
Osaka Renaissance News

No 24. November 2006

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 from 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: Osaka on CNN

CNN’s ‘*Foreign Business Traveller*’ visited Osaka in November to make a program on doing business in Osaka. We provided support for the production team.

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CONTACT POINT

Osaka City Urban Revitalization Task Force

Toru Takahashi, Deputy Director, Office of Urban Revitalization and Promotion

Tel: 06 6208 7836

Fax: 06 6202 0910

Email: takahashi@osaka-saisei.jp

URL: www.osaka-saisei.jp/eng/index.html

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AUTHOR

The Osaka City Revitalization Task Force has commissioned Alex Stewart to author this series of newsletters. He is the president of Alexander Capital Access Co., Ltd., which is an investment catalyst, based in Osaka. He is also an Adviser to the Osaka City Revitalization Task Force. Questions about these articles can be directed to him at: alex@ac-access.com

OSAKA ON CNN

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INTRODUCTION

After publishing *Osaka Renaissance News* for nearly three years, it would be nice to think that the positive vibe is getting out. We hoped so when late in 2006, CNN contacted us for help to do a feature on Osaka for business travellers, which would show world wide, on three different days and at three different times – a massive exposure!

The '*Foreign Business Traveller*' program has been running for nearly four years, so the presenter, Richard Quest, has seen a lot of foreign cities, but had not yet seen Osaka. The program aired in mid-December; happily it did not contradict any of the positive things we have been writing about Osaka.

As we participated in the filming for one of the days we had the opportunity to see behind the camera at what impressed the program team: This included the punctuality and efficiency of the transportation system, fairly par for Japan; the warmth of the people, not so noticeable in Tokyo; and the size of the regional economy.

The fact that it took the program makers four years to find Osaka is an indication that the city is still too far off the beaten track. However, the program suggested strongly that it should be on more business travellers' itineraries.

What can the City learn from this? It should be proud of its efficient transport system and general public infrastructure; the character of its hardworking, open-minded and cheerful people is another definite asset; and that Osaka makes an excellent base for foreign companies that want to target Japan and China together.

Perhaps the biggest surprise for the program makers, however, was that the cost of doing business is so reasonable. Richard Quest had a large amount of change left over from his daily budget, even after hosting a business lunch for four. One wonders what cost of living surveys of foreign cities measure? Fortunately, Quest was able to discover the truth, that doing business in Osaka need not be expensive.

Alex Stewart

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OSAKA ON CNN

After being so long in the shadows of Tokyo, Osaka emerges in an upbeat program on doing business here, aired by CNN in December.

(1) Regions must attract foreign investment

Cities are competing aggressively to attract foreign investment from all over the world. Japan for a long time was exempt from this. This changed when former Prime Minister Koizumi made a pledge to increase the amount of foreign direct investment as a percentage of Japan's GDP to 4%, especially targeting investment into the regional economies. To work alongside this he launched a regional city revitalization strategy, which gave a special place to cities like Osaka to go out and do more to change their image and attract investment.

Making comparisons between cities is now commonplace, and there are many different ranking tables to help businesses decide on a best business location. CNN for example runs a program called, '*Foreign Business Traveller*', which every month covers a different city to give foreign business people insights into the local business culture. In December, the program covered Osaka.

(2) CNN's first visit to Osaka

The series has been running for almost four years, fronted by Richard Quest. Despite his frequent air miles and visits

to Japan (Tokyo), he had never visited Osaka. In his blog, he wrote:

I am actually in Osaka; the first time I have been to this city. I think this is the best part of a job on the road. No matter how many times you have been to some places there is always a new one awaiting you. It's a fascinating city, made more so by my meeting today with the Mayor of Osaka. His English was flawless and we enjoyed a good conversation about whether Japan really is that expensive for the business traveller.

We have been working under the City's direction to promote Osaka for several years, it is therefore very encouraging that CNN has finally 'found' Osaka. And does this mean the 'buzz' is finally reaching the ears of opinion makers? The program was aired at 9 different times over three different days so it was likely viewed by several million people. For the many who probably knew nothing about Osaka the program showed that it is still, in spirit, Japan's real 'Second City' and ought to be included on any business visit to Japan.

(3) Visual imagery

How the program described Osaka through its choice of visual images was revealing too. The opening scene showed a night-time view of the presenter standing amidst the neon blaze

of the Dotonbori theatre and bar district. This is quintessential Osaka: the hustle, the glare, and the excitement of the city. Dotonbori is about having fun, the Piccadilly Circus of Osaka.

In contrast, most of the day-time images of the city showed the frontages of famous international brand shops. It gave the impression Osaka is a rich, international, and sophisticated city. More accurate than this though is that Osakans like shopping. Osaka is said to have more department store retail space per head of population than any city in Japan.

The other powerful image was a view of busy traffic and overhead rail transportation lines, forming a dense urban backdrop. It is also important to note that, unlike many other large Asian cities, Osaka is hardly ever gridlocked. One reason is that the public transport system is so efficient; another that under the city centre are acres of underground shopping malls. Osaka has the single largest underground mall in Japan. If it can appear that the street level is relatively quiet, the city is in fact crawling with activity in a parallel universe underground.

Too often international city comparisons focus only on measurable activity, such as costs. The fact that trains leave stations exactly on time ought to be one of the 'wonders of the world'. Punctuality and safety create 'peace of mind', which makes conducting business and private life pleasant and convenient. At least CNN recognised this.

(4) Meeting with the Mayor

The goal of '*Foreign Business Traveller*' is to find out what it is like to do

business here. The most important meeting to discuss this was with the Mayor of Osaka, Dr. Seki. The program makers highlighted key points he made: the effort Osaka City Government is making to attract foreign investment; the opportunity for small and medium size businesses; and Osaka's location near to Asia. The Mayor explained how the City is promoting inward investment by offering free incubator office space, available for up to six months for foreign companies, and subsidies of 5% of relevant costs up to a maximum of Y300 million.

The Mayor pointed out that Osaka is renowned as a centre of small manufacturing businesses. While manufacturing has shifted to Asia, a good many local companies have fought back by moving with their main clients to set up plants in Asia. These 'survivor types' continue to develop and refine new products and manufacturing processes, taking care to protect core technology in Japan, while using their offshore plants to remain competitive: Their distributed manufacturing capability and core technology present opportunities for smaller foreign companies trying to establish a position in Asia and Japan.

(5) Asian Gateway

Osaka's reputation as an Asian Gateway is illustrated by the fact that it has a higher incidence of trade with Asia than the rest of Japan. More flights fly to China from the region's international airport than any other airport in Japan. For example, it only takes 90 minutes to fly to Shanghai or Korea – almost as easy as flying the 'Shuttle' from London to Scotland. There is no 'common market' in Asia yet, but when it happens,

Osaka will certainly become even better positioned as an 'Asian Gateway'.

Some foreign companies have recognised Osaka as an Asian base. Smaller UK companies, like Malvern Instruments and IXYS Westcode, use it as the centre of their Asian operations. Hospira, a medical supply company, spun off from Abbott Laboratories of the US is a similar example on a much larger scale. Typically they have a major local customer or partner, and the market in Japan is much larger and further developed for their product or service still than elsewhere in Asia. They benefit as well from the fact that Osaka is conveniently located within Japan, closer to Asia, and as the CNN program showed, not much more expensive than other parts of Asia.

(6) Cost benefits

The biggest surprise for Richard Quest was that he could save money on a \$200/day business budget. He had \$50 unspent, even after buying a business lunch for four people. It was even possible to eat on Asian terms with a bowl of noodles for less than \$2 in a restaurant. He stayed in a normal business hotel, but for really cheap accommodation, he could have used an "Internet Café Hotel" that offered a cubicled area, with minimum genuine privacy, but all-night internet surfing, for only \$40.

Cultural differences were explored over a traditional Japanese lunch with two of Osaka's foreign business 'personalities' – Paul Dupuis, Director West Japan of the specialist recruitment company, Wall Street Associates, and Garr Reynolds, a

former Manager of Worldwide User Group Relations at Apple HQ, now an Associate Professor of Management at Osaka Gaidai University. They discussed the niceties of Japanese etiquette and business negotiations. Of interest is that while Japanese people tend to avoid direct speech, a relative advantage of Osaka is that business people tend to be deal makers so move more quickly to the point.

(7) Starting out in Osaka

If you can sell in Osaka, you can sell anywhere in Japan. The foreign business entrepreneurs in Osaka know this best. CNN visited the office of one of them: Joshua Flannery, a young Australian, who 'graduated' recently from one of the city's free 'incubator' offices. He is the Japan-based representative of an educational service company, Study Link that is building personal relationships to gain access to a large regional market.

It was the Mayor of Osaka who showed Osaka's character best. The film captures his warm exchanges - hand shaking, hand waving. and no formal bowing – to the disappointment of Richard Quest who had been practicing his. Often times it is 'soft' assets, like the character of the people, which distinguish a city most.

The CNN program provided a very needed antidote to the idea that Tokyo is Japan. They found a parallel universe of opportunity, at reasonable, almost 'Asian' prices, and a very warm welcome. The problem is that still not enough people know about this. However, it is a good beginning. **END**