

China's Innovation Ecosystem at a Crossroads: Innova Research Reveals Surging Multinational Departures

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/EINPresswire.com/ -- [Innova Research](#),

a renowned leader in market research and technology scouting services, recently unveiled a comprehensive report on China's innovation ecosystem. The report highlights a

growing trend of multinational companies (MNCs) exiting or scaling back their operations in China, particularly in emerging technology sectors such as artificial intelligence (AI), internet and cloud computing, semiconductors, electronics, pharmaceuticals, and medical devices.



The report defines "outflow" as instances in which an MNC closes its Chinese R&D centers or manufacturing facilities, implements major layoffs of local R&D teams or other Chinese employees, or shuts down its Chinese operations entirely. According to the data, there were over 16 recorded outflow cases in 2024, compared to 13 in 2023, 4 in 2022, 9 in 2021, and 6 in 2020.

In response to this trend, the Chinese government has introduced measures to retain foreign-funded R&D centers. For instance, the Shanghai municipal government launched the "Shanghai Foreign-Funded R&D Center Improvement Plan" in February 2024. The plan emphasizes the critical role of foreign-funded R&D centers in the local economy and outlines nine key initiatives to support their operations. These include facilitating access to government R&D funding, promoting collaboration with Chinese research partners, strengthening intellectual property protections, and enabling smoother cross-border data exchange.

Dr. Nancy Wu, research director at Innova Research, commented on the findings: "The report underscores the complex dynamics shaping China's innovation ecosystem and the challenges faced by both MNCs and policymakers in navigating this evolving environment. The accelerating outflow of MNCs from China is largely driven by a combination of political and economic factors. While the Chinese government is taking steps to mitigate this trend, these measures are unlikely to significantly slow the outflow in the near future, given the persistent challenges in the global landscape."

About Innova Research:

Innova Research is a leading market research and consulting firm specializing in emerging technologies. With a keen focus on advanced materials, renewable energy and environmental technologies, advanced electronics, industry internet and robotics, energy storage, and more, Innova Research provides valuable market intelligence reports, technology scouting, and consulting services. With a team of industry experts and a commitment to delivering cutting-edge insights, Innova Research empowers marketing & strategy, corporate VC, corporate R&D, and other clients to make informed decisions and thrive in the rapidly changing technology landscape, by leveraging primary research and in-depth analysis. Visit www.innovaresearchinc.com for more information.

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