

Dynamism

平成29年度 中国短期海外調査報告書

中国の
次なる
変化を
見逃すな！



目次

巻頭言	・・・p. 3
-----	---------

一橋大学大学院経済学研究科長・経済学部長 岡室 博之	・・・p. 3
講師 金花	・・・p. 4
講師 中川聞夫	・・・p. 5

報告書（日本語）	・・・p. 6
----------	---------

中国の自動車産業の現状と今後の展望	浅井 遥介・・・p. 6
アリババの国際事業展開のこれから	井山 瑞貴・・・p. 12
第三者モバイル決済により中国社会はどう変化するか	大池日奈子・・・p. 19
中国の地方活性化のために何ができるか	亀川 郁絵・・・p. 26
中国の対外援助の歴史と現状と期待	菊池陽南子・・・p. 30
壹基金・NGO を通じた中国社会の考察	萩原 峻太・・・p. 35
一帯一路政策と日本の取り組み	久本 麻央・・・p. 41
中国経済の真の行方は？	松尾 瑤子・・・p. 47

REPORT（ENGLISH）	・・・p. 54
-----------------	----------

THE AUTOMOBILE INDUSTRY IN CHINA: ITS CURRENT SITUATION AND FUTURE	—YOSUKE ASAI・・・p. 54
ALIBABA'S GLOBALIZATION STRATEGY	—MIZUKI IYAMA・・・p. 61
HOW CAN THIRD-PARTY MOBILE PAYMENTS CHANGE CHINESE SOCIETY?	—HINAKO OIKE・・・p. 68
WHAT SHOULD BE DONE TO MAKE CHINA'S RURAL DEVELOPMENT MORE SUCCESSFUL?	—FUMIE KAMEKAWA・・・p. 76
CHINA'S FOREIGN AID: ITS HISTORY, CHARACTERISTICS, AND NEED FOR IMPROVEMENT	—HINAKO KIKUCHI・・・p. 82

CAN NGOS BE A GAME-CHANGER IN CHINESE SOCIETY?

—SHUNTA HAGIWARA・・・p. 88

BELT AND ROAD INITIATIVES AND JAPAN

——MAO HISAMOTO・・・p. 95

THE FUTURE OF CHINA'S ECONOMY: WHAT DIRECTION IS IT HEADING IN?

—YOKO MATSUO・・・p. 101

訪問先記録

・・・p. 110

中国のシリコンバレー・中関村

・・・p. 110

中国人民大学討論会

・・・p. 112

壹基金 北京事務所

・・・p. 114

国際協力機構

・・・p. 116

三菱東京 UFJ 銀行

・・・p. 118

『知日』 編集部

・・・p. 119

アジア開発銀行

・・・p. 121

商務部国際貿易経済合作研究院 (CAITEC)

・・・p. 123

日東電工

・・・p. 124

国連開発計画 (UNDP)

・・・p. 125

上海展望発展学院

・・・p. 127

ドリームインキュベーター上海

・・・p. 129

上海財経大学学生とのエクスカーショ

・・・p. 130

コラム

・・・p. 135

～中国の料理～全部食してみたい!!

・・・p. 135

WAKER～自由時間においてのベンチャー企業訪問～

・・・p. 136

コラム～北京一のフォトジェニックポイント!798 芸術区～

・・・p. 137

北京の朝

・・・p. 138

中国の交通事情あれこれ

・・・p. 139

お酒・SNS・化粧と服装について

・・・p. 140

～中国のお土産事情～ お土産をどこで買うか迷っているあなたに読んでほしい

・・・p. 141

上に政策あれば下に方策あり

・・・p. 142

日本コンテンツの力

・・・p. 142

中国都市に広がるシェアバイク

・・・p. 143

中国 食の面から見てみると...?

・・・p. 145

編集後記

・・・p. 146

The Automobile Industry in China: Its Current Situation and Future

Yosuke Asai

Senior, Faculty of Social Science

During my stay in China, I had a little time to walk around the city of Beijing. Just like in any large city of Japan, a variety of cars produced by both national and foreign automobile manufacturers were on the road of the city. However, one thing caught my attention: the way China's automobile industry works is not as simple as the Japanese counterpart does. Take, for instance, Honda cars on the road of China. In fact, if you look carefully at those Honda cars, you will find that some are bearing an emblem which reads "Dongfeng Honda," while others have a different one which says "Guangqi Honda." I thought this kind of small detail could indicate the structural complexity peculiar to China's automobile industry, and I got deeply interested in learning more about how Chinese car manufacturers are running their business.

1. Introduction

China boasts the world's largest car market. As of 2009, China ranked first in the world, making the largest annual production and sales of car units (Fang et al. 2013. 17),¹ and as of 2016, both the production and the sales figures in Chinese car market exceeded 28 million in total.²

The purpose of this paper is to overview the present situation of China's automobile industry, to examine its history, and finally consider whether it can lead the world in the automobile industry by acquiring the independent technological ability and launching next-generation vehicles of Chinese brand.

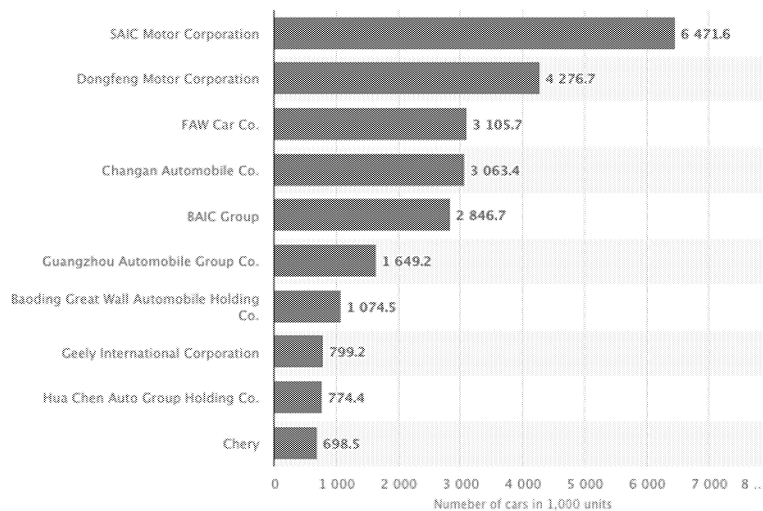
2. Chinese Automobile Manufacturers: An Overview

Chinese automobile manufacturers can be classified into three types: owned by the state, owned by local governments, and privately run. Totally they amount to several hundreds, spreading over all parts of the country, and most are either small or medium-sized. The top ten manufacturers hold nearly 90% of the domestic market share (Fang, 2013, 19), creating an oligopolistic market, which is frequently seen in the car markets of many developed countries (Table 1). Among the ten largest manufacturers, six companies are state-owned (SAIC, Dongfeng, FAW, Changan, BAIC, and Guangzhou), one is owned by a local governmental (Hua Chen), and three (Great Wall, Chery, and Geely) are private enterprises.

¹ Suchun, Fang, Qin Qin, and K. Nakashima (2013). "The Current Situation and Challenges of the Automobile Industry in China." *Seisenronsou* 21 (2013): 17-24.

² Japan Automobile Manufacturers Association. "The Transition of Four-Wheeler Unit Sales by Countries." <http://www.jama.or.jp/world/world/world_t1.html>; "The Transition of Four-Wheeler Unit Production by Countries." <http://www.jama.or.jp/world/world/world_t1.html>

Table 1 Leading automobile manufacturers in China in 2016 (in 1,000 units), by number of cars sold



(Source: Statista)³

Table 2 The annual car unit sales in China, by manufacturers

位	Manufacturer	2016	2015	Year-on-year rate
1	Volkswagen	3,316,965	2,952,265	12.40%
2	SAIC-GM-Wuling Automobile	2,130,177	2,040,007	4.40%
3	General Motors	1,887,071	1,752,015	7.70%
4	Nissan	1,354,600	1,250,100	8.40%
5	Honda	1,247,713	1,006,332	24.00%
6	Toyota	1,214,200	1,122,500	8.20%
7	Changan Automobile	1,149,820	937,980	22.60%
8	Hyundai	1,142,016	1,062,095	7.50%
9	Great Wall	1,074,471	852,693	26.00%
10	Ford Motor	957,495	836,425	14.50%

(Source: Nikkei Technology Online)⁴

³ Statista, <<https://www.statista.com/statistics/244353/automobile-manufacturers-in-china-by-number-of-cars-sold/>>

⁴ “China’s Annual Car Unit Sales Exceeded 20 Million in 2016, Increasing by 19.4% from the Previous Year.” *Nikkei Technology Online*, 13 Jan. 2017.

As Table 1 shows, as of 2016, the top six most-selling car manufacturers in China are all state-owned enterprises, indicating their continuous dominance over private enterprises. On the other hand, though much younger still, major private big enterprises are also growing rapidly, as Changan Automobile ranked seventh in the market share of the year 2016, selling more than 1 million units. Meanwhile, if we take foreign automakers' performance into account, the overall picture looks rather different. Table 2 is again a data of the top ten most-selling car manufactures in China in the year 2016, yet this includes the performance of foreign manufacturers. Volkswagen came into the first place, and Japanese competitors such as Nissan, Toyota, and Honda ranked in the middle of the top ten while Chinese counterparts such as SAIC, Dongfeng, and FAW failed to rank in on their own. The contradiction between these two tables reflects the complicated circumstances of China's automobile industry. That is, under the Chinese government's regulations, all foreign car manufacturers that operate in China must establish a joint company with a local enterprise of China. Therefore, according to how to count the unit sales made by those Chinese-foreign joint companies, the ranking of leading manufactures differs. In Table 1, the unit sales by joint companies are counted as those made by Chinese local manufacturers, while the data in Table 2 considers joint companies' performance to be the performance made by foreign companies, aside from the exception of SAIC-GM-Wuling Automobile.

3. The Automobile Manufacturing Industry in China: Its History

China's automobile manufacturing industry traces its short history back to 1953, when the current FAW was founded with the support by the then Soviet Union and started automobile production for the first time in the country. Prior to the implementation of the reform and opening-up policy in the late 1970s, the key product by Chinese automakers used to be commercial vehicles like trucks, while passenger vehicles were mostly imported and seen as luxuries. In the 1980s, in tandem with the progress of the country's economic reform, foreign manufactures launched the unit production and sales in China. Back then, Chinese manufactures were facing financial and technological challenges, so the government implemented economic measures to promote the investment and technology transfer from foreign companies to Chinese counterparts. For example, American Motors founded a joint company with BAIC, and German Volkswagen and SAIC started the production of China's first popular passenger vehicles of "Santana" brand in 1985. While the Chinese government gave its approval of automobile production exclusively to several companies, some private manufacturers such as Geely and Chery were established in the 1990s. The

<<http://techon.nikkeibp.co.jp/atcl/column/15/011300091/011300002/?rt=nocnt>>

demand for cars in China increased rapidly until China finally exceeded the United States in the sales and production of car units in 2009 (Fang, Quin, & Nakashima, 2013, pp. 17-18).

The question is whether Chinese car manufacturers came to possess the ability to develop production technology independently. Until the 1980s, China's closed politico-economic environment was the major obstruction to active technology transfer from overseas to the Chinese car manufacturing industry (Li, 2010, p. 92).⁵ This situation came to an end when the government implemented "reform and open-up" policy, enabling China's passenger automobile sector to grow via a two-pronged development strategy of direct investment and technology transfer from overseas (Yang, 2006).⁶ The government simultaneously adopted regulatory measures to control the influence of foreign investment in Chinese car manufacturing industry, by limiting the former's investment in a joint production operation up to a maximum of 50% of the total financing of the operation. It was also in the 1980s that the direct investment by foreign manufacturers in the Chinese state-owned car enterprises started. Most of these foreign direct investors are multinational companies with substantial funds, advanced technology, and winning management strategies, and this is highly beneficial to the investees. For one thing, it helped the Chinese enterprises to extend their production scale in a short time. In addition, the introduction of the modern production methods from overseas resulted in higher production efficiency and quality improvement in Chinese car manufacturing industry. At the same time, however, the influx of foreign investment also led to the weakening of the Chinese manufacturers' ability as a decision-maker, and this may, in a long term, be deterrent to their independence in technological development and management strategies.

The technology transfer seen in China's automobile industry can be classified into three types: founding a joint company with a foreign investor; making a license contract with a foreign manufacturer and purchasing relevant technologies; or making a "mixed car" by combining technologies from several different foreign manufacturers. One of the benefits of technology transfer to Chinese enterprises is that it allows them to accumulate foreign technologies while holding their right of management intact. However, due to the funds shortage and the absence of expertise on advanced technologies, state-own companies are often unavoidably uncompetitive.

As I have described above, with the aid of foreign investment and technology transfer from overseas, Chinese manufacturers have achieved a degree of success in increasing their share in China's automobile

⁵ Li, D. (2010) "'Independent Development' in the Automobile Manufacturing Industry in China." *The Annual Report of the Society of Industrial Studies, Japan*, 25 (2010): 83-94.

⁶ Xiang, Y. (2011) "The Selection of Joint Partners and the Formation of Alliance in the Automobile Manufacturers in China: An Analysis on the Partnership between Guangzhou Automobile and Honda." Discussion Paper Series, No.015. *Research Center for Innovation Management, Ritsumeikan University*: 1-47.

market.⁷ Having said this, as of 2009, “more than 70% of the Chinese car market was shared by joint companies, indicating that foreign joint companies had still be remaining the main supplier of China’s passenger vehicles” (Xiang, 2011). In addition, it is also said that most Chinese car manufacturers still do not possess the proper technologies for producing essential car parts such as engines, transmissions, and chassis.⁸ Thus, despite that China has an enormous automobile market of which share is very largely held by domestic manufactures, Chinese car manufacturing industry is still lagging behind its European and Japanese counterparts mainly due to their financial and technological incapacity.

4. The Automobile Manufacturing Industry in China: Its Future

Will China be able to lead the world in the automobile industry in the future? Let us recall here that the Chinese government’s announcement in September 2017 that all automobile manufacturers in China are going to be obligated to produce and sell a certain percentage of clean energy vehicles such as electric cars from 2019 onwards. Since this policy is going to be strongly promoted by the government’s preferential treatment including subsidies, clean energy vehicles in China are estimated to increase significantly in near future.

Take, for example, a Chinese car manufacturer BYD Auto, which sold 62,000 EVs and PHVs combined in 2016. In addition to its export to South America, the company announced its plan to start exporting to Australia as well.⁹ Because BYD is one of the world’s biggest battery manufacturers as well, it possesses the advanced technology for producing most of the major parts used in the new type of clean energy vehicles. Apart from BYD, in China there are many suppliers which have been investing in the production of car parts for EVs and PHVs.

Moreover, “CASE”, the medium and long term tactic announced by Daimler, is attracting attention. Connected, Autonomous, Shared and Service, and Electronic are the four trends that bring about innovation

⁷ The production of passenger vehicle units in China steeply increased from 5,418 in 1980 to 560,000 in 1999. Though the imported units also increased from 10,575 in 1980 to 19,953 in 1999, the proportion of imported units rapidly decreased from 95% to 3%. (Yang, 2006, pp. 94-95)

⁸ “The Craze for the EV Development Heats up among Chinese Automobile Manufacturers.”. *Nikkei Technology Online*, 20 Jun. 2011.

<[⁹ Yamamoto, R. “Will Chinese EVs Play the Leading Role in the Next-generation Vehicles?”. *Wedge Infinity*, 27 Dec. 2017. <<http://wedge.ismedia.jp/articles/-/6738?page=2>>](https://www.nikkei.com/article/DGXNASFK09033_Z00C11A6000000/></p></div><div data-bbox=)

in automobile industry. Some Chinese manufacturers are interested in the production of connected cars¹⁰ and self-driving cars, and have launched their own development projects. For example, in the last few years, an internet search engine company Baidu has been developing a self-driving car of its own in alliance with foreign car manufacturers in Silicon Valley and domestic counterparts. Currently the car is under trial, and is to be put on sale in 2018. In addition, in the summer of 2016, SAIC released a connected car equipped with the software developed by Alibaba¹¹. I presume that Chinese tech giants will be the driving force of Chinese automobile industry.

5. Conclusion

In China prior to the economic reform, the demand for passenger vehicles was very limited, and if there were any on the road, they were largely imported ones. However, in the 1980s, backed by the Chinese government, domestic production of automobile cars started to be promoted with the aid of the direct investment and technology transfer from overseas. Seen from the technological perspective, China's automobile industry still falls behind those of Germany and Japan. However, in my opinion, China certainly has the potential to lead the world in the technological development for the next-generation vehicles such as clean energy cars and self-driving cars. One crucial factor for the future success of Chinese car manufacturers will be whether they can work in close cooperation with firms from different sectors such as Alibaba and Tencent and successfully adopt themselves to the latest technological development.

References

- “China’s Annual Car Unit Sales Exceeded 20 Million in 2016, Increasing by 19.4% from the Previous Year.” *Nikkei Technology Online*, 13 Jan. 2017.
<<http://techon.nikkeibp.co.jp/atcl/column/15/011300091/011300002/?rt=nocnt>>
- Japan Automobile Manufacturers Association. “The Transition of Four-Wheeler Unit Production by Countries.” <http://www.jama.or.jp/world/world/world_t1.html>
- “The Transition of Four-Wheeler Unit Sales by Countries.”.
<http://www.jama.or.jp/world/world/world_1t1.html>
- Li, D. (2010) “‘Independent Development’ in the Automobile Manufacturing Industry in China.” *The Annual Report of the Society of Industrial Studies, Japan*, 25 (2010): 83-94.

¹⁰ A connected car is a type of car whose key functions are remotely controlled via mobile internet technology such as a smartphone, a smartwatch, a tablet device or a computer.

¹¹ Japan Automobile Manufacturers Association. “The Transition of Four-Wheeler Unit Sales by Countries.”. <http://www.jama.or.jp/world/world/world_1t1.html>

- Statistica*. <<https://www.statista.com/statistics/244353/automobile-manufacturers-in-china-by-number-of-cars-sold/>>
- Suchun, Fang, Qin Qin, and K. Nakashima (2013). "The Current Situation and Challenges of the Automobile Industry in China." *Seisenronsou* 21 (2013): 17-24.
- "The Craze for the EV Development Heats up among Chinese Automobile Manufacturers." *Nikkei Technology Online*, 20 Jun. 2011.
- <https://www.nikkei.com/article/DGXNASFK09033_Z00C11A6000000/>
- Xiang, Y. (2011) "The Selection of Joint Partners and the Formation of Alliance in the Automobile Manufacturers in China: An Analysis on the Partnership between Guangzhou Automobile and Honda." Discussion Paper Series, No.015. *Research Center for Innovation Management, Ritsumeikan University*: 1-47.
- Yamamoto, R. "Will Chinese EVs Play the Leading Role in the Next-generation Vehicles?". *Wedge Infinity*, 27 Dec. 2017. <<http://wedge.ismedia.jp/articles/-/6738?page=2>>
- Yang, Han. (2006) "The Function of Technological Transfer and Foreign Direct Investment in Chinese Automobile Industry." *Human and Socio-environmental Studies*, 12 (2006)

Alibaba's globalization strategy

Mizuki Iyama

Sophomore, Faculty of Economics

1. Introduction

Many people might think China's main industry is manufacturing, since it is called as "The World's Factory", and still can improve a lot in its service sector. I had the same impression. However, this China research has completely changed my thought. Now in China, the ones that are the main engine of economy are private IT companies, and businesses adopting internet of things (IoT) such as e-commerce market, sharing economy and mobile payment are developing at a rapid speed compared to those of Japan. In fact, Chinese students that I met in person told me that they do not usually have wallets with them and pay everything by smartphone. Also they have showed me some Japanese cosmetic goods that they had bought through the Internet. Internet-connected bikes flooded on the streets and little stores having no changes also show the insights of China's rising digital economy.

Two main players dominate this growing IoT market, Alibaba and Tencent. Alibaba is the largest online commerce company in China, while Tencent specializes in online game and social media. Statistically, Alibaba's market value has reached US\$454 billion which is placed at 5th in the World ranking and this amount is far big compared to Toyota's market value of US\$185 billion, which holds the biggest market value in Japan¹. Its volume trading is 15 times and its pure profit is 9 times larger than that of Japan's largest online commerce company Rakuten, gross merchandise value has reached 62 billion yen, and its share accounts for 26.6% of the World online commerce market share². When the presenter in Dream Incubator introduced a day with a smartphone, all the payment from meal to public services was done through Alipay. Moreover a system called "Gomashinyou" which scores a person's credibility is on plan and Alibaba is becoming to have a big impact to the extent of changing our lifestyle. Despite to these achievements, I myself was unfamiliar with this company and had no idea that the online commerce market size in China was this big. Furthermore, it seems the entire World barely realize the current situation in China's economy. Why does it have

¹ 野口悠紀雄(2017.12.06) 「世界史の視点でみると分かる、中国・アリババ台頭の「大変革」の意味」、現代ビジネス、講談社、CiNii、<http://gendai.ismedia.jp/articles/-/53707> (2017 年 12 月 15 日アクセス)

² 日本経済新聞 電子版 (2014.07.05)、「楽天 vs アリババ 質か量か海外展開で激突」、日本経済新聞、CiNii、[https://www.nikkei.com/article/DGXNZO73811660U4A700C1DTA000/\(2017 年 12 月 15 日アクセス\)](https://www.nikkei.com/article/DGXNZO73811660U4A700C1DTA000/(2017 年 12 月 15 日アクセス))

such small name recognition unlike Yahoo and Amazon? This is because Alibaba hasn't yet become successful on global scale. Indeed Alibaba still has chance to expand its business within the country, since there are remote areas and rural areas where Internet usage is not as high as urban area. Nevertheless, the possibility of global expansion cannot be fully denied, especially when the government is making effort on "One Belt One Road Initiative". Assuming that Alibaba would role over business internationally, in this report I would discuss how could they be successful in each region, America, Southeast Asia and Japan.

2. Current situation of Alibaba's global business

First of all let us see how much presence does Alibaba have in the World at this point. The graph below shows the annual e-commerce revenue of Alibaba from 2010 to 2017, by region in million yuan. This graph indicates that the revenue from international commerce remains stable over time and accounts for only 10% of the whole revenue, while the revenue from domestic commerce is growing.³

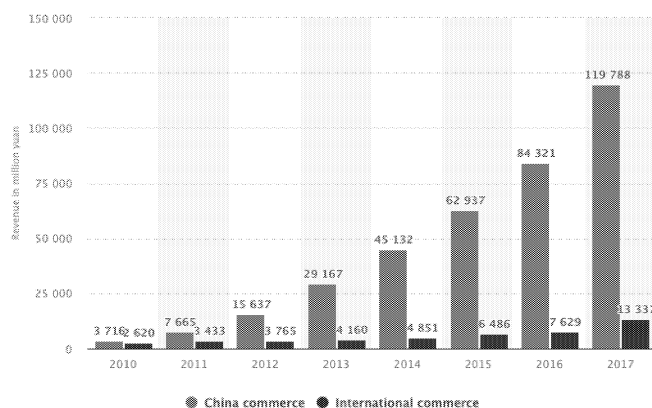


Fig1: Annual e-commerce revenue of Alibaba from 2010 to 2017, by region in million yuan⁴

Given this fact, Jack Ma, the chairman of Alibaba, claimed that he is now focusing on globalization, aims about total of 113 trillion yen in gross merchandise value until 2020, and will develop Alibaba to the 5th largest economy platform following USA, China, Europe and Japan. Already Alibaba has invested 1 billion dollars on Lazada, where it operates its online commercial business in 6 countries in Southeast

³ Alibaba Group (2017.4.18), "Alibaba Group Announces March Quarter 2017 and Full Fiscal Year 2017 Results" ,
 CiNihttp://alibaba.newshq.businesswire.com/press-release/alibaba-group-announces-march-quarter-2017-and-full-fiscal-year-2017-
 results (2017 年 12 月 15 日アクセス)

⁴ Statista (2017), "Annual e-commerce revenue of Alibaba from 2010 to 2017,by region (in million yuan)",
<https://www.statista.com/statistics/226793/e-commerce-revenue-of-alibabacom/> (2017 年 12 月 15 日アクセス)

Asia, in order to takeover management rights. Other than that, it is making partnership with local firms and trying to strength its foothold in Southeast Asia. Also it has opened up Taopao International in February, 2014 and welcoming foreign companies to sell their products. Although, there have been a 169% increase in the amount of goods listed on Taopao International, its whole revenue growth remained on 30%.⁵

3. Estimation of future globalization

Jack Ma asserts that he has no intention to compete with Amazon and his goal is to make foreign companies getting connected with Chinese consumers⁶. However as stated before, though there are good numbers of foreign companies embarking on the site, the revenue is not that much. It is possible that this is resulted from the low name recognition of Taopao and Tmall and their cliquish features. This consideration is based on my experience that I myself didn't know the company of Alibaba until I learned about China, and, through the trip, felt that mobile payment in China is quite completed by itself (for the latter opinion, the fact that other countries cannot catch up to the speed of China taking in IT to the society can be another explanation). As long as it doesn't raise its name recognition, I presume the buyers on Taopao and Tmall will be limited on Chinese consumers, and in the reality, where its numbers of increase in active users are slowing down, Alibaba would see the end of its expansion in the market. If that would be the case, it would be hard for foreign companies to find benefits to launch business on Alibaba, and as a result, Alibaba could fail in globalization. Hence, taking into account of the data showed in figure 1, increasing the number of foreign users (consumers) would be one of the key to be successful in globalization. Furthermore, along the effort of increasing foreign active users, Alibaba should also focus on inviting more foreign firms into their EC market. This would lead a boost in market size and can achieve its ambition to create an enormous size of economy platform. Then, what kind of strategy could be built to both increase foreign users and firms?

Before discussing the strategy, let us analyze how Alibaba become a big company in China and find a hint from there.

⁵ Yue Wang(2017.07.04),「中国アリババ、世界展開で流通総額「110兆円」突破の野望」、Forbes Japan、CiNii、<https://forbesjapan.com/articles/detail/16832/1/1/1>(2017年12月16日アクセス)

⁶ Yue Wang(2017.07.04),「中国アリババ、世界展開で流通総額「110兆円」突破の野望」、Forbes Japan、CiNii、<https://forbesjapan.com/articles/detail/16832/1/1/1>(2017年12月16日アクセス)

I. Cash payment < Alipay

Through the trip, I always felt the value of cash in China is relatively low. Japanese rest assured when they have cash in their hand. To the contrary, China has small trust towards cash. One of the reasons can be the infrastructures dealing with cash are poorly made and easily broken. During the trip, we were ripped off for few times, that we couldn't get the products, even though we put money in the vending machine. On the other hand, it seems mobile payment works better, that most of them use QR codes. As people shift to mobile payment from cash payment, infrastructures associated with cash would eventually die out. Solutions should be made for people that do not have the means of mobile payment such as people living in rural area and foreign tourists. Moreover the Alipay system itself secures the payment which contributing to the transaction trust of Alipay.

II. Social tuning effect

Similar to the first point, but I felt Alipay has become part of Chinese people's life. Alipay has mostly seized the payments that would be done in daily life and people might not get the services they want by not having Alipay. Also splitting the bill through Alipay can be done if only the case when everybody has Alipay. Therefore, the environment forces people and store to hold Alipay. This was successful not only because Alibaba has created many businesses associated with Alipay, but also there were the Chinese people who swiftly and flexibly accepted this new technology. Japanese companies in China all said that China is fast in decision-making and has no hesitation to accept new things. Those characteristics of Chinese people can be seen in here as well.

III. Benefits of EC

Through the interaction with Chinese students, I felt they are fully taking advantage of benefits of EC. They mostly buy Japanese cosmetic goods which are high quality and low priced. They were purchasing not only domestic goods but also a lot of foreign goods. In addition, EC is the best way for small companies located in rural areas to sell things in the broad China to reduce costs. Especially Tmall and Taopao set little barrier for small companies to embark their business online. These companies are taking advantage of EC's benefits, that physical distance no longer matters in a purchase. In contrast, Japan can buy domestic, well-made and cheap products in a store which are placed near our daily life, and the need of EC, which still has safety concerns, is low.

Based on these analysis, Alibaba has been successful by making the big use of China's features; a society that mobile payment has more credibility, Chinese people who are good at accepting new changes,

huge land and the need of Chinese people wanting products that are sold in other countries or in long distance. This business model not only brought benefit to people, but also helped to support small companies which are short of fund and weak in advertising. Alibaba has grown in such way in China, but then how could they fight on the global scale? Let us discuss each global strategy that they could take in each region where smartphone and internet is widely used, Southeast Asia, America and Japan.

First of all, although Southeast Asia has a small online commerce market size, for example, India's EC market scale is 1/20 of that of China, it is expected to grow in the future time because of its potential customers.⁷ However some factors are being disincentives for the development in EC market; a) the credibility on payment system, b) inadequate logistics system, c) consumers' low moral, d) reluctance on using EC market.⁸ Regarding to a), mobile payment and credit card payment are not common in Southeast Asia and many consumers prefer to pay through banks and ATM or cash on delivery.⁹ As to c), Southeast Asia consumers tend to cancel their orders because of a simple feel change, which is leading to the increase in costs for firms and creating distrust between firms and consumers. About d), troubles, like goods are not delivered on the designated date, the quality of goods are different from the ones listed on the site, often occur and consumers are being skeptical about online market.¹⁰ In reference to these data of showing current situation of EC market in Southeast Asia, it seems it is difficult for Alibaba to start from EC business in there. This is because Southeast Asia is immature in I, the infrastructure and impression toward EC, which will be supporting Alibaba's online market, is not fully established yet. Therefore, Alibaba should begin with providing its growing finance service, Alipay to Southeast Asia. Alibaba can spread Alipay in Southeast Asia through consumers or offline store by giving special treatments, like cheap commission charge and the lending of money in low interest rate for a short term. Hence, take over peoples' means of payment by tuning effect like II, and attract more consumers and companies to Alibaba's EC site. They should also offer privileges to joining firms so that they can feel the advantage of setting up business online rather than offline, and construct trustworthy platform by using clients' information and big data. When it comes to logistics, so far Alibaba had no affiliated company and only formed partnership with logistics companies. However, since reliable, safe and fast logistics networks are not established in Southeast Asia yet, it is better to create its own logistics system like Amazon.

⁷ 蒲田亮平、西澤知史(2017.03)、「アジアの EC」、ジェトロセンサー 2017 年 3 月号、p.38、CiNii、https://www.jetro.go.jp/ext_images/_Reports/01/fb62cc2ca58764b0/20170022.pdf(2017 年 12 月 16 日アクセス)

⁸ 蒲田亮平、西澤知史(2017.03)、「アジアの EC」、ジェトロセンサー 2017 年 3 月号、p.38-53、CiNii、https://www.jetro.go.jp/ext_images/_Reports/01/fb62cc2ca58764b0/20170022.pdf(2017 年 12 月 16 日アクセス)

⁹ 蒲田亮平、西澤知史(2017.03)、「アジアの EC」、ジェトロセンサー 2017 年 3 月号、p.41、CiNii、https://www.jetro.go.jp/ext_images/_Reports/01/fb62cc2ca58764b0/20170022.pdf(2017 年 12 月 16 日アクセス)

¹⁰ 蒲田亮平、西澤知史(2017.03)、「アジアの EC」、ジェトロセンサー 2017 年 3 月号、p.43、CiNii、https://www.jetro.go.jp/ext_images/_Reports/01/fb62cc2ca58764b0/20170022.pdf(2017 年 12 月 16 日アクセス)

Then how about America and Europe? Alibaba has no chance in winning in II, because they already have a matured EC market and the giant company Amazon is already ruling the online market. It is very difficult to take over Amazon's position while there is no need for Amazon users to switch over to Alibaba. If it seriously wants to start its EC business, then they should work on to improve its transparency and reliability. They are still many people in America and Europe who are suspicious towards Chinese EC market that they are afraid of fake goods or low-quality counterfeit goods, and in reality some companies have filed complaints.¹¹ Some solutions should be made to change these bad images. Moreover politico-Alibaba collusion, the probability of nationalization, the VIE system (because of the restrictions on foreign companies' entries, profit belongs to other companies not Alibaba) and China risks are making this worse.¹² Not only Alibaba, but also a strategy of changes in national scale should be made.

Lastly, let us think of Japan. Maybe Alibaba thinks Japan's EC market scale is small and there is a capacity to grow more. However, I assume they can only gain little profit in the sector of mobile payment. This is because I and II is totally weak in Japan. Japanese people also use mobile payment, like Suica and Pismo, but its usage is limited in small, easy purchase such as at convenience store, and it can be charged from small amount. Japanese people still have hesitation on mobile payment linked to banking accounts and prefer to hold cash. In this sense, payment tool provided by Alibaba is not attractive enough. Furthermore, the prejudice and stereotype that Japanese people hold towards China could be further obstacles, especially in the aspect of security. If Alibaba want to step in to Japan's mobile payment sector, it is better for them to form partnership with Japanese masks and provide their technology. If not, Alibaba should just focus on attracting Japanese companies to Taopao and Tmall. They are many Japanese companies who are paying attentions on Chinese market and targeting Chinese consumers. Taking advantage of EC's merit of avoiding the cost of localization, it is better to provide Japanese companies with marketing strategy and Big data which has its clients' information.

4. Conclusion

Alibaba can strengthen its presence in Southeast Asia, where it has undeveloped and small EC market scale, by establishing the environment where EC can be fully operated such as improvements in logistics system and providing financial service. On the other hand it would be a tough challenge

¹¹ 李雪 (2015) 「中国における越境 EC の進展」、流通情報、2015.11(No.517)、p.43、CiNii、http://www.dei.or.jp/opinion/staff_pdf/lixue03.pdf (2017 年 12 月 16 日アクセス)

¹² 李雪 (2015) 「中国における越境 EC の進展」、流通情報、2015.11(No.517)、p.43、CiNii、http://www.dei.or.jp/opinion/staff_pdf/lixue03.pdf (2017 年 12 月 16 日アクセス)

for them to make a big impact on America's, Europe's and Japan's matured online commerce market, where already giant companies are taking control. At this point, they should make steady efforts to increase the number of foreign users and international companies, as long with the improvements in transparency and more good relationship with the world. Still, Alibaba has developed in an astonishing speed in this few years. It is now on the frontier of the IC business, being far ahead of the rest of the world. Experiencing the speed and energy of Chinese economy, I expect Alibaba to come up with an amazing, innovative globalization strategy that I cannot imagine, and play the role as the 5th biggest economy platforms in few years time.

Reference

- 1)金堅敏(2007)、「中国における電子商取引企業のビジネスモデル」、研究レポート No.284 February 2007、富士通総研研究所、p.1-29、CiNii、<http://www.fujitsu.com/downloads/JP/archive/imgjp/group/fri/report/research/2007/no284.pdf> (2017 年 12 月 16 日アクセス)
- 2)北野健太(2016.10.19)、「世界水準に迫る中国のインターネット企業」、日本総研 No.2016-005、p.1-20、CiNii、<https://www.jri.co.jp/MediaLibrary/file/report/researchreport/pdf/9555.pdf> (2017 年 12 月 16 日アクセス)
- 3)野口悠紀雄(2017.12.06)「世界史の視点でみると分かる、中国・アリババ台頭の「大変革」の意味」、現代ビジネス、講談社、CiNii、<http://gendai.ismedia.jp/articles/-/53707> (2017 年 12 月 15 日アクセス)
- 4) 日本経済新聞 電子版 (2014.07.05)、「楽天 vs アリババ 質か量か海外展開で激突」、日本経済新聞、CiNii、<https://www.nikkei.com/article/DGXNZO73811660U4A700C1DTA000/> (2017 年 12 月 15 日アクセス)
- 5) Alibaba Group (2017.4.18)、“Alibaba Group Announces March Quarter 2017 and Full Fiscal Year 2017 Results”、CiNii<http://alibaba.newshq.businesswire.com/press-release/alibaba-group-announces-march-quarter-2017-and-full-fiscal-year-2017-results> (2017 年 12 月 15 日アクセス)
- 6) Yue Wang(2017.07.04)、「中国アリババ、世界展開で流通総額「110 兆円」突破の野望」、Forbes Japan、CiNii、<https://forbesjapan.com/articles/detail/16832/1/1/1> (2017 年 12 月 16 日アクセス)
- 7) 蒲田亮平、西澤知史(2017.03)、「アジアの EC」、ジェトロセンサー 2017 年 3 月号、p.38-53、CiNii、https://www.jetro.go.jp/ext_images/_Reports/01/fb62cc2ca58764b0/20170022.pdf (2017 年 12 月 16 日アクセス)
- 8) 李雪 (2015) 「中国における越境 EC の進展」、流通情報、2015.11(No.517)、p.43、CiNii、http://www.dei.or.jp/opinion/staff_pdf/lixue03.pdf (2017 年 12 月 16 日アクセス)

How Can Third-party Mobile Payments Change Chinese Society?

Hinako Oike

Sophomore, Faculty of Economics

1. Introduction

Lately it has been often said that in China you do not have to bring ready money if you have access to third-party mobile payment services. In fact, according to Japanese Ministry of Economy, Trade and Industry, 55% of the total economic transactions in China was made cashless in 2015. Before I visited China, all I had known about the growing third-party mobile payments in the country had been that they helped companies' cost reduction and allowed consumers to pay quickly and easily. However, through my visit to China, I have realized that their growth not only brings advantages consumers and companies but also can be influential enough to change the whole society of China.

In this report, I will describe the current situation of third-party mobile payments in China, and discuss their influence over Chinese society in the present time and into the future.

2. The Current Situation of Third-party Mobile Payments in China

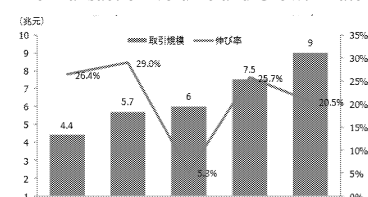
2-1. A Third-party Mobile Payment: A Definition

'A third-party mobile payment' is a payment option which combines two payment systems: 'a third-party payment' and 'a mobile payment.' According to the definitions by Bank of Tokyo Mitsubishi UFJ (China), the former is an online payment model where a third-party service provider, which has made a contract with a major bank, provides an online payment platform that is directly connected to the bank's online payment system; the latter refers to a payment that is made through sending the digitized information via variety of mobile terminals. Ant Financial's Alipay, Tencent's WeChatPay, and China Union Pay's Quick Pass are a few examples of third-party mobile payment service providers that are burgeoning now in China.¹

2-2. The Growth of Third-party Mobile Payments in China

The third-party mobile payment market is growing rapidly in China. According to iReserch Consulting Group, as of 2016, third-party mobile payment services in China achieved a total transaction volume of 38.5 trillion yuan (about 616 trillion yen), a figure fifty times larger than the equivalent in the United States. In addition, the transaction via third-party mobile payments in China has kept growing by 20% annually, and reached to 9 trillion yuan in the third quarter of 2016.²

Fig. 1 Third-party Mobile Payments in China: The Transaction Volume and Growth Rate



Source: BTMU (China) Economic Weekly 338 (2017)

¹ China Division, China Investment Bank (2017). "The Rapid Growth of Mobile Payment Transactions in China: A Competition between Major Internet Companies and Union Pay." *BTMU (China) Economic Weekly* 338 (23 Feb. 2017).

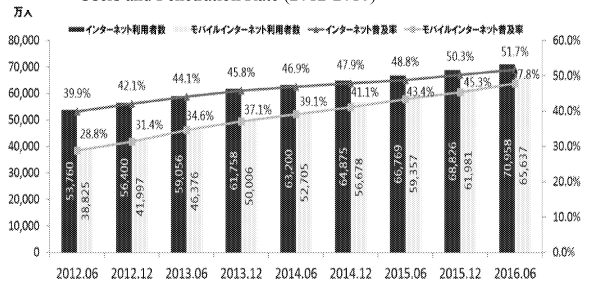
² Shanghai Office, Chiba Bank (2017). "The Rapid Growth of Mobile Payment Transactions in China." *China Report*. July 2017.

3. The Factors behind the Growing Third-party Mobile Payments in China

3-1. The Spread of Mobile Phones in China

One factor behind the rapid growth of third-party mobile payments in China is the wide spread of mobile phones among the Chinese, particularly promoted by the increasing sales of lower-priced mobile phones produced by Chinese companies like Xiaomi. The rise in mobile phone ownership has naturally resulted in the increase in mobile Internet users.³ Figure 2 shows that as of 2016 more than half of the Chinese population had access to the mobile Internet. Though the ownership rate itself might not be very impressive, China still boasts the largest number of mobile Internet users in the world, and this is obviously one of the factors behind the fast-growing transaction via third-party payment services in China.⁴

Fig. 2 The Internet/ Mobile Internet Access in China: Users and Penetration Rate (2012-2016)



Source: Ministry of Economy, Trade and Industry (2016), "A Report on the Current Situation of Fin Tech in China," *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*.

3-2. The Convenience of a Mobile Payment

The second factor behind the growth of third-party mobile payment services will be that they are more convenient and efficient than conventional payment options via credit cards or cash settlements. In China, where people are concerned about problems such as the circulation of counterfeit notes and the credit card misuse, mobile payments can offer a viable alternative. In addition to providing an online payment option for shopping, some Chinese providers like Alipay facilitate a broad range of online transactions including the payments of public utility bills, peer-to-peer money transfers, individuals' asset management, small-loan borrowing, and others.⁵ Thus, the convenience of third-party mobile payments is another reason for their increasing popularity in China.

4. The Characteristic Features of Third-party Mobile Payment Services in China

The fact that China has employed so-called socialist market economy as its economic model has also influenced the current prosperity of third-party mobile payment services in the country. As Figure 3 shows, China's third-party mobile payment market is an oligopoly of only two companies, Alibaba and Tencent, which have secured 90 percent share of the market.⁶ Given that mobile payment industry is expected to

³ Ministry of Economy, Trade and Industry (2016). "A Report on the Current Situation of Fin Tech in China." *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*.

⁴ Fujita, Testuo (2015). "The Rapid Growth of China's Internet Finance."

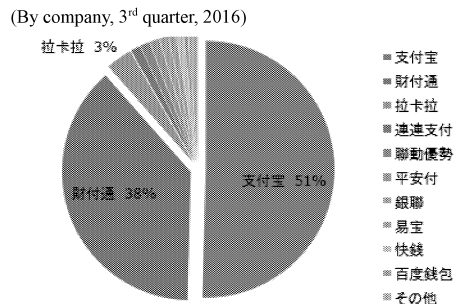
⁵ Ministry of Economy, Trade and Industry (2016). "A Report on the Current Situation of Fin Tech in China." *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*.

⁶ China Division, China Investment Bank (2017). "The Rapid Growth of Mobile Payment Transactions in China: A Competition

create network externality, the current state of oligopoly will effectively work to increase the value of the service. However, this oligopoly cannot be considered a condition which has emerged naturally through free competition. Major foreign competitors such as Google, Facebook, and Amazon have been banned by the Chinese government, and the access to foreign online platforms is strictly restricted in the country. As a result, China's Internet platforms have been virtually monopolized by a few

companies such as Tencent (in the field of social networking services) and Alibaba (in the field of e-commerce transactions).⁷ By utilizing their monopolistic position in the Internet service industry, these companies gained a large number of users and customers, and launched next into the field of mobile payment service, and came to secure a prominent place there, providing a wide range of services. For example, Ant Financial, mainly through operating Alipay, provides various services such as financing, asset management, insurance, securities, and others.⁸ We can point out several other factors that have contributed to the maintenance of the current state of oligopoly. For one thing, new entrants to China's third-party mobile payment market are required to obtain the license from the People's Bank of China.⁹ The Cyber Security Law, which came into effect in June 2017, has also worked to lock foreign operations out of the Chinese market.¹⁰ Furthermore, we should not dismiss the implications of the Chinese government's action plan called 'Internet Plus' unveiled in 2015. This plan aims to integrate the Internet and traditional industries and consequently create new businesses and smartification of industries. Thus, the significant growth of China's third-party mobile payment services has been fostered under the protection of the government's policies.¹¹

Fig. 3 Third-party Mobile Payment Transaction Share in China



Source: China Division, China Investment Bank (2017).

BTMU (China) Economic Weekly 338

5. The Potential of Third-payment Mobile Payment Services in China

Based on the examination made in the previous section about the characteristics of China's third-party mobile payment services, this section will consider what kind of influence these services have had and will have on Chinese society from the following three viewpoints: innovation, the rural-urban disparity,

between Major Internet Companies and Union Pay." *BTMU (China) Economic Weekly* 338 (23 Feb. 2017).

⁷ Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

⁸ Ministry of Economy, Trade and Industry (2016). "A Report on the Current Situation of Fin Tech in China." *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*.

⁹ Ministry of Economy, Trade and Industry (2016). "A Report on the Current Situation of Fin Tech in China." *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*.

¹⁰ "Alibaba and Tencent: The Two Most Powerful Internet Companies in China Show No Signs of a Slowdown." *The Nihon Keizai Shimbun*. 29 Aug. 2017.

¹¹ Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

and credit scoring. On considering this issue, I would also like to draw on what I learned from those people I met during our research trip to China.

① Innovation

China is experiencing an entrepreneurship boom. According to a story that I heard in Zhongguancun, twelve thousand businesses are estimated to be launched in China every day. Behind such a boom is the government's backing of new businesses and innovations. In September 2015, Premier Li Keqiang announced the slogan of 'Two Engines of Popular Entrepreneurship and Mass Innovation' (大眾創業・萬眾創新),¹² vowing to provide a better environment for entrepreneurs in China. The aforesaid 'Internet Plus' also aims at creating new businesses and industries. The greatest driving force behind China's entrepreneurship boom, however, seems to be the country's rapidly growing third-party mobile payment services. Alongside the high smartphone user penetration rate, the massive growth of third-party mobile payments and their providers such as WeChatPay and Alipay has lowered the conventional barriers to individuals starting and expanding new businesses free from geographic restrictions. Companies such as Didi Chuxing (滴滴出行) and Mobike (摩拜) are good examples of those which have achieved a dramatic development by introducing the services by WeChatPay or Alipay. Other sectors such as meal delivery services and medical services are also increasingly willing to opt for third-party payments¹³. Thus, a third-party mobile payment is not only an innovation for its own sake but also can generate fresh momentum for a series of other innovations. What is more, this general trend in China appears to develop across the country's border. Alibaba, for example, has been running their business in newly emerging nations such as India, the Philippines, South Korea, and Indonesia.¹⁴ If Chinese companies can gain the pre-eminent position in these newly emerging markets in Southeast Asia, where leading European and American competitors have not established their strong presence yet, there is a strong possibility that China will become the world's front runner in the field of third-party mobile payments and facilitate a revolutionary innovation in the global payments market.

② The Urban-rural Disparity

The economic disparity between urban and rural areas is one of the social problems that China has faced currently. Unlike in large cities like Beijing and Shanghai, where most people have easy access to financial services, China's rural townships have been seen as a financial services vacuum of the country. Behind this problem are several problems typically seen in the financial status-quo in China's countryside: transactions made in rural areas tend to be small; securing appropriate collateral for a loan is not always easy; there is a lack of accurate, reliable credit information on individuals; relations between regions are

¹² Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

¹³ Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

¹⁴

too weak to build up a strong network that can operate in rural China overall.¹⁵ According to what we heard at Beijing Branch of Mitsubishi Tokyo UFJ Bank, the bank's branches are much fewer in rural China, and basic type of ATMs are often the only access to financial services for most rural residents. In my opinion, third-party mobile payments will be one possible solution to the rural-urban disparity in financial services, for third-party mobile payments can allow those who live in remote rural areas to have easy access to various financial services through mobile apps. Moreover, we can expect third-party payments to play a part in correcting the rural-urban disparity in some other fields as well. For example, by using Taobao (淘宝), the EC service provided by Alibaba, will offer rural residents exactly the same kinds of service as urban residents enjoy. Thus, third-party mobile payments will enable people to access universal services, which will, in turn, reduce the disparity between urban and rural areas in China.

③ Credit Scoring

As I discussed above, one of the factors behind the financial services vacuum in rural China is a lack of credit information. To this problem, too, third-party mobile payments seem to be an effective solution. According to the statistics by *The Nihon Keizai Shimbun*, registered users of mobile payment services in China—Alipay and WeChatPay users combined—amount to 1.2 billion, and the total transactions per day—via Alipay alone—number 175 million. By making use of the enormous online data collected from its users, Alipay launched a unique app called 'Zhima Credit (芝麻信用).' It is an online service which generates credit scores based on the online behavior of customers including their payment history and so on.¹⁶

According to the opinion that we heard at the Dream Incubator Inc. in China, an app like this can promote the business efficiency of Chinese society because, as a new indicator of an individual's credit scoring, it can help to foster mutual trust among people, and ultimately bring about the reduction of the cost for business transactions. In addition, we can even expect this app to influence individuals' behaviors and encourage the Chinese to observe ethical and moral rules.

6. The Limitations of Third-party Mobile Payments

6-1. Their Relationship with Conventional Financial Institutions

China's financial sector is still in the process of liberalization, and it is under the strict control of the government and the state-owned banks.¹⁷ In the discussion that we had in our basic seminar class, some students feared that the entry of companies outside of the traditional financial service sectors such as Alibaba and Tencent into the third-party mobile payment market could prevent the government from tracking individual monetary transactions and the details of personal consumption. As a result, they

¹⁵ Li, Zhihui (2016). "Yin and Yang of the Fin Tech Industry in China." *Creation of Intellectual Assets*. Sept. 2016.

¹⁶ "You Are under Surveillance: The Fear of Fin Tech in China." *The Nihon Keizai Shimbun*. 11 Nov. 2017.

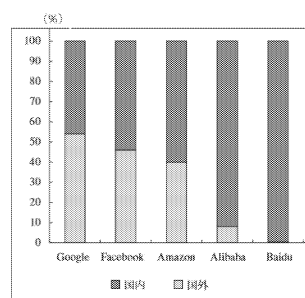
¹⁷ Morikawa, Hisashi, and Kenji Ueda (2012). "On 'China 2030 Report'." *Institute for International Monetary Affairs*. 21 Dec. 2017.

suggested, the government may end up unable to accurately grasp the total amount of currency in circulation, and this might hinder the government's control of China's financial market. Under the current circumstances, the government has found it necessary to strengthen the regulations on third-party mobile payment services, and new regulatory measures are going to be implemented to ensure more transparency in capital flows and transaction information in China's financial market. The construction of a networking system called '網聯' due by June 2018 is one of such regulatory schemes by the government. Once it is established, '網聯' is supposed to be the integrated control system for all the third-party payment services in the country, putting an end to the current practice which requires third-party payment service providers to work in alliance with banks. In other words, all of the online transactions are going to be processed via '網聯' system.¹⁸

6-2. China's Third-party Payment Services in Relation to Their Foreign Counterparts

As we have seen so far, China's third-party mobile payment services cannot operate properly out of their close relationship with the government. Both the rapid growth of their market and its monopolistic condition owe much to the government's policies. Looked from a different perspective, though, this can also mean that many of China's major companies often have relatively limited influence in foreign markets. As Figure 4 demonstrates, the earnings of Chinese leading companies like Alibaba and Baidu are generated overwhelmingly in domestic market, and this makes a striking contrast to the cases of their European and American counterparts. If we focus on Southeast Asia and other newly

Fig. 4 Earnings of the World's Leading Internet Companies



Source: Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

emerging markets, American and European service providers have not yet penetrated to these areas, and the Chinese government will find it easier to politically support Chinese companies in entering these markets. On the other hand, as far as developed countries are concerned, the governmental support for Chinese company becomes inevitably qualified, and American and European service providers have already gained a firm foothold, so it will be quite challenging for Chinese companies to try making inroads into there.¹⁹

¹⁸ China Division, China Investment Bank (2017). "The Standardization of Third-party Payment Services in China: Entering a Next Stage Propelled by the Establishment of 網聯." *BTMU (China) Economic Weekly* 359 (4 Aug. 2017).

¹⁹ Fujita, Tetsuo (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future."

7. Conclusion

Through our ten-day research trip to China and writing this report, I have realized that third-party mobile payments in China are much more popular than I thought, and that it has become part of the Chinese people's daily life. There is no doubt that they have made people's life much more convenient, and they seem to hold tremendous potential for changing the Chinese society yet further. As I discussed in Section 5, third-party mobile payments can be expected to be the engine to propel newer innovations, contribute to the correction of the country's rural-urban disparity, offer a new credit scoring indicator, and ultimately make Chinese economy more effective. At the same time, however, I have also pointed out in Section 6 that the growth of third-party payments can be hampered by the government's regulatory involvement into their operation. If China aims to expand the scale of third-party mobile payment services, and to be the most advanced nation in the field, the government will need to promote the construction of a more appropriate platform for third-party mobile payments to thrive on, and encourage Chinese providers to gain a competitive edge over American and European counterparts. The future of China's third-party mobile payment services will depend on the question whether they can expand their businesses successfully into overseas markets.

References

- "Alibaba and Tencent: The Two Most Powerful Internet Companies in China Show No Signs of a Slowdown." *The Nihon Keizai Shimbun*. 29 Aug. 2017. (Date of Access: 21 Dec. 2017)
<https://www.nikkei.com/article/DGKKASDX18HIP_Y7A810C1FFE000/>
- "Alibaba Is Turning Two Wheels targeting at Both Domestic and Southeast Asia Markets." *The Nihon Keizai Shimbun*. 11 Oct. 2017. (Date of Access: 21 Dec. 2017) <<https://www.nikkei.com/article/DGXMZO22129020R11C17A0FFE000/>>
- China Division, China Investment Bank (2017). "The Rapid Growth of Mobile Payment Transactions in China: A Competition between Major Internet Companies and Union Pay." *BTMU (China) Economic Weekly* 338 (23 Feb. 2017).
<https://reports.btmuc.com/File/pdf_file/info001/info001_20170223_001.pdf>
- (2017). "The Standardization of Third-party Payment Services in China: Entering a Next Stage Propelled by the Establishment of 網聯". *BTMU (China) Economic Weekly* 359 (4 Aug. 2017). (Date of Access: 21 Dec. 2017) <https://reports.btmuc.com/File/pdf_file/info001/info001_20170802_001.pdf>
- Fujita, Testuo (2015). "The Rapid Growth of China's Internet Finance." (Date of Access: 21 Dec. 2017)
<<https://www.jri.co.jp/MediaLibrary/file/report/rim/pdf/7961.pdf>>
- (2016). "China's 'Internet Plus' Action Plan: Its Strategies and Future." (Date of Access: 21 Dec. 2017)
<<https://www.jri.co.jp/MediaLibrary/file/report/rim/pdf/9643.pdf>>
- Li, Zhihui (2016). "Yin and Yang of the Fin Tech Industry in China." *Creation of Intellectual Assets*. Sept. 2016. (Date of Access: 21 Dec. 2017)
<<https://www.nri.com/~media/PDF/jp/opinion/teiki/chitekishisan/cs201609/cs20160904.pdf#search=%27%E6%9D%8E+%E6%99%BA%E6%85%A7+%E7%9F%A5%E7%9A%84%E8%B3%87%E7%94%A3%E5%89%B5%E9%80%A0%27>>

Ministry of Economy, Trade and Industry (2016). “A Report on the Current Situation of Fin Tech in China.” *The Research Data for the Fourth Meeting on the Challenges and the Future of Fin Tech*. (Date of Access: 21 Dec. 2017)

<http://www.meti.go.jp/committee/kenkyukai/sansei/fintech_kadai/004_haifu.html>

Morikawa, Hisashi, and Kenji Ueda (2012). “On ‘China 2030 Report’.” *Institute for International Monetary Affairs*. 21 Dec. 2017. (Date of Access: 21 Dec. 2017)

Shanghai Office, Chiba Bank (2017). “The Rapid Growth of Mobile Payment Transactions in China.” *China Report*. July 2017.

<http://www.chibabank.co.jp/hojin/other_service/market/pdf/china_1707.pdf>

“You Are under Surveillance: The Fear of Fin Tech in China.” *The Nihon Keizai Shimbun*. 11 Nov. 2017. (Date of Access: 21 Dec.

2017) <<https://www.nikkei.com/article/DGXMZO23866610U7A121C1000000/>>

What Should Be Done to Make China's Rural Development More Successful?

Fumie Kamekawa

Sophomore, Faculty of Economics

1. Introduction

China is known as the world's second largest economic superpower. However, as of 2009, the country's Gini coefficient reached 0.47, indicating the widening economic disparity between urban and rural areas. The gulf between rural poverty and urban wealth in China is tightly correlated to diverse levels of social inequalities such as the way household registration system operates, educational environment, and social welfare services. As I learned about this issue, I vaguely wondered, "What is the general opinion of the Chinese on this problem?" Fortunately, on our research trip to China, I had the opportunity to ask this question to some university students in Shanghai. Not surprisingly, most of them had found the life in the city more attractive, hoping to find a job in urban areas whereas they seemed not to pay much attention to poverty issues in rural China. To me, the lack of their interest in rural problems appeared to be in contradiction to their support for the philanthropic cause and their enthusiasm for active engagement in voluntary work, for example. The problems of rural areas, however, are not simply neglected by the society, and there are plenty of ongoing initiatives both by NGOs and governmental institutions to alleviate poverty and educational inequality in the country. On visiting Beijing and Shanghai, we had the chance to hear expert views on the reality of rural support programs and various strategies for regional development, and this experience allowed me to understand the seriousness of China's rural-urban disparity and motivated me to examine the issue more carefully.

Another occasion in our itineraries that allowed me to gain a different perspective on China's disparity issues was our visits to two farming villages. Though being in remote areas, both have enjoyed the benefits of the investment by the government and companies, and they are blessed with a lot of tourist resources as well. What is regrettable is that so far both have failed to tap into those valuable resources fully enough to boost their local economies. In my opinion, in making China's regional development more successful, the following will become the key factors: finding talented local individuals with the knowledge and ability to make the best use of the existing social system and the untapped local resources; raising urban dwellers' awareness of the existence of rural-urban disparity; and enhancing rural dwellers' perception of the economic value of regional development. In this report, I would like to examine the current socio-economic disparity in China both from urban and rural perspectives, and make suggestions for a better, more successful regional development in the country.

2. Urban Residents' Perception of Rural Problems

Earlier I mentioned that many of urban dwellers do not find the life in rural areas very attractive, and I think there are several factors behind this. First, in China, the quality of life can be greatly different depending on whether one lives in urban or rural area due to the differences in the social systems applied

and in the living environment. Despite the radical reforms announced in 2014, China's traditional two-fold household registration system has remained fundamentally active, classifying each citizen as either an "agricultural" or "urban" resident, and giving different social benefits and a different degree of internal migration according to an individual citizen's status. There is a wide gap in the opportunity of employment as well. A larger number of job openings and higher wage levels in major cities are especially attractive for a young educated workforce from rural areas, and often make them choose to gain a job and resident status in urban areas and settle in there. In addition, for China's urban dwellers, the life and tradition of rural areas seem not to have nothing to look at except for their untouched natural environment and archeological remains. The affluent in urban areas are distinctly more eager to take in foreign and novel ideas and cultures than to cherish and preserve old traditions of their own country.

Second, China's urban residents seem to have failed to understand the gravity of rural poverty. I am even afraid that the Chinese people in general might tend to avoid thinking too deeply about invisible, unidentifiable causes of problems or worries. For example, I heard some Chinese say that they "don't care" such issues as "information privacy" and "e-commerce transaction security" because those are something that do "not affect their lives." They also seem to think that the problem of aging society is not their own concern but one that the government and the future generations should cope with. This kind of "leave everything to others" kind of mindset of the Chinese people, I assume, underlies the lack of urban residents' awareness of rural-urban disparity. Given the circumstances described above, it will be too optimistic to simply expect that inward migration from urban to rural areas will take place spontaneously or that those who are willing to seek a job in rural areas and contribute to the local economy will just naturally increase without an urge from outside.

3. Tourism Development as a Key Factor to the Regional Economic Boost

During the trip, we made excursions to two rural villages with some students of Shanghai University of Finance and Economics. In both villages, there were local guides to show us around the interesting spots of the villages, but, seen as a tourist destination, neither villages seemed to me to have been developed very successfully.

In the first village we visited, funded by the government and companies, a development project was taking place with the aim of transforming the entire village into a new tourist spot. Country cottages, souvenir shops selling local specialties, and a fishing event on the pond are going to be the centerpieces of the village's tourism. We were given a tour of some of the completed facilities, I received an impression that though being very new and well-equipped, the village had failed to provide a strong sense of regional color, which is crucially important to attract large number of tourists.

The other one is an old village since the Southern Song Dynasty, and has preserved historic streets paved with stones and lined with stone-built houses. There is a small museum to display a variety of stones excavated in the neighborhood too. The village overall is wrapped by such a quaint atmosphere,

and is often used for a filming location. Though rich in untapped tourist resources, this village does not intend to plan any development project, because the old houses are still dwelled by residents, and the village's priority is not development but landscape preservation.

Thus, viewed from a tourism point of view, neither villages cater for the expectation of potential tourists from the city. The first village, still in the process of turning into a sightseeing spot, will need to have a clearer vision about its target tourists and find more unique selling points to satisfy tourists' emotional need. The second village seems to need to seek a better balance between cultural preservation and profit-making, and maximize the commodity value of the existing sightseeing resources. In my opinion, successful tourism development will be effective to boost the regional economies of these villages, and the key player to that success will be the professional personnel who have both the knowledge of successful example of regional tourism development and marketing strategies in tourism industry.

4. Some Key Players in the Alleviation of China's Rural Problems

On our trip, we had the opportunity to visit some of the organizations that are engaged in the alleviation of the social problems in rural China. Based on what I learned from the lectures given for us at each visit, I have described below the purposes and focuses of their operations.

(1) One Foundation

One Foundation is one of China's most influential NGOs, which focuses on disaster relief, children's education and welfare, and the advocacy of alleviation of social inequality in China. I was personally most impressed by the foundation's extensive operational network created in cooperation with Chinese companies and other NGOs in action in China. For example, in case of a large-scale natural disaster, One Foundation provides aid operations in alliance with the local governments and NGOs in the disaster area, supplying aid materials, dispatching voluntary workers, and raising funds for the region's restoration. In its educational aid, One Foundation emphasizes the importance of catering for the need of individual local community or region, and provides specific operations such as looking out for personnel who are suitable for music teachers or facilitating a special learning program for children with autism to be taught by the teachers with expert knowledge and experience in the field.

(2) Shanghai Prospect Development Institute

This is one of the national institutions which aims to educate future local public officers and provide those types of educational programs which private school are often not interested in. Several courses for the applicants for local officers are available, each of which focuses on foreign policies, development of agricultural areas, and social innovations. China's rural residents often do not have the opportunity to interact with people from different backgrounds, so this school seems to play an important role as a bridge to connect its students to the ideas and values both from different parts of China and from the world.

(3) JICA

On visiting the China Office of JICA, we were able to hear an expert opinion on how to apply Japan's experience—of the problem of aging society, for example—to the China's social problems. So far, JICA has conducted various projects in China such as farming-area development and environmental preservation, and been instrumental to the alleviation of rural-urban inequality of the country.

After visiting these three organizations, I found that there were two big challenges confronting the efforts made by them all: the shortage of people with adequate special knowledge and the limited access to the information on successful past projects. I assume that this may have come from the system of local government peculiar to China. In Japan, for example, promotion of local development is largely led by local governments and authorities. On the other hand, in China, the main player in local development is more frequently non-governmental organizations like NGOs, and the reliable access to the useful strategies to promote regional development seems to be available via, again, non-governmental routes like educational institutions and foreign organizations like JICA.

5. Distinctive Features of Chinese People and Society

In this section, I would like to describe two characteristic features of Chinese society that I found myself while staying in the country. The first thing to point out is that the notion of voluntary work has been firmly rooted in the life of ordinary people. Various kinds of voluntary activities are carried out almost everywhere in China, be it held by the government, local communities, or local schools. Some of the government-led programs even offer specific social positions and prizes to the participants, trying to encourage the public awareness and participation. Among university students, too, joining charitable work in poverty areas seems to have become quite popular and ordinary. Though I have mentioned earlier that urban residents do not much pay attention to what is happening in rural areas, this is not the case especially when there is an urgent need of fundraising to help disaster zones, for example. The easiest access to philanthropic participation of today is no doubt the Internet, providing ordinary people with a wider opportunity to donate to charitable causes and a means of disseminating charity-related information. The role of IT technologies will keep growing into the future, making online education and medical services available even to those who live in remote areas.

Second, the Chinese people seem to be very open-minded towards innovative ideas, and are willing to keep up with the times. In Japan, people tend to be very cautious about changing existing systems, and often it takes a long time before things are reorganized and reformed. In China, on the other hand, whether it be the government or an individual, decisions are made promptly and put into practice very soon. For example, a recent government decision to promote innovations as a strategy to boost the country's economy almost immediately encouraged ordinary people to invest in new Internet companies

and to support new startups. Involving celebrities is another effective means of influencing the Chinese public, particularly in raising public awareness of charitable and social causes.

6. For the Alleviation of China's Rural Problems: My Proposal

I would like to close this report by making some proposals to alleviate the social problems in rural China. Below I will suggest two practical plans that I believe will help China's local economies thrive more. First, building a better information network will be crucial so that rural communities can share ideas and strategies that can be usefully applied to the local development of their own regions. More specifically, providing the easier access to a variety of successful cases of regional development, building institutions for learning tourism, or promoting the investment in rural development projects will be all effective. If the need of service-oriented industries in regional development is known better nationwide, urban innovators will find new business opportunities in rural areas, and this will ultimately promote investment and entrepreneurship in rural China as well.

Second, establishing a social system to allow people and companies with expertise on regional development will be necessary. For example, it will to the benefit of local governance and economy if schools are built to cater for young locals who are interested in learning local commerce and economy. By utilizing the Internet and SNSs, rural areas will also be able to send out the information about their own communities or call for urban aid workers or volunteers. Another idea is building business incubation centers in rural areas to encourage start-ups to choose not urban but rural areas to launch their businesses. Offering medium- and long-term professional programs targeting at urban experienced entrepreneurs to learn how to succeed in local businesses will also effectively attract urban innovations to rural regions.

China has not yet fully addressed its disparity issues which have permeated every level of the society. However, as I have discussed, the people and society of China are filled with the enthusiasm for advance and a remarkable ability to make decisive decisions, and these are something we Japanese do not have. Together with such an independent mindset, if they make the best use of various forms of useful resources such as the Internet, local institutions, and aid operations by NGOs, China's rural areas will be able to solve their problems without just passively waiting for the government-led policies or programs to be given to them. I believe that Chinese rural areas have an immense possibility to grow more. If people in rural areas can realize that their communities are already rich in regional resources and learn how to tap into those resources, they will be able to strengthen their economies by building new industries on their own.

References and URL

Ryu Ranhou 『Comparative analysis of Consciousness in rural tourism promotion in urban and mountainous areas in China』 Paper Collection of Proceedings of the Japan International Tourism Society (No. 20) March, 2013 www.jafit.jp/thesis/pdf/13_10.pdf

One Foundation <http://www.onefoundation.cn/>

JICA <https://www.jica.go.jp/china/index.html>

the Ministry of Education, Culture, Sports, Science and Technology-Japan (2007) 『Research report on volunteer activities in other countries』 http://www.mext.go.jp/a_menu/shougai/houshi/07101511.htm

Beijing Volunteer Federation (BVF)<http://www.bv2008.cn/cate/en/>

China's Foreign Aid: Its History, Characteristics, and Need for Improvement

Hinako Kikuchi

Sophomore, Faculty of Economics

1. Introduction

During the spring vacation in 2017, I participated in a study abroad program and visited Cambodia. While staying there, what attracted my attention was skyscrapers funded by Chinese capital and bridges built by China's foreign aid program. Despite its being still categorized as a developing country—rather contradictory to its steady economic growth—, China's strong presence in Cambodia simply astonished me.

It was this experience in Cambodia that first aroused my interest in China's foreign aid. Late, the class meetings of the preliminary seminar for our research trip to China gave me another opportunity to learn more about this issue. During our stay in China, too, I got a chance to hear lectures about the foreign aid by China at such organizations as UNDP (the United Nations Development Program) and CAITEC (Chinese Academy of International Trade and Economic Cooperation), and found some differences between China and other nations in the methods and strategies for their foreign aid. The purpose of this report is to overview the history and characteristics of China's foreign aid, and consider the role it will be expected to play in the future and the improvement it should make if it tries to be truly beneficial for not only its aid recipients but for the globe as well.

2. China's Foreign Aid: Its History

The first instances of foreign aid by China were given to its neighboring socialist countries in 1950. China also extended its aid programs to the Third World including Asian and African nations as a means of resisting against the superpowers such as the Soviet Union and the United States and against colonialism, supporting nationalist independence movement, and, ultimately, expanding China's global influence.¹ In 1964, the Chinese government announced the "eight principles" of its foreign economic and technical aid, embracing equal and reciprocal relation-building with the aid recipients, respect for the sovereignty of the recipients, and promotion of independent economic development of each recipient. Since then, Africa has been the major recipient area of China's foreign aid, receiving half of the total assisting funds of the country. In December 1978 the Chinese government adopted the reform and open-door policy, and started to receive foreign credits and investment. This encouraged China's intensive budgetary allocation for the economic growth, which, in turn, led the government to reconsider its foreign aid policy. In 1980, the State Council declared that "China's international cooperation including foreign aid can not only promote the financial development of recipient countries but contribute to the construction and reform of China's economy as well," emphasizing that China's foreign aid would give its priority to those projects which would effectively boost Chinese economy.¹

¹ Watanabe, S. *China's Foreign Aid*. 'International politics' No.172. 2013. pp100-172.

3. China's Foreign Aid: Its Characteristics

As I mentioned earlier, I had been intrigued by the increasing international presence of China, and my curiosity strengthened during my stay in the country particularly when I listened to some expert analyses at places like UNDP and CAITEC. As I continued to explore this issue further after returning home, I have found that China's foreign aid is characterized by its emphasis on South-South cooperation, the assistance to African nations, the non-intervention policy, and the practice of tying of aid.

(1) China's Emphasis on South-South Cooperation

As of 2015, China's poor were estimated to be 70 million. Given this figure, some might wonder if China can afford to aid other nations. However, by developing South-South cooperation in its foreign aid has allowed China to gain the opportunities both to promote its own technological and economic development and to apply its anti-poverty operation strategies for foreign aid to the alleviation of the poverty problems back home. According to what we heard on our visit to CAITEC, prior to 1978 ordinary Chinese citizens used to have a very limited chance of going overseas. However, in proportion to the increase in the opportunities for Chinese companies to engage in technological cooperation with developing countries, Chinese individuals are said to have increased their abilities to manage projects and adjust themselves to the international environment. Huawei's growth as a company through its aid operations in Africa will be one example which can prove that China's foreign aid is beneficial not only for its recipients but for the donor itself.

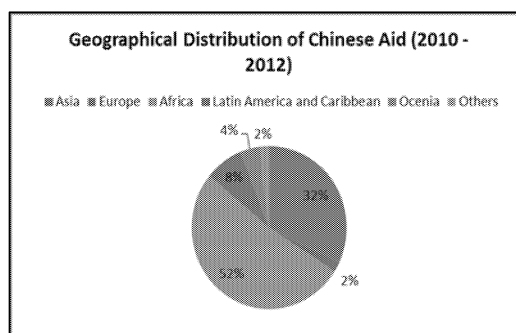
UNDP has also expressed a supportive opinion on South-South cooperation, recognizing its advantages such as "expansion of aid resources, activation of area cooperation, rising of ownership in developing countries, high efficiency obtained by similar countries in point of historical, cultural background or natural activity and economic conditions, contribution to skills development of developing countries and sustainable development."²

(2) China's Aid to African Nations

The pie chart on the right by UNDP shows the geographical distribution of China's foreign aid from 2010 to 2012. Distinctively, about half of the country's foreign aid funds is distributed to African nations. On visiting UNDP's China Office, I asked the factors behind this, and learned that the China-Africa relations has been strengthening since the Bandung Conference in 1955. The conference,

² Representation Office in Tokyo, United Nations Development Programme.
http://www.jp.undp.org/content/tokyo/ja/home/partnerships_initiatives/southsouth/

in fact, provided China with the first opportunity to establish its presence as the leader of the Third World. Since then, China's involvement in African interests has continued to expand from political level to commercial and cultural levels, and its aid to Africa—be it strategically-, economically-, or morally-motivated—has been taking an increasingly positive approach.³

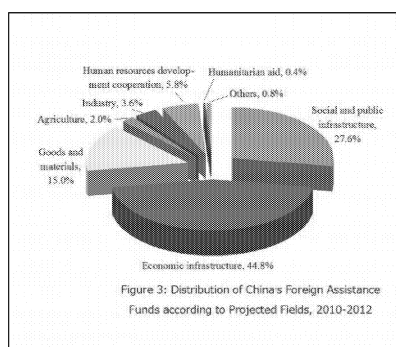


Furthermore, the annual value of the China-Africa transaction has been increasing in both trade and investment, making China one of Africa's biggest trading partner. From 2000 onward, China has been fully committed to the establishment of a stronger relationship with Africa, and the creation of the China-Africa Forums (CAFs)—later renamed the Forum on China-Africa Cooperation (FOCAC)—is the fruit of China's efforts to provide a mechanism that can promote diplomatic, trade, security and investment relations between China and African countries.⁴

As we have seen above, China has built a firm relationship with African nations in a broad range of spheres including economy, diplomacy, and so on.

(3) China's Policy of Non-intervention

The pie chart on the right represents how China's foreign assistance funds were distributed among diverse fields of projects initiated by the country during the period of 2010-2012. As the chart shows, approximately 70% of the total funds was invested in infrastructure-related fields, among which economic infrastructure was overwhelmingly prominent, constituting nearly half of the total funds invested in the category. What this implies is that China's foreign aid mainly focuses on economic support and development, while



the country minimizes its political intervention into the recipient nations' internal affairs. In contrast, the foreign aid by the DAC (Development Assistance Committee) of OECD often imposes its recipient nations to fulfill conditions such as trade liberalization or democratization, governance improvement, and so forth in exchange for the aid-offering. China, however, is fundamentally disinterested in the recipient's political system, and this is often seen as one of the reasons why the country's aid is favored by developing nations. Concerning this, an expert says as follows: "Based on the underlying principle of 'non-intervention in the

³ Li, U. *China's Foreign Aid Operations in Africa*. 2011. pp25.

⁴ Institute of Developing Economies, Japan External Trade Organization. http://www.ide.go.jp/Japanese/Data/Africa_file/Manualreport/cia04.html

internal affairs,' China provides its foreign aid to whatever country that calls for it without attaching any conditions. The aid from China does not specify how or for what the assistance fund should be spent; therefore, seen from the recipient's perspective, it resembles "a blank check" which is extremely convenient to use.⁵ Given that China has extended its aid even to some dictatorial regimes such as Sudan and Zimbabwe, which are ineligible for the foreign aid schemes of other developed countries, China's aid may be a flexible support that can serve the interests of its recipients more effectively than other donors do. Nevertheless, some experts are concerned that China deliberately disregards how its assistance funds are used by the recipient countries, and if the recipient is a dictatorial regime, the aid can consequently endorse or embolden the dictatorship.

(4) China's Customary Practice of Tying of Aid

China's foreign aid frequently takes the form of tied aid. The tying of aid refers to the practice of granting a loan on condition that the procurement of the goods or services involved in the loan is ordered exclusively from the donor country's companies. As I have examined in Sections (1) and (2) above, the China-Africa trade relations has been strengthening in proportion to the increase in the aid and investment from China to Africa. This will suggest that China's intensive aid to Africa promoted the emergence of a business environment in the African market that is particularly friendly for Chinese companies. Some critics, therefore, argues that China's foreign aid has helped Chinese companies and workers to earn profits but has not been beneficial for the technological advancement and job creation in African nations. However, according to an expert we met at the China Office of CAITEC, criticism leveled at Chinese enterprises is often based on misunderstanding: the reality is that the amount of the profit that they can make in the markets of China's aid recipients has been controlled by the Chinese government's restrictive measures. What drives Chinese companies to engage in the foreign aid seems to be their intention to gain the opportunity to strengthen their own global competitiveness through international transactions with the aid recipient nations.

Concerning the criticism against China's tied aid, Professor Deborah Brautigam of American University has given the following view: "While China's foreign aid—the aid to African nations in particular—attracts increasing attention from the international community, the lack of transparency of Chinese scheme often provokes misunderstanding or criticism based on misunderstanding." Opposing to the criticism that Chinese companies' inroad into African market is robbing African people of their employment opportunities, Brautigam takes a more favorable approach to China's aid. For example, she takes up some of China's aid operations such as the stadium construction in Sierra Leone and the mine development in Zambia, and emphasizes that the major labor force of China's aid operations constitutes of

⁵ Kobayashi, T. *Emerging Nations' Contribution to Development Cooperation in Africa: Is Chinese Cooperation an Ideal Model?*. 2014. pp3.

African population, and the Chinese labor is dispatched genuinely as a complement to the local labor.⁶

From 1960s to 1980s, Japan's ODA, too, used to rely on the scheme of tying of aid, with the aim of recouping the assistance funds by exclusively designating Japanese companies as the contractors to engage in the procurement of the goods or services involved, or boosting Japan's economic growth by promoting Japanese companies to advance into foreign markets. Japan's foreign aid today does not choose this scheme any more, and its aid operations are fundamentally so-called untied aid. On the other hand, given that China is still a developing country, and its foreign aid is based on the idea of South-South cooperation, the scheme of tying aid could work constructively and be instrumental in building win-win relations between the donor and the recipient nations.

4. Recommendations on How to Improve China's Foreign Aid

In the preceding chapter, I have examined the characteristics of China's foreign aid from four different perspectives, and now I would like to turn to the challenges that it should accept and meet in the future. In my opinion, if China can handle these challenges successfully, its aid operations will achieve important improvement and will serve the needs of its recipient countries more effectively than now. As a nonmember nation of the Development Assistance Committee or DAC, China has been pursuing an independent approach to its foreign aid, and has drawn criticism from other donor nations such as "China's foreign aid disregards its impact on environment," or "The goal of China's foreign aid is ultimately nothing but profit-making." In fact, one factor behind the promptness and flexibility of China's foreign aid lies in the fact that the country doesn't participate in DAC and, therefore, doesn't have to meet the stringent requirements imposed by DAC. The DAC members are particularly concerned about the problems distinctively observed in China's foreign aid like the inadequate consideration for environmental conservation and the disregard for the sustainability of development.

In my opinion, China should accept this sort of international criticism and search for a better form of foreign aid, and I would like to suggest briefly what I believe will improve the country's foreign aid. First, China should pursue a more sustainable form of development in their foreign aid operations. Second, the country should promote the disclosure of information concerning its foreign aid and try to raise the transparency of its aid operations.

The first point is something I expect not only China but all the donor nations to pursue. Since the adoption of Sustainable Development Goals or SDGs by the United Nations Congress in September 2015, the achievement of a sustainable future has been one of the primary global targets. In my view, sustainable development will be beneficial at least threefold: it will promote recipient nations' independence in its economic growth after the completion of the initiative by the donor nations; the universal access to cleaner,

⁶ Japan International Cooperation Agency. "The Seminar on China-Japan Partnership on Africa Development with Prof. Brautigam, the author of *Dragon's Gift*." 2010. https://www.jica.go.jp/topics/2010/20100806_01.html

sustainable energy will contribute to the global environmental conservation; China will gain a more positive reputation from the world if it provides a more credible and transparent form of foreign aid.

Second, China should make more efforts to raise the transparency of its foreign aid projects by disclosing the related information both nationally and internationally. As I have discussed in the preceding chapter, the China Office of CAITEC and Professor Brautigam share the opinion that China's foreign aid is vulnerable to misunderstanding and criticism due to the limited access to the reality of its aid projects. Beyond anything else, the Chinese government should make sure that the information regarding its foreign aid—particularly how China's national budget is being used for this purpose—will become available to the Chinese public, and the publicity activities will be the key in this regard. The access to the information needs to be secured toward the international community as well, so that the crucial details of China's foreign aid including its recipient nations and the amount of assistance funds will become obtainable worldwide.

As I mentioned earlier in Section (3) of the preceding chapter, there is a fear that the lack of transparency concerning how China's aid funds are used by its recipient nations can embolden dictatorial regimes. If China embraces the promotion of transparency and the information disclosure, this sort of fear will be gradually alleviated. In addition, it will also be effective to let the world know the real benefits of China's foreign projects, and consequently will improve the credibility of the country's foreign aid and reduce international misunderstanding as well. Also, by information disclosure, China will try to provide higher quality aid to appeal its accuracy.

5. Conclusion

In the present world climate where the importance of international cooperation is continuously growing, China is also establishing its strong presence in the world by, for example, launching its “One Belt One Road Initiative” and advocating the establishment of the Asian Infrastructure Investment Bank or AIIB. During our stay in China on our research trip, visiting an incubation center dubbed “China's Silicon Valley” located in Beijing, hearing Chinese students' views about the online payment service called WeChat, and seeing numerous bicyclists on the streets, I was strongly impressed by China's inexhaustible energy into invention and the rapid growth of the country's economy.

I also admit that China's foreign aid tends to invite international criticism because of the unusual mechanism peculiar to its foreign aid system. What matters the most, however, will be whether China's aid is substantially contributing to the lasting betterment of living standards of the local people and to the promotion of the recipient country's independent development. China's power and influence have been rapidly growing and will continue to grow more. There is no doubt that if used appropriately, China's power can immensely empower developing nations. I strongly believe that instead of considering its foreign aid to be a means of diplomacy in international negotiations, China should offer its aid genuinely to solve universal problems such as poverty, hygiene, and environmental conservation and to help its fellow citizens on the same planet.

Can NGOs Be a Game-changer in Chinese Society?

Shunta Hagiwara

Sophomore, Faculty of Economics

1. Introduction

Do you know that there are NGOs operating in China? Before our research trip to the country, I learned about a Chinese law which had substantially banned foreign NGOs from operating in mainland China,¹ so I could hardly expect to find any non-governmental groups or workers actively working there. During our stay in China, however, I saw an organization called One Foundation devotedly engaging in conducting various volunteer programs and fundraising activities. What amazed me further was that this organization was working in alliance with the government and launching regionally extensive and highly sophisticated charity activities such as fundraising by utilizing SNSs and other IT technologies. When I saw they worked so efficiently, one question naturally occurred to me: “How could such a progressive NGO be founded in China?”

I also wondered what opinions local youth had about NGOs in general. On visiting university students in Beijing and Shanghai during the trip, I asked them what they thought. Though they had neither heard of One Foundation nor were familiar with the term NGO, at least they seemed to know well enough about a variety of volunteer activities that are taking place in their own society.

During my stay in China, I observed various problems in Chinese society. I was particularly astounded by the way remote rural areas and nursing care sector have been left behind the country’s progress and prosperity, and felt that China’s regional development needed to take regional differences into more careful consideration. In my opinion, NGOs such as One Foundation will be able to play a part in solving these problems. At the same time, however, I have also found that there is a limit to what the NGOs can achieve in China, primarily due to the mutually dependent relationship between them and the government.

In this report, I will summarize the characteristic features of the operation of One Foundation first. Next, I will look at the organization’s development against a background of the social system of China, trying to examine its relationship with other players such as the government, companies, and citizens of China. Finally, based on the experience and knowledge I gained through my visit to China, I would like to discuss that NGOs have untapped potential for alleviating a variety of social problems in China.

2. One Foundation: An Overview of Its Objectives and Operations

First, I would like to outline the main objectives and activities of One Foundation.²

This organization is one of the largest NGOs currently operating in China, running a platform for

¹ Gan, N. “Why Foreign NGOs Are Struggling with New Chinese Law: Thousands Could Be Operating in a Risky Legal Limbo.” *South China Morning Post*, 14 June 2017. <www.scmp.com/news/china/policies-politics/article/2097923/why-foreign-ngos-are-struggling-new-chinese-law>

² One Foundation. <www.onefoundation.cn/>

organizing diverse voluntary projects. The primary focuses of its operation include children's welfare and education, having achieved notable successes, for example, in providing poor children with warm clothes, holding mental care programs for children, or facilitating education programs for school teachers in rural areas. As its work at the time of Sichuan earthquake in 2008 demonstrates, One Foundation works in the field of disaster relief as well, ranging from the management of relief supply chains to the formulation of reconstruction plans. Since the organization's establishment in 2007, the total participants in its programs have reached 270 thousand, and the beneficiaries have exceeded 9.8 million.

One of the characteristic features of One Foundation is the way it operates in alliance with other sectors of Chinese society. Working in coordination with other NGOs and provincial governments, it emphasizes the importance of providing support that can meet the needs of the individual region. The organization has also established cooperative relationships with companies, which enables it to request companies' help in its disaster relief, particularly in transmitting information and securing relief materials.

Another characteristic of One Foundation is that it emphasizes the importance of building transparency in its operation. Because about 70% of the organization's fundraising relies on the donations by ordinary citizens, it thinks it is obliged to release all the information about how the money is spent.



The organization is also making the best possible use of its WeChat account (WeChat is a Chinese SNS, which provides many functions including a messaging app like Japanese LINE, an online payment service, and so on.). For example, via One Foundation's WeChat account, the users can donate to the organization's projects, see the news releases about its operations, or participate in its online events featuring celebrities. These all are the organization's strategies to raise people's attention to its operations and promote them to donate more.

3. The Reasons Why Chinese Society Needs One Foundation

Now I would like to consider why China needs an organization like One Foundation and how this organization has developed so far, by focusing on the relationships between the organization and companies, the government, and citizens of China.

3-1. One Foundation and Chinese Companies

On revising Company Law in 2006, the Chinese government added an article of CSR, which reads as follows: "When engaging in business activities, a company shall abide by laws and administrative

regulations, observe social morality and business ethics, act in good faith, accept supervision by the government and the public, and bear social responsibilities.”³ Under this article, Chinese companies are obligated to build a cooperate relationship with NGOs like One Foundation. The addition of this article was good news for One Foundation, too, because it needed companies’ support to make its disaster relief more efficient and prompt.

3-2. One Foundation and the Chinese Government

On considering the relationship between One Foundation and the Chinese government, I would like to focus on two points which are attributable to the social climate typical of China. First, although we often encounter such expressions as “the economic disparity between urban and rural areas” or “the disparity between coastal cities and inland rural areas” in the discussions of the disparity between rich and poor in China, inequality in this country is much more complicated than what these conventional phrases may imply. For example, when we visited a sightseeing spot called Nanluoguxiang in Beijing, there were small doors among stores, and we saw a signboard of “No Entry” fixed on each of those doors. Feeling curious, we opened the door and looked inside. What we found there was something like a slum area where impoverished people lived along narrow streets. On the other hand, in a rural area of about 1.5 hours’ car ride away from the city center of Ningbo, we saw an agricultural city with well-paved roads, and this was a development subsidized by the government and systematically developed. You may think that the disparity of rich and poor in any country is naturally complicated, just as in Japan it cannot be interpreted as a simple binary opposition between the city and the country. However, China’s case is exceptionally complicated because the poor and the rich live very closely to each other in one same area. Besides, the regional disparity in China seems to be directly resulted from the fact that only some regions have received the benefits of the government-led development while others are left utterly uncared for by the government.

Second, just as China is often said to be a society which revolves around a top-down decision making, the country’s public projects are also characterized by the top-down leadership of the central and local governments, and this has caused most of those projects rigidly uniform. For example, according to someone working for Nitto Denko that we visited, the company had found the environmental policy of Shanghai government unreasonably strict and hastily implemented. The Beijing Branch of the Bank of Tokyo-Mitsubishi UFJ has been channeling its resources into a new urban development (Xiong’an New Area) on the Beijing government’s instructions. It was also the government’s decision that cleared the destitute in Beijing dubbed “ants,” and forced them to move to the suburbs. These cases exemplify the rigid uniformity of the Chinese government and its decision-making, and the harmful effects arising from this situation will be the country’s political climate which does not take regional differences into full

³ Yokozuka, H. (2010). “Social Challenges and CSR in China: The Promotion of CSR Policy by the Government (*Chugoku no shakaiteki kadai to CSR: Seifu ni yoru CSR seisaku ga fukyuu wo suishin*).” Research Division of Business Strategies, Daiwa Research Institute. 16.

consideration and fail to cater for each local are.

As I have examined above, the intricacy of regional disparity in China is closely linked with the country's top-down political system itself, and I think this is exactly why Chinese society needs an organization like One Foundation. By collaborating with other locally-operating NGOs, One Foundation can collect the detailed local information on specific regions. At the same time, the organization is working in alliance with the government as well, and plays an important complementary role for the government.

3-3. One Foundation and the Chinese Citizens

Chinese society has been rapidly revolutionized by advanced IT technologies such as smartphones and online payments. As to individual citizens, as far as I talked to some Chinese students during our visit, I have received an impression that China's youth are interested in social problems that are happening in their own daily lives. Probably responding to these latest changes in the society, One Foundation has been making strategic efforts to increase the citizens' awareness of its work and encourage them to participate in its charitable operation. For example, focusing on social issues familiar to ordinary citizens, having celebrities on its adverts, or utilizing WeChat are part of the strategies that One Foundation has been employing lately. Thus, China is steadily ripening both socially and technologically towards a society where the idea of NGOs has put down roots and every citizen feels it normal to support their operation.

3-4. One Foundation and Chinese Society

Through the preceding three sections, I have shown that One Foundation came to play an important role in mutually dependent relationships with companies, the government and citizens of China, and that it is these relationships that enabled this organization to grow into such an influential NGO as it is now.

4. Is One Foundation an Exceptional Success?

In this section, I will summarize the operations of NGOs in China in general and try to assess whether One Foundation's success is the exception, not the rule.

The Chinese government classifies NGOs into three categories: the first category consists of those which have registered with the Ministry of Civil Affairs (hereinafter referred to as "registered organizations"); the second one covers the organizations at the grass-roots level, most of which are unregistered; and finally there is a category of foreign NGOs operating in China.⁴ One Foundation is one of the registered organizations. Based on this classification, below I will examine the actual conditions of NGOs that operate in China.

First, let us look at how many NGOs of what scales are working currently in China. As of 2011, registered NGOs numbered about 460,000.⁵ To obtain the registration, an applicant needs to satisfy the

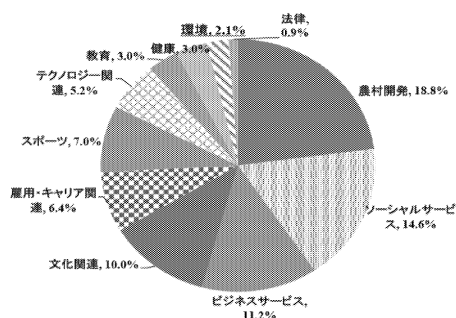
⁴ Japan International Cooperation Agency. <<https://www.jica.go.jp/china/office/about/ngodesk/ngo.html>>

⁵ Mizukoshi, N. (2014). "On the Current State of Non-profit Organizations in China (Chugoku no hi-

requirement of “having either over 50 individual members or over 30 group members,” and “those organizations which want to work nationwide are required to have more than 100,000 yuan as its operating funds.”⁶ This means that small-scale NGOs cannot even be a candidate for the registration. As for the NGOs at the grass-roots level, an accurate count is not available, but they are said to have amounted to more than 3 million now.⁷ One example of this category is a Christian NGO that runs an orphanage for children with mental or physical challenges. It looks after about 40 children on the annual operation budget of 1 million yuan entirely funded by donations.⁸

Next, in what kinds of fields are China’s NGOs good at working? The graph below represents various social activities which the registered NGOs are actively involved with.⁹ We can see that they are operating in divers areas, and are particularly active in the field of rural development.

図表 5-2 分野別社会団体の割合（2015 年）



資料：中国民政部「ソーシャルサービス発展統計公報（2015 年）」を基に作成

Finally, I would like to consider what influence NGOs can have on Chinese society, taking up the recent rapid growth of environmental NGOs as an example. The revision of the Environment Protection Law in 2015 enabled environmental NGOs to file a lawsuit for the protection of environmental benefits. For example, in November of the same year, environmental groups in Fujian Province went to court and

eirisosiki no genzyou ni tsuite).” Beijing Office, The Council of Local Authorities for International Relations.

⁶ Ohtsuka, K. (2001). “China: Social Sectors and Private Organizations under the Reform and Opening-up Policies (Chugoku: Kaikaku-kaihouka no shakai sekuta to aratana minkannsoshiki).” In S. Shigetomi (Ed.), *Asian Countries and NGOs: A Comparative Study of Fifteen Countries (Azia no kokka to NGO: Jyugo-kakoku no hikakukenkyyu)*. Akashi Shoten.

⁷ Li, K. (2010). “Chinese NGOs at the Grass-roots Level and Their Strategies toward the Government: An Analysis Based on Some Case Studies (Chugoku no kusanone NGO no tai seifusenryaku).” *Journal of Japan-China Sociological Studies*.

⁸ Yokohama, Y. (2012). “China’s Urban NGOs at the Grass-roots Level Supporting Children with Disabilities (Chugoku toshibu no kusanone NGO niyoru shougaiji sien katsudou)” in *Educational Studies (Kyoiku Kenkyu)* (pp. 26-37).

⁹ Zhao, W. (2017). “Environmental NGOs and NPOs in China: Their Development and Challenges (Chugoku ni okeru kankyo NGO・NPO no hatten to kadai).” Chap. 5 in *China Environmental Research Report (Chugoku kankyo mondai kenkyu hokokusho)*. Fujitsu Research Institute.

won the lawsuit.¹⁰

As I have argued so far, NGOs in China are growing its presence and influence in diverse fields of the society.

5. An Outlook for NGOs in China

5-1. Can NGOs Alleviate China's Social Problems?

① NGOs as a Complement to the Government-led Political Measures

As I have discussed earlier, we can expect NGOs in China to step in unsuccessful government projects and play a complementary role to the government. Take, for example, the nursing care sector. According to a story we heard at JICA's China Office, at some of the nursing homes built under the local governments' direct instructions, the number of applicants for admission fell short of their initial expectation because the unfavorable locations and inadequate facilities of those homes were not appealing to the aged. This indicates that local governments' overemphasis on some numerical targets like the number of beds and their disregard for local needs can only harm the government-led projects. On the other hand, according to the same person who talked to us at JICA in China, NGOs in China started to expand their activities into the field of elderly care. In my opinion, with plenty of information on individual local communities, locally-operating NGOs will be able to cater for each local area, and ultimately encourage the government-led projects to move towards a right direction, too. From an international viewpoint, China may also be able to gain some useful strategies if it turns to Japan for knowledge and experience in the same field.

② NGOs as an Information Distributor

Through our exchange with some Chinese college students on the research trip, I found that while they were highly interested in social issues of some specific areas, objects of their interest were very limited. For example, they showed a deep understanding of social problems that could directly affect their daily lives—such as environmental problems or the freedom of speech on the Internet, but they were not even fully aware of graver issues such as the declining birthrate and aging population of their own country.

Let us now turn to the equivalent issues in Japan and people's reaction to them. As to the declining birthrate, for example, what raised public awareness was not the official statistics telling that Japan's total fertility rate fell below its population replacement level, but the extensive media coverage of the dramatic drop in Japan's birthrate in the year of the Fiery Horse.¹¹ What this indicates is that the enormous influence of the media in the way general awareness of a specific social problem is promoted. However, as far as I have heard from the ten Chinese college students whom I met on our trip, the problem of China's declining

¹⁰ Zhao, W. (2017). "Environmental NGOs and NPOs in China: Their Development and Challenges." Chap. 5 in *China Environmental Research Report*. Fujitsu Research Institute.

¹¹ Aoki, R. (2013). "A Demographic Perspective on Japan's 'Lost Decades.'" *Population and Development Review*, Vol. 38

birthrate and aging population does not seem to have received widespread media coverage. In China, where the freedom of the press is significantly restricted, it is feared that ordinary people can have only limited access to the correct information on the developing problems in their own society. Given such circumstances, China's NGOs' should take on the active role in distributing news and information via communication medium like We Chat, so that ordinary people can gain unrestricted access to a broader range of ongoing events and problems of the society.

5-2. The Need to Change the Government's Stance on Chinese NGOs

While China's NGOs need to work in collaboration with the government, they should also be able to secure the operational independence from the government. As the recent operations by One Foundation typically represents, Chinese NGOs have been trying to avoid any kind of activities that might be taken as political protest or criticism against the government. However, the Chinese government has been incompetent at addressing some of social problems. If the government hopes to alleviate a broad range of problems that China has been facing now, it will need to shift its political stance and guarantee NGO's right and freedom to operate in whatever fields they opt for.

Belt and Road Initiatives and Japan

Mao Hisamoto

Sophomore Faculty of law,

1. Abstraction

This report focuses on “Belt and Road Initiatives,” which was established as a foreign policy by Chinese government in 2013. By having insight of countries that locate alongside the path of this policy and are ready to cooperate with China, I would like to find the opportunities for Japanese enterprises to enter the market. Personally speaking, throughout my visit, the words that UNDP supports the China’s Belt and Road Initiatives impressed me the most. To tell a reason, before I heard the explanation of the Belt and Road Initiatives at the UNDP, I had never imagined that international organizations would officially announced to support the country’s economic development policy. Unlike the Japanese companies, most of the Asian countries show their interests in collaborating with China to start the policy and seeking to find the opportunities for their companies to enter the market. This report illustrates and answers these questions: How does this policy work between neighboring countries? How do Chinese people think about this policy? What should Japanese companies do regarding to this policy?

2. The definition of Belt and Road Initiatives

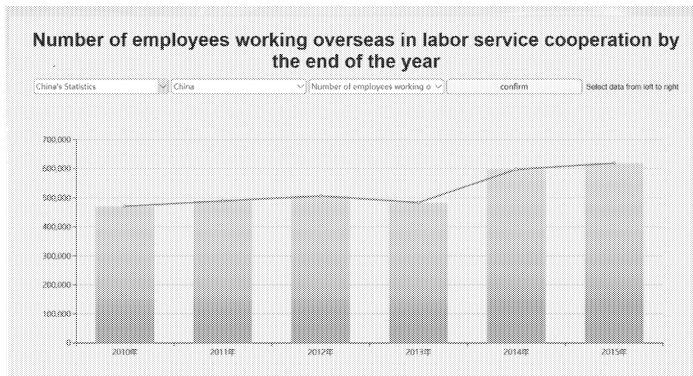
(1) The policy of Chinese Communist Party and the attitude of international organizations

In 2013, the country’s leader, Xi Jinping have announced the Belt and Road Initiatives, the foreign policy of reviving the modern silk road” while he visited the central and south east Asian countries. Launched by the Chinese government, the policy is a significant development strategy that builds up the economic bonds both from the Central Asia to Europe in the land and from South China Sea to Europe in the sea. By improving the infrastructure like constructing China-Europe Railway Express, the policy aims to create the platform for economic cooperation, policy coordination, infrastructure construction, trade and financial collaboration, and social interaction between the countries alongside the routes. Any countries along the routes can join this to create the peaceful and mutual economic linkage. Chinese government hopes to develop the open, sustainable, and inclusive economy for its nation and locals.

On 2017 March, United Nation Security Council officially proposed the Resolution 2344, stating that countries have responsibility on contributing to the development of the economic integration and a regional co-operation framework to benefit allⁱ. According to the survey conducted by the UNDP, the outbound direct investment made by Chinese companies to the countries along the roads exceeds \$12 billion in the first three quarters of 2015, and trade between those countries reached to \$1.1 trillion in 2014ⁱⁱ. China Businessnews 晓芳要大牌 0170520 reported that on 2017, the Belt and Road Initiatives Forum has held in Beijing, and Chinese government decided to additionally invest \$1.2 billion in the policy as a foundation, considering

to magnify the influence of Asian Infrastructure Investment Bank (AIIB). Emphasizing “Non-intervention policy,” “Non-enforcement on social governmental system,” and “Win-win business relationship,” China has calling for support from countries to cooperate each otherⁱⁱⁱ.

(2) The situation of Chinese domestic enterprises entering the market



Source:
The belt and Road
Initiatives Official
Website
[一带一路网]

There are many Chinese enterprises that seek to find the business opportunities in this gigantic economic cooperation. Chinese government also asserts that it pushes the domestic companies to enter the infrastructure industries to support the countries along the roads^{iv}. According to the China’s official website of the Belt and Road Initiatives, in the 2015, the number of Chinese people who were in the foreign labor force reached over six hundred thousand people, and it is expected to increase more in the future^v. The graph above shows the increase in the labor force since 2013. *Xinhua News* reports there were already 1401 Chinese corporate contracts signed between the countries along the roads in the first half year of 2015, and the total asset of those have reached to \$37.6 billion in U.S. dollars^{vi}.

Considering such number of contracts have made in the short times, what kind of problems and situations do Chinese enterprises face between and countries along the roads? The NHK video “*Dragon” China with the Belt and Road Initiatives-1.4 billion populations going to the east*~ illustrates Chinese enterprises’ expansion of the market to the east of Kazakhstan, Poland, and Germany to find the solutions for the problem of domestic overproduction^{vii}. The video shows the both positive and negative aspects of Chinese enterprises running business in those areas. There are companies that succeeded in the business but also some that faced obstacles or criticism. To Analyze carefully, the example of the Chinese trading enterprise in the Kazakhstan agricultural fields shows the current situation and problems.

3. Kazakhstan and China

(1) The situation of Chinese enterprises in Kazakhstan

After the government has announced the Belt and Road Initiatives, the government

started to put investment in Kazakhstan, which is geographically close to China. The fields that attract the Chinese government the most are infrastructure, construction, and agriculture industries, but also financial, manufacture, and communication industries are becoming popular as well. According to the international law office GRATA in Kazakhstan, the state-owned enterprises mainly focus on financial, infrastructure, and land development industries, and the private-owned enterprises focus on other industries beside those^{viii}. Direct investment and loans usually take place, and Kazakhstan companies need to cooperate with Chinese companies to get the loans as a requirement.

(2) The collaboration and problems between Chinese enterprises and the Kazakhstan government in the agricultural field

On 2016 February, Financial times reported that Chinese companies are ready to invest \$1.9 billion in 19 agricultural projects across Kazakhstan^{ix}. Under the influence of recession in Russian economy, the Kazakhstan government welcomes the investment from China and hopes to get away with oil-dependent economy by strengthening its agricultural industry. On the NHK video *“Dragon” China with the Belt and Road Initiatives~1.4 billion populations going to the east~*, the one man from Chinese company received the order from the headquarter of his company to get the supply of 100 thousand tons of flour. By investing \$170 million, he succeeded in making a contract with the local government in Kazakhstan. To make the contract, he tried all possible ways to earn the trust of the Kazakhstan government like changing the design of his factory in Kazakhstan to make the environment more comfortable for the workers. Some enterprises target the waste industries to collect the heads and legs of chicken meat to export to China. Those wastes are not generally consumed in the Kazakhstan’s food industry, but in China, they are eaten as luxurious food in a feast.

On the other hand, there are problems between Chinese enterprises and Kazakhstan. For example, the NHK video reported that the food scarcity had caused protests in some areas in Kazakhstan because Chinese enterprises export much amount of food and resources to China. The leader of the protests insisted, “We will not tolerate and stay silent over China taking away our lands and resources.” Moreover, in 2010, Kazakhstan people protested against their government policy of lending lands to the China. The similar protests took place in 2016 when the rumor that foreigners can buy the lands of Kazakhstan had spread. This incident ultimately led to the resignation of the ministry of agriculture and economics in Kazakhstan. Analyzing these facts, the native people in Kazakhstan are enforced to make the amount of exports equivalent to that of domestic supply in China. Some also argue that besides agriculture, the China, dominating and seizing one fourth of the petroleum gain rights in Kazakhstan oil industry, may become a threat to Kazakhstan.

4. The problems of the Belt and Road Policy

The problem found in the Chinese enterprises and Kazakhstan can be seen not only between Kazakhstan but also with other countries along the roads. The most concern of the surrounding countries is that China and countries along the roads have not gripped the clear prospect of effectiveness and capability of this policy^x. One researcher tells that the new problems will arise because of this policy, and those can be risks for Chinese enterprises to invest abroad. According to the Center for China and Globalization, a Beijing-based research institution, 71 percent of 300 Chinese companies are wary and say political risk topped their concerns about investing abroad. On the Belt and Road route, there are politically volatile areas such as Afghanistan and Pakistan, as well as Iraq, and Syria. Chinese enterprises lack experience and knowledge in running business, negotiation, and researching the market in those areas^{xi}.

Chinese government is required to analyze and make a deal with the possible political and economic conflictions between those countries. It is important to provide the safe environment for the investment and avoid the protests happened in Kazakhstan by setting regulations on Chinese enterprises.

5. Japanese government and Japanese enterprises

On the international conference held in Tokyo on July 5, 2017, the Japanese Prime minister Abe announced that Japanese government viewed the Belt and Road Initiatives as “an economic strategy that is potentially beneficial to all countries” and, at the first time, stated that Japan was willing to support the policy^{xii}. Before this conference, Japanese government had been wary of China seizing power in surrounding countries by the Belt and Road Initiatives; however, it recognized the urgency and necessity of cooperating with China to counter the potential threats from North Korea. Also, considering the fact that 2017 is the 45th year since normalization of diplomatic relation between Japan and China, the Japanese government soften its diplomatic attitude toward China.

To mention the Japanese enterprises, one research conducted by Loiter in May, 2017 shows that 95% of the middle and large enterprises with \$10 million capital funds insisted that they withdraw themselves from entering the market created by the Belt and Road Initiatives^{xiii}. Currently, no enterprise has gone to the market yet.

It can be estimated that now the Japanese government proclaimed its will and position toward the policy, there will be more Japanese enterprises willing to join in the future. According to the Japan External Trade Organization(GETRO), the policy allows Japan and China to collaborate each other in the investment field, and there are great number of opportunities for Japanese enterprises to expand the investment toward China. Moreover, both countries can participate in further investment in other countries^{xiv}. The international office GRATA in Kazakhstan reports that in Kazakhstan, the investment from China and other countries are equally treated, and there is no privilege for Chinese

investors (Yessimkhanov 2016). Any countries can invest in the country, and this means Japan also can.

By investing and providing infrastructure, Japanese companies can not only seek to open up more market but also put a stop to China becoming more influential in Asia. Similar to Kazakhstan adopting the plan for economic development, more countries can be expected to economically and socially cooperate with China in the future. Japanese enterprises should not miss the opportunities to leap these benefits.

6. Peeking into the Chinese people's mind about Belt and Road Initiatives ~ Based on questionnaire~

To find out how Chinese people think about this policy, I asked my 13 Chinese friends to answer my questions. To tell the overall result, everyone had the positive images toward the Belt and Road Initiatives and thought that this policy will give China more power to influence the world internationally. However, some answered that they also had worries about this policy. Moreover, everyone answered that this policy is not directly connected to their living, and therefore, they do not carefully pay attention to the operation of this policy. Here are some positive and negative answers from questionnaire.

Positive Aspects

- By building the roads, we can economically support the developing countries in Central and East Asia or Africa. In the previous 50 years, China's governmental policy focused on the west china or inside the country. Right now, the direction is changing to the outside.
- China politically gains power over the countries. China leads the countries along the roads and can peacefully build up the trustworthy politics with them.
- We can avoid the domestic overproduction. Also, the countries may actively interact in the environmental, cultural, trading, science, and educational fields.

Negative aspects

- It cannot be clearly concluded that China's economy is strong enough. RMB hasn't been accepted as World Key Currency, and because some markets are bubbled, the reliability of RMB may get worse.
- The countries along the roads have diplomatic problems with China. For example, the South China has been importing tons of products made in cheap labor costs from Vietnam and India. This problem has been discussed for a long time; however, the situation of the problem will get aggravated because of the Belt and Road Initiatives.
- Some students from countries along the roads are coming to China for study exchange. They get scholarship because they have a citizenship of those countries. It is unfair for the exchange students who pay the tuition by themselves and also for the native Chinese students.

7. Conclusion

Throughout this visit, I only heard the word "Belt and Road Initiatives" once when I visited UNDP. Considering about this fact, it vaguely shows that the policy still does not have the clear figure, and Japanese

enterprises are still questioning whether they can rely on this policy. However, at the same time, I noticed that Chinese government and enterprises are so quick in making decisions and actions. They do not get afraid of making mistakes and efficiently deal with problems when they come up. This makes me feel that too much of cautiousness is preventing Japanese enterprises from making actions to gain profits from the new market. While Japanese enterprises hesitate to take the steps, Chinese companies fearlessly enter the new market to grip the business chances. This development strategy includes 60 countries and 4.5 billion people, nearly covering 60 % of the total population. Japanese enterprises should not ignore the economic and financial advantages that the Belt and Road Initiatives can possibly make and need to reconsider their opinions about mutually cooperating with China.

ⁱ Resolution 2344 (2017). (2017, March 17). Retrieved December 18, 2017, from <http://unscr.com/en/resolutions/doc/2344>

ⁱⁱ Horvath, B. (2017, February 22). Identifying Development Dividends along the Belt and Road Initiative: Complementarities and Synergie. Retrieved December 18, 2017, from https://issuu.com/undp-china/docs/undp-ch-bri_2017_scoping_paper1

ⁱⁱⁱ 《中国财经报道》 20170520 “一带一路”上的脉动 [Video file]. (n.d.). China: 央视网. Retrieved December 18, 2017, from <http://tv.cctv.com/2017/05/21/VIDEuaKU5rt4hSnv4Xzlk3P170521.shtml>

^{iv} 一带一路网, (2017). Building the Belt and Road: Concept, Practice and China's Contribution: Office of the Leading Group for the Belt and Road Initiative. Retrieved December 18, 2017, from <https://eng.yidaiyilu.gov.cn/wcm.files/upload/CMSydylyw/201705/201705110537027.pdf>

^v 一带一路网, Number of employees working overseas in labor service cooperation by the end of the year. Retrieved December 19, 2017, from <https://eng.yidaiyilu.gov.cn/dsjym.htm>

^{vi} Chinese companies ink more contracts along Belt and Road. (2015, July 21). *Xinhua News Agency*. Retrieved December 19, 2017, from <https://eng.yidaiyilu.gov.cn/qyfc/zqzx/1238.htm>

^{vii} 巨龍中国～一带一路[Video file]. (n.d.). Japan: NHK Online. Retrieved from www6.nhk.or.jp/special/detail/index.html?aid=20171014

^{viii} Yessimkhanov, Y. (2016, February 2). ACTIVITY OF CHINESE COMPANIES IN KAZAKHSTAN, CENTRAL ASIA, AZERBAIJAN AND EASTERN EUROPE. Retrieved December 19, 2017, from http://www.gratanet.com/uploads/user_11/files/client_note_Yessimkhanov.pdf

^{ix} Farchy, J. (2016, May 9). Subscribe to the FT to read: Financial Times China plans to invest \$1.9bn in Kazakh agriculture. Retrieved December 19, 2017, from <https://www.ft.com/content/9c84a0f4-15d3-11e6-9d98-00386a18e39d>

^x Lain, S. (2017, May 20). Belt and Road: International Concerns Remain. Retrieved December 20, 2017, from <http://chinaincentralasia.com/2017/05/20/belt-and-road-international-concerns-remain/>

^{xi} Shi, T. (2017, May 23). Chinese companies wary of political risks on Xi Jinping's "Belt and Road" summit. Retrieved December 20, 2017, from <https://economictimes.indiatimes.com/news/international/business/chinese-companies-wary-of-political-risks-on-xi-jinpings-belt-and-road-summit/articleshow/58799672.cms>

^{xii} Matsui, M. (2017, June 06). 首相、中国の「一带一路」を評価 「日本も協力したい」：朝日新聞デジタル. Retrieved December 21, 2017, from <https://www.asahi.com/articles/ASK6656YMK66UTFK00V.html>

^{xiii} Nakagawa, I. Nishimura, D. (2017, May 24). ロイター企業調査：中国「一带一路」構想、95%が参加希望せず. Retrieved December 21, 2017, from <https://jp.reuters.com/article/reuters-poll-china-idJPKBN18K36U>

^{xiv} Mori, S. (2016). 「一带一路」構想提唱から3年、加速するインフラ建設—ジェトロ・アジア経済研究所国際シンポジウム(1)—. Retrieved December 22, 2017, from <https://www.jetro.go.jp/biznews/2016/11/57e93e0e7b94b072.html>

The Future of China's Economy: What Direction Is It Heading In?

Sophomore, Faculty of Law

Yoko Matsuo

1. Introduction

When it comes to the recent trend of China's economy, people often seem to have rather skeptic views, saying, for example, "China's economy has been stagnating," "China will fall into the so-called middle-income trap," or "China's economy is unlikely to recover so easily." Many experts, too, analyze the situation in a similar vein, and the public opinion seem to agree as well. This general skepticism about China's economic trend can be supported statistically, too. Please look at Figure 1 below, drawn from the 12th Japan-China Joint Poll conducted by a Japanese think tank called the Genron NPO in 2017.¹ Each pie chart in the figure represents the reactions of the Japanese public (on the left) and the Chinese counterpart (on the right) to China's "structural adjustment policy, which aims at breaking the country's economy away from the current export-led model, expanding the domestic consumption, and reducing the overproduction of commodities like steel products. The poll indicates that 48% of the Chinese think that the policy will prove successful, but only 1.9% of the Japanese think it will. Among the Chinese, those who have a negative opinion are limited to 17.5% while 30.2% of the Japanese are negative and 67.7% suspended judgement. These results show that most of ordinary Japanese people are rather sceptic about the the future of the Chinese economy. Concern about the future of China's economy is also seen in the world of business: According to a survey conducted by the Mizuho Research Institute (Figure 2),² many Japanese companies have shifted their focus from China to ASEAN countries and others primarily because of the rising labor costs, yet the second largest reason is that they are concerned about the prolonged economic downturn of China. As some experts we visited at the Beijing Office of Mitsubishi Tokyo UFJ Bank were saying, "many Japanese companies seem to share a vague sense of anxiety about the future of China's economy."

Thus, most Japanese people seem to be rather pessimistic about the direction China's economy is heading in. However, during my stay in China on our research trip, I received a completely opposite impression of the country and its economy. As we visited various offices and organizations including both Chinese and Japanese companies and listen to their expert views, all the people unanimously said: "We often hear that China's economy has been stagnating and its future is uncertain. However, such a view is nothing but groundless pessimism. If you look at China's current economic growth rate, it is certainly lower than how it used to be at its peak, but is still as high as or sometimes even higher than the average rate of other emerging countries. Though it will depend on what economic policies the government is going to implement, what we expect from China's economy is not the

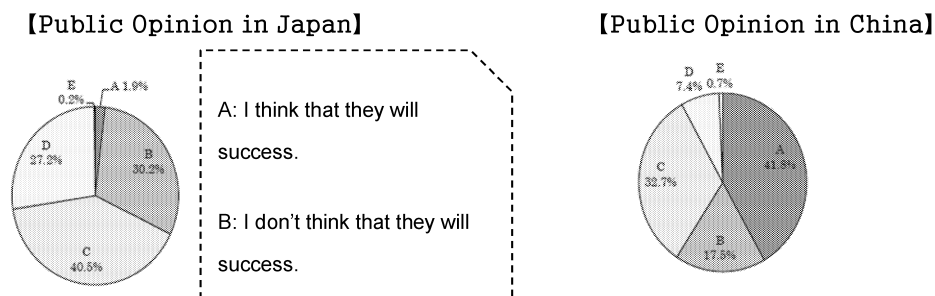
¹ The Genron NPO (2017). "The 12th Japan-China Joint Poll." 24 Dec. 2017. <<http://www.genron-npo.net/world/archives/6365.html>>

² Mizuho Research Institute (2017). "The Rising Labor Costs in Asia and Japanese Companies' Concern about Stagnating Asian Economy." 24 Dec. 2017. <<https://www.mizuho-ri.co.jp/publication/research/pdf/research/r150701question.pdf>>

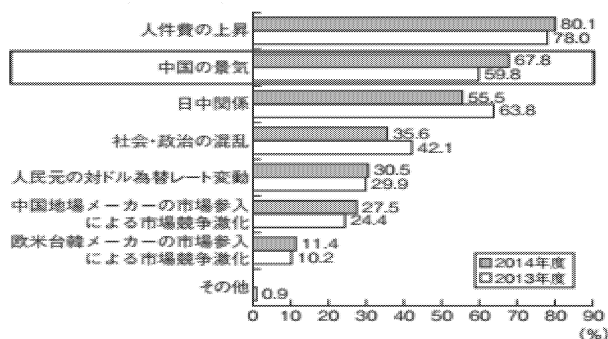
continuous stagnation but an eventual recovery.” Everyone—be it a Chinese or not—I met in China on our trip expressed a similar opinion. On observing China’s present situation with my own eyes, I noticed that China had achieved its economic growth by taking a completely different path from those that Japan or other developed countries had taken before. I even assume that the future of China’s economy could be extremely hard to predict from the perspective of other developed nations. We will be wrong if we simply suppose that China’s economy will undergo the development process which other developed or semi-developed nations have experienced so far.

The research trip to China gave me a great opportunity to realize that people’s opinions can differ depending on whether they have been being through the reality of China’s society and economy or they are just observing China from outside or a distance. In this paper, therefore, I would like to draw my first-hand experience of the life and economy of China, and discuss whether China will fall into “the middle-income trap” or not, and what challenges and obstacles may lie ahead of the further development of China’s economy.

□Figure 1: Can China’s Structural Adjustment Policy Be a Success? (Source: The Genron NPO)



□Figure 2: Worrying Factors in China’s Business Environment (Source: Mizuho Research Institute)



Item (from the top) :

- The increase in labor costs
- The bad economy in China
- The relationship between China and Japan

- The confusions in politics or society in China
- The change of the rate of CNY to dollars
- The escalation of the market competition in China because of the entering of Chinese local companies
- The escalation of the market competition in China because of the entering of Western or Korean companies and companies in Taiwan
- The others

2. China's Economy Today and a Popular Misconception about It

In this section, I would like to examine the current state of China's economy.

First, let us look at the transition of China's annual economic growth rate. We should notice that the rate had been very high averaging about 10% until a few years ago, but it has been remaining below 8% since 2014. It will be too simplistic, however, if we take these figures as the obvious signs of China's economic downturn. Let us compare China's economy to, for example, that of Indonesia, which boasts a strong and steady economy without experiencing a negative growth even once—and Indonesia is an exception among the major emerging nations on this account. China, on the other hand, has maintained its economic growth at as high level as Indonesia does, and, therefore, we cannot simply say that its economy is weakening just because it has fallen from its peak point.

In the industry sector, the idea that “any goods can sell once they are put on the market” has become a thing of the past, and this has now resulted in the problem of oversupply of low-quality products. About 80% of the main industrial commodities have been overproduced, whereas the supply deficiency of high-quality or high-value-added products has been supplemented by imported counterparts. After the period of rapid growth, China's economy has now been in a period of maturation, and a change in the domestic demands is undergoing, too. The enormous market of China is now in urgent need of a new industrial structure which can accommodate to the changing demand from domestic consumers. Given that the population influx from rural to urban areas is slowing down now, further efforts should be made to reduce inefficient and low productive factories and reform the conventional factory scheme that works by relying on a low wage system. And the ongoing project of “economic structural adjustment” is one of those measures which the government has implemented aiming at the transformation of China's economic system. Characteristically, the project focuses on the following: the enhancement of the quality of economy rather than that of the scale or growth rate of economy; the control of oversupply; economic growth not by cheap resources or materials and low wages but by technological revolution and

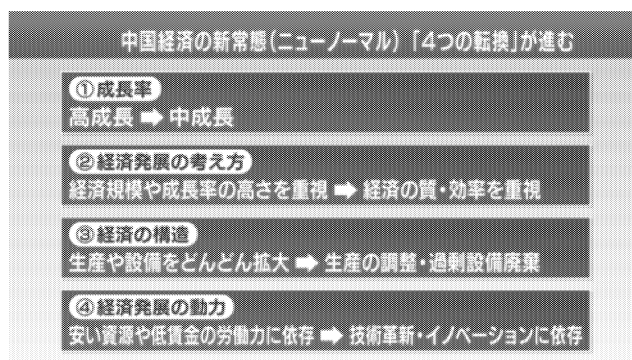
innovations. Thus, this project aims to transform China's industrial structure into the one that is of higher quality and is capable of meeting the changing demand from Chinese consumers (Figure 3).³

Besides, the rapid growth of "Fintech" in China's electronic payment services will give an immense influence on China's economy. According to the *Global Times*, a daily Chinese tabloid newspaper under the auspices of the *People's Daily*, a party organ of the Communist Party of China, the consumption accounted for as much as 64.5% of China's gross domestic product growth from July to September of 2017. Analyzing this figure, the same paper pointed out the increasing personal consumption via the Internet transaction as the primary factor behind. It also reported that consumer spending in "the Internet Economy" had come to account for one seventh of the total consumption in Chinese market.

As I have discussed so far, China's economy has been experiencing a rapid change, and there will still be plenty of room for it to keep steadily growing if the following measures are promoted: emphasizing more the quality than the quantity of economic growth; increasing the supply of high-quality and high-value-added products that can meet consumers' demand; and making the best use of the rapidly expanding Internet commerce and payment services including Fintech. Given these circumstances, if we remain blind to these new moves for reformation and actual changes that are taking place in China's economy, we will never get out of the common misconception that China's economy is now beginning to break down, and will even make a big mistake in how to read the global economy today.

□Figure 3: The Four Pillars of China's Economics Structural Adjustment

(Source: Japan Broadcasting Cooperation)



³ Tanaka, O. (31 Mar. 2017). "China's Economic Policies: An Analysis." *News Comments Bureau*. Japan Broadcasting Cooperation. <<http://www.nhk.or.jp/kaisetsu-blog/400/266334.html>>

3. For the Further Development of China's Economy: What Should Be Done?

One of the challenges to the future growth of Chinese economy will be the problem of its aging population. Let me recall two of the distinctive features of the current state of China's economy that I have pointed out earlier. First, the existing industries in China are currently in the process of shifting from the export-led model to the one led by domestic consumption. In addition, the country's economy has been facing the problem of oversupply. In these circumstances, how to address the problem of aging population will be especially important because it is closely linked to whether the country can maintain its economic growth or not. One key to solving aging population issues will be elderly care businesses, and, in my opinion, this sector is especially instrumental to China's steady economic growth for the following reasons. Above all else, the market for these businesses is primarily domestic; and second, consumers in need of these services are expected to increase steadily for the long term, making the market for the businesses to expand continuously. Thus, different from those industries which were forced to exposed to the need of restructure, senior care businesses can be a key in China's long-term economic development.

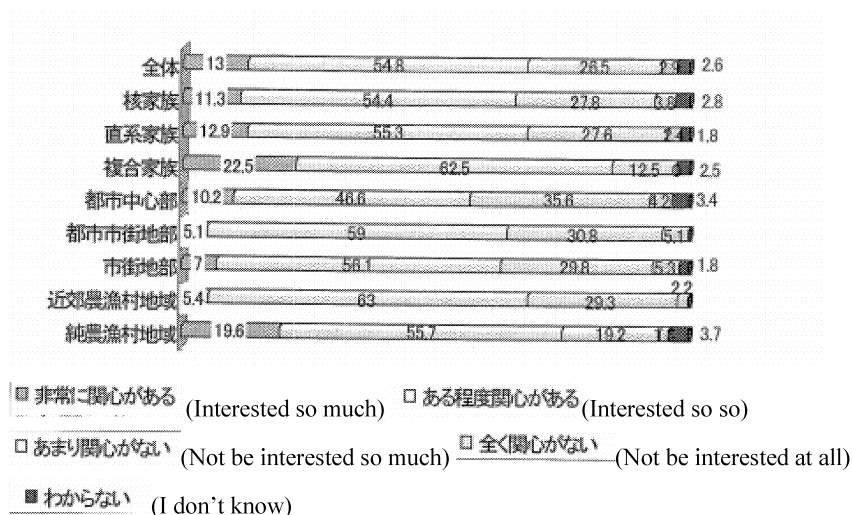
Now let us look at aging population issues in China more closely. Chinese population has been aging rapidly on a massive scale. As of 2010, the ratio of population aged over 60 to the total Chinese population exceeded 10%, making China among the ranks of aging nations. Besides, it is estimated that by 2023 the ratio of the aged to the country's total population will have reached 14%. If we look at particularly in how many years the elderly's ratio in China is going to jump from 7% up to 14%, the pace is unprecedentedly rapid—it is faster than Germany by 20 years, the US by 40 years, and France by staggering 100 years.⁴ The scale of China's aging population is phenomenal, too. As of 2015, the Chinese population aged 60 or over amounted to over two billion, and that of aged 65 or over exceeded 1.3 billion. In Japan, on the other hand, as of 2015 the population aged 65 or over numbered about 34 million, indicating that China's aged population is four times as large as that of Japan. As I have discussed earlier, viewed from an economic perspective, the rapid and large-scale progress of population aging in China can create a big business opportunity and be a key to the country's economic development. However, during my stay in China, exchanging opinions with university students and hearing experts' views on the country's economy, I came to see some challenges that hinder China's senior care businesses from

⁴ Chin, U. (2017). "Aging Population and Employment Issues in China." *Foreign Labor Issues. The Japan Institute for Labor Policy and Training* (Feb. 2017): 3-17. <www.jil.go.jp/foreign/report/2017/pdf/17-02_02.pdf>

prospering. Below I would like to focus on two primary ones among those challenges, and consider how they should be addressed.

One of the challenges is the lack of awareness of aging population issues that is seen among China's youth, especially those who live in urban areas. On our research trip, we had an opportunity to discuss various issues in Chinese society with some students of Beijing University, and one of the topics was the country's aging population. To me, however, those Chinese students did not look very interested in this topic. They seemed not to have any fear of this problem, and some were even saying that it had nothing to do with their daily lives. According to an attitude survey conducted by Wang and Miura, only 13% of China's youth are "strongly interested" in the aging population issues of their own society, while those who are "moderately interested" numbered 54.8%.⁵ These figures will objectively support the impression I received from the students of Beijing University. Besides, as Figure 4 below demonstrates, the interest in this issue gets lower among urban residents, while it gets higher among rural residents. Given that today many young Chinese who are originally from rural areas often leave for urban areas to attend major universities, it may not be surprising if they find it hard to imagine that the problem is rapidly expanding particularly in remote areas.

□Figure 4: Chinese Public's Interest in the Aging Population Issues



Source: Wang & Miura, "The Aging Population in China: Problems and Future."

⁵ Wang, S., N. Miura (2006). "The Aging Population in China: Problems and Future." *Social Analysis* 33 (2006): 81-103.

One factor behind the sluggish growth of China's senior care market is that while the social security system is left ineffective, privately-run, expensive nursing care has become dominant service providers, nudging the government-led services towards the periphery of the market. In general, the average income of China's elderly is said to be low. In addition, due to the absence of effective social security system, the number of the aged who are entitled to receive the public nursing-care insurance remains small. As a result, for most elderly Chinese, the existing services—be it private or public—are beyond their reach. Considering that there is a huge potential demand for more reasonable services, the government should make positive efforts to improve the existing social security system, and, at the same time, should activate the market by providing a better business environment for privately-run nursing services. Having said this, I would also like to emphasize that the main player in both the government and private enterprises of the future is to be the country's youth, particularly those who have moved from rural to urban areas for having better education. This means that young people's lack of interest in aging population issues will be a crucial damage to the future of senior care industries. On this account, one thing that China needs most urgently today will be to encourage young people to realize the seriousness of aging society, and help them to actively engage in the discussions of this issue.

Another thing that particularly drew my attention during our stay in China was a national trait of the Chinese: their enthusiasm for innovation. The rapid growth of the IT-related industries, people's willingness to accept new technologies, and the speed and decisiveness of the way Chinese businesses work—all these seem to attest to the extraordinary resilience of this country. First, the rapid development of the IT-related industries in China is most typically exemplified by the stunningly high penetration of the Internet payment services in the country. One big benefit of these services is that they are accessible to any user regardless of age and living area, and this will certainly contribute to the betterment of the welfare of the elderly who live in remote areas, by allowing them to shop online any goods at any time.

Furthermore, the open-mindedness to technological advance and the passion for innovation—both are the things that we observed on our visit to the technology hub called Zhongguancun—seem to provide various solutions to China's social problems including nursery care for aging population. For example, the advancement of AI technology may bring the elderly in rural areas the access to nursing care by AI systems but with a human, or even personal touch. I also think that if China can seamlessly combine its enthusiasm for entrepreneurship and the sizable investment by the government, the development of agricultural areas will proceed more efficiently. Besides, if people start to realize more clearly that those agricultural areas are a huge potential market for senior nursing care, it will eventually lead to the creation

of a business model which is beneficial not only for rural elderly residents but for the government as well. I think this way because, we visited two agricultural villages on our trip, and they starkly represented the contradictions in the current rural development in China. One is a village which was massively financed and developed by the government despite having no tourist resources that are likely to attract visitors. On the other hand, another one is rich in tourist and cultural resources, but has been totally left out of the government aid. While the government's active involvement in rural development should be deserve a positive evaluation, I was afraid that it might have been losing sight of the importance of initiating an appropriate project in an appropriate place. I personally think that a rural area with no specific tourist resources could provide a good market for nursing care services.

Before closing this report, I would like to quote some impressive words that I heard on our visit at Dream Incubator, a Japanese company based in Shanghai: "In China, businesses move very fast particularly when they introduce new technologies and innovations. Different from Japanese businesses, which always put their top priority to prior legal proceedings and risk consideration, in China, taking action matters the most. Problems may occur, but you can take care of them later." These words seem more convincing when I recall the things I saw in China such as the wide penetration of the Internet payment services and a massive number of bicycles shared among people. Without that keen sense of speed, China's economy could not have developed so rapidly and so strong. On one hand, China possesses a remarkable financial capacity to invest and speedy decision-making ability. On the other, China's rural areas has great potential to be an untapped market for elderly care service industry. If it can successfully combine these assets into one, China will be able to create a business model which can be beneficial both for the nation and the elderly, which will ultimately underpin the sustainable development of China's economy.

References

- Chin, U. (Feb. 2017). "Aging Population and Employment Issues in China." *Foreign Labor Issues. The Japan Institute for Labor Policy and Training* (Feb. 2017): 3-17.
<www.jil.go.jp/foreign/report/2017/pdf/17-02_02.pdf>
- Gen, K. (17 Jun. 2017). "Will 'Spring' Come to China's Senior Nursing Care Businesses?" *Management Column. The Japan Research Institute*. 24 Dec. 2017.
<<http://www.jri.co.jp/page.jsp?id=31350>>

- Horie, M. (13 Jun. 2017). “The Current State and Future Prospects of Indonesia’s Economy: A Steadily Growing Economy with the World’s Fourth Largest Population.” *Think Tank Report*. Mitsubishi UFJ Research and Consulting. 24 Dec. 2017.
<http://www.murc.jp/thinktank/economy/analysis/research/report_170613>
- Imai, S. (2001). “China’s Strategies for Its Economic Structural Adjustment.” *ITI Quarterly* 44 (2001): 14-19.
- Mizuho Research Institute (2017). “The Rising Labor Costs in Asia and Japanese Companies’ Concern about Stagnating Asian Economy.” 24 Dec. 2017. <<https://www.mizuho-ri.co.jp/publication/research/pdf/research/r150701question.pdf>>
- “Personal Spending as a Driving Force behind China’s Economic Growth.” (21 Oct. 2017) *Sankei Biz*. 25 Dec. 2017.
<<http://www.sankeibiz.jp/macro/news/171021/mcb1710210500006-n1.htm>>
- Tanaka, O. (31 Mar. 2017). “China’s Economic Policies: An Analysis.” *News Comments Bureau*. Japan Broadcasting Cooperation. 25 Dec. 2017. <<http://www.nhk.or.jp/kaisetsu-blog/400/266334.html>>
- The Genron NPO (2017). “The 12th Japan-China Joint Poll.” 24 Dec. 2017. <<http://www.genron-npo.net/world/archives/6365.html>>
- Wang, S., N. Miura (2006). “The Aging Population in China: Problems and Future.” *Social Analysis* 33 (2006): 81-103.