Special Economic Reports



China and Japan create a stronger economic partnership

of China-Japan bilateral diplomatic relations. The two countries shared trading and economic past has given rise to a prosperous future and a beneficial trading relationship. With all major sectors

continuing to experience growth in the Chinese market, it is difficult to find a Japanese company that has yet to establish itself in China. The Shanghai-Commerce Japanese Industry Club and (SJCIC) was created to assist the growing number of Japanese companies active in China, especially in the Shanghai area. It currently has over 20,000 member companies.

"Our goal is to support our Japanese members in all aspects of their business here in China," said Hiroshi Murakami, SJCIC chairman. "We help provide a better business environment, as well as foreign investment in both strengthen the economic tier-one and tier-two cities relationship between across the country. China and Japan through

China alone contributed

over 39 percent to the world's GDP last year. The world's largest exporter, it sends \$167 billion in goods annually to Japan, China's third-largest partner. On the other hand, Japan — the fourth-largest exporter in the world ships \$131 billion annually to China, its largest trading partner.

middle class and growing desire for foreign-made products, China continues revenues. Its automotive, information and e-commerce sectors

position the country on growth

trading

In addition to Japanese investment and trade, companies around the world consider China to be a frontier growth market. With an affluent to offer global companies the opportunity to boost and communication technology continue to see increased

The year 2017 marks the success of our member has recently implemented weeklong time frame. the 45th anniversary companies." has recently implemented better A second initial several policies to better A second initial several policies to better A second initial several policies to be the se initiative, Policy' the "Go-out the global stage. Initially (also known as the "Gounveiled in 2013, its "One Global Strategy") was Belt, One Road" initiative originally designed by

> Our goal is to support our Japanese members in all aspects of their business here in China." — HIROSHI MURAKAMI Chairmar Shanghai-Japanese Commerce

and Industry Club the Chinese government known as the modern-day "Silk Road") 1999. It continues in is gaining traction as a new encourage privately to trade route. It is planned held and state-owned to more solidly connect China to Europe in the 21st

enterprises to increase their foreign interests. century, and allow goods Originally designed to to be transported via rail lessen upward pressure on The Chinese government in a fraction of the current the renminbi by deploying

huge amounts of foreign reserves overseas, the strategy had a secondary benefit in providing Chinese executives with international business experience. It has proven to be an asset that has empowered public and private sector management across China.

As China transitions from the world's factory to the world's largest sales market, companies from Japan and around the globe are positioning themselves to provide more products, services and solutions that the country demands.

"While Čhina's economy is slowing, it is still growing at 6 to 7 percent per year, which is more most countries," than concluded Murakami. "China can this and still maintain provide great opportunities for Japanese companies. We hope more Japanese companies will come to China to do business and create a stronger economic partnership between our two countries." \blacklozenge

Mitutoyo measures success in China through people and products

itutoyo has been a leader in the metrology and measurement industries for over 80 years. Originally founded in Kawasaki, Japan, the company continues to strengthen its overseas business. In China, Mitutoyo Measuring Instruments (Shanghai) has become a market leader in its sector.

Motohiro Egusa, head of China operations at Mitutoyo Shanghai, has successfully tripled sales since 2010.

"Sales and profit are always priorities, but I am most proud of our dedicated workforce," said Egusa. "Without them, we would not have achieved the position we now enjoy in China. With over 200 employees across the country, we are hiring more local talent with the intention of training employees to eventually become senior managers.

The company delivers micrometers, calipers, coordinate and form measuring instruments, as well as optical measuring instruments for industries that require precision measuring technologies. In China, Mitutoyo has become well known for its ability to deliver solutions to Japanese, Chinese and European customers in the automotive manufacturing sector and in the information device industry, which includes smartphones, personal computers and tablets.

As automobile manufacturers from Europe and Japan also increase their manufacturing and assembly investments in China, Mitutoyo offers active support for their businesses.

Meanwhile, China's burgeoning automotive and information device industries and ongoing growth in general manufacturing continues to provide Mi-



Motohiro Egusa, Director, Managing Executive Officer and Head of China Operations

tutoyo Shanghai with opportunities to supply customers across the country with its quality, reliable products.

"In the last seven years, the Chinese market has transformed," concluded Egusa. "The economy has changed structurally. Today, manufacturers demand high-quality measuring equipment to ensure their products meet global standards. Mitutoyo fully intends to grow together with China." \blacklozenge www.mitutoyo.co.jp/eng www.mitutoyo.com.cn

80 years of connections and innovation

(also

Established in Tokyo in 1937, Hi-rose Electric is celebrating 80 years this year. The company's fully owned subsidiary in China, Hirose Electric Trading (Shanghai) is committed to achieving the company's mission to become a leader in the electrical manufacturing market in the country.

As a manufacturer of electrical connectors and components, Hirose's products are used in a variety of industries — including robotics, automotive, communications and smart devices.

"There is steady growth from many of the industries we serve here in the Chinese market," said Hirose Electric Trading (Shanghai)'s Managing Director Willie Shuet Ka Ho. "Among all the industries we support, we believe the automotive industry will provide us with significant growth opportunities in the near future Recognizing the importance of China, Hirose first entered the market in 1994 with a branch office in Hong Kong. The company's Chinese operations have since grown to include representative offices in Beijing, Shenzhen and its current head office in Shanghai that was established in 2001 Hirose Electric Trading (Shanghai) offers an advanced and dedicated line of automotive connectors that are used in every part of a vehicle — from navigation systems to telematics, and from sensors to cameras and everything in between. Hirose Shanghai will participate in "Electronica China" in Shanghai on



AMT — Facilitating two-way business between Japan, China and key Asian jurisdictions

hen I began working in Bei-jing in 1998, horse-drawn wagons and sidewalk barbers were common sights," said Akira Moriwaki, partner and chief representative of the Anderson Mori and Tomotsune (AMT) firm's Shanghai office. "Over the course of the next two decades, China's legal system as we know it today was established, and key acts have been put in place — governing contracts, collateral, securities, labor and anti-monopoly policies, among others." As the largest Japan-based law firm in China, AMT continues to play a role in China's often complex legal sector and assist many Japanese and non-Japanese clients. "In the past, the majority of our clients in China were Japanese manufacturing companies active in the automotive, petrochemical, component. textile and real-estate sectors,' said Moriwaki. "Today, in line with the shifts taking place in the Chinese economy, we are working alongside a diverse range of clients from different indus-

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sist those looking to make investments in Japan.

The firm's rapid growth has been built on the ability of AMT to offer clients first-class legal services between Japan, China and the rest of the Asian region. Following the lead of the firm's China practice, AMT is now expanding its practice to other Asian regions and has established offices in Singapore, Ho Chi Minh City, Jakarta and Bangkok. Among Japan-based law firms, AMT

R&D takes time and dedication, but ultimately gives us the ability to maintain our leading position in the market." — WILLIE SHUET KA HO

Managing Director of Hirose Electric Trading (Shanghai)

March 14 to 16, 2018 where the company will showcase a range of new and innovative products.

"R&D takes time and dedication, but ultimately gives us the ability to maintain our leading position in the market," said Shuet. "What is really exciting is the impact our products are having on technological advances in electric vehicles."

"We are playing an important role in making future electric vehicle batteries smaller, with extended life and range," he explained. "These will directly improve air quality and help China achieve its environmental goals in line with our own strategy to grow our business in China." ♦ www.hirose.com/cn

We aim to remain a leading firm by helping to develop a well-established economic bridge between Japan, China and other key economies across Asia."

— AKIRA MORIWAKI

Partner and Chief Representative of Anderson Mori and Tomotsune Shanghai office

try players," he continued. tries, including branded apparel suppliers, e-commerce As the government of China and information technology continues to encourage domescompanies, high-end cuisine tic companies to go global, firms and other service indus-AMT sees opportunities to as-

www.amt-law.com/en www.amt-law.cn www.amt-law.com

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Fresh ideas and passion for progress drive Yokogawa in China

okogawa Electric Corp. was one of the earliest foreign measurement instrument and industrial automation companies to establish a presence in China. Today, the company is a global industry leader with over 100 years of experience built on its reputation for such breakthrough innovations as the world's first commercialized distributed control system. Nowadays Yokogawa has transformed into a total solution company from sensor to enterprise, it acquired KBC Advanced Technologies and Soteica Visual MESA and integrated its industrial knowledge business unit operations into KBC to enhance its business portfolio.

In China, Yokogawa set up several joint venture companies throughout the 1980s and 1990s. In 2008, Yokogawa China Co. Ltd. was established to service the company's growing number of clients across the country. The company today has over 2,600 employees and more than 10 facilities across China, focused on R&D, engineering, manufacturing and services.

As a total solutions provider serving the automation industry, Yokogawa has provided more than 3,600 automation systems (as of December) and various solution packages to customers in China, including manufacturing execution solutions, process optimization



Our strong focus on co-innovation with our clients benefits both our customers and China's development."

> — YU DAI President of Yokogawa China

to further accelerate the company's solutions, energy management systems, plant performance improvement solugrowth strategy in China. tions, supply chain management solu-"We are ambitious about our future

in China," said Dai. "Our strong focus tions, industrial cyber security solutions and more to meet customers' requireon co-innovation with our clients benments across the country. The president efits both our customers and China's of Yokogawa China, Yu Dai, has plans development."

While Yokogawa China already has secured over half of China's large-scale and complex automation contracts in the oil and gas industry in the last a few years, the company aims to serve more customers in the future.

"We constantly upgrade our solu-tions to meet demand," said Dai. "We have a solid reputation as a technology pioneer in the industrial market and will remain committed to our customers across China."

Opportunities include IIOT (industrial internet of things) business segment, involving connected devices, buildings and industrial equipment that are embedded with electronics, software, sensors and network connectivity to collect and exchange data, and create value-adding solutions and services. This ongoing advancement is expected to provide improved productivity, analytics for innovation and workforce transformation.

"We live in a fast-changing world with constantly evolving opportunities," concluded Dai. "Fresh ideas and a passion for change and progress will drive Yokogawa China towards a great future.'

From April 7, Dai's responsibilities will expand to cover ASEAN countries and China. 🔶

www.yokogawa.com/cn

Winning the beer race in thirsty China

s a subsidiary of the Asahi Group, Japan's largest beer producer, Asahi Beer (China) A has focused on expanding sales of its core brands across various categories. Today, the company holds a majority share of Japanese beer products in China and continues to grow.

"Since we entered China in 1994 and acquired shares in Chinese breweries, the beer market has developed," said Masao Nishino, director and general manager of Asahi Beer (China). "It is changing for the better as Chinese people develop a taste for high-quality beer."

Nishino was first tasked with growing the Asahi brand in China in 2007, and has since successfully developed the company's operations. Today, Asahi Beer (China) has three breweries in China and offices in Shanghai, Beijing, Dalian, Shenzhen and Guangzhou. While China's major cities are vital to the company's business, Nishino sees potential in China's second and third-tier cities.

'The future of Asahi in China will focus on cities outside of Shanghai and Beijing, where we see growth opportunities," said Nishino. "Cities such as Guangzhou in Guangdong province and Chengdu, the capital of southwestern China's Sichuan province, will be focus markets for us."

Premium beer brands from Europe and the U.S. also want a share of the competitive Chinese beer market. To diversify Asahi Beer (China)'s offerings, the company is planning to import Peroni and Grolsch, two popular European beers that the Asahi Group acquired last year. Asahi Beer (China) has also successfully introduced the nonalcoholic lactic beverage Calpis to China.



We are working to strengthen our business and through our commitment to China, we will continue to contribute to Chinese society." - MASAO NISHINO Director and General Manager of Asahi Beer (China)

'We encourage our friends and our partners in China to enjoy Asahi beer," Nishino concluded. 'We are working to strengthen our business and through our commitment to China, we will continue to contribute to Chinese society." www.asahibeer.com.cn

is recognized as being one of the most active regarding its Pan-Asian practices. 'We aim to remain a lead-

ing firm by helping to develop a well-established economic bridge between Japan, China and other key economies across Asia," concluded Moriwaki. 🔶

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TOMOTSUNE

Shanghai

www.worldeyereports.com

From Japan, China's logistics partner of choice

ince 1995, Nippon Express (China) has been Serving all kinds of clients across the country and earned a reputation as one of the leading logistics provid-

The company today has logistics centers, sales and branch offices in over 100 locations across mainland China. With more than 1,500 employees, it is one of the largest companies under the Nippon Express Group outside of Japan, and it continues to grow its business in China.

"We are experiencing tremendous growth in the domestic market," said Sumitoshi Matsuo, Nippon Express (China)'s managing director. "In the past, China-based companies would import parts and materials, manufacture products and export finished goods. Today, finished products are mainly sold and transported across China — this is where we are playing a

role. Currently, 60 percent of revenues in China for Nippon Express come from airfreight, and 40 percent are accounted for by ocean and domestic business.



Sumitoshi Matsuo, Managing Director of Nippon Express (China)

"We focus on delivering high-quality solutions to do-mestic customers," he said. "The automotive industry continues to show signs of growth, and the information technology and e-commerce sectors are booming. Our customer bases in these sec-

tors are growing and more clients are relying on us for logistics support across the country and beyond." With the Chinese govern-"Go Global" camment's

paign promoting the internationalization of Chinese companies, Nippon Express (China) — along with the Nippon Express Group's international network — is supporting the drive.

Beijing's "One Belt, One Road" initiative, a planned route connecting China to Europe, is another opportunity for the company. Fourteen countries border China, and the initiative is expected to stimulate economic growth in China, its neighbors and the rest of the world.

Matsuo concluded: "Our Chinese customers have internationally minded management teams who understand the importance of establishing high-quality partnerships. As China reaches out to the world, we intend to be the country's logistics partner of choice." ♦

www.nipponexpress.com

Investing in people, products and solutions

n advanced materi-als company, Toray Industries (China) is aiming to become the leading company in the sector. The regional company for China under Japan's Toray Group, Toray Industries (China) first established an office in 1985 in Beijing. It has since grown to encompass 37 locations employing over 8,000 people across the country.

As a global leader in the integrated chemistry and advanced materials markets, Toray's core technologies are based on polymer chemistry, organic synthetic chemistry and biotech. Innovations throughout these fields allow Toray to develop products used in a variety of business segments, including fiber and textile, IT, environment and engineering, plastics and chemi-



From a Japanese perspective, you must be doing business in China in order to achieve international growth."

in the last 10 years to meet our customers' changing demands.

Fibers, textiles, plastic and chemicals are Toray's leading business segments in China. Its current customer base is comprised mostly of Chinese companies, but more foreign customers doing business in China are also reaching out to Toray Industries (China) for high-quality products and solutions.

"Although we do supply some commodity products to meet our customer's needs, we do not sell mass-produced products," said Shuto. "Instead, we supply high-quality and value-added products to our customers and we will grow in step with the burgeoning Chinese economy. From a Japanese perspective, you must be doing business in China in order to achieve

Partnerships for the development of China's insurance sector

i Sumita

nder the MS&AD Insurance Group, Mitsui Sumitomo Insurance China (MSIC) was incorporated in September 2007. Celebrating its 10th anniversary in China this year, MSIC is the number one Japanese non-life insurance company in the country in terms of gross premiums.

"As a leading Japanese general insurance company in China, we have been able to respond to the changes that have taken place across Chinese society, and we continue to focus on delivering security and safety to our customers," said Yukitaka Ito, chairman and president of MSIC.

The company supports Japanese customers in China, and increasingly services multinational companies through the group's global network. In 2004, the company established a strategic partnership with CPIC, one of the three major insurance companies in China.

"CPIC has become, and continues to be, a reliable and indispensable partner for us," said Ito. "In 2010, we established InterRisk Shanghai to provide comprehensive and professional risk management services

to customers in close coop-eration with CPIC." Economically, China is maintaining 6 percent growth. Its automotive sector alone provides the insurance industry with approximately 10 percent growth per year. MSIC is continuing to successfully expand its scale in China, and has been granted Standard and Poor's "A" rating for nine consecutive years. Looking forward, the government of China is focused on economic stabil-

ity. During this "new nor- initiative." mal" period, its economy is expected to grow moder-

John Zheng, Executive Director and Vice President; Yukitaka Ito, Chairman and President; Shigetaka Iwano,

Executive Director and Vice President; Ryogo Masuda, Corporate Planning Department General Manager

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ately. "The next few years will benefit the insurance industry," said Ito. "We expect many business opportunities to present themselves through the strengthening of Japan-China cooperation, innovation in the internet of things, the growth of environmental protection technology and the Chinese government's 'China Manufacture 2025'

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"Importantly, the continued development of the already diligent and confident young Chinese population will benefit China," he concluded. "Our rich experience and professional skills will enable us to continue providing customers — young and old — with the most suitable insurance products, timely claims solutions and professional risk management services." ♦ www.ms-ins.com.cn

Innovation and technology drive success in China

 \mathbf{GGT} n line with our com-

pany philosophy, we Lare a strong technology-oriented company," said Hideo Shiwa, Fujikura China's chief representative officer. "This is the motto that drives our innovative approach and keeps us ahead of the competition in the Chinese market."

Fujikura manufactures electrical components used in a wide variety of industrial applications, and it has grown its presence in China since 1994. While Shiwa has only been at the helm of Fujikura China for little over a year, he is confident the company is well positioned to grasp the increasing number of business opportunities he sees within the Chinese market.



transmit power and signals to electric equipment in vehicles, a product in high demand by the major domestic and foreign automotive manufactures in China.

"In addition to our main business lines, we see opportunities in the electric car market," added Shiwa. "The Chinese government is pushing industry regulations aimed to support the growth of this market and we are thrilled to be playing a role in helping China reduce its carbon emissions.

"There is no place quite like China to do business." he concluded. "While the country has a strong manufacturing base, it is also a great sales market. Our ability to support manufacturers and innovative product-driven companies will drive our success in China." ♦

cals, composites and life sciences.

"Materials have the power to fundamentally change society and we believe this is the case here in China", said Kazuhiko Shuto, Toray's chief representative in China. "We see huge potential

in this market. Only 10 years ago, China was a production base, but its market is com-

— КАŻUНІКО SHUTO Chief Representative for Toray Industries (China)

business in China includes a strong focus on domestic sales and we have grown pletely different now. Our and expanded significantly

international growth. At Toray Industries (China), we saw the potential of doing business in China early on and we will continue to invest in our people, products and solutions." ♦ www.toray.cn

"We expect our business in China to increase significantly through our strong customer base in the automobile sector and through our optical fiber product



Hideo Shiwa, CEO of Fujikura China

are actively supporting the lines," said Shiwa. As more members of Chicountry's larger automobile na's middle class aspire to purchase their own cars, companies such as Fujikura

manufacturers. Fujikura China manufac-

tures wire harnesses that

www.fujikura.com.cn

Japan Perspective: Insight on Japanese investment in China from its corporate leaders

"We are growing at a steady rate in China and are looking forward to continuing on this path. The business to business relationship between Chinese and Japanese is very positive."

> — TAKESHI NISHIKAWA Chairman and CEO of Kajima Corp. (China)

"People in China are hungry for a better life and Kyocera is proud to offer opportunities that help people achieve their goals while offering our advanced components and products."

> — YUJI GOTO Executive Officer of Kyocera Corporation President and Director of Kyocera (China) Sales & Trading Corp.

"Shimadzu's future in China will be based on innovation and investment in the country. China's stable economy will provide a tailwind as we continue to grow our business here."

- KOJI FURUSAWA

Chief Representative Officer of Shimadzu Corp. (China)

"We are confident that the Chinese economy will continue to provide Japanese companies with opportunities across a range of growth sectors. Marubeni is committed to the Chinese market and we will continue to strengthen our ability to better serve our clients across the country and further develop our business."

> — KEIZO TORII Managing Executive Officer of Marubeni China

Mizuho Bank's growing role in China's financial sector

izuho Bank started sup- exchange market maker for RMB porting the development to yen.

L of China's banking sector in 1979, years before it entered the market there. It held finance seminars that exposed participants — including Chinese government officials and managers of state-owned enterprises — to the nuances of international trade and finance.

Its first branch office opened in Shenzhen in 1987 and today Mizuho Bank (China) has 1,600 employees in 16 offices and over \$150 million in assets.

"We are proud of our history here in China," said Toyoki Oka, vice president and chairman of Mizuho Bank (China). "In addition to being the first Japanese bank to establish a branch office in China, we were one of the first foreign banks to obtain a license to facilitate renminbi (RMB) transactions, and also one of the

first to be approved as a direct

Mizuho Bank (China) focuses on corporate client deposits, loans and foreign exchange, as well as advisory and global transaction services. "Our strategic partnerships and

collaborations with the Chinese government and local corporations have enabled us to succeed in China," said Oka. "2016 was our most successful year to date. Despite China's slowing economy, we aim to grow in 2017.'

While China's rapidly growing automotive, consumer products, e-commerce and retail sectors have been a focus for his bank, Oka also sees potential in other key industries of the future such as environmental protection, health care and industrial robotics.

"We actively support the Chinese government and Chinese companies through our bank's

Our strategic partnerships and collaborations with the Chinese government and local corporations have enabled us to succeed in China."

> — ТОУОКІ ОКА Vice President and Chairman Mizuho Bank (China)

overseas network in more than branches in important financial 100 countries," Oka added. "We centers such as London that work also have China desks in our closely with our offices across



China."

Looking ahead, China's "One Belt, One Road" initiative is expected to create opportunities within key sectors of the Chinese economy, particularly banking and finance.

"As more Chinese companies go global we will strengthen our overseas business activities and provide solutions to clients engaged in mergers and acqui-sitions and cross-border trade," said Oka.

"Currently, our non-Japanese clients account for 60 percent of our total portfolio, while the remaining 40 percent are made up of Japanese clients," he related. "As Mizuho Bank focuses on becoming one of the largest global financial services providers, Mizuho Bank (China) will play an increasingly key role in the Chinese financial sector." 🔶

www.mizuhobank.com

