China's ambitious IT sector lays claim to global role

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China's huge IT sector is out in force in Germany this week, signalling to the world it is ready to not just copy but lead as a tech superpower.

Bucking China's economic slowdown, information and communication technology are booming in the world's largest smartphone market, which also boasts the highest number of Internet users.

"China is the second-biggest IT market in the world after the US, it's very dynamic, it's still developing," said Angela Stanzel, China expert at the European Council on Foreign Relations.

"There's a kind of start-up culture developing right now, an unlimited pool of young entrepreneurs, there are many reasons why China is attractive to Germany."

In the halls of Germany's CeBIT, a leading IT business fair, Chinese players such as online merchant Alibaba, PC maker Lenovo and network supplier Huawei are showing off their latest software and hardware marvels.

They are among more than 600 Chinese firms that have set up under the motto "Innovation, Convergence, Cooperation" at CeBIT, the biggest-ever showing for an official partner country at the three-decade-old Hanover fair.

Speaking at the opening ceremony, Chinese Vice Premier Ma Kai said

his country wants "to promote breakthroughs in technology in areas such as integrated circuits, the Internet of Things, cloud computing, Big Data and the fifth generation of mobile telephony."

China "is no longer the world's factory," said IDC analyst Kitty Fok. "China is a big enough market to allow a Chinese brand to become a global brand."

Imitate or innovate

China has kickstarted many of its tech enterprises by copying Western models and products, and cheaply mass producing them for both export and its huge domestic market.

Nearly 500 million smartphones will be sold this year in China, about one third of global sales, and 85 percent will be made by Chinese companies, say market analysts IDC.

More than 680 million Chinese people will be online in 2015, over double the number in the US.

Some Western countries resist opening their doors to big Chinese players such as Huawei, over fears of military links and industrial and other espionage.

"If the Chinese side gains access to the data from sensors, for example in cars, then this impacts the trade secrets and patents of German companies," said Hauke Gierow of Germany's Mercator Institute for China Studies.

"Because of these security concerns, many foreign companies are so far shying away from using Chinese Cloud and Big Data providers."

Despite such fears, however, industrial powers such as Germany would snub China at their peril, Stanzel told AFP.

"We could ignore China, we could refuse to work with China," she said. "I think the best way is to integrate China. So I think actually the CeBIT is a very good way to do so... to see where there are areas of cooperation."

Jost Wuebbeke of the Mercator Institute said that, while "many Chinese IT companies became so big because they successfully copied business models from abroad," these days they "often go beyond their foreign counterparts."

"They develop apps further, adapt them to Chinese users and spawn their own innovations. Many young startups of the Internet economy have many new ideas."

He pointed to the wildly popular app WeChat by Chinese social media giant Tencent.

"It was originally created as a WhatsApp copy, but is now a social platform and a hotspot for e-commerce, and therefore much more successful than the real thing."

Market hurdles

Amid the Chinese IT boom, big Western players grumble at restrictions to China's massive market.

"Especially in IT, the Chinese government is currently setting up new hurdles," said Gierow.

"This mainly affects suppliers of security-sensitive technologies, but also

increasingly other software and hardware suppliers" including Microsoft, Cisco and Apple.

So, are the established tech giants doomed in the face of China's breakneck rise? Not just yet, say industry observers who point out that so far the Chinese market has impressed with scale rather than quantum-leap innovation.

In terms of high-tech manufacturing industry, Germany remains a leader from whom China hopes to learn, said Stanzel.

"I think the very long-term advantage that we have and we will continue to have is innovation.

"It's something that you cannot copy-and-paste, like many other things... You can buy innovative products, but you cannot buy being innovative."

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