

# European Service Innovation Centre

## *Peer Review in Emilia-Romagna*

### Policies on service innovation in the ICT sector – regional China experience



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**Motivations for Focus on regional China experience**

- 1) Growing importance of service innovation in China
- 2) National and regional policies driving service innovation
- 3) China as a market, partner and competitor for EU companies

Policies on service innovation in the ICT sector  
– regional China experience

**Content:**

- I. SPI in China**
- II. Service Innovation in China
- III. Regional Policy Examples

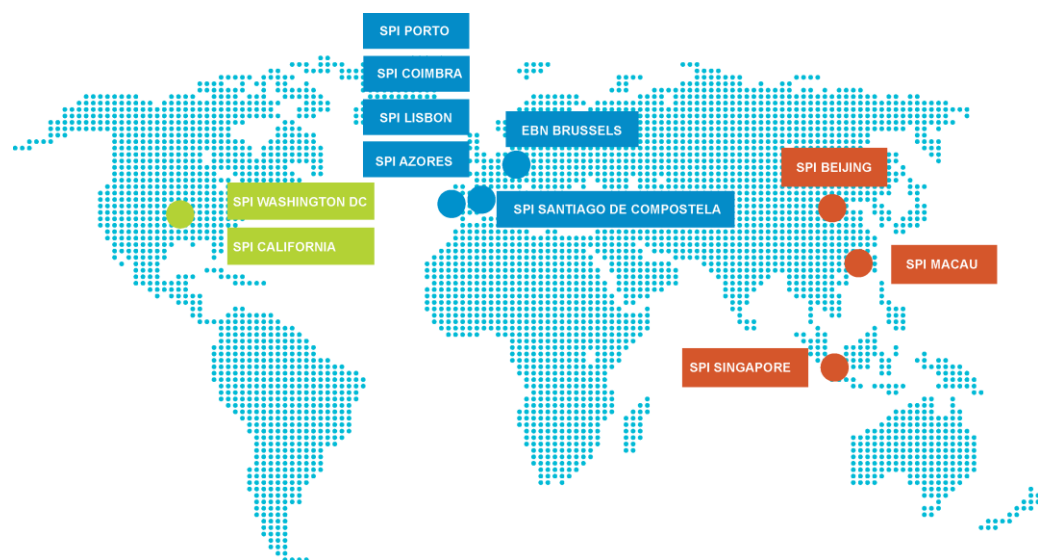
## Policies on service innovation in the ICT sector – regional China experience

### SPI | Global

SPI's mission is the management of projects which foster innovation and promote international opportunities; when appropriate, this mission will be accomplished through the creation of strategic partnerships.

[www.spieurope.eu](http://www.spieurope.eu)

SPI has a team of more than 60 consultants from different countries and scientific areas, capable to intervene in different points of the globe. SPI is present in **Europe, North and South America, Asia and Africa** through a number of offices, companies and established professional networks dedicated to **specific markets and clients with different needs.**



## Policies on service innovation in the ICT sector – regional China experience

### SPI | China

**SPI China** (since 1999) has as its mission the offering of high quality consulting services to establish or increase the effectiveness of international activities and improve the overall competitiveness of:

European companies  
that want to enter or  
sustain their  
presence in the  
Chinese market

Chinese companies  
that want to  
approach the US and  
the EU markets

Chinese government  
agencies and other  
organizations that  
want to develop their  
links with American  
and European  
counterparts

International donor  
organisations  
supporting Chinese  
development  
programs



[www.spi-china.cn](http://www.spi-china.cn)

## Policies on service innovation in the ICT sector – regional China experience

### SPI'S INNOVATION EXPERTISE IN CHINA (EC FUNDED PROJECTS)



Assess the evolution of the Science, Technology and Innovation (STI) performance of China and analyse its economic impact



Strengthening Chinese Collaboration on ICT R&D with Europe



Conduct research activities that result in new services to help Portuguese clusters to collaborate with Chinese clusters



Promoting and sustaining S&T research cooperation between the EU and China

**Support for International  
Cooperation on  
Innovation Policy**

Supporting the EC in developing international cooperation in the field of innovation policy (including China)



Supporting the EU access to Chinese research & innovation programmes

Policies on service innovation in the ICT sector  
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SPI'S KEY PARTNERS IN CHINA



**Chinese Academy  
of Science**



**Tsinghua  
University**



**Torch High Technology  
Industrial Development  
Center (Ministry of S&T)**



**Zhejiang University**



**Haidian Science  
Park**



**International  
Technology Transfer  
Network**



**China Academy of Telecom.  
Research (Ministry of  
Information Industry)**



**EU Project Innovation  
Centre (Chengdu)**



**International Technology  
Transfer Center, Tsinghua  
University**



**DPARK Foreign-related  
Economic, Innovative &  
Culture Park**



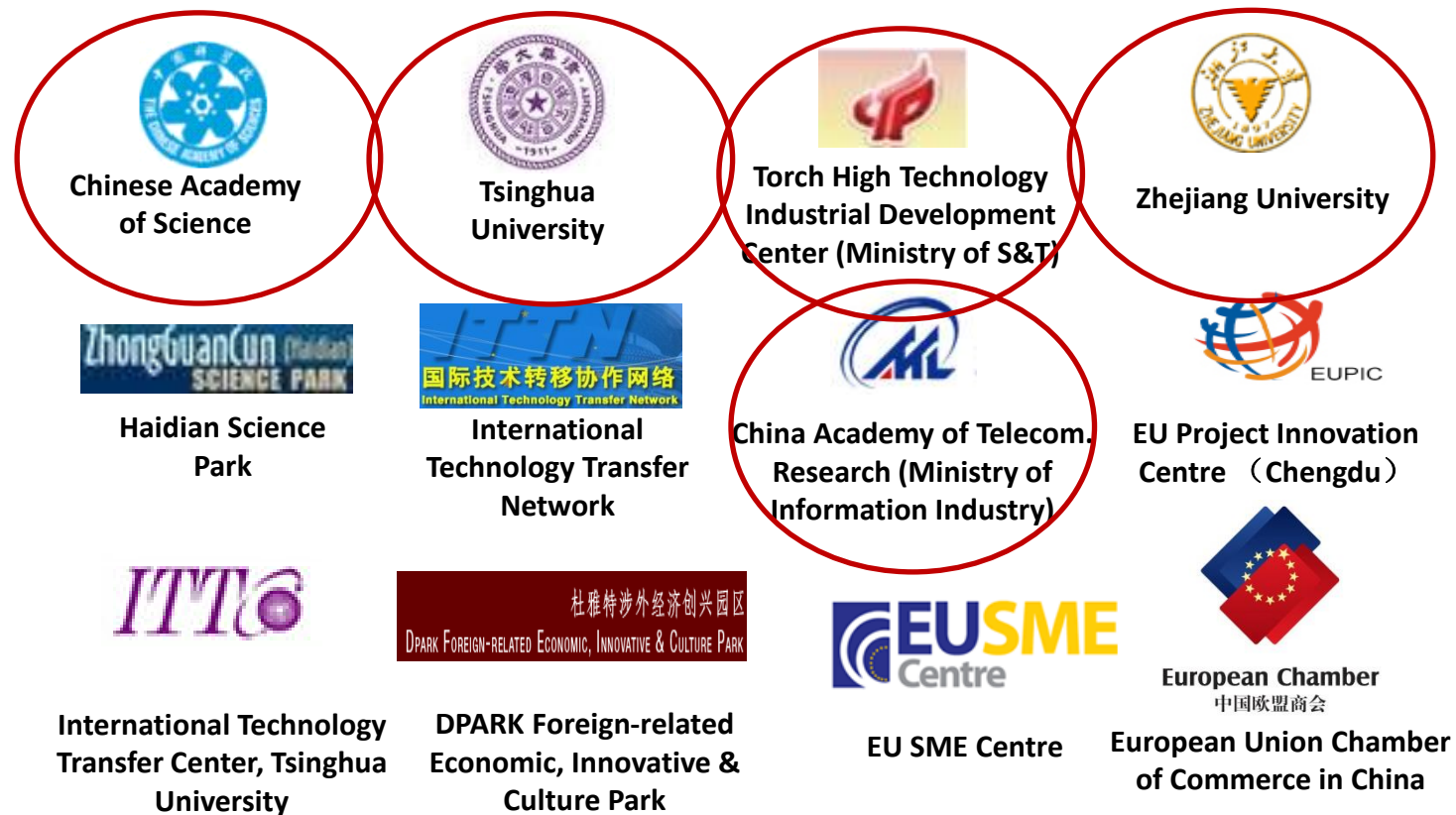
**EU SME Centre**



**European Chamber  
中国欧盟商会  
European Union Chamber  
of Commerce in China**

## Policies on service innovation in the ICT sector – regional China experience

### China: relevant actors in service innovation policy design and delivery



**+ others (Ministries agencies, Research Institutes, Universities, Intermediaries)**

Source: EPISIS, 2012 (adapted)



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## Increasing importance of service innovation



### Service Innovation Policy

- Support the development of the service sector
- Focus on non-technological innovation
- Concentration of efforts in service innovation promotion
- Investment in policy development in the area, at a national and regional level
- Accelerating the development of modern service industry

*Sources: EPISIS, 2012 (adapted);  
China National Report  
on Sustainable Development*

## Increasing importance of service innovation

### Service innovation policy – different stages of development

Well established service innovation policy that is developed systematically and as a continuous priority area

e.g. Finland and Germany

Well established service innovation policy but development goes back and forth in somewhat volatile manner -priorities keep changing

e.g. Netherlands and Norway

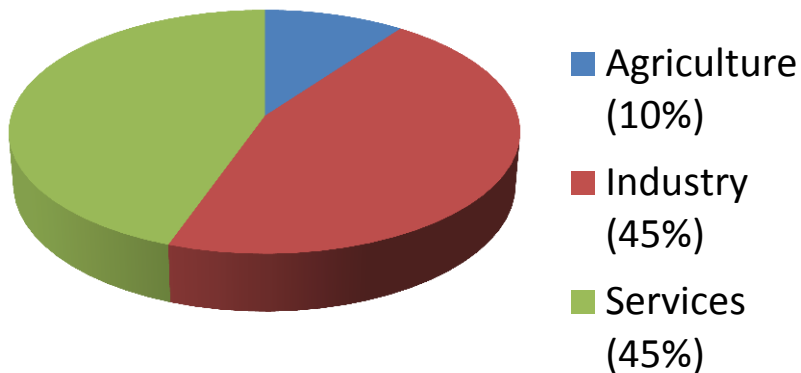
Building up their innovation system as a whole and service innovation is entering the policy agenda among other policy issues

e.g. China, Poland

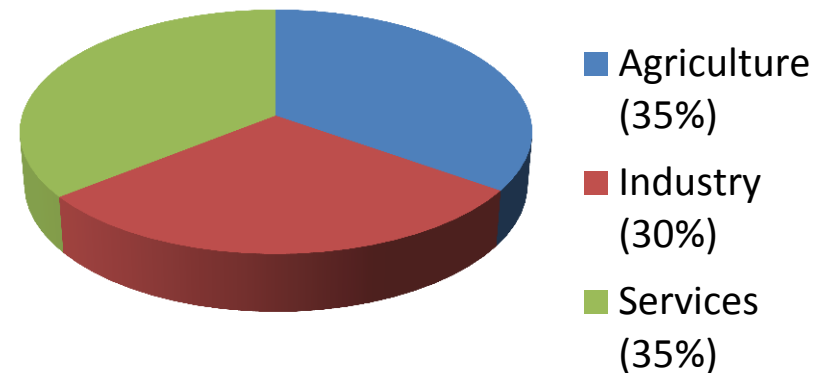
Source: EPISIS, 2012 (adapted)

## Importance of services in China

**GDP Composition (by sector of origin) – China, 2012**



**Labor force by occupation – China, 2011**



Source: CIA – The World Factbook, 2012

## Link between National and Regional Policies on Service Innovation

**China's 12th Five-Year Plan  
2011-2015**



Key Target for Economic Restructuring:  
Service sector value-added output to account  
for 47 percent of GDP, up 4 percentage points

**Part IV: Creating the environment necessary for extensive development in the services industry** (promote the extensive development of the services sector; favorable policy and institutional environment; improve the quality and scope of the services industry)

Accelerating the  
development of  
production services

Vigorously developing  
the life services industry

Creating a favorable  
environment for the  
services industry

*Source: China's 12th Five-Year Plan (2011-2015)*

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## Policies on service innovation in the ICT sector – regional China experience

### Regional Policy on Service Innovation

### EXAMPLES

Mix of regional  
policies that  
directly and  
indirectly  
address service  
innovation



## Regional Policy on Service Innovation

### Jiangsu Province

**Location:** Eastern coastal Province



**Economic Development:** Jiangsu has the highest GDP per capita of all Chinese provinces.

**Modern service industry:** Jiangsu has a innovation friendly environment in terms of regulation on finance, tax, and training. The service industry is being standardized, both at national and local level.

*Source: EPISIS, 2012 (adapted)*



## Regional Policy on Service Innovation

### Jiangsu Province

#### Guidelines by the local government

Key service industries: Financial service; Logistic service; S&T service; Software and information service; Outsourcing; Commercial service; Commercial trading; Tourism; Home service

New priority (technology sector): e-business, cloud computing, Internet of Things, Digital culture, Industrial design, Environmental service

- Promote innovation service organizations that support innovation in terms of technology, management and mechanisms;
- Promote the standardization and branding of service organizations.

*Source: Jiangsu provincial government office (2012)*

## Regional Policy on Service Innovation

### Jiangsu Province

#### "Ten-Hundred-Thousand" Plan

To support the development of modern services (2012-2015):

- To further support the development of 10 key industries
- To promote modern services through 100 important service projects
- To improve 100 service clusters
- To foster 100 innovation service leading companies
- To increase investment per year

## Regional Policy on Service Innovation

### Jiangsu Province

#### "Ten-Hundred-Thousand" Plan

##### Activities:

- Based on existing innovation programme
- Promote the development of service projects within the existing service industry
- Strengthen support given to service companies
- Priority to apply for funding given to service companies
- Investment in training and in attracting talent
- Funding support to innovation demonstration projects in the service sector

## Regional Policy on Service Innovation

Chengdu

**Location:** Sichuan Province, Southwest China



**Economy:** Relevant economic, transports and communication center in China. One of the first locations to invest in service and software outsourcing.

**Innovation:** Service-oriented and entrepreneur-friendly administration, innovative business environment, with favorable conditions for direct foreign investment. Priorities:

- 1) Focusing on investment attraction;
- 2) Enhancing allocation of intangible assets (technological and economic exchanges);
- 3) Encouraging bilateral economic exchange

## Regional Policy on Service Innovation

### Chengdu

#### Service innovation funding support

Funding support (angel investment, venture capital, direct subsidies, debt financing, patent subsidies) being provided to:

- High-tech companies and SMEs
- Service organizations engaged in research on the local industry cluster development
- R&D of strategic products (ICT, new energies, new materials, etc.)
- Qualified talents engaged in R&D activities
- R&D centers founded by foreign companies or universities in China
- Technology transfer deals

## Regional Policy on Service Innovation

### Chengdu

#### Example - Hong Kong and Macao (Chengdu) Modern Service Industry Park

- Chengdu was appointed as model city for the “Implementation of Agreement of the Closer Economic Partnership between China Mainland and Hong Kong and Macao” by the Ministry of Commerce in 2012. A Modern Service Industry Park will be built in Chengdu.
- The industry park will also focus on companies from Hong Kong and Macao providing commerce, finance and leisure services. Investment projects from Hong Kong and Macao are already in line.

*Source: Chengdu government  
(2013)*

## Policies on service innovation in the ICT sector – regional China experience

### Regional Policy on Service Innovation

**Qingdao**

**Location:** Shandong Province, Eastern China



**Economy & Development Priorities:** Advanced manufacturing industrial base, hi-tech industrial base, modern service industrial base, regional economic center.

**2009 |** First National Technological Innovation Project Pilot City

**2011 |** One of the 16 national model cities for Innovation Development of Modern Service Industry

## Regional Policy on Service Innovation

**Qingdao**

### Innovation Development of Modern Service Industry

**Service  
Economy  
(Priorities for  
development)**

**Modern service  
industry  
development**

Private economy  
development

International  
industry transfer

Brand economy  
development

Urban planning &  
construction  
admin.

System &  
mechanism reform



## Regional Policy on Service Innovation

### Qingdao

#### **Innovation Development of Modern Service Industry - Pilot Programme**

Future steps to further accelerate the development of the city's modern service industry:

- Foster the development of a number of leading enterprises and industrial clusters;
- Promote the development of small and medium sized modern service companies;
- Establish the necessary policy system, work system and industry system
- Improve the statistics and evaluation system.

Nine key industries: tourism, logistics, finance, conference & exhibition, commercial distribution, cultural creativity, intermediary service, real estate, science & technology and information.

Source: MOST, 2011

## Regional Policy on Service Innovation

### Qingdao

#### Example - Qingdao Leading Modern service enterprises 100

The modern service industry in Qingdao is developing fast with the implementation of policy incentives and industrial restructuring. In 2012, 100 leading modern service enterprises in Qingdao were selected and promoted as examples of success, in several sectors of activity:

- Science & Technology
- Information Technologies
- Finance
- Logistics
- Commercial distribution

*Source: Qingdao Leading Modern service enterprises 100, 2012*

## Policies on service innovation in the ICT sector – regional China experience

### Regional Policy on Service Innovation

Ningbo

**Location:** Zhejiang Province, Eastern China



**Economy:** Important port city south of Shanghai and a major exporter

#### Service Industry:

- Ningbo Science and Technology department → investment in training for qualified S&T staff, S&T service at the university; financial support from local government: project funding, tax relief; establishing an S&T service industry network platform
- Jiangdong (district of Ningbo) → putting efforts on developing a modern service industry (mainly S&T services) and promoting innovation in the industry.

## Regional Policy on Service Innovation

### Ningbo

#### Jiangdong (district of Ningbo) - Service Innovation measures

- Incentives for technology innovation to foster the development of modern service companies (tax deduction of the companies' R&D expenses, accelerated depreciation of R&D equipment, duty-free imports of high-tech products, etc.)
- Certification of leading innovation enterprises in the service industry
- Enhance the competitiveness of resident companies in applying for funding programmes (originated from central and local government)
- Promote the establishment of innovation teams in companies, district-level industrial alliances, S&T activities and events, industry-university research cooperation platform

## Regional Policy on Service Innovation

### Ningbo

#### Jiangdong (district of Ningbo) - Service Innovation measures (cont.)

- Strengthen the implementation of innovation policies (direction of R&D funds, allocation of S&T resources, incentives for entrepreneurial growth)
- Deepen reform of S&T projects management (improve funds management and award criteria)
- Focus on an innovation environment (improve the dynamic tracking service mechanism of S&T based SMEs' – through the establishment of a database of enterprise innovation abilities, service requirements and a district-level venture investment fund)
- Establish a long-term support system for the dynamic monitoring, forecasting and analysis of the development of company innovation.

## Regional Policy on Service Innovation

### Ningbo

#### **Example – Jiangdong Award for Scientific and Technological Progress (2013)**

- To encourage S&T research and innovation, Jiangdong District launched an award to the outstanding progress in S&T services, health care and electronic information fields.
- The award is divided to three classes. The bonuses for class 1, class 2 and class 3 are RMB 100,000, 50,000 and 20,000 respectively.

## Examples of policy addressing service innovation in the ICT sector – China experience

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