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SESEC III Report
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China Internet Plus Strategy

1. Introduction

The "Internet Plus" action plan was officially unveiled in the 2015 Government Work Report. And it is described as follows.

“Emerging industries and new types of businesses are areas of intense competition. We will launch major projects to develop high-end equipment, information networks, integrated circuits, new energy, new materials, biomedicines, aero engines, and gas turbines, helping a number of emerging industries to become leading ones. We will develop the "Internet Plus" action plan to integrate the Mobile Internet, Cloud Computing, Big Data, and the Internet of Things with modern manufacturing, to encourage the healthy development of e-commerce, industrial networks, and Internet banking, and to guide Internet-based companies to increase their presence in the international market. In addition to the 40 billion yuan government fund already in place for investment in China's emerging industries, more funds need to be raised for promoting business development and innovation.”

"Internet +" represents a new economic form, which gives full play to the Internet in the optimization of the allocation of production resources in the role of innovation and integration, incorporates the depth of the innovation of the Internet in economic society in various fields, promotes the real economy innovation and productivity, and develops a new and more extensive form of economic development model which uses Internet as the fundamental facility and implementation tool.

2. What is “Internet +” in China Government Work Report

"Internet Plus" strategy means integrating Internet with other industries including traditional industries through Internet platform and information and communication technologies. It aims at creating a new ecology in new areas.

Simply speaking, it is “Internet plus xx traditional industry equals xx Internet industry”, though the real effect is definitely not that simple.

This kind of “Internet Plus” example meet the eye everywhere. For example, with traditional small retailing market plus Internet, we got taobao.com (China's largest online marketplace). With traditional department stores plus Internet, we got Jingdong (a large self-electric commercial enterprise in China). With traditional bank plus Internet, we got Alipay (China



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Online payment service provider). With traditional matchmaker plus Internet, we got Jiayuan (a famous dating site in China). With traditional transportation tools plus Internet, we got Didi Dache and Kuadi Dache (both of them are free mobile phone taxi apps in China, similar like Uber). With traditional news media plus Internet, we got the viral spread of *Jing Chai haze under investigation* (A documentary film published and spread on internet).

3. “Internet Plus” Doesn’t Mean “Overturning” Traditional Industries, but Transformation and Upgrading

In the communication area, instant message (IM) is a typical example of “communication plus Internet”. Nowadays, IM apps have gotten themselves global fans. Nearly everyone on earth is using IM apps for voice, text and even video chatting. However, when IM apps like WeChat came to birth, they were considered a disaster by traditional telecommunication operators, for their voice and text revenue met a sharp decline after the emergency of IM apps. But with the development of Internet, revenue from mobile data traffic has capped the voice revenue decline in a large degree. This example shows that Internet didn’t “overturn” traditional communication industries, but accelerated their transformation and upgrade.

In the past, vehicle transportation and operation market could not completely open up, but since the emergence of Mobile Internet, traditional transportation regulation has felt big challenge. That is because Mobile Internet has promoted the development of Taxi-hailing Apps, Carpooling Apps and Tailored Taxi Service Apps, like Uberl, Lyft and Chinese apps like Didi-Dache, Kuadi Dache. Although there are still arguments about them, this “Internet plus traditional transportation” option did provide a better way for people to travel and improve the utilization of vehicles, and in general, it can contribute to the development of Internet sharing economy and the environment protection through efficiency improvement and emission reduction.

In banking service area, when Yu'ebao came to birth, the People's Bank of China thought it was impossible to put it under regulation, and there were also suspicions about the security of 2-D barcode payment. But, as the study towards Internet Finance grows, “Union Pay” has developed standards for 2-D barcode payment, which have provided a better condition for the development of Internet Finance. Also, the Internet Finance have successfully gotten support and encouragement from the China government.

When it comes to retailing and e-commerce, the past several years have seen the combination of Internet with them.

The combination of “Internet Plus” with the Third Industry has bred new ecologies, such as Internet Finance, Internet Transportation, Internet Healthcare and Internet Education, besides that, “Internet Plus” is moving to the First Industry and the Second Industry. For example, Industry Internet is moving from consumption industry to industries like equipment manufacture, energy and new materials. And Agriculture Internet is moving from network

sale sectors like e-commerce to production sector, which will offer new opportunities and better development to the agriculture industry.

4. “Internet Plus” Drives Emerging Industries’ Upgrade

The “Internet Plus” plan has been put in a high position that has never been reached before, and it is the first time “Transform a group of emerging industries into leading industries” been written into China Government Work Report.

It was in the “Twelfth Five Year Plan” that the government firstly numbered several strategic emerging industries, but the main focus was “cultivation”. It’s a process from scratch. But in recent two years, especially with the rapid development of Mobile Internet, new technologies like Cloud Computing, Big Data and the Internet of things have been integrated with traditional industries including the people's daily life area like finance and taxi-hailing, and traditional manufacture industries like household applications. PC Internet era has been upgraded to Mobile Internet era, and there will be more anticipations for the combination of Internet technology and the integration of informatization and industrialization.

“Internet Plus” plan proposed in the Government Work Report is based on the fundamental construction of information industry promoted by the “Twelfth Five Year Plan”. The Plan was been put forward on this new strategic level to consider the re-orientation of the echo-integration of information industry and traditional industry.

5. “Internet Plus” implementation has started gradually all over China

“The favorable wind of the "Internet Plus" is set to push the Chinese economy to a higher level”, Prime Minister Li Keqiang said in the National Two Sessions. Since March, Henan province, Chongqing municipal and Shanghai municipal have added the “Internet Plus” to national top-down design successively.

It is believed by China government that. while Chinese economy is facing tremendous downward pressure, innovation plays a buffer to the downturn. It’s not only about technology innovation but system innovation. Taking Didi Dache for example, Internet auto rental has provided solutions for supply problem, credit problem and efficiency problem, and the user experience is good. Innovation like that will play an even more crucial part in the process of buffering economic downturn.

On the other hand, Chinese economic is in a new growth circle, in which “Made in China, 2025”, “One Belt One Road” and “Internet Plus” plan is expected to bring new driving force to economic growth.

“Internet Plus” is not only the engine of economic growth but the catalyst of social revolution. Index of “Internet Plus” is under link effect with Index of Social Development and Index of Technological Innovation, that is, in places with advanced social development and technical innovation, “Internet Plus” can have better development.

There are much more areas that can be integrated with Internet, for Internet has been through rapid development in the recent three years, and China has the world's largest Internet population , which is about 65 million, and 56 million of them are using mobile phone to connect to Internet. China also has more mobile phone users than all the other country.

“Internet Plus” will get involved with more industries, including people’s daily life and government administration and services.

6. Conclusions

Since “Internet Plus” was firstly put forward by Prime Minister Li Keqiang in the Government Work Report in March 2015, it has attracted high attention from all walks of life. The integration of Internet with the traditional industries together with the encouragement and support of Chinese governments will have a deep influence to the development of the whole internet and traditional industries, like agriculture, manufacture and service industry especially.

China “Internet+” strategy aims to further promote the innovation between ICT industry and other traditional industries, by integration of mobile internet, cloud computing, big data, and Internet of things with modern manufacturing industry sectors, which targets to greatly foster a healthy integrated ecosystem of e-commerce, industrial internet and mobile internet and incubate leading business from China to explore global market.

It is designed as a “new norm” for innovations-driven development in China. It was also pointed out in Premier Li’s report that China has set up an investment fund worth 40 Billion RMB to further promote the new industry innovation and entrepreneur under “Internet+”.

Introduction of SESEC Project

The Seconded European Standardization Expert in China (SESEC) is a visibility project co-financed by the European Commission (EC), the European Free Trade Association (EFTA) secretariat and the three European Standardization Organizations (CEN, CENELEC and ETSI).



Since 2006, there has been two SESEC projects in China, SESEC I (2006-2009) and SESEC II (2009-2012). In Dec 2014, SESEC III was officially launched in Beijing, China. Dr. Betty XU was nominated as the SESEC expert and will spend the next 36 months on promoting EU-China standardization information exchange and EU-China standardization cooperation.

The SESEC project supports the strategic objectives of the European Union, EFTA and the European Standardization Organizations (ESOs). The purpose of SESEC project is to

- Promote European and international standards in China;
- Improve contacts with different levels of the Chinese administration, industry and standardization bodies;
- Improve the visibility and understanding of the European Standardization System (ESS) in China;
- Gather regulatory and standardization intelligence.

SESEC III Monthly Newsletter

SESEC III Monthly Newsletter is the gathering of China regulatory and standardization intelligence. Most information of the Monthly Newsletter were summarized from China news media or website. Some of them are the first-hand information from TC meetings, forums/workshops, or meetings/dialogues with China government authorities in certain areas. Regulatory and standardization information summaries, translations, and strategic analyses in the prioritized areas selected by SESEC partners, were offered by SESEC III expert. With the limited resources of SESEC III, detailed translations of some news items only can be available on request.

SESEC III Special Reports

SESEC III Special Reports are the regulatory and standardization reports on some areas with deeper and wider overview or analyses. SESEC III Special Reports also cover the prioritized areas selected by SESEC partners. They also can be some hot topics or lobby activities reports in China.