

Annex I: Challenges in Key Geographic Areas

<i>Countries/ Challenges</i>	Economic	Social	Environment
Brazil	<ul style="list-style-type: none"> - Infrastructure bottlenecks – roads, ports (localized) - Achieve higher growth rates - Human capital 	<ul style="list-style-type: none"> - High level of inequality; - Poverty levels; - Quality of primary and secondary education 	
China	<ul style="list-style-type: none"> - Unemployment; - Productivity; - Better quality growth; - Supply of resources and energy; - R&D and innovation system; - Improve IPR system 	<ul style="list-style-type: none"> - Growing regional disparities: coastal vs inland - Rural – urban income gap; - Fragility of social protection systems 	<ul style="list-style-type: none"> - Environmental degradation: air and water pollution; - Low energy efficiency and security
European Union	<ul style="list-style-type: none"> - Low economic growth; - Unemployment reduction; - Improve EU global competitiveness position; - Macroeconomic sound management 	<ul style="list-style-type: none"> - Regional inequalities; - Poverty levels; - Demographics: ageing population and new immigration strategy; - Sustainability of social protection systems (healthcare, pensions) - Quality of tertiary education 	<ul style="list-style-type: none"> - Energy dependence and security; - Global warming and meet the Kyoto targets
India	<ul style="list-style-type: none"> - Poor Infrastructure: Energy roads, ports; - High unemployment (9%) - Skills shortage; - Low agricultural growth 	<ul style="list-style-type: none"> - Low education levels; - Poverty levels; - Widening regional disparities – between states 	<ul style="list-style-type: none"> - Soil erosion; - Water availability and quality
Japan	<ul style="list-style-type: none"> - Productivity decline; - Macroeconomic imbalances; - Low economic growth; - Efficiency of R&D system; - knowledge management no coordination of R&D between firms 	<ul style="list-style-type: none"> - Demographic decline: population ageing; - Social protection: sustainability of pension funds - Tertiary education internalisation 	<ul style="list-style-type: none"> - Energy security; - Global warming
United States	<ul style="list-style-type: none"> - Preserve US leadership in global competitiveness against emerging competitors; - Macroeconomic imbalances; - Creation of high quality jobs and training; - Renew cities; - Improve infrastructure and transport system 	<ul style="list-style-type: none"> - Increasing poverty levels; - High social inequality; - Social security system and health care system; - Quality of basic education; - Access to higher education (high costs) 	<ul style="list-style-type: none"> - Global warming; - Energy security and cleanliness; - Eco-efficiency; - Low environmental awareness