

China Development Forum 2021

China on a New Journey of Modernisation

09:15-10:15: 20 March 2021

Parallel Session I - Venue 5

Digital Technology Revolution: Towards Large Scale Application

Moderator

Xi Qing, APP CEO, Xinhuanet Co.

Speakers

Jiang Xiaojuan, Vice Chair, NPC Social Construction Committee; Dean, School of Public Policy and Management, Tsinghua University

Steven M. Mollenkopf, CEO, Qualcomm Incorporated

Chen Yubo, Senior Associate Dean and Director, Center for Internet Development and Governance, School of Economics and Management, Tsinghua University

Sanjay Mehrotra, President & CEO, Micron Technology Inc.

Song Zhiping, Chair, China Association for Public Companies; Chair, China Enterprise Reform and Development Society

Key points

- China's approach to developing its digital economy is different to those of Silicon Valley and developed countries in Europe, as it is pursuing four modernisations at once – advancing informatisation while still journeying towards industrial, urban and agricultural modernisation. As a result, it must resolve the pain points in the three modernisations while developing its digital economy.
- China should strengthen the integration of digital technology with biotech, materials and energy and accelerate efforts to build disruptive digital skills.
- Technology requires cooperation and innovation, R&D investment, talent development and intellectual property protection.
- In China, millimeter wave (mmWave) can deliver high-speed connections to more people and extend these benefits to local industries, which will be pivotal to rural revitalization.
- Microchip development will move towards the integration of cloud computing,

edge computing and terminals, and companies will increasingly adopt AI technology.

Synopsis

The digital economy is a focus of the 14th-Five Year Plan, which states that its added value should rise from 7.2% to 10% of GDP over the next five years. To achieve this, the Plan's measures to broaden the coverage and penetration of the digital economy include reinforcing 5G network construction, creating new and influential digital consumption channels, boosting digital product production, and encouraging digital transactions.

The digital economy should be regulated. New uncertainties caused by regulations are the cost of long-term, healthy growth. As large, powerful platforms, leading digital companies should take on more social responsibility and enhance their public relations by driving economic growth through developing the digital economy.

According to Qualcomm research, China's 5G value chain will contribute nearly RMB10 billion of economic value by 2035. To maximize these benefits, China has been working on strategic 5G deployments. Statistics from the Ministry of Industry and Information Technology show that 600,000 5G base stations will be added to the existing network by the end of 2021, which is expected to support the connection of 500 million terminals. Qualcomm is helping to deploy basic 5G technology in China, including mmWave, which is essential for tapping the full potential of 5G. At the Mobile World Congress in Shanghai in February 2021, Qualcomm worked with China Unicom and GSMA on the creation of a 5G mmWave exhibition area.

Mobile communications technology is trending towards the integration of cloud computing, edge computing and terminals to enable the storage of more information and feature a wider range of functions on smaller chips, making it easier to upload local information to cloud-based data centers. Edge computing, meanwhile, can strengthen connectivity and reduce latency and has a stronger capacity to process information and images. More than 75% of enterprise applications are likely to have embedded AI elements by next year, which will enhance manufacturing sector efficiency. Micron sees great opportunities in the sector, as it aspires to be a leader in memory and storage technology. However, intellectual property protection is a precondition for technological innovation. A sound, stable environment is needed to reduce risks. All these factors are needed to constitute a platform on which companies can build confidence in long-term investment.

Chinese listed companies are accelerating their digital transformations, especially in

AI. AI can raise productivity by 60%, reduce labor costs by more than 20% and increase management efficiency by 50%. Most importantly, it delivers more precise and higher quality work at lower cost. The large-scale application of AI is cementing China's place as the world's manufacturing center, empowering it to meet enormous domestic consumer demand and resolve issues in supplying global manufacturing. Capital markets, meanwhile, will provide substantial support for China's digital transformation journey.

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