



Technology Evolution in China

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http://www.istop.com/~ck_wong/China/technology%20evolution%20in%20china.pdf

Introduction

Since the open door policy in the '80s, China has been mending the social and economic gaps formed before the '80s. From the social infrastructure perspective, thousands of young and not so young Chinese studied all around the world. The result is the identification and recognition of gaps in the social and economic infrastructures. The gaps also create numerous entrepreneurs to become rich through the process. Now, China is one of the few countries that have a sizeable saving and continue to grow. For more in this area please refer to the legendary investment guru Dean Le Baron's article [China's Wall of Money](#). In this article I would like to bring your attention to the wonderful special feature by the Institute of Electrical and Electronic Engineering on China.

Why Does China Matter?

The answer is a very cheesy one: size matters. China holds more than US\$700 Billion T-bill and counting. Money at this size, it matters and has a physical power. It matters in a few specific ways (I am not going to discuss the political implication here):

- There is enough liquid foreign exchange to allow China to trade with the technology well develop countries to import new technologies.
- There is enough foreign exchange to allow Chinese entrepreneur to import material and turn it into higher price commodity.
- When you have \$1,000, your banker would not interest in you. When you have \$1B, all the investment opportunities like flies see you as honey in the jar; you need to choose the investment wisely. China's development direction deserves the attention of the world.
- China has gone through the 20 years of labor sweat shop stage like India, Indonesia and Thailand. With the amount of money, more Chinese could be benefited by expanding to the high price commodity upper class echelon.
- To preserve the foreign exchange, the Chinese consumer market must not depending on the import but produce the commodity. In turn it bootstraps the country to higher price commodity for export.
- If China could to take over the manufacturing of the more expensive commodity to keep inflation in-check, the world would face another recession.

Introduction to the IEEE Spectrum Magazine June 2005 Special Feature Issue

China's success will be the world's success because if the Chinese market shrinks, world economy will go to recession. The IEEE Feature provided a huge amount of facts which I have highlighted below. I discourage you do not just read the summary only. You should get the full picture from the original articles.

This feature is the June 2005 issue of the IEEE Spectrum magazine. Its URL is

<http://www.spectrum.ieee.org/WEBONLY/publicfeature/jun05/0605crep.html>

The following are some highlights:

1. China's GDP (US\$7,262B) is second to US (US\$11,750B) while Japan (US\$3,745B) is a distance third. [1]
2. China's share of the U.S. textile market stood at 70 percent at the end of 2004, and textile imports from China jumped by 40 percent after the remaining U.S. tariffs were removed in January [2]
3. Cash-rich Chinese companies are also moving funds in the other direction. When a relatively unknown Chinese TV maker called TCL, based in Guangdong province's Huizhou, bought the TV division of France's Thomson SA, in Boulogne, last year, it instantly became the largest TV maker in the world[2]
4. India's throne of IT outsourcing is challenged. At Chengdu, negotiations are under way with IBM for what would be its largest software outsourcing center anywhere. [2]
5. Intel has 3 centres in China and employs 4,000. [2]
6. In 2004, three years after its entry into the World Trade Organization (WTO), in Geneva, and a quarter-century after China began welcoming foreign investment, China's trade volume hit \$1.2 trillion, displacing Japan as the world's third largest trading nation, behind the United States and Germany. [2]
7. Barely 25 years after emerging from the turmoil of Maoist rule, China today is not only still standing, it is bestriding the world as an economic colossus[2].
8. Nortel is excluded from the China Telecom Corp's next generation Internet. [8]
9. Everyone uses the Internet to do business, even rural pig farmers [3].
10. TI and Taiwan semiconductor entrepreneur set up foundry in China [6].
11. Huawei is a US\$4B revenue company which has 40% income from oversea including Algeria and Germany. [8]

There are also a number of articles talking about concerns such as pollution [4], intelligent property right [5] and information censorship [7].

References:

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- [8] [Six Contracts, Four Companies](http://www.spectrum.ieee.org/WEBONLY/publicfeature/jun05/0605cnetsb1.html)
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