

Report of Shimada Sonjuku Visit of Germany

We, the members of Shimada Sonjuku visited Germany for the period of July 15 to 23(including the trip between Japan and Germany). This was a wonderful, spectacular trip in which we learned a lot and received many and useful stimulus.

This splendid trip was organized by an incredible effort of our respecting friend, Dr. Franz Waldenberger, director of German Japan Institute. Thanks to his effort and well thought out arrangement, we were able to visit important places, business corporations, public organizations, and met important and highly knowledgeable people.

Since this report is going to spend many pages, I will focus mostly on what we have learned by visiting people and organizations. Since we have learned a lot by listening to presentations and discussion with German people such as statesman, business leaders, organization officials, I will try to summarize the gist of such exchange of information and discussion in a rather detailed way.

On the other hand, I will cut explanations of historical background, economic and political background, on the spot impressions which I usually describe in detail in this kind of report of Sonjuku trips. It partly because Germany is a highly developed economy and society representing the most developed country in the world so that much information is available elsewhere.

However, my basic understanding of Germany particularly in comparison with Japan is expressed in my speech manuscript which I presented in the morning of July 19, 2017 at “Asa no Kai”(morning meeting) of German Japan Business Association which is attached at the end of this report.

In this report, I try as much as possible to describe the discussion of meetings. In it, I refer to the nickname of sonjuku members. In order to identify who is who, I attach here the list of names of sonjuku participants with their given names.

1. Mr. Shimada, Haruo: "School master of Shimada sonjuku. President, Chairperson of the board, Tokyo metropolitan university."
2. Mr. Yamada, Yu Ypsilon Co.Ltd. CEO
3. Mr. Yo Yamagishi Miyakezaka Sogo Law Office. Lawyer, Managing Partner
4. Mr. Kuramochi, Shigemichi Eisei Co.Ltd. CEO
5. Mr.Suzuki Tomoya Lead Capital Management Co.Ltd. Partner
6. Mr. Isono, Ken Natural Electric Power Co.Ltd. CEO
7. Mr. Tatsuno, Mitsuhiko Tatsuno Co.Ltd. Board member in charge of management
8. Ms. Matsuda, Rina Kowa Manufacturing Co.Ltd. CEO
9. Ms. Matsui, Mayuka Free-lance business planner
10. Mr. Azakami, Masahiro Investment specialist
11. Mr. Jinnai, Yuhta GI Co.Ltd. CEO
12. Mr. Iwasaki, Kenjiro Sony Life Insurance Co., Ltd. Life planner

My report is made in a chronological order from the Day one to Day 9. Please enjoy the report of our trip to Germany.

Day 1(July 15, 2017 Saturday)

Most of the members of Shimada sonjuku left Haneda International AP at 12:30 by NH 217. The flight was good. I slept about half of the flight and the rest kept awake to read books and materials so that I would be tired enough when we arrived at Germany.

At 17:20, the same day, we arrived at Munchen Franz Joseph Strauss AP. Airport and the streets are clean as typical in Germany. We were welcomed by Ms. Mihoko Kokubo, a Japanese guide. She introduced herself as "old fox." She has lived in Munchen just about 40 years. She knows a lot. She told us many useful things. Unfortunately, I have no space to introduce them here.

We arrived at Maritim Hotel Munchen. After taking some rest, we went to a popular beer hall, Augustines Keller. The hall was crowded with many customers. We stepped down to the cozy basement room where we were met with Franz and his friends, Beer, food, atmosphere were all good.

Day 2(July 16, 2017 Sunday)

We left hotel at 9.15 and drove to the city of Dachau by bus. In Dachau we plan to visit the notorious Dachau concentration camp. On the way, Ms. Kokubo told us many stories about the city of Munchen and the back ground of Dachau concentration camp such as Hitler and German political situation at the time. Unfortunately, I have no space to introduce her stories.

Dachau Concentration Camp

We arrived at Dachau concentration camp at 10:00am. At the gate we were received by a guide, Lucia. She is a Chile young lady. She came to Germany as a student 14 years ago. She started introducing to us Dachau concentration camp earnestly.

Dachau concentration camp was built as early as 1933 when Hitler's Nazis party became the party having the largest seats in Federal Assembly. The objective of the camp was to enroll all of the undesirable kinds of people for the "Third Empire" proclaimed by Hitler. He wanted to establish his Germany "the Third Empire" purely by the population he believes to be qualified people to consist the nation. They are pure Germans with white skin, blue eyes, blond hair and firmly believe the propaganda of Hitler and support earnestly his empire.

The people, according to Hitler, who should be eliminated or excluded from the Empire were Jewish, Communists. Socialists, political prisoners, namely, those leaders who criticize or opposes against Hitler and Nazis both within and outside

the Germany, handicapped people, homosexuals etc.

The camp was built 3.5km away from the station. Those who were arrested were forced to walk from the station to the camp with heavy burdens to make them realize that the hardship was waiting for them. The first director of the camp was Himmler, the Muncher Police head. The camp was originally used as the training school for SS(Schutz Staffel) special force.

The number of prisoners increased from a few thousands to 42000 at its peak. There, prisoners were forced to work heavy labor, tortured, insured. Many prisoners suffered from such hardships and lost their lives. Common tortures were hanging from the ceiling or pole for a long time, hit by canes harshly for dozens of times, and squeeze in a very narrow walls which press the victim's body from both sides and the prisoner was kept in such conditions for several days without food or water. Many of them died because of such cruel treatment and hardship. At times, prisoners were used as objects of live experiments such as surgery, test of endurance against deadly cold or burning hot conditions etc and many of them died as a consequence.

This camp is said to have become the model for many such camps within or outside of Germany such as in neighboring countries like Poland. The camp kept victimized prisoners until it was liberated by American troops at the end of the war, namely, April 29, 1945. This operation of American troops is said to include Special Force 442 consisting of 2nd generation Japanese born in the US who and whose parents have been obliged to stay in American concentration camp in California at the beginning of Pacific War in 1941.

Lucia brought us around and earnestly explained what have been done in every building where prisoners were kept and a large empty ground where prisoners were forced to stay overnight in a freezing winter. She explained us about many cases of tortures and murderous treatments. We spent about a couple of hours.

I usually feel not that much affected by explanations or guide of uncomfortable and dreadful treatments of victimized people as in various incidents which took place during the time of WWII. But this time, perhaps because of Lucia's earnest explanations trying to convey to us the most cruel treatment of victimized prisoners by Nazi officers, I felt extremely uncomfortable and asked her to stop her explanation. She understood my request and stopped her explanations toward the end of the camp tour.

We left Dachau concentration camp around 12:30 and drove to a beautiful lake side Starnberg resort. The weather was fine. It was indeed a beautiful environment. The bus stopped at the entrance of lake side trail. We walked a while and arrived at a cozy nice restaurant in the wood, Gasthaus Sum Fischmeister. We were welcomed by Franz friends, Mr. Walter W. Sawallisch and Mrs. Tomoko Sawallisch, a pianist, and their boys. We enjoyed beer, late lunch, relaxation and above all nice conversation. When we left the lake side the sun was already half down to the west.

We arrived at the hotel late, and went to the reserved cozy Italian restaurant in the residential area. We were still pretty much full. But once dishes were delivered we enjoyed the meal. One of our members, Masahiro, having overslept and joined us about an hour late. It was amazing that he walked to the restaurant following the smart phone guidance.

Day 3(July 17, 2017 Monday)

Visit of Munich Re

We left the hotel at 8:30 and arrived at Munich Re, a world second largest re-insurance company at 9.00. The headquarter building of the company in the business district looks distinguished and calm. We were welcomed by Mr. Christian Kraut and his colleagues. They guided us to various parts of the building,

which was a very impressive tour. The walls, ceilings, corridors are all artistically designed and illuminated. And there were good pictures at right places. The whole interior of the building is just as dream like art museum which makes people feel relaxed and viable. They invited us to a conference room and a serious presentation and discussion started.

Part I: Lecture by Dr. Peter Hoppe

Dr. Hoppe is a renowned specialist of natural disasters. He is head of Geo Risk Research on Current and Future Natural Disaster Risk and Risks of Climate Change. He gave us a very comprehensive and systematic explanation of natural disasters in terms of historical and regional incidence throughout the world. He analyzed such disasters by types and reasons of occurrence, and estimates of damages to society and economy, and how insurance industry try to insure against such losses.

He described critical aspects of climate change and commented on strategic topics for insurance industry such as represented by Munich Re. For insurance business, there are three major pillars: 1. risk assessment, 2. risk transformation, and 3 asset management. He pointed out that less developed countries lose more by such disasters partly because of lack of insurance coverage. This underlines the basic relation that higher insurance coverage actually lead to better economic performance.

He pointed out that from the viewpoint of re-insurance, insurance coverage of different types of disasters makes a lot of difference to the efficiency and stability of global insurance. For instance, a major disaster like serious accident of sea-bottom oil wells makes re-insurance business inefficient. In natural disaster prone areas like Japan and east Asia are well insured, the efficiency and stability of re-insurance is enhanced and contribute to increasing control of losses in the world.

I asked what about the effect of denial by Mr. Trump of Paris climate accord of 2016. He responded that the decision of Mr. Trump certainly disturbs global

efforts of reducing emissions gases and enhancing the global capacity to control climate changes. However, the effect of his negative attitude will not be much. The global community can endure for some years while Mr. Trump will be in office.

Tomoya asked about the effect of AI on insurance. Dr. Hoppe replied that AI will have little effect on climate change itself but is a big thing for Munich Re. Someone else asked if experts like Dr. Hoppe could use AI for research. He replied they will not use AI. They will use Intelligence.

Yo asked how insurance business deal with terrorism and cyber attacks. He replied that terror is not quite insurable because it is difficult to assess the psychology to forecast is difficult. Cyber attack is an important object of insurance. Japanese language may probably be a big natural barrier against cyber attacks.

Part II: How to enhance SME earthquake insurance.

Part III: Discussion on Earthquake Risk Management and Japanese SMEs

They are most vulnerable to such disasters. Why not they insure themselves to such hazards? How can we increase their insurance. The US hurricane damages are too big. Munich Re actually not want to cover the damage. Japan has many midsize disasters such as typhoons. If Japanese insure themselves more, they will even out the global insurance coverage. It is not only good for Japanese people and business but also contribute a lot to the world.

Yuhta: Japanese SMEs many not know about earthquake insurance?

Tomoya: Japanese SMEs are well organized by industrial associations. If association leaders join earthquake insurance, many of the members will follow. This is a typical behavior of group oriented Japanese.

Yo: I have been associating with many SME bosses as a lawyer. They do not logically calculate. When they encounter hazards, their natural response is to keep

as much cash as possible. When the economy is damaged, say by earth quake, production goes down, supply goes down and trade goes down.

Shimada: In such situations, the government supplies cash as in the case of East Japan Earthquake.

Franz: When Japan is hit by next alleged super earthquake as Nan kai or Kanto earthquake, can Japanese government take care?

Kenjiro pointed out that on the basis of his experience of having worked in SONY insurance. SONY insurance is a commodity to save taxes. Why not making earthquake insurance a type of tax minimizing commodity? Life insurance is purchased by customers thanks to effective and powerful sales by “sales ladies.” Question is how to foster such sales ladies for earthquake insurance.

Yo: SME do not trust insurance companies.

Shimada: In the case of fire insurance, I know many cases that small shop owners do trust insurance companies.

Franz: How about making the guideline of FSA explicitly adopt insurance clause as saying insuring your company with earthquake insurance is highly recommended.

Shimada: The current president of FSA, Mr.Mori, is dedicated to help SME develop. To get the thing move, we need politicians. Why not write names of relevant government officials and influential politicians? We need an action plan. And It is important not make Mr. Mori stand out alone.

Mr.Kraut: Insurance businesses and FSA leaders are closely tied and worked together.

After intensive learning and discussion at Munich Re, we walked for a while to reach a nice and cozy garden restaurant at the side of English Garden. We enjoyed a typical German dish with sausages, salad and potatoes. Munich Re kindly invited us to this nice lunch. Then we drove for a while to visit BMW Research Center.

Visit of BMW Research and Innovation Center

We visited BMW Research and Innovation Center for 15:00 to 17:30 in the afternoon of July 17. We were welcomed by Mr. Felix Zimmerman. Mr. Zimmerman is a young leader of BMW research and innovation section. He was a student of Professor. Franz Waldenberger at University of Munich. He then studied at London School of Economics.

There, he majored macro economics. He then went to Japan to gain work experience in Matsuda, particularly in production management. He joined BMV in 2004. He experienced various areas of auto business such as production management, R and D, sales and corporate strategy, market research etc. These are necessary to become an executive of the company.

Mr.Zimmerman guided us to a conference room and gave us a systematic and informative briefing about the current as well as a future perspective of auto industry from the view point of BMV. He first explained the current state of technology and then explained the next generation technologies, which BMV is developing partly cooperating with Toyota.

He emphasized that the future car is an ultimate driving machine which provides a seamless mobility to users. BMV is currently produce 2.3 million cars in Germany and 4 million cars worldwide which covers 150 countries. Currently, China is the largest market and is growing rapidly. Trend of car purchasing is changing significantly reflecting demographic changes of customers. Younger people are no longer interested in large expensive cars.

Future cars will be increasingly digitalized and autonomous. We need to develop a completely different product. Another development is SUV, which has been developed mainly in the US and is now spreading into Europe and China. Younger people are reluctant to buy their own cars but they need mobility. Consequently care sharing services will develop. Digitalization and electrification will develop to provide “seamless mobility” to consumers. Energy efficiency and anti-pollution technology will develop greatly.

Having given to us a comprehensive and systematic briefing about the future of auto industry he guided us to a newly developed R & D center where work is organized flexibly by projects rather than traditional demarcations. In the center, he said that some 10000 people are working.

Networking Dinner with Young Potential Leaders

In the evening of July 17, We were provided with a unique opportunity of a networking discussion with a group of young potential leaders who were organized by Dr. Herbert Henzler, former McKinsey head of Germany. He is a “legend” in a management community in Germany. One of his recent publication is Herbert Henzler “Pushing the Boundaries: Recollections of a McKinsey consultant” 2016, LID Publishing Ltd.

The discussion forum was held in a recently increasingly popular Kafer Shenke in the evening of July 17 for 18:00 to 20:00. On their side, 8 young potential leaders of heterogeneous careers such as McKinsey consultants, financial specialist, insurance planner, journalist, graduate student, etc attended organized by Dr. Herbert Henzler. In addition, Mr. and Mrs. Walter Savallish joined the discussion whom we had a wonderful lake side lunch yesterday afternoon. On our side, 9 Shimada sonjuku members and myself.

The forum started by the introduction of Dr.Franz Waldenberger, who kindly organized this whole event, by introductory remarks by Dr. Herbert Henzler, and myself. The common topic suggested by the organizer was “leadership.” At the beginning, all the participants are asked to introduce themselves by a few words. Then, a couple of members from each side are solicited to make a few minutes speech on their experience or thought about leadership.

First, Sara, working for Aliens, introduced three types of leadership whom she encountered during her career, 1. what may be called “energy management”, i.e.

to lead people with a lot of work, 2. leadership by “trust” and 3. leadership by care and honesty.

Sophia: a journalist, talked honestly that there is a serious leadership problem even in an intellectual world in the sense that the leadership positions are defined by hierarchical structure and occupied by “silver heads.” She emphasized that major changes are necessary in established organizations.

Mitsuhiko talked about leadership on the basis of his experience of spending three years in high school in Germany, his sport life and business life in Japan that important for leadership are three elements: showing direction, having a vision, and lead people with trust.

Ken spoke about leadership on the basis of his experience of receiving education in the US until high school, and his career as a venture business experience in Japan. He sees Japanese society as being led by Silver back people. Witnessing Fukushima nuclear accident, he was shocked by the lack of responsibility. He plunged then into the business of renewable energy. He realized there to make use of “silver back” people who have a lot of experience. Their experience is useful in a highly structured and organized traditional power industry.

Dr. Henzler pointed out that organizations can change only slowly, and so are people. He suggested that one needs to choose the organization to work for and the people to work with.

He also pointed out that in a gathering in a famous Japanese hotel, women never talk, only men talk. He said that Japanese society is men dominated society. I commented that this is a scene you observe only in formal side of the society. In an informal and more substantive aspects of society, say, home life and SME which occupies major part of Japanese industry and society, women have dominant roles and power.

Herbert asked what the effect of Mr. Abe' leadership who advocates earnestly the importance of female roles. I commented that Mr. Abe talked beautifully his slogans. However, in reality how much he really respect women's role is somewhat mixed as in the case of having disturbed the challenge of Ms. Yuriko Koike in Tokyo gubernatorial election.

Joe Eisner, a young McKinsey consultant who basically planned this networking discussion, asserted that Japan is much delayed in terms of the progress of female roles in society, which has been internationally recognized. I commented that it is true in a formal part of the society. However, one needs to understand the major roles played by women in SME which occupies a large part of Japanese society in order to understand Japanese society.

Herbert asked about Japan's relations with China. I commented that there exist a large vacuum of non-communications between China and Japan particularly on the question of how to recognize contemporary history, particularly, the early half of 20th century, of Interactions between China and Japan, most symbolically, Japan-China war experience. To promote mutual understanding and foster constructive relations between the two countries, I emphasized that Japan should learn from the wisdom and courage of German experience in an attempt to foster constructive relations with Israel and many Nazi invaded neighboring countries after the war.

Following this interactive discussions, both German and Japanese young entrepreneurs who are or wish to be leaders informally get together in small groups to enjoy eating and talking with each other. This stimulating and enlightening session of networking discussion continued till about 21:00 at night.

Day 4 (July 18 Tuesday)

Invest in Bavaria

We visited Invest in Bavaria office in the morning of July 18, for 9:30 to 12:30. Ms. Huber cordially welcomed us and started explaining the activity of Invest in Bavaria. The office is light with large windows through which we can see woods even though this is located in business district.

This Invest in Bavaria office is under the supervision of Ministry of Economic affairs. The office provides one stop total services to those who are interested in making investment in Bavaria. Services cover such areas as providing information, site search, contents consultation. The office has a support team also in Japan in order to solicit Japanese companies invest in Bavaria.

Bavaria is a large state in Federal Republic of Germany. It occupies 1/5 of the land of Germany. Population is 13 millions. GDP is 170 billion Euro, which is no. 7 of EU. Thinking of the economic conditions of Bavaria, which is a highly advanced industrial area where wages are already quite high, I wondered what would be the incentive or motivation for potential investors like Japanese companies to invest here. I asked if the state of Bavaria would give some special incentives such as tax exemption to invite foreign companies.

Ms. Huber answered that state of Bavaria does not provide tax incentives or other pecuniary incentives. She emphasized that attractiveness of Bavaria are (1) employability, namely, in some areas of Bavaria, employees are relatively more available than other places. (2) technological development, namely, those incoming companies can learn from or can jointly develop technologies with local German companies, and (3) innovation possibilities.

They pointed out that currently already many good Japanese companies are operating in Bavaria as the cases of foreign direct investment. Japanese working in Bavaria are as many as 9000.

They then invited Mr. Engelman to explain to us the German system of

vocational education and training which is well known by the symbolic name of “Dual System” of vocational education and training. This system is a multi-tier system of different levels of vocational education and training run by the close coordination of schools and businesses.

There are currently 327 training programs. Such programs provide vocational education and training for about 15000 professions covering wide range of industries including manufacturing to various service industries. Trainees of manufacturing industries are about 60% of all the trainees, handicraft 27%, liberal professions such as accountants and legal jobs 8%.

In Germany, schools are stratified as primary, secondary, intermediate and Gymnasium (Grammar school). At these levels, opportunities are openly provided to take vocational training. Much of the training on the job is provided at business companies. Business companies provide some 80% of the cost of training. After taking training, while quite a few students take a job at the company where they are free to choose any professions. Companies' financial contribution by bearing the cost of OJT may therefore be interpreted as social contribution to public investment in human resources. SMEs are relatively more reliant on this dual vocational training.

The origin of this dual vocational training goes far back to the era of Bismarck who established the base of current Federal Republic of Germany in 1871. The modern vocational training system was developed on the basis of traditional training system of craftsmen such as guilds and masters. In the early 20th century, German industries developed remarkably which became the industrial leader of the world. This remarkable industrial development has been vouched by wide spread development of capable SMEs. Public vocational training has been an important instrument to support such industrial development. The substance of such public vocational training has been constructed by 1920s. However, the current system of dual vocational training was formalized by national training act of 1967.

After the session at Invest in Bavaria, we visited a historic district of the city of Munchen. Dr Franz Waldenberger left us there. We were so much indebted to him for his well planned arrangement of the trip and very careful guide for us. After seeing him off while he was walking to the station with knapsack on his back. we dropped by a popular restaurant in the basement to have a typical German dish.

We spent sometime to walk around the old town of Munchen, and then drove by bus to see around some historic sites and buildings of the city. In the evening, we left Munchen AP at 19:00 via LH2030 for Berlin. In Berlin we arrived at Hotel Intercontinental Berlin where we planned to stay two nights.

Day 5(July 19 Wednesday)

“Asa no Kai” in Berlin

In the morning of July 19, Wednesday, we joined the study meeting of what they call “Asa no Kai(morning meeting)” which was held in hotel Intercontinental Berlin where we stayed from the previous night. The meeting was planned to go from 8:00am to 10:00am.

This Asa no Kai has been organized by DJW(Deutch Japanischer Wirtschaftskreis) which provides an opportunity and place for Germans interested in Japan and Japanese working in various ways in Germany to meet and share information together and develop networking among them. I was supposed to give a speech in this morning to provoke ideas and questions to be discussed for the meeting. When we arrived, we were cordially welcomed by Mr. Wilfried Schmidt, and Ms. Julia Munch, Mr. Schmitdt is member of the board of DJW.

The topic I chose was ”Economic Development and International Leadership:

A Comparison between Germany and Japan.” It was our honor that Japanese Ambassador in Germany, Mr. Takashi Yagi kindly jointed our morning meeting.

Having taken light breakfast bringing by themselves meals from the neighboring cafeteria, the meeting started. At the outset, we all listened to ambassador Yagi’s opening remarks. Mr.Yagi emphasized that Germany is a very important country economically, politically and in security. On the sphere of security, Germany sends military to critical areas of conflicts in the world to promote and keep peace. Japanese may have been somewhat biased to look more to UK and France, have not paid much attention to Germany. We, Japanese, need to pay more attention to Germany. Sonjuku people visited Germany in a good timing in the sense that the weather is fine, G20 summit held in Hannover is just over, and the social turmoil there was over, G7 summit held in Italy has been concluded successfully recently and we will soon have Bundestag election in September. There will be many interesting discussion in Germany particularly at this timing. I hope sonjuku members will have accurate image of both Germany and German perception of Japan.

After his introductory remark, I had to start my speech. When I was asked if I would be willing to give a speech in Berlin by Franz a couple of months ago, I gladly accepted his solicitation. The time allocated for my speech was at most 30 min. Starting to prepare for my speech I realized that I wanted to talk many topics under the title as noted above. I wrote up as briefly as possible those topics in my manuscript. Not unexpectedly, it was long. If I were to read all of it, it would take easily 1 hour. Franz warned and advised me to focus mostly on Abenomics for (1) this is the topic most Germans are more interested than other topics, and (2) I can speak within the limit of 30 minutes. I accepted his advice.

On the day, I concentrated much of my time to speak about Abenomics but also mentioned most of the topics I wanted to discuss such as politics and security. The full text of my manuscript can be seen in my blog or DJW net newsletter which is linked with my blog on this theme. And I was able to conclude my speech

in about half an hour. I was impressed by the serious attention of audience to me all through my speech.

After the speech, several participants raised their hands and asked me interesting and important questions. Let me introduce briefly three questions and my response to them.

(1) What about relation of Japan toward Korea and Russia.

I commented that Korea has had unfriendly attitude against Japan for most of the postwar period for some understandable and other non understandable reasons. I said Japan can learn from Germany the wisdom in the postwar era in fostering friendly and constructive relations with Israel and Nazi invaded neighboring countries.

On the question of Russia, Japan and Russia historically has had rather futile relations including the question of Japan's northern territories(four islands). Prime minister Shinzo Abe is earnest and hopeful to get those islands returned to Japan. His enthusiasm may reflect the conviction of his father. I personally thinks hoping to get the islands back is hopeless and not very meaningful although Japan should continue to insist. Currently, Japan and Russia seek to find areas where both countries can cooperate for economic development of North-east Russia under the hopeful thoughts of Abe administration. Japan can contribute only to the extent such cooperation will provide profits, if any, to Japanese businesses who participate.

(2) Why Japanese government debt is a problem?

I explained that the government debt is increasing as much as 240% of GDP, a dangerous zone where it will exceed the total amount of net financial assets of the household sector. This means that the government can no longer issue JGB. Another worrisome phenomenon is that given the current pace of BOJ's purchasing of JGB, the existing stock of the JGB will be totally absorbed by BOJ within a decade or earlier. Under such circumstances, Japanese economy may well suffer from financial crisis, economic crisis and possibly national collapse. This

makes a sharp contrast with German fiscal situation where the government has been reducing the outstanding debt to GDP down to 60% of GDP.

(3) There are many areas where Japan and Germany can cooperate such as trade, technology and cyber security etc which will bring about merits not only to the two countries but also to the world. The fact that Japan and EU recently basically agree to have FTA is highly appreciated. Will and can the two parties agree on dispute settlement scheme using tribunals as attempted by EU-Canada agreement?

I responded that Japan and Germany can cooperate in many areas such as trade, technology and even the global politics particularly after the emergence of Trump administration which basically denies global cooperations both in economy and security, and the eruption of Brexit.

On the question of dispute settlement mechanism, I wish you ask directly honorable ambassador Takashi Yagi who has a professional understanding and authorized judgement.

Berlin Partner

We visited “Berlin Partner” which is located in Federal Ministry of Economy, and listened to lecture of Mr.Christian Treichel and enjoyed Q&A for 10:30~12:00.In Berlin Partner, it was planned originally to listen to the lecture of Mr. Stefan Frantzke, COO, and then to listen to the lecture of Mr. Treichel. But since Mr. Frantzke was unable to join us for emergent reason, we listened to a more detailed explanation of Mr. Treichel about activities of Berlin Partner.

Mr. Treichel is a program manager of international service. He had experience of working in Gulf area and Turkey. He travelled to Japan in 1992 to visit JETRO. The main activity of Berlin Partner is to appeal Berlin to prospective investors and

provide necessary services to help such investors to promote business in Berlin. Berlin city alone is one of the 16 states of Federal Republic Berlin Partner wishes to develop network with strong partners to make Berlin strong city. The objective and activities of Berlin Partner resembles that of JETRO, Japan External Trade Organization. Incidentally, Berlin and Tokyo are sister cities.

Berlin Partner is interested particularly to assist future oriented businesses with high skill and technology contents. Currently Berlin Partner supports 6000 projects, help assist networking venture companies and people.

Mr. Treichel spent some time explaining the historical background of Berlin after WWII. Sometime after the end of the war, Berlin was subdivided between East and West. East was controlled by Soviet Russia, while West was supported by the US, UK and France. While West Berlin was assisted by Western allies, East was not. Therefore there developed a huge differential in post war development. Many people fled from East to West Berlin. To stop such exodus, the wall was built in 1961. Many companies moved from Berlin to other places where they can take advantage of free environment such as Munich.

Recently, Berlin has become a completely different city, where venture people come in and get together from various parts of Europe and other areas. Berlin became the center of cross cultural communication. From such communications, seeds of innovation develop.

Mr. Treichel emphasizes that Berlin Partner distinguishes new companies and “start ups.” Recently, some 40000 new companies were created. They are just new companies. Berlin Partner recognizes 2400 start ups. Start Up companies are those who grow fast. They grow fast and within 5 to 6 years, 90% of them create new products or services. Berlin currently provides a place for 5th largest employers in German cities.

Berlin accommodates many Eco Systems. Its ranking was 70th in the world in

2014, and is 7th in 2017, only next to Tel Aviv, London, NY, Silicon Valley, and Shanghai. etc. Berlin accommodates more than 50 incubators and accelerators, provides more than 100 co-working spaces, and fosters more than 7500 start ups.

Mitsuhiko commented that Berlin had almost nothing in 2000 when he was studying as a high school student in Leipzig. He asked what made Berlin change as much. Mr. Treichel explained that conditions of Berlin today which attract many ambitious people from the rest of Europe and the world are: cheap living cost, cheap housing cost, openness of the society, using English as a common language, relatively high quality of life, rents are much cheaper than, say, in London. Recently critical mass of ventures are concentrated, therefore, both incumbents and newcomers can enjoy cross cultural interactions and stimulus.

Mr. Takeda who knows a lot about ventures in Berlin said that the city is very young. For instance, 25% of city population is younger than age 25. English is certainly a second language in this German city. However, it is the common official language. Berlin initiated recently a global “Start Up Alliances” soliciting Tel-Aviv, Paris, NY, London, Shanghai and LA.

Federal Ministry of Economy and Energy.

We visited Federal Ministry of Economy and Energy for 13:45 and 15:00. We were welcomed by Dr. Malte Hauschild and other officials who kindly gave us comprehensive lectures on major issues which EU faces ranging migration, terrorism, and economic performance and its challenges.

On the question of migration, in 2016 some 160000 migrants entered Germany. In 2017, the number of migrants was reduced remarkably. This decline reflects some considerations behind the general election in September 2017. Although the number of migrants was reduced, social pressures remain high. The main route for migrants to come to Germany or other European countries is

through Turkey. Recently, migration through Mediterranean sea.

Terrorism is still an increasing threat. Paris, Berlin and London have suffered from it. In two years, EU nations develop stronger border control. Pre-registration ESTA system like US is being prepared.

Economic performance: For this past year, economic performance has been improved in many areas of Europe, EU and Germany. ECB's financial policy is costly. Unemployment is still high. EU areas as a whole suffer from 10% unemployment, although it is much lower e.g. 3% in Eurozone. Youth unemployment reaches 20% in Spain. Debt crisis is still serious in Greece and Italy.

Brexit:

The second round of negotiation started last week. British side is not prepared. Here, the office staff circulated around a picture reported in FT in which negotiators of both sides sit around the table. While EU negotiators have a bunch of materials, UK negotiators had no paper at hand at all. Problems and Challenges: On the question of migration. EU has been pursuing a special arrangement with Turkey. EU is searching for strengthening border control. Economy is moving fast in the wave of "digitization."

EU is celebrating 60th anniversary since Rome Treaty which initiated the formation of EU. However, in recent years, in many countries like France, Netherlands, etc, political parties which accuse EU increased their influence although they were unable to get the support of majority people. The US is inclining to protectionist under Trump administration. EU should stay together. Togetherness is power. We also need to reform EU for stronger integrity and prosperity.

Mitsuhiro asked about debt problem of some EU members such as Italy, Greece. Dr Hauschild, having explained a complex structure of European banking

system and the complex processes to improve the situation, emphasized that the decision to create EURO was political that the creation of a single currency would strengthen EU, and added that there have been exceptions like Britain and Norway.

Mr. Schultz added that EU banking system can be more resilient with improvement of deposit protection system.

I commented about Mr. Macron and the burden reduction of Greece. Mr. Macron seems to propose a Euro fund or even to promote federalism in EU. In fact, federalism has been earnestly proposed by one of the founders of EU, M. Jan Monet, at the time of formation of EU. This was not realized because of a strong opposition of Charles de Gaulle. The question of reducing the fiscal burden of Greece has been proposed by some people as the suggestion of "hair cutting." However, parties involved such as Germany and other major members of EU and lending organizations have been of the position to ask Greece to do their homework of reforming its fiscal and structural reforms.

Mr. Schultz pointed out that EU members fully appreciate integrative process. However, Germany may be somewhat different. Although Germany makes full effort to cooperate with other EU countries for European integration, German attitude is more inclined to maintain nation state.

Germany suffered a fatal defeat in WWII. Japan's cost of the defeat was Okinawa and northern small islands. Germany lost a large territory east of Eder River currently added to Poland. Because Germany fully recognize the guilt during WWII, It worked for European integration and establishment of Euro zone. Eventually Germany found again a place in European community. EU integration carries on, but the idea of nation state still prevails strongly in Germany.

Yo asked about the cost of receiving migrants.

Dr. Hauschild responded that to keep the country open is important. After the

WWII, many Germans fled to other countries and they were accepted. It is the time for us to return such benefits to Syrian refugees. In the aging of society, accepting migrants may help supplement the supply of labor force. We will see. However, we need recognize that we have cost now. We don't know what the end result would be. Receiving young generation may help, but we don't know. We close some routes of migration but open others to keep some balance.

On the question of Brexit, Brussels are all worried. As we have shown in the picture of negotiation, British negotiators come without papers. What we worry is that we lose the ability to foresee the future. Brexit is a "wake up call" for Europe. Unpredictability of the course of Brexit as to where it would lead us is a serious concern.

IXDS visit:

We visited IXDS, IoT related industrial design and engineering lab for 16:00 to 17:15. IXDS is a pioneering venture company developing its activity in IoT and various types of designing. We were welcomed by Mr. Retto Wretch, the CEO of IXDS.

The office itself is designed in an unique fashion. It is open, just like a cafeteria. Staff are working anywhere they like. They work under flexible time arrangement. The office often provides open house day with interested visitors. Any people who are interested in activity of IXDS can participate.

Mr. Wretch emphasized that their design is user experience oriented. They provide service design and solutions.

Mr. Wretch has worked sometime ago in SONY design center. It was good but the problem there was that the center was not quite open. Openness is the key. IXDS often holds open house where anyone can join and exchange ideas openly.

We emphasize "service design." We believe technology provide service. For

instance, selling a car essentially should mean selling “mobility.” This is the essence of user experience service. What is important is to provide “good experience” to users. We promote “user centered approach.”

We will face in the future shortage of skills. We need to make use of skilled and unskilled workers together. Here, machines and IT should be integrated. Huge business opportunities behind B to B services. Manufacturing organizations can now provide new services using IT.

Start up is important. We encourage them to exit as soon as possible even though their businesses are not complete. Providing new services is important.

The process of innovation may be explained as consisting of three stages of development : 1. Understanding, 2. Systematization, and 3. Creation. We work with partners. They are ambitious companies, teams, individuals. They all share values with us. BMW for instance attempts to change society by mapping facilities. Block chains, self inspiring entrepreneurs provide constant challenges.

Education should be user centered. Need evangelize creative design. SONY was unfortunately not open. They thought that design should be kept secret. Why not open? We should seek “open innovation.”

In our lab, staff work 4 days a week. We need rest, We need change of pace for concentrated work.

We then met a venture entrepreneur who came from Japan and has been working to construct Ecosystem to build new business communities. He combines large companies, research institutes and start ups to create innovative incubator. Currently, 9 companies of electric power, water supply, gas supply, public transportation, etc are organized together trying to create a “smart city.”

Dialogue among the companies which have expertise of providing infra-

structure facilitates important synergy among them. They are integrated together by I o T. Digitalization is critical. Integrating electricity and mobility creates “e-mobility.”

He has been for long in the field of real estate business. He wished to create a smart city with the taste of Japanese traditional culture.

His basic objective is to create “incubation hub.” Germany is extremely stimulating in the sense of providing environment for ventures to create “start ups. Berlin is a highly conducive place. Land prices, and rents are cheap. In every weekend, some 15000 youngsters get together who come from all over Europe and other areas to enjoy free atmosphere, cross cultural communication and play.

Brexit will accelerate this phenomenon. The importance of UK market will decline. European continental market will be much more important. Germany will necessarily be the center. Prices are cheap in Berlin. Many talented young people come together in Berlin.

After this meeting, I and some members went back to our hotel to have dinner and rest. But the rest of the members continued to enjoy other venture capitalists for further conversation, and they went to join gathering of young and resourceful ventures who gathered together in Berlin from various parts of Europe and other places of the world till late, as late as even early morning. The Sonjuku members who took part in this night meetings and gatherings told me that I missed an important part of real business life of Berlin. I am glad to learn that young and vigorous Sonjuku members actually experienced a part of exciting life of young ventures in Berlin.

Day 6(July 20 Thursday)

Mr. Mark Hauptmann MP Meeting

We visited Mr. Mark Hauptmann at the Deutsch Reichstag(German Parliamentary) Bldg. Mr. Hauptmann is a young and active CDU member. He is currently 33 year old, and is looked after as the most promising young political leader of the country. We had a meeting with him on July 20 for 9:50 to 12:00.

Mr.Hauptmann kindly received us at the busiest moment for politicians when general election is only two months ahead. He said that most of his colleagues are now devoting themselves in grass-roots campaign for the forthcoming election, but he kindly spared his most precious time to see us in the Reichstag Bldg.

He has been a parliament member for four years. When he was young, he spent time in Japan staying Osaka and studied at Kannai Gaidai(Kannsai College of Foreign Language). He has been interested in politics since much younger age. His home town is Turing, green heart of Germany, where you can enjoy skiing all year around.

He said that German-Japan relations are good. Mr. Abe and Ms. Merkel have good relations. Mr. Abe attended Hanover IT convention where 120 Japanese companies displayed their products. Recently, Japan and EU agreed basically to have FTA agreement, which will boost mutual trade remarkably. EU-Korea FTA has increased trade between them as much as 55% in 2years. one plus one is three. This is the merit of FTA.

If Japan-EU FTA is put into practice, SME will be particularly helped. Large companies already have knowledge and experts which SME do not have. Japan can take advantage of fully enjoying the merit of large EU market having 500 million people.

Germany and Japan are closely tied up by advanced technologies and entrepreneurship such as robotics, I o T, auto drive, start ups, young entrepreneurs. Berlin is start up hub of the world. After Brexit with relative

decline of London, Berlin will be the center of Europe. Under Ms. May, soft Brexit will not be pursued. Hard Brexit will have huge impacts. Germany will be ever more important.

Currently, economic figures are excellent for Germany. Employment is increasing. Unemployment is lowest in decades. One million open jobs are unfilled. Large companies' performance is excellent. SME is strong. There are approx. 1600 SMEs leading the world business in their area. In Germany 1/4 of jobs are related to export. We have global export companies in such areas as machines, cars, chemicals etc.

Germany and Japan have similar challenges. Perhaps the largest is aging and declining population. We need to cement the gap between demand and supply of workforce by robots. We are impressed by a Japanese company, Cyberdine, to enable older people to be good workforce by their device.

Social networking is developing rapidly as seen in the development of Facebook, Amazon or e-Bay. Digital technology links between parts of traditional industry to create new industry. The 4th industrial revolution facilitated by digital technology is amazing. Autonomous driving is developing remarkably. We look forward to see its progress and achievements in Tokyo Olympics. We can drive autobahn at a speed of 170km/H. In a mega city like Tokyo, this is difficult. While autonomous driving is developing, we need to legal regulations and also insurance protections.

Germany and Japan are partners rather than competitors. We share similar values such as democracy, rule of law and freedom of speech. Japan's neighbor, China, has a great economy but in some aspects they have problems such as unfair business and trade practices, regulations on foreign investors as always they need to accept 50% partners, hidden subsidies in many aspects of business activities etc.

US role of agenda setting in global trade is diminishing especially they walk out of TPP. Now Germany and Japan need to work closely together to keep the order of the global market.

Berlin is fascinating for ventures and venture capitals. Businesses grow rapidly, particularly, start ups are vigorous. Venture capital funds, private investors are gathering to invest into start ups. State provide matching funds up to 20% of start ups. High tech funds, investment funds abroad are gathering more in Berlin. Berlin is becoming an European and global center for start ups. It attracts sophisticated IT specialists even from such countries as Ukraine and Russia.

Berlin is becoming the center of creative minds, creative thinking people in Europe. It is easy to come and join such community of Berlin. Rents and land prices are cheap.

Tomoya asked that in Berlin living cost and hiring cost seem to be much cheaper than in Tokyo thereby attract young ventures. Mr. Hauptmann responded that Berlin attracts young and creative people. We take advantage of free labor mobility thanks to Schengen agreement. We need skilled labor force. We welcome them.

Yo commented that he has been watching and accustomed to the German conventional political scene as symbolized by the rivalry between CDU and SPD and asked if there are any changes in the scene and also if German capitalism different from Anglo-Saxon capitalism.

Mr. Hauptmann commented that Germany is of social market economy, that is a capitalism with social conscience. 51% of government budget is spent for social matters such as education, pensions, childcare etc. Companies have freedom to make money but at the same time need to take care of those who need assistance. We think social benefits are important even though they are not productive. In this sense we are different from US.

On the question of rivalry between CDU and SPD, we admire that Ms. Merkel has been Chancellor for 12 years. Her approval rate is high. In Hamburg G20, many world leaders trust her. There have been many problems such as migration, Russian aggression to Ukraine, Libya issues etc. Merkel handled them well. SPD emphasizes social equality, benefits to workers etc. There are three major wings in German politics: namely, conservative wing, Social Democrat wing, and Liberal business friendly wing.

Yuhta said that he has been impressed by flourishing activities of ventures and venture capitalists in Berlin and asked if Berlin will become a venture hub like Silicon Valley. He also asked Mr. Hauptmann's view on Berlin new AP.

Mr. Hauptmann responded that Berlin will not be the next Silicon Valle. We will not copy others. We try to provide the best place for start ups. In US and UK, huge money come from pension funds etc. We have not yet come to the stage.

Referring to the influence of Brexit, he said that Singapore has been investing heavily in UK, and only low in Germany. Singapore now has to diversity its strategy. London, living cost is high. Today, good human resources move increasing away from London and move to other European countries and Berlin. UK's economic power and influence will decline. Europe will lose too. British global service will decline. Germany will also lose partner.

Refering to the question of AP, he said Berlin is not the perfect place. AP is a disaster. Hope right decisions will be made to open AP as soon as possible. Local government invest in education and social infra-structure. 400000 Turks live in Berlin. They have a big potential. Berlin is a global city. We would like to make Berlin more attractive. We would like to make investors more easier to invest. In Berlin, no need to talk in German. Everybody talks in English.

Mitsuhiko asked two questions: 1. what is the effect of aging on small and large cities, 2. how is the industrial progress.

Mr. Hauptmann responded that we are trying to enhance attractiveness of local towns. While workers tend to move from rural small cities to urban large cities, with the development internet connectivity, people can explore whatever they wish. The birth rate has been declining in Germany after reunification. In addition, we experience of a second wave for even lower birthrate since females born after 1995 have tendency not to have babies before age 25. The most critical industrial progress, namely, digitalization seems to fill the gap between small and large cities.

Ken asked a question about mindset of Germans. He argued that while German people seem to adapt to 4.0 industrial revolution, he suspects that established corporate managers in Japan cannot change their mindset that easily. He also asked the role of decentralization in Germany.

Mr. Hauptmann commented that he does not think that Japanese established companies' managers do change. Robots, for example, are far ahead in Japan relative to other countries. I know many excellent Japanese companies which adapt to new technology. There is a tendency in Germany that Germans love data protection.

As for decentralization, there are some 1600 SMEs in Germany which have high shares in the global market, and many of them locate in various cities and local towns. German strength stems partly from its decentralized structure of federalism and local initiatives. For example, Dusseldorf is famous for Japanese community, Frankfurt is a financial centre, and Berlin is a start up city, etc.

I asked what will be his plan to develop German-Japan relations. He replied that he has many ideas and plans. However, the most important is to get elected in the forthcoming election.

After the meeting with Mr. Mark Hauptmann MP, we took a nice lunch at a restaurant "Offenungszeiten" on the roof floor of Deutsch Reichstag Bldg. After a leisurely dinner we went to Berlin Central Station where we planned to take a

long distance train ICE no. 693. Shortly before we got on the train our Japanese guide, Mr. Ryo Kawanabe gave us some cautions not to miss the train because train sometimes starts from unreported platform. He gave each of us paper strip telling us this is a ticket.

The train ride was cozy. In the train there was a dining car which now does not exist any more in Japanese bullet trains. I enjoyed typical German dished on the train with one of the members, Shige. After relaxing in the dining car I went back to my seat in the designated car. Then a problem happened. A conductor came to me and asked to show her my ticket. I showed the paper strip given to me by our guide. She was puzzling. She said it was not a ticket. I insisted that this is the only paper I have. Then several conductors came to me a few times and insisted that this is not a ticket. They said that this is simply a reservation certificate.

One of them ordered me to come to the conductor's room. I rebutted saying "on what capacity can you order me to do so" I argued strongly that we are honest travelers and I show them all I have. They insisted that since we do not have legitimate ticket we need to pay all the cost of the tickets at the railway station and then we could reimburse them when we find legitimate tickets somewhere. I rejected to do so. We had some debate. After a while, one of the conductors came to me and gave me a signal that we can go without saying a word. This was a terrible experience. A few days after our arrival back to Japan, we learned after our strong inquiry to Japan Travel Bureau that it was due to the mistake of our Japanese guide in Berlin. He in fact failed to give us legitimate tickets.

Upon arriving at Frankfurt Central Station, we sat on benches in front of the station and enjoyed beer because it was so nice and cozy in the early evening of the town. We went to our hotel Steingeberger Frankfurter Hof. This is a traditional and quite distinguished hotel.

Day 7(July 21 Friday)

In the morning we met in our hotel lobby our guide Ms. Yayoi Aihara. She said she has been living in Frankfurt more than 15 years. She is very knowledgeable and told us many things about the city of Frankfurt am Main and neighboring area in our bus on the way for us to visit the natural renewable energy company Juwi. Unfortunately, I have no space here to introduce her interesting stories.

Juwi visit

We arrived at the gate of Juwi at 10:00 am. Juwi is the world second largest renewable energy company with its headquarter located in the neighborhood of Frankfurt, Germany, and has offices and operation sites all over the world. Juwi was introduced by an active member of Shimada Sonjuku, Mr. Ken Isono. Mr. Ken Isono is a highly prospective venture leader who manages a renewable energy venture "Natural Energy Corporation." He successfully made a remarkable joint venture contract with "Juwi" recently and solicited our group of Sonjuku to visit them when we visit Germany this time. Mr. Isono told us that he is contributing significantly this year to increase the business income of Juwi by promoting jointly construction of solar energy plant in Japan. When we arrived at the entrance of Juwi, we were welcomed by the top executives of the company: Mr. Stephen Hansen CEO, Mr. Michael Harr, and Mr. Mike Class.

Mike started his comprehensive explanation of the policy environment of renewable energy business in responding to the question of Ken on EU policy for renewable energy industry. He said that it is in the process of major transformation. It is a change of highly complex interactions of EU member states, competition in energy markets, involving power generation, power distribution and grid technology etc. Pricing of energy is the result of such highly complex political interactions of the players of the business taking advantage of constantly evolving technology. Having learned and discussed this complex structure and processes of energy policies of EU and in Germany for about an hour, we shifted our focus to learn about what Juwi has been doing.

Juwi was founded in 1966. The name of the company, Juwi, was taken after the names of the two founders of the company, Mr. Fred Jung(Ju) and Mr. Matthias Wilenbacher(Wi). Currently, Ju wi is operating with the capacity of 4300 megawatts using 2500 systems. It produces 7.2 billion KW/h which is good enough to supply power to 2.3 million households. The company has about 1000 operating sites in the world. The sales was 777 million Euro in 2016.

Following the comprehensive lectures, we enjoyed a lunch at a nice cafeteria. Foods are highly healthy oriented and much of it is produced in farms nearby run by the company.

We then made a site tour of power generation of solar panels and wind mills. This was a highly useful learning experience to see an important example of renewable energy production of Germany which is shifting rapidly to conventional fossil and nuclear energy to natural renewable energy.

After visiting Ju wi, we went back to the central area of city of Frankfurt to visit the oldest bank in Germany, Metzler Bank.

Metzler Bank Visit

We visited Metzler Bank for 15:00 to 17:00 in the afternoon of July 21, Friday. Mr. Gerhard Wiescheu warmly welcomed us. He told us that he is a good friend of Dr. Franz Waldenberger and offered this opportunity responding to the request of Franz. He is one of the 5 partners of the bank.

He started his presentation by telling us the history of Metzler bank. Metzler bank was founded in 1734. Ever since it has kept its business for 340 years. It is

rare that the banking business lasts this much. We have 800 employees, 5 partners. Metzler family was running a trading house in early years, trading of spices, clothes etc. and served the needs of King and Dukes.

Frankfurt was a free city. There was no boss at the top. People played the role of parliament. People decide their fate. Frankfurt geographically was the center of Germany and Europe. All come here from other countries. Most of them are merchants and in finance trade. Many coins of many countries were traded in Frankfurt. Metzler evaluated the values of the coins. It developed step by step to investment bank. Prussia led by Friedrich the Great needed money to expand its power. Metzler served them as bank. Then Metzler expanded its business from handling money to bonds.

In 1750, Metzler family had no male successor. Christina, female CEO, took the office as early as 250 years ago. Metzler family is flexible. Napoleon conquered Frankfurt. He controlled almost entire Europe. We went through WWI and WWII. We survived all such major changes. Why Metzler survived? We believe because Metzler never exposed to excessive risks. We were good at risk management.

Metzler family continued to the current 12th generation. We have good people, good technology, we can compete in evaluating businesses and advisory business.

We have 5 partners. They all have liabilities. If the bank has any problem, we all lose assets. 50 years or 100 years ago, there were businesses of such type. Now such institution is very few. We cannot even insure the loss. We need to be very cautious.

In 2007, Deutsche Bank appealed to target 2.5% of ROE. Metzler did not need to take risk and stayed away from such solicitation. Metzler is interested in long run business. Even though return may not be high, if interesting, we do the business. We need not depend on anyone like "analysts."

In 1945, mayor of Frankfurt said it would take 100 years to reconstruct. Metzler did much earlier, like Japan. We do business of pension management. Of 800 employees, 198 are programmers. We do modern banking. We invest a lot in ICT and computers. We have programs working with financial professors of Goethe University.

We trade on behalf of clients. We trade not on our own book. We conduct corporate finance business and M&A. Germany and Japan have many things in common, for example, the role of SME. We have powerful SMEs in Mittelland. Many of them are not listed but globally strong. German and Japanese companies will have much merits by working together. We wish to promote Japan-Germany business.

In October 2, 2017, we hold German-Japan symposium on Hydrogen and Energy industries at Kogyo Club in Tokyo. We have German Japan center in Berlin initiated by the agreement of PM Nakasone and PM Helmut Kohl in 1985. I am chairman of the board of the center.

Now, take a look at European situation. German worked hard with France and others to create Euro zone. The common word is "Let's do it together." After UK joined EU, both UK and EU member countries benefited a lot by increased business with UK. The complaint behind UK which led UK to choose Brexit is EU has no favorable treaties for UK. In the Brexit negotiation, UK seems too optimistic. UK will not get favorable result. Many financial businesses will come to Frankfurt.

Japanese banks and financial organizations cannot wait until EU and UK reach some sound agreement. Daiwa, Mitsubishi, Mizuho, Nomura all decided to come to Frankfurt. Others may go to Paris and Dublin.

Brexit was the result of Cameron's wrong decision to call for national referendum. Timing was wrong. After the Brexit decision, there arose many

demonstrations against the choice of Brexit in the referendum. Many young people did not go for referendum voting because they believed that the result of the referendum should be “stay.”

I asked how he views Macron’s reform proposal. He was wondering what kind of reform Macron really seek to realize. To him, the picture is not clear enough. And it is hard to expect French will work together to realize such reform.

ECB’s dilemma. ECB realizes that it should increase the policy interest rate. However, many EU member countries still need low interest rate for economic recovery.

It is not clear what UK really wants to pursue. Canadian or Norway model? Whichever the case, Brexit will make everyone lose. This is the disaster in EU history.

Ms. Merkel comes to Metzler Bank once a year. She listens to 7~8 people. I accompanied her to China and Japan. Mr. Abe gets along with Ms. Merkel very well. They talk in detail international issues. Japan and Germany share common values. We can cooperate well.

Ms. Merkel needs Mr. Macron. They discuss Brexit profoundly. It is obvious that Mr. Trump does not care of Europe. Europe needs common military to defend themselves. Decision making process of Europe will change. This is the first chance for Europe that Europe decides its own fate. Ms. Merkel is determined. Mr. Macron has a good sense of economy.

French labor market is inflexible. Macron needs to reduce military spending. He needs to pursue military reform, labor reform and pension reform. If you do not press more, you cannot attain results. Germany will help Mr. Macron’s effort by increasing fiscal spending.

Hard Brexit is a major problem. Take a case of BMW. BMW bought Rolls Royce, and Mini Car. They are mini-assembled in UK. After hard Brexit, that assembling is taxed every stage. Then, BMW will not be competitive.

Ms. May is zombi. She is politically weak. She cannot be a good negotiator. One could pursue some scenario. If it does not work, you can have another option. That is, ask the public to vote again. There could be a second referendum. UK is a country which always has had problems. Referendum for Brexit. Scotland wish to be independent and remain in EU. Ireland has also a conflict. There could be another referendum.

This was an incredibly fantastic meeting. We were so much impressed by the knowledge and experience of Mr. Wiesheu and his warm hospitality and kind care. After this wonderful session with him, we went back to hotel. In the evening we had a nice dinner at a cozy restaurant at the river side Main Nizza. Again we fully enjoyed the typical German dish of meat, sausages, cabbages, potatoes, beer and excellent German wines. This is the final German dinner in this trip.

After the dinner, most of Sonjuku members continued to enjoy beer and also had nice time in night clubs. This must be a good and learning experience for them.

Day 8(July 22 Saturday)

I enjoyed a nice breakfast in an outdoor table of the hotel restaurant with Tomoya, and had some walk to take a look at a business district of Frankfurt, we left the hotel to go to Frankfurt AP. We left Frankfurt AP at 12:10 heading for Japan via NH204.