

Innovation, Commercialisation and Funding: the Chinese Model

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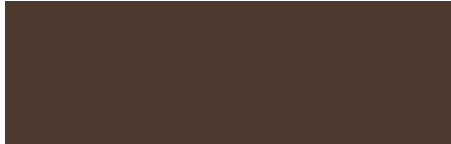
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Business Centre

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Dean of Queen's University
Management School





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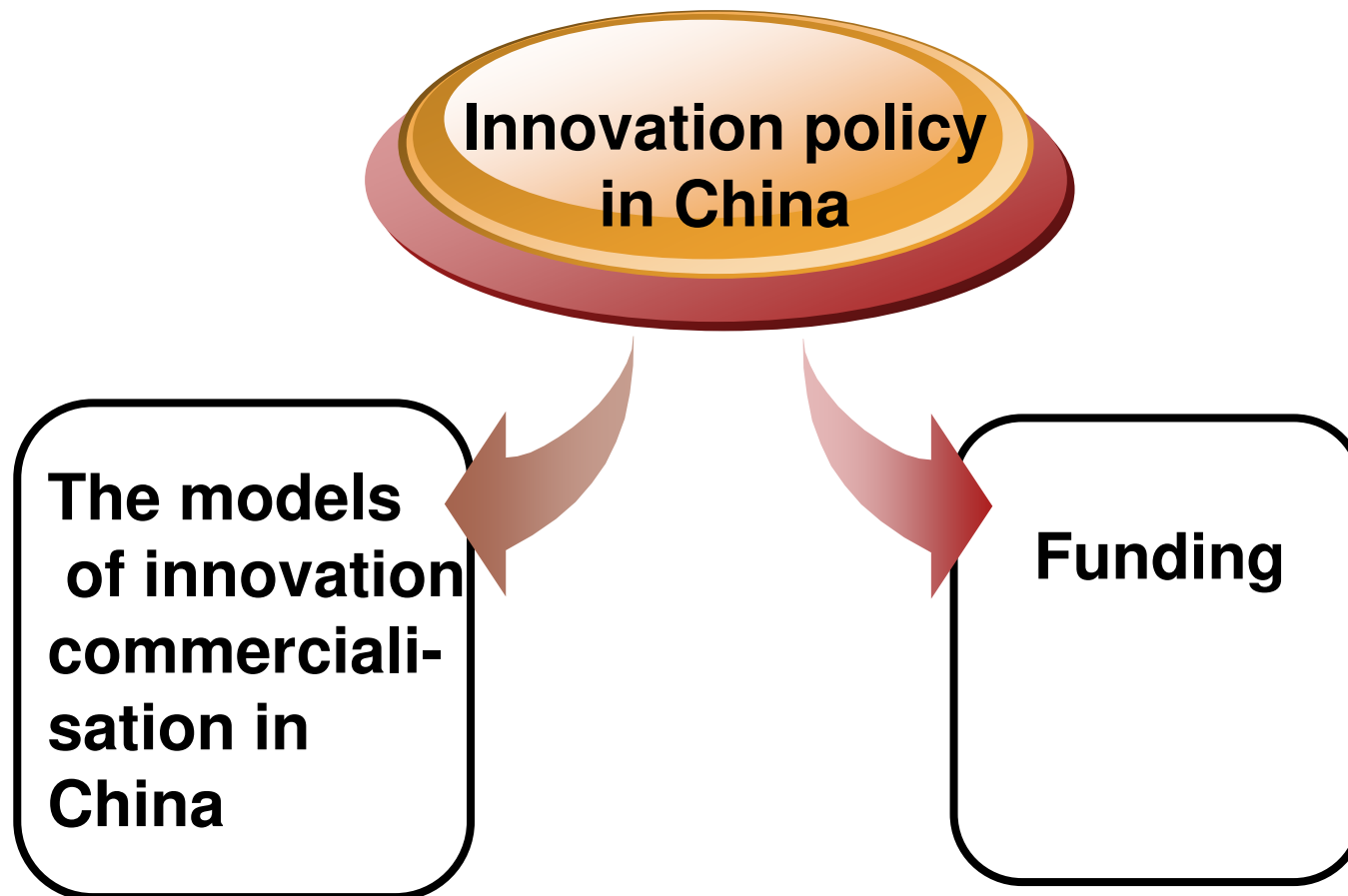
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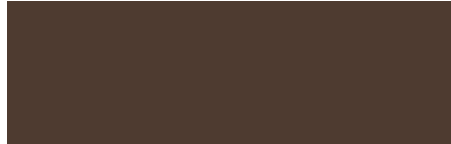
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Case Study



Introduction



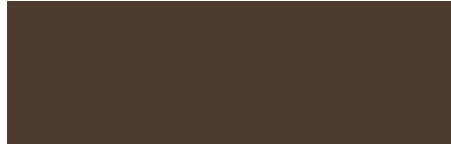


Future Innovation Policy Intent

'By the end of 2020...China will achieve more science and technological breakthroughs of great world influence, qualifying it to join the ranks of the world's most innovative countries'

President Hu Jintao 2006

Towards an 'innovation-orientated society'.. from 'imitation to independent innovation'...*zizhu chuangxin*



Science and Technology Programme: 2006-2020 strategic framework

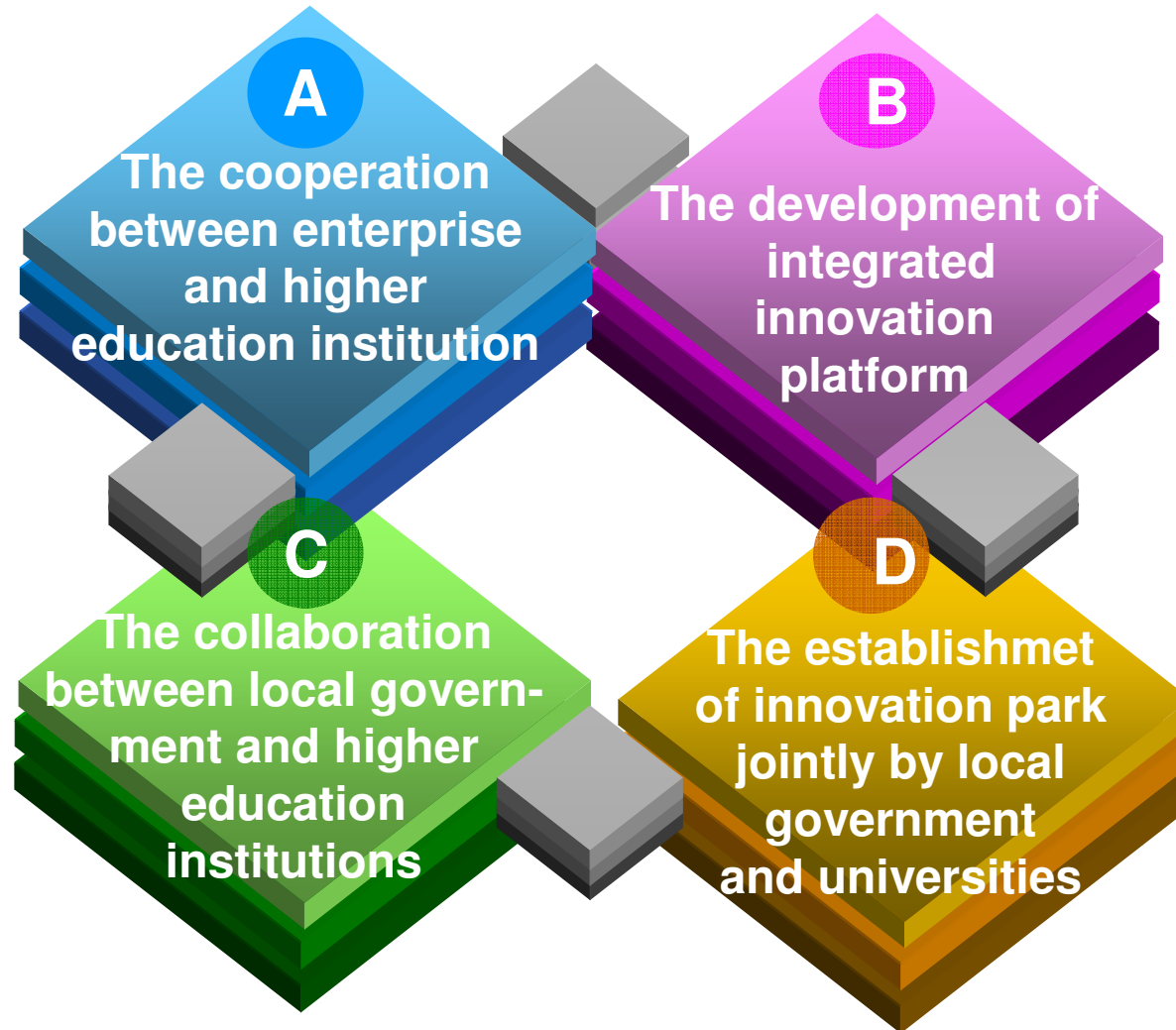
- ❖ Public funded R&D from \$25bn to \$113bn or 2.5%GDP
- ❖ Will exceed EU 27 total by 2010/11
- ❖ Institutional collaboration – national/local/private
- ❖ Focused on ‘cutting edge’ science and technology areas
- ❖ New banking policies for innovative start-ups
- ❖ Strategies for IPR and fundamental research



Science & Technology Programme: 2006-20 application focus

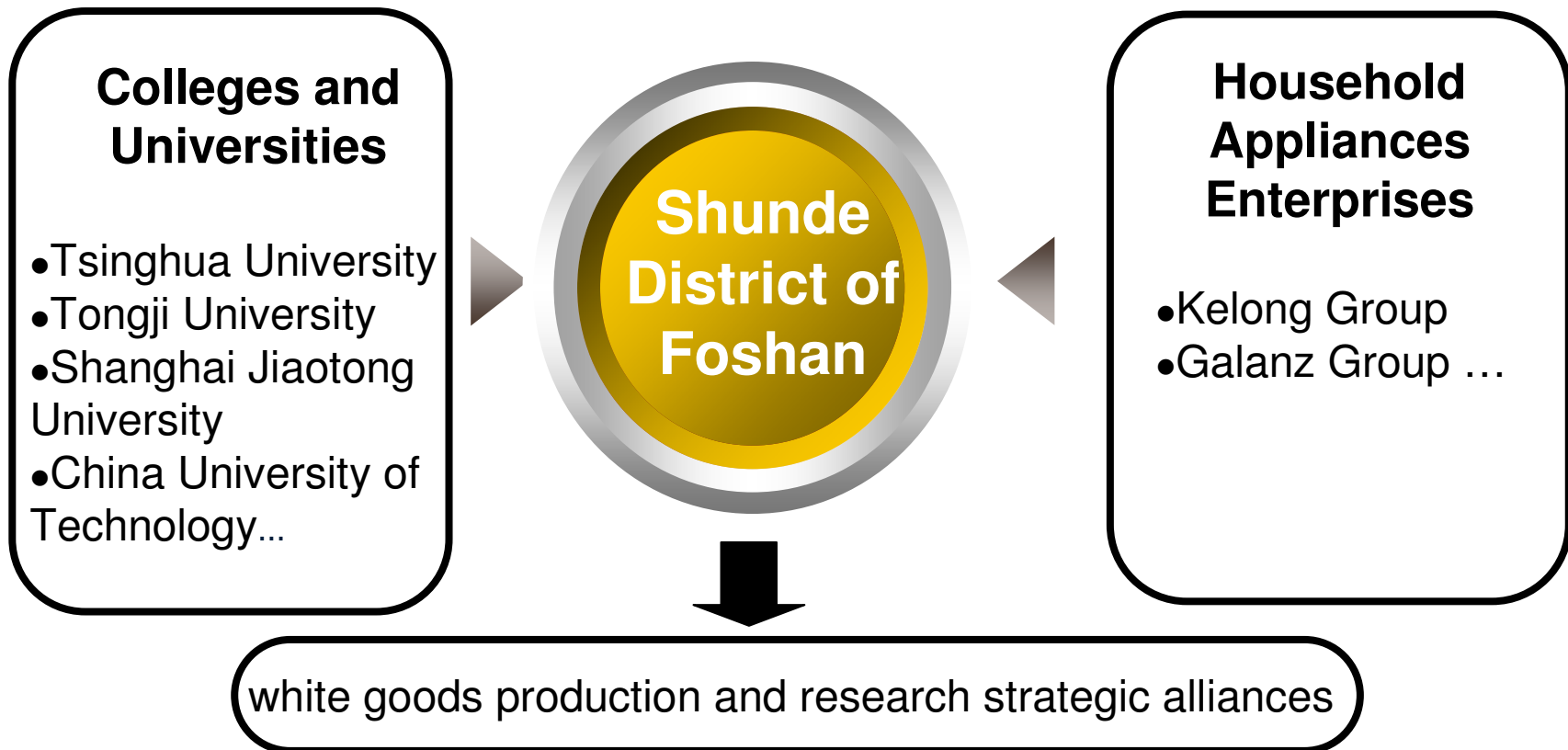
- ❖ 8 priority goals, 11 key areas –e.g. Agriculture, transportation
- ❖ 16 special research projects – e.g. core electronics; ICs; wideband mobile; manned flight; transgenics; etc
- ❖ 8 **leading edge technology** areas – biotech; IT; lasers; advanced manfc; energy; marine
- ❖ 8 **leading edge science** areas including – cognitive science; pure maths; earth systems science etc
- ❖ 4 new research programmes – proteins; nanoscience; growth & reproduction; quantum modulation

The Models of Innovation Commercialisation in China



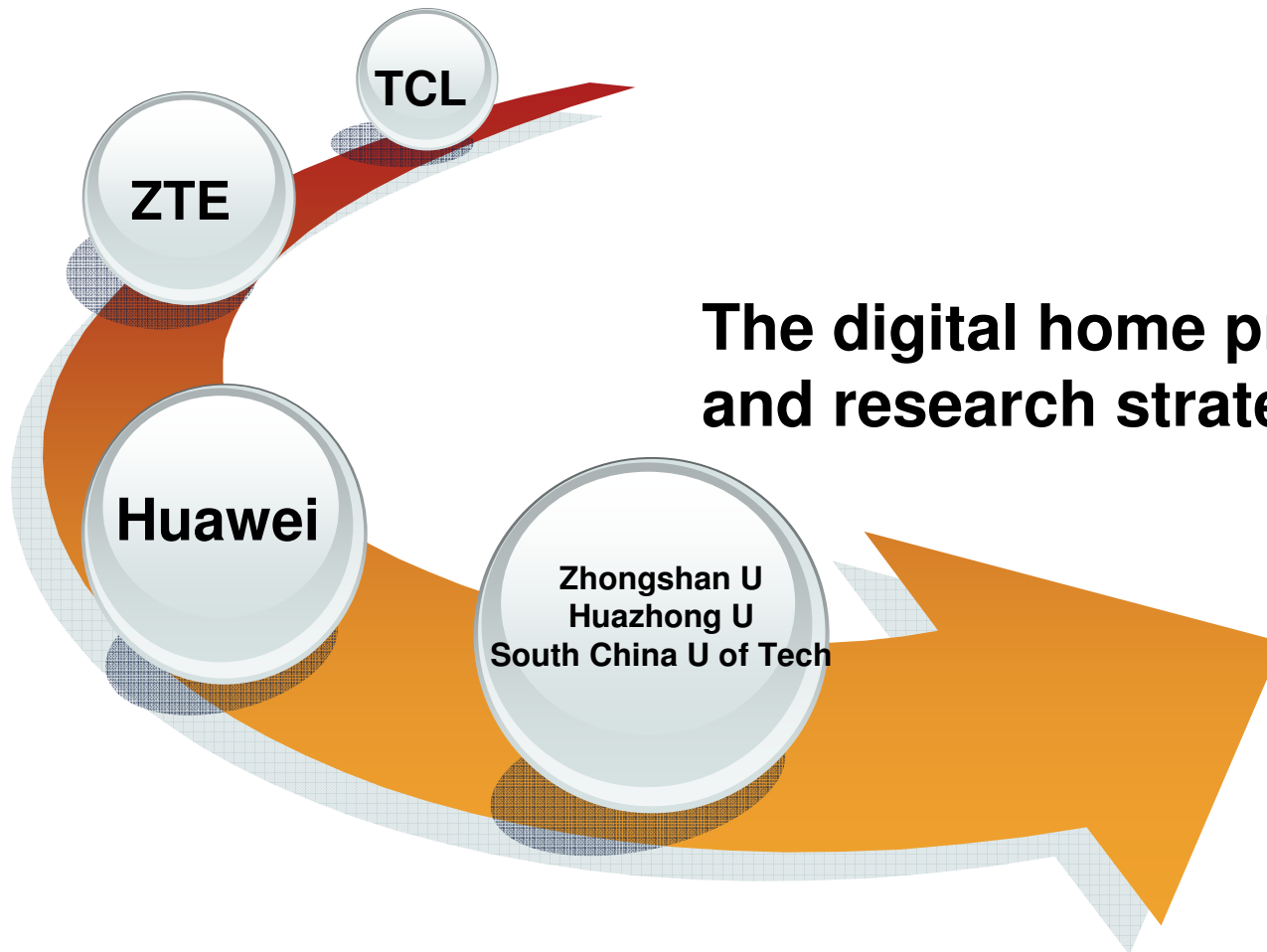


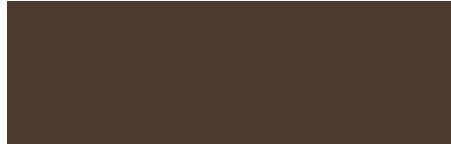
The Cooperation between Enterprise and Higher Education Institution





The Cooperation between Enterprise and Higher Education Institution





Integrated Innovation Platform

Electrical and Mechanical Industrial Technology Research Institute of Guangdong

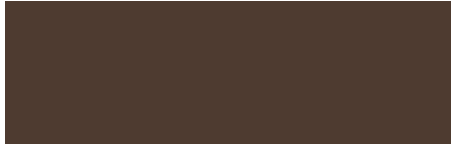
investment of 180 million yuan

Tianjin
University

Jiangmen
City

Other
Relevant
Units

Electrical and Mechanical Industrial Technology
Research Institute of Guangdong



Guangdong innovation and research institute



Industry Technology Research Institute
<http://www.gyyscut.com/>



The Collaboration between Local Government and Higher Education Institutions



Foshan City Government Departments are cooperating with more than 50 universities, research institutes



Universities have more than 100 local units to work with in Guangdong government

Bi-direction selection

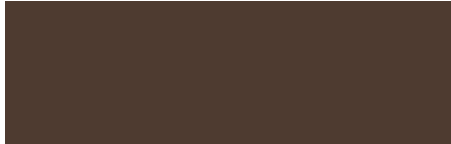
The Establishment of Innovation Park jointly by local government and universities

**Shenzhen
Virtual University Park**

<http://www.szvup.com>

**Chu Hai
University Park**





Funding

Government Funding

The Chinese government is trying to build specific foundation aiming to provide financial support to those innovation projects which have huge market potential. Besides, they offer attractive financial policy to those innovative enterprises, such as tax deducting, reimbursement and so on.



Communist Youth League Central Committee(CYL)

- ❖ YBC Scheme, Young Business China (In 2003).
(www.ybc.org.cn)
- ❖ This scheme aims to motivate the social resources, especially in industry, to provide funding, technology, network supports to business starters. With the influence from CYL, the scheme is very successful. Until 2009, YBC helped 877 projects, among them, the largest enterprise has over 800 employees.
- ❖ 30,000 RMB-50,000RMB for each project.



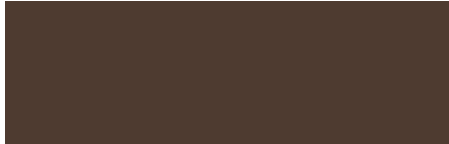
Ministry of Human Resource and Social Security

❖ **Business starter's Programme for overseas returned Chinese Scholar.** Issued on 21st Sept, 2009, announced to public on 29th of Oct, 2009

中国留学人员回国创业启动支持计划

❖ **Select the top returned scholars via the following criteria:**

- ❖ **1. The legal representative of the enterprise should have overseas experience. Usually a master degree or above.**
- ❖ **2. Self own IPR, strong innovation capability, and market potential.**
- ❖ **3. Familiar with the related areas and international rules, attained some management skills, candidates have overseas experience of starting business is preferred.**
- ❖ **4. The company should have been registered less than three years.**
- ❖ **5. The registered funding should be no less than 500,000 RMB(50,000 GBP). The owner who have overseas experience should have more than 50% share of the company.**
- ❖ **6. Legal representative should be honest and without criminal record.**



Procedure

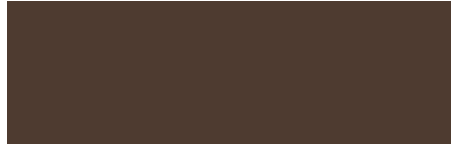
- ❖ 1. Application form from the ministry
- ❖ 2. Local government verify the application, the project, and then submit to the HR and Social Security Ministry
- ❖ 3. The Ministry organizes academics, venture capital companies, and senior management experts to review the applications
- ❖ 4. Then provide financial support for the outstanding projects

- ❖ The funding scale is 500,000RMB Maximum



National Development and Reform Commission

- ❖ Working with finance ministry, commerce ministry, NDRC issued a state council document in 2008(No.116)
- ❖ The establishment of Guiding funding for Business starter (ChuangYe TouZi YinDao ZiJin)
- ❖ Funding source: Local government's Financial department
- ❖ This document provides regulations for the government funding in China



National Development and Reform Commission

- ❖ On 30th of October, 2009
- ❖ NDRC working with 7 provinces in China to provide a funding in total of 9 Billion to encourage the innovative companies. But this is only the first round of this movement with only 20 funding branches
- ❖ Target: In next 3-5 years, they will increase the number of funding branches to about 200



- ❖ ----Note that, this scheme will be lead by the market, rather than government, and this never happened before to any governmental funding
- ❖ Benefit: On average, every investment area will have 10 million RMB budget, 900 companies will benefit. In 2-3 years, after the 200 funding branches are ready, 10,000 SMEs will benefit at least



Funding: Successful model of TEDA

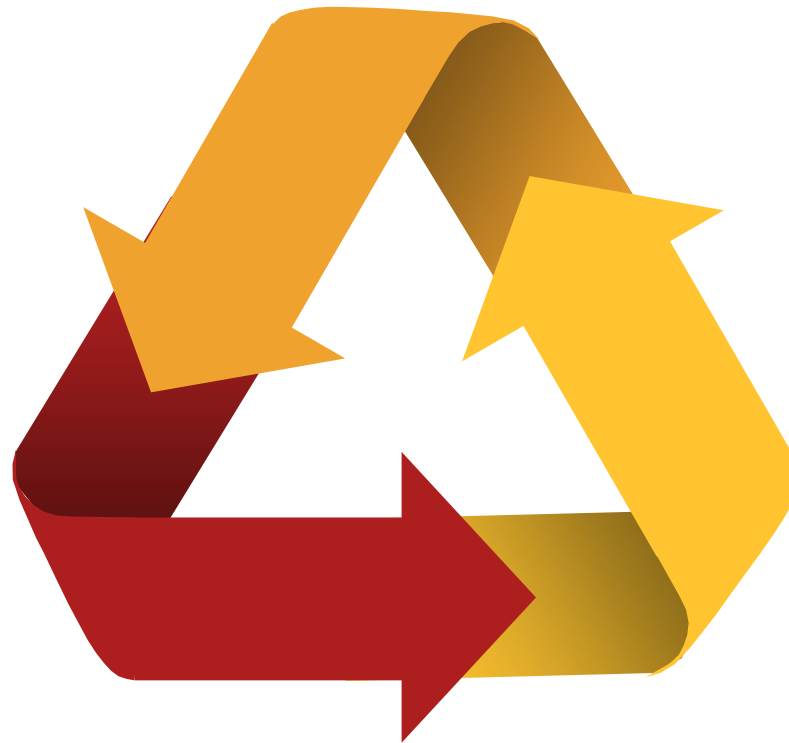


TEDA stands for Tianjin Economic-Technological Development Area which was established by the Tianjin Municipal Government in 1984 as one of the first 14 national development zones after the Reform and Opening-up policy had been carried out nationwide. With over 24 years of hard effort, TEDA has become one of the biggest and most successful economic zones in nowadays China.



Funding: Successful model of TEDA

One Foundation



Aggregation of
Resources

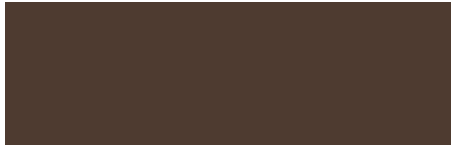
Five Platforms



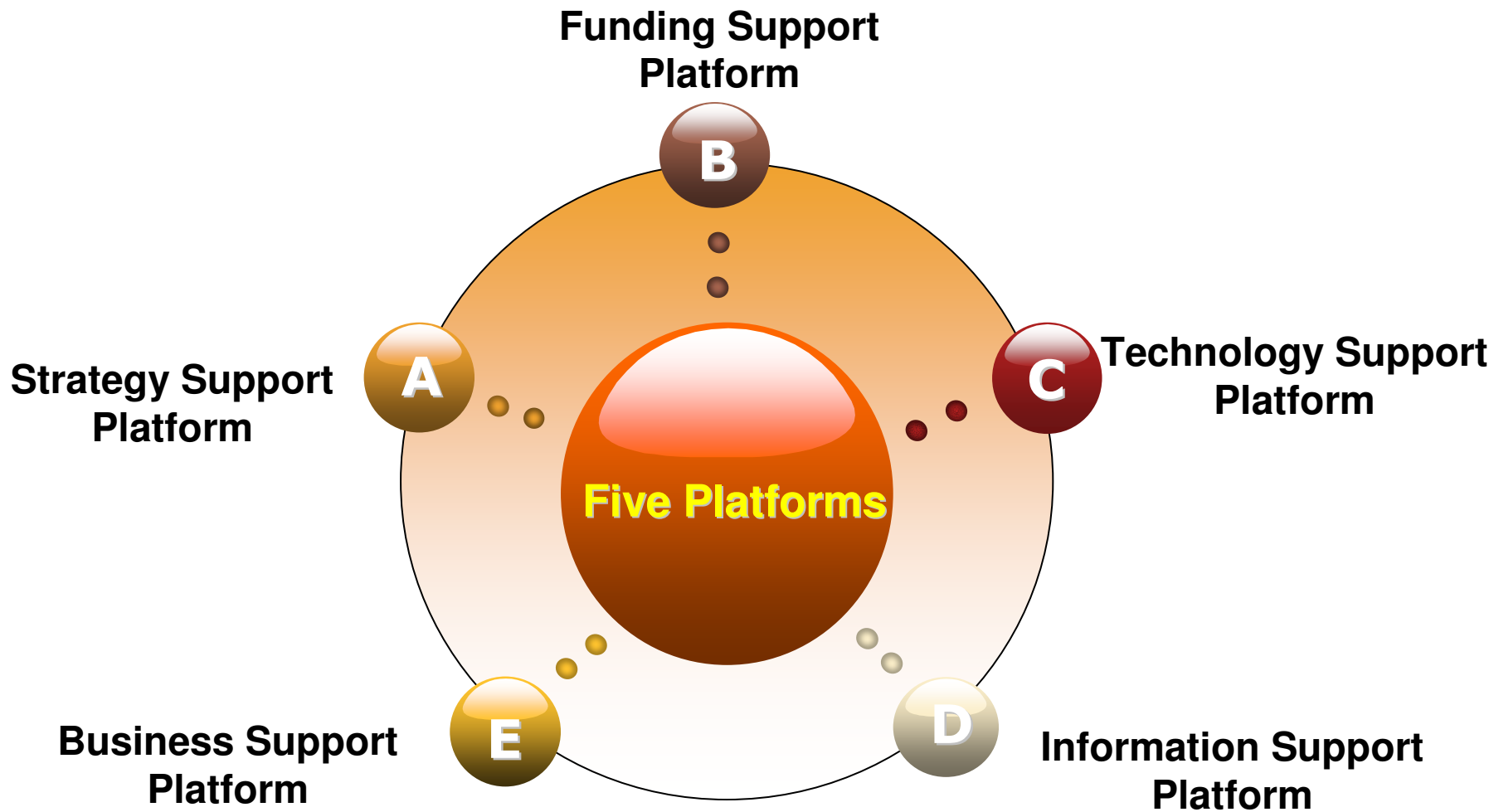
One Foundation of TEDA

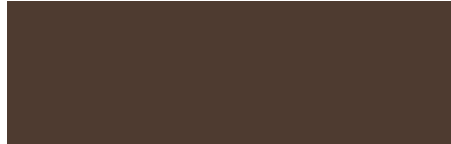


TEDA is a incubator site with complete furnishment and low rent to meet diverse needs of various technology companies.



Five Platforms of TEDA





Resources of TEDA

TEDA's Model

1. Human resources
2. Technology resources
3. Capital resources
4. Information resources
5. Market resources
6. Culture resources





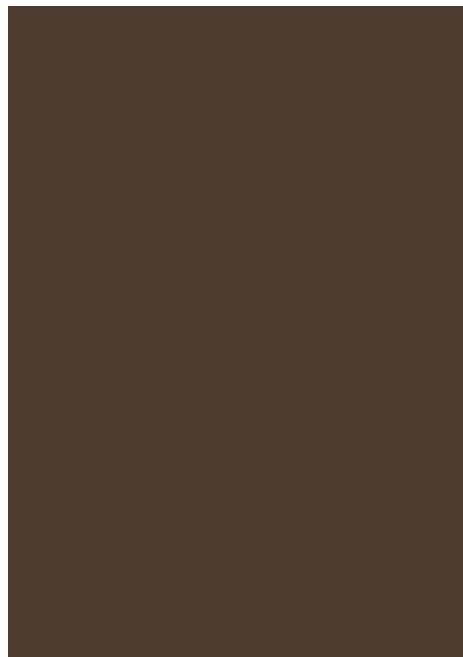
TEDA wants to go international





New Partnership platform





<http://www.cidauk.org> xyu2000@gmail.com

Thank You !

