

# China vs. the world: whose technology is it?

Technology



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China vs. The world: Whose technology is it? Executive summary China, the country with incredible fast-growing speed of development, now is becoming more attractive to Western investing companies than ever. China governments know that and they try to take advantage over that point by forcing the multinational companies to share technology in the exchange of future investing opportunities. This strategy has created a lot of argument and discontent between China government and foreign companies. China government recognized the importance of technologies and investment in R&D in the processing of becoming the world's top five economies.

They developed three-pronged plans to solve this problem, mainly by investing in certain industries, by learning and generating economics scale, and by receiving technologies from foreign partners. Chinese government also know that it is possible to lose their foreign partners' investment to other emerging countries while they still depend much on technology of Western and developed countries( Japan, Korea). Many strategies are processed by government to limit the control of the foreign companies over the domestic market and to support their own players.

For instance, multinational companies only could hold 49% of the equity stake of new company or 70% of each system had to be locally. In the software industries, government decreases tax for domestic companies, they require the foreign software has to disclose their source and requires the software version for China. Local banks even give loans with below-market rate to domestic companies. However some certain industries of China are still unable to compete with strong and competitive foreign companies. The

conflicts between China and the U. S. have been raised due to China's policies.

The author mentioned that the main reason is because of the basic difference of policy and culture: China focuses on saving for future and U. S. cares about current consumptions. However in the bright side both of them are pragmatic, operate at the top and both of them want to enhance the trade flow between two countries. Among the interaction between China and the U. S. the multinational companies have to find their own ways to adjust and overcome that tension. For most foreign companies that want to succeed in China market, teaming up the Chinese executive and making themselves indispensable to the Chinese government is essential.

Once they have something that China wants and no one else has, they are able to win the bargain with Chinese government. However it is rare exception, mostly they are still learning to protect their intellectual property in China. Personal arguments The article brought up the very interesting topic of China and its role in global economy in the 21st century. It helps us to understand how China government is heading for and how they use their policies to fight in the global market.

If China succeeds in these policies to promote the high-technology, we would likely to see a boom technological boom in some years since the market became more competitive, both China and developed countries would be pressed to gain new innovation with faster speed or else they would be able to lose the market share to their competitors. After all, the one who get benefits most is consumers because now we can easily purchase high-tech

products with affordable price, it changed the high-tech products from niche product to become mass product.

Besides, it looks like Chinese government is trying to learn the lesson from Japan in the past. After the post-war, Japan was successful in buying technology from the west. It started developing high-tech products and production facilities. Lastly, from China's point of view, China's current policy is very helpful to meet the urgent requirement of development. However for the long-term, Chinese government need to gain their own resource of technology and innovation. Otherwise in some situation they will lose in bargaining with their foreign partners because they can always shift to other emerging countries.