



Knowledge-based development in key Asian growth areas: How to position Europe? (Case study China)

For the panel:
Asia Growth Patterns: Threats or Opportunities for European ICT

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Why to "consider" Asia

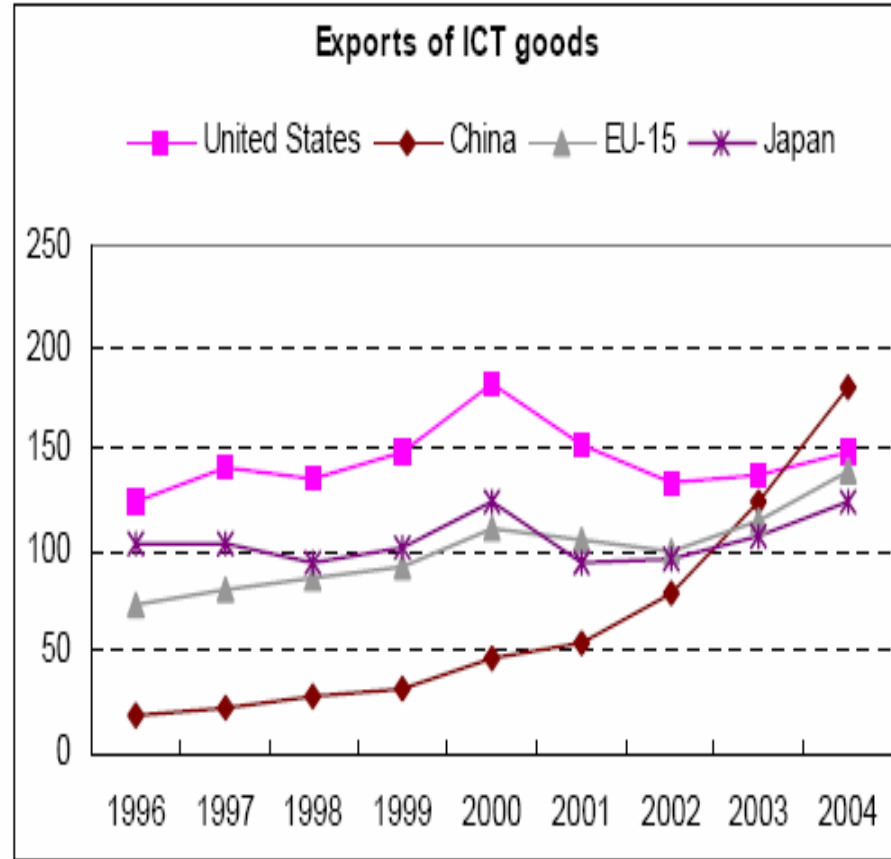
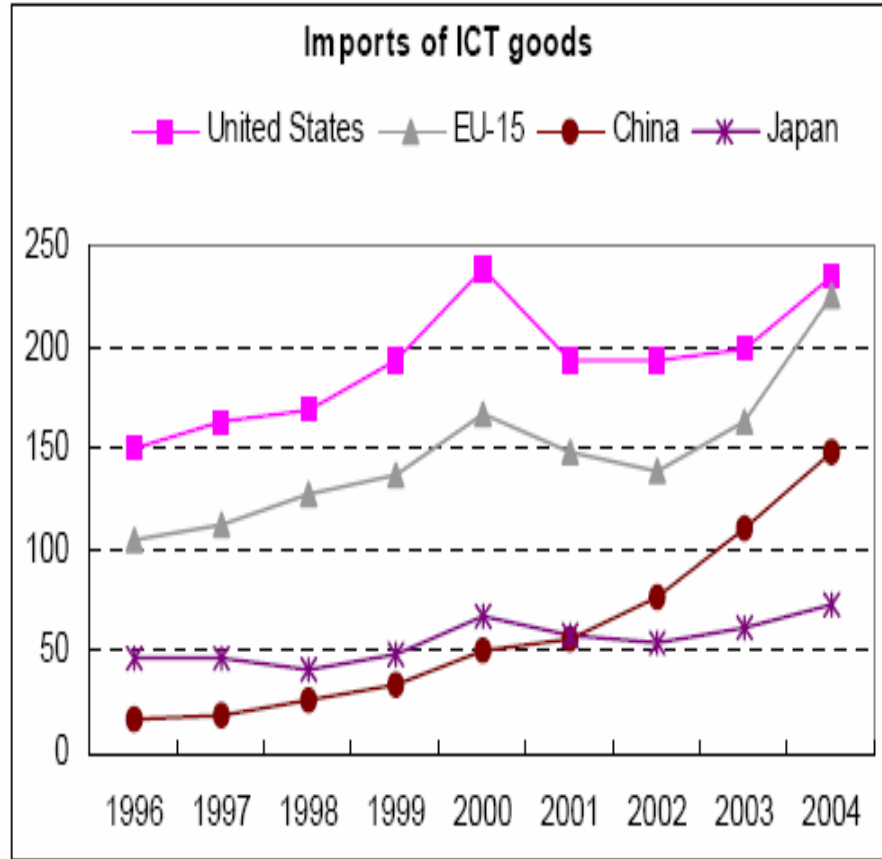
- we concentrate on China for its size (C+I 40%) and dynamics (8-10% growth during last decade)
- rise of a world region due to stronger recent interdependency (Preferential Trade Agreements, trade, R&D, FDI)
- accelerated benefits linked and due to high tech (ICT included)



Regional differences in Human Development HD Index, UNDP 2005



Catching-up and overtaking: China's imports and exports of ICT goods compared with other countries (billions USD current)



Source: OECD, ITS database, 2006.





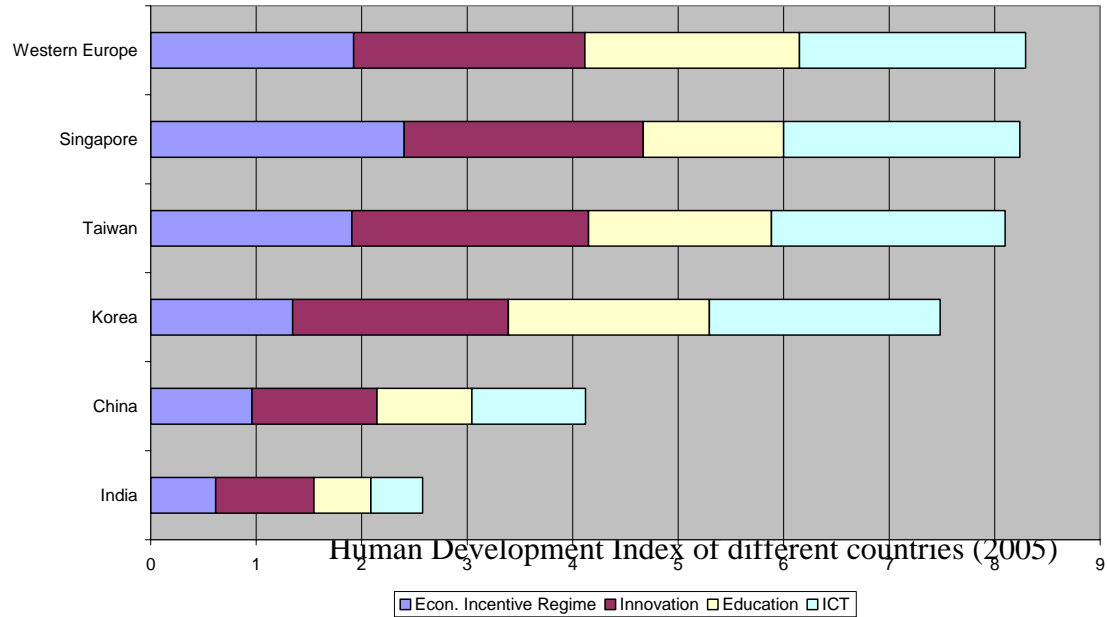
What is new

- Global role in the economy
 - global offshoring, including technology and design
 - new roles for global MNCs
- Mobilizing and energizing the knowledge base
 - education
 - R&D, patents
 - innovation
- Regional dynamics, not only based on low wages
 - intra-regional organisation, global Asian-based production networks
- Development strategies, towards service activities
 - increased focus on high-tech and esp. higher value-added activities
 - emergence of Asian-based high value-added services e.g. Singapore, BPO (Business Process Offshoring), software R&D in India, China taking on design functions

Diagnosis with 4 WB pillars of the KBE

- educated and skilled labour force
- effective innovation system
- modern information infrastructure
- conducive economic and institutional regime

Cross country comparison - Knowledge Economy Index (KEI) - recent data



- Domestic knowledge-base and innovation

- China and India have leapt forward but still far from advanced nations. E.g., still lagging in senior secondary and tertiary education ratios
- R&D intensity growing in all, except India
- growing scientific output esp. in Singapore and Korea



Towards the KBE - the globalised economy

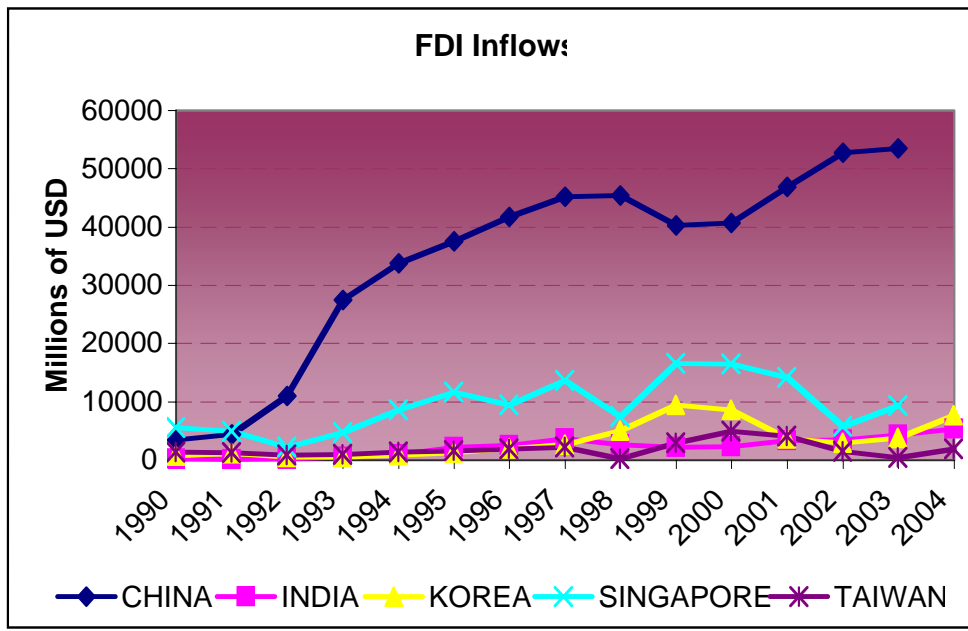
- Opening up of the market through trade agreements
- Global competition with a growing importance of innovation and knowledge
- Fragmentation of production along global value networks
- Growth dynamics and competitiveness, from manufacturing to services



How it already affects us TODAY - FDI

FDI to China grew 14 times early 90s

EU is not the top investor



Does the Asia attractiveness divert FDI from EAST-EU countries?

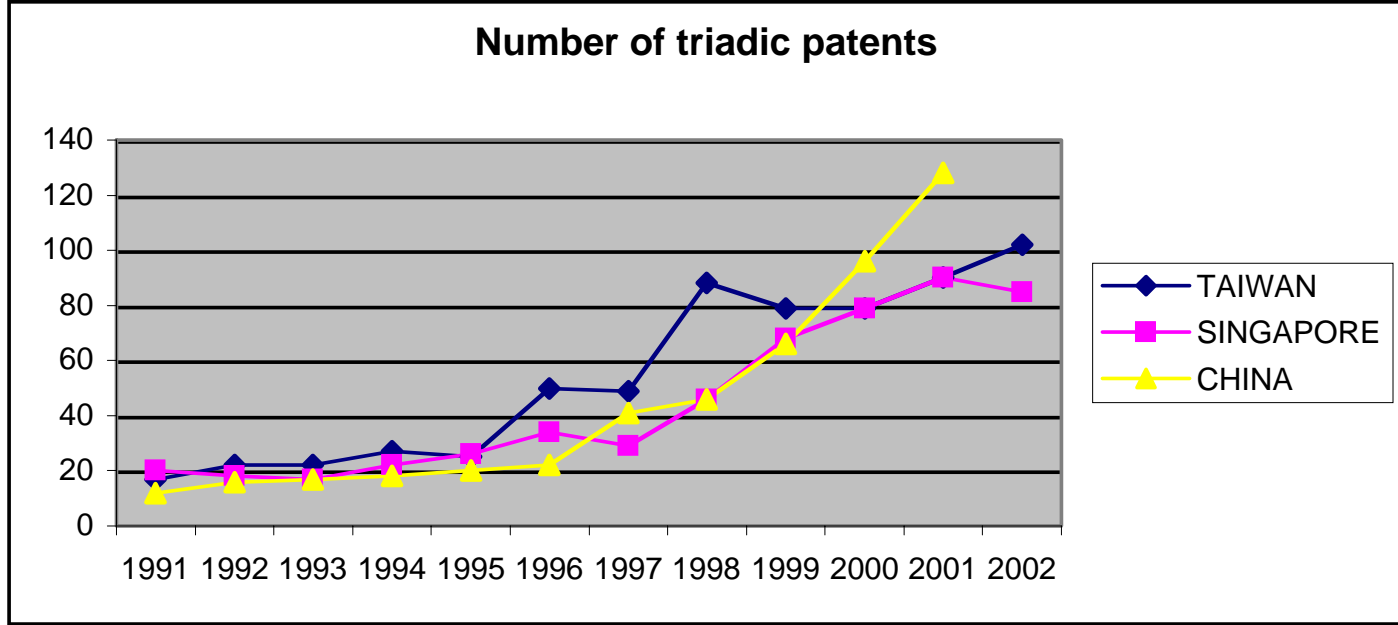
Is a stronger EU-Asia in-outward FDI flow an issue for building cooperation?





How it already affects us TODAY – R&D

Joint Research Centre



Growing and smart research

China strategic goal: Indigenous innovation and higher patenting





Questions to be answered

- Is Asian countries development really knowledge-based?
- If the future is web2.0 type, where is Asia? How it will affect Europe?

In the short term, need to prepare

- Cooperate on education: Welcome more Asian students, students imprinting
- Cooperate building on our expertise on services, applications and content
- Increase the dynamic interactive capabilities: produce the right goods and services on time, use the window opportunity of the current rise
- Alignment and cohesion in research policy and development strategy: Consider Asian markets requirements in our R&D

In the long term, what modus? How can Europe position itself?

- Competition?
- Cooperation?
- Co-opetition, compatible with more standards?

bearing in mind that with web2.0 we have more chances



Thanks

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