

INNOVATION



ADOPTER

China

Fertile ground for innovative tech

Home to the world’s largest population and a rapidly developing tech market, China offers fertile testing grounds for innovative tech. But government rules have stunted some development.

One of China’s highest grades was in Human Capital, where it outpaced all but one other country — Japan — for the percentage of degrees awarded in STEM fields. Almost half of all Chinese graduates earned a diploma from a STEM program.

And as even more graduates earn science and engineering degrees, elsewhere in the country that talent is being put to using developing new tech. Baidu’s self-driving vehicle tech has already been tested on Beijing’s roads, thanks to an unsanctioned ride through the city’s streets by CEO Robin Li. Since then, Beijing regulators have loosened some rules on the growing industry.

The Beijing Municipal Transport Commission has said that, under specific conditions, certain roads will be open for self-driving vehicle testing. Companies must register for temporary permission to test their tech on the specified set of roadways, and a human driver must be behind the wheel to take over should something go wrong.

However, there are more severe restrictions in place for companies creating digital maps of Chinese roadways. Foreign companies are banned from developing the detailed maps necessary for a wider rollout of self-driving vehicles.

Sources: (Engadget) (The Drive) (Fortune)

WHAT DID WE DO RIGHT?

China’s corporate tax rate of 25 percent is on par with most other countries.

WHAT CAN WE DO BETTER NEXT YEAR?

China should lessen the burden of registration requirements for drone pilots, improve air quality and significantly expand personal and political freedoms, an area in which it fares worse than any other graded country.

Diversity	C
Freedom	F
Broadband	B-
Human Capital	B
Tax Friendliness	A-
R&D Investment	B+
Entrepreneurial Activity	B-
Drones	D
Ridesharing	B
Short-Term Rentals	B
Self-Driving Vehicles	C
Environment	D+



Entrepreneurial Activity

China has 161 unicorns — including Baidu and Alibaba — second only to the United States in the number of startups worth at least \$1 billion.



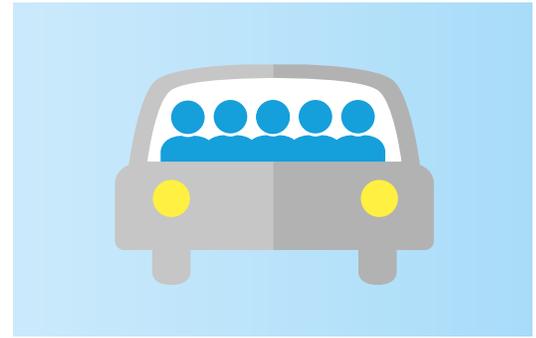
R&D Investment

Although China spent more than two percent of its GDP on R&D, this total is the lowest in the East Asian region in the Scorecard, below South Korea, Japan and Singapore.



Short-Term Rentals

Short-term rental services operate throughout the country, albeit with some burdensome local regulations.



Ridesharing

Ridesharing companies must obtain business certificates and service licenses for vehicles, and drivers are required to sign labor contracts in order to operate.

BEIJING

Self-driving vehicles have yet to hit roads in earnest worldwide, but many Beijing companies have plans to develop and field software for autonomous vehicles and capitalize on what could become a booming market.

China as a whole is more open to adopting self-driving vehicles than other countries. In a 2015 survey, 75 percent of Chinese said they would ride in a self-driving vehicle. The fact that the country is the world’s largest car market, combined with the Chinese authorities’ easing of SDV testing and deployment, the situation is ripe for new technological advances.

The Beijing-based company Baidu began devoting resources to self-driving vehicles in 2013, and the company has plans to work with a state-controlled automotive group to field a partially autonomous bus in a limited setting as early as 2018.

Other Beijing organizations are making strides in the industry as well. Momenta, which develops software to address issues like mapping or a car’s ability to identify other objects, received investment funds from Mercedes—Benz parent company Daimler AG, which is making its own push toward autonomous vehicles.

Sources: (The Economist) (TechCrunch) (Forbes)

Self-driving vehicles are the focus of many Beijing companies looking to capitalize on what could become a booming market for autonomous transport. Beijing-based Baidu has devoted considerable resources to the sector and has plans to work with a state-controlled auto group to roll out a partially autonomous bus as early as 2018.

