

## Annex I: Challenges in Key Geographic Areas

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