Chapter 3.18
Information Technology Standards in China

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INTRODUCTION

“If you want to access my market, you have to use my standards.” This seems to be the approach adopted by some in China and certainly is the line promoted by the Director of the Ministry of Information Industry’s research institute, Chen Yuping (Chen, 2004, p. B.1). Standards have been seen to be the cards available to China in its negotiations, given the desire of many multinationals to locate or outsource their businesses and operations in the Chinese market.

BACKGROUND

Many multinational firms have located in developing countries such as China to develop their overseas and industrial markets and to take advantage of low cost environments. Multinationals find it profitable to contract IT software and services in developing countries and many have done so in China.

China’s reform and opening up in the late 1970s gave the impetus to rapid economic growth. This reflects such outsourcing as well as its source of cheap labour, highly skilled workers, and modern factories. Increasingly domestic demand and the size of the Chinese market provide a growth mechanism for the economy and outsourcing enables access to this growing world market.

China’s entry into the World Trade Organisation no doubt will have an impact on accessibility of investors into the market and demonstrates the realisation of the globalisation of markets. This is especially the case in terms of IT, which has been a major player underpinning rapid growth occurring in the Chinese economy.

The Chinese computer industry has been a main player in the growth of electronic and IT industries in China. From January to October 2003 the Chinese computer sector achieved sales of 453.7 billion yuan (U.S. $54.6 billion) (Info-Prod Research, 2003, p.1). This represented an increase of 64.7% and can be equated to a contribution by IT of 15% to a 34.6% growth in industrial sales in