

Abe visit to chart new course

Talks during Japan PM's China trip expected to focus on 'various important issues' amid complex global situation

By **BU YINGNA** and **XIN XIN**

Chinese leaders and Japanese Prime Minister Shinzo Abe are expected to chart a new course for the bilateral relationship amid a complicated global situation during the latter's upcoming China visit from Oct 25-27, said a veteran Japanese politician.

This year marks the 40th anniversary of the signing of the China-Japan Treaty of Peace and Friendship, and of China's reform and opening-up.

On Oct 12, Beijing announced Abe's visit, the first by a Japanese prime minister in seven years. President Xi Jinping met with Abe in September in Russia, and Premier Li Keqiang made an official visit to Japan in May.

Former Japanese prime minister

Yasuo Fukuda even forecast that "a chance still exists" between China and the United States to ease the worsening trade friction.

During Abe's visit, talks are expected to touch upon "various important issues", said Fukuda during an interview in Beijing on the sidelines of the fourth round of dialogue between Chinese and Japanese entrepreneurs and former high-level officials.

"The basic theme should be in what direction the future cooperation between Japan and China will develop."

Fukuda, a longtime bridgebuilder between China and Japan, said the direction of the bilateral relationship will be important not only for China and Japan, but also for all countries in East Asia and the rest of the world.

"The Sino-Japan relationship is a key factor for the overall stability of



Yasuo Fukuda, former Japanese prime minister, discussed the importance of Shinzo Abe's upcoming visit from Oct 25-27.

Asia. This visit should be a process of confirming such recognition, which possesses symbolic significance," said Fukuda.

He also expected a steady bilateral relationship to stabilize the situation in Asia.

"If the two countries can maintain a stable economic situation, then the rest of Asia might get confidence as well," he said.

On the contrary, if tension emerges between Japan and China, then Asian countries will start to worry.

"We should not strike fear into anyone," said Fukuda. "We need to take various actions concerning the world situation and neighboring countries."

Fukuda was convinced that as the world's top three economies, the US, China and Japan need to jointly counter protectionism, adding that

as long as patient and sincere negotiations can be conducted, there is still a possibility to achieve a new consensus and compromise between China and the US.

Fukuda said he very much looks forward to some good results through dialogue as soon as possible between China and the US, and the problems might require several rounds of negotiations.

He said both sides should exercise tremendous patience to go through the dialogue process while the negative impact of such a process on other countries should be minimized, and a sense of responsibility must be used in dialogue and negotiations.

"Such opportunities are still there," Fukuda added.

Contact the writers at buyingna@chinadaily.com.cn

>> **FROM PAGE 8**

"It is a mixed picture. Private firms in some areas are finding credit more difficult, but tech companies, on the other hand, and unicorns (companies valued at over \$1 billion), seem to be doing fine."

Jeffrey Towson, managing partner of investment and advisory company Towson Capital and a professor of investment at Peking University's Guanghua School of Management, agreed that the startup sector is far from being starved of funds.

"There is tons of capital available in China. The venture capital industry in China is quite buoyant. There is a lot of venture capital money coming from the three tech giants, Tencent, Alibaba and Baidu," he said.

Wang Qing, a professor of marketing and innovation at Warwick Business School in the UK who is also a guest professor at Zhejiang University in Hangzhou, East China's Zhejiang province, said there is a danger of the current debate about the relative merits of the State and private sectors in China becoming too polarized.

"Every country has a slightly different model in achieving a balance between the state-owned and private sectors of the economy. India, for example, doesn't have many state companies because the state is quite poor. However, in the hospitals sector, the state will dictate that a certain percentage of the beds have to be free. So the state has influence in other ways. There is no one-size-fits-all," she said.

The State's role in China's economy is also not restricted to the ownership of enterprises. Since reform and opening-up, the State has played an active role in the development of private enterprises.

In the 1980s, it set up special eco-



A Huawei booth at a digital products exhibition in Beijing.

nomic zones in the country's coastal regions, and these were a catalyst in China becoming the manufacturing workshop of the world.

The country abounds now with science and industrial parks as well as free trade zones aimed at fostering enterprises.

National strategies such as Made in China 2025 and China's aim to be a global technology leader by 2035 have also spurred action.

Tse at Gao Feng Advisory said the State, through such initiatives, has played a big role in transforming the economy.

"Deng Xiaoping didn't say let us forget about the State, and if you go back over the various eras since his

and through Jiang Zemin and Hu Jintao to President Xi, the State has played a major role in giving direction."

Towson at the Guanghua School of Management said the overwhelming advantage of China's State-directed economy is its decisiveness.

"This has been demonstrated time and time again, whether it is developing renewable energy, electric cars, a major sports industry or ambitious initiatives such as Belt and Road or the setting up of the Asian Infrastructure Investment Bank. All these have happened very quickly, and they are a tremendous engine for innovation and entrepreneurship. When the State decides

to do something in China, the State decides to do something," Towson said.

Peter Williamson, professor of international management at Judge Business School at Cambridge University and an expert on Chinese innovation, said the value of strategies such as Made in China 2025 is in coordinating efforts.

He said that in the past, national and provincial governments, research initiatives and the companies themselves, whether State-owned or private, struggled to work together.

"State-driven initiatives around climbing the technological ladder and Made in China 2025 are needed

to make things work more smoothly, improve productivity in innovation, and accelerate progress," he said.

"If China can get this institutional framework right, with SOEs, policymakers and private companies working in partnership, that will prove a powerful combination."

China is not the only country where there is a debate about the relative roles of the state and private sectors.

The UK was a trailblazer in privatizing nationalized industries under the Conservative governments of Margaret Thatcher in the 1980s.

Yet, Jeremy Corbyn, current leader of the Labour Party, the UK's main opposition party, pledged at his party's annual conference in Liverpool in September to renationalize railways and water utility companies.

Magnus from the Oxford University China Centre said this turnaround is more down to changing attitudes of the "justice and fairness" of ownership after the disappointment of the financial crisis, and not about seeing China's SOEs as a template.

"There is a lot of navel-gazing going on in the West as to what the right mix should be. I am sure there will be a shift to more public ownership and away from private, however, in the years ahead."

In China's case, however, Tse at Gao Feng Advisory said he believes that Xi is clearly right to acknowledge the contribution of both the State and private sectors.

"Of course we need to encourage the sort of entrepreneurship and innovation that the private sector has delivered, but we also need to give due recognition to the State sector and the role that it has played in China developing so rapidly over the past 40 years."