

ORIENTAL BUSINESS
AND INNOVATION CENTER
CONFERENCE

"MEGATRENDS IN ASIA":
DIGITALIZATION

SECURITY AND FOREIGN
POLICY IMPLICATIONS

BOOK OF ABSTRACTS

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MEGATRENDS IN ASIA": DIGITALIZATION
SECURITY AND FOREIGN POLICY IMPLICATIONS

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Oriental Business and Innovation Center Conference Series

Foreword

The global pandemic in 2020 and 2021 vividly demonstrated the importance of digitalization, which was a central theme of our OBIC conference this year. Not only digitalization but also the security and foreign policy implications have become clear since the outbreak of the pandemic. Deteriorating US-China relations, rising EU/US-Russia tensions, disruption of global supply chains in the wake of the pandemic, border disputes in the Himalayas are just a few of the seismic events of the past year. During this time, we also learned new words like home office, vaccine hesitancy, lockdown, and wolf-warrior diplomacy or vaccine diplomacy. Some will be forgotten, but some will stay with us, as the last year will remain in our memories as one of the most memorable ones.

Like any crisis, this one will give us food for thought for many years to come, and it will be hard to tell whether the changes now emerging have been triggered by the crisis or whether already latent trends have merely escalated. What we can see clearly now is that Asia, especially China, handled the virus through discipline and politics; the economic disaster was controlled by showering people with money in the West. We do not know how the story will end, but Asia seems to be in a better position when it comes to growth and trade in 2020, and the forecasts also see the region in a more favorable position.

Of course, the studies presented at the conference do not always reflect on current changes – they are the result of many years of research – but in our opinion they offer a very good selection of high-quality contributions to the conference theme: "Megatrends in Asia": Digitalization Security and Foreign Policy Implications.

We are grateful for the financial support from the Budapest Business School, University of Applied Sciences (BBS) and Magyar Nemzeti Bank (The Central Bank of Hungary). Without the continued trust, support and guidance of the Budapest Business School it would have been impossible to organize this conference.

Csaba Moldicz
Head of Research
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Oriental Business and Innovation Center (OBIC)

Mission and objectives

The Oriental Business and Innovation Center (OBIC) was established by the Budapest Business School, University of Applied Sciences and the Central Bank of Hungary in 2016.

OBIC's overall goal is to improve the competitiveness of the Hungarian economy by contributing to a better understanding of the Southeast Asian region. To achieve its objective, OBIC aspires to become a leading institution in oriental business studies – not only in Hungary, but also in the broader Central European region – by the application of its cutting-edge knowledge and efficient operation. As such, OBIC also plays a major role in the implementation of the international strategy of BBS. In its work OBIC concentrates on the following target countries: India, Indonesia, Japan, Malaysia, the People's Republic of China, the Philippines, the Republic of Korea, Singapore, Thailand, Vietnam and many others in the Asia-Pacific region.

By joint collaboration, OBIC was established due to various factors. The 2008-2009 economic crisis in Europe brought about a need to diversify trade and investment relations in Hungary. In principle, this need for international diversification, coupled with the evolving international economic and political environment, has opened up new prospects for economic relations and knowledge-sharing between Southeast Asia and Hungary – despite the geographical distance – and increased the demand for open-minded, culturally skilled and experienced specialists. The “Eastward Opening” policy of the Hungarian government since 2010 has been just one governmental initiative to which OBIC can provide significant feedback by broadening the economic, political and cultural knowledge base through strengthening the exchange of ideas, scholars and students.

Activities

To achieve its objectives, OBIC uses a variety of tools and instruments along the following lines:

- OBIC offers free courses of Oriental languages (Chinese, Japanese, Korean, Bahasa Indonesian and Vietnamese) as well as intercultural and business training programs at the Budapest Business School.
- Through its student mobility program OBIC provides scholarship for BBS students to travel to East Asian countries and gather first-hand experience in the form of student exchange and summer school.
- OBIC also supports the inbound and outbound mobility of researchers, thereby contributing to academic collaboration and the circulation of skills and ideas.
- OBIC is dedicated to promote advanced and focused research in order to provide wider knowledge.
- Last but not least, OBIC regularly organizes various events (conferences, workshops) related to the region in fields such as international business management, international relations, finance and commerce in order to educate and offer platforms for intellectual and academic exchange.

Principles and values

- Dedicated work
- Intercultural sensitivity
- Efficiency
- Measurable output
- Knowledge sharing – cooperation

Conference Topic

The term megatrend was coined by John Naisbitt in 1982. Back then he defined ten global megatrends that he viewed as important, seemingly unstoppable long-term shifts in the progress of societies. The goal of the OBIC conference is to discuss key, long-term challenges-megatrends-of the Asian region, with a special focus on digitalization in countries' security and foreign policies.

In recent years, Asian societies have been confronted by the rise of China transforming the Asia-Pacific region, particularly in economy- and security-related areas. At the same time, India and Indonesia are also rising economic powers that are substantially changing the shape of Asian economic power relations. The rapid growth of markets in the region has become more and more important as an element of global growth, however, challenges such as migration, urbanization, severe environmental problems (the climate challenge, air pollution, etc.) must be dealt with too. Over the course of the last decade, these tensions have often turned into local political disputes (i.e. in the South China Sea) and new initiatives (such as the Belt and Road Initiative) have come under fire and have also been fiercely debated in some countries too.

One of the megatrends, to which special attention ought to be paid at the conference, is digitalization and its significance in countries' security and foreign policies. Recent technological developments have allowed observers to realize that a new wave of the technology revolution is about to transform the global economy and politics as well. Digitalization, 5G networks, the Internet of things, artificial intelligence, and their profound impact are already here, however the way we are doing business, implementing our economic policies, and pursuing foreign policies is about to change more significantly than we could ever have imagined.

Main panel themes of the conference:

Digitalization

Demographics

Economic interconnectedness

Economic power shift

Climate change

Urbanization

Migration

KEYNOTE SPEAKERS



DASKALOVSKI, ZHIDAS



Zhidas Daskalovski holds a PhD from the Political Science Department, Central European University. He has published numerous scholarly articles on politics in the Southeast European region, and Macedonia country reports for Freedom House/Nations in Transit, Open Budget Index, Global Integrity Report, Bertelsmann Transformation Index, UNDP People Centered Analysis, UN Human Development Report, Berghof Foundation. A professor at the Faculty of Security-Skopje, University of "St. Kliment Ohridski" he is also the Director of the Council of Europe supported School of Public Policy "Mother Teresa". He held the Lord Dahrendorf Fellowship at St. Antony's College, Oxford University, the UCL/School of Slavonic and East European Studies Macedonian Studies Fellowship, and the Social Science Research Council/Ethnobarometer Fellowship at the University of North Carolina. Since 2015, he has been the Macedonian Public advocate of REKOM for the establishment of an official Regional Commission tasked with establishing the facts about the war crimes and other serious human rights violations committed in the territory of the former Yugoslavia in the period from 1 January 1991 through to 31 December 2001.

Keynote Speech on:

Megatrends in Asia: Digitalization – Security and Foreign Policy Implications of China’s Quest to Superpower Status

The world’s most valuable resource is no longer oil, but data. Data and digitalization will be crucial in the post-Covid pandemic future as well. As the world’s second largest digital economy, China aims at further expansion and is on a quest to build a multipolar world. Across multiple domains, Beijing is amassing levers of influence and creating a new global ecosystem. Under the Belt and Road Initiative (BRI), over 150 countries and organizations that makeup roughly 70 percent of the global population and over 50 percent of global GDP participate. China invests in developing critical infrastructure, including ports, airports, highways, railways, pipelines, and power plants. Within BRI China also focuses on making free trade agreements (FTAs) with other nations, and building special economic zones (SEZs). The Digital Silk Road (DSR) projects include building hard infrastructure – and overland and submarine cables and network equipment, including 5G, satellite ground tracking stations as well as data and research centers, cloud computing, security information systems and large e-commerce platforms and mobile payment deals. Safe- and smart-city projects are promoted as improving the efficiency and safety of urban localities by monitoring factors like resource and energy usage (and waste), traffic, and pollution levels. The Beidou satellite system is to be the “digital glue” for the roads, railways, ports, and industrial parks being developed under BRI. The DSR and other national efforts that aim to transform China into a high-tech superpower – the Made in China 2025 Strategy, AI National Development Plan, China Standards 2035, are tools in the battle on for who will set standards for the Fourth Industrial Revolution and the digitalization of the world. The normative side of China’s digitalization vision –is centered on what it calls “cyber sovereignty.” China uses digitalization also to reorder the global financial system. Technologies are not value-neutral. The more technological developments touch on fundamental questions of political and social order, the more technological competition will be tied to the political/ideological dimension of strategic rivalry. A country which controls networks and information on networks, can assure the hegemony of those in power. Overall, China’s ability to harness large quantities of domestic data as well as foreign data within DSR could potentially reshape the world’s economic and political future, as well as eventually the future of world order.

HORVÁTH, MARCELL



Marcell Horváth serves as Executive Director for International Relations in the central bank of Hungary (Magyar Nemzeti Bank, MNB). He joined the MNB in 2013 as Head of the Governor's Office, then became the head of the International Relations Directorate in 2016. Before joining the MNB he worked in the Ministry for National Economy in various positions including Secretary for Foreign Affairs to the Minister, Secretary to Government Commissioner for Hungarian Chinese Bilateral Relations, expert of the Investment Strategy Department. He graduated from the Faculty of Law and Political Science of Pázmány Péter Catholic University in 2009 and has a BA in European Business Law from the University of Abertay Dundee. He is the author of a book on the Panama-canal treaties (Panama-canal treaties or a small nation's struggle for independence) published in Hungary and several articles related to Eurasian issues.

Keynote Speech on:

The Rise of a New World Order – The Benefits of Eurasian Cooperation for Europe

The presentation discusses the prospects for strengthening Eurasian cooperation and the benefits that this partnership can hold for Europe. The Eurasian supercontinent is a huge network of economic, social and cultural links which serve as a basis for the birth of a new power center in our multipolar world. According to the core argument, this emerging power center increasingly relies on own innovation. This could trigger a paradigm shift and give rise to a new, Eurasian era. The Eurasian growth model rests on three pillars, i.e., sustainability, technology and digitalization, and finance. There are several examples of outstanding Asian achievements and ambitious plans in these key fields, which all offer opportunities for Europe in terms of investments, innovation and connectivity. Most recent initiatives include different policies of the 14th Five-Year Plan of China, the Korean New Deal and Singapore's Green Program to promote green and digital development, inter alia. All of this leads to the conclusion that the competitiveness of the European Union could be enhanced significantly by leveraging the opportunities of Eurasian cooperation. Central and Eastern European countries may play a special role in this partnership as a regional or even global hub for sustainable and digital initiatives. The central bank of Hungary (Magyar Nemzeti Bank, MNB) also actively participates in building strong economic ties between different Eurasian countries.

LEE, YOO -TAEK



Professor Yoo-Taek Lee has many years of experience in teaching, scholarly research, and global consulting. Recently, he was appointed by Woosong University as the Dean of Endicott College and the Inaugural Dean of JWKIM College of Future Studies. Prior to joining Woosong University, he taught at Babson College as an Assistant Professor, Emmanuel College as an Associate Professor, and Boston University as a Master Lecturer in the USA. Professor Lee has served the International Network of Korean Entrepreneurs Boston branch office as a Chair by supporting SMEs for their global expansion strategy and Advisory Board Member of the Korea Management Association Consultants (KMAC).

He taught various courses for executive, graduate and undergraduate programs. His innovative courses include Entrepreneurship for Execution and Asia Field Seminar, he also teaches Lean Six Sigma, Project Management, Global Supply Chain, and Operations Management courses.

Professor Lee's research interests include corporate entrepreneurship, global supply chain management, corporate social responsibility, capability upgrading, and smart factory in the era of digital transformation. His recent research project includes the relationship between corporate entrepreneurship and innovation, development strategies of small and medium-sized suppliers in a global supply chain, and capability upgrading at the firm level that focuses on how SMEs sustain their competitiveness in global supply chains. His research has been published in scholarly journals such as the Journal of Supply Chain Management, the International Journal of Information Systems and Supply Chain Management, and the International Journal of Data Analysis and Information Systems. Professor Lee published his second book, Platform of the New Growth: Corporate Social Responsibility written in Korean (May 2012).

Keynote Speech on:

**IICC (Individually Innovative & Collectively Collaborative) Approach in the Era of Digital Transformation and the Post-Pandemic Crisis:
From Trade-Off to Innovation**

Every organization including state governments must respond effectively to ever changing external environments. With the pandemic crisis, the speed of digital transformation is even further accelerated greatly affecting not only business activities, but also socio-economic conditions including economic security. In this presentation, the speaker reviews the fast-changing external environment associated with digital transformation and discusses the symptom of de-globalization that started even before the pandemic crisis resulting in regionalization in global supply chains. The speaker also explores some questions related to economic security caused by digital transformation. Finally, the presentation proposes a creative approach that can change the trade-off relationship to innovation.

VOSKRESSEN SKI, ALEXEI D.



Professor Dr.Pol.Sc., Ph.D. (Victoria University of Manchester), PhD (Institute of Far Eastern Studies, Moscow), directs a Center of Comprehensive Chinese Studies and Regional Projects (MGIMO University). He joined MGIMO in 1999 as head of the Department of Asian and African Studies (1999-2007) after many years of work for the Russian Academy of Sciences, he was made Dean of the College of Political Affairs and World Politics and School of Political Science (2008-2017), and is professor of Asian Studies, IR and Comparative Politics at the School of International Relations (MGIMO) from 1999. He is founding editor-in-chief of the internationally indexed peer-reviewed journal "Comparative Politics Russia" (www.comparativepolitics.org), member of the Civic Council, Ministry for the Development of the Far East, and vice-chairman of the Steering Committee, Russian Association of Chinese Studies. Professor Voskressenski is an author, co-author, joint-author and editor of 50+ books (the most recent are *The Regional World Order*, *Non-Western International Relation Theories*, and *Is Non-Western Democracy Possible?*) published in Russia, the USA, GB, EU, Singapore, China and around 450+ book chapters, academic articles, essays, reviews and other professional writings of various kinds published in many countries. He regularly appears on TV commenting on international politics.

Keynote Speech on:

China Megatrends: How to Consider?

Megatrends or global trends are powerful, transformative forces that could change the global economy, business, and society and affect our personal and professional life for the next 20 to 30 years. The idea of global megatrends may be applied to particular macro-regions and large countries. John and Doris Naisbitt provided in-depth studies of megatrends in Asia and also explored the fundamental changes in China's social, political, and economic life, and their impact on the West postulating on them as foundations and drivers of China's new society. Recently the new Chinese leadership with Xi Jinping as its core proclaimed, "a new normalcy", "a new epoch" postulating the necessity of a further stage of China development as a global power. A sharp competition between the US and the PRC has started influencing the situation on global and regional levels. It is worth reconsidering the situation now and reassessing the results and prospects for China's development since Xi Jinping took power as the leader of the country.

Question to be discussed:

Megatrends and China: How should they be considered?

Supporting questions: How to assess contemporary developments in China?

Is China a big issue? How big is the China issue?

ABSTRACTS



AKRAM, KHALID TAIMUR

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Rising Asian Economic Powers: Prospects for Regional Integration

Over the last few years, Asia has emerged as the fastest-growing economic power of the global world. With the significantly growing pace of the Asian countries, many economists from around the world have predicted that countries like Pakistan, China, India, Japan, and Russia will become global economic powers in the future. In this context, there is a huge possibility for the formation of a new world order. The socio-economic shift is shifting from West to East. The Asian countries have experienced rapid growth in their economies, and thereby, possess substantial potential for using their geographical, structural, demographic characteristics, and advanced strategies for gaining a foothold in shaping international policies. Looking into all these perspectives, this paper focuses on the evolving economies of Asia, that are currently sustaining their position at the international level with potential financial growth to transform the discourse of world politics. Moreover, the Asian rise by its absolute contribution will create a power shift from western to Asian countries. This paper also highlights the constant growth in the GDP ratio of Asian entities and also explains the Asian power blocs, who are projected to be leading in the coming years. Asia's rapid economic growth is the result of a unique model of economic development. Its strong trade and financial integration are the manifestation of the region's success. However, Asia has remained the fastest rising region in the world, accounting for more than two-thirds of global growth in 2019. Nevertheless, it is plausible to suggest that by around 2050, it will account for more than one-half of the world's income with holding more than half of the earth's population. Certainly, there is a strong opportunity for other countries as well to integrate with Asian nations and benefit from integrated regional ties.

Keywords: economy, growth, Asia, regional, integration

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Impact of Digitalization on Capital Market of India

Digitalization has changed the way businesses operate around the world. Digitalization is the process wherein any information is converted into a digital form. Digital innovation is among the major business trends that the Indian economy has witnessed over the past decade. Today, digitalization is so deeply embedded into the financial markets of India that it has completely transformed the way various financial institutions such as banks, stock exchanges, and stockbrokers work. Whether it is the buying of financial instruments or making financial transactions- all activities have moved from traditional platforms to digital platforms. Online trading has made it possible for an individual investor to purchase and sell securities according to their requirement from anywhere by merely a few clicks without any physical interference from their brokers. Ease of doing any sort of financial transactions has increased vastly. This has reduced cost both in terms of money and time. Digital platforms have paved the way for more individuals to enter into the capital markets of India. It has also encouraged information sharing, which has resulted in making investors more aware of financial products hence allowing them to take more balanced financial decisions. The digital movement of India gained popularity across the globe when the Digital India campaign was launched in 2015. This research paper studies the way financial activities in the Indian Capital market have remodeled themselves with the onset of digitalization. The objective of the research paper is to study the benefits digitalization has generated for the common individual investor, as well as to explore the shortcomings of the process and difficulties faced by them. The paper has included secondary data collected from reliable sources. This paper also examines the future scope of digitalization in the future of Indian Financial Markets.

Keywords: digitalization, capital market, online trading, investor, stockbroker

ANTALÓCZY, KATALIN

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The Role of the State in Shaping the Competitiveness and Internationalization of the Indian and Hungarian Pharmaceutical Industries

The pharmaceutical industry plays an important role in the Indian and Hungarian economies. The shortness of the supply chain and the knowledge and research and development intensity makes the pharma industry very different from other industries. Furthermore, markets are still fragmented and products (as related to human health) are of special importance, which makes the industry of special importance in national economies. Pharma firms can be grouped into two categories: original pharma firms developing their own products (molecules) and protecting them with patents; generic pharma firms producing these molecules (with technologies developed by them) after the patent has expired.

Because of these specificities, pharma firms (especially original producers) are usually located in developed countries. Emerging economies are homes mainly to generic firms. Hungary and India are to some extent exceptions. They are relatively important players in the international pharma market (Hungary relative to its size), having relatively high shares or high per capita indicators of pharma exports.

Our paper analyses, what are the main factors behind this special position of India and Hungary in the international pharma industry. Besides traditions in related fields of science, the role of the state was substantial in that development through helping building technological capabilities, keeping certain local players under local control and applying special types of IP protection. Our paper is of a descriptive and comparative nature and documents the above-mentioned areas of the role of the state in building internationally competitive and successfully internationalising local companies in the analysed industry. We call attention to the fact that there are many similarities (patent systems and protected markets up till a certain period of time, role of the state mainly as regulator and not as owner, education, traditions), but besides these there are also differences (size, manoeuvring room of the state due to WTO (and EU) membership, market selection in internationalising of the firms) between the two countries.

Keywords: pharmaceutical industry, multinational companies, Hungary, India, role of the state

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Economic Power Shift: A Study

Economic Power Shifts historically have taken place between different countries. Rome at one time was at the hub of all economic power, but at a later stage the hub shifted to Britain, the people of which were considered as Barbarians by Greek and Italians. Similarly, the economic power shifted from USSR to the USA after the fragmentation of the USSR. But present trends are indicating that Economic Power has begun to shift from the USA to Asian countries. By 2040, the economic power of E7 countries (China, Brazil, India, Indonesia, Russia, Mexico and Turkey) could be double the size of that of G7 countries (USA, UK, France, Germany, Japan, Canada and Italy), E7 being half the size of G7 in 1995.

The objectives of the study are to find out the reasons for this Economic Power Shift between the countries and the reasons behind power shifts from countries to informal networks like entrepreneurs and other business houses. The methodology adopted will analyze the secondary data from the current economic megatrends and publications, reports, journals and studies.

The study will focus on forecasting the economic power shift and the possibility of the reversal of the current megatrend of Economic Power shift.

Keywords: economic power shift, megatrends, economic trends, forecasting

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Knowledge Sharing Behavior among Generation Y Academia in Bangladesh: The Influence of Social Network, Commitment and Extrinsic Reward

The purpose of this paper is to investigate the knowledge sharing behavior of Generation Y academia. The millennials have already entered into the workforce in various fields including Higher Education Institutes. In Higher Education Institutes, knowledge sharing behavior among the academia is a highly discussed issue that helps build a knowledge-based society and a nation that benefits from a knowledge-based economy. Academicians from various disciplines in the Higher Education Institute are expected to collectively contribute through teamwork and shared perspectives in their workspace. These contributions involve joint research, shared opinions and disbursement of accumulated knowledge through teaching and related activities to promote competitive advantage in the related fields. This research will offer a better understanding of the related concepts that enable the desired competitive advantage attained through the academia from generation Y. This quantitative research uses the Theory of Reasoned Action to explain the relationship between the attitude of academia, and its antecedents' and the possible influence upon their knowledge sharing intention and knowledge sharing behavior. This study evaluates the academia of Bangladesh in knowledge sharing behavior. The major factor of this research is to comprehend and evaluate the relationship between attitude, knowledge sharing intention and knowledge sharing behavior. The secondary aspect of this study is to analyze if the antecedents like social networks, commitment and extrinsic rewards linked with knowledge sharing behavior of generation Y academia in Bangladesh. The result shows that there is a significant association between commitment, social influence, knowledge sharing intention with knowledge sharing behavior among the academia of Bangladesh.

Keywords: knowledge sharing behavior, theory of reasoned action, Bangladesh, academics, Generation Y, social network, commitment, extrinsic reward, higher education institutes

FAZEKAS, ESZTELLA

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Security or Insecurity: The Role of Chinese Vendors in 5G The Hungarian Perspective

The paper focuses on the Internet of Everything (IoE) dynamics and how advanced telecommunication technologies, embedded systems and intelligent machines impact our present and future life. It concentrates on the intensified 5G network developments world-wide and in Hungary.

The U.S. is motivated to keep China out of the 5G industry, it introduced strict sanctions in the recent years to prevent Chinese companies doing business and urged allies to follow a similar path. The paper focuses on the battlefield between U.S. and China for technological leadership on the field of 5G and it provides a geopolitical outlook in the context of the latest U.S. elections. In addition, the paper focus on related EU directions, policies and recommendations and their effects on local policy directives and 5G initiatives. Considering all the above described, the paper explains Chinese vendors adopted strategies in reaction to the U.S. bans and the tightening regulations and policy environment in the EU.

The paper presents Hungary's aims on the field of 5G, analyses trends and digitalization level of the country and presents the main local policy initiatives related to 5G. It shows Hungary's bilateral relations with China, presents Huawei and ZTE presence in the Hungarian 5G market and provides a view of the two company's potential future involvement in the local 5G network developments.

Keywords: IoE, 5G, Huawei, ZTE, Hungary

GAJZÁGÓ, ÉVA

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Digital and Online Marketing Solutions and Networks of Hallyu

South Korean creative and cultural industry's products and the South Korean culture have recently received global recognition. This phenomenon is called Hallyu, a Korean term, which literally means Korean Wave. A decade ago, Hallyu mainly focused on Asia as most Korean media and music production companies largely targeted the markets of China, Japan and other Southeast Asian countries. However, the technological development and the growth of social media sites such as Facebook, Twitter and YouTube made it easier for cultural products to be accessible overseas, and therefore, the focus of the export of the Korean creative and cultural content widened to global markets. Without digital and online solutions, the global diffusion of Hallyu could not be successful.

The conference presentation focuses on the solution used by the South Korean companies in the film and music industry to spread their contents worldwide. The author describes the business strategies and marketing communication assets of the South Korean music and film industry (focusing on South Korean pop music, K-pop, and TV series, K-Dramas), introducing digital fan networks on social media, practical solutions for online content sharing and online marketing and communication mix assets.

The presentation is based on the results of a complex research implemented in 2018 and 2019, measuring the process and the diffusion of Hallyu in Hungary.

Keywords: digital and online marketing, Hallyu, creative and cultural industry

GAVIRIA-OCHOA, LADY

Professor

Universidad Pontificia Bolivariana

SALAZAR VILLEGAS, LAURA CRISTINA

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International Business of Universidad Pontificia Bolivariana

Digitalization and Cultural Industry:

The Case of South Korea and Hallyu in Colombia

Hallyu as a cultural movement has effectively entered the diversity of national markets around the world. The South Korean government has been working on public policies that foster the growth and expansion of the cultural and entertainment industry's exports since 1997; thus, providing a setting of consumption of culture-related products in countries such as China and the United States. Eventually, the Korean wave reached Colombia thanks to digitalization and the support of well-known global companies. Since 2011, the Medellín's community has been trying to make *Hallyu* more visible by gathering people interested in K-pop music, artists or cultural products. This paper aims to describe the expansion of *Hallyu* in China, the United States and Colombia in the period 1997-2017. Therefore, this qualitative research uses an exploratory and descriptive scope, the main primary source of information is participants of the Colombian community who responded to in-depth interviews. The analysis of qualitative information was dendrograms according to the chosen subcategories, that is, culture, entertainment, Hallyu, Medellín. The findings indicate that the success of the Korean wave in China and the United States fostered opportunities for the movement in other regions of the world. In China, familiarity in cultural and social issues facilitated consumption, whereas in the United States, digitalization provided access to these cultural goods, and the boom began when Gangnam Style became viral. In the case of Colombia, the participants have got varied opinions about the movement, but they want to continue promoting and exploring Korean culture.

Keywords: Colombia, culture, Hallyu, Medellín, South Korea

GAO, XIAOCHUAN

Associate Research Fellow

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The Policy Integration and Cooperation on Eurasia Connectivity between China and EU

Connectivity is one of the important preconditions to ensure the sustainable economic prosperity and social development in Eurasia. At the end of Sept. 2018, the European Commission issued strategic document for Eurasia connectivity, which is constructive in aiming to highlight the EU's approach and paradigm in Eurasia connectivity. The document offers a way for the EU to tackle challenges and seize opportunities. Whether the European path and rules emphasized by the document can adapt to the diversity of different countries and regions in Eurasian, it also faces the test of practice.

China and EU need to maximize synergy and enhance compatibility of strategic policies for Eurasia connectivity. They are the largest economies on both sides of the Eurasian respectively, and important strategic partners as well. Co-existence of cooperation and competition has always been an important feature of China-EU relations. China and EU have issued a common voice of "jointly safeguarding multilateralism and free trade". They share a high degree of consensus on the importance of enhancing pragmatic cooperation. China's BRI and the EU's document are consistent in overall planning and goals, as well as differences in the implementation path and values. When China and EU strengthen dialogue and consultation to facilitate the strategic plan and policy interface between them, the endogenous momentum of bilateral relations can continuously expand and make them better, form synergy for further injecting stability and positive energy into the changing world.

Keywords: connectivity, EU, BRI, integration, synergy

GÖRÖMBÖLYI, DÁVID

Ex-Deputy Head of Mission

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The Effect of Digital Tools on Foreign Policy in Asia: Trough the Case Study of Thailand

Nowadays it is obvious, constituting the subject of numerous studies, that the information revolution and globalization has affected both communication and public life significantly. Less focus has been placed, however, on the depth of transformation that has taken place in diplomatic activities, courtesy of modern, digital tools, social media, and web2 in general.

This presentation takes a look at these tendencies in Asia, focusing primarily on the foreign policy consequences of 'Thailand 4.0', the grand strategy of digitalization of the Government of Thailand, and those of the 2020-21 coronavirus pandemic.

The presentation draws a comparison between pre-web2 and present day diplomatic activities, concluding that after long decades of invariance, the megatrend of digitalization has modified traditions of diplomacy, arguing that it has brought foreign policy closer to the People. It has not only changed the form, but also the substance of diplomatic activities, and most importantly, it has made a previously 'hidden' sector of government more transparent, and more accountable. Throughout the presentation examples of digital diplomatic activities will be shown and examined, based on the researcher's diplomatic experience in Thailand and opinions of Thai diplomats and scholars. Parallel examples of different Asian diplomacies will be presented and cross-referenced to further legitimize the conclusions of the research.

Keywords: diplomacy, online platforms, Thailand, digitalization, Web2

Uzbekistan in a New Role? The Policy of Opening-up of President Mirziyoyev

Hereby, in my present study I attempt to evaluate the ongoing reform process under the presidency of Shavkat Mirziyoyev. I hope that the almost four years that have passed since the succession of the President already offer a sufficient period of time to draw conclusions about trends beyond day-to-day politics in terms of the basic direction and depth of reforms. During the study, I also cover certain domestic political aspects of the Mirziyoyev presidency, but I intend to devote more space to the foreign policy of “opening up”. The process of liberalization (and not democratization!) in the domestic political field – especially in the current crisis caused by the coronavirus pandemic – is, in my view, easily reversible and fundamentally has had little effect on the “deep power structures” of the authoritarian Uzbek political system.

In contrast, the foreign opening policy could fundamentally change the dynamics of regional competition and cooperation in post-Soviet Central Asia. Shavkat Mirziyoyev’s presidency has apparently brought a major paradigm shift in Uzbek foreign policy, with the most spectacular results perhaps in the field of neighborhood policy. President Mirziyoyev is seemingly also working hard on improving relations with regional great powers. Uzbekistan is one of China’s key partners in the ambitious infrastructural projects of the “Belt and Road” initiative and the new Uzbek president apparently cultivates more cordial relations with Putin than his predecessor. Nevertheless, Uzbekistan continues to strive to somehow counterbalance the Russian and Chinese partnership in the spirit of the multi-vectoral foreign policy tradition that President Karimov was also exercising.

Keywords: Central-Asia, Uzbekistan, foreign policy, neighborhood policy, liberalization

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Japanese Linguistic Solutions in the Age of Digitalization

Digitalization and globalization are ongoing processes which have a determinant impact on communications and interactions world-wide. The most frequent tool utilized in this process is the English language (closely followed by Chinese), not only because it is considered to be the lingua franca of our age, but also because digital technology itself was initiated and mostly developed in science communities with an English linguistic background. Hence several countries and language communities of the world with a profoundly different language culture are forced to find solutions to successfully combine the semantic and pronunciation specifics of each English lexical item in digital vocabulary with their own linguistic-bound repertoire and possibilities. Japanese language offers an exciting example of hybrid solutions – beginning from mirror-translations to direct ‘take-overs’ through mixed coinage of loan-words – but all significantly influenced and camouflaged until unrecognizable by the strict rules of katakana transcription. The text-analysis will be done primarily on samples of Japanese websites of start-ups.

Keywords: digitalization, globalization, Japanese start-ups, linguistic solutions, translation

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The Economic Power Shift in the 21st Century: The Changing Dynamics of the Eurasian Supercontinent

One of the defining trends of the early 21st century is that economic power is increasingly shifting to the East. The global dominance of Western countries is declining, while the influence of emerging nations is gradually increasing. According to some predictions by 2040, the economic power of E7 countries (China, India, Indonesia, Brazil, Russia, Mexico and Turkey) could be double the size of that of G7 (USA, UK, France, Germany, Japan, Canada, and Italy). The “Next Eleven” (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, The Philippines, South Korea, Turkey, and Vietnam) are projected to collectively overtake the EU-27 in global power by 2030. Among the emerging countries, we can expect the strengthening of Asian nations such as China, India, Vietnam, Indonesia, Turkey, and Iran in particular. As Asian economies advance, Eurasian integration will accelerate, while the global economic role of the Eurasian supercontinent will transform as connectivity increases.

A joint research by the staff of the Eurasia Center seeks to examine the process of global economic power shift in an interdisciplinary approach from the perspective of key emerging Asian countries in the context of progressing Eurasian integration. In doing so, the paper presents the development of the economy of each nation, its future perspectives, the consequences of China-led integration efforts, and the change in the geopolitical environment, with special emphasis on all the opportunities and chances that these processes can offer in relation to each country.

Keywords: Asia, Eurasian integration, economics, geopolitics, China

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On Morality and Culture: Lessons from the Kingdom of Wu

Analysts, negotiators, and policymakers in Western nations seeking to understand the drive and motivation of leaders in China, especially when it comes to policies on security and military matters – matters of life and death – must pursue an understanding of moral reasoning and self-image in Chinese culture. This is the culturalist approach. Without understanding the culture of another nation, we are hindered in our ability to effectively engage with that nation for the purposes of negotiation, diplomacy, or trade, to say nothing of stopping a war. The following paper begins with a look at the theoretical approach to how stories – the myths, legends, and fairy tales taught to children in a particular society – serve as a vector by which that society's morality and value system is perpetuated through the generations, and how that value system provides the lens through which policy is made. It looks specifically at this process in China, touching upon the narratives of the “Chinese Dream,” the “century of humiliation,” and “new Tianxia-ism,” as narratives to promote nationalism. It then goes on to examine a specific case study, that of the Chinese legend of King Goujian, and how this narrative has contributed to the Chinese worldview, and hence to the enactment of policy in Beijing. It concludes with an interpretation of what lessons Beijing can learn from the Goujian narrative as it pursues its foreign policy objectives such as the Belt and Road Initiative.

Keywords: culturalist, China studies, Indo-Pacific, Chinese Dream, century of humiliation, New Tianxia-ism, policy analysis

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The End of China's Romance with Central and Eastern Europe

The countries of Central and Eastern Europe (CEE) used to be quite buoyant about benefiting from China's economic largesse. A little over a year ago, China's cooperation with the region was brandished as a real feather in China's foreign policy cap. Today, however, the China-CEE cooperation appears to be done with. This development has led many to question whether the China-CEE cooperation has become a victim of the Covid-19 pandemic? The answer provided by this article is: no, not at all! Most CEE states have been mulling a freeze in their participation for quite some time. In this respect, the pandemic has only accelerated the social distancing of CEE countries from China. The study suggests that the unrequited romance of China with the CEE region has important implications both for the country's public diplomacy and the post-pandemic trajectories of the Belt and Road Initiative.

Keywords: China, Central and Eastern Europe, cooperation, Covid-19, BRI

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The Effects of the Fourth Industrial Revolution on the Developing World: Opportunities and Challenges

Since the beginning of the 18th century, the industrial revolution has fundamentally changed the economy, the relationship of mankind to nature, and everyday life as well. This process is still ongoing, nowadays we are in the era of the so-called fourth industrial revolution. Although the different technological achievements that have occurred over the centuries are regarded as tools and signs of development, the complex phenomenon of the industrial revolution has not resulted in equally positive changes in everyone's life. The initial phase of the revolution was a leap forward primarily for Europeans that enabled them to colonize the majority of the rest of the world. The rest of the world, on the other hand, was excluded from the process, resulting in significant economic lagging. However, after decolonization the political obstacles have been disappearing for all the countries around the world to be part of this technological development that has changed significantly society, economy and their effects on the natural environment.

The presentation investigates the latest phase of the industrial revolution from the perspective of Africa and Asia, and aims to answer the question: what kind of opportunities and threats are contained in this new era for them? Due to the complexity of the subject, we cannot undertake a profound examination, instead we try to demonstrate its potential effects through three dimensions - economy, infrastructure and (natural) environment - and outline alternatives to one of the greatest challenges of the 21st century.

Keywords: industrial revolution, Africa, Asia, economy, infrastructure, environment

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China's Response to the Free and Open Indo-Pacific Concept: The significance of the Regional Comprehensive Economic Partnership and its Implications for the US-China Rivalry

One of the main reasons behind the embracement of the Free and Open Indo Pacific Concept (FOIP) by the United States in 2017 was the need for an enhanced focus on the parts of the globe which are considered to be the most dynamic areas of the 21st century, namely the Indian Ocean and the Asia-Pacific regions. The American led concept aimed at the creation of a single strategic security concept, whose main goal is to construct a strategic system that is able to mitigate the challenge that China poses to the existing Western liberal order.

Since the People's Republic of China has become the most important long-term strategic threat to American power and the US's established security concepts around the world, the Trump administration's step towards a more assertive China strategy did not come as a great surprise. The official rhetoric of FOIP is based upon the attempt to unify and integrate the already accepted liberal principles within a single framework. The plan of integration is created by the four members of the previously established and then abandoned Quadrilateral Security Dialogue (Quad), of which the four member states are the United States, Australia, Japan and India. Based on these factors, along the lines of the newly adapted FOIP concept, the US is pursuing the renewal of the Quad as well.

There are several problems with the previously mentioned concepts though. The most important among the obstacles is the fact, that many Chinese analysts and officials tend to think of FOIP and the Quad as frameworks that aim to contain Beijing and to decrease its strategic posture, which ultimately leads to a Chinese pushback in many ways.

The aim of this research is to examine the Chinese response to the American strategies. These responses include the Belt and Road Initiative, the Chinese Free Trade Agreements strategy, and the recently signed Regional Comprehensive Economic Partnership, all of which –to some extent– serve the purpose of increasing Beijing's strategic posture against the more assertive American Asia policy.

Keywords: China, USA, rivalry, FOIP, strategy

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Geopolitical Risks in the New Digital Economy: The Case of Huawei and what to Do about It

China's pursuit of leadership in frontier technologies and its growing influence have significant implications in an interdependent global economy. The transition to a digital economy is generating a fourth industrial revolution, in which high-speed internet, artificial intelligence, quantum computing and other innovations will transform economies, industries and society and China is positioning itself at the hub. Geopolitical distrust, contest and transition, from unipolarity to a new multipolar global order, generate risks including weaponization of new technology. Science and technology has, however, moved ahead of the capability of global governance to develop rules, norms and standards in order to manage such risks. Huawei, a national champion of China's tech leadership under blockade by the US and some of its allies, is a critical case of the new geopolitical risks faced by multiple actors. It is a paradox that, in the absence of trust and international cooperation, firms such as Huawei cannot disprove worst-case risk scenarios. The logic of the Huawei paradox threatens decoupling of the global digital economy into rival regions, reversing the megatrend of globalizing supply chains, connectivity and interdependence. China and the European Union are seeking to develop rules, norms and standards for new technology, but the US has, until recently, resisted. Following the change of government in the US, this paper concludes with an assessment of the potential, if the temperature of the geopolitical confrontation can cool down, for international agreement on rules, norms and standards to avoid or mitigate feared risks of new technologies.

Keywords: cyber security, political risk, China, Huawei, Social Credit Scheme

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Tajikistan's Apparel Industry in the Global Value Chains: Industrial Upgrading and Firm Strategies

By using the survey of 25 apparel firms, this study examines how apparel firms in Tajikistan conduct industrial upgrading in GVCs. The apparel industry in Tajikistan can be classified into four types of firms: large export-oriented firms, large domestic-oriented firms, export-oriented SMEs and domestic-oriented SMEs. Some large firms successfully conducted inter-sectional upgrading by diversifying from textile to apparel production and became international exporters. Under this process, international buyers have played an important role in process and product upgrading of the firms, while these firms have challenges in functional upgrading due to the lack of transfer of high valued activities from international buyers. As a result, most large export-oriented firms are based on CMT production. The other large firms, who failed to meet international buyer's requirements, downgraded into a local OBM producers for the domestic market. Two SMEs have grown into successful exporters of niche products under the OBM or CMT arrangement. They developed extensive networks with Russian and CIS markets. However, most SMEs are engaged in the lowest segment of the domestic market. These firms are facing a difficulties in product and functional upgrading even in the local market. Although the domestic apparel market has been growing due to the government's policies, particularly state tenders. However, such tenders are based on less sophisticated products such as uniforms, so they do not contribute to product (and also functional) upgrading for domestic-oriented firms. Furthermore, this study explores the impact of Covid-19 on the Tajikistan's apparel industry. Surprisingly, Covid-19 does not influence export-oriented firms in Tajikistan significantly, while domestic-oriented firms have diversified their production into the PEE segment.

Keywords: Tajikistan, apparel industry, global value chains (GVC), industrial upgrading, Covid-19

Dilemmas in Regional Economic Alignment of Taiwan

On 11th January 2020 the incumbent president, Tsai Ing-wen (Democratic Progressive Party, DPP) won the presidential elections defeating her rival, Han Kuo-yu (Kuomintang). Contrary to several, previous firm-looking opinions of analysts which forecasted Kuomintang's victory Tsai's New Southbound Policy (NSP) might survive and gain focus on the ASEAN countries. However, the importance of Cross-Strait relations will still continue to grow. The latter can be explained not only with the widely-known political considerations and diplomatic isolation, but it is widely visible that Taiwanese investors and the government are scared of the possible implications of the trade conflicts between the USA and the People's Republic of China (PRC). Taiwanese FDI started to flow out of PRC, but it merely does not return to Taiwan to create new jobs and develop new, high value-added containing industries, but rather goes to Southeast Asia where low-cost labor-intensive industries are still attractive. Should it even happen so, the overdependence on the excessive trade and investment relations with PRC raised worries in DPP and one of the main goals of the New Southbound Policy was to counterbalance this dependence. The 18 target countries of NSP comprise the full ASEAN region, plus South Asia, Australia and New Zealand. However, from among the target countries Taiwan has the most intensive investment and trade relations with the ASEAN region (mostly Vietnam, Philippines, Thailand, Malaysia and Indonesia). The NSP projects and initiatives are merely managed and implemented under the umbrella of a special NGO, the Taiwan-Asia Exchange Foundation (TAEF). Anyhow NSP would develop in the future, Taiwanese government and investors need to be aware, that PRC has still been far the biggest export market for Taiwan.

Keywords: Taiwan, trade, investment, New Southbound Policy, Cross-Strait relations

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The Asian World: Are we Ready for It?

In this paper we explore what accelerated change means in 2021 at mega levels and how it affects us at personal levels. As most experts have long stated and politicians also unwillingly admit the Asian world is ready to begin the Asian era for the world as we know it now.

Issues of identity and culture are common in today's world and they create tensions at mega, mezzo and micro levels. What will the new normal look like? Is Asia a sustainable hub of the megatrends that are already changing our world/s? Which part/s of Asia? The pandemic triggered significant declines globally. Is Europe part of those megatrends or is it left behind? Is technology going to be a dream or a nightmare? Will human mixed teams with robots and AI be possible? Based on whose culture? Led by whom?

These are some of the questions we explore from the perspective of how (higher) education in Europe, under heavy scrutiny in a globalized online world, is preparing our students for the future. It does so through a local and international review of the most significant research available to the authors on the issues connecting Asia to the European Union and, therefore, Eastern Europe. We claim that culture is a vital, no matter how implicit and diffuse, component of any megatrend, whether on or offline. Even if this is highly acknowledged and accepted at a theoretical level by pundits and academics, it is the last item on the list of most large economic or political projects and the main cause of their failure. Our paper also puts forward a suggestion for practical policy making in order to address the strategic importance of research and education for so many diverse and competing entities.

Keywords: Covid-19, Asian megatrends, education, culture, digitalization, artificial intelligence

Climate Change on the Rooftop of the World and its Geopolitical Consequences: How China's Overexploitation of Tibet Changes the Ecological Balance in All of Asia

Since China's takeover of Tibet in 1950, the Middle Kingdom has used all of its force to get access to the resources in its new province. By the expansion of infrastructure, most of all the train connection between the Chinese heartland and the capital of Tibet, Lhasa, it became possible to increase the transportation capacities significantly. After exploiting 50% of the wood on the Tibetan plateau, the ecological structure of this Himalayan region shifted extremely. Realizing their mistakes, the Chinese government started a reforestation program, but only for 10 to 15% of the damage done. While the karstification of the mountain area continues, the living conditions for Tibetan nomads and their animals reduces further. Global climate change increases that situation with unclear perspectives for the agricultural cultural development for the future of the rooftop of the world.

While most of the water swells of Asia are situated on the Tibetan plateau, China has all the chances to control the water supply of Asia. At the same time the threat of reduction leads to continuous alarming feelings of the surrounding countries possibly affected by this. Furthermore, the expansion of nuclear waste storage on the rooftop of the World by China leads to the threat that all resources from that area exported all around Asia might be polluted and damaging the lives of millions of people.

Will China react to this situation in a responsible manner? What chances do other countries have to intervene? Can diplomacy solve the challenges or is war likely to happen?

Keywords: climate change, Tibet, China, Himalayan region, water supply

Balancing between Powers: The Indonesian Aspects of the Indo-Pacific

Strategically located at the meeting point of the Indian and Pacific Oceans, Indonesia, an important actor within the Association of Southeast Asian Nations (ASEAN) and an emerging economic powerhouse recently became an important regional centerpiece in the rivalry between China and the United States of America over the Indo-Pacific. Indonesia, as a long-time advocate of non-alignment, seeks to uphold a ‘dynamic equilibrium’, in line with its ‘free and active’ foreign policy principles, and in order to avoid getting trapped in the competition between the two great powers. Analyzing official documents and the most recent development of events related such as the growing intensity of high-level visits, as well as drawing upon previous research conducted in the field, this study aims to shed some light on how successful Indonesia is in keeping this balance – or, from another angle, how successful are China and the US in their attempts to extend their influence over Indonesia. The study outlines Indonesia’s position within ASEAN and in the wider regional arena, including the archipelago’s projected economic prospects as well as its ambitious future goals of becoming a Global Maritime fulcrum. It analyzes Indonesia’s foreign policy formulation in regard to the Indo-Pacific, highlighting the country’s leading role in the creation of ASEAN’s very own Indo-Pacific policy document, the ASEAN Outlook on the Indo-Pacific. The other main focus of the study is to describe Indonesia’s relation vis-à-vis the United States and China, especially in the economic and security domains.

Keywords: Indo-Pacific, Indonesia, ASEAN, BRI, regionalism

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New Education Policy and Demographic Dividend: An Indian Perspective

India, one of the fastest growing Asian economies, with its 1.35 billion population, is also said to be one of the youngest nations in the world. Almost two-thirds of its population is in the working age bracket of 15-59 years, which clearly shows that India has a demographic dividend, which started long back in 2005-06 and would continue till 2055-56. Now this demographic dividend has created immense growth potential for India, but not without its own share of challenges. One of the biggest challenges posed by this enormous size of young population, is to provide them with gainful employment. If we analyze the performance of the present government or the previous ones, they all have been found wanting on this front. There are many reasons held responsible for it, amongst which, the striking one has been our education system. We see every year hundreds and thousands of students are churned out from universities and colleges with professional degrees, but still their employment rate is very poor. These professional graduates, though eligible as per qualification, mostly are not employable as they are not industry ready. So, the question arises: Are we wasting our demographic dividend? What is the solution to it? The answer comes in the form of much awaited overhauling in our education system. Yes, I am referring to our New Education Policy - 2020, which is expected to bring a revolutionary change over a period of time in terms of its socio-economic impact. In this research paper, using secondary sources of information, such as related published research, reports of international and national agencies, etc., an effort has been made to highlight the advantages this demographic dividend brings to India, along with its set of challenges and critically analyze, how our New Education Policy will help India in realizing its true potential of this much talked about demographic dividend, before it is too late.

Keywords: demographic dividend, new education policy, employability, industry readiness

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The Position of the New Security Concept in China`s Foreign Policy: Case Study on the Shanghai Cooperation Organization

The main purpose of this paper is to analyze the position of the New Security Concept (NSC) in China`s foreign policy. The Shanghai Cooperation Organization (SCO) has been selected as a case study, because in the China`s Position Paper on the New Security Concept the SCO has been announced as the best implementation practice of the NSC. Thus, this paper shall be in three parts. The first part of the paper represents the theoretical base of our research. With an aim to explain the NSC and the reasons why it was introduced by policy makers of the Chinese Communist Party, the research will rely on concepts offered by moral realism, relational theory and theory of institutional balancing. The second part tackles the institutional development of the SCO. The development represents the framework for exploring the manner and in which areas SCO`s member states have deepened and strengthened their cooperation and in which areas cooperation is lacking. The third part of the paper tackles the practical nexus between the NSC and the SCO, focusing on Peace Missions, Xiamen and Solidarity, that is, SCO joint antiterrorist and military drills for countering terrorism, separatism and religious extremism ("three evils").

Keywords: new security concept, relationality, moral realism, "Non-Other", Shanghai Cooperation Organization

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Mega Digital Trends: The Changing Word

In today's modern economy with ever growing relations, advancements, and technical developments, many mega trends have been emerging to overcome the obstacles of the new ages. Digitalization is one of the many mega trends that has been able to create the means to cross any obstacle and resisting forces to reach to a better and efficient future smoothly. Despite all the resistance and negative opinions on how safe a digital world will be, the recent pandemic has been able to showcase the much suppressed and ignored benefits of digitalization. The new normal has brought an almost 360 degree change in our perception as well, and thanks to digitalization the world has been able to run smoothly.

Our over dependency on non-automation is being questioned and has brought to light, how wrong we have been and how rigidity in context to change can cause harm. Not just outside, but in India as well companies are forced to adapt and move forward towards the path of digitalization, along the way exposing all our flaws, preparedness and negligence. The Government of India, realizing the perks and benefits of digitalization has been taking the constant initiative to make the economy and its people digitally aware.

Digitalization can help an economy gain immensely, but only if proper attention and affection is shared with it. It has the power to enhance productivity, profitability and business and in turn benefit the economy. The Indian Economy contributing towards digital awareness is contributing towards the same purpose. Working towards a common dream to make India Digital is what everyone is now focusing on.

Keywords: digitalization, Indian economy, megatrends, economic trends

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Backward Linkages in the Hungarian Automotive Industry: Where are the Links Concentrated?

The automotive industry is of special importance in Hungary (and in certain other Central and Eastern European, former transition economies, such as Czech Republic or Slovakia). It produces a high share of exports, represents a considerable part of manufacturing output and employment, it is highly integrated into regional (European) value chains, with lead firms coming mainly from Western Europe (Germany) and from Japan and South Korea. While the leading actors in the automotive industry in Hungary are foreign owned firms, there are a few Hungarian suppliers, which could successfully engage in the value chain parts operational in Hungary or abroad.

Our paper is of descriptive nature and analyses the “connection points” of lead firms and suppliers in automotive value chains. It relies on two types of methodologies: first, through the analysis of inverse input-output matrixes, it presents the local and international links of the Hungarian automotive industry and estimates, where (in which activities) local suppliers play an important role and from which countries the various inputs come. Second, through relying on company interviews, it lists the most important factors influencing the extent of reliance on local suppliers by multinational firms and the characteristics of successful local suppliers. We conduct interviews with German and Japanese lead firms, and foreign- and domestically-owned suppliers and thus our analysis is able to contrast the supplier policies of Western European and Japanese lead firms and the features of foreign- and domestically-owned suppliers.

Keywords: suppliers, automotive industry, Hungary, backward linkages, input-output analysis

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Industry 4.0 and the Transformation of the Hungarian Automotive Industry

The automotive industry is the leading manufacturing industry in Hungary and due to technology developments, it is at the forefront of significant changes, which have their repercussions on the operation of the Hungarian automotive players as well.

The fourth industrial revolution or Industry 4.0 is one of the main challenges for the automotive industry and from this point of view Hungarian (Central European) and Asian suppliers are in a similar situation, indirectly competing with each other in the global value chain. Our analysis concentrates on how the various firms with different background, activities and production organization method are reacting to this challenge. We rely on interviews taken with the leading managers of foreign- and Hungarian-owned firms. We try first to show their level of preparedness and areas of preparation to Industry 4.0-related developments. Second, we try to explain differences in the level of preparedness by the home countries of the firms (locals versus Western European versus Asian), showing that variances in activities and production organization may partly explain these differences. Third, we explain the differences in the extent of preparation for Industry 4.0 developments by the level of internationalization of the firm, which may be an important explanatory factor for Hungarian companies.

Keywords: Industry 4.0, automotive industry, Hungary, firms, interview-based research

How Mobile Technologies Contribute to the Digital Economy in China and their Major Impacts

This paper would like to briefly summarize the digitalization and the development of mobile based internet applications in China and its potential impacts. Because the world wide web probably is not worldwide, the internet has different significance and use around the Globe. China became the biggest economy of the world based on GDP (PPP) between 2010 and 2020, and by the way, the biggest e-commerce market too. Chinese online giants emerged in this local market eager to go global, while on the other hand the Western online giants remained insignificant or were banned from the Chinese online market. Meanwhile Chinese also became the second most popular language of the internet, while relatively lower penetration is still providing more space for further growth. However, the main focus of the present paper is the Chinese internet ecosystem. Providing a better understanding of China's generally mobile based internet, with its high penetration of smartphones; the mobile payment market of China is outstanding on a global scale. So, e-commerce is mainly m-commerce, and it was mobile based in the development process too. The recent development of 5G could probably further boost its mobile internet economy. Therefore, the study involves many secondary published data and sources to describe how the mobile internet looks in China nowadays, and how it contributes to the whole internet economy in the country. The paper also Includes, the actual and potential global impact of China and the Chinese companies and platforms, which could potentially show how digitalization could look or develop in the future.

Keywords: China, internet, mobile internet, mobile payment, 5G

The Implementation of the Free and Open Indo-Pacific Concept

The Free and Open Indo-Pacific initiative announced by the Trump administration is a significant departure from the previous US strategies via its explicit linkage of the Indian Ocean, South Asia and the Asia-Pacific region in an era when China's rise and presence across this wider region is raising growing concerns in Washington. Critics of the initiative point out that since its declaration in 2017 the US has not clearly identified the whole vision, nor has devoted the necessary economic or political resources to implement the strategy successfully. When compared to the Belt and Road Initiative, US economic investments in the region seem insufficient, though unlike Chinese investments, American FDI is largely not state-directed and financed, which makes the comparison more difficult. Besides the gap between infrastructure and financing, the Trump Administration's withdrawal from the TPP and China's recent signature of the RCEP, the largest trade agreement of the region, has raised further concerns about the viability of the strategy.

The paper focuses on the background and the implementation of the FOIP, by analyzing the level of US engagement in the region in terms of economic relations, trade policies, and foreign assistance funding. Furthermore, the region's position and its recent changes in US defense programs and strategies will be also examined, especially as the FOIP also emphasizes maritime issues that might be viewed as an answer to the String of Pearls concept. The potential ally's positions, interests are also introduced, with a special focus on revitalizing the Quad and the possibility to involve the sub-region's leading international organization, ASEAN. The major question is if the operationalization of the strategy since 2017 makes it a sufficient containment policy, and in which aspects is the future reformulation of the concept by the new administration possible.

Keywords: Free and Open Indo-Pacific Concept, China, US, economic relations, trade policies, Quad, ASEAN

Frictions in the European Union's Policy towards China: New Challenges on the Digital Battleground

China's overall aim to achieve global leadership in digital technology has shifted the domain of the country's competition with the United States. Although the "Made in China 2025" initiative, along with the BRI subproject, the "Digital Silk Road" focus on the development of advanced technologies, the output of the innovations leave an imprint on all the domains of rivalry between the two superpowers. China's unsurpassable digital economy, its growing number of 5G connections, the investments in semiconductors and the surging number of AI companies are challenging American economic and military dominance. China's ambitions have triggered various responses from the United States, the latest of them being an infrastructure project, the Blue Dot Network (BDN).

The European Union is losing ground regarding economic competitiveness in the digital realm. The growing presence of Chinese high-tech enterprises also entails security risks. Although the European Union shares many of the United States' concerns, EU member states avoid open confrontations such as banning Huawei with a national security order, or other, equally severe measures of the trade war. Notwithstanding the pressure of the Trump administration, the European Union did not seem to take such concrete steps, even if the European Commission had advised the member states to take additional security measures when procuring 5G networks. The digital competition between the US and China poses a huge threat to the EU, which is further enlarged by the fact that among the member states there is no unanimous attitude towards China. In this emerging "Tech Cold War" Europe is caught between the two rivals. The aim of the paper is to reveal the frictions within the EU's China policy, and to present several steps taken towards developing a strong digital Europe.

Keywords: Tech Cold War, Digital Silk Road, innovation and patent applications, technology transfer, European Digital Strategy

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Manufacturing Sectors in Shanghai, China

Increasing carbon productivity is an effective way to reduce carbon emissions while boosting economic prosperity. For appropriate formulating and enforcement of energy saving and carbon emissions reduction policies in various sectors, it is of great significance to investigate the evolution characteristics and convergence modes of carbon productivity across manufacturing sectors.

Using the Slack-based directional distance function and the Malmquist-Luenberger productivity index, this paper measures the carbon productivities of 29 manufacturing sub-sectors in Shanghai, China from 2001 to 2016 under the total factor framework. Furthermore, based on the convergence theories, it empirically examines the convergence of carbon productivity across manufacturing sectors.

The measurement results suggest that the carbon productivities of manufacturing sectors in Shanghai show an increasing tendency on the whole, and technical efficiency instead of technological change makes the main contribution to the increase. It has been found that there is no obvious σ convergence across the manufacturing sectors in Shanghai, but there exist both absolute β convergence and conditional β convergence. Moreover, there is heterogeneity in convergence characteristics between the clean sectors and polluting sectors. The findings also show that firm size and industry structure have significant positive impacts on the growth of carbon productivities of manufacturing sectors, whereas the impacts of capital deepening and energy consumption structure are significantly negative.

This paper measures the carbon productivities of manufacturing sub-sectors applying SBM directional distance function and GML index, so as to improve the accuracy. It provides an insight into the convergence of carbon productivity across manufacturing sectors.

Keywords: carbon productivity, measurement, σ convergence, absolute β convergence, conditional β convergence

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Fragmenting Cyberspace and Constructing Cyber Norms: China's Reshaping of Global Cyber Governance

Digitalization has been an important element behind the process of globalization, allegedly proposing new ways of interactions among nations and states. Nevertheless, globalization was never meant to be a one-way process. With the rise of China in the digital domain lately, China has been transforming itself from a position of accepting cyberspace, as given by the West, to a position of reshaping cyberspace, as dictated by its interests. Such seismic movements in cyberspace are often complex, involving both technical and political transitions.

However, existing studies have often invested in comprehending the technical aspect of China's rising power in cyberspace, and mostly centered around investigating China's influence of global ICTs technologies, market, and standards. In addition, cyberspace is a relative latecomer in the political discussion of global governance, but attention on this issue is often confined to technical communities. Hence, scholars often overlook the political aspect of the Chinese factor, and there is a need to improve our understanding in the development of global cyber governance, specifically China's touting of Cyber Sovereignty. As such, this article's objective is to explore China's use of strategic narratives in dictating the future direction of cyber norms. It plans to investigate this process of discursive construction via the perspective of International Relations theories, and understand how China could expand its influence, reshape expectations of international audiences, and even establish a favorable strategic environment by "telling China's Stories Well." It would eventually explain how these changes could facilitate China's foreign policy and security interests and their implications to the international community and cyberspace.

Keywords: global cyber governance, discursive construction, cyber norms, strategic narratives, cyber sovereignty

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Economic Roles of Japan after the Conclusion of the Japan-EU EPA

The Japan-EU Economic Partnership Agreement (EPA) was signed in July, 2018, and came into effect in February, 2019. Since the US withdrew from the TPP (Trans-Pacific Partnership Agreement), the Japan-EU EPA has been one of the biggest mega FTAs in the world. A tentative result of the last two years after the enforcement of the agreement is a very positive one. For example, imports of wine from the EU to Japan in 2019 increased by twenty per-cent from the previous year.

But impacts of the Japan-EU EPA are not limited to the trade between Japan and the EU. The fact is that the Japan-EU EPA comprised 23 chapters, the agreement is related to various fields, such as trades in service, intellectual property rights, competitive policy and government procurement as well as non-tariff measures. This will have impacts on the negotiation of other mega FTAs in Asia, especially on the Regional Comprehensive Economic Partnership (RCEP), which was signed in November 2000 by the ASEAN 10 and Japan, China, Korea, Australia and New Zealand.

Furthermore, the fact that the largest free advanced economic area of Japan and the EU was created is a strong message for both parties to show their strong political will to raise the free trade flag high, and the main target is to advance the WTO reform. In 2018, the EU presented a concept paper to modernize the WTO. One of the main targets of the WTO reform is to make the Chinese system closer to the advanced countries' system, although the paper does not mention the name of China.

Lastly, the Japan-EU Strategic Partnership Agreement (SPA) was concluded and came into effect simultaneously with the Japan-EU EPA.

In today's global world, especially in the Asia-Pacific region where China is increasing her power and role more and more, the increasing cooperation between Japan and the EU may have an impact on the geopolitical politics in the Asia-Pacific region.

Keywords: EU, Japan, EPA, SPA, FTA

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Effect of Social Media Use in Sales on Customer Qualification Skills and Adaptive Selling Behaviors of Export Salesperson in Mainland China

This research investigates the contribution of social media use in sales to customer qualification skills and adaptive selling behaviors of export salespeople in Mainland China. This study draws on categorization theory to explore the mediating role of customer qualification skills in explaining how social media use in sales contributes to salespeople's adaptive selling behaviors to achieve high sales performance in export selling. The study also integrates network effect theory and social linguistics theory to identify the specific kind of social media platform (Facebook) and the characteristics of salespeople in terms of English language proficiency, which play a facilitating role in promoting the effectiveness of social media use in export sales. Data were collected from 966 Chinese export salespeople using a questionnaire survey. The results from the partial least squares regression analysis found social media use in sales was positively associated with customer qualification skills and adaptive selling behaviors. Moreover, the results also revealed a partial mediating effect of customer qualification skills on the positive impact of social media use in sales on adaptive selling behaviors. The moderating effect analysis found that the positive association between social media use in sales and customer qualification skills was stronger in export salespeople who used Facebook and mastered a high level of English language proficiency.

Keywords: social media use in sales, customer qualification skills, adaptive selling behaviors, Facebook, English language proficiency

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Climate Change and the Polar Silk Road in China's Foreign Policy

As an area rich in unexplored resources, the Arctic is assuming an increasingly important geoeconomic and geopolitical role among Arctic and non-Arctic states. The Arctic is the epicenter of the fight to preserve the planet from the effects of climate change. In the near future new trade routes have emerged in the region, which saves energy and time as a considerable security and geopolitical aspect. China has been working on building its regional ambitions for several years and released China's Arctic Policy in early 2018, according to which the country would like to integrate this region into the New Silk Road Project, too. As a responsible large power, China's commitment to the peaceful development of the Arctic is heartening and through the Polar Silk Road, China now has an instrument which will make it a stakeholder in Arctic affairs for generations to come. The country has become increasingly interested in how climate change in the Arctic affects not only the region itself but also China. Because of the direct relationship between climate change, rising sea levels, and potential threats to millions of Chinese living in coastal cities through massive flooding, China has long participated in Arctic research. China joined the international Arctic science committee in 1996 and since 1999 has organized scientific expeditions in the Arctic with the research vessel Xue Long (or Snow Dragon) as the platform. In 2004, China built its first Arctic research station, the Arctic Yellow River Station, in the Ny-Ålesund research village in the Spitsbergen Archipelago. China's White paper on the Arctic identifies several policies and positions on participating in Arctic affairs, including protecting the environment of the Arctic and addressing climate change. Through the White Paper, China acknowledges how Arctic climate change will impact its own environment and people, and hence commits itself to strengthening "publicity and education on addressing climate change to raise the public's awareness of the issue". China expresses its full commitment to protecting the Arctic environment via global environmental agreements, with particular emphasis on the marine environment. This paper analyzes how China would like to become a responsible stakeholder in the Arctic through China's polar strategy and China's climate policies.

Keywords: Arctic, China, climate change, Polar Silk Road, responsible stakeholder

ORIENTAL BUSINESS
AND INNOVATION CENTER
CONFERENCE

“MEGATRENDS IN ASIA”:
CHANGING SOCIETIES AND
ECONOMIC DEVELOPMENT
TECHNICAL, SOCIOLOGICAL,
ECONOMIC AND POLITICAL SHIFTS
IN EAST ASIA

BOOK OF ABSTRACTS

MAY 7, 2021

BUDAPEST BUSINESS SCHOOL
UNIVERSITY OF APPLIED SCIENCES

Oriental Business
and Innovation Center



Conference Topic

The term megatrend was coined by John Naisbitt in 1982. Back then he defined ten far-reaching global developments that he viewed as important, seemingly unstoppable long-term shifts in the progress of societies. The goal of the OBIC PhD conference is to discuss key, long-term challenges –megatrends – in the Asian region, in respect to social and economic trend research through an interdisciplinary and/or comparative focus.

In recent years, Asian societies have been confronted with the rise of China transforming the Asia-Pacific region, particularly in economy- and security-related areas. At the same time, India and Indonesia are also rising economic powers that are substantially changing the shape of Asian economic power relations. The rapid growth of markets in the region has become more and more important as an element of global growth, however, challenges such as urbanization, severe environmental problems (the climate challenge, air pollution, etc.) must be dealt with too. Over the course of the last decade, these tensions have often turned into local political disputes (i.e., in the South China Sea) and new initiatives (such as the Belt and Road Initiative) have come under fire and have also been fiercely debated in some countries too.

The megatrends to be thoroughly unfolded at the conference, are the transformation of societies and the recent economic developments in the world's most dynamic region, and of the interplay between them. At its most obvious, the experience of the global economic balance of power positioning eastwards has surely changed the way Asians live and function. What significant and fundamental changes have the new economic miracle spawned when dealing with the physical and social landscapes of the countries?

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Analysis of the Impact of Entrepreneurship on Economic Growth: A Panel Regression Approach

The emergence of large industries (industrialization) were considered as drivers of economic growth in the later part of the 19th century. Industries enjoyed economies of scale and this made them more efficient, increased revenue margins as well as increase the number of employed people within the labor force. Due to this, most economies, particularly the developed ones paid much attention to the growth and expansion of large firms while micro, small and medium scale enterprises and entrepreneurs were thought to impede economic growth and development. However, after a series of economic crunches like the Great Depression set in, most of the big industries collapsed and gradually unemployment rates began to rise, revenue margins began to drop and there was massive loss of output. Coupled with that, the industrialization period was well noted for poor working conditions, low wages and high levels of environmental pollution. As such, economies started shifting attention from industrialization towards small scale enterprises and entrepreneurship. In fact, in the bigger economies like the United States (US) and United Kingdom (UK), their respective governments started to make policies that encouraged the pursuit of small business. Other nations have since then followed suit and cumulatively we see entrepreneurship playing a vital role in economic growth and development in these bigger economies. It is therefore interesting to shift attention from the bigger economies and analyze the impact of entrepreneurship on growth in the smaller/periphery countries as well. The objective of this paper is therefore to assess the impact of entrepreneurship as measured by start-ups and own businesses on economic growth and development using 32 periphery countries. The core motive is to obtain a novel perspective on the role start-ups play in economic growth across the selected developing countries. To meet this objective a Panel Regression approach will be adopted. Data on 32 developing countries from a period of 2000 to 2016 will be employed.

Keywords: entrepreneurship, economic growth, development, panel regression

China US Relation after Trump and before Biden Administration

The relations between the US and China have been the focus of global geopolitics for the last decade. The US dominated the decades of 1990's and 2000's as the sole superpower meanwhile China slowly but steadily and very successfully transformed, modernized and developed its economy. Since China's accession to WTO in 2001 the economic development of the country has shifted to an even faster pace. As the result of the process China has successfully positioned itself as the unavoidable pinpoint of the global economy. Based on China's economic position president Xi Jinping has started to shift the international politics of China, which shadowed the hegemonic power of the US.

In the article we draw up a short overview of the different fields of geopolitics of the US during the different presidential administrations after 2008 toward China. The last chapter was Trump's administration which directly started to oppose the way China won over and manipulated the different countries and institutions onto its side. As the relations of the two superpower is crucial for the world, we assess and predict the possible policies of the Biden administration towards China.

Keywords: geopolitical power shift, US, China, Biden administration

Macroeconomic Policy Empirical Analysis Using an Unrestricted Standard VAR Model: Case of Mongolia

This paper is mainly about key fiscal policy indicators and their interrelations between each other. Within the research, an overview of Mongolian macroeconomic policies is provided. The model that is used in the analysis is the unrestricted, standard Vector Autoregressive Model. There are seven variables selected, which are GDP, Government revenue, Government expenditure, Export, Government debt, and Global copper price. The sources from which the data is collected are the National Statistical Office (NSO), Ministry of Finance (MOF), Bank of Mongolia (BOM), FRED in St.Louis and General Customs Administration (GCA). The quarterly data are collected and used in the research. The range of data of variables covers the first quarter of 2000 to the fourth quarter of 2018, totaling 76 observations for each variable. In the case of data manipulation, the quarterly average exchange rate is used for the calculation. Based on the data availability and adequacy, the data from 2000 are more constant and persistent for the case of Mongolia. Besides of VAR estimation, IFRs and VDC functions are computed in order to define how variables react to certain shocks. The key finding of the research is that both GDP and government revenue are sensitive to the copper price changes and its shock. The copper price is an effective tool to predict these two variables in the short-run. Government revenue is an effective tool to impact export in the short-run. Government debt is not an effective indicator to affect all of the variables except government expenditure. The money supply is only effective for GDP. Government expenditure is also not significantly effective to have an impact on other variables, but it is weakly affected by government revenue, copper price, and export.

Keywords: VAR model, IRFs, macroeconomic policy, variables, shocks

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Turning Crises into Opportunities, China's Digital Economic Transformation under Covid-19

From a historical perspective, catastrophes and epidemics often force traditional industries to transform and upgrade, thereby giving birth to new models and new business forms. For example, the 2003 public health incident accelerated the development of the Internet in China. The new corona pneumonia epidemic, on the one hand, caused China's GDP to hit the largest drop in nearly 30 years, severely impacting transportation, tourism services, education and training and other industries. On the other hand, it accelerated the advancement and transformation of China's digital economy through the empowerment of digital technology. The research method in this paper adopts a combination of qualitative and quantitative methods, and mainly focuses on quantitative research. This article mainly studies the new changes in China's digital economy under the Covid-19 epidemic, and the impact and results brought about by them. Finally, the author also predicts the future development of China's digital economy.

Keywords: Covid-19, digital economy, advancement and transformation, technology, empowerment, future development

The Impact of Digitalization on Unemployment: The Case of China

The topic of digitalization has a high relevance in literature nowadays, where many authors try to figure out the impact of digitalization on the labor market in the short and long term. The process of digitalization leads to the structural changes in the labor market and can have either positive or negative impact on unemployment. There is still no consensus in the literature regarding this question. Some authors argue that the process of digitalization will create new jobs, whereas other authors claim that in the long run digital revolution will increase unemployment.

China nowadays is one of the leading industrial economies in the world and the digitalization of the Chinese industry is one of the key goals for the government. The article assesses the impact of digitalization on unemployment in China with help of the time series OLS regression in STATA. Because the process of digitalization was promoted by the increase in Internet connections at the end of the 1990s and was further developed by high-speed Internet and mobile data access, the chosen period for regression was 1991-2017.

It was proven that digitalization is significant (p-value less than 10%) and has a negative association with the variable of unemployment during the period of 1991-2017. The results show that an increase of the digitalization variable by 1% leads to a decrease in the unemployment rate by 0,1%, which means that the process of digitalization creates new jobs in the Chinese labor market.

Keywords: Chinese economy, digitalization, labor market, ordinary least squares regression, unemployment

E-Participation in Public Procurement and Internal Audit: Reinforcing Transparency, Accountability, and Stewardship in Regulatory Governance

Public trust in public service is a government condition that is determined, continuously challenged, and spurred as mandated functions of bureaucrats and elected officials for the general welfare of the state. Statutes, institutions, key state and non-state actors, political, economic, and socio-cultural. Implementation of development plans which includes national, regional or local programs and projects are measured, monitored, and evaluated on a periodic basis. Monitor Democracy as introduced by John Keane (Life and Death of Democracy, 2009) is the ongoing public scrutiny and public control of decision-makers, whether they operate in the field of government, inter-governmental institutions, or non-governmental or civil society organizations. Prior to the Covid-19 era, there are growing political, economic, and social movements that push good governance in its barest form across different countries worldwide. In the Philippines, public procurement and internal audit functions are realms of the regulatory space where citizens' participation is most warranted. Consistent with the provisions of existing public procurement law as well as rules and regulations on public internal audit, qualified and willing volunteer citizens may actually participate so as to reinforce transparency, accountability, and stewardship in the public procurement and internal audit activities at the national and local government levels. Through a systematic literature review of English journals articles from open accessed websites published for the past thirty years, the paper intends to determine a) the drivers in the implementation of an e-participation program in public procurement and internal audit; and b) the antecedents of change orientation (socio-cultural values) and public service motivation of citizens, specifically professionals and technically skilled individuals, in the e-participation program for a risk-based and gender responsive regulatory governance reform in public administration of the Philippines' bureaucracy and local government units.

Keynotes: citizens' participatory internal audit, e-participation

Chinese Sharp Power: When the Soft Becomes Sharp

On February 12, 2021, China banned the broadcasting of the BBC, a week after the British media regulator prohibited the airing of the China Global Television Network in the UK. These are the most recent up to date tensions between the West and China and reveals how the Western democracies and China react to each other's stance in information warfare.

The upcoming paper is a part of a lengthy and comprehensive study of Authoritarian Sharp Power, which investigates how the traditional concept of Soft Power has been transformed into a harsher, more aggressive and stinging method of influence. While the original study circulates around authoritarian states, this particular piece concentrates on China and tries to understand how China modified its prominent Soft Power means and developed a practice which makes the West worry.

This paper has two basic claims: first of all, along with the classic form of Soft Power, China has adopted a new, malign form of influence by using its domestic methods of control, censorship and monopoly on power and has transformed these practices into foreign policy tools; secondly, as Christopher Walker and Jessica Ludwig, the inventors of the term Sharp Power have outlined, countries which practice Sharp Power "are not necessarily seeking to win hearts and minds... but they are surely seeking to manipulate their target audiences by distorting the information that reaches them".

To illustrate how China uses its alleged Sharp Power means internationally, this paper analyzes a thorough investigation conducted by Rachelle Peterson of the National Association of Scholars. Her study shows how Confucius Institutes, governed by Hanban, operate in the academic field of the United States. This example depicts how Confucius Institutes suppress academic freedom in US universities by avoiding, censoring and restricting discussions on specific topics that are sensitive to the Chinese Communist Party.

This paper will highlight how and why the traditional concept of Soft Power became a rather obsolete means of influence and why it is important to understand the modern ramification of this notion. This piece also bears considerable significance for academia: the theoretical dictionary that has been used to describe foreign policy tools in the post-Cold War era, can no longer characterize the complex methods of influence that modern autocracies use.

Keywords: China, soft power, sharp power, academic freedom, information warfare

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Digital Yuan – A New Global Currency?

China's New Challenges and Endeavors in Global Trade

The main goals of the research are to examine the role of leading currencies and the role China plays in global trade. In addition, the authors also examine the impacts of the US-China trade war and the use of digital currency in China. It can easily be seen by now that the main characteristics of global trade are changing as the impact of the trade war has escalated between the US and China. Transactions being done in USD and RMB (Chinese Yuan) seemingly decrease while trade tariffs between the two countries are on the rise. The most recent idea from China is to shift using USD and other currencies, like the EUR to Yuan in international trade and finance in order to set the Yuan as the second most important currency in global trade. It is important to mention that China has established its One Belt One Road project which already covers 30% of the total trade turnover of China. China's response to the trade war and the Covid crisis is the digital Yuan, a digital currency which is still under testing. The testing areas are: Shenzhen, Suzhou and Chengdu, Xiongan Beijing, where in total 38 million people live. Another new project, the Chinese digital payment system has also been launched in which the digital Yuan (RMB) is used. In the last chapter of the study the authors try to find answers to questions such as: What are the present trends in innovation? How can blockchain technology be used? How China can remain in a leading position in world trade? and How can Yuan become the second most important reserve currency of the world? The biggest advantage of the digital Yuan could be the trade at floating exchange rates as the market could set the value of Yuan without the control of the USA in global trade. It is a great challenge and success can likely be achieved as these electronic payment systems and transactions would be done by more than half a billion people.

Keywords: digital currency, Yuan, China, global trade, leading currencies

Socialism with Chinese Characteristics: What's in the Name?

The topic of Chinese politics nowadays attracts great scholarly attention because of China's economic performance and changing role in the arena of international politics. Though the politico-theoretical analysis of current Chinese politics and the scrutiny of the politico-philosophical trends defining Chinese society are underrepresented, furthermore the fact that China officially claims itself a socialist country is neglected or invalidated.

Meanwhile the People's Republic of China has been under the control of the Communist Party of China (CPC) since its foundation. Besides the continuous amendments the CPC's acclaimed ideology is still Chinese socialism rooted in Marxism, Leninism and Mao Zedong Thought. At the same time, since 1978 when the 'reform and opening up' politico-economic program was introduced a socialist(ic) market economy started to flourish in the country, and as a result China has become the second largest economy in the world. The question can be raised, what is the role of socialism in Chinese political discourse today?

The main objective of this research is to analyze the Chinese ideo-political realm and its power structure and legitimization processes based on the claims and the discourse of the Chinese Communist Party. Accordingly, our theoretical endeavor is the reconstruction – with the help of Essex School's discourse theory – of the inner structure and the role of socialism (with Chinese characteristics) within the new socio-economic context of China.

Keywords: socialism with Chinese characteristics, reform and opening up, legitimacy, official discourse, discourse theory

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The Impact of Public Opinion on Chinese Enterprises' Foreign Direct Investment: Take Countries along the Belt and Road as an Example

In recent years, with the implementation of China's Belt and Road Initiative, Western countries have continuously created media to discredit the Belt and Road strategy, such as the "debt trap theory", "China's money-saving theory", "the theory of split Europe", and "destruction of the environment." The "debt trap theory" has been overblown by Western media since 2015 and has hindered China's foreign investment in countries along the Belt and Road. This article analyzes the average tone of public sentiment of major countries along the Belt and Road from 2010 to 2018 in the GDELT public opinion database and draws correlation between public opinion and the outbound investment of Chinese companies along the Belt and Road. The article proposes the following assumptions: it assumes that public opinion, to a certain extent, affects China's foreign investment; it also assumes, that the impact of public opinion on investment will change with internal political changes of the host country and the environment of the international system.

Taking Malaysia, Laos, Egypt, and Kuwait as case study countries, and using neo-classical realism to introduce domestic factors into the analysis of the international system level. By double-assessing the domestic politics and international system environment of the case study countries, the so-called Western Various public opinions, such as the created "debt trap theory," suggest that the role of corporate public relations should be better exerted, thereby improving China's national image and soft power.

Keywords: public opinion, GDELT public opinion database, neoclassical realism, foreign direct investment, soft power

The Impacts of AI Adoption in the Chinese Advertising Industry

This paper provides an overview of the context of smart advertisement development in China and artificial intelligence (AI) as a form of technological and digital innovation, and especially how AI impacts the Chinese advertising industry. The demand for smart advertising has been growing rapidly in the e-commerce market and the Chinese economy since 2011. AI technology adoption in the advertising industry mainly involves programmatic buying, smart ad design, copywriting, content production and management analysis. The main benefits of adopting AI technologies in advertising are restructure advertising process steps, shorter design cycles, simplified customer communication, decreased labor and economic costs, and improved ads management efficiency. Compared with traditional advertising, smart advertising is highly efficient at reducing costs and providing a more user-friendly environment to advertisers.

AI technologies adopted in the advertising industry have an inevitable trend, due to the transaction scale of China's e-commerce and its various continuously expanding segments. According to the transaction scale data from the Chinese E-commerce Research Center, it went from 7.85 trillion yuan in 2012 to 34.81 trillion yuan in 2019. The huge e-commerce market needs a substantial number of ads to match its growth size and rate. Otherwise, the market and consumers prefer highly personalized and high-quality advertisements which require great precision AI technologies. This study involves many secondary published data and sources in order to describe how AI technologies have been adopted in advertising and how AI impacts its development in China nowadays. In addition, some Chinese companies and platforms will be used as examples to show how firms benefit from AI technology adoption in advertising.

Keywords: artificial intelligence, digitalization, China, smart advertising

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Covid-19 Promote Digital Transformation in China

In recent years, digitalization has become a hot word all over the world. Nowadays, in China, the digital economy is flourishing, improving the quality and efficiency of the real economy, becoming a new driver for China's economic growth. In 2020, under the world-spread of Covid-19. Most countries went through a bad time. China made great progress to recover from this situation. How could China do this? The reason is as follows: the new generation of information technology was widely used in the anti-epidemic and protection of people, in production and living materials support, in the resumption of work and production, and so on. Alternatively, we can say that digital management helped the government and society to scientifically and accurately prevention and the control issues that happened under the epidemic. So, digitalization is a force to be used in Chinese government, industry, enterprise and society from that time. On the other hand, we can see that it also brings great opportunities for digital transformation in China. This will be the beginning of a major change for a billion people. So, this paper is focuses on the descriptive application of digitalization in prevention and control of COVIN-19, how to strengthen the popularization of digitalization in China, and briefly predicts the future benefits of digitalization for China.

Keywords: Covid-19, digitalization, China

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