Privacy Issues in China

Background Report in Draft Form

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Privacy in China

Defining Privacy

In Western society, privacy is usually perceived as the right to be left alone. However, there is no such clear interpretation of privacy in China. In contemporary Chinese society privacy appears more as a juristic term under the western influence. Conceptions of privacy vary from region to region, and even from individual to individual.

In Chinese culture, privacy always refers to something negative and harmful to the subjects. The Chinese word for privacy is composed of two characters, *yin* (secret) and *si* (private). *Yin* means secret and vague – something that cannot and should not be shown to others. It is usually related to negative things. For example, one respondent said the fact that he stole his parents' money was his privacy; such things should always be kept under the table. Otherwise, it would ruin his reputation, and even bring disasters to him and his family. *Si* is private, which is also a negative term in the Chinese language. When this word is applied to a person, it means that he/she is selfish and does not care about others' interests. This goes against Chinese tradition, which encourages sharing and mutual help, especially within family members. In rural areas, where people with the same surname usually live together in a village, the whole village is considered a big family. It is individual residents' responsibility to help people in the same village and fight against outsiders as a group. After the Chinese Communist Party (CCP) assumed power in the country, the ideology of "collectiveness" was further emphasized. Any personal and private

interest needed to be extinguished in order to construct a communist society. Although China now is pursuing market-oriented economy system, the ideas of "sharing" and "collectiveness" are still promoted. Thus, anything associated with privacy and the individual is unwelcome in society. While in western countries privacy is often considered a basic human right, in China it is something shameful.

Privacy Culture in China

If privacy controlled by the individual is called absolute privacy, there is no such thing as "absolute privacy" in China. The basic unit within which privacy is practiced in China is the family. This difference stems from different perspectives of individuals in the east and the west. In western society, individuals are only responsible for themselves; in Chinese culture, everyone comes first from a family, bears a family name, and is someone's son or daughter, husband or wife. Single people without any family connections are abnormal and unacceptable in Chinese society. The interests of the family collectively dwarf the interests of its individual members: "Influenced by Confucianism, Chinese family ideal can be characterized as a patrilineal and patriarchal one, with a strong emphasis on subordination of the young and female to the old and male, as well as on loyalty and obligation to the extended family unit, the lineage, and the ancestors" (Whyte, Vogel & Parish 1977, 200). In the modern era, these characteristics are expressed such that individuals' success and failure directly influence their family's welfare and reputation. There should be no secrets among family members. If there were something to keep secret from the rest of the community, the whole family would make every effort to solve or hide the problem in order

to spare the family the stigma attached to an individual's actions. As there is no individual privacy or interest in Chinese society, privacy is a family affair, rather than individual concern.

For most Chinese families, the most private issues are income and sex, which both influence the welfare of the family. Incidentally, these are also the issues about which outsiders are most curious. People are unwilling to tell non-family members their personal income or their family income because it is linked to the family's safety and reputation. For example, families with a decent income fear that they might be robbed if their income was known. Rich people could also worry that their income would be considered illegal, which would attract negative attention from the government. For them, maintaining the privacy of family income is tantamount to ensuring the safety of their properties. In contrast, families with lower incomes wish to avoid negative labels such as "poor" and "non-promising". Dignity – or face, so use the Chinese term – is a significant factor in Chinese culture, and must be defended regardless of economic or social status. Thus, low-income families also keep family income secret unless reporting it would benefit their families (e.g., when they apply for the financial help from the government).

Sex is another taboo topic in Chinese society. It includes marriages, reproduction, sexual orientations, sexual activities, and so forth. In Chinese traditional culture, big families signal a family's prosperity. The more children and grandchildren one family has, the happier it is, according to the belief that there are more people to support the family. People are expected to marry and have children at certain ages. Deviating from these expected timelines would be considered "abnormal" and "problematic", and would give rise to rumours. If individual family members remain single or childless, families as a whole must deal with the damage inflicted on

their reputation.

Affairs would also have to be kept hidden from society. The movie *Cell Phone*, China's box office leader in 2004, discusses how people hide their secret love affairs using cell phones, which are increasingly popular in China.[1] This movie prompted a nationwide discussion of sex, privacy and family ethics, and ultimately reinforced the stereotype of privacy that its value is in hiding something shameful. Once known, these secret affairs do not only ruin the relationships of the family members (especially the relationship of the husband and wife), but also the families' reputations.

Privacy is always considered on the internal family rather than the individual level in Chinese society. To some extent, such internal groups can extend to the lineage, the village, the city, the province and, by and large, the country. The line, thus, between internal and external is faint in Chinese society. In other words, privacy in China is situational and flexible, depending on the scale of internal groups. Once the boundary depicted, however, it must be strictly obeyed and applied. There are no secrets among members of the same group (in fact, keeping something secret would result in alienation), while all the insiders are expected to work hard to present a perfect image of the group to the outsiders.

Privacy in Practice

Within the context of traditional Chinese culture, however, people in different regions of

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[1] By January 2005, there were over 325 million mobile phone users in China, amounting to a quarter of the population. Data from Xinhuanet (http://news.xinhuanet.com/fortune/2005-01/12/content_2450811.htm)

China practice privacy in a variety of ways. Generally speaking, in rural areas where populations are relatively homogeneous, privacy is not an issue of public concern. In urban areas, however, the desire for privacy is more obvious.

In cities, such as Shanghai, privacy is treasured. One new university graduate working in Shanghai said it would be good to have some personal space after daily exposure to friends and different people at work. For her, privacy – providing a different atmosphere from her busy work – is "a way to achieve balance of her life".[2] Because of the fierce competition and high tempo of urban life, people do not commonly remain for long in one group. For the majority, the only stable group they belong to is their family. Hence, privacy usually stays at the family level, and is rarely extended to a larger group. On the other hand, the one-child policy is more strictly enforced in urban places, resulting in smaller families in cities. In 2002, the average family size in cities was three. In Beijing and Shanghai, the number was 2.87 and 2.89 respectively. Thirty-five point nine eight percent of families are composed of two people, and single person families make up 35.91 percent of the population (Tang 2005). Consequently, the stable privacy unit is small and there are apparent boundaries between insiders and outsiders.

In rural areas, people with the same family name or who are engaged in a similar business reside together. It is easy to establish intimacy among these homogeneous people. A student from the Heilongjiang Province[3] (in the north east of China) said that it was not common in her hometown for people to make an appointment before they visit others' homes: "People would not

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[2] Respondents answered in Chinese. Translation provided by the author.
[3] The author interviewed this student studying at Fudan University, China.

feel angry at a sudden visit by their relatives and friends. Sometimes people come to your home when you are having meals, it is common and natural that they sit down and dine with your family."

From Outside to Inside

Privacy takes place at the intersections between inside and outside. In order to maintain and control differences between the interiors and exteriors of a boundary, people seek to control the networked flows. These points of intersection, therefore, are sites where people can survey what is coming and going, make access decisions, filter out what they do not want to admit or release, express desire, exercise power, and define otherness. Directly and indirectly, people employ doors, windows, bug screens, gates, cattle grids, adjustable apertures, valves, filters, prophylactics, diapers, face masks, receptionists, security checkpoints, customs and immigration checkpoints, traffic signals, routers and switches to determine who or what can go where, and when they can go there (Mitchell 2004: 8-9).

To some extent, the life of ordinary Chinese people can be depicted as the art of learning to control the intersections of inside and outside. The ideal harmony is to keep a certain distance and not to alienate others. The most telling example would be business dinners (nowadays, it has been expanded to karaoke bars, sauna houses, gyms and other semi-public/private places), at which people discuss business as well as personal experiences. It is common sense in China that business can be facilitated by building on personal relations, which are interwoven throughout a relation network, or *guanxi*. The combined business-personal relationship is so important that its existence

will make the difference between signing a contract and not signing a contract. Without the *guanxi*, the deal would not be made. Apart from individual projects or business transactions, people also need to build and find a *guanxi* in order simply to get things done. The most reliable *guanxi*, or network of relations, is composed of insiders such as family members and relatives. In this case, outsiders may achieve insider status through certain media.

Such a network is not without its risks. Despite the obvious benefits to new members of crossing over from "outsider" to "insider", those who introduce new members to the network risk marginalizing themselves. *Guanxi* cannot be totalized or over exploited; once over-used, the network is ruined, and the benefits of membership rendered useless.

Privacy and private relations are objectified and exerted as strategies in the service of purposes such as looking for a job. Through the members who share their privacies, the line between the inside and the outside gets to be redefined. It also reveals that the boundaries of the inside and the outside in Chinese society are flexible. At the same time, it echoes the fact that privacy does not reside in individuals, but is shared by certain groups.

Development of Information Society in China

The booming IT and telecoms industry in China results from the government's embrace of and enthusiasm for new technologies. There is a firm conviction among the leadership that an economic "leapfrogging" can be achieved. This leads to an emphasis on the role of IT in development, manifest in the numerous nationwide conferences held on e-government and the e-economy over recent years. The former president of P.R. China, Jiang Zemin (a former minister

of electronic information), is committed to a wired China in the full awareness that the country's stability depends on economic growth, which in turn relies on the installation of modern technology (Zhang 2002).

During the 1990s, the Chinese government began to pour resources into the development of a modern telecoms network, resulting in notable progress in the creation of infrastructure. The development of information technology can be traced to the establishment of the Joint Committee of National Economic Informatization in 1993. Three "Golden Projects" were announced: 1) to develop telecom infrastructure to cover the tax and customs system, 2) to create a national public economic information system, and 3) to put in place a unified payment clearance system to allow the widespread use of credit cards. Some 17 ventures have since been added to this, some of which are now near completion. In 1993, the following goals for the Golden Projects were put in place (Zhang 2002):

- To build a national information highway as a path to modernization and economic development.

- To drive the development of indigenous information technology.

- To unify the country by tying the center to the provinces and by allowing the government to act across ministerial and industrial demarcation lines.

Digitization efforts were founded on the e-government project. Due to top-level initiatives from the Chinese leadership, most provincial and municipal authorities have established leading groups on informatization since 1997. Prefectures and counties have formed similar organizations, giving shape to a national leadership structure for informatization. As a consequence of the Government

Online project, Chinese authorities have also planned the computerization and digitization of enterprises and households, with projects such as "Enterprises Online" (http://www.sinoeol.com) and "Households Online" (http://www.sinohome.com) starting up in 2001 (Gu & Huang 1999). The goal of the Enterprises Online project was to have 1 million small enterprises, 10,000 medium-sized enterprises, and 100 large concerns connected to the internet by the end of April 2001. This was to help companies "promote management, set-up modern enterprise systems and become more competitive in the market" (*People's Daily* 2000, cited in Zhang 2002). These projects align with the Tenth Five-Year Plan (2001-2005), which aims to build a modern broadband network combined with Internet, telephone line and cable TV networks. The projected number of Internet users by 2005 is 150 million, which translates into more than 11 percent of the population (Zhang 2002).

Data Related to Use of Computers and the Internet in China

According to the report by the China Internet Network Information Center (CNNIC), a computer host refers to a computer through which at least one person may access the Internet. By the end of 2004 there were 41.6 million computer hosts in China. Seven million computers connected to Internet through Leased Line, 21.4 million through dial-up, and 13.2 through some other means (ISDN, broadband, etc.).

By 2004, there were a total of 432,077 domain names registered under .CN.

Table 1: Domain Names by Generic Categories

	AC	COM	EDU	GOV	NET	ORG	AADN	SLD (.CN)
Number	682	173,649	2,226	16,326	20,145	9,415	15,765	193,869
%	0.2	40.2	0.5	3.8	4.6	2.2	3.6	44.9

Note: AADN: Administration Area Domain Name

SLD (second level domain) in which names are registered directly under ".CN"; no generic third

level domains exist.

The total bandwidth of leased international connections is 74,429 Million. Countries directly

connected to China's Internet include the United States, Canada, Australia, Britain, Germany,

France, Japan, South Korea, etc. The detailed information is as follows.

CSTNET **5,275 M**   UNINET **1,645 M**   CMNET **1,130 M**
CHINANET **46,268 M**   CHINA169 **19,087 M ***   CGWNET**
CERNET **1,022 M**   CIETNET **2 M**   CSNET**

*Note: the data for CNCNET is included in CHINA169.

**Note: under construction

Total Quantity of IP Addresses in China

1. IPv4 (IP version 4)

Mainland: 59,945,728 i.e. 3A+146B+179C

Taiwan: 14,870,528 i.e. 226B+232C

Hong Kong: 5,965,312 i.e. 91B+6C

Macao: 127,232 i.e. 1B+241C

Note: A, B, and C stand for different class of the version 4 Internet Protocol. For details, see
http://en.wikipedia.org/wiki/Classful_network

2. IPv6 (IP version 6)

Table 2: By Allocation Organizations (Mainland)

Organization Name	Quantity
CERNET	3/32+/48
BII	2/32
China Railcom	/32
CIECC	/32
CSTNET	/32
China Mobile	/32
China Telecom	/32
China Unicom	/32
China Netcom	/32
Chong Qing Netcom	/32
CNNIC	/32

Source: APNIC, CNNIC

Note: "/32" and "/48" are ways of addressing IPv6. "/32"=$2^{(128-32)}=2^{96}$; "/48"=$2^{(128-48)}=2^{80}$

According to the 15th Statistical Survey on the Internet Development in China (CNNIC 2005), by 31 December 2004 there were 94 million[4] Internet users[5] in China (the statistics of Hong Kong, Macao and Taiwan are excluded). As noted earlier, the figure for 2005 is estimated at 150 million Internet users. Demographic, geographic, and socio-economic information related to Internet users is summarized in Table 3 through Table 9.

Among Internet users, there were 52.4 million dial-up users and 42.8 million broadband users. Besides computers, 3.5 million users use other types of accessing facilities (e.g., mobile terminals and information appliances).

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[4] The 95% confidence intervals for the estimate were 91.38 to 96.62 million.
[5] CNNIC defines an Internet user as a Chinese citizen, aged 6 or above, who uses the Internet at least one hour per week.

Table 3: Internet Users by Type of Access in 2004 (Millions)

Leased Lines	Dial-up	ISDN	Broadband
30.5	52.4	6.4	42.8

Note 1: Percentages do not add to 100 per cent as Internet users who adopt multiple accessing methods are recounted.

Note 2: Leased line users refer to beneficiaries of LAN, which connects to an Ethernet.

Note 3: Broadband users refer to beneficiaries of DSL, cable modem, etc.

Source: CNNIC 2005

Table 4: Internet Users by Province (2004)

	Beijing	Shanghai	Tianjin	Chongqing	Hebei	Shanxi	Inner Mongolia
Users (millions)	402	441	193	181	387	211	93
For users	4.3%	4.7%	2.1%	1.9%	4.1%	2.2%	1.0%
For regional population	27.6%	25.8%	19.1%	5.8%	5.7%	6.4%	3.9%
	Liaoning	Jilin	Heilongjiang	Jiangsu	Zhejiang	Anhui	Fujian
Users (millions)	322	179	278	661	534	240	326
For users	3.4%	1.9%	2.9%	7.0%	5.7%	2.6%	3.5%
For regional population	7.6%	6.6%	7.3%	8.9%	11.4%	3.7%	9.3%
	Jiangxi	Shandong	Henan	Hubei	Hunan	Guangdong	Guangxi
Users (millions)	156	848	305	429	312	1188	285
For users	1.7%	9.0%	3.2%	4.6%	3.3%	12.6%	3.0%
For regional population	3.7%	9.3%	3.2%	7.1%	4.7%	14.9%	5.9%
	Hainan	Sichuan	Guizhou	Yun'nan	Tibet	Shaanxi	Gansu
Users (millions)	47	523	98	206	7	258	120
For users	0.5%	5.6%	1.0%	2.2%	0.1%	2.8%	1.3%
For regional population	5.8%	6.0%	2.5%	4.7%	2.6%	7.0%	4.6%
	Qinghai	Ningxia	Xinjiang				
Users (millions)	20	31	119				
For users	0.2%	0.3%	1.3%				
For regional population	3.7%	5.3%	6.2%				

Male Internet users comprise 60.6 percent of all Internet users; female Internet users make up 39.4 percent. People between the ages of 18 to 30 make up more than 50 percent of the total Internet users in China (see table 5).

Table 5: Internet Users by Age

<18	18-24	25-30	31-35	36-40	41-50	51-60	>60
16.4%	35.3%	17.7%	11.4%	7.6%	7.6%	2.9%	1.1%

Source: CNNIC 2005

Table 6: Internet Users by Level of Education

Under High School	High School	Junior College	Bachelor Degree	Master Degree	Doctor Degree
13.0%	29.3%	27.0%	27.6%	2.7%	0.4%

Source: CNNIC 2005

32.4 percent of Internet users are students (Table 7), 35.3 percent are between the ages of 18 and 24 (Table 6), and 34.2 percent of internet users earn less than 500 RMB per month or have no income (Table 9). The majority of Internet users in China, therefore, are low-income young college students. Although Chinese software is pervasive in the market, computer users must learn English letters, which is a barrier for older generations and restricts them from using computers and accessing the Internet. Thus, the characteristics of young Internet users decide the features of the use of Internet in China.

Table 7: Distribution of Users' Career

Government Officer	Enterprises' managers	Engineering Person	Teachers
7.4%	9.3%	12.6%	7.0%
Clerk	**Business,　service workers**	**Peasants and farmers**	**Manufactory, transportation workers**
4.6%	9.4%	1.0%	5.0%
Soldier	**Student**	**Unemployed man**	**Others**
0.5%	32.4%	7.0%	3.8%

Source: CNNIC 2005

Table 8: Distribution of Sector (Excluding Students, Military and Unemployed)

Public Administrations, Social Communities	Transportation, Storage	Postal Service	I T
11.9%	4.5%	0.5%	9.3%
Wholesale and Retail	**Food and Drink**	**Finance**	**Real Estate**
7.7%	1.5%	4.5%	1.5%
Residential Service	**Travel, Accommodations**	**Entertainment**	**Consultation Service**
3.5%	1.0%	0.5%	1.2%
Advertisement	**Leasehold and other Commercial services**	**Sanitation and Social welfare**	**Culture & Art**
1.0%	2.2%	4.3%	0.8%
Sports	**Press Media**	**Education**	**Scientific Researches**
0.1%	1.5%	13.0%	0.9%
Vocational services	**Manufacturing**	**Architecture**	**Environment and Public Facilities Management**
2.1%	14.6%	3.8%	0.3%
Agriculture, forestry, animal husbandry and fishery	**Mining**	**Water, Electricity and Air feed Industry**	**Geological Prospecting**
1.3%	0.6%	2.4%	0.3%
Water Conservancy	**International Organization**	**Others**	
0.3%	0.2%	2.7%	

Source: CNNIC 2005

Table 9: Monthly Income per Capita (RMB)

<500	501-1000	1001-1500	1501-2000	2001-2500	2501-3000
28.0%	19.0%	16.7%	10.7%	5.3%	5.4%
3001-4000	**4001-5000**	**5001-6000**	**6001-10000**	**>10000**	**No Income**
3.6%	2.2%	1.0%	1.1%	0.8%	6.2%

Source: CNNIC 2005

Purpose of the Use of Internet

Students, especially college students, are the major internet users in China. They use Internet to complete schoolwork and for entertainment. CNNIC's report reveals that 39.1 percent of Internet users use the Internet to get information, 35.7 percent for entertainment, and only 0.4 percent for online purchasing and business activities (see Table 10).

Table 10: Primary Goal for Accessing the Internet

Purpose	Percentage	Purpose	Percentage
Get information	39.1	Study	8.4
Research	0.4	Entertainment	35.7
Sentimental needs	1.1	Make friends	6.2
Free email accounts/ downloads	2.5	Free communication (fax, SMS, etc.)	1.7
Stock trading	1.2	Online purchasing	0.1
Business activities	0.3	Curiosity	0.2
Other	3.1	Total	100.0

Source: CNNIC 2005

Table 11: Most Frequently Used Services (Results from Multiple Choices)

Service	Percentage	Service	Percentage
Email	85.6	News	62.0
Search engine	65.0	Software downloading/uploading	37.4
Webpage information	49.9	Online chatting	42.6
BBS/Community forum	20.8	Personal website hosting	4.9
E-Government	2.0	Internet games	15.9
Online purchasing	6.7	Short message	2.3
Online education	6.3	E-magazine	7.3
IP Telephone	1.0	Online hospital	0.6
Online banking	5.1	Stock trading	3.4
Online auction	0.7	Ticket/hotel reservation	0.5
Online videoconference	0.4	Live broadcasting	2.2
Online recruitment	3.5	VOC	3.9
Telnet	0.7	Information promulgation	2.3
Online promotion	1.3	Online sales	1.6
Informatized system (ERP, CRM, SCM)	0.6	Multimedia entertainment (MP3, FLASH, etc.)	8.0
Internet database	0.8	School/classmate BBS	14.8
Other	0.2		

Source: CNNIC 2005

Table 12: Email Usage

Average number of e-mail accounts	1.5/person
Free e-mail accounts	1.4/person
Email received (not including spam)	4.4/week
Spam received	7.9/week
E-mails sent	3.6/week

Source: CNNIC 2005

Data on Internet Purchasing

Although China's electronic commerce is still at the beginning stage, its development is promising, according to Zhang Xu, the president of China's Electronic Information Industry Research Institution. In 2004, the total trade of electronic commerce reached 407.5 billion RMB,

at the average growth rate of 45 percent per year (Ren 2005).

The growth of China's electronic commerce is credited to B2B[6], which makes up 87 percent of the market. Most B2C and C2C companies in China, such as Joyo, Dangdang and eBay, are not making any money. As Tang Lei (public relations manager for the former EACH, a C2C company which is incorporated with eBay) said, at this stage they aimed to have people accustomed to online purchasing, instead of making money (*Economy Observer* 2004). CNNIC's survey revealed that 40.4 percent of Internet users have purchased goods and services through online shopping websites in the past 12 months. Only 9.5 percent of Internet users have never accessed online shopping websites.

The year 2003 witnessed the booming of electronic commerce in China. The total e-commerce trade reached 275.6 billion RMB, and the average annual growth rate was 52.3 percent. Although the total trade of B2C was only 5.2 billion, the average annual growth rate reached 108 percent in 2003(*Economy Observer* 2004).

One significant reason for the growth of B2C in 2003 was the breakout of SARS. When SARS took place in China, people were made to believe that mobility and direct physical contact would cause infection and death. With so many people afraid to venture out, they shopped at home, sent messages from home and played Internet games at home, contributing to the rapid growth of internet use in 2003 as measured by CNNIC. Online purchases spiked during the SARS

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[6] **Business-to-business electronic commerce (B2B)** typically takes the form of automated processes between trading partners and is performed in much higher volumes than **business-to-consumer (B2C)** applications.
Consumer-to-consumer electronic commerce (abbreviated **C2C**) is an internet-facilitated form of commerce that has existed for the span of recorded history in the form of barter, flea markets, swap meets, yard sales and the like. Notably, most of the highly successful C2C examples using the Internet take advantage of some type of corporate intermediary and are thus not strictly "pure play" examples of C2C. An example a venue where consumer-to-consumer electronic commerce of this type takes place is Ebay. (cited from wikipedia.org)

epidemic. The report pointed out that because of SARS, online shopping and message service found a second development opportunity in 2003. Among those surveyed, 40 percent of those who visited shopping websites made online purchases. They bought books, audiovisual material and products; communication equipment in particular was the principle product of on-line shopping. During the year, website message service users sent out 10.9 messages a week. Almost all the major websites and specialized-service websites opened messaging services, which has become an important and steady income source in the country. The stock prices of Sina, Sohu and Netease[7] soared on NASDAQ. "Short message service played a vital role in the process," said the *People's Daily* (Lyengar 2004).

Among those surveyed, 57.7 percent expressed an interest in shopping online in the future; only 7.2 percent would not consider shopping online. Based on this fact, multinational e-commercial giants officially started to compete for the Chinese market in 2004. The most famous cases are the incorporation of eBay and Each at the cost of 150 million US dollars, and Amazon buying Joyo at 75 million US dollars (Wang 2005). Table 10 is a list of major competitors in the e-commerce market in China.

Table 13: Major Competitors in Chinese E-commerce

	Companies
B2B	Alibaba, eBay
B2C	Joyo (Amazon), BOL China, Dangdang, Soit
C2C	eBay, Taobao (Alibaba)

Source: CNNIC 2005

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[7] Three messaging companies.

Experience in Online Purchasing

Ordinary Chinese people choose to shop online because of the lower cost of the online purchasing, including the prices of the products, the operation time, travel cost and so on. The survey of CNNIC demonstrated that 50.6 percent of customers shopped online in order to save time, while 45.9 percent purchased online to get a lower cost.

The main products purchased online include books, magazines, CDs, DVDs and digital products. In CNNIC's survey, these products comprised 58.8 percent of all online purchases in 2004. These products are similar in that they are highly standardized and not expensive. Customized and more expensive products lag behind since people still prefer to see and touch such products before making a purchase decision (China Computer 2005).

Although 41.5 percent of people surveyed use credit cards or debit cards when shopping online (CNNIC 2005), one big obstacle to the proliferation of e-commerce in China is the credit of the producers and distributors. According to the same report, 42.2 percent of the interviewees were concerned about the quality of products and the after service. One third of the people felt insecure about shopping online, and were unwilling to give out their card numbers. As a result, some big B2C companies use "payment on delivery" options in such big cities as Beijing, Shanghai, and Guangzhou.

Table 14: Users' Attitudes Towards the Internet

	Excellent	Satisfied	So-so	Unsatisfied	Disappointed
Security	2.8%	17.6%	44.2%	27.8%	7.6%

Source: CNNIC 2005

Censorship

In February 2005, the central government restricted the access to Broad Board Systems of Tsinghua University, Peking University and Nanjing University from outside of the campus, because some posts and comments in these top universities in China aggressively challenge current policies. At the same time, the government requested all the internet users on campus to register using their personal ID documents such as the national ID card. In response, the manager of BBSs at Peking and Tsinghua University shut down their board and students folded paper birds to mourn the death of the right to free speech in the Internet domain.

Many sites from abroad, such as CNN, are blocked. As a result, the information available in mainland China is homogeneous and confined, although the Internet and computer are sweeping across the whole country.

National ID Card

Since September 1985, China has adopted the National Resident ID Card (RIC) to identify its residents on the mainland. China has issued 1.14 billion ID cards since then, according to the Ministry of Public Security. Prior to 2004, two versions of the first generation RIC were most widely used in China: the old version contains a 15-digit ID number, and the newer version, first issued in October 1999, contains an 18-digit ID number. The Ministry of Public Security (MPS) official stated that,

the Resident ID Card is a uniform legal document issued by the state to identify the status of the civilian. In compliance with legislation regulations, the items of the Resident ID Card shall include name, gender, nationality, date of birth, the address of the permanent residential place, the number of the Resident ID Card, the photo of the cardholder, the period of validity and the organization that signed and issued the card. (AIT Event 2003)

In order to decrease the incidence of fraud and counterfeiting, in 2003 the Chinese government introduced the second-generation ID card (also called the "citizen's ID card" instead of "resident's ID card"), a smart card that uses magnetic strip technology. In order to avoid duplicates, each resident will also be assigned unique 18-digit citizen's ID number. Major cities, including Beijing, Shanghai, Shenzhen and Guangzhou, began issuing the second generation ID card in the second half of 2004. Replacement of the old paper cards is expected to be completed throughout China by the end of 2008 (IRB 2005).

Most national ID card projects from around the world store digitized fingerprints to identify cardholders. The Chinese smart card does not have this information since officials considered the prospect of including a fingerprint biometrics system too daunting. The cost alone would be prohibitive in a country with 1.3 billion citizens, and officials question the reliability of the technology. That said, however, fingerprint or other biometrics may be added later. In fact, a survey conducted in Beijing, Shanghai and Guangzhou revealed that 61 percent of those surveyed hoped the biometrics would be added in the new ID card. The percentages are 73.0 percent (Beijing), 68.9 percent (Shanghai) and 41.9 percent (Guangzhou) (People's Daily Online, 2003).

Hukou, the household registry, used to play an important role in the identification of citizens in China. As mobility increased, ID cards became more and more significant in China in order for

the citizens to exercise their civil rights, such as opening a bank account, catching a plane or performing other tasks that require identification.

About 55 percent[8] of people surveyed in Beijing (65.0%), Shanghai (64.1%) and Guangzhou (36.7%) habitually carry their ID cards. Of these, 62.2 percent carry ID cards all the time.

Table 15: Citizens Carrying ID Cards

All the time	Traveling out to other place	Working	Domestic traveling	Shopping
62.2	57.8	36.6	36.3	31.6

Source: People's Daily Online, 2003

Of those who reported not carrying their ID card, the main reason was the worry of losing the card since obtaining a replacement has proven difficult. Some of them reported waiting half a year to get a new card.

Given security concerns, a common practice in most office buildings is to retain visitors' ID cards for the duration of their visit. However, many people (69.6 %) said they would refuse such a request; 14.8 percent would comply. When asked if they would show their ID card to police if checked in public, 33.3 percent responded positively, while 46.8 percent said they would not show ID until being informed of a legitimate reason. Migrant workers are easily becoming the targets of ID checking (People's Daily Online, 2003).

In June 2003, China adopted the new law of the PRC on Resident Identification Cards,

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[8] Data come from a survey conducted in Beijing, Shanghai and Guangzhou during July 4-8, 2003
(http://www.people.com.cn/GB/shenghuo/1089/1964618.html)

effective 1 January 2004. The new law, compared with the resident ID card regulations adopted in 1985, focuses more on safeguarding the citizens' rights and restricting the power of police.

According to the law, no organization or individual has the right to check or detain a citizen's ID card. The new law also addresses concerns over random police checks of ID cards by specifying the conditions under which they are allowed to examine the cards. The ID cards of ordinary residents can only be examined in special circumstances as stipulated by law. Specifically, police must show their own cards to identify themselves as law enforcement officers before they check those of criminal suspects or people who violate public security. The police must keep confidential any personal information obtained from citizens' ID cards.

Ordinary Chinese citizens are not required to carry their identity cards at all times. However, when the police ask to check a person's identity, he/she is obligated to present official identity documents. If people are unable to produce such documents, under normal circumstances, they are allowed to return home or to work or any other place where their identity documents are kept. In some cases, the police might detain a person until relatives or friends bring the identity documents (IRB 2005). The law does, however, stipulate the right of citizens to see or correct personal information, whether it is stored on a card or elsewhere.

CCTV

In the wake of the Tiananmen Square incident in 1989, the demonstrators stood little chance of anonymity. Placed throughout Tiananmen Square is a network of UK manufactured surveillance cameras. Although these were originally designed to monitor traffic flows and

regulate congestion, these cameras recorded everything that transpired in the months leading up to the tanks rolling into the square. In the days that followed, these images were repeatedly broadcast over Chinese state television. Virtually all the demonstrators were thus identified (Walton 2002).

The same traffic flow system has been set up in most urban areas in China. Since people are told that the system is used for traffic control purposes, they are welcomed as a means to decrease congestion and as a symbol of urban modernization. In reality, however, the public has no idea how the system works.

There is no influential public discussion on CCTV in China. However, according to the draft privacy protection law, the installation of surveillance cameras by non-government institutions for purposes other than state security is illegal.

Credit Cards

According to a recent survey by ACNielsen, credit card (standard and quasi credit card) markets in Beijing, Shanghai and Guangzhou develop quickly. Credit card penetration rates have reached 22 percent in 2004 (*People's Daily Online* 2004)[9]. A survey by VISA showed that in 2003 Chinese spent an average of $253US in a single credit card transaction, making it the highest in the world (*Xinhua Online* 2004).

The chief of VISA's China branch, Xiong Anping, however, says the ranking does not represent the reality of Chinese people's buying habits. After all, few Chinese are wealthy enough to go

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[9] ACNielsen conducted a telephone survey of more than 2,700 people between the ages of 18 and 54 in Beijing, Shanghai and Guangzhou in order to study the attitude of China's consumer groups on main personal financial products such as personal bank, credit card, personal loan, life insurance and personal investment and how they are used.

abroad or use credit cards for small purchases.

According to the survey, an analysis by age group shows that consumers aged 25 to 34 have the highest credit card possession rate, with 35 percent holding one or more credit cards. Of the three cities, Beijing has the highest penetration rate among the age group; about 39 percent people have at least one credit card (*People's Daily Online* 2004).

Among the many credit cards issued by Chinese and overseas banks ICBC's (Industrial and Commercial Bank of China) Peony Card is the most popular, which enjoys a penetration rate of 13 percent. CCB's (China Construction Bank) Long Card and BOC's (Bank of China) Great Wall Card follow it with penetration rates of 9 percent and 6 percent respectively.

The majority of Chinese people feel insecure and uncomfortable using a credit card. First of all, there is no proper credit system in China. Chinese banks are not good at risk control, hence, are not willing to take the risk for clients. It is the clients' responsibility to keep their card number safe. If the number is stolen, clients would have to accept the loss (Sohu 2005). Second, the operation and logic of credit cards does not appeal to the traditional way of consuming. Chinese people, especially the older generation, believe that they should make the money before they consume. However, credit cards can be used in such a way that people can spend money before they earn it. Further, because of the lack of a comprehensive credit system, people find it unnecessary to build their personal credit record.

Privacy Legislation

As part of China's current Five-Year Plan, the State Council Informatization Office (SCITO)

has embarked on a number of projects to promote informatization, in particular to promote the Internet, e-Commerce, and e-Government, all to advance goals of its evolving market economy. The SCITO Department of Policy & Planning started a project to prepare China's first personal privacy protection law in October 2004. The project is set to conclude in September 2005 (Pipe 2004).

Before the launch of this project, the privacy protection legislations were dispersed in different laws. There is not a complete privacy protection legal system in China. In the last few years, many cases of privacy invasion have been reported, particularly through the Internet and cell-phones. It became urgent to build a privacy legislation system to protect people's privacy.

Zhou Hanhua, a member of SCITO who is preparing the initial draft of the privacy protection law, said in an interview that personal information referred to all kinds of information that could be used to identify the subject, including documents, voice, fingerprints, and so on. He went so far as to say that the protection of privacy and personal information is a basic human right (quoted in Guo 2005).

The law will cover privacy protection from public security, commerce, health, family, insurance and banking, telecommunication, and so forth. According to Zhou, individuals will have the right to see their personal information as it is documented by government and other institutions. There are no expectations that major distinctions will be drawn either between manual and automated records, or for the different purposes for which records are maintained and circulated by government agencies and private enterprises. Some exclusion can be expected for information with state security implications.

Conclusion

Privacy in China appears more as a term and concept imposed on Chinese citizens by the legal system, which is affected directly by the new market-oriented economy and the booming of internet and information technology in China, and the world wide. Originally, Chinese people had their own balance of inside and outside, private and public. However, the practice of privacy in the new environment (market economy system, internet, intense governmental control and so forth) has been redefining the initial balance. The turbulence of change is more visible in urban areas, such as Beijing, Shanghai and Guangzhou. The common case is the abuse of either personal relationship (guanxi) or legal system. As a result, corruptions are constantly reported in every field in China.

Chinese government, on the other hand, is dedicated to rebuild the balance and bring everything under its control. Their effort is reflected in the national ID card, CCTV, the embrace of internet and information technology, and the new privacy protection law that is in process. Under the new condition, a lot of problems cannot be solved within the society and thus have to rely on the government and its legal system, such as the protection of identity and security on the internet, in commerce (including e-commerce), and in public and semi-public space.

In general, the phenomena that are happening in China are reflections of the process of global intensification of governmental control, especially after 9/11.

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