
Osaka Renaissance News

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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 issues within a common framework. We also collaborate 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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“Osaka Renaissance News” is distributed through multiple email channels to spread the word about important initiatives taking place in Osaka.

This Issue: Tokyo Business Leaders Forum

In July, the City held the first in a series of meetings to bring leaders of the foreign business community in Tokyo together with senior officials of the City of Osaka for presentations and discussion over a working lunch.

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THE TOKYO LEADERS FORUM

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INTRODUCTION

If you want to satisfy the customer you need to listen first to what the customer is saying. That is the principle behind a series of forum meetings which the City of Osaka is conducting in Tokyo under the title, "Tokyo Business Leaders Forum". The first was held in July. Fifteen leaders of foreign companies in Tokyo participated. A total of four such meetings are planned during the fiscal year, with the last one in Osaka, which will give participants a chance to see the changes underway in Osaka close up.

At the July event, the City presented its City Revitalisation Strategy focusing on major urban redevelopment projects. Each participant was invited to offer feedback. In view of the time, each participant focused on one area for comment. Common themes that emerged were: Osaka has a unique identity, which should be preserved and strengthened; the quality of life and quality of the built environment will help set Osaka apart from other cities; strategic marketing and a strategic city master plan are needed to guide the city forward; Osaka should have confidence in itself and not try to follow Tokyo.

There was specific advice in a variety of areas linked either to urban revitalisation or helping foreign companies to gain better access or understanding of the local market.

One message which emerged is that Osaka has unique assets. Two noted by many of the participants were: the redevelopment of the freight yard area north of Umeda Station; and the Midosuji Boulevard. These two assets guarantee that Osaka will become even more important as the gateway to the Kansai region. Foreign companies which decide to expand their business in west Japan are more likely to decide to build or expand their base in Osaka as a result.

It was clear that most of the foreign business leaders share the view that Osaka has an exciting future, especially in comparison with its much less exciting recent past. Things are on the move. The advice is that anyone interested in understanding this needs to visit and see it for themselves

Alex Stewart

OSAKA RENAISSANCE NEWS

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TOKYO LEADERS FORUM

Osaka can be confident in its assets was the message from the Tokyo Business Leaders Forum in Tokyo.

(1) Concept of Leaders' Forum

On July 6th, the City of Osaka held the first in a series of meetings in Tokyo under the title, "Tokyo Business Leaders Forum." Fifteen business leaders attended, mostly from major international companies. Participants listened to presentations and discussed the theme of urban regeneration over a working lunch.

The 15 business leaders represented companies mainly in service areas. From the financial sector: AIG, HSBC, Calyon, and Merrill Lynch. From the property-related sector: AMB Black Pine, GIC Real Estate, Agora Development and Colliers Halifax. In other service-related areas: DHL Exel and Wall Street Associates (a bilingual recruitment company). Two smaller companies from Denmark: a media promoter who is currently the head of the Danish Chamber, and a furniture company, Carl Hansen. Finally, three super-brand companies: LVMH, Chanel and Caran d'Ache.

The goal of the Forum is two-fold: 1) to create better access to key parts of the Tokyo foreign business community; 2) to obtain fresh ideas through this network on how to improve conditions for foreign investment. In return, the

City provides information about current developments and contacts with senior city officials.

The Mayor of Osaka, Dr. Jun-ichi Seki, hosted the meeting. His address highlighted: 1) the recent start on redeveloping the Umeda Station Yard; 2) the IAAF World Athletics Championships, which will be held in Osaka in 2007; 3) an agreement with University College London for medical collaboration.

The Mayor pointed out that Osaka is undergoing change under a program of administrative structural reforms. He mentioned specifically "Small government", "Privatisation", and "Urban Regeneration". One objective of Small government is to find ways to transfer more public services into the private sector. Together with privatization these are areas of potential interest to foreign companies and financial institutions. Urban Regeneration is designed to stimulate investment in city centres and foreign investment here is also welcome.

The Mayor's address was followed by a presentation about how the City is promoting itself to the foreign business community. Highlighted were: the

Osaka Foreign Business Network Club, which meets four times a year under the auspices of the Mayor; a major conference in Tokyo to promote awareness of Osaka under the theme: “Regional Risk Diversification: the choice of Osaka for a Second City Strategy,” which took place in September 2005; and the publication of a book, co-sponsored mainly by the foreign business community, called “Osaka Renaissance” published in May 2006.

(2) Osaka North Station Area

The City described six key urban redevelopment projects, and then focused on the Osaka Station Yard project, where the sale of the first block of land to a group headed by Orix Real Estate, had recently taken place in May. The purchaser is required to develop a set of buildings which will attract high-tech tenants, including university research labs and spin out companies. The current plan consists of an exciting open space, looking like a ‘bull pen’ or ‘stadium’ surrounded by a circle of shops and workshops where companies can show off new technologies. Above this is a tall office tower which will offer ideal office space for companies in areas related to life-style and new technologies. Key industries which the city wants to attract are: advanced (autonomous) robotics, ubiquitous IT (wireless and mobile applications which could be linked to robots), and new medical technologies.

The location is the best in Kansai: right next to the busiest transport hub in western Japan where there are 2.5 million passenger movements *daily!* This makes it much more likely that the promoters will be successful in attracting

high-class tenants. Osaka already has a very strong foundation in robotics and ubiquitous IT. The city has co-branded itself with the RoboCup competition for example. This competition has the half-serious goal of developing an autonomous team of robots capable of defeating the World Cup champions by 2050. For the last three years the Osaka Team has won the competition’s most prestigious humanoid category.

The North Station Yard redevelopment has triggered a spate of redevelopment projects around the central Umeda area. The first is the redevelopment of Osaka JR station. Both the station and the first stage of the Station Yard redevelopment, will be completed in 2011. Osaka will then have for the first time: a gleaming station approach, a very high-class group of office, residential, commercial and hotel facilities – and a genuine downtown centre.

The significance of this is it will create a very attractive (and convenient) location to establish or expand a west Japan headquarters presence. A number of foreign companies have already remarked to the City that the existence of top quality office accommodation, in a supremely convenient location, will have a psychological impact on their decision to expand or locate an office in Osaka.

This was the signal for the Forum to begin to discuss the city’s potential. Two of the property developers commented on their interest in the development potential, and hoped as well it would become easier for foreign participation. One remarked how much the City had helped in providing advice on

opportunities in the city for development work.

(3) Comments by financial institutions

The financial services sector is also a good candidate for the new North Station Yard site. The trend in Europe is for more financial service companies to move back office operations to regional cities. Many financial service consulting companies have established offices to provide services to the local market. In Osaka, UBS recently opened an office in the Umeda area with a substantial staff to offer private wealth management services; this may be an early indication of a trend.

The trend until recently however has been for major foreign banks to withdraw from Osaka and consolidate all their operations in Tokyo. The two major banks still active in Osaka are: Calyon (formed through the merger of Credit Lyonnais investment banking division and Credit Agricole Indosuez), and Hong Kong Shanghai Bank (HSBC). Traditionally, the major trading houses, like Marubeni and Itochu, were major customers, but most of their business has moved to Tokyo. Even so, both banks believe there is good potential in Osaka. Calyon noted in particular that to secure business from smaller companies, headquartered in Osaka, face-to-face contact and trust building is essential. For banks with a long-term approach developing regional customers can sharpen the whole group's capacity to service the Japanese market.

HSBC wondered how Osaka could celebrate its history more. HSBC had just celebrated its 140th year in Japan in June, and the fact that it the oldest foreign bank in Japan. In a

commemoration ceremony, it had donated money to the City of Yokohama for use in the restoration and preservation of historic buildings. As HSBC noted, a sense of pride in the past can serve to improve the quality of life for citizens and give more appeal to visitors.

Merrill Lynch Securities is one of the only foreign securities companies which has had a continuous presence outside Tokyo. In 2004, its research department focused on investment opportunities in regional cities and published two major reports on Osaka to highlight the "turn around" potential of the economy. Merrill also hosted a number of conferences under the theme of New Japan which focused on Osaka as an example of a new regional city. At the Forum, Merrill Lynch emphasised that Osaka needed to focus on its unique assets and not worry about competition with other cities, especially Tokyo.

AIG spoke from the point of view of regional diversification. It has built one of the largest purpose-built call centres, near Nagasaki, and a disaster back up site and call centre in Kobe. These and other investments outside Tokyo have given it one of the most advanced geographic diversification strategies in Japan. The investment is justified because even a few days of interruption to its business could have a massive impact on profits. The challenge for companies like AIG is how to build a stronger sales presence while at the same time using this to disperse risk over a larger number of local operating units.

(4) Comments by Super Brand companies

The two Super Brand companies, Chanel and LVMH, talked about city lifestyle. Chanel was the first super brand to open a stand-alone store in Osaka (not inside a department store). After opening in 1997 it had a transformational effect on the surrounding shopping area of Shinsaibashi, turning it into the brand centre of Kansai. That in turn had a ripple effect into neighbouring areas. Chanel pointed out how more could be done to enhance the quality of popular culture. It cited the example of an event in Paris, called the “Night of the Music”. The problem often in Japan though is that police and fire departments place numerous restrictions on street activities. Osaka could use the Superbrands to put more pressure on the authorities to loosen these restrictions.

LVMH has an even bigger presence in the area, and most recently acquired a prime site on Midosuji near its existing Louis Vuitton flagship store. Here it is planning to group several of its other brands in one location. The key to the location is the Midosuji Boulevard – a 4.4km of 44m wide boulevard, which runs north south through the centre of Osaka, including Shinsaibashi. LVMH pointed out that it is very important that landowners continue to upgrade the buildings along the Midosuji and hoped that the city would relax building heights set back from the street. Again, Osaka was encouraged not to copy superbrand areas like Marunouchi in Tokyo but to find its own style.

(5) Urban Planning Strategies

The focus on quality of life was echoed by many of the other speakers. Wall Street Associates emphasised the importance of preserving the natural environment – the ‘luxury’ of open skies

and views to the mountains. Osaka is bordered on two sides by mountains and faces the sea, so it can play to these advantages. Agora Development explained that many cities in Europe and the USA have developed an urban master plan which helps to guide their regeneration strategies. Bearing in mind this experience, it encouraged the city to invite foreign specialists to work alongside local urban planners.

Colliers Halifax spoke of the need for an overall marketing plan for the city. This includes an analysis of the city’s existing assets, how to develop them, and a plan to promote them. Caran D’Ache’s Japan representative, who is also head of the Swiss Chamber in Japan, spoke of the need to identify target sectors which the government desires to support and to offer strong incentives to support investment into those areas.

(6) Collaboration

Many participants commented on what more the City can do to support companies which are expanding in Osaka. One example is DHL Exel, which is growing rapidly after acquiring all of the operating assets of Fujitsu Logistics. Danish furniture maker, Carl Hansen, on the other hand, found sales in Osaka much harder to achieve than Tokyo. The Danish Chamber representative proposed a Danish event to raise awareness of Danish style. The German community holds a very successful Christmas Fair in Osaka every year.

The City is focusing on the quality of the urban landscape and the promotion of high-value industries – notably advanced robotics, ubiquitous IT (wireless applications) and medical welfare. The

advice of the foreign business leaders
was to continue to clarify these

opportunities and to play to their
strengths.

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