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# Osaka Renaissance News

No 28. May 2007

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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 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: Universities

Osaka is known as a ‘city of merchants’ inside Japan. However, it also has an active education sector. In the new knowledge economy this is a vital resource, which the City government is keen to enhance through international collaboration.

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# UNIVERSITIES

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## INTRODUCTION

The Osaka Renaissance is about people, not just buildings. A city that attracts talent can experience a true renaissance. The City's view is that achieving a sizeable pool of qualified people will generate new values and enable sustainable development.

As part of this policy it is keen to see more graduate schools established in the city centre to expand training opportunities for professionals. It is also actively promoting the transfer of research from universities to local industry. Within this it wants to encourage more ties between universities in Osaka and overseas.

I recall an interview with the founder of a successful software company, started in Osaka, several years ago, at which he told me Osaka should focus on the quality of its people because: "50% of the successful entrepreneurs in Tokyo have come from the Kansai region". The figure struck me as subjective, but the lesson it taught me is that Osaka has a wonderful asset in its education sector.

Fortunately, this has been recognised by the city government. The Mayor of Osaka, Dr. Junichi Seki, has made education a key part of his mission to help Osaka become a "creative city, open to the world". As part of this, the government is actively pursuing links with foreign centres of learning, recognizing that to fulfil Osaka's potential it needs to attract fresh ideas and talent from all over the world.

One example is a Memorandum signed between Osaka City University and University College London (UCL) to collaborate on a research project into brain fatigue and the brain's sensory mechanisms. Osaka City is looking for more of these tie-ups between its own leading researchers and researchers overseas. To facilitate this it offers not only subsidies, but helps to introduce companies which could help sponsor or fund research collaboration. The realization of these projects will contribute hugely to Osaka's Renaissance.

**Alex Stewart**

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## UNIVERSITIES

*Mayor Seki's goal is to make Osaka a 'creative city, open to the world'. The new focus on education is a key part of his policy.*

### (1) The new dynamic in education

A city's true assets are its people. In the past, Osaka was renowned as a city of merchants (we would say entrepreneurs today). It was a vibrant creative centre, where new art forms found rich patrons, and entertainment flourished. It was famous too as the home of one of Japan's most important centres of learning, the Teki Juku School, founded by Koan Ogata. Many of the leaders of modern Japan, such as Yukichi Fukuzawa and Masujiro Omura, attended this school from the end of the Edo Period to the beginning of Meiji.

Japan is undergoing another transformation under the pressures of globalisation and open markets. These changes are affecting the education sector as much as the rest of the economy. Universities have been made independent and forced to compete for research funds and tuition fees. The declining population of young people has also forced universities to find other sources of income - such as offering courses for people in employment - or increasing the ratio of income from research activities.

The university sector is important to a city because it provides employment, increases the population of young people

in the city, and helps the transfer of knowledge into the private sector through research collaboration and venture spin outs. Osaka City wants to attract more creative people, especially in the knowledge industry. This is a major reason for developing what it calls a "Creative City" strategy, which will continue the renaissance begun under the City Revitalisation Program.

Competition for students, and talent, also means that universities have to compete beyond national frontiers. Osaka University entered into a university wide partnership with Groningen University in the Netherlands because Groningen is using English as a second teaching language to increase the ratio of overseas students to 20% over the next five years, and Osaka understands it must adopt similar strategies to prosper.

### (2) Asian students

In fact, there is already a university in Japan which has a 40% overseas student ratio, which is Ritsumeikan, a private university in Kyoto, close to Osaka. It achieved this by opening an 'Asia-Pacific Campus' in Kyushu, in Southern Japan, using as its main language of instruction English. It also opened a campus in Osaka, in 2003, which teaches some courses in English.

From the City of Osaka's point of view another advantage in having a young, international population, is the impact on the city's lifestyle. It is well aware of the success of Manchester University in the UK where the large number of students from overseas (approximately 40% of the total), has had a huge impact on the quality of life.

In Osaka, there were approximately 10,500 overseas students studying at local institutions, including language schools, in 2005, according to data from the Japan Student Services Organisation. The fact that almost 90% are from Asia underlines Osaka's potential as an Asian centre. A more youthful, Asian-oriented city generates demand for new services and helps to create a more cosmopolitan environment, which is vital for attracting more students, and ultimately more overseas business investment and tourism.

The success of Ritsumeikan in Kyushu could be repeated in Osaka. It could locate for example an 'Asian Campus' in Cosmosquare, near the existing 'Asia-Pacific Trade Centre'. Part of this artificial island is still a port, so it would offer hands-on experience to business students from around Asia to study the management of international distribution and logistic services. In the case of Osaka, the great majority of trade is with Asia, especially China. That means there would be many potential job opportunities for Chinese and Asian graduates in the Osaka area as well.

### **(3) Satellite campuses**

In order to offer more opportunities for people to obtain professional qualifications, the City has been

encouraging graduate schools to locate in the city. Between 2000 and 2005, approximately 20 universities (almost all of the major universities in the Kansai) opened a satellite campus in Osaka, most of these in 2004. The centres offer courses in management studies (MBAs) and law for 'shakai-jin' or working people. In 2005, Temple University of the US also opened a satellite office.

Some four years ago, when central government launched its 'structural zone deregulation plan,' the City applied for permission to allow private joint stock colleges to open facilities in the zone enabling them to be free of central government regulations. Tokyo Legal Minds and Digital Hollywood both established significant schools in the downtown as a result. Economically, they help attract more people into their localities. The same applies to many arts, media, music and fashion colleges in the areas around the main hubs of Umeda and Shinsaibashi, which attract a younger, more creative population.

A major initiative is 'Campus Innovation Centre' which opened in 2004 on land previously belonging to Osaka University Medical School, on Nakanoshima Island, in central Osaka. The Centre is a base for 9 universities around the Kansai region which can use the facilities for seminars and other kinds of teaching. There is also a large conference auditorium.

More recently, the city government helped establish a 'Consortium of Universities in Osaka' comprising 46 institutions of higher education. It allows participating institutions to offer course credits which students can use at other colleges, encourages collaboration

between its members, and facilitates joint promotion activities. The consortium is going to lease one floor of the 'Eki Mae No. 2 Building' next to Osaka Station, which is owned by Osaka City government, to use as a liaison office. The same building already has two floors leased to Osaka City University for teaching courses in entrepreneurship, urban planning and city infrastructure.

#### **(4) Subsidies to attract universities**

To attract universities from outside Osaka and the Kansai region, the City started offering subsidies in 2006 to encourage universities (including overseas) to establish facilities in the city. The main qualification is that they must be able to foster creative personnel. The subsidy covers 5% of capital investment costs, up to Y300mil (\$3mil), or half the rent for two years, up to a maximum of Y15,000/month/tsubo (3.3m<sup>3</sup>) and a maximum of 500 m<sup>2</sup>. From this fiscal year the City is also offering to cover part of the travel and accommodation costs for foreign universities to visit Osaka.

In response, Keio University, one of the top private universities in Japan, based in Tokyo, will open a media lab and facility for teaching media arts, which is due to open in spring 2008. It will be located on a site vacated by Osaka University Hospital, which is now being redeveloped as the headquarters of the Asahi Broadcasting Corporation. Keio also intends to conduct joint research activities with local companies.

#### **(5) Entry of foreign universities**

In April 2007, Carnegie Mellon University (Pittsburg, USA) agreed to establish a branch of its "Education

Technology Center" in Osaka. The Centre offers the only Masters course in the world in Entertainment Arts and Sciences. Students study among other things video games and entertainment robotics, much of which originated originally in the Osaka area (e.g. Nintendo in Kyoto or Panasonic in Osaka). The goal is to nurture new talent and build more linkages with local companies.

Osaka City has been actively promoting academic exchanges with Shanghai, particularly since the 30 year anniversary of their Sister City Agreement in 2004. One result was the signing, on May 10<sup>th</sup>, 2007, of a partnership accord between Tonji University, a leading research centred university in Shanghai, and Ritsumeikan University under which Tonji will offer courses in Chinese business and language at the Ritsumeikan satellite campus in Osaka. Following this, in 2008, they will start developing course materials for use in their MBA programs with the plan to launch a 'dual MBA program' in 2009. Ritsumeikan will host the coordination office.

University College London (UCL) signed an MOU with Osaka City University in June 2006 that followed a visit by the Mayor of Osaka, Dr. Jun-ichi Seki, to the University in 2004. It is likely to lead to research involving private sector companies. If realised this is likely to be the first case of a collaboration involving an overseas university, local companies, and local government.

Osaka City is also working hard to establish academic exchanges with Northwestern University in Chicago.

Osaka has a Sister City relationship with Chicago and Mayor Seki has visited it several times to develop stronger ties. As a first step, the city government gave a talk about the Osaka economy at the Northwestern University this January.

#### **(6) Promotion overseas**

Osaka is the base in Japan for a foreign-owned education service, called StudyLink, which specializes in providing cities and regions with an international education portal for promoting universities and colleges overseas. StudyLink's Japan director, Joshua Flannery, is keen to help the city promote Osaka as a research centre capable of attracting universities and venture-backed companies from outside Japan. StudyLink is therefore well placed to create and maintain a website designed to attract foreign universities.

StudyLink is a good example of the kind of new service which Mayor Seki is keen to attract: namely entrepreneurial companies, introducing new business models and fresh ideas. Dr. Seki has made the catchword, "Osaka, a creative city" a major platform of his policy making. His strong support for the foreign business community, promotion of inward investment, and desire to learn from his visits to cities overseas, are all linked to this.

#### **(7) Stimulating the knowledge economy**

Universities are making a vital contribution to the new 'knowledge economy' by assisting with the transfer of IP (intellectual property) to industry and commercialising IP through venture company spin outs. Over the last few years, the incorporation of public universities, the greater commercial

value placed on university IP, the establishment of TLOs (Technology Licensing Organisations) to transfer IP to industry, and the rise of the 'San-Kan-Gaku Renkei' model (Industry-Government-Academia Collaboration) have all led to a more dynamic role for universities in the economy. It has two-way benefits: universities are able to earn more income from working with private companies; while companies are able to enhance their ability to compete in the new Knowledge Economy.

In Osaka, local government and the university sector established one of the first and best known Technology Licensing Organisations, in 1998, when the first TLO Law was passed. At the time of its formation, Osaka TLO was the largest such organisation, representing 8 universities, and linking 4,000 faculty members. Each of its members employs a full- or part-time coordinator to work with industry. Related to this, the Osaka Institute of Technology became the first university in Japan, in April 2003, to establish a Faculty for Intellectual Property. These are examples of how Osaka is supporting its knowledge economy.

The 'San-Kan-Gaku Renkei' model finds its strongest expression in the management and promotion of knowledge clusters, which were described in the February ORN newsletter. Each cluster has a university and a government-funded secretariat in charge. Osaka University plays a key role in many of the clusters developed under the 'San-Kan-Gaku Renkei' model, notably in robotics, nanotechnology, and bio-medicine. The University is ranked in the top three in Japan, and first in a Nikkei survey of Departments of

Engineering. It is famous in particular for its medical school and biotechnology research.

Osaka University is also regarded as one of the most venture-oriented universities in Japan. In 2005, it established the '*Handai Blue Chips Group*' ('Handai' is shorthand for Osaka University) starting with 40 existing university spin out companies. The Group helps its members find new graduate recruits, facilitates venture capital introductions, and encourages them to share information. Members also receive incubator services from the University's Start Up Support Office. Several other universities have active spin out and incubator programs. The next step is to try and link the venture spin outs into global networks to help them scale up their businesses more quickly.

Domestic universities are also being required to collaborate with universities overseas in order to satisfy conditions for funding from Japan's public Research Councils. The government introduced a 'Centre of Excellence' (COE) program in 2001, which is designed to make universities compete for public research funds. The government has been expressing concern that university research in Japan is not attracting enough interest from Japanese industry, which is spending more with universities outside Japan. To correct this, the government wants Japanese universities to participate more in international research projects.

### **(8) UCL and the Knowledge Capital**

The Osaka City Graduate School of Medicine has obtained funding under the COE program for research into brain fatigue. Professor Yasuyoshi Watanabe, a world authority on the subject, heads up the research. At UCL, Professor Semir Zeki is another leading authority. The two professors are now planning to collaborate together as a result of the Mayor of Osaka's meeting with the Provost of UCL in 2004. The wider collaboration could include industry participation, partially brokered by the City.

The area next to Osaka Station, which is being developed as a 'Knowledge Capital Zone', would be the perfect location to test Professor Zeki's ideas related to how the brain processes sensory data. The Knowledge Capital is planned as an area where the public can interact with new technologies allowing researchers to receive feedback.

Mayor Seki and Professor Zeki are an unusual combination, linked not only by the coincidence of sharing similar names, but by their vision of how medical research and everyday life can be fused through new creative processes. If their vision can be realised at the 'Knowledge Capital' it will help realise Mayor Seki's goal of making Osaka a 'Creative City' capable of generating new ideas, and attracting international talent.

**THE END**