



Europe 2020: Views from the outside world

A roundtable discussion with:

- **Kan Trakulhoon, President and CEO of The Siam Cement Group**

- **Kevin Ryan, CEO and Co-founder ShopWiki**

Europe is often perceived as a less attractive place to conduct business compared to the US or Asia and at the INSEAD Leadership Summit, participants heard not just the views of Europeans but also those of non-European business leaders.

In a panel discussion called 'Europe 2020', an American and an Asian business leader discussed the relative attractiveness of the European economy in the coming 10-20 years.

The consensus at the table is rather pessimistic: "Europe is not going to grow the way the US and Asia are growing," says **Kevin Ryan**. "We'll see a steady decline in Europe's market share in the global economy."



"We view Europe as a declining economy, because of the demographics and ageing population," adds **Kan Trakulhoon**. "The key strength of Europe is innovation, so the key issue for Europeans is how to sustain the leadership in innovation."

Predators become prey

With the European economy struggling to keep

pace with Asia, European companies are increasingly seen as prey rather than predators in the global marketplace.

“I expect more and more acquisitions of European companies by Asian companies,” argues Kan. “Take India’s Tata Steel for example. The Asian companies have the money; they now need the brands and the technology.”

Although Asian companies are now capable of competing with the best-in-class worldwide in terms of technological know-how, Asian companies are also seeking to acquire technology in Europe.

“European companies are leaders in terms of research and innovation. That’s why Asian companies – and perhaps Middle Eastern companies later on – will look at buying European companies,” says Kan.

However, in terms of Europe’s technological skills, a lot depends on which sector one is looking at.

“I’m typically looking to hire a 23-year old java programmer, and that person can be based anywhere, including in Asia, not necessarily in Europe,” says Ryan, who in his career has launched several successful internet start-ups.

Therefore, the relevance of Europe as a high-tech leader is more obvious in engineering-based specialties than in the software and internet space.

“Many EU companies are leaders in all sorts of complicated and sophisticated engineering/manufacturing industries,” Ryan says. “Europe is often a real leader in high-tech manufacturing. But in the internet and software space, Europe is not in the forefront and doesn’t have as many companies like Yahoo, Google or Microsoft, or many other smaller companies in that space. That’s where Europe is at a disadvantage.”

Europe is not at a disadvantage, however, when it comes to training and developing a skilled workforce.

“Europe is still the best place for knowledge, with universities here as good as those in the US,” Kan argues. “People will come to study in Europe now more readily because of security and visa problems in the US.”

Indeed, Ryan agrees that “the ridiculously complicated visa system in the US is pushing some foreign students to choose European universities over American universities.”

However, when looking at the composition of the student body at the best European universities, it

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becomes increasingly apparent that Asian students account for a growing percentage of the students who specialize in high-tech.

“I just visited a chemical engineering classroom at a leading university in London in which 40 per cent of the students were from Asia,” recounts Kan.

“In electrical engineering perhaps 50 per cent were from China, and the next biggest group was from India. Most young European students are studying business and commerce, not the hard subjects like engineering or science. The trend is strong coming from Asia. If the trend continues, something may change in the next 10-20 years. If this pool of talent heads back to their own countries – Asia, India, China – these countries can then build up their own technologies.”

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