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# **Study on the Present Condition, Tendency and Countermeasure of E-Business in China**

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## **Abstract**

With the coming of a new century, the situation of EB in China has been greatly improved. Followed by the development, the pressures in and out of China may become the engine of EB in companies, and will further stir up a fashion. Under these backgrounds, it is urgent for relative sectors of government, industries, research centers and commercial sphere to fully prepare for the tide of EB, for the purpose of acting excellently in the array of EB.

**Key words:** the present condition of EB; the tendency of EB; the countermeasure of EB

Since 1990s, with the quicker steps of economy globalization, trade liberalization and information modernization, EB, which is a modern productive force created by the combination of information, commerce and management technology, now is propelling department economy, district economy, national economy and world economy to get on a new step.

Coming to the 21st century, after several years' hard exploration and active effort, the situation of EB in China has been greatly improved, and the tendency of EB in China has had an inkling of the matter. So it is more important for us to study on the following countermeasure.

## **1. The Present Condition of EB in China**

Up to the end of 2001, EB in China had achieved satisfactory progress in several aspects, such as foundation facilities, program law and regulations, theoretical research and applied practice. It mainly shows as followed:

### **1.1 Fast Developing Foundation Facilities[1]**

#### **1.1.1 Computer Network Has Made Marked Development**

The four core members of network (scientific research, education, telecommunications and economy) augmented capacity and increased speed one after another. The submarine optical cable between China and America was successfully laid in January this year, so that it can provide 1000 thousand couples of information source corresponding at the same time. Before the end of this

year, the outlet bandwidth of China telecommunications will get to 150M, and the whole bandwidth of network will get to about 345M. The number of domestic net men gets double every six months, and by the end of this year, it will have reached 9900 thousand. The number of websites in Chinese has been more than 15 thousand.

#### **1.1.2 Telephone Network Increased Rapidly**

Telephone network of the whole country has attained program control. The number of fixed telephones has topped 1000 million, and that of mobile telephones has topped 5 million. It means that 13 percent of whole Chinese people has had telephones.

#### **1.1.3 Television Network Has Basically Covered The Whole Country**

There have been 300 million television sets all over the country. If a family is regarded as holding four persons, almost every family has had a television set.

#### **1.1.4 Communication Network Has Varied Developed**

Optical fiber, microwave and satellite television have formed a core communication network.

#### **1.1.5 It Has Basically Realized Mutual Dependency Among Networks**

The technology and product have been successfully manufactured to realize mutual dependency among computer, telephone and television networks, and have been put into use.

#### **1.1.6 The Terminal Products Of EB Have Come Out In 2001**

They are telephone, computer, credit, integration terminal and Venus for network etc.

## **1.2 Rapidly Building Program Law And Regulations[2]**

(1) Since 《The development framework of EB in China》 drafted by China Information Industry Ministry was issued in July 1999, it has consulted the broad department. If these suggests will be approved, it will come out as 《The National Program for EB Strategy》.

(2) The monographic deliberate meeting presided by Information Industry Ministry was convened to discuss the construction of EB Law.

(3) According to local situation, some districts have formulated their own EB planning. For example, the government of Shenzhen City has organized to draw up 《The Five-Year-Planning of EB Development in Shenzhen City》. After further discussing, it will be reported for approving.

### 1.3 Actively Carrying Out Security Activity

(1) National government have issued several safe regulations about communication network and Internet.

(2) There have been many EB centers of attestation, some of which have passed the appraisal of ministry and state.

(3) Many commercial banks such as agricultural bank of China, China bank and industrial and commercial bank of China etc. have built up payment gate of network and offered payment and settling accounts by network one after another.

(4) The work to train talent has started. Some Universities have offered the courses and specialties about EB and some have provided the personnel at EB posts for training.

### 1.4 Rapidly Developing the Application of EB

(1) More than half of the governments in all levels have used network. By the end of 2000, the government network project initiated by above forty ministries and committees had shown remarkable success, including 68 ministries and committees using network, two-thirds of provinces and city governments using network to issue information, more than 2300 governmental websites and seventeen trades information websites being built.

(2) Economic departments use network one after

another. National network of finance, tax and trade has partly started, which promotes a series of golden projects.

(3) It has been effective for some enterprises to use network. They have successfully used network to carry out trade activity.

(4) It has had an inkling of the matter for sole product market to use network, such as books, clothes and white sugar.

## 2. The Tendency of EB in China

There were two bugle calls of EC in 2000, which aroused enterprises to seek existence and development, and promote competition in market.

### 2.1 Two Bugle Calls and Their Function

(1) According to the message of China Information Industry Ministry, 《The Developing Framework of EB in China》 has been issued in this spring, which directly promoted state-owned large and medium-sized enterprises to develop EB. According to the report of China High and New Technology Industry News, there will be 520 state-owned large and medium-sized enterprises to suit during this year, and they will get the supports of policy and capital from NCET and IIM. That is the first bugle call.

(2) That China joined in the World Trade Organization accelerated the application of EB in state-owned and private enterprises. Because state-owned enterprises are mainly influenced by government, and private enterprises are mainly influenced by market, they will have apparent difference in using EB. The difference will be shown in Table1.

**Table1: Difference of using EC in state-owned and private enterprises**

enterprises of different categories	necessity	probability	flexibility	timeliness	effectiveness
state-owned enterprises (especially for large and medium-sized)	weak	strong	weak	late	worse
private enterprises	strong	weak	strong	early	better

From table1, we can got following conclusion. Under the common conditions, state-owned enterprises have such good basic situation as credit, organization, management and technicians in using EB; at the same time, they still have some disadvantageous factors. But if some concerned ministry and committee provides capital and policy assistance as they promised, it will be likely to form a high tide to use EB in state-owned enterprises during a short period.

### 2.2 A Little Tide in EC of China in 2002

#### 2.2.1The Overall Framework Has Initially Formed

From the above, we can see that the external environment of EB in China has made great progress during the past recent years. Because of national policy and international trade, the application of EB in China promoted by internal power and external pressure will probably raise a little tide. The pattern is shown as Figure1.

### 2.2.2 The Figure Above Displays The Function Of Each Subsystem

Above all, government sub-network will play roles of guidance, management and demonstration to circulation, production and consumption sub network. Secondly, IT sub-network will provide technical platform, safe technique and leading applying. Thirdly, bank sub-network will play the role of payment, intermediary and combined settling accounts. Finally, science and education sub-network will play the role of training talent, transmitting knowledge and cultivating technique.[3]

### 2.2.3 The Number of State-owned Enterprises Using EB Will Break Through

Under the guidance and support of government, EB will be widely used in state-owned enterprises.

### 2.2.4 Private Enterprises Will Fully Display Their Talents in Using EC

Since 2000, such websites as sohu, sina, 8848 and 3721 have revealed the strength out of the ordinary.

### 2.2.5 The Diversify of EB Will Begin to Show Ability or Talent

During the past, people mainly talked about B (business) TOB, BTOC (consumer), therefore there will increase G (government) TOB, GTOC, U (university) TOB, UTOC and CTOC (EB among consumers) during the new developing tendency.[4]

### 2.2.6 Production and Trade Suif As A Single Spark Can Start A Prairie Fire

A lot of single variety and trade websites are actively preparing for carrying out marketing and trade on network, like automobile, iron and steel, coal, furniture, building materials etc.

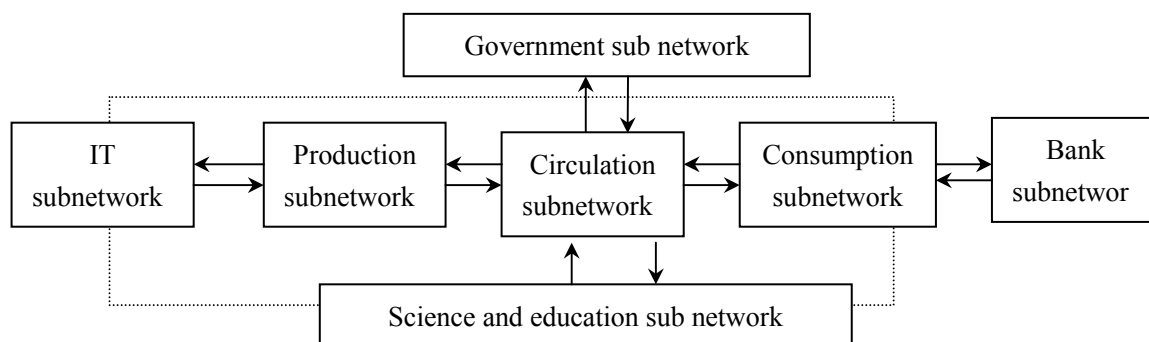


Figure1: the pattern of EB

## 2.3 Traders Will Be The Main Force of EB.

According to analysis and forecast, there will be four stages in the development of EB in China. They are technique promotion, knowledge spread, law and regulations manufacture construction and enterprises application. Although we can't say we have had good development of the former stages till today, due to the comprehensive promotion of domestic and alien, EB in our country will partly step into the fourth stage this year, and will form apparent symbol and characteristics. That is there will be many trader using EB and suif in EB.

## 3. The Applied Countermeasure of EB in China

As far as the subject of EB is concerned, we can discuss our countermeasure of EB under new condition from four aspects: Government, Trade, Enterprise and School.

### 3.1 Governmental Countermeasure

As director, manager and demonstrator of EB, government should act well as follows:

#### 3.1.1 Planning Construction of EB

It is the most important task in this field for government to construct the national EB from its framework of developing strategy to nationwide and district EB.

#### 3.1.2 Law Construction of EB

Law construction can start with market management rules and constantly summarize experience and lessons, then transfer to paralaw and formal law.

#### 3.1.3 Standard Construction of EB

It revolves many aspects of manufacture and construction such as standard of information technology, standard of safe, standard of trademark code and standard of commercial process.

#### 3.1.4 Stressing Exemplary Engineering

The National Development of Information Industry paid special attention to eleven exemplary engineering in 2000, and achieved good results on the whole. We should summarize and communicate experience on this basis so as to play its exemplary role.

### **3.1.5 Governmental Application**

It is the principal application of governmental EB to invite tenders, purchase, pay and settle accounts through network, which will play its active guiding and exemplary role, and achieve immense social and economic benefit.

## **3.2 Trade Countermeasure**

Responsible departments of the trade and society in our country share the guiding role of trade action. In the development of trade EB, we can consider taking some countermeasures as follows:

### **3.2.1 Sole Product Suif**

We can choose important merchandise to market by sole product suif in a trade. For example, in 1999, National Committee of Economy and Trade convened a conference—"the EB conference of wholesale trade" in Guangxi province and introduced the suif of manufacturers of sugar with osmanthus flowers and some other commodities. This year, there will be more sole products to be put into market by suif. As is known, National Trade Department has ratified the trade suif project of Chinese automobile.

### **3.2.2 Trade Suif**

Many specialized trades are brewing suif project one after another. Our country's "San Jin", "Shi Jin" and Property Tax, Finance and Trade all fall into this category.[5]

### **3.2.3 Comprehensive Commercial Network**

Our country has progressively opened comprehensive commercial network from 163 and 169 to every department of local information through using the experience of California's commercial network.

## **3.3 Enterprise Countermeasure**

The development of our enterprise's EB can consider following principles:

### **3.3.1 Deepen Understanding, Work Out Plans, Strengthen Management and Follow in Order and Advance Step By Step**

First, enterprise's policymakers, management and core members of business, buying and selling members should accept training by stages and in groups to deepen understanding, strengthen knowledge and technological skills. Second, according to its own condition, an enterprise should work out good development planning of applying EB. Third, adhere to the objective request of EB to strengthen management and play its active role from

laws and regulations to technology, from system to staff, from static state to dynamic state and so on. Finally, an enterprise can do well from the outside to the inside, from the easy to the difficult, from the single to the diversity, from the marketing through network to the trade through network and carry out its own strategic plan comprehensively.

### **3.3.2 Pay Attention to the Strategic Style**

According to large and medium-sized enterprises and medium and little-sized enterprises, we may use different process of entering and developing. The main differences are the style from outside to inside—to drive enterprise's EB and information by market EB, the style from inside to outside—to associate outside market EB by inside information of enterprise, the style laying equal stress on both inside and outside—to emphasize enterprise's information and EB on the one hand, and on the other hand, to emphasize introduce and link of market EB.

### **3.3.3 Organize Elaborately**

It can be divided into several levels of economic and technological combination from the most simple suif of single machine to browse commerce information to open special website to engage in trade. All these tries to let efficient VS price and benefit VS price both be good.

## **3.4 Countermeasure of College and University's Science Research and Talent's Training**

According to the experience of developed countries and our own national conditions, the countermeasures of college and university's science research of EB and talent's training contain the following aspects:

### **3.4.1 The Theoretic and Applied Research of EB**

Science research of college and university should trace the practice of EB at home and abroad, and constantly summarize practical experience to form theories and check, rectify, develop these theories in practice, then proceed to guide practice to become the knowledge and talent treasure-house of government, enterprise and society.

### **3.4.2 Special Persons' Training**

Open special courses of EB in present majors such as Marketing, Management of Enterprise, International Trade and Trading Economy.

### **3.4.3 To Open Major of EB after Receiving The Approval Of The National Department In Charge**

### **3.4.4 Some Majors Such as Information Technology and Commercial Management Combined Open Double Degrees of EB**

### **3.4.5 Develop International Cooperation, and Train Compound Senior Talent of EB (mainly refers to postgraduate and over levels)**

## **4. Conclusions**

EB of China will set off a high tide in 21st century. It is necessary for government, enterprise, college and research organization to make effort, meet new challenges and obtain good repayment in the meantime.

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