CalChamber Forum Gets Preview of Topics for U.S.-China Summit

China's quest to become a global science, technology and innovation leader was the subject of a June 3 international forum hosted by the California Chamber of Commerce and the California Council on Science and Technology.

Dr. Tai Ming Cheung, director of the Institute on Global Conflict and Cooperation (IGCC) at the University of California, San Diego, touched on many topics likely to be raised later in the week at the meeting between U.S. President Barack Obama and Chinese President Xi Jinping in Rancho Mirage, California.

This will be President Obama's first meeting with Xi Jinping since he became China's President. President Obama and President Xi will hold in-depth discussions on a wide range of bilateral, regional and global issues.

They will review progress and challenges in U.S.-China relations over the past four years and discuss ways to enhance cooperation, while constructively managing our differences, in the years ahead.

Dr. Tai Ming Cheung

China's Catch-Up Strategy

Addressing a group of nearly 50 California business leaders, Cheung explained that China's goal is to become a world leader in science, technology and innovation within the next 10–20 years. As a result, this may indicate a seismic shift in the global balance of power, he said.

In 2006, China created some guiding principles and a program to map its long-term science and technology development with an emphasis on "big science" projects—space, nuclear, dual use and manufacturing. Some of China's long-term goals are to:

- Raise its research and development spending to 2.5% of gross domestic product (GDP) by 2020 to be on par with Organisation for Economic Co-Operation and Development (OECD) members;
- Become a top-three science and technology power by 2020; and
- Become the No. 1 science and technology leader by 2050.

China has made some significant progress. In 1995, China's spending on research and development was 0.6% of its GDP. Just last year, in 2012, 1.97% of its GDP was spent on research and development.

In order to meet and exceed this aggressive timeline, however, China will need to change its innovation techniques and make strategic adjustments in its long-term plan.

"China's leaders and scientific elite regard possession of a state-of-the-art autonomous innovation capability as central in their endeavors to build a prosperous and powerful nation and they are investing heavily in bringing this vision to reality," Cheung explained.

He highlighted some mid-course adjustments to the Chinese science and technology plan.

The plan calls for China to:

- Emphasize the role of enterprises—boosting research and development capabilities. Restructure research and development systems, both research institutes and universities.
- Reform science and technology management systems. Tackling compartmentalization, improving evaluations; Improve governance of ethics and intellectual property rights.

Also, in February 2013, China unveiled the National Innovation Capability Building Program. This program will:

- Revamp the national engineer center, build engineering key labs, improve support for industrial technological innovation.
- Increase research and development outlays for large and mid-sized enterprises to 1.5% of revenue, found select groups of top research universities.
- Optimize distribution of regional innovation capabilities.

Innovation Prospects

Asked to sum up China's innovation prospects, Cheung said the country's fate is mixed. China's prospects for success, he said, depends on:

- Changing entrenched bureaucratic and corporate interests and fragmentation.
- If Chinese leadership has an appetite for real change.
- Whether the country can overcome its preference for a top-down, state-led approach. This is especially important in strategic areas.
- Encouraging more market-driven and consumer involvement to instigate innovation.

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