Forum touches on SOE reform, opening of capital, goods markets

By DAI YAN
China Daily staff

Senior officials said yesterday that the government will make more efforts to fulfill its World Trade Organisation (WTO) commitments.

The new opportunity allows China to be more proactive in participating in international economic co-operation and competition, and it accelerates economic reform and development, said Vice-Premier Wen Jiabao. China will continue its WTO commitments and expand areas of opening up step by step, he stressed.

In the coming five years, China will open its goods market, which will provide trade partners a share of US$1.5 trillion. The further opening up of the service and trade market will also bring new fields for foreign investment.

Wen made the remarks on the 2002 China Development Forum which opened yesterday.

"WTO accession symbolizes China has entered a new phase of opening up to the outside world, and has turned to a new page of restructuring its economic system," Wen said.

The annual forum is sponsored by the Development and Research Centre under the State Council and aims to erect a new exchange channel among entrepreneurs, scholars and government officials from home and abroad.

Called "China — a member of the WTO," the two-day forum addresses six topics: fiscal policy adjustment, capital market opening and banking reform, governance of large State-owned enterprise, eradicating regional protectionism and nourishing an integrated market, opening of the farm products market, and changes in foreign investment policies.

Vice-FInancial Minister Lou Jiwei said his ministry will continue to streamline all kinds of preferential tax treatment and subsidies, and cancel favourable tax policies for some enterprises and regions.

"We are considering unifying tax policies between foreign and domestic companies," he said.

Lou predicted it will take three to four years for the ministry to finish its fiscal reform.

To improve fiscal transparency, the ministry will publish new rules and regulations.

Jiang Qiangui, vice-minister of the State Economic and Trade Commission, assured foreign investors that China's progress of forming competitive conglomerates will be carried out in a fair market environment, rather than offering them preferential policies.

"We have drafted rules to allow foreign investors to hold stakes in large State-owned enterprises. The official version will be staged after negotiations with related departments," Jiang said.

She said that China will introduce a series of significant measures step by step to push forward the on-going reform of its State-owned enterprises (SOEs).

Jiang said the measures may touch upon the issues of improving the State property management system, exploring proper incentives fit for managers of large SOEs, and strengthening the reform of the investment administration mechanism and monopolized industries.

The central bank governor Dai Xianglong said China will further open China's capital market and absorb more overseas financial capital to boost the current reform in China's financial system.

In the reform of four major State-owned commercial banks, Dai aims to lower their ratio of non-performing loans by an average three percentage points every year.

"We are also discussing the hot issue on establishment of qualified financial institutions, through which Chinese individuals and enterprises can put their savings in foreign currencies on overseas capital markets," Dai said.
Can Legend Computer save China from the world’s biggest boxmaker?

By DAFFYD RODERICK HONG KONG

SINCE FOUNDOING DELL COMPUTER in his Texas dorm room in 1984, Michael Dell has steadily, inexorably grown his company into the largest PC manufacturer in the world. The firm, based in Austin, Texas, has overtaken the box business’s best-known makers—IBM, Compaq, Hewlett-Packard among them—by executing its unorthodox, build-to-order manufacturing formula. Dell Computer isn’t known for product innovation. It wins by being efficient, relentlessly so. In the competitive and increasingly commoditized computer industry, Dell’s chub-faced founder and CEO may be the closest thing there is to an irresistible force.

For every irresistible force, there’s an immovable object. Dell may be about to bump up against his Beijing-based Legend Computer. Legend is the runaway PC leader in China, a country that represents one of the planet’s last great I.T. sales opportunities. Despite relatively low penetration rates, China’s $10 billion computer market is already the third largest in the world; within a few years it is expected to move past Japan and become second only to the U.S. For computer companies, success on the mainland is becoming increasingly crucial as markets in developed countries reach saturation. Last year, worldwide PC sales declined for the first time in nearly two decades.

If Dell Computer is to buck the trend and continue to record its accustomed average annual revenue growth of 33%, it must in the future wrest market share away from Legend. That won’t be easy. About one out of every three PCs sold on the mainland carries the Legend brand. “Legend has such a domi-

1. 請逐項列出 Dell 在大陸採取的銷售方式，並分析其不可行與可行之處？(5%)
2. Dell 在大陸市場中持續成長，憑藉的是什麼？(3%)
3. Legend 日前採取什麼策略？(3%)
4. 你對 Legend 有何建議？(12%)
will shrink to as little as 5% this year from 27% last year. While faster growth will return with an upturn in China’s economy, the market may be settling in for a period of solid, albeit more staid, annual gains.

Legend’s response to slowing PC demand on the mainland has followed the industry script: the company has decided to diversify. Among numerous initiatives: manufacture of Palmtop PDAs; an expanding chain of more than 500 retail computer stores; a move into Internet services that includes a partnership with AOL Time Warner (Time’s parent company); and contract manufacturing. In the future, Legend expects to generate substantial profits by providing I.T. services to Chinese corporations—up to 30% of the company’s total profit by three years’ time. Legend, through a joint venture with Xiamen Overseas Chinese Electronic, has even agreed to produce and market a line of mobile phones in China. “We are adapting ourselves to unfavorable conditions in the market,” says Yang of Legend’s burgeoning business lines. “We have prepared ourselves for springtime.”

Unfortunately, diversification campaigns by PC manufacturers often go awry. Taiwan’s Acer, for example, was once a well-known computer brand, but the company has faded from prominence and struggled to make a profit despite forays into fields such as semiconductor manufacturing. By entering unfamiliar territory, Legend risks losing focus where it truly matters—PC and server sales contribute 93% of Legend’s revenues. At least one industry analyst says the company’s strategy has become so diffuse he no longer understands it.

By spreading itself too thin, Legend may be playing right into Dell’s hands. So far, most of the market share Dell has captured has come from rival foreign brands in the corporate client space and not from Legend itself. Now Dell has to start pushing its way into the consciousness of ordinary consumers and mid-sized corporations, where the next wave of mainland computerization is cresting. But selling desktops to the masses is Legend’s turf—and Dell might find it’s a long march to total global domination.
The Future of E-Business

Thomas W. Malone

At a recent e-business research meeting, I was asked the following questions: "Five years from now, what will be happening with the Internet, and what breakthrough research projects in e-business will have contributed to the changes?"

My (intentionally provocative) answer was: "Lots of good things will happen, but none of them will be enabled by research breakthroughs." To understand my thinking, let's look at the present from the perspective of the not-too-distant future.

The View From 2006

One thing I clearly remember about the early years of this century was the big e-business backlash. For a while in the 1990s, people thought that any business with ".com" at the end of it or the letter e in front of it was an automatic license to make millions! With such wildly unrealistic expectations, we shouldn't have been surprised to see a backlash that was almost as silly and extreme in its disillusionment as the original expectations had been in their blind faith. For a time during the backlash, people thought anything related to the Internet or the New Economy was doomed to failure.

Eventually, the disillusionment worked its way out of the system. I think it was sometime in '02 or '03 when the last of the "e-business is dead" stories appeared. In fact, people generally have stopped talking about e-business altogether. Today, the term e-business sounds about as silly as the term telephone-enabled business.

Net, people still go to stores, too. Sales people still call on customers, but more of the calls today are done by videoconferencing. Companies increasingly share product designs, sales forecasts and orders electronically. Large companies now outsource many tasks to electronically connected freelancers ("e-lancers").

The breakthroughs that facilitated those developments occurred long before 2001: Hypertext networks of interlinked documents, electronic connections between buyers and sellers, and the Internet itself had all existed for decades. The key technical driver of all the recent advances was simply the relentless march of improvements in the cost-performance ratio of information technology year after year after year.

What really enabled all these new uses of the Internet were the countless experiments to get all the nitty-gritty business details right. To use the Internet successfully in business, managers had to figure out hundreds of things: What kinds of customers wanted to buy which kinds of products? How could companies find those customers cost-effectively? How could they make those products profitably? How should they set prices?

In a few cases, academic researchers helped figure out some of those details. But people in businesses worked out the vast majority by doing far more experiments than could possibly have been done by academic researchers.

The main way that academic researchers helped was not by research breakthroughs but by accelerating the rate at which businesses learned from each other's experiments. Researchers observed the experiments, gathered and analyzed data in systematic and interesting ways and disseminated the lessons to anyone who wanted to listen. The academics were often wrong — just like the business people they studied. But, in the end, they were right often enough that this was their greatest contribution to the many successful business uses of the Internet in 2006.

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閱讀完這一篇由學者 Thomas Malone 所寫的專欄文章之後請回答以下問題：

一、本篇短文之大意及論點是什麼？8%

二、作者在文章中提出一個有爭議性的看法說：“Lots of good things will happen, but none of them will be enabled by research breakthroughs.” 為什麼作者如此說呢？8%

三、在上述第二個問題中，既然說重點不在研究的突破，那麼作者認為 lots of good things 會是因為那些因素而發生？請說明。8%

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