

Sonjuku Visit to Shanghai and Begin

Some members of Shimada son juku and myself visited Shanghai and Beijing briefly for the period of Sept 15 to 18. It was a wonderful trip. We enjoyed it very much. We saw and heard many things of current Shanghai, Beijing and China, met important people, enjoyed delicious food. Above all, our nice reunion and association with two of my students who studied at Shimada “zemi”(specialized workshop) of Keio University a quarter of century ago was the most wonderful and specutacular experience.

The idea of this trip was coined when the two old students visited me some day in March 2017. They contacted me wishing to see me after a rather long time since we spent together at Keio university. I of course gladly accepted their wish and suggested to have lunch together at International House of Japan at Roppongi.

They are, Mr. Hong Tao and Ms. OuYang YanJung. They contacted me after having talked with their common friend, Mr. Chin. I happened to get to know Mr.Chin a year or so ago. Mr.Chin is a quite active independent entrepreneur promoting his business in providing services for wealthy customers. We happened to talk about Mr. Hong and Ms Ouyang. Mr. Chin asked me if I met them recently. Having heard that I have not had an opportunity to meet them for about twenty years. Mr.Chin told me that he would ask them to contact me immediately, and they did.

At the dining room overseeing a beautiful garden of the International House, Mr. Hong and Ms.Ouyang talked about many things. We had a lot of topics to talk just to cover our twenty year experience. Besides, Mr. Hong is an established businessman running a machine tool company, and Mr. Ouyang is a successful venture capitalist so that the coverage of topics had to be broad. In addition, I told my recent effort to try to learn Chinese language which led me to challenge to write Chinese blogs, and my activity which I spend much of my intellectual energy, namely, Shimada sonjuku. They were particularly interested in Sonjuku

activity.

An idea just happened to have emerged in my mind that letting sonjuku members meet these nice Chinese young entrepreneurs would be a great stimulus with each other because they are active young business people of the two countries. They were delighted to hear my idea. They solicited that I will bring a small group of sonjuku members to Shanghai where Mr. Hong locates Hq of his company, and to Beijing where Ms. Ouyang works as a financial specialist. They said when we visit their land they will take care of all the cost while we are in their turf. This is the origin of the plan of our trip.

My wish was that young entrepreneurs of about the same generation of the two countries see and learn the informal life and work and their frank view about their countries, particularly the Japanese side learn the real China by seeing and talking with Mr. Hong and Ms. Ouyang.

A few months later, exact plan was made by interactions between them and us. The time table was as follows:

Sept. 15, 2017(Friday) Lv. Haneda for Shanghai
Lunch and talk with Mr. Hong, Tao
Dinner invitation by Consul General Mr.and Mrs. Kazuyuki Katayama
at Shanghai
Consulate Genral.

Sept. 16, 2017(Saturday)
Lunch and talk, and city tour with Mr. Hong Tao
Dinner party by Mr. Hiroyoshi Ikeda, CEO of MYTS Co.Ltd.
at a historic restaurant Su Nan Jan Yen

Sept. 17. 2017(Sunday)
Lv Shanghai for Beijing, received by Ms. OuYang YanJung

Sight seeing of Zijincheng

Talk with Ms. OuYang Yan Jung at her office

Dinner with Ms. OuYang Yan Jung

Sept. 18. 2017(Monday)

Visit and conference at Chinese Institute of International Studies

Lunch with Ms. OuYang YanJung

Lv. Beijing for Tokyo, Haneda AP

During the process of planning the trip, we had a special luck to have wonderful oppourtunities to be invited to a formal dinner offered by Consul General and Mrs.

The sonjuku participants were:

Mr. Shimada, Haruo: president of Shimada son juku

Mr. Yamagishi, Yo: Lawyer, Miyakezaka law firm

Ms. Ito, Ayako: Lawyer, Miyakezaka law firm

Mr. Kuramochi, Shigemichi, Meisei Co. Ltd. CEO

Mr. Miyazawa, Nobuyuki: Laynia Co.Ltd. CEO

Ms. Akiyama, Yuki: Millenium Capital Management Asia Ltd. Portfolio
Manager

Mr. Azakami, Masaharu: Independent Investor

Mr. Kurokawa, Mitsuharu: Toraya Co.Ltd. Executive Director

Mr. Tan, Hao: Coach A Co.Ltd. Coach

In what follows, whenever I refer to son juku members I will refer them by their first name. Also, I will focus mostly on the contents of conversation and discussions much more so than describing other things.

Day 1.(September 15 Friday): Shanghai:

Mr. Hong welcomed us at Jian qiao airport. He kindly arranged a middle size

bus for us. On the bus to the center of the city, we already started active Q and A. Someone asked Mr. Hong about the wages particularly of beginning wage of college graduates. He explained that there is a wide variety ranging from 100Yuan a month to as high as 1000yuan depending upon the skills and school grades.

Others asked about housing prices of the area. He explained they are very high nowadays as much as 10~15times of annual salaries. Someone asked about Chinese perception of Japanese and Japan. He said that in spite of government and media information about Japan, common Chinese people like Japan particularly of high and reliable quality of commodities, hot springs, and traveling. In contrast, he emphasized that the cumbersome process of acquiring VISAs to enter Japan now works against interest of Chinese tourists.

Talk with Mr. Hong during Lunch and afternoon tea

He brought us to a gorgeous and wonderful Chinese dish restaurant close to the center of the city. It was about 2:00 in the afternoon. Food was splendid and delicious. He treated all of us on his account.

Responding to questions, he talked about his career after he graduated from Keio University. Before getting to his story, I would like to make some note about his college life and the process of job hunting. He began studying in Japan somewhat late so that he was about age 29 when he graduated. He spent his time energetically in studying and work to earn his living. Since he was a somewhat matured student, he taught and assisted some of his fellow "Zemi" members, and acquired skills to work in various shops and restaurants. During the job hunting, he passed many tiers of exams of many good Japanese companies. But he kept failing to pass the final screening. One day he came to me and confessed that he feels so sorry to have been born as a Chinese. This is perhaps because his fellow students who he taught got jobs in top Japanese companies.

One day, Mr. Tajima who runs Tajima tools visited me asking my evaluation of Mr. Hong. I gave him my honest view that he is excellent both in academic work and personality. Mr. Tajima decided to hire him. Mr. Hong visited me asking how I think about Mr. Hong taking a job of Tajima tool which is obviously not a top rank Japanese companies. I encourage him that work is meaningful for not where he works but what he does in his work. I told him that he could have a great future working in Tajima tools.

Tajima tools paid him the beginning wage which is the same with his Japanese colleagues even though he was sent to Shanghai where Tajima tools was planning to build a new plant. His wage was about 20 times of average starting wage for Chinese college graduates in those years.

The story he told is what I did not know. His mission is to build a new plant and manage its operation including manufacturing tools and selling them in the market. He was assigned as the job of the boss of the total plant. A few dozens of other employees were all Japanese. It must have not been easy for an inexperienced Chinese young leader to manage a group of experienced Japanese workers. In fact all except one were almost enemy against him.

He worked hard to get the tools be sold well in the market. The most important is to reduce cost of production while maintaining high quality. It was a tough challenge to use Japanese parts and yet sell the final good at a cheap price to meet the taste of Chinese market. There were 6 shops in China. Within one year, the company(plant) attained a slight surplus. Within 5 years, he earned through sales the total accumulated cost since the launching the plant which was some what 1 billion yen.

Having achieved such successful results, he had higher aspirations. He had confidence to achieve even higher performance. By working hard, and earning a lot, he wanted to buy BMW as a young business leader. He talked this to higher managers. But they did not agree to increase his salary. He learned that Japanese

company does not pay for individual performance. His salary of Tajima Tools was about 4 million yen at the time, while, BMW costs about 15 million yen. At that time, some of the capable subordinates quitted the company one after another.

He concluded to quit Tajima tools after 5 years of service. He was age 35. Mr. Tajima, the corporate president told him that they will increase the salary 3 times if he would continue to work in Tajima. It was too late. For him, this was the final opportunity to jump into new life as a president of his own company.

He started out his company with only 5million yuan cash. He had 3 Japanese employees. Currently, his company sells 250 million yuan. The products are mostly electric machine tools. He thinks that the quality of the products is no.1 in the world. His company spends more than 100 million yuan a year for R and D.

He talked about the impact of IT revolution. Before IT revolution, one leader was able to manage about 8 workers. Now he can manage 1000 employees using WeChat cleverly. With the development and diffusion of WeChat, for many people, there is no need to visit banks, because you can do your transaction on the smart phone. Mobile deliver service and sharing economy are rapidly covering large part of business and people's life. Banks perhaps will have no future. Many people use WeChat and Alibi. Bank deposit may give you 1% yield, while you can earn 5 % yield by net transactions.

The government imposes 200000yuan limit on bank deposit. You cannot identify where you store your money when you use WeChat. They locate their operations centers where power price is low because the operation uses a lot of electric energy. Chinese politics is getting narrower and narrower to control people. But business activity has to be open and mobile. I am somewhat scared of the gap between political regulations and economic activities.

Large part of population who do not have much information or knowledge support the Communist Party. They hope the Communist regime brings about

“equality.” Relatively wealthy people are scared of the current political climate. Ten years ago, he said that he would be willing to challenge a big project collecting a huge sum of money. But now he would not dare to do so because he is worried about a suppression which may be imposed on him anytime.

Li ke qiang understands the economy. We understand what he said. However, the general public would not understand him. They support and follow Xi Jin ping. Mr.Xi helps to make national corporations even bigger nowadays, which in turn will suppress private companies.

One day, my bank asked me to reduce their loans to my company as much as one million yuan. They obviously are required to give as much money as possible to national corporations. National steel makers, for example, are struggling to survive. Prices of their products remain the same as even 30 years ago because of prolonged deflation.

Chinese laws are pretty stringent. But people are doing their business regardless of legal regulations because they cannot survive unless they violate such tough regulations. However, this gives the authority good opportunities to punish such violators anytime they want.

Nevertheless, Chinese ventures are resourceful and energetic. Many young people wish to become ventures. The way they start up nowadays is to appeal and solicit venture partners using net communication. They produce commodities and try to return to those who financed them with a bulk of money, Young ventures challenge with their ideas. Many venture capitals and funds are gathering to finance good prospective ventures.

Taxes are pretty heavy. Income tax rate is 25%, In addition, we have to pay for “increased value tax” as high as 17% which is included in the price of commodities similar to VA tax in European countries. This tax has been low in the past but now this tax presses us heavily. Also corporate social security

contributions are quite heavy. When we hire an employee, we have to pay 1.5 times of the wage we pay directly to the employee.

Shanghai is good for ventures. The society permits and gives another chance to those who try to challenge. Japan is not like this.

I now employ 400 workers. By increasing productivity, I have reduced employment by 150 to 160 workers recently.

Jian zen ming is quite popular among the public. This is nationwide, not Shanghai alone. This is the reason, I believe, why capable leaders follow him.

Asked what he thinks about Taiwan, Mr. Hon said that he personally wish to admit independence of Taiwan. This is because he does not want to impose things he himself does not like to be imposed.

On the question of “Chinese Dream,” he thought that Mr.Xi literally means to make China and Chinese great having gotten rid of humiliated history of China for about 170 yeas since Opium war. But nowadays, he wonders if Mr. Xi really tries to accomplish this goal. It appears now that the Chinese dream for Mr. Xi is that he becomes the Emperor of China.

Dinner at Consulate General

In the evening of Sept 15, we were intimated by honorable Consul General Mr. and Mrs. Kazuyiki Katayama for their splendid formal dinner at their official house. This invitation was notified to us after my good Chinese friend professor Duan yue zhong , who published recently by his publishing company the great book of Mr. Katayama entitled ”The Impasse of Japan-China Diplomacy” met and talked about our visit to Shanghai. We owe much to Mr. Du an’s kind introduction of Sonjuku activity. Prior to our trip, I had an opportunity to meet Mr. Katayama

at a lunch party organized by Mr. Duan to commemorate the publication of Mr. Katayama's great book. I read his book with great interest. It is a detailed description and analysis of a dozen or so of eminent diplomats who worked during the prewar period in Japan-China relations. The book regrets that the war was not avoided in spite of much efforts of these diplomats.

We went to the Consulate General by 18:30. It started raining. We were cordially welcomed by the staff of the consulate. In the hall next to the dining room, we were provided champagne and we enjoyed conversation. Mr. Katayama arrived somewhat late. He was obviously disturbed by heavy traffic under the rain. We introduced ourselves to the Consul General and all thanked him for his very special invitation.

The dinner started by "Kanpai" of Japanese sake "Dassai". During the dinner we talked many topics. Consul General Mr. Katayama seems to have been particularly interested in our activity of Sonjuku. Consul General started the conversation by introducing the history of the Consulate General in some detail. Then the focus was on Sonjuku, its objective, organization, management and what the members study. We talked about various countries where the Sonjuku visited for the recent years.

During our conversation, I tried to introduce about the members, their jobs and personalities. Following the conversation about Israel where Sonjuku visited twice, Mr. Katayama introduced the historical experience of Israelis who lived in Shanghai during the war. Mr. Katayama said that there was a bias in the way the Jewish refugees were treated during the war under the control of Japanese military. The bias seems inevitable as far as history is written by the winner side of the war. He said that he tries his best to correct the erroneous interpretation of the history. This must be a hard but important job.

On the topic of the future of China, Mr. Katayama hopefully predicts that China will reform in a better direction sometime to come although currently it has many

major internal contradictions. Mr. Hon followed the topic saying serious contradictions of current China are certainly disturbances in business environment, but, he added, that nevertheless many ventures are quite vigorous and active.

Mrs. Ambassador commented, based upon her experience of stationed in UK and US with her husband, that in England the precise correctness in language is required whereas in the US anything is accepted.

Mr. Tan commented based on his experience of working as a coach to business people in Shanghai for half a year that the direction of coaching is changing in the sense of making people to think and act rather than just follow their noses. This change is getting crucial as the number of managers are declining because of rising their costs.

Conversation went on to many other topics. Dinner party adjourned fairly late. It was a very special experience for Sonjuku members.

Day 2 (September 16, Friday)

We left the hotel late in the morning. We took a walk along the path of Shin Dian Di to enjoy a cozy and comfortable atmosphere of the newly renovated sector of the old town and had a nice lunch at a traditional Chinese restaurant and enjoyed coffee and delicious cake at a famous coffee shop. The weather was nice. The breeze was particularly comfortable. It was perhaps the best timing of the year in Shanghai. We then got our bus to get around the tourist spots of the city such as Mori Bldg in Pu ton district. Since we had some interesting discussion with Mr. Hon at the lunch restaurant, let me introduce some of the points of discussion.

Discussion with Mr. Hon at lunch and afternoon tea

At the restaurant, we talked about management style. Mr. Hon said that in China management style a la Mao ze Dong is getting popular. I talked about my experience of getting deeply impressed by Mr. Shoichiro Toyoda's management style of "Jintoku" (human virtue). Mr. Tan introduced an example of successful management of supervisor-subordinate relations. In that example, the supervisor takes care of his sub-ordinates just as the parent takes care of children. The lesson one can learn from this example is the importance of communication.

In a survey of international practices, Mr. Tan quoted that the worst case is China, then Taiwan. Japan is much better. In China, the supervisor keeps talking without giving sub-ordinates opportunities to express themselves. Mr. Hong, referring to his own experience, said that when he was assigned a job of the plant head at age 29, he was often angry and kept scolding. But when he established his own company at age 35, he changed his mode not to be angry. And in the latter case, the performance has improved much better.

On the issue of environmental protection, he told us the way the Chinese government imposes the regulation. The government suddenly ordered to stop production activities for two weeks starting the X day toward the end of August. We can understand the reason for it. But the way they do is so abrupt and authoritative.

Dinner Party with Mr. Hiroyoshi Ikeda at restaurant Su Nan Jan Yen

Mr. Ikeda, president of MEIZ Group, arranged a wonderful dinner gathering at a historic restaurant by the name of Su Nan Jan Yen. This is historic in the sense that the eldest of the three famous sisters of Sun family lived in the 1930s. Three sisters of Sun family are so well known in Chinese history in that the first sister serves for Sun Weng, the second sister married with Sun Weng and later became a top rank leader of Chinese Communist Party, and the youngest sister married Jiang Jie Shi, the head of Chinese National Party. The old distinguished restaurant

building kept many historic pictures of Son sisters and Jan Jue Shi.

Mr. Ikeda is a good friend of mine whom I respect a lot. He is a CPA by training and after having developed an established company in Japan, he opened his business in Shanghai some 30 years ago and currently provides critical services in such areas as finance, accounting, labor problem, and management consulting to many Japanese companies who wish to invest in China or to withdraw from China. His group organizes more than 3600 such clients.

We had a nice dinner and active conversation. Some time later, Huan Huan, the elder daughter and young mother of Xiang family who lives in a gorgeous house in the suburb of Shanghai who wonderfully took care of me for four days as a “host family” two years ago for me to learn Chinese, joined us.

Mr. Ikeda talked about the Communist Party convention which will be held in mid-october, which is just next month. He posed a question as to if Mr. Xi will ascertain in the convention to perpetuate the period of his ruling beyond 2022 referring to observations of politics hinting that Mr. Xi has been trying to enhance his position from a sheer president to “He Shin”, the super president which has been only admitted for Mao ze Dong.

Mr. Hong hints that he must do it. If he fails to get that special status, he would be politically finished and may well be jailed. Once he failed to secure the position, he will be accused and attacked because of many serious scandals which many people already know that Mr. Xi is deeply involved. This is more or less common to many “dictators” in the world history.

Mr. Ikeda pointed out that Mr. Xi wants to attain historic achievements both in 2021, the 100th anniversary of the establishment of Chinese Communist Party, and in 2045, the 100th anniversary of the establishment of the People’s Republic of China.

Mr. Hong hinted that Mr. Xin may want to integrate Taiwan because he may very well wish to surpass Mao ze dong.

Mr. Kuramochi asked about the prospect of working with India. Mr. Hong had a clear view about India because he has had an experience of running his plants in India. He said that he once thought that India is a good place to invest because wage level is almost one tenths of China. Having started operation there, he was astonished to learn that delivery is often delayed easily two to even four months. The cheap prices and wages are well offset by their inefficiency.

Since he achieved much higher productivity in China, he decided to withdraw his operation in India. Mr. Kurokawa, who married an Indian lady, told us that his father in law is a global businessman doing business at various places in the world such as Singapore, Dubai, etc. But he dares not to do business in India for obvious reasons.

Mr. Ikeda pointed out that many Japanese businesses are interested to go South, away from China toward South and South east Asia. Take a case of Cambodia. Even though the wage level there is a half of China, if you take into account of productivity difference, Cambodia is not a cheap country relative to China. On the other hand, North Korean business seems to have high competitiveness. North Korean workers working in Chinese industrial site are paid normally 2000 Yuan, of which 90% is taken away by North Korean government. Nevertheless, North Korean workers work hard because working itself means something to their life.

Mr. Hong added that if you go to North Korean restaurants operating in China or elsewhere outside of North Korea, you will be satisfied because food are fresh, tastes well and services are excellent. At least 30000 Korean workers work outside the country.

Mr. Kurokawa introduced his interesting experience in the US. His generation

is not at all involved in wars but he had an interesting experience when he joined the audience of a movie in the US which showed about brutal massacre in Nanjing done by Japanese military during Japan-China war. After the movie, there was a debate about the issue. He was impressed by witnessing heterogeneous views about the incidence.

I took up his story saying that it has many important implications. I went on to explain what has happened during the war time, and emphasized the importance of keep teaching the historical experience of regrettable wars to young generations. Following this, Mr.Hong said that the attitude and actions that Germany took for Jews and other countries which Nazis invaded can be a good reference for Japan. If Japan takes the similar attitude as German did for Jews in the case of Nanjing incidence, there would have been no problems between China and Japan. Since in Japanese history textbooks only a very little is written about such incidences, Chinese and foreigners tend to get an impression that Japanese authority tries to avoid taking responsibility of what Japan did to China and other countries where Japan invaded.

After the dinner, I met Huan Huan's son Lin Lin, and her younger sister Fan Fan. I have once advised Fan Fan as to her choice of future career. She was interested in design and was interested in going to UK a year ago. Now she told me that she will apply a good university in the US, which I thought was a good idea.

Some members of son juku and Mr. Ikeda went to Karaoke shop together. This was my request to Mr. Ikada. He is specially talented to sing Chinese songs in Karaoke. Amazing is that he sings very well Chinese recent pop sings. He told me once that he has memory of several hundred Chinese Karaoke songs in his smart-phone. As expected he sang many songs with admirably "young" and powerful voice. The rest of us sang songs of their choice. We enjoyed fully this nice occasion in the night of Shanghai.

Day 3(September 17, Sunday)

We meant to leave Shanghai Hong gao AP for Beijing. Since the plane wasted nearly an hour on the runway of the AP, we arrived in Beijing nearly 13:00. Stepping out from the plane, we found that the sky of Beijing was completely blue without any clouds. It was surprising because we were advised just last night that we need to wear thick masks to protect ourselves from the heavy air pollution. Sonjuku members said that this is again a miracle that I brought with me because of my name, "fine weather man.

Ms. Ouyang Yan jung was waiting at the parking lot of the AP. She brought a good size bus and lunch box and cup of warm soup for all of us. She suggested that we better go first to Zijincheng(the purple palace) since the palace will be closed by 16:00.

On the way she told about recent situation in Beijing. On Sept.15, the government issued an order to manufacturing plants to stop production totally for the period of Oct 1 through 30 during which the Communist Party will be held. The government does not care any confusion such order will give rise to the business and the life of people.

Ms. Ouyan stayed in Japan for 1991 through 1999. After graduating from keio University where she studied during 1992~1995. She joined Nomura Security House. Then she went to the United States and spent at Silicon valley for 4 years. She acquired MBA at Santa Clara. Returning to China in 2004, she joined NEC and worked there for 2 years. In 2005, she took a job at New Horizon Capital headed by Mr. Kitao and his partner.

She told about a fad of Bit coin. In Shenzen-city, the business of bit coin is

booming. Shenzhen is like a Silicon Valley in US. There exist many net currency companies there including a Bit Main co. In terms of trading “Bit Flyer” of Japan is the best to use. The recent ban of Bit Coin trading in China was an abrupt shock! The government (regulatory authority) must have thought to cut the link between China Yuan→Bitcoin →foreign currency in order to suppress capital flight. Government is highly nervous about net communications in ICT media. They keep watching exchanges of views and arrests leaders with more than 500 followers in WeChat or whatever SNS communication network.

We visited Zijincheng. This is a big palace and it took more than a couple of hours just to walk through. Since I want to focus on what we learned through talking with Chinese friends such as Ms. Ouyang, I will skip explaining about our experience of walking through and watching about Zijincheng.

After touring through Zijincheng, we went to her office which is close to Zijincheng and spent about 1.5 hours to listen to her story first and then my briefing about political and security issues between Japan and China in recent years. I did this as a part of preparation for our discussion with the staff of CIIS(Chinese Institute of International Studies) which is scheduled tomorrow morning.

Ms. Ouyang told about what she has been doing lately. She is concentrating in investing early stage ventures in prospective growing industries such as softwares, electric games, new drugs, AI, Bit Coin etc. She said that there is a huge boon in whole China in promoting start-ups. The key word is innovation. With respect to Japan robotics and factory automation, creating the next generation tips are attracting attentions. Recently, China makes a huge step forward to produce advanced models of chips. In fact, Faraway is leading the world in this area. She is investing in Bit Coin, data mining technology and AI chips. In fact, face recognition using AI chips is becoming a boom. She is also investing in other new areas of finance.

Since she started in working in New Horizon Capital in 2005, she has experienced three stages of development of the company. The first stage was 2005 to 2006 when the company was investing as a fund led by Mr. Kitao and his partner with the fund amounting to approximately 100 million dollars. This was followed by the next stage of working with other major foreign funds, and reached to the most recent 5th stage when the company concentrates on the one hand in early stage AI, healthcare etc under the flag of “Advantech” and in EV business by Red View Capital. The former recently invests into battery industry and the latter in new energy including wind power, solar power in addition to EV.

New Horizon Capital started out of a very small company with only a few ventures. In early days the son of Wen Jiabao was working with Mr. Kitao. Currently, the amount of payment of the company reaches at the level of 60 trillion Chinese Yuan.

Having listened to her story, I spent half an hour explaining about political and security aspects of Japan-China relations in recent years including such issues as Diao Yu islands and South China Sea problems. I meant to give a minimum basic knowledge for Japanese participants who will join the dialogue tomorrow with researchers and officers of CIIS tomorrow morning.

We then moved to a gorgeous restaurant nearby which Ms Ouyan arranged for us. To the dinner table, she invited Mr. Takeshi Jingu, who worked with her as a supervisor and an advisor when she started her job in Nomura Research Institute. Mr. Jingu then moved to Hongkong office in 2001 and then to Beijing office in 2004. Since 2010, he has been associated with Nomura Institute of Capital Market Research, and he has spent altogether more than 20 years in China. Ms. Ouyan told us that Mr. Jingu knows about China and Chinese economy than most people she knows of.

During the dinner, we enjoyed conversation. Mr. Jingu emphasized that in China what is called “internet plus” is developing very rapidly and is getting far

ahead of Japan. This technology has an amazingly broad range of applications. I was much impressed by his observations and insights.

Day 4(Sept. 18 Monday)

Prior to our departure from the hotel, Mr. Yamagishi, Yo called me and then visited me in my room. He came with several pages of handwritten memo which depicts four important and interesting issues of Japan-China relations, and asked me if it would be appropriate to ask these questions with his comment in the meeting with CIIS(Chinese Institute of International Studies). Since I was still at this moment not sure as to how to lead the discussion at CIIS, his proposal looked to me quite appropriate and useful to make our forthcoming discussion meaningful and interesting. I fully accepted Mr. Yamagishi's proposal.

In the early morning, Ms. Ouyan kindly came to the hall of the hotel we were staying even though she had a busy job at her office throughout the whole day. She was kind enough to guide the driver of the bus to bring us in time and safely to the building of CIIS. The CIIS building is in the midst of Beijing not far from Tianannmen Sq. But the access to the building is through somewhat complicated narrow street. I realized the kindness of Ms. Ouyan to have offered her guidance to the driver to get us safely to the campus of CIIS.

The CIIS is located in a distinguished looking building which stands in the center of campus with green pine trees. We were told later that this building has a special history of having used as a place for preliminary diplomatic talk paving the way for resolution of China-Russia border conflict and also a place for the preparatory negotiations for determining the status of Hong Kong prior to its return to China.

At the entrance, Mr. Rong Ying, vice president of CIIS was waiting with full smiles in his face. It is he who accepted our visit of CIIS this time. I met him a

couple of times in Tokyo at Japan-China business talk on developing research collaboration between the two countries. When I asked him if it would be possible for his institute to receive our visit when we come by Beijing in September. He gladly accepted. After coming home he asked me which language to be used in our meeting. Both of us quickly agreed to use English. This was the first time for us to meet since then.

He guided us to the conference room in which the table for discussion was formally arranged just as though there would be a formal meeting of diplomatic delegations of the two countries. He was joined by several researchers of CIIS.

I made an introductory remark representing our team. I told that our team consists mostly independent entrepreneurs who are not by any means specialists of international affairs, the kind of people CIIS researchers are usually faced with. But it is these people who consist of public views and opinions in Japan just like in China. I emphasized that this meeting in this sense must provide a unique opportunity to CIIS international specialist. By the same token, this meeting will be a very unique and important opportunity for Japanese common people to talk with such group of international experts in China.

Mr. Ron Ying opened the meeting by introducing what CIIS is about, about himself and his colleagues. He said that CIIS is a think tank specialized in foreign affairs. It is Non Government organization. It is the oldest institute of this kind established in 1956 in China. Mr. Rong Ying has served 5 years in Chinese embassy in Tokyo. In 1980s he also served as a diplomat in Tanzania.

There are 7 research department in CIIS such as specialized on US, Asia, EU in addition to ones on international politics and world economy. Approximately 100 researchers are working in the institute. They include both young scholars and senior researchers often with diplomatic experience. Mr. Ying then introduced 5 researchers one by one who joined us this morning discussion. They are:

Mr. Rong Ying: Vice President of CIIS

Mr. Song Junking: Deputy director, Associate Research Fellow

Ms. Sun Wenzhou: Assistant Research Fellow

Mr. Zhang Weiwei: Assistant Research Fellow

Mr. Wang Jape: Master of Law, Research assistant

Mr. Yamagishi opened the discussion by posing a major question. He described about what China is doing recently to expand its activities broadly such as exemplified by the huge project of “One Belt One Road.” This projects necessarily touches upon many sensitive international areas such as Russia, Turkey, Southeast Asia and India etc. Such projects necessarily expand China’s reach to various such areas. He adds that he understands the rising feeling of “nationalism” held by the public. But he suspects that with this expansion there may be various types of troubles, some of which might provide even negative effects to the interest Chinese government. He asks what CIIS experts think of such effects.

Mr. Rong Ying responded. I understand that different people have different views on such a major initiative of China. Mr. Xi Jing ping made it clear that One Belt One Road is not a geopolitical game in his recent speeches in Kazakstan and Jakarta. What this initiative aims at it common development of all the countries involved by which to enjoy benefits and share them. China held a first major conference of involved and related countries, which was well attended. This initiative is an on-going and open process.

We seek win win relations. We welcome all countries to join us, including Japan, if they are interested. Recent positive acknowledgements on One Belt One Road initiative by PM Abe and Mr. Nikai are well received. This is not a “strategy.” Past four years we tried to disseminate our idea and tried to get understood by related countries. With the success of 2016 summit, we plan to have another major summit, say, in two years.

We know that Abenomics is gaining a certain success. Japan's major challenge is how to cope with the major demographic change. Japan needs to restructure itself. China also is in the process of major structural transformation. China has a huge potential. China and Japan can work together. In fact, Chinese and Japanese businesses have much complementarity particularly in service and technology.

Mr. Kurokawa said that he has his relatives and some family relations in such areas as Beijing, Shanghai, and the US so that these areas are not really "foreign" to him. And he posed a question that many young people get information from various types of media, but they seem not necessarily have good knowledge about many important facts. Mass media gives bad impressions about Japan to Chinese people and perhaps vice versa. He wonders if we could not mediate this gap between people and superficial media.

Since I thought that his question has a profound meaning, I added some factual information that much of the facts in the modern history of Japan-China relations are not taught in Japanese schools. I referred to the attitude of post-war German government to provide as much information as possible to the public to understand the unjustifiable actions taken by Nazi government.

Mr. Rong Ying commented that we cannot keep our eyes closed. If we work for few years to promote intensive interactions we may obtain a balanced and matured perspective of history. At and after the end of war, Chinese government took the position to distinguish between Japanese common people who were actually victimized and the military who invaded into China. Education is very important. The recent NHK program on "731 troop" is well received in China. There are debate between Chinese and Japanese proponents as to how many were victimized in Nanjing incident. On the other hand a flood of Chinese tourists visit Japan recently. We need more communication and interactions.

Ms. Wenzhu posed two questions to all Japanese participants, who are intellectual citizens: 1. How a Japanese views the world. 2. How a Japanese view Mr. Trump.

Mr. Miyazawa responded that we, people of the private sector, would like to be a good friend with people of other countries. And he believes that they in fact are good friends mutually.

Ms. Ito said that we need to recognize both good virtues and shortcomings of ourselves, and try to contribute to the world to the extent we can making use of our own capacity.

Mr. Kuramochi said that he was born in 1974, and has not been educated well relative to parents' generation. His generation has been taught mostly bad things about the country. He has a strong opinion that they should voice more about their recognition and opinions. Currently, history is taught with a strong favorable bias toward the whites. We need to learn more about peace from both Japanese and Chinese viewpoints.

Mr. Kurokawa told that his family has members coming from foreign countries. Since he was brought up in an international atmosphere so that he does not care about nationality as such. Japan is an island so that it has some unique way of thinking. We need to focus more on international affairs and develop unique skills and technology.

Mr. Tang spoke in Chinese meaning that he can observe generation gap both in China and Japan, but the diversity of individuals is much greater than aggregate characterization.

Ms. Akiyama told that she spent 4 years in HongKong working in an American company. In HK, there are almost no "pure" Chinese. Many Chinese are born in the US, Canada and so on. Nevertheless they are good Chinese workers. Japan rely too much on US and so much dominated by US. Japan news to collaborate

more with China.

Mr. Yamagishi said that we need to promote interactions of private sector people more. Since the 2005 incident, US has been hostile to Yemen, but Japan is friendly to Yemen. Japanese products produced by Toyota, cameras etc are everywhere. Japanese private sector is promoting economic and peaceful contribution. Chinese government seems to seek "hegemon." We need to promote joint venture between

Mr. Jiapei expressed his view of Mr. Trump. Mr. Trump is insensible US leader. There are opinions that China should take leadership in the world. He thinks that China has not grown enough to take the lead. For China to take leadership, the state has to foster internal strength, institutional and economic strength, and should be capable of promoting self reform. Unless China have such virtues, China is not yet to take a global leadership.

Mr. Junying confessed that the choice of Mr. Trump as the president was a surprise. We may understand such a choice if we study carefully the US. There are specialists who predicted the wining of Mr. Trump. With the choice of Mr. Trump as the president, we feel that we saw a bad aspect of the US. 200 years ago, those who did not have rightful jobs came to America and dispelled away those earlier inhabitants who they named "American Indians!" and robbed the Indians' land. Then they developed capitalism and became hegemony country having experienced two world wars.

The US always has cotradictions: one is the civilized way, and the other is the rogue way. Trump represents the rogue way of the such low level rogue spirit of the white and their traditions. Mr. Trump and his supporters seek a society which clearly differs from the society with freedom, democracy and openness which the postwar American has been working for. They try to break the established rules of the previous society and create a new set of rules which only serve to secure their profits.

With the decline of the leadership of the US under Trump administration, Japan and China can now raise their voices which have been contained so far. Japan has always been under the strong influence of the US, and has China also been to some extent. China and Japan should work together to raise their voices to counteract the US. “One Belt and One Road” is a good opportunity. Japan viewed this earlier with a negative impression, but seems to view it more positively recently.

“One Belt and One Road” is not China’s strategy. This is a place to consult with each other, construct together, suggest solutions and share outcomes together. This is an opportunity to work together in a global community thanks to the suggestion and solicitation by China.

China has some difficulties in political sphere, but steadily making progress in business overcoming troubles and challenges always reviewing ourselves. China has not yet grown and accustomed enough to be a regional nor global major country. And other countries surrounding China has not yet used to the rise of China. We think that China along should not be blamed for troubles. China recently has paid more attention to regional countries. The troubles in South China Sea are being well controlled. This is an unprecedented challenge in the world history.

Japan once attempted to become a regional and a global leader, but has failed. However, we can make use of such experiences by learning lessons from the experience.

Ms. Wenzhu pointed to Chinese feeling of concern in recent developments in the world. Even though Mr. Trump is problematical, there seems to exist a check and balance mechanism within the US politics. However, in world politics, there does not necessary seems to exist “check and balance.” Once trade conflicts occur, they could develop into trade wars. China has received benefits from free trade system for 20 years. Many countries share goals with China including Japan.

Mr. Weiwei, who has been devoting himself in African studies for recent years, gave comment on Mr. Trump. He said Mr. Trump is interesting. He has a great appeal to American commoners. He is a successful businessman and has a beautiful wife. His business is successful. He is only bluff in foreign policy. Bluffing has been used a lot in the cold war era.

Mr. Ying gave a substantive closing remark starting from his comment on Mr. Trump phenomenon. Both Chinese and Japanese have surprised to see Mr. Trump elected as the US president. Losers of globalization express their anger and frustration. But anger and frustration cannot be a policy. This is a US problem.

US is a super power. We need to work with them. We need to work to arrive at a consensus. China and Japan are close countries and have to deal with Trump together. Our trajectory is that we try our best. Mr. Trump expresses his wish to establish a stable system in his summit with our president at Malaga. Put a framework and a mechanism.

China and Japan can cooperate closely in this area even with the presence of North Korea. Trade issues can be controlled. We, China and Japan, can cooperate together to develop stable relationship with the US.

With this remark of Mr. Rong, the conference was concluded.

Shortly before 12 o'clock, Ms. OuYang YanJung kindly visited CIIS campus to pick us up by a bus. She brought us to a wonderful restaurant where we took the final gorgeous lunch in China this time. We then went to Shanghai Jian qiao airport to leave Shanghai heading at Tokyo Haneda AP.

This trip was short taking only four days including the weekend. However, it has had an extra-ordinary rich content as I have described in some detail. Most

impressive was the fact that the two alumni of my seminar of Keio University who graduated about a quarter of a century ago gave us an incredibly warm reception and care for all of us and gave us very frank and candid views of what they feel and think about the current situation of China and their life. This has been a very special and valuable learning for us. I would like to conclude this report with our special and profound gratitude to such people as Consul General Mr. and Mrs. Kazuyuki Katayama, Mr. Hiroyoshi Ikeda, CEO of MYTS Co. Ltd. Dr. Rong Ying and his colleagues of Chinese Institute of International Studies and above all Mr. Hong Tao and Ms. OuYang Yan Jung.