FDI Outflows from the U.S. and Their Impact on Developing Countries: A Japanese Perspective: U.S.-Japan FDI Rivalry and Collaboration on Chinese Soil[1]

(DRAFT)

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1. Introduction

For over the past one and half decades, I have enjoyed an irreplaceable privilege to associate closely with Monty-san, as an American friend of mine, and as a sushi and Japanese saké connoisseur, and last but not least as a great economist on various issues including FDI on the globe.

In an NBER paper entitled "Trade, FDI, and the Organization of Firms," Professor Elhanan Helpmann says that "new developments in the new world economy have called for new developments in the theory of international trade and foreign direct investment, designed to better understand the shifts in trade and investment patterns and the reorganization of production across national borders." (NBER Working Paper No. 12091, March 2006, p. 43)

For this reason, to remember the intellectual legacy of Monty-san is of great importance. Professor Helpmann continues to say that organizational changes of the individual firm has been a central in the transformation of the world economy and among such changes, of most importance are choices in modes of serving foreign markets and sourcing strategies. In Ginza, a shopping and dining zone of Tokyo, Monty-san and I enjoyed discussing modes of addressing Japanese and Chinese audiences while arguing about which sushi restaurants in Tokyo and in Washington best serve sea urchins or "uni" in Japanese.

Today, I would like to address the theme of U.S.-Japan FDI rivalry and cooperation on Chinese soil. First, I would like to have a brief glance at U.S. and Japanese FDI and then examine similarities and dissimilarities of Japanese and America FDI. Second, I would like to place a special focus on the operations of American and Japanese multinational companies (MNCs) on Chinese soil. Third, I would briefly enumerate future scenarios regarding trilateral collaborations on Chinese soil among the United States, Japan, and China.

2. FDI Outflow: the United States and Japan

2.1. America's Europe-centered Strategies vs. Japan's U.S./Asia "Bifocal" Strategies

The United States has long been the dominant foreign investor and recipient of direct investment from abroad though year 2005 witnessed a decline due to changes in the corporate tax code in the United States. For the past five years, U.S. FDI outflows are appropriately four times larger than those of Japan (See Table 1). And on a stock base, the U.S. FDI valued at historical cost was $2,384 billion at the end of 2006, while the comparable figure of Japan was $450 billion.

A simple examination of the regional distribution of FDI gives us a clear difference in FDI location strategy between the United States and Japan (See Table 2). The U.S. FDI outflows have long been Europe-centered (47.1% of total FDI stock base at historical cost), while Japan's FDI has directed toward, firstly, the United States (34.8% of total FDI stock base), and secondly, the Asia/Pacific region (27.0%). As for FDI towards developing countries, the United States has bifocal strategies directed toward Latin America (16.9%) and Asia (14.3%), while Japan has predominantly Asia-centered strategies.

Table 1 FDI Outflows from Major OECD Countries: 2001-2006

(US$ billion)

	2001	2002	2003	2004	2005	2006
United States	142.3	154.5	149.9	244.1	9.1	248.9
Japan	38.3	32.3	28.8	31.0	45.8	50.2
Canada	36.0	26.8	21.5	43.2	34.1	42.1
Germany	39.7	19.0	5.8	14.8	55.5	79.5
France	86.8	50.5	53.2	56.8	120.9	115.1
United Kingdom	58.9	50.3	62.4	91.1	83.7	79.5
OECD Total	690.5	619.2	623.7	807.4	869.4	1,120.1

Source: OECD.

Table 2 Regional Distribution of FDI Outflow (Stock base): United States and Japan: End of 2006

	United States	Japan
FDI position (US$ billion)	2,384.0	450.0
Regional Distribution (%)		
United States	-	34.8
Japan	3.8	-
Canada	10.3	1.5
EU25	47.1	26.4
Germany	4.2	1.6
France	2.8	2.9
United Kingdom	15.3	7.0
Latin America	16.9	8.7
Asia and Pacific (excl. Japan)	14.3	27.0
China	0.9	6.7
Hong Kong	1.6	1.7
Chinese Taipei	0.7	1.4
Singapore	2.5	3.2
South Korea	0.9	2.4
Thailand	0.3	3.3
Indonesia	0.4	1.7
Malaysia	0.5	1.7
Philippines	0.3	0.9
Australia	5.1	2.7
India	0.4	0.5

Source: U.S. Dept. of Commerce and Japan External Trade Organization (JETRO).

2.2. United States and Japan: FDI on Chinese Soil—Twisted Contrasts

We have just seen a European-centered U.S. FDI position and a US/Asia bifocal Japanese FDI position. As for FDI toward developing countries, however, the United States has a Latin America/Asia bifocal pattern as Table 2 shows, while Japan has, to the contrary, its simple-mindedly Asia-centered FDI strategies. Here, we come to find twisted contrasts.

As for the two countries' FDI toward China, we find another twisted contrast. The value of Japan's FDI to China has long surpassed that of the United States (See Table 3). However, the numbers of contracts regarding FDI have presented an opposite impression that the United States consecutively since the late 1990s.

Table 3 FDI Inflows to China from Major Countries: 2004-2006

	2004		2005		2006	
	Contract (Cases)	Implemented (US$ Billion)	Contract (Cases)	Implemented (US$ Billion)	Contract (Cases)	Implemented (US$ Billion)
United States	3,925	3.941	3,741	3.061	3,205	2.865
Japan	3,454	5.452	3,269	6.530	2,590	4.598
Hong Kong	14,719	18.998	14,831	17.949	15,496	20.233
Virgin Islands (BVI)	2,641	6.730	2,493	9.022	2,605	11.248
South Korea	5,625	6.248	6,115	5.168	4,262	3.895
Singapore	1,279	2.008	1,217	2.204	1,189	2.260
Chinese Taipei	4,002	3.117	3,907	2.152	3,752	2.136
Cayman Islands	244	2.043	262	1.948	414	2.095
Germany	608	1.058	650	1.530	576	1.979
World Total	43,664	60.630	44,001	60.325	41,473	63.021

Source: Ministry of Commerce of the People's Republic of China (MOFCOM).

Despite its larger number of FDI figures in U.S. dollar terms as it is shown in Table 3, Japan's FDI has failed to attract more attention of the public and experts in the world compared with U.S. FDI. And we have witnessed proliferating eye-catching headlines almost exclusively regarding U.S. FDI eon Chinese soil released from the mass media.

As a telling example to indicate scant visibility of Japan's FDI compared with its American counterparts, we can have a look at popularity of foreign companies among university students (See Table 4). Table 4 shows a stunning contrast in popularity between American and Japanese MNCs. In 2007, among the top 20 most popular companies in China, there is no Japanese MNCs while the United States has 6 MNCs. When we look for Japanese MNCs among the top 50 most popular companies in China, we find only 3 Japanese MNCs (Panasonic (29th), Honda (35th), and Sony (46th)), whereas the United States has 15 MNCs (in addition to the 6 MNCs shown in Table 4, we find HP, Wal-Mart, Mars, PwC, Johnson & Johnson, Intel, McKinsey, Pepsi and Coca-Cola).

Table 4 The Result of Questionnaire Surveys on Popular Companies among University Students in China

Ranking	Top 20 Popular Companies among University Students in China				
	2003	2004	2005	2006	2007
1	Haier	Haier	Haier	Lenovo	Lenovo
2	IBM (US)	IBM (US)	IBM (US)	P&G (US)	CMCC
3	Microsoft (US)	P&G (US)	P&G (US)	Huawei	Haier
4	Lenovo	CMCC	Lenovo	IBM (US)	Huawei
5	P&G (US)	Microsoft (US)	Huawei	Haier	P&G (US)
6	GE (US)	Lenovo	CMCC	CMCC	IBM (US)
7	Motorola (US)	Huawei	Microsoft (US)	Microsoft (US)	Microsoft (US)
8	Huawei	GE (US)	LG (KR)	Tencent	GNPG
9	CMCC	Siemens (DE)	Siemens (DE)	GE (US)	Alibaba
10	Siemens (DE)	China Telecom	GE (US)	Siemens (DE)	Baidu
11	TCL	Samsung (KR)	Samsung (KR)	Nokia (NO)	China Telecom
12	China Telecom	TCL	China Telecom	Samsung (KR)	Google (US)
13	Intel (US)	Motorola (US)	Intel (US)	China Telecom	Tencent
14	Samsung (KR)	Unicom	TCL	Intel (US)	Siemens (DE)
15	Nokia (NO)	Intel (US)	Nokia (NO)	Mars (US)	Bank of China
16	HP (US)	Unilever (UK/NL)	Motorola (US)	Baidu	Mengniu
17	Sony (JP)	Nokia (NO)	HP (US)	Google (US)	Samsung (KR)
18	Coca-Cola (US)	PwC (US)	Mars (US)	Midea	Motorola (US)
19	Dell (US)	HP (US)	Sinopec	TCL	GE (US)
20	Unicom	Bank of China	Unicom	Hisense	Sinopec

Note: The parentheses attached just after the names of a company denote the company's nationality expressed in the country code top-level domain (DE: Germany; KR: South Korea; NO: Norway; JP: Japan; NL: Netherlands); When there is no parenthesis, the company is of Chinese origin (incl. Hong Kong and Taiwan).

Source: Zhōnghuá Yīngcái Wǎng: "Zhōngguó Dàxuéshēng Zuìjiā Gùzhǔ Rùwéi Míngdān."

Popularity among university students justifiably indicates the ability of a company to hire China's university graduates of high caliber though there is much room to be discussed as for its accuracy as a precise indicator. Despite such shortcoming, the result of questionnaire surveys on popularity of individual MNCs casts an ominous doubt on the ability of Japan's MNCs to acquire competent personnel armed with managerial and communications skills on Chinese soil. In return, U.S. MNCs have successfully acquired the best of the best students in China.

In this connection, experts in Japan's FDI, Mitsuyo Ando, Sven W. Arndt, and Fukunari Kimura, point out the lack of dexterity in fostering and utilizing local human resources in their paper ("Production Networks in East Asia: Strategic Behavior by Japanese and U.S. Firms," mimeo. August 2006, p. 21).

The paper also points out a difference in transaction pattern between Japanese and American MNCs—Japanese MNCs still have its strong inclination to favor relations with other Japanese MNCs and pay less attention to relations with MNCs of different national origin. This national characteristic of Japanese MNCs plays a strong role in letting them less visible in Chinese marketplace.

3. Prosperity on Chinese Soil: Zero-sum Games vs. Positive-sum Games

3.1. Separately Competing on Different Chinese Markets

The previous section has identified twisted contrasts in FDI pattern on Chinese soil between the United States and Japan. Despite smaller size of activity from both of the viewpoints of host and home countries, people around the globe as well as Chinese people find easily active FDI behavior of U.S. MNCs, while Japan's FDI have operated in an economically larger size but in a less admired mode than the United States.

Here, the question is neither why Japanese MNCs have not attracted the attention of the world nor why U.S. MNCs have successfully attract public attention as well as the best cream of top Chinese universities. The real question is whether Japanese and U.S. MNCs have are vying with each other for the rapidly expanding Chinese markets, or what kind of collaboration, if any, Japanese and U.S. MNCs could devise for mutually beneficial purposes.

Generally speaking, in China, Japanese MNCs do not regard their American counterparts as their competitors. They would rather regard their Chinese counterparts as their competitors and the other Japanese MNCs (See Table 5). According to a questionnaire survey conducted in 2006 by Japan Bank for International Cooperation (JBIC), 31.1 percent of Japanese MNCs regard the other Japanese MNCs as their strong competitors in Chinese marketplace; 32 percent of them regard Chinese firms as the strong rivals; Only 19 percent of Japanese MNCs regard American and European MNCs as strong competitors.

Table 5 The Result of a Questionnaire Survey on Strong Competitors for Japanese MNCs

(% of total respondents)

Competitors / Local Markets	Nationalities of Strong Competitors for Japanese MNCs			
	Japan	American/ European	Korea/Taiwan	China
China	31.1	19.0	17.9	32.0
ASEAN	39.3	21.8	22.5	16.4
Asian NIEs	31.9	19.0	35.8	13.4
North America	33.0	48.2	11.7	7.1
Europe (EU15)	28.5	55.6	9.0	7.0
Home (Japan)	71.2	14.9	7.5	6.4

Note: Asian NIEs (Singapore, Chinese Taipei, Hong Kong, and South Korea); ASEAN (Thailand, Indonesia, Malaysia, and the Philippines); North America (U.S. and Canada)

Source: Japan Bank for International Cooperation (JBIC). (November 2006)

In North American and European markets, however, they are understandably competing relentlessly with their American and European counterparts. But, like in Chinese markets, in the markets of ASEAN countries, Asian NIEs, and Japan, they keep an eye on the other Japanese MNCs as their strong competitors.

The reason why Japanese MNCs do not regard their American and European counterparts as strong competitors in the markets of China, Asian NIEs, and Japan can be interpreted as a reflection of the fact that Japanese MNCs have already driven out their American and European counterparts like the cases of the sectors of steel and home electronic appliance. Or otherwise, they have already retreated from competitive markets dominated by U.S. and European MNCs like the cases of the sectors of cell phone and various professional services.

In other words, Japanese MNCs can forge strategic alliances in the future with their American and European counterparts on Chinese soil. Japanese MNCs can develop industrial agglomeration along with their American and European counterparts. Industrial agglomeration and formation of economic clusters can provide MNCs with better location advantages though the expansion of economic externalities irrespective of their nationalities (See "Production Networks in East Asia" pp. 16 and 20). Second, U.S.-Japan alliances on Chinese soil can accelerate the Chinese government's effort to develop a market-based economy in such areas of the protection of intellectual property rights (IPR) and the promotion of the transparency in the economic legal system.

3.2. Working together on Chinese Soil and Competing against Chinese Firms

Without doubt, there are still severely fought markets including luxury passenger cars. Nonetheless, in China Japanese and U.S. MNCs possess ample time and energy to develop mutually beneficial strategies because they are both the same foreign investors coming from market-based economies onto Chinese soil. Therefore, policy makers and corporate planners of both countries must devise coordinated plans to induce their Chinese counterparts to adopt a more market-based and more transparent economic system. The future tasks for them therefore would be to look to positive-sum games rather than to zero-sum games on Chinese soil.

A rapidly growing China has two contrasting faces—(1) a brighter side, i.e., rising living standards and restored national pride, and (2) a darker side, i.e., widening income disparities and rising foreign pressures to force China to be a responsible stakeholder of the global system. And a fast cruising Titanic China might run a risk of hitting an economic iceberg in the middle of the sea of globalization. Especially, some Japanese and American observers are concerned about the situation of a post-Olympic China in 2008. For this reason, U.S.-Japanese collaboration along with their Chinese counterparts is of vital importance in the near future.

4. Future Scenarios for FDI on Chinese Soil: U.S.-Japan Collaborations along with China

4.1. Looming Risks and Uncertainties in China in the Age of Relentless Globalization

China's dazzling growth over the past three decades has invited both admiration and anxieties both at home and abroad. Currently the author is working on incremental elaboration of scenarios for future U.S. and Japanese FDI strategies along with some major MNCs in the two countries. Table 6 is a tentative summary of future scenarios of China's FDI environment.

As always, difficulties emerge and spew out from an unexpected corner and in an unnoticeable way. But we have to brace ourselves against such difficulties in advance. I would begin with a rise of China's economic nationalism. It would be triggered, for example, by a shift from SCENARIO A ("As Smooth as Silk") to SCENARIO B ("Clash of Titans"). Potential risks and uncertainties that would cause such shift abound. Here, only two risks and uncertainties are discussed briefly.

Table 6 Summary of Future Scenarios of China's FDI Environment (Tentative)

	SCENARIO A Smooth Expansion of the World Economy	SCENARIO B An anti-China United States	SCENARIO C A China-friendly United States	SCENARIO D Energy and Environment Crises
	"As Smooth as Silk"	"Clash of Titans"	"Dragon's Honeymoon"	"Wrath of the Earth"
Key Assumptions	Advanced countries (US, EU, Japan) grow without a rise of protectionism or a turbulent situation in the global financial markets	A slower growth of advanced countries with a rise of protectionism, and new geopolitics in Asia (US-India vs. China). The rise of Chinese economic nationalism	U.S. busy in handling the other global issues (vis-à-vis the Middle East, Europe, and Russia), and a resulting friendly Sino-U.S. economic relationship	An unforeseen disruptive shock in China—an coalmine accident, an uncontrollable mass water/air pollution in China, and a weaker Communist leadership
Driving Forces	Market-based World Trade Expansion and technology advance	Rising US Protectionism, Discriminatory Treatment against China in the US, and a friendlier US-Indian relationship	Unbridled saber-rattling of Islam fundamentalists, resurgence of a Russian threat in Europe, and US domestic politics	A worst vicious cycle begets worldwide uncertainty in economic and health conditions
Critical Events	A series of uneventful days	Appreciation of the Renminbi (Exchange Rate (RMB)), Human Rights Movements, and a Taiwan Strait Crisis	Another 9/11 somewhere in the world, Russian missile deployment	Bird flu/SARS, food safety, a large coal mine accident, a China-originated Chernobyl, and fear against "Made in China"
FDI environment on Chinese soil	Win-win games for everybody	Curbed trade and wobbling FDI with strict IPR and national security control	Feebler appetite for FDI coupled with tighter transport control	Contaminated land and rampant NGO activists in China
US and Japan FDI	Microsoft and Toyota will stay on Chinese soil	US and Japanese shift in FDI (from China to India and Thailand)	Leaning toward domestic investment	US and Japanese factories and offices forced to shut down

Source: the author.

(a) Rise of Economic Nationalism

First, a sharp rise of economic nationalism could happen when Chinese leaders feel to be besieged with inward FDI-led growth. In early September 2007, China's Ministry of Information Industry (MII) released the figures of China's exports of information and communications technology (ICT) products in the January-July period this year and stated that solely foreign capital operated companies accounted for 67.4 percent of the country's total ICT exports, and Sino-foreign joint ventures accounted for16.5 percent; the remaining 16.1 percent of the total ICT exports was produced by Chinese domestic companies. The very characteristic nature of China's exports in one of the fundamental core sectors—excessively dependent on foreign capital and management——could lead easily to a rise of a nationalist sentiment. In addition, mounting pressures from the United States to reduce its external trade surplus undeniably could add fuel to the fire of nationalism.

Second, a rise of economic nationalism could gain momentum when fierce global competition puts Chinese MNCs in a tight corner. In early September 2007, CCID Consulting (Sàidí Gùwèn) released statistics that tell us a combined market share of foreign makers in China's cell phone market reached 70.7 percent. It also reports that the struggling of Chinese domestic companies including Bird (Bōdǎo) and Amoi (Xiàxīn). Experts in the ICT sector are now having a closer look at corporate performance of still competitive companies including Zhōngxīng Tōngxùn and Lenovo (Liánxiǎng). When their competitive position is endangered in domestic and foreign markets, a sense of crisis might be quickly rising among Chinese policy makers and corporate planners.

Furthermore, a rise of resources nationalism is another source of splitting headache for policy and corporate strategists in the United States and Japan, as well as China. In order to prevent unbridled and virulent economic nationalism in China, Americans and Japanese should work together along with their Chinese counterparts. At the same time, national security concerns against China-initiated M&A activity are growing in many countries including the United States and Japan. The author is now working for the Japanese government in order to realign the legal framework regarding M&A activity in Japan along with this year's regulatory change for the cases of triangular merger.

(b) Global Concerns about China's Environment Issues

To date, the Chinese government has successfully defused abruptly erupted environmental crises and adroitly handled growing fears against China's natural environment lingering both at home and abroad. First, it has urged local governments to formulate an environmentally conscious decision making scheme. However, many experts continue to warn an exacerbated condition of air and water pollution in various regions in China. Water shortage as well as pollution is also a front-burner issue for various regions in China. Neglecting efforts to tackle water shortage and water pollution could lead to a worsening of the health condition of Chinese people. As a human security matter, no country could be indifferent toward this problem in China.

Based upon this idea, Japan and U.S. could help Chinese government and companies adopt environmental-friendly and energy-saving technologies. In December 2006, two Japanese MNCs, Yazaki (an automobile parts and equipment maker) and Energy Initiative Japan (a consultancy specializing in energy-saving businesses) jointly establish a Tianjin-based energy-saving supporting company (Bīnhǎi Zhōngrì Néngyuán Guǎnlǐ). The Japanese side is now expected to invite an American and European perspective and technologies to further the energy efficiency and environment protection in China.

China has tried to make an enormous effort to develop international institutional harmonization. There has been a long list of preventive and responsive measures in China to handle environmental problems ranging from water and air pollution to safety regulations of food and consumer products. And the Chinese government sometimes makes an effort to internationally harmonize their institutional framework as early as the Japanese government.

As an example, in the electronics industry, the so-called China RoHS (an ICT-related safety regulation in China), was elaborated almost simultaneously along with Japan in 2007. In February 2003, the Restriction of Hazardous Substances Directive, or the so-called RoHS directive, was adopted by the European Union, and took effect on 1 July 2006. Though the RoHS is a regulation regarding product standards aimed at environmental protection, it is sometimes criticized for distorting market mechanism and regarded as one of the EU's non-tariff barrier to bolster the competitiveness of European makers. In China, trying to keep up with advanced countries in this sector, the China RoHS (Diànzǐ Xìnxi Chǎnpǐn Wūrǎn Kòngzhì Guǎnlǐ Bànfǎ/ Bànfǎ) took effect in 1 March 2007. However, We have to keep an eye on China's environmental issues. Nonetheless, there is still much room to be discussed among related nations the issue of environmental regulations and their international harmonization.

5. Conclusion

This short essay has compared the two countries' FDI outflows with a special emphasis on Chinese soil. And it advocates that there is much room to be discussed regarding U.S.-Japan FDI collaborations on Chinese soil, setting aside the issue of U.S.-Japan FDI rivalry which is being observed anywhere one the globe.

A fast cruising Titanic China requires international collaboration both at company and government levels in order not to hit an economic or environmental iceberg and not to cause disruption and paralysis in the world economy. China has become too large to be ignored by the world including United States and Japan.

Accordingly, the United States and Japan could take the lead to devise collaborative approaches to help China continue to enjoy economic prosperity and play a larger role as a stakeholder on the globe. In this connection, future efforts would be directed to promotion and examination of the establishment of a Free Trade Area of the Asia-Pacific (an FTAAP) or a Comprehensive Economic Partnership in East Asia (CEPEA). Though China tries to develop an East Asia Free Trade Area (EAFTA) as its policy of promoting trade and investment, Japan and the United States, the two largest market-based economies of the world, should encourage China to adopt a global approach to continue to enjoy peace and prosperity.

At the outset of this essay, I stressed the importance of cross-border organizational and location strategy of MNCs. This argument holds true in Japan as well as in China. In June 2006, the Japanese government declared to increase inward FDI in order to revitalize its economy with an target—its inward FDI stock level as large as 5 percent of GDP by year 2010 (See Table 7).

Table 7 The Role of FDI inflow: 2005

	FDI inflow as a percentage of gross fixed capital formation (%)	Inward FDI stocks as a percentage of gross domestic product (GDP) (%)
United States	4.0	13.0
Japan	0.3	2.2
Canada	14.6	31.6
Germany	6.8	18.0
France	15.5	28.5
United Kingdom	45.0	37.1
China	9.2	14.3
Hong Kong	97.0	299.9
Chinese Taipei	2.3	12.1
South Korea	3.1	8.0

Source: UNCTAD.

Table 7 shows the percentage figures of FDI inflow compared with gross fixed capital formation and inward FDI stocks compared with gross domestic product (GDP) in major countries as of year 2005. The figures in Table 7 indicate that the goal set by the Japanese government is quite modest and reasonable. However, having reviewed recent developments of Japan's inward FDI as is shown in Table 8, in order to achieve the goal, there should be a Herculean effort to attract foreign investors though drastic measures to reform Japan's economic institutional framework. Under the banner of "Invest in Japan," the Japanese government devised the "Program for the Acceleration of FDI into Japan."

Table 8 FDI Inflows to Major OECD Countries: 2001-2006

(US$ billion)

	2001	2002	2003	2004	2005	2006
United States	167.0	84.4	64.0	133.2	109.8	183.6
Japan	6.2	9.2	6.3	7.8	2.8	-6.5
Canada	27.7	22.1	7.6	1.5	33.8	66.6
Germany	26.4	53.6	32.4	-9.2	35.8	42.9
France	50.5	49.1	42.5	32.6	81.0	81.1
United Kingdom	52.7	24.1	16.8	56.0	193.7	139.6
OECD Total	635.0	575.0	464.9	490.9	746.6	910.2

Source: OECD.

Today, inward FDI is one of indispensable factors to revitalize sclerotic and moribund sectors in any economy. In the age of globalization, the effectiveness and importance of inward FDI is now ever enhanced as international division of labor progresses on a global scale. For this reason, I would think many of Japanese policy makers and corporate planners would continue to learn what Monty-san left for us to think of innovative measures through FDI to develop positive-sum games among the three countries.

In 1920, Thomas Lamont, operating head of J. P. Morgan Japan, commented on the U.S.-Japan relations—"In the Far East, peace can be permanently secured only if the two great Powers lying on either side of the Pacific work together in harmony and understanding. . . . The first evidence of this should be our common attitude towards the Chinese nation." While remembering the words of Mr. Lamont and evaluating "uni" at sushi restaurants in Tokyo, Boston, as well as in Beijing, Monty-san and I discussed prospective U.S.-Japan collaborations regarding China's inward and outward FDI.

I would like to end this short essay by praising efforts made by these two respectable American gentlemen, Monty-san and Mr. Lamont, who generously respected Japan. Despite my limited capabilities, I would like to do my best to pass to younger generations on the globe the inexhaustible intellectual stimulus and affection Monty-san gave me.