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# Osaka Renaissance News

No2 January 2004

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Welcome to “Osaka Renaissance News”! - The email newsletter of Osaka City Government’s “Urban Revitalization Task Force”.

## **The Osaka Urban Revitalization Task Force**

We are the first *City Task Force* established in Japan to address urban regeneration and revitalization. For this we are also collaborating with the central government’s “Urban Renaissance Program”. The role of the task force is to coordinate and promote the set of initiatives that taken together form the Osaka Revitalization Plan.

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## **The Newsletter**

The newsletter is published on a monthly basis, and distributed through multiple email channels to spread the word about Osaka’s revitalization. The letter is designed to provide more background and analysis about what is happening in Osaka under the theme of urban renaissance. If you have found the information of interest, please let us know, and please forward the letter to others in your network. We want to make as many people as possible aware of the changes going on in this major market, and of the opportunities available. We hope you will enjoy discovering the possibilities with us.

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## **The Osaka City Blue Print for Urban Revitalization covers:**

- Urban regeneration
- Business stimulation (notably through technology clustering)
- Tourism and life-style services
- Education – especially professional and life-time learning
- Foreign direct investment

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## **CONTENT OF NEWSLETTER**

**No2 January 2004**

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- ❖ **(1) Differences with the West**
  - ❖ **(2) Concept of sustainability**
  - ❖ **(3) The movement called New Urbanism**
  - ❖ **(4) The UK experience**
  - ❖ **(5) What Osaka is doing**
  - ❖ **(6) North Umeda Redevelopment Project**
  - ❖ **(7) Role of deregulation**
  - ❖ **(8) Role of leadership**
  - ❖ **(9) Osaka Revitalisation Plan**
  - ❖ **(10) Kansai-wide Plan**
  - ❖ **(11) City identity**
  - ❖ **(12) A Renaissance City in Asia**
- .....

## Author's Introduction

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It is hard to tell if a city is changing unless you live and breathe it. I've had the opportunity to do that in London, from the early 1970s, when developers were cutting out great swathes of atmospherically-interesting areas with their ball and chains, through the excitement and battles of the Thatcher era, into the sunny uplands of modern urban regeneration, with a cast full of PR managers, lifestyle consultants, and designer types. I'm glad to have seen this new era dawn, in contrast to the misery of urban development in the 1960s and 1970s.

After rejecting the crude mathematics of the old developers London has developed into *the* international city. Its success rests on features which Osaka needs, such as an open, creative, and international approach. I had the privilege last October to participate in talks and hear presentations offered by leaders in the UK urban regeneration sector on an official visit to Osaka. I was inspired by what they have done in the

UK and around the world. I was also excited by the possibilities in Osaka, which their enthusiasm highlighted.

Time and again I recall walking around London's Covent Garden in the 1970s. It was empty and lifeless, as it awaited its fate, likely to be a ball and chain smashing it into oblivion. My hopes for its renaissance were ultimately fulfilled.

Now I find myself drawn in a different way to the opportunities for creating something like the "Covent Garden experience" in Osaka. The reason is there is a similar energy at street level to the old Covent Garden. In Osaka, new wave shops, restaurants, cafes, and small businesses keep emerging at street level, transforming the horizontal perspective into a kaleidoscope of visual experiences. So it is, as I walk around Osaka that I see the same seed-bed from which a broader urban revival may emerge, especially if the UK experience of creating sustainable and attractive communities prevails.

**Alex Stewart**

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The Osaka City Revitalization Task Force has commissioned Alex Stewart to author this newsletter series based on his work in assisting the British Consulate-General in Osaka to promote urban regeneration. He is the president of Alexander Capital Access Co., Ltd., an investment catalyst and communications company based in Osaka. He is also an Executive Adviser to the Osaka City Revitalization Task Force. Questions about these articles can be directed to him at: [alex@ac-access.com](mailto:alex@ac-access.com)

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## OSAKA'S URBAN RENAISSANCE IN AN INTERNATIONAL CONTEXT

*In this article we look at how Osaka's plans for urban revival compare with trends in urban regeneration overseas.*

### **(1) Differences with the West**

Urban regeneration emerged as a response to decaying city centres in the old industrial economies of the late 1970s. Inner city breakdown is not however the main issue in Japan, so much as the broader failure of the economy to respond to stimulatory measures. The economic structure in Japan is also different, which makes direct comparison with western countries risky. For example, the social solidarity of the post-war catch-up period is still relatively strong. This means that people are still willing to make sacrifices rather than demand time to enjoy the fruits of their labours; they put up with inferior housing conditions; and they still take orders from the top. Although changing, these cultural, social, and economic characteristics distinguish Japan still from the west.

In 2000, the central government introduced measures to help revive cities under the Special Measures Act for Urban Renaissance. The goal was

principally to help defeat deflation by making cities more attractive for investment. Osaka was one of the local governments strongly urging this course of action. The central government's plans for urban renewal are therefore very much Osaka's plans as well.

### **(2) Concept of sustainability**

In the west, current regeneration strategies are aimed at making the city more attractive both to live in and work in, and ultimately more economically sustainable. Featured within this increasingly is the importance of tourism, which provides cash to help finance improvements in the urban and cultural environment.

Sustainability is a key word in western-style urban regeneration. It implies the idea of both conservation, and dynamism. It also emphasises community, which has made the participation of local residents vital to the design and development of sustainable communities. In other words, under the sustainability

concept ideas are sought from the users of services, instead of handed down to them.

The focus on the user (customer) has derived largely from the revolution in the UK during the Thatcher period of government when deregulation and liberalisation were employed as policy tools to enable business methods to operate in support of the provision of public services. The magnitude of the changes these produced was made possible by the fact that it had become widely accepted that only dramatic solutions would solve the dire problems confronting the UK. From this arose one of the most effective methods for helping to find solutions to the lack of finance and risk taking in the public sector – public-private partnerships, which unite the know how of the private sector with public funds and management control.

### **(3) The movement called New Urbanism**

The first cities to adopt public-private partnerships were in the US, where cities like Baltimore and Pittsburgh achieved dramatic results by tapping private sector know how. It was in the US too that the movement called New Urbanism began. This movement provides much of the intellectual drive behind urban regeneration. One of its goals - revolutionary compared to the thinking until quite recently - is to make towns people-centric. In the US, the dominance of the car, industrial scale (as opposed to human scale) and out-of-town shopping malls, have threatened to separate people from their communities. Although these problems are less pronounced in Japan, where people live closer together and rely on public transport, the focus on

improving the quality of life is still deeply relevant.

### **(4) The UK experience**

The US is an inspirational source of ideas, but it is to countries like the UK, which have more similar urban characteristics, that Osaka is turning. The most important exchange to date occurred in October 2003, when a high-level mission from the UK, comprising experts in urban regeneration, led by a divisional director from the urban policy unit of the central government, visited Osaka to give presentations and exchange views. Follow-up missions to the UK are now planned, and an expert from the UK has been appointed to provide an international perspective to promote urban revitalisation of the city.

*The following is a summary of key points made by the UK mission:*

- There has to be a “realisation point” that things cannot go on unchanged
- There must be a compelling vision which is widely shared
- To build this vision broad community participation is necessary
- To redevelop large sites vacant possession and a planning framework under a unified ownership agreement is vital
- Public-private partnerships are the best method to finance public projects
- Strong leadership is necessary to move things forward, both at the executive and government levels
- An holistic approach, which includes understanding regional linkages, is important for the development of a total brief.

### **(5) What Osaka is doing**

Osaka has reached the “realisation point” that things have to change because of the severe economic situation it faces, while it realises that it has to find ways to engage with the private sector in order to release sources of finance and creativity.

The city articulated its clearest and most comprehensive statement to date about how it plans to revitalise the economy with the launch of the Urban Revitalisation Plan (March 2003). The plan provides a blue print for pulling together key initiatives, which embrace regeneration of the built environment, together with economic and social renewal.

### **(6) North Umeda Re-development Project**

There are signs that public participation is being taken seriously at the micro level. For example, to prepare for the re-development of the North Umeda rail yard – the largest urban redevelopment project in Japan - the city took the initiative to hold an open competition to select the best concept plans, which attracted hundreds of entries. It then provided opportunities for local people to view and comment on the proposals, and stimulated heavy press coverage. Even so, at a comparable-sized project in London to redevelop the freight yard at King’s Cross Station, the Chief Executive of the company responsible for the development (who participated in the UK Mission to Osaka in October) explained that it was not on the basis of a master plan that his company was chosen to lead the development, but on its proven ability to work in partnership with the local community.

What is very encouraging is that the city has organised a working group comprised of leading figures in business, government and academia to guide development of the North Umeda site. The site itself occupies a prime location, next to the largest rail hub in western Japan, and by virtue of its size and location it will have a major impact on how Osaka is perceived, as well as the way it functions. The development of the site therefore is of crucial importance to the future of Osaka.

The most important product of this public-private partnership is to create an organisation, which will purchase the site and hence control development rather than parcel it out to different owners. This is vitally important because, as the UK mission pointed out, it would be impossible to exercise an overall planning brief if the site was in several ownerships. The city is therefore in a much better position to control land use and hence its goal of making North Umeda, in its words, “the nucleus of international activity” in a more open, cosmopolitan and dynamic city.

### **(7) Role of deregulation**

Osaka city has as yet had no experience of using Private Finance Initiatives of the kind popular in the UK. A PFI Law was introduced in Japan in 2000, and since then some regional cities have experimented with it. In the meantime though, Osaka has created conditions for new public-private solutions by gaining the consent of central government to designate its whole downtown area as a deregulated zone under the Special Structural Reform Law introduced in 2002. The new law allows local governments to promote one sector of the economy, such as health care, in

order to make maximum use of the private sector to generate investment and growth.

The central government is also requiring cities stipulated under the Special Measures Act for Urban Renaissance to apply building regulations more flexibly. Under the old system there was no fixed time limit for example to review planning applications, but under the new law a time limit of six months is now imposed. The new Act has also relaxed further regulations on the Floor Area Ratio (FAR), a measure which governs the height of buildings. The specified ratio in the downtown commercial area is approximately 1000%, but the new Sogo Department store development, now under construction, has been granted a FAR of 1,300%.

#### **(8) Role of leadership**

Amidst these many changes, strong leadership is essential as the UK mission noted many times. What leadership can achieve is illustrated in the case of Barcelona in Spain, which succeeded under its mayor, Pasqual Maragell, in holding the 1992 Olympics. One of his sayings, “you can’t make an omelette without breaking eggs”, applies to any situation where the status quo has to be challenged. Osaka has the determination to be a status quo buster. Maragell’s focus on the Olympics enabled him to draw the public around his goal of turning Barcelona into a major international city. Like Osaka, Barcelona is a port city, and like Osaka, it suffers from second city status, being overshadowed by the capital Madrid. Both cities have fiercely independent regional characteristics. As a result of these similarities, Barcelona presents a

good role model for the restless ambitions of Osaka too.

Osaka elected its new mayor, Junichi Seki, in November 2003. As a first step he appointed as his deputy a highly unconventional young female lawyer, Mitsuyo Ohara, widely respected for her energy and straight speaking. Many take this as a sign that there will be “eggs broken” under his tenure. He also has a powerful inheritance from his grandfather, Hajime Seki, who was Osaka’s most influential mayor, holding office in the pre-war years, and responsible for the construction of Osaka’s most important public thoroughfare, and key urban feature, the Midosuji Avenue, completed in 1937.

#### **(9) The Revitalisation Plan**

The new mayor and the staff of city hall should benefit greatly from the more integrative approach promoted by advocates of urban regeneration, since the city is now seeking to concentrate a number of initiatives into one major plan. The three key initiatives are:

- 1) strengthening the business base by stimulating new-style industries (notably advanced robotics)
- 2) enhancing the visitor attractions of Osaka in order to build up tourism as a new business sector
- 3) promotion of highly attractive urban development projects, which support tourism and inward investment

The formation of the Revitalisation Task Force – the first established in Japan - is designed to ensure that these initiatives are co-ordinated and focused. The existence of the Task Force also puts the city in a position to adopt a more holistic

approach to city planning, as advocated by the UK mission. This is essential to counteract one weakness of the system in Japan whereby change is blocked by differences between finely balanced interest groups inside and outside government.

#### **(10) Kansai-wide Plan**

Osaka's revitalisation plans are linked to a wider regional plan, which falls within central government's Urban Renaissance strategy. It is led by central government agencies, such as the Kinki Regional Development Bureau of the Ministry of Land, Infrastructure and Transport. There is an executive group, called the Kansai Area Metropolitan Promotion Team, comprised of the planning sections of the four major regional cities, together with private industry associations. Regional linkages promoted by this Group include water, which is essential for the creation of Osaka's Water Metropolis Plan; the bio-informatics highway project, which links the region's leading centres of research; and travel itineraries for tourists encouraging them to explore the wider Kansai region. It is also significant that the North Umeda rail yard site is treated as a "nucleus" project for the whole of the Kansai. This is probably the first time that a city development project has been linked to a wider regional plan.

Regional cooperation is important. In the UK competition between regions was typical. Now though Manchester has developed a Greater Manchester Area concept, comprising the ten local authorities around it. Before then each authority had its own inward investment team, but under the regional approach there is now a single team. There is also much more cooperation between

Manchester and its former nemesis, Liverpool, since both have discovered that what is good for one is usually good for the other.

One reason why it would be beneficial for Osaka to establish stronger linkages with the wider Kansai area is to compete with megapolises in Asia, such as Singapore. The Kansai region is larger than most economies in Asia, not to mention cities. Osaka also has the advantage that it is closer geographically to Asia than Tokyo.

#### **(11) City identity**

However, Singapore presents a fast-moving target to catch. To strengthen its overall attractiveness it is developing a new Master Plan, focusing on what it calls "heartware" issues – notably, identity and lifestyle. To compete with cities like Singapore, Osaka must also strengthen its identity, namely how it differentiates itself. Manchester does this by focusing on education (notably Manchester University) and sports (e.g. Manchester United Football Club).

Osaka has more in common with Manchester than Singapore when it comes to city assets to market: it has one of the top universities in Japan, and like Manchester it has bid to hold the Olympic Games (the 2008 Games which it lost to Beijing). Other valuable differentiators include its importance as a retail fashion centre, where it boasts a higher density of retail outlets than any other city in Japan.

Osaka may take heart that there have been remarkable solutions to the problems of identity. The best example perhaps is Bilbao in northern Spain. Once a grimy industrial port, it decided

to take the high road by remaking itself as a cultural mecca. It did so by inviting the Guggenheim Museum of New York to open its European cultural centre in the heart of the city. The building tab was \$100m, in return for which Bilbao acquired one of the most dramatic architectural set-pieces of the twentieth century. It was an Olympian scale action in the world of culture, and very risky to pull off. However, it paid off, and as a result the city has become one of the “renaissance” capitals of Europe.

**(12) Challenge to become a Renaissance City in Asia**

Osaka’s opportunity to re-brand itself revolves especially upon the re-

development of the North Umeda freight yard. The transformed area could host a major cultural centre, or become a first-class international business zone serving western Japan and Asia. Whatever it becomes, it must be dramatic, to act as a symbol of a Renaissance city in Asia, serving as the gateway, not only to Kansai, but to the whole of Japan. This is the exciting challenge for which Osaka city is poised.

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