

distancing of employees in the workplace, which gives an option to comply with the minimum necessary measures to prevent the spread of coronavirus infection in the workplace, as a result, it creates a secure business environment for economic development at micro level which affect the macro result.

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«Competitive features of China's digital transformation: experience and possibilities of use»

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In modern conditions of globalization of the world economy, the role of the development of digital technologies, the organization of a high-quality institutional environment for the widespread introduction of digital technologies into the economy, is significantly increasing. The digital economy is an economic activity that uses digital knowledge and information as a production factor, the Internet as a carrier, and information technology as a key driver for efficiency improvement and structural optimization.

On April, 2020 China Academy of Information and Communications Technology released the «White Paper on China's Digital Economy Development». The white paper shows that in 2020, the scale of China's digital economy reached 39.2 trillion yuan, representing 38.6% of GDP and a nominal year-on-year growth of 9.7%, which is much higher than the nominal GDP growth rate of about 6.7 % in the same period. The digital economy is accelerating and is effectively supporting epidemic prevention and economic and social development¹.

The reasons for the rapid development of China's digital economy are primarily related to the implementation of a number of forward-looking digital infrastructure development policies by the government. According to official data, the number of internet users in China was 940 million by the first half of 2020 and the country had an internet penetration rate of 67 percent.¹ The scale of e-commerce has 749 million online shoppers and 805 million online payment users, the penetration level of which is shown in Figure 1. Fast and affordable internet access has translated China's demographic dividend and huge market into the data dividend and thus became an advantage for the digital economy. China has probably the most abundant data

¹ Future of China's digital economy. [Electronic resource]. - Mode of Access: <https://www.chinadaily.com.cn/a/202101/28/WS6011fe41a31024ad0baa5911.html>. - Date of access: 05.05. 2021.

resources in the world, which has created a solid foundation for the advancement of the digital economy.

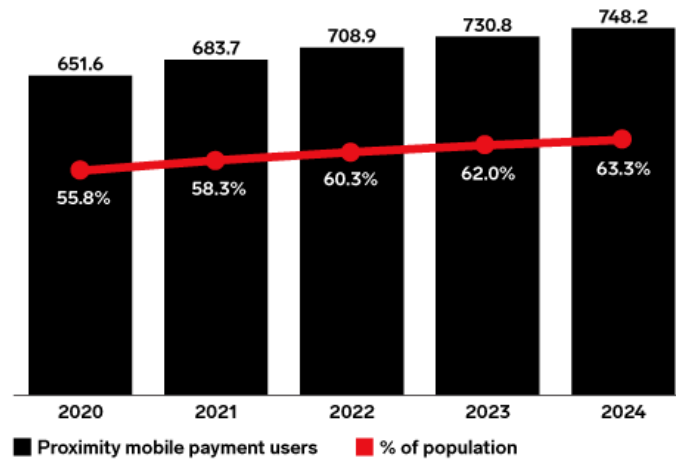


Figure 1 – Proximity mobile payment users and penetration in China, millions and % of population¹

Another key reason for China's digital growth is that many Chinese technology companies have introduced innovative digital models adapted to the local market conditions. Over the past 20 years, Chinese companies such as Alibaba and JD.com Inc have adopted distinctive business models such as Alipay and JD Logistics, which have been adapted to China's market and have solved the trust-related issues in the market and business environment that would otherwise require a lengthy process of industrialization to overcome. A national digital currency issued by China's central bank, Digital Currency Electronic Payment (DCEP) will provide greater access to contactless mobile payment for most of the country's population. China has already tested DCEP on a limited scale, with designated retailers in both online and offline retail environments, as well as in peer-to-peer (P2P) payments.

The foundation of digital industrialization becomes more solid, the software industry is developing rapidly and the number of 5G users reached 60 million. By far China had built more than 700,000 5G base stations ahead of schedule for 2020 and provided 180 million 5G connections, according to official figures. Beijing and Shenzhen have claimed full 5G coverage since summer 2020².

Meanwhile, international cooperation in digital economy has been steadily promoted. During the Forum for Cooperation between China and ASEAN in the field of the digital economy, the subject of exchange of experience between China and the ASEAN member states was the prevention and counteraction of the digital epidemic, the creation of digital infrastructure

¹ 5 digital trends in China to watch in 2021. [Electronic resource]. - Mode of Access: <https://www.emarketer.com/content/five-digital-trends-watch-china-2021>. - Date of access: 05.05. 2021.

and digital transformation. In addition, agreements were reached between the parties in areas such as smart cities, artificial intelligence and big data. The recently signed and published Regional Comprehensive Economic Partnership agreement includes some digital commerce issues such as telecommunications and e-commerce.

In the future, until 2021 China, within the framework of Regional Comprehensive Economic Partnership agreement and other digital economic cooperation platforms, will create new free trade zones in order to introduce a number of advantages to stimulate digital trade and promote cross-border data flow policies, further export of digital trade, digital products and services based on information and communication technologies. China's active participation in building cross-border e-commerce, cross-border data flows is based on the mutual recognition of international standards in the field of digital commerce, blockchain, digital currency, digital taxes.

The next stage in the formation of China's digital economy is the creation of virtual industrial clusters. A virtual industrial cluster is an industrial cluster that breaks the constraints of geographic location and develops across regions. It is a collection of enterprises with certain expertise. The main function is to provide and adjust the core capabilities of member enterprises and participate in the operation of virtual enterprises, so that member enterprises can share the market. Virtual industry clusters mainly use «organizational proximity» to replace traditional geographic proximity. Organizational proximity is a new source of motivation for the formation of virtual industry clusters, and organizational proximity is achieved through supply chain and customer relationship management. Using advanced networking technology, they break through the geographical restrictions of traditional industrial clusters, use the advancement of information and communication technology to place industrial clusters in a globalized virtual environment, and expand the space for industrial cluster activities through digital video, virtual reality (VR), autonomous vehicles, telecom, and the internet of things (IoT).

In the context of economic globalization and information networking, the emergence of e-commerce has promoted the development of related industries such as the IT industry, logistics industry, and financial industry, and improved the industrial structure, thereby promoting economic development. E-commerce has developed into an important comprehensive driving force for the growth of the national economy. E-commerce virtual industry cluster refers to the use of the Internet as a platform to sell products and provide services, and to gather a group of business-related enterprises and institutions to achieve their business objectives. In fact, digital technology is not only an advancement in technology, but also an innovation in ways of thinking, business models, and consumption patterns.

Digitization in China puts the customer at the center of attention, giving rise to the night economy. The night economy refers to consumption that takes place between 6pm and 2am the next day. This phenomenon has gradually been put on the agenda as part of China's economic development. It extends consumption time, expands urban domestic demand, provides jobs. In the past two years, cities across the country such as Beijing, Shanghai, Guangzhou, Xi'an, and Nanjing have introduced policies to support the development of the night economy. iiMedia reports China's night economy market to be at 26.43 trillion RMB in 2019, and will reach 42.42 trillion RMB by 2022¹. With its large base of internet users, well-established online ecosystem, improving digital infrastructure, consumer-driven digitalization is expected to continue. Assuming continued highspeed digitalization, the size of the digital economy in China is likely to reach close to 50 percent of GDP by 2025.

Thus, taking into account the political and financial support from the state, China's digital economy is rapidly developing. Digital technologies are deeply integrated into the spheres of the national economy and new government-led projects are emerging to develop digital infrastructure, digital commerce and high-tech enterprises. China's digital transformation is now spreading to higher levels of the production chain, such as logistics, innovation and development.

In order to increase the competitiveness of the digital economy being formed in the customs territory of the Eurasian Economic Union (further – EAEU), it seems appropriate to use the experience of China in: developing information and telecommunications infrastructure and promoting the policy of cross-border data flows; introducing innovative digital business models and creating virtual industrial clusters; development of modern mobile payment systems based on the experience of Chinese world leaders in this area; creating international platforms for e-commerce, building cross-border e-commerce.

Thus, taking into account the political and financial support from the state, China's digital economy is developing successfully. Digital technologies are deeply integrated into the spheres of the national economy and new government-led projects are emerging to develop digital infrastructure and digital commerce. The digital agenda is very relevant both for the PRC and for the EAEU countries, therefore, joining efforts on the way to build a digital economy allows possible mutually beneficial cooperation of the parties on a long-term basis.

¹ 5 consumption trends to watch out for in China in 2021. [Electronic resource]. - Mode of Access: <https://www.marketing-interactive.com/china-consumer-behavior-trends-2021>. - Date of access: 05.05.2021.