

Government Does Have a Role in RFID

To help small and midsize companies stay competitive, the Ontario Provincial Government is taking the initiative to support RFID education.

By Mark Roberti

Dec. 3, 2007—The cover story of the November/December issue of *RFID Journal* magazine examines the role governments around the world play in the development of radio frequency identification.

Governments in Asia are funding the development of RFID products to enhance their already mighty manufacturing base. Governments in the European Union, meanwhile, are funding pilots that could lead to rollouts benefiting European companies. And the U.S. government is employing RFID in the military sector and elsewhere, but is otherwise doing little to promote the technology. The article considers the pros and cons of the approach each government is taking, but perhaps the provincial government of Ontario has got it right—it's funding education.

The Ministry of Economic Development and Trade (MEDT) sponsored a seminar for small and medium-size enterprises (SMEs) last week at RFID Journal LIVE! Canada 2007 in Toronto. More than 100 people attended the seminar—making it, to my knowledge, the largest gathering of its kind, ever. The seminar material was part of the GS1 Knowledge Center, an educational program developed by GS1 Canada and EPCglobal Canada. The focus was on how SMEs could attain real business value from RFID today.

Why is the MEDT investing in education? Sophia Aggelonitis, parliamentary assistant for small business and entrepreneurship, told attendees that SMEs are the engine driving the economy. The provincial government, she explained, wants to support them and help them remain competitive, to keep jobs in Canada and the Canadian economy strong. Funding RFID education is forward thinking, because it not only helps SMEs today, but also prepares them for the future. Trends always change—right now, the trend is to move manufacturing to countries where labor is cheaper, but that will likely reverse itself within the next 10 years or so.

Here's why: Even low-cost producers like China have a limited labor supply. Wages have gone up enormously in Guangzhou, from when Hong Kong companies first moved into that province in the early 1980s. Companies have pushed farther into the interior of China in an effort to keep labor low, but the domestic demand for products—as well as the constraints on China's labor pool and other resources—is forcing prices up. Companies have been looking elsewhere for cheap labor, including Vietnam and Africa, but the infrastructure is not always available to support new factory investments in such areas.

Another issue is the cost of oil. At present, oil is priced at about \$100 per barrel. It could come down if conditions improve in the Middle East, or it could go up to \$300 a barrel by 2015. The cost of shipping goods around the world could start to offset the lower labor costs overseas.

RELATED_ARTICLES Finally, RFID allows a level of automation that might enable companies to produce goods closer to home with less labor and, thus, reduced cost. And this would allow firms to respond more

quickly to changes in supply and demand.

I commended the MEDT during the event, and I wasn't just blowing smoke at one of our speakers. I genuinely believe educating companies about the potential benefits of RFID—and other emerging technologies—is a smart thing for governments to do, and it will pay dividends in the long term.

Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below.

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