

**China, a nation that uses Israel as a road to become an innovative nation**

**~Preventing Japanese companies from losing to Chinese companies in technology~**

*Beginning the journey*







































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# Not only Europe and the United States, but also Korea, China, India, and Russia collaborate with Israel at the policy level for building enhanced innovation capabilities

## Innovation-Policy Areas for Collaboration with Israel by Country

	 US	 UK	 France	 Germany	 South Korea	 China	 India	 Russia	 Japan
Material/chemical technology, energy									
Optronics, photonics								<div style="border: 1px dashed blue; padding: 5px;">                     Collaborative research conducted only in the area of "neural and mental diseases caused by aging"                 </div>	
Life science, biotechnology									
Computer science, advanced technology									
Environment, water, agriculture									

# China implementing the national strategy that sets a goal to become “Innovation-oriented Nation” by 2020 ahead of schedule

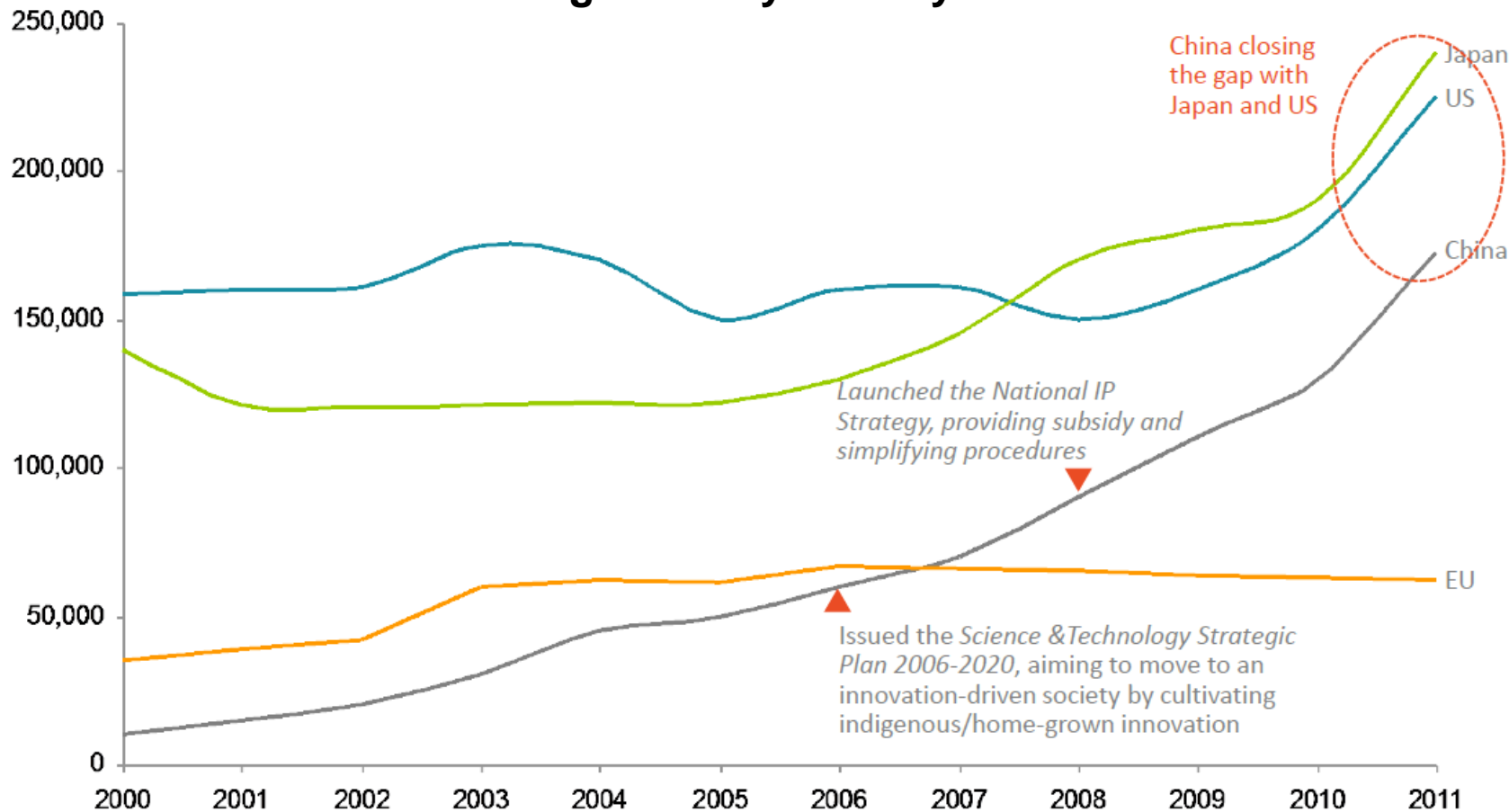
## Policy Background of China’s “Innovation-oriented Nation Concept”

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- 2006/1 ■ **Hu Jintao first advocated the concept of China becoming “Innovation-oriented Nation” at “National Congress of Science Technology”**
  - 2006/11 ■ **issued a long-term goal to become “Innovation-oriented Nation” by 2020** in “National Mid- and long-term Science and Technology Development Plan (2006-2020)”
    - ✓ acquire world’s top-level technology skills in manufacturing, IT, and agricultural industries and world’s advanced technology skills in information, biotechnology, material, and energy-saving by 2020
    - ✓ achieve over 60% of economic contribution by developed national technology with less than 30% of dependence on foreign technology, as well as rank as world’s top 5 in terms of the number of patents and research article citation
  - 2007/10 ■ Set forth the goal of becoming “Innovation-oriented Nation” as the core of the national strategy in the report of the 17th National Congress of the Communist Party of China
  - 2010/10 ■ State Council: Announced a decision on development and promotion of strategically-specified emerging industries
  - 2011/11 ■ **issued Twelfth Five-year Plan for Industrial Technology Innovation and there set the midterm goal to be achieved by 2015**
    - ✓ As the midterm goal, China realizes a dramatic innovation in technologies in major industrial areas, acquire core and key technology with holding intellectual property rights, and develop world’s top-level technologies in some industries
  - 2012/7 ■ State Council: Announced “Opinion on Promotion of Science Technology System Restructuring and Construction of National Innovation System” and “Instructive Guidance on Promotion of Company Technology Improvement” and started implementing policies to support enterprises’ technology innovation

**Part of the goal being implemented ahead of schedule**

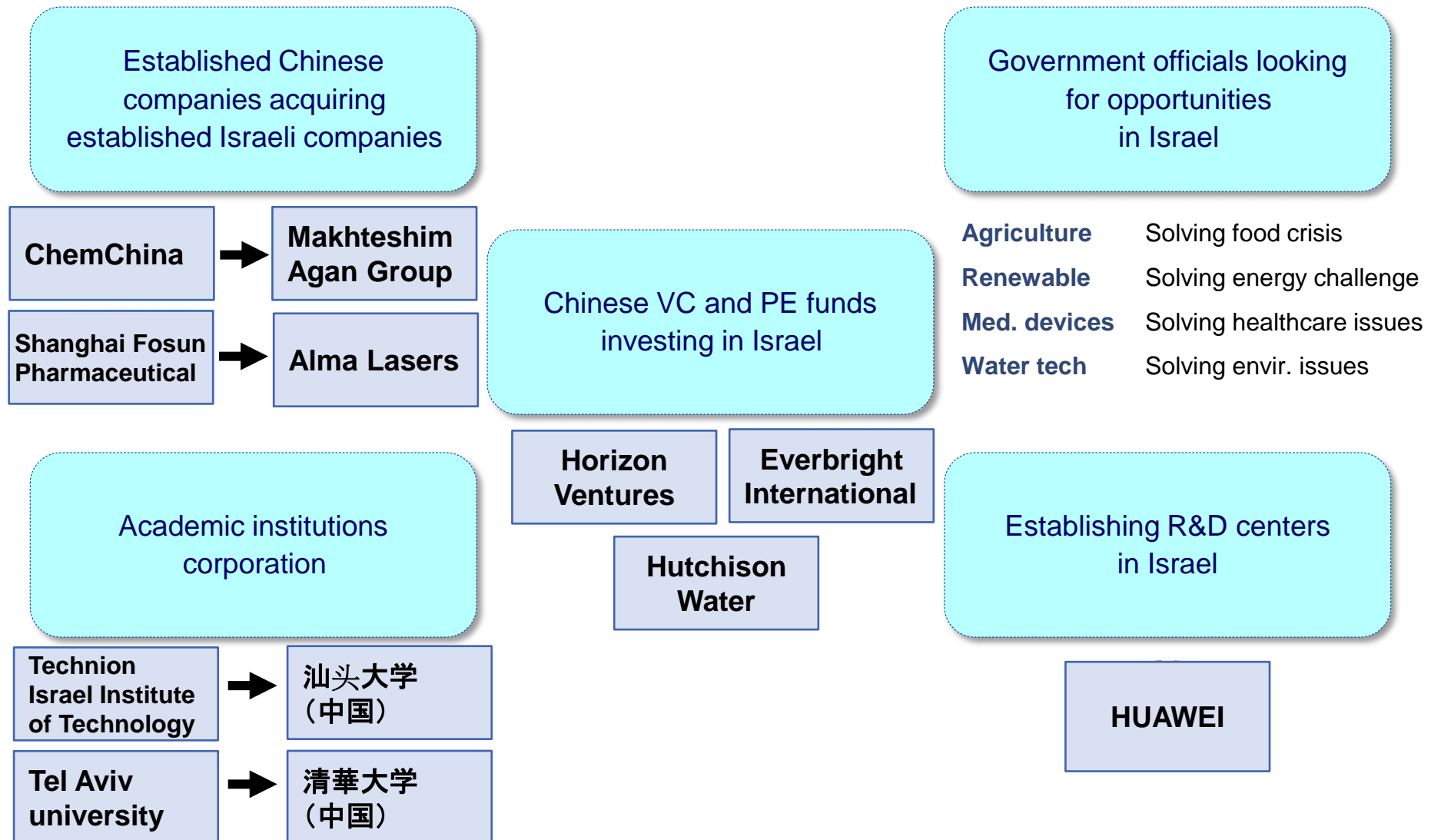
# China hopes to become an innovation hub and so is enhancing the search for innovation outside mainland

## Patent “grants” by country 2000-2011



**Note: China has been the world No.1 in Patent “Applications” since 2011**

# 5 types of cooperation models between China and Israel



## Recent Chinese Companies Activities in Israel

Type of Activity	Multinational	Israeli Company	Segment	Company Description	Date	Sum (\$M)
Acquisition	Shanghai Fosun Pharmaceutical	Alma Lasers	Medical	Develops light-based, radiofrequency and ultrasound products for aesthetic and medical applications	2013	240
Plans to invest	China Everbright Ltd (state-owned fund)	-	High-Tech	Plans to invest in Israel's technology sector	2013	100-200
Preliminary acquisition talks	Bright Food	Tnuva	Agriculture	Largest food manufacturer and distributor in Israel	2013	n/a
Acquisition	Hutchison Water	Kinrot Ventures	Water	Venture capital firm and technology incubator for water technologies	2012	
Acquisition	ChemChina	Makhteshim Agan Group	Agriculture	Pesticide company	2011	2,400
R&D Center	Huawei	Toga networks	Telecommunication	-	2010	n/a
Acquisition	Shenzhen Yifang Digital Technology	Pegasus Technologies	High-Tech	Leading provider of innovative digital pen technologies and solutions	2010	37

**In 2013 China will be No. 1 in terms of the number of joint ventures with Israeli companies in programs run by the Chief Scientist's Office**

# Leading Chinese businessman, Li Ka-Shing, latest activity in the Israeli High-Tech sector

## Funding Academic Venture

- Donated \$130M to the Technion-Israel Institute of Technology to set up an academic joint venture with China's Shantou University

**Bloomberg News**  
**Billionaire Li Ka-Shing to Fund Israel-China Academic Venture**  
By Shoshanna Solomon | September 29, 2013

Li Ka-shing, Asia's richest man, has donated \$130 million to the Technion-Israel Institute of Technology to set up an academic joint venture with China's Shantou University.

The donation by the Li Ka-shing Foundation seeks to strengthen the Technion's Haifa campus and enable it to set up the Technion Guangdong Institute of Technology, which will start offering undergraduate programs in civil and environmental engineering and computer sciences in 2014, according to an e-mailed statement issued by the foundation and the Technion today.

The institute will also include an innovation center, to enable Israeli technology companies to set up research and development activities in China and to promote joint research, according to the statement. Israel, which got the nickname "startup nation" in the eponymous 2009 book, is ranked second in the world for availability of quality scientists and engineers and has more startups per capita than any country, according to data published by Israel's Ministry of Trade and Commerce.

Source: Bloomberg News, The Marker

## Horizon Ventures

- Horizons Ventures, controlled by Hong Kong investor Li Ka Shing, heavily invests in Israeli start-ups

<Sampled investments>

**everything.me**

Invested \$3.5M in 2010

**cortica**

Invested in 2011

**magisto**

Invested \$5.5M in 2011

**waze**

Invested \$30M in 2011

**WIBBITZ**

Invested \$2.3M in 2012

**Hola!**

Invested \$10M in 2012

**kaiima**

Invested \$65M in 2013



# Tel Aviv University and Tsinghua University in China sign collaboration agreement

## Institutions intend to establish joint research center named “XIN” to serve as an international hub for sci-tech innovation in China

JPost.com > National News

### Tel Aviv University and Tsinghua University in China sign collaboration agreement

By DANIELLE ZIRI 09/15/2013 18:03

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**Institutions intend to establish joint research center named XIN to serve as an international hub for sci-tech innovation.**



TAU president Prof Klafter and Tsinghua University president Prof Jining. Photo: Courtesy- Tel Aviv University

Tel Aviv University and Tsinghua University in Beijing signed a memorandum of understanding for “strategic cooperation in innovative research and education for the mutual benefit of both nations.”

The schools intend to establish a joint research center to serve as an international hub for scientific and technical innovation, according to the memorandum, which was signed in Beijing in the presence of the universities’ presidents, Ambassador to China Matan Vilna’i and leaders of the Israeli business community in Beijing.

The XIN center will aim to “advance interdisciplinary research, provide optimal conditions for creativity, and promote activity in fields that can truly impact society in both countries and the entire world,” and will include input from academia and industry representatives. It will be at Tsinghua University, but research will also be conducted at Tel Aviv University.

The universities said they would recruit “the best minds” in Israel, China and the rest of the world to work at the center, which will initially focus on fields that enjoy accelerated development in both Israel and in China, such as nanotechnology, but in time will expand to other fields of


### Tel Aviv University and Tsinghua University in China Team Up

By Tel Aviv University | September 16 2013

Professor Joseph Klafter, President of [Tel Aviv University](#), and Professor Chen Jining, President of Tsinghua University, signed a memorandum of understanding (MOU) in Beijing, China, last week, in the presence of Israel Ambassador to China Matan Vilnai, Chief Scientist of the Israeli Ministry of Economy Avi Hasson and leaders of the Israeli business community in Beijing.

Under the MOU, Tel Aviv University and Tsinghua University will pursue strategic cooperation in innovative research and teaching. The two universities intend to co-establish a unique joint center, named the XIN Center, as an international hub for scientific and technical innovation. XIN (“new” in Chinese) will advance interdisciplinary research, provide optimal conditions for creativity, and promote activity in fields that can truly impact society in both countries and the entire world.

The research center will initially focus on fields which enjoy accelerated development both in Israel and in China such as nanotechnology, but in time it will expand to other fields of science. The Center will also aspire toward combining forces with the high-tech industry.




Thermo Scientific

In the framework of the XIN project, an investment fund will be established to seed ventures initiated by XIN Fellows. The fund of 100 million yuan (about \$16 million) will be set up by Infinity Group. Investors in the fund will include the Beijing government and alumni of Tsinghua University.

**When excellence meets innovation**

The XIN Center will aim to recruit the finest researchers and students in the two countries as well as from the rest of world. It will encourage innovation among students by giving them optimal conditions to create, develop and leverage their ideas in various areas of technology and science. The researchers will serve as instructors and mentors to the research students, and help them develop promising projects.

Prof. Klafter noted that this is an exceptionally important agreement, opening new horizons for Israel and Israeli society. According to Prof. Klafter, the establishment of the XIN Center is evidence of the considerable esteem in which the Chinese hold Israeli innovation and the high academic standards of Tel Aviv University.



Professor Joseph Klafter, President of Tel Aviv University, and Professor Chen Jining, President of Tsinghua University, signed a memorandum of understanding (MOU) in Beijing, China, last week. Photo courtesy of Tel Aviv University



# Agendas to be considered by Japanese companies and government

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## Rapid transformation of Chinese companies

- Backed by the government-led initiative, that uses Israel as leverage, Chinese companies have a high potential to rapidly achieve their transformation into innovative companies by leaving behind their technology-copying nature
- In addition, by making a good use of its capabilities and actual performance to solve social problems, China is likely to sweep the emerging markets such as Africa not only by its affluent funds and manpower but also by newly-acquired advanced technologies

**Japanese companies may not longer be able to hold competitive advantages in technology skills against China**

## Key messages for Japanese companies and government

- Japanese companies should reinforce their R&D systems by making a good use of capabilities of Israeli people living in Israel who generally hold innovative mind and skills
- Japanese government should accelerate Japanese companies' investment in Israel by strategically separating political diplomacy and economic policies and concluding a policy package that promotes Japanese economy to acquire Israeli innovation capabilities

**Japan needs to get its innovation capabilities back to higher level by collaborating with Israel as a source of continued accumulation of knowledge**



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