

China Development Forum 2024 The Continuous Development of China

Symposium on Digital Empowerment for Industrial Transformation (Keynote Speech)

Hosted by the Development Research Centre of the State Council (DRC) and organized by the China Development Research Foundation (CDRF), the China Development Forum (CDF) 2024 was held at Diaoyutai State Guesthouse in Beijing from March 24th to March 25th. On the afternoon of March 25, the "Symposium on Digital Empowerment for Industrial Transformation" took place, presided by Zhang Junkuo, Chairman, China Development Research Foundation (CDRF); Deputy Director of the Committee on Proposals, the 14th CPPCC National Committee. During the "keynote speech" segment, the guest speaker was Liu Liehong, Director, National Data Administration.

As a new wave of technological revolution and industrial transformation deeply evolves, the digital economy, marked by connectivity, digitization, and intelligence, continues to generate new supply, spark new consumer demand, open up new development arenas, and infuse fresh dynamism into economic expansion. In his keynote speech, Liu Liehong outlined five

emerging characteristics of China's flourishing digital economy.

First, digital infrastructure has significantly strengthened. By the end of 2023, China had constructed 3.377 million 5G base stations, a 46.1% increase from the previous year. The netizen population hit 1.092 billion, with an internet penetration rate of 77.5%. Ranking second globally in computing infrastructure, the country's total computing power surpassed 230 EFLOPS. An increasing number of cities have achieved "double gigabit" status, continually expanding the main channels of digital economic growth.

Second, data elements have become more dynamic. The swift escalation in data generation and storage, coupled with the ongoing improvement of data resource utilization capabilities, supply ample raw materials for digital applications like smart city development and industrial Internet deployment. For instance, in the realm of AI, China boasts over 100 large models with scales exceeding one billion parameters. These extensive industry models have profoundly enhanced sectors such as electronics, healthcare, transportation, and finance, spawning hundreds of application patterns, empowering thousands of industries, and facilitating the transformation and modernization of traditional sectors.

Third, the digital transformation of industries has deepened. The progress in intelligent manufacturing and the industrial Internet has hastened. 5G and gigabit optical fiber networks are integrated across 71 national economic industries, with over 94,000 application cases and 300 5G factories established; the manufacturing sector has seen an acceleration in digitization, with

the numerical control rate of key processes and the adoption rate of digital R&D design tools reaching 62.2% and 79.6%, respectively; By the end of 2023, more than 340 industrial Internet platforms with significant industry and regional impact had emerged, and over 96 million pieces of industrial equipment were connected, significantly enhancing cost-efficiency in manufacturing and providing a robust foundation for new industrialization.

Fourth, new service industry models have grown more vibrant. In 2023, China's online retail sales hit RMB 15.42 trillion, and mobile payment penetration soared to 86%, leading the world. Immersive tourism, bolstered by digitalization, is emerging as a new growth point in consumption, with online travel booking users reaching 509 million. This new momentum for consumption expansion is robust, with "digital commerce revitalizing agriculture" yielding impressive outcomes.

Fifth, public services have become more inclusive. By the end of 2023, rural internet penetration rose steadily to 66.5%. Significant progress has been made in developing digital government, making online public services more convenient and accessible. Advances in intelligent transportation and healthcare have consistently enhanced public satisfaction. The user base for online ride-hailing and internet healthcare services has seen a marked increase.

Last October, the National Data Administration was officially inaugurated. Liu Liehong stated that the Administration will continue to monitor the trends in digitization, networking, and intelligence, expedite the dismantling of institutional barriers to the

lawful and efficient flow of data, refine the market-driven distribution of data elements, foster new industries, models, and growth engines, and nurture the advancement of new quality productive forces. Attention will be centered on the following five areas.

First, focus will be placed on expediting the enhancement of the foundational institutional system for data elements. The National Data Administration will adopt a problem-oriented approach, hasten the issuance of actionable policy documents, address public concerns, and systematically develop a data property rights framework that safeguards stakeholder interests and unlocks data element value. Efforts will be made to foster a varied and multi-tiered data circulation and trading ecosystem, investigate income distribution mechanisms that invigorate market dynamism, and continually refine the data security governance structure with collaborative participation. Work will also proceed in concert with the Ministry of Finance to advance "data assets on-balance sheet," address pressing practical issues, and expedite the refinement of data resource-related accounting frameworks.

Second, efforts will be intensified to enhance the development and utilization of data elements. At the end of the previous year, 17 entities, including the National Data Administration, launched the Three-year Action Plan for "Data Elements ×" (2024-2026), which seeks to uncover and foster numerous exemplary application scenarios via pilot projects, contests, and case compilations, thereby deepening data utilization and creating ample opportunities for the ongoing liberation of data value. Concurrently, there's an active push to reform the management and operation mechanisms

of public data resources, with the aim of driving and encouraging the integrated use of data from various sources through the development and utilization of public data. The National Data Administration will also zealously advocate for the development and use of corporate data, navigate the balance between data security and personal information protection, and more effectively unlock the value of data elements while safeguarding the legitimate interests of all involved.

Third, efforts will be made to accelerate digital infrastructure construction. The push for a national integrated computational power network has grown increasingly urgent since last year. The National Data Administration is currently engaged in endeavors spanning industrial ecology, computational power supply, network transmission, operational scheduling, system management, and technological innovation, with the goal of establishing a national integrated computational power network that is efficient, accessible, eco-friendly, and secure. By optimizing the distribution of computational resources, the aim is to better support the digital economy's growth. There's also a proactive approach to developing data infrastructure, hastening research into data spaces and high-speed data networks, advancing the use of blockchain, federated learning, and secure multi-party computation, among other privacy-preserving technologies. This creates a trustworthy environment for data exchange and offers the necessary infrastructure to boost cross-industrial and cross-regional data circulation, development, and utilization.

Fourth, efforts will be continued to cultivate and expand the

data industry ecosystem. The development and utilization of data elements rely on the active involvement of diverse market players. With China's data element market in the nascent phase of development, the National Data Administration will concentrate on nurturing a range of data providers and third-party professional services to enrich the industrial data landscape. Domestic and international companies are encouraged to partake in the formation of China's data element market and to partake in the fruits of its growth.

Five, efforts will be advanced for the positive interplay between high-quality development and elevated security measures. In advancing high-level openness in the data sphere, the Chinese government has recently released both the Action Plan for Steadily Promoting Higher-Level Opening Up and Enhancing Efforts to Attract and Utilize Foreign Investment, and the Regulations on Promoting and Regulating Cross-border Data Flow. These documents establish guidelines for improving the management of cross-border data flows, including new exemptions for scenarios like cross-border deliveries and payments, and extending the validity of data security assessments to facilitate safer and more efficient cross-border data transfers. Moving forward, adjustments and enhancements to policies will be made in collaboration with relevant departments, based on how they are executed. Commitment to strengthening both multilateral and bilateral digital cooperation will persist, with efforts to forge cross-border data flow cooperation mechanisms with key economic and trade partners, and a more proactive role will be taken in shaping global digital

regulations.

(China Development Press Authors: Liu Changjie; Reviewer: Cui Keliang)

--Background Information--

Under the mandate 'Engaging with the world for common prosperity', China Development Forum (CDF) serves as an important platform for Chinese government to carry out candid exchanges and discussions with leaders of global businesses and international organizations as well as foreign and Chinese scholars. Initiated in 2000, CDF has made remarkable contributions for the policy exchange and international collaborations between China and the world.

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