



Franziska Bergmann, Eduardo Herrmann

Support instruments and services for European technology-based companies entering the Chinese market

An overview of European and Chinese initiatives – Handbook



DRAGON | STAR





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Content

- Executive Summary 6
- 1. Introduction: About this handbook 7
- 2. Technology and innovation cooperation in China:
Getting prepared for the advantages and challenges 10
 - 2.1 Seizing the potential advantages 10
 - 2.2 General relevant framework conditions 13
 - 2.3 Challenges to be considered 16
- 3. European support instruments and initiatives:
Selected EU and its Member States’ case studies 19
 - 3.1 European support instruments and initiatives: Selected case studies 19
 - 3.2 Federal, regional and bilateral instruments and initiatives: Selected case studies 34
- 4. Chinese support instruments and initiatives: Selected case studies 61
 - 4.1 North-eastern China & Beijing 62
 - 4.2 West China 73
 - 4.3 East China 78
 - 4.4 Central China 81
- 5. Conclusion: Analysis and recommendations 86
- References 88

Executive Summary

This handbook presents an overview on selected case studies of business support services for European technology-based companies (TBCs) interested in performing research, technology and development (RTD) activities in China. Its overarching aim is to stimulate and support research and technology cooperation between European and Chinese companies by collating a selection of relevant industrial support instruments and services available for European TBCs offered in China and Europe.

The handbook was developed within the framework of the Dragon-Star project by Steinbeis-Europa-Zentrum (SEZ). The target group of this handbook is European TBCs interested in getting embarked in international collaboration by establishing in China for the purpose of performing RTD activities there.

In the first section, some advantages, the general framework conditions and challenges of a technological cooperation and, eventually, establishing businesses in China are illustrated. The handbook highlights advantages and challenges and delivers some initial advices in order to be prepared for legal issues.

Secondly, an overview of case studies on support initiatives from the European Union, its Member States and last but not least from China is presented. Useful information on services, contact persons, available languages of services and their costs is provided.

In the final section, a set of practical recommendations to European TBCs is summarised: China embraces innovations and is open for them as never before. Nonetheless, RTD and innovation support initiatives and opportunities are always dependent on the current political framework. Indeed, the Chinese government is willing and actively pushing forward moving the country away from the manufacturing stigma towards a high-tech country. This context offers an interesting framework to European TBCs.

At the same time, it is always meaningful to keep a certain dose of prudence among this optimistic scenario. Thus, European TBCs are recommended to contact support service providers –well in advance- for their undertakings in China, to prepare and inform themselves on core issues such as legal formalities and, most importantly, on the subject of intellectual property rights.

In summary, whereas establishing and building up of a successful and sustainable business relationship with Chinese cooperation partners demands a fair amount of patience and time and it entails being confronted to challenges and obstacles, China is yet a highly attractive market for RTD activities.

1. Introduction: About this handbook

The biggest, the largest, the highest... the best for research and technological development? For a good reason the People's Republic of China is ranked in the upper parts of many statistics on economic figures, especially flying high above all other countries in its exports. The country is not only growing in quantities, it has also been increasing its qualities in many areas and sectors. Thus, China does not present itself anymore to us as the country of production and manufacturing. It is slowly shifting towards a location for technological research, development and innovation and pursuing the goal of becoming an innovation-driven nation of by 2020.¹ A motive for European businesses not only to produce, trade and invest, but also to perform research and develop new technologies in China? The answer is: Why not give it a try?

Reasons to do so are ample and the Chinese government is doing its best to provide adequate infrastructure. A growing number of research institutions, technology-based Chinese companies, universities and other often regional or local initiatives have been supporting these efforts especially since the past decade. By now, China offers a fairly considerable amount of high-tech zones, technology parks and joint labs open to international businesses for their own research, technology and development (RTD) activities and collaborations with their Chinese counterparts. Cities and regions have specialised on specific technologies, given the example of the Chinese cities Suzhou and Shenzhen for telecommunication or Chengdu and Changchun for automotive development and production. In such cities, the density of RTD collaboration is therefore much higher than in other cities in China. Last but not least, the Chinese government is committing efforts to generate spill-over effects of such infrastructure to the West and North-West of China, two huge regions which have been rather less interesting for foreign business investments until recently.

Next to such physical infrastructure, support services facilitating the settlement of innovative European companies in China, going far beyond information leaflets and market studies are also offered by now. These services of considerable value especially for companies, which are absolute newcomers to the Chinese market, are not always known to the target group and need more acknowledgement and visibility outside China. The typical obstacles and challenges of a start in China are therefore credited and faced by both national Chinese and European governments and incubators. To attract European and other Western technology-based companies (TBCs)² to take the advantage of implementing their research activities or technological development in China, for many cities and regions so-called "soft landing packages"³ are offered, providing support for the initial phase of stepping into the Chinese RTD and innovation cosmos.

¹ UNESCO (2010): UNESCO Science Report 2010

² Technology-based company (Definition): Refers in this handbook to European companies whose main business idea is based on developing, producing and selling their own technology and technology-related services. Within these companies, the technological research and development of their final products should be implemented by the company itself, at least to such an extent that RTD activities have a certain relevance to further economic decision-making processes (location, etc).

³ These soft-landing packages commonly include the provision of office space, translation and accounting services, establishment of professional contacts and information about local/regional business fairs and exhibitions or brokerage events. More details can be found in chapter 2.1 "Seizing the potential advantages".