

Growing Trend of China Electronic Information Industry in Global Financial Crisis

1. No country could deny the influence from the global economic crisis due to the economic globalization, with the difference only lying in the extent being influenced. China is the least influenced in financial field thanks to the control in financial asset, while the economies of electronic information industry based on processing export will encounter great loss. From January to June in 2008, the total revenue of Chinese electronic information industry was RMB2.65 trillion yuan (near US\$390 billion), increased by 21.9% on last year's corresponding period (As the newest number, from Jan. to Oct., the total revenue is RMB 4.6 trillion yuan (near US\$680 billion), increased by 17.6%). Among which, the revenue of manufacturing industry was RMB2.31 trillion yuan (near US\$339 billion) and software industry RMB345.7 billion yuan (near US\$51 billion), increased by 30.4% on last year's corresponding period. The details are as follows:

Major Targets Completion of Electronic Information Industry from Jan. to Jun. 2008			
Targets name	Total of this month	Corresponding period of last year	Increased percentage on last corresponding period
1. Major economic targets			
Main business income	2 . 65796 trillion	2.18082 trillion	21.9
Including: Manufacturing	2.31229 trillion	1.91573 trillion	20.7
Software	345.67 hundred billion	265.08 hundred billion	30.4
Industrial added value	538.86 hundred billion	434.21 hundred billion	24.1

(software not included)			
2. Major products output			
Mobile phone(GSM, C DMA)	2.95229 hundred million	2.69058 hundred million	9.7
SPC exchange	21.593 million	28.714 million	-24.8
Base station equipment for mobile communications	7.34 million	7.939 million	-7.5
Telephone	76.028 million	79.332 million	-4.2
Fax machine	4.107 million	4.607 million	-10.9
TV	39.81 million	34.936 million	14.0
Including: Color TV	39.066 million	33.612 million	16.2
Rear projection TV	5000	47000	-89.4
LCD TV	10.306 million	6.216 million	65.8
Plasma TV	7.83 hundred thousand	2.29 hundred thousand	241.9
VCR	1.02 million	1.169 million	-12.7
Microcomputer	66.491 million	53.958 million	23.2
Including: laptops	47.988 million	35.988 million	33.3
Server	1.816 million	3.089 million	-41.2
Monitor	69.486 million	67.525 million	2.9
Including: LCD	65.064 million	56.775 million	14.6
Printer	17.232 million	21.16 million	-18.6
Electronic component	3.44813475 hundred billion	2.86152261 hundred billion	20.5
Including: chip component	1.49937873 hundred billion	1.11844475 hundred billion	34.1
CTT	32.707 million	30.846 million	6.0
Semiconductor discrete devices	1.36193842 hundred billion	1.06710277 hundred billion	27.6
Semiconductor integrated circuit	2.0206406 hundred billion	1.9031948 hundred billion	6.2
Digital camera	36.255 million	27.595 million	31.4

2. In this case, there would be a decline in China's export and increasing rate of GDP. Both the central government, with RMB4 trillion yuan and the local government have provided solutions to stimulate the economy and investment

concerned. It is expected that there will be investment over RMB10 trillion yuan in the future two years to fuel China's economic growth through the following ways:

2.1 To strengthen and invest more in the infrastructures including the highways, railways, urban infrastructure facilities, economic and suitable houses, etc.

2.2 To provide the residents direct upfront subsidy, including the 13% subsidy to the peasants in affording household appliances, the subsidy to people with low income, etc.

2.3 To implement various tax cuts to save more for people's consumption.

2.4 To encourage the residents' consumption through reduction of deposit interest and encourage the companies' further investment through reduction of loan interest.

3. The future trend of electronic information industry, especially the consumer electronic industry

3.1 Various policies and implementation are leading 20 million people every year to well-off standard of living from poverty. Those are the potential consumers for the consumer electronic products.

3.2 The consumer electronic industry grows with the consumers' higher income. The income increases by 6% to 7% each year in cities and towns of China, which will partly go into the electronic information products.

3.3 The constant upgrading of consumer electronic products will stimulate the

new purchase of the consumers. The 120 million CRT TVs in China are facing a wave in upgrading, the 500 million cell phones are taking 1/3 of the renewals and the sales of the laptops have increased 34% in the first 6 months of this year, these will enlarge the market of the electronic information industry.

Although China will be affected by the global economic recession and decrease of export, the increase of domestic demand will counteract the decline. Therefore, as far as I see, there would be an increase of over 18% rather than decrease in electronic information industry.

Based on what I've said, those who are capable to export products to China are welcome to enlarge market in China or take the exploration of Chinese market as your focal point. China Electronic Chamber of Commerce is willing to help you from all countries to develop the market in China, thus making a common contribution to the development of global electronic information industry.