

Digital Economy and Platform Economy Governance: A Study of Challenges and Countermeasures in Public Policies

- Based on the Perspectives of China and EU

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Abstract: Platform economy has become an important force in promoting the high-quality development of China's economy. Commercial transaction, financial intermediation, sharing economy and entertainment all depend on the development of the platform economy. This article provides an in-depth discussion on the governance of the digital economy and the platform economy, aiming to provide guidance for current and future policymaking by analyzing the main challenges faced by the two countries (China and Europe) in policymaking and proposing practical responses. At the same time, this article will outline the basic concepts, main features and far-reaching impacts of digital economy and platform economy on the global economy, and combs through their development history and key features. By comparing the differences between China and Europe in the governance of digital economy and platform economy, it adopts SWOT analysis to systematically assess the countermeasures taken by the two countries in addressing the governance challenges and their effectiveness.

Keywords: Digital economy, platform economy, policy, SWOT analysis.

1. Introduction

By the end of the twentieth century, the digital economy had become an unstoppable but still nascent and geographically limited phenomenon. It had become a necessity in people's lives and the platform economy was born as a result [1]. The Alibaba Group, JD.com and ByteDance have constantly changed the global capital market and make market revolutions [2]. Besides, digital economy and platform economy became an integral part of the European economy. Uber, Amazon, Facebook and Google have all built great platforms to grow the platform economy and are actively growing with the support of the digital economy [3].

Platform economy is a new type of economic form based on digital technology and the Internet, connecting merchants and consumers through the Internet and facilitating transactions and value exchanges. The platform economy plays an important role in innovating the organization of productive forces, optimizing the allocation of production factors and promoting economic transformation and upgrading [4]. Users and products continue to increase with the development of platforms, and platform companies show different aspects of competitiveness, but at the same time

problems continue to emerge, such as privacy leakage, big data killing, data cross-border security, monopolization and other problems occur frequently [5].

Discussions around the security of the digital economy and platform economy have become the focus of scholars' attention. What kind of policies can be set to promote its development has become the main issue for scholars to study, and scholars mainly expand based on the perspectives of antitrust regulation, competition strategy and technological architecture, etc. Among them, the antitrust regulation perspective mainly combs through the practice of antitrust enforcement in the platform economy and researches the coordination and interaction of the public sector's regulatory behavior [6]. The above research perspectives provide guidance for the policy construction of digital economy and platform economy, but there are still deficiencies: firstly, the existing research lacks multi-dimensional specification of platform economy and digital economy, and there is still a need for further research on the conceptual boundaries of digital economy and platform economy as well as the guidance and optimization of related policy formulation. Second, the policy of digital economy and platform economy has become a global issue, and the existing research mainly starts from the policy of a single country or region and lacks a systematic comparison of different countries or regions and reference to their experiences [7].

This paper aims to inform ongoing policymaking on the digital economy and the platform economy by analyzing the main challenges faced in the policies developed and proposing practical responses. It will first provide an overview of the digital economy and the platform economy, focusing on their main characteristics and impact on the global economy, and sorting out their development history and key features. And based on comparing the differences between China and Europe in the governance of digital economy and platform economy, a SWOT analysis will be utilized to compare the countermeasures taken by China and Europe in addressing the above challenges, and to assess their effectiveness and potential impact. Based on the conclusions of the study, policy recommendations for China, Europe and the world are proposed.

2. Literature Review

In this section, the paper introduces the basic concepts and existing policy context regarding the platform economy and the digital economy.

2.1. Concept of Digital Economy and Platform Economy

The digital economy and platform economy have emerged as pivotal forces shaping the global economic landscape. By examining the definitions of these concepts as posited by previous scholars, we can refine our understanding of both and establish a theoretical foundation for subsequent research.

2.1.1. Digital Economy

The term "digital economy" describes an economic system in which electronic communications and digital technologies are key components of business and economic activity[8]. It is a collection of economic activities that use today's information networks as vital carriers, data resources as critical components of production, and the efficient application of information and communication technologies as a major force for increasing efficiency and optimizing economic structures.[9]. This type of economy typically includes e-commerce, software development, gaming, digital product manufacturing, and other related industries. Digital technologies and electronic communications form the basis of economic and commercial operations in the digital economy, which has resulted in a significant shift toward online and digital business contacts. This new economy has been

recognized as a key factor in the development and expansion of the economies of China and Europe [10].

2.1.2. Platform Economy

The platform economy is a new economic model in the era of the digital economy, in which digital platforms, as a place of virtual interconnection, break down geospatial constraints and barriers between industries and technologies, attracting more and more buyers and sellers through cyberspace and serving all stakeholders [11]. These platforms, such as Amazon, Uber, Alibaba Group and JD.com use digital technology to effectively match supply and demand, reduce transaction costs and enable new business models. The platform economy has disrupted traditional industries by redefining value chains, creating new markets and enabling new forms of cooperation and competition [12].

2.2. Policy Background of China

The evolution and informatization of the Internet era have influenced the growth of the digital economy. Following China's entry into the twenty-first century, the government made further advancements in this sector, and the concern for informatization also served as the foundation for the government's policy framework supporting the digital economy. The Tenth Five-Year Plan for National Economic and Social Development, issued by the Chinese government in 2000, placed a strong emphasis on "vigorously promoting the informatization of the national economy and society." Utilizing information to propel industrialization [13].

A proposal to "build a next-generation information infrastructure and cultivate a modern information technology industry system" was made by China in 2012; a suggestion to "develop a modern industrial system and aggressively support the integration of informatization and industrialization" was made in 2007. During the Hangzhou G20 Summit in 2016, China pushed for international cooperation on the digital economy, and other countries welcomed its efforts [14].

In recent years, the digital economy has been developing rapidly, especially since the new crown epidemic in 2020, the ability of the digital economy to grow against the trend and the development of resilience has been fully demonstrated. Catalyzed by this, countries around the world have taken the digital economy as an important engine of economic recovery after the epidemic. Since then, China has issued a series of important policy documents at the national level to promote and facilitate the development of the digital economy [15]. Table 1 shows China's recent policies about digital and platform economy.

Table 1: China's recent policies about digital and platform economy

Release Date	Setting mechanism	Name of the policy	Overview of policy content
June 2010	National Institute of Development and Reform Commission	Several Opinions on Promoting Information Consumption to Expand Domestic Demand	Accelerating the evolution and upgrading of information infrastructure, promoting information consumption through the introduction of 4G for all, and improving telecommunications services. Establishing a fair competition mechanism to encourage the development of related industries in order to promote economic growth and increase consumer demand.
July 2015	State Council Office of	Guiding Opinions on	Allow the Internet to play a leading role in

Table 1: (continued).

	the People's Republic of China		Accelerating Plus Actions	Internet	innovation; concentrate on fostering entrepreneurship and innovation; encourage the gathering, sharing, and openness of diverse types of factor resources; actively cultivate crowdsourcing spaces and open innovation; and direct and foster the establishment of a robust culture of mass entrepreneurship and innovation throughout society in order to establish a new engine of economic development.
August 2018	National Congress	People's	Electronic Act	Commerce	To protect the legitimate rights and interests of all parties involved in e-commerce, to regulate the behavior of e-commerce, to maintain market order, to promote the sustained and healthy development of e-commerce, and to formulate this Law.
August 2021	National Congress	People's	Personal Information Protection Act	Information	The Personal Information Protection Law is a new banner for individual rights in the field of personal information protection, greatly expanding and supplementing the scope of the Civil Code, the Consumer Protection Law, and other civil laws on personal information rights.
April 2021	State Administration of Market Supervision and Administration		Opinions on Promoting the Standardized and Healthy Development of the Platform Economy		Stimulating market vitality, focusing on the outstanding problems facing the development of the platform economy, strengthening policy guidance, support and safeguards, promoting the establishment of a new type of regulatory mechanism that is well adapted to the characteristics of the development of the platform economy, and striving to create a fair and competitive market environment.
September 2021	National Congress	People's	Data Security Act		Control data processing operations, maintain data security, encourage data creation and use, and defend the rightful rights and interests of people and organizations.
January, 2022	National Institute of Development and Reform Commission		Several Opinions on Further Strengthening the Development of the Digital Economy		With the deep integration of digital technology and the real economy as the main line, the construction of digital infrastructure will be strengthened, the governance system of the digital economy will be improved, and digital industrialization and industrial digitization will be synergistically promoted.

2.3. Policy Background of EU

Now that the world is in the age of the digital economy, Europe finds that building a single, open and competitive digital market is a crucial strategy. Therefore, in 2015, the EU proposed The Digital Single Market Strategy (DSM), which promotes the free flow of digital technology and

innovation by breaking down barriers to cross-border Internet business between member states, thereby promoting the overall growth of Europe's digital economy [16].

Adopted in May 2015 under the leadership of then President J.C. Juncker (2014-2019), the new DSM strategy provides the right conditions and creates a level playing field for the development of the digital network and platform economy. Consumers and businesses have better access to digital goods and services across Europe, maximizing the growth potential of the digital economy. Spotify, the company, has become one of the world's leading music streaming platforms during this period based on the accelerated expansion of its user base and market reach [17]. This confirms the EU's official statement that connected DSM can “provide growth opportunities for start-ups and empower incumbents to expand and profit from the size of a market of more than 500 million people.”

3. Research and Methodology

In order to analyze the current policy situation in China and the EU and to make recommendations for further development, this paper has chosen to use a SWOT analysis [18].

3.1. SWOT Analysis

SWOT analysis, which stands for Strengths, Weaknesses, Opportunities, and Threats Analysis. It is a strategic tool for assessing internal and external factors that may influence policy design, business success. The perspective of this paper focuses on the challenges in setting up digital economy and platform economy policies in China and the EU, which need to be contrasted. SWOT analysis can comprehensively assess the differences between the two policies, allowing us to have a more holistic thinking. The SWOT analysis can effectively capture the specific strengths and weaknesses of the research object and provide effective reference for policy makers [19].

3.2. Limitations of the SWOT Analysis Method

SWOT analysis is based on the author's strong subjectivity, resulting in an analysis process that relies on the analyst's subjective judgment, with cognitive limitations and subjective bias; insufficient consideration of complexity, due to the fast pace of development of the digital economy and the platform economy, there are limitations in the analysis method for researching policy-related issues, and it is not possible to analyze the policy's comprehensive consideration of the complex environment, and the results of the analysis are too one-sided; and there is a lack of Lack of quantitative analysis data support, only the use of qualitative analysis to analyze the problem to provide relevant recommendations lack of practicality.

4. SWOT Analysis

Using SWOT analysis to analyze the current state of digital and platform economy policies in China and Europe can help us to more fully compare the two sides in this area.

4.1. Strengths

The Chinese government attaches great importance to the development of the digital economy, and has introduced a series of policies, measures, laws and regulations to safeguard its development. The Chinese government promotes the integrated development of the digital economy and the real economy, encourages the platform economy to make digital and networked changes, promotes the digitization of the service industry, agriculture and other industries, uses the Internet to carry out an all-round transformation of traditional industries, enhances the competitiveness of key links in the

industrial chain, improves the digitization system of key industries, and accelerates the iteration of products and services. In 2022, the scale of China's digital economy will reach 50.2 trillion yuan, the total amount of which will rank second in the world, the proportion of which will be raised to 41.5% of GDP, and the digital economy will become an important engine for stabilizing growth and promoting. The EU has developed comprehensive regulations, such as the Personal Information Protection Regulation and the Digital Single Market, which protects the European digital economy market. These regulations give users a way forward and protects personal privacy and creates a stable market environment. Europe has a strong industrial base and is home to many large start-ups and dynamic businesses. There is an abundance of financing opportunities to support the development of new digital technologies and platforms. The EU has provided significant funding and strategic initiatives to increase investment in the digital economy. For example, the European Data Strategy provides for the launch of significant investments in common data space and cloud infrastructure to support digital transformation and innovation.

4.2. Weaknesses

China's scientific and technological development is uneven across regions, with a large gap between the scientific and technological foundations of the southeastern coastal regions and those of the western regions, leading to the existence of an uneven market and scientific and technological development. China's digital economy occupies a huge proportion of GDP, and the amount of data in the digital economy is increasing. Criminal incidents caused by data security leakage are increasing day by day, and it is necessary to further strengthen the formulation and implementation of relevant laws and regulations to protect users' own information security. Some of the key technologies of the digital economy still rely on overseas imports, and there is a risk of being “strangled”, so it is necessary to strengthen independent research and development and innovation capabilities. The European market is fragmented, and it is difficult to harmonize digital economy and platform economy policies among different countries, making cross-border cooperation difficult. Although Europe has a high industrial base in terms of technology, the market economy in Europe is not in good condition, and it is difficult to transform the innovation achievements into actual income and apply them.

4.3. Opportunities

The rapid development of the Internet, the acceleration of global digital transformation, and the broad consumer market for the digital economy in China. China's related industries have great prospects for development. China's “One Belt, One Road” initiative with Europe and Central Asia allows it to strengthen digital economy and platform economy cooperation with the countries along the route, and to expand overseas markets and consumer groups. Europe attaches importance to green development and has comprehensive environmental protection and low-carbon policies. Europe can give full play to its advantages in environmental protection, energy and other fields to promote the development of a green digital economy and open up new areas of the digital economy

4.4. Threats

High international competitive pressure: Global competition in the digital economy and platform economy has intensified, and China faces competitive pressure from the United States, Europe and other countries and regions. Accelerated pace of technological renewal, which may lead to rapid obsolescence of existing technologies and products and the need for continuous innovation to maintain competitiveness. China, as the world's second largest economy, is vulnerable to technological blockades and sanctions. This has limited China's development in key technology

areas. Europe has a complex geopolitical situation, and its geopolitical changes as well as conflicts will change the situation of the development of digital economy and platform economy.

5. Conclusion

The digital economy and the platform economy have become important forces driving global economic development. In China and the European Union, platform companies represented by Alibaba, JD.com and ByteDance, as well as Amazon, Facebook and Google, have changed the market landscape and influenced people's traditional lifestyles. The digital economy has surpassed the real economy and become the first choice for people's consumption. China and Europe have provided a stable market environment for the development of digital economy by formulating relevant regulations. While the development of digital economy and platform economy brings many opportunities, it also faces challenges such as unbalanced regional scientific and technological development, the risk of data leakage, dependence on imports of key technologies, and the pressure of international competition. The accelerated development of the Internet and global digital transformation have also provided new development opportunities in these areas, promoting the development of new business models and facilitating users. Based on the above research findings, this paper puts forward the following recommendations. The government needs should further improve the top-level design of the digital economy and platform economy when formulating policies and develop more comprehensive and systematic policy measures. Ensure that all policies can form a synergy and jointly promote the healthy development of the digital economy and platform economy. Encourage enterprises to strengthen technological innovation and product R&D through policy support and financial assistance and reduce dependence on external technologies. Improve the regulatory mechanism for market competition and strengthen the supervision of the market. Promote platform enterprises to strengthen self-discipline and compliance management and maintain fair competition order in the market.

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