy is facing some challenges, which restricts the rapid development of the digital economy. Therefore, China needs to formulate targeted policies to promote the development of the digital economy based on the challenges faced by the digital economy and its own advantages.

**Keywords:** competition; digital economy; advantages and challenges.

## ПРЕИМУЩЕСТВА И ПРОБЛЕМЫ ЦИФРОВОЙ ЭКОНОМИКИ КИТАЯ

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По мере развития цифровой экономики Китая общий размер цифровой экономики еще более возрастает, а ее роль в национальной экономике становится еще более очевидной. Быстрое развитие цифровой экономики Китая не может быть отделено от поддержки его собственных преимуществ. В то же время Соединенные Штаты рассматривают Китай как конкурента в глобальном развитии цифровой экономики и начинают строить глобальный план, блокирующий развитие цифровой экономики Китая. На этом фоне развитие цифровой экономики Китая сталкивается с рядом проблем, которые сдерживают быстрое развитие цифровой экономики. Поэтому Китаю необходимо разработать целенаправленную политику, направленную на продвижение развития цифровой экономики в сочетании с проблемами, стоящими перед цифровой экономикой, и своими собственными преимуществами.

**Ключевые слова:** конкуренция; цифровая экономика; преимущества и проблемы.

As the «stabilizer» and «accelerator» of the national economy, the role of digital economy is more prominent. In 2021, the added value of digital economy in 47 major countries around the world reached 38.1 trillion US dollars, of which China's digital economy reached 7.1 trillion US dollars, ranking second in the world [1]. In 2021, the scale of China's digital economy accounted for 39.8 % of GDP [2], and the position of digital economy in the national economy was more stable and its supporting role was more obvious.

## **Challenges faced by China's digital economy development under the background of intergenerational competition**

In January 2021, the US Information Technology and Innovation Foundation released the US Global Digital Economy Strategy report, pointing out that the rise of the digital economy in the past 20 years has further deepened and expanded global integration. Facing the competition from China, the United States needs a grand and comprehensive strategic guidance to maintain its leading position in the global science and technology field. The United States is building a global plan to contain the development of China's digital economy. For example, in June 2021, the United States and the European Union established the «Trade and Technology Commission», which aims to promote digital transformation and emerging technology cooperation, lead the global digital economy and technical standards, and promote coordination in the digital field between the United States and Europe from strategic vision to practice. It can be seen that the United States regards China as a digital economy competitor.

### *1. There is a significant gap with developed countries*

Compared with the United States, China still has a big gap in the core industries of the digital economy. The United States is also a global leader in basic software and industrial software, cloud computing, blockchain, financial technology, industrial Internet, search engine and other fields, and there is still a big gap between China and the United States in these areas. At the same time, the United States regards China as a competitor and imposes sanctions on China in many areas, such as the semiconductor industry [3].

### *2. The digitalization rate of small and medium-sized enterprises (SMEs) is still low*

The powerful engine of digital economy is digital transformation, especially enterprise digitalization. At present, the digital transformation rate of SMEs in China is relatively low. According to the data of China Institute of Electronic Technology Standardization, in 2020, the proportion of digital equipment application in key processes of small and medium-sized enterprises in China was 45 %, the proportion of production process information system coverage was 40 %, and the rate of equipment networking was 35 % [4]. Only 5 % of small and medium-sized enterprises used big data analysis technology to provide optimization suggestions and decision support for production and manufacturing links [4].

## **Advantages of China's digital economy development**

Although China faces some challenges in the development of digital economy, it also has its own advantages, which are mainly manifested in the following two aspects.

### *1. Huge data accumulation space*

China has a huge space for data accumulation and has a strong natural advantage in the era of digital economy. Data is the source of new wealth and a new factor of production, especially in the economic model dominated by artificial intelligence, the difference of data scale means the difference of national economic development in the future, such as the scale of netizens. By the end of 2021, the number of Internet users in China reached 1.032 billion, an increase of 42.96 million compared with 2020, and the Internet penetration rate in China reached 73.0 % in 2021 (the increase of 2.6 percentage points compared with 2020) [5]. China has become the only digital society in the world with one billion «network residents».

### *2. Appropriate transport infrastructure*

With the rapid development of national economy, China has made great achievements in transportation infrastructure. At present, China has the fastest transportation infrastructure in the world, resulting in a huge amount of logistics, resulting in a huge amount of information flow [6]. China has the most widely used electronic payment system in the world, which generates huge data flows.

## Conclusion

Combined with the previous analysis, we can see that thanks to the advantages, the overall scale of China's digital economy has been significantly improved. However, the development of China's digital economy still faces many challenges. Therefore, China needs to combine the challenges faced by the digital economy with its own advantages and formulate targeted policies to promote the development of the digital economy.

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