

# China's tech startups generated a record \$131B in 2021 despite intense gov't regulation

Article

**The news:** An increase in regulations from Beijing didn't stop technology startups from thriving in 2021. Companies received a record \$131.6 billion in VC funding, a 50% increase

from 2020.

**How we got here:** China's tech industry has seemingly weathered increasing government crackdowns stemming from Beijing's attempts to consolidate and control its most profitable and powerful industries. 2021 went down as the year that China cracked down on Big Tech, per Protocol.

- The tide began to turn at the end of 2020, when the Chinese government **passed** new antitrust guidelines curbing the growth of national giants **Alibaba** and **Tencent** after years of a hands-off approach to Big Tech.
- In April 2021, it fined Alibaba **\$2.8 billion** for alleged anticompetitive practices.
- Officials later issued a warning to 34 of China's largest internet companies, demanding they cease monopolist practices or face a similar fate to Alibaba.
- Beijing's intensifying crackdown on Big Tech companies erased **\$1 trillion in value** from Chinese stocks in 2021.

**What's next?** While China still lags behind Silicon Valley in VC funding per Bloomberg data, competition between the two innovation hubs will intensify in 2022. In context, US startups achieved a record **\$396.6 billion in 2021**, almost double that of their Chinese counterparts. 2022 should see continued investment in various tech-related sectors.

- China, however, has surpassed the US in key areas of investment in 2021, including **\$8.8 billion** from VC investors for Chinese semiconductor makers, startups, and integrated circuit designers, significantly more than the **\$1.3 billion** raised by US peers, per Preqin.
- China's toughening stance on Big Tech hasn't dampened investor confidence. "China's entrepreneurial fervor is at an all-time high," said Rui Ma, a China tech investor and the creator of Tech Buzz China.