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Wolfgang Scharsach

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## Osaka City Urban Revitalization Task Force

Welcome to our first edition for FY/08 of the Osaka Renaissance News-- the official "voice" of the Osaka City Urban Revitalization task force. Osaka is undergoing a some major transformations which will climax over the next 4-5 years with the completion of the Osaka Station North District Project. You can find evidence of the steady growth in Osaka by simply taking a walk down Midosuji Boulevard from Osaka

City Hall, down to Honmachi station.

It's often said that a primitive, yet accurate, barometer of a city's economic climate is to count the number of construction cranes in action. Ten years ago, we would have been disappointed walking along the same path in Osaka's core. This is not the case today, and future looks promising indeed for Osaka, and for this Kansai region.

You'll notice some changes in the activities of the Mayor's Foreign Business Network Club in the coming weeks and months. We begin with this issue of the Osaka Renaissance News. This newsletter is an ongoing snapshot of some of the latest trends in Osaka business and urban development. With this issue we begin a new segment: "Osaka Foreign Business Leader Spotlight" profiling Wolfgang Scharsach of DHL, based in Osaka. Enjoy!

*Paul Dupuis, Osaka City Adviser*

## Osaka Makes the Grade in MasterCard's 2008 Worldwide Rankings

Osaka ranked 19<sup>th</sup> among 75 cities around the world that are at the heart of today's dynamic global commerce. It was one of eight Asian cities that were recognized among the top 25, with Tokyo securing third spot behind London and New York.

This survey focused on the role of cities, rather than nations, in facilitating business. While it is true that cities are affected by the overall national environment within which they function, the

dimensions considered, which included livability, business center, knowledge creation and information flow, took into consideration the special contributions each city brought to international business.

For the Asian region, in addition to Tokyo, Singapore (4<sup>th</sup>), Hong Kong (6<sup>th</sup>) and Seoul (9<sup>th</sup>) signaled the increasing importance of Asia to the world of business.

### "Global Cities"

For most of human history, those in

rural areas outnumbered those in urban centers. For the last few decades, however, there has been a steady trend in the growth of cities. According to Mastercard's Worldwide Centers of Commerce Index 2008, "for the first in human history, more people lived in cities and town than in the rural countryside" ([http://www.mastercard.com/us/company/en/insights/pdfs/2008/MCWW\\_WCO-C-Report\\_2008.pdf](http://www.mastercard.com/us/company/en/insights/pdfs/2008/MCWW_WCO-C-Report_2008.pdf)).

**AUTHOR**

*The Osaka City Revitalization Task Force has commissioned Paul Dupuis to author this series of newsletters.*

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**Osaka Makes the Grade...**

There are now more than 707 urban areas with over half a million people, and such agglomerations of people, knowledge, and capital, play an immense role in the flow of business around the world.

Global cities are those with an interesting mix of highly skilful workers, world-class public and private institutions, and centers of innovation. By their very nature of accumulating so much talent, technology, top-transportation networks, global cities tend to be hotbeds of high

productivity, wealth creation, and consumer markets. In addition, being well-connected to the rest of the world, they serve as critical hubs for moving supplies, capital, information, and the formation of partnerships.

**Understanding the MasterCard Worldwide Centers of Commerce Index**

The MasterCard Worldwide Centers of Commerce rankings did not focus on a narrow definition of what constitutes a good environment for business. Rather, it considered a range of seven dimensions, each of which was broken down further into specific indications or sub-indications.

The researchers also noted that all of the dimensions did not carry the same weight and so based on discussions among the experts involved in the research appropriate weights were assigned to each of the seven dimensions, as below:

No	Weight	Dimensions (Total =7)	Number of indications (Total =43)	Number of sub-indications (Total =72)
1	10%	Legal and political framework	5	12
2	10%	Economic stability	3	
3	20%	Ease of doing business	10	31
4	22%	Financial flow	7	
5	12%	Business center	6	6
6	16%	Knowledge creation and information flow	8	
7	10%	Livability	4	23

## Osaka Makes the Grade...

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**Have the courage to act instead of react.**

**- Earlene Larson  
Jenks**

From the above, it is clear that financial flow, which is weighted at 22%, is much more important in this ranking, than livability, which was weighted at 10%. Still, overall, city-specific data was given more weight than country, regional or country-wide data.

### Putting Osaka's Ranking in Perspective

London, which took the first position, was particularly strong in the areas of Knowledge Creation and Information Flow, Ease of Doing Business, and role as a Business Center. Even though London did not fare well in terms of livability, its showings in the other areas were sufficiently strong to keep it in the lead.

New York's success rested on a stellar Legal and Political Framework, Economic Stability, Livability, and Ease of Doing Business.

Tokyo, which is the world's leader in patent creation, did well, in part because of its leadership position in the Knowledge Creation and Information Flow

dimension. Also, Tokyo's air traffic hub is second only to Hong Kong in the Asian region (New MasterCard Worldwide research Explores Strategic Role of Cities in Driving Global Commerce ([http://www.mastercard.com/us/company/en/newroom/pr\\_wcoc.html](http://www.mastercard.com/us/company/en/newroom/pr_wcoc.html))).

Canadian cities such as Montreal, Toronto, and Vancouver, stood out on the basis of their strong national health care system, their terrific infrastructure, and excellent public transportation.

Madrid, which came in 16<sup>th</sup> overall, and sixth among European cities, is known to have a strong bond market, low inflation, and strong connections to Latin American cities and people.

The two perennial Asian rival cities, Singapore (4<sup>th</sup>) and Hong Kong (6<sup>th</sup>), continue to make efforts towards making their cities as business-friendly as possible. Seoul (9<sup>th</sup>) stood out both because of its superb educational system and for the number of patents that are being generated there.

Though Shanghai (24<sup>th</sup>) has historically been an important center of business in China, it declined in importance during the period of strict communist rule; since the market reforms, Shanghai has been coming into its own as a center of innovation and a supply and distribution hub.

### Researchers

The MasterCard Worldwide Centers of Commerce Index research and analysis was conducted over a period of four months by a stellar cast of worldwide scholars in the fields of economics, urban development, and social science and run under the leadership of Dr Yuwa Hedrick-Wong, Economic Adviser, Asia/Pacific, MasterCard Worldwide.

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*What we need today...is not a new theory, concept, or framework, but people who can think strategically."*

**- Kenichi Ohmae**

## Next Steps for Osaka



A view of Midosuji Blvd, in the heart of Osaka

Osaka has a great deal to be proud of for its 19<sup>th</sup> place ranking. Specifically, Osaka has endeavored to create an environment where it is easy to do business. In addition, the creation of patents and intellectual property protection and information flow rank high.

In the field of finance, Osaka has established a fine reputation, coming in first in Asia when it comes to the maintenance of basic services and attention to safety and hygiene.

Osaka is not resting on its laurels, however. It will continue to make the city one of the top places for the production and protection

of intellectual property, seek to attract small and medium sized businesses, and revive the rural communities round about.

Creating an environment where holders of patents and those who want to make use of the patent can both profit will increasingly become important and the city can create frameworks that can help make such relationships flourish along the right lines. If Osaka continues to pay clear attention to those dimensions for which it has control, it can make another strong showing in next year's rankings despite a very competitive field both in Asia and the rest of the world.

## Welcome to Japan: Industrial Tourism in the Kansai Region

Japan is finally gearing up to attract its fair share of tourists. Though the country is rich in traditions, natural scenery, culinary delights, and hot springs, the number of tourists to the country is considered too small. To turn the tide, and to get visitors to experience more than the predictable attractions to flower arrangement and tea ceremonies or martial arts centers, a new initiative, involving the promotion of industrial tourism has been officially launched.

The Japanese

government, in conjunction with regional authorities, has opened the way for tourists to visit places such as factories, traditional industries, industrial museums, and college and university laboratories.

Tourists can benefit from using the free brochure, Kansai Technical Visit Map to guide them to their facility of choice. The guidebook provides information on how to contact a company or facility.

It is important to note that in mid-August (*Obon*), many businesses are closed. Likewise, towards the end of the year and on New Year's many facilities are not accessible.

The industrial tourism scheme encompasses the whole Kansai region and includes establishments in Hyogo, Shiga, Nara, Wakayama, Kyoto, and of course, Osaka prefecture. In addition to visiting sake and wine breweries, one can visit workshops where traditional umbrellas are made, observe *ukiyo-e* (woodblock printing), experience the making of traditional paper, and even observe the manufacture of a compact car!

(Source: Kansai Technical Visit Guide <http://www.kansai.meti.go.jp/english/tvlist/tvguideeng.pdf>)

**Osaka Foreign Business Leader Spotlight: *Wolfgang Scharsach, DHL*****Please tell us about yourself (i.e. homeland, family, hobbies):**

I was born in Zurich, Switzerland and grew up there. I have been living with my wife and my son in Japan for the past 10 years. Since my childhood I've been a passionate traveler who is interested in other countries, cultures and people. As a balance to my rather intensive and computer/desk-bound job, I give myself a daily workout, play basketball or go to athletic treks with my

son. From time to time I also love to go to a nice *onsen* at the weekend to relax.

**What's your current role at DHL?**

In my current role at DHL Global Forwarding Japan K.K., I am responsible for all Ocean Freight related activities, worldwide exports and imports to and from Kansai and the Shikoku area, with its various seaports. This covers not only the transportation of cargo by ship from one port to the

other, but also includes services like import/export customs clearances, storage, door delivery/pickup and cargo packing, to mention just the main products. Basically it's all a customer needs, to get his cargoes from door to door.

In order to manage this very busy and lively business, I am supported by a great team of logistics professionals and with our main office in Minami Semba, we are situated right in the middle of Osaka.



## Osaka City Urban Revitalization Task Force

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[www.osaka-saisei.jp/eng/index.html](http://www.osaka-saisei.jp/eng/index.html)

### *Wolfgang Scharsach interview...continued*

One thing I love about my job is being in touch with various countries, cultures and people every day by e-mail, phone or other means. This is a job, where every day is different and you certainly don't get bored.

#### **Tell us a bit about your company:**

DHL Global Forwarding is the market leader in air freight and one of the leading ocean freight companies, and offers international air and ocean freight forwarding and also provides extensive services that include customs brokerage and industrial project logistics.

Together with our sister companies DHL Express (courier services) and DHL Exel Supply Chain (3rd party logistics) we are part of the Deutsche Post World Net group and "DHL" is our common brand name. DHL is the global market leader of the international express and logistics industry, specializing in providing innovative and customized solutions from a single source.

DHL offers expertise in express, air and ocean freight, overland transport, contract logistic solutions as well as international mail services, combined with worldwide coverage and an in-depth understanding of local markets. DHL's international network links more than 220 countries and territories worldwide. Two hundred and eighty-five thousand (285,000)

employees are dedicated to providing fast and reliable services that exceed customers' expectations.

Deutsche Post World Net generated revenues of more than 60bn euros in 2006.

#### **What position do you take towards environmental issues?**

Personally, I consider myself responsible when it comes to environmental issues; I strongly support efforts by DHL to be environmentally active so we pursue improvements, such as reducing our energy consumption; we support "cool biz", and re-use paper as part of our "go green" project. We also switch off all lights in the office once a week for one hour, just to name some of the activities. I think it is important for our employees to become aware and I wish, more and more of them take this awareness back home, and spread the message among their family and friends.

#### **What is the history of your road to Japan and to Osaka?**

I made the decision to come to Japan with my wife, who is Japanese. After being together for over seven years in Switzerland, we decided to "switch", to go to Japan for a change. Working at that

time for this international forwarding company, with offices in nearly every country on this planet, of course also in Japan, I took the chance; it worked out and here I am, already 10 years now.

As my wife is from Tokushima on Shikoku island, Osaka was the place for me to do business right from the start of our arrival in Japan. In between, for business reasons, we moved to Tokyo, and lived there for more than two and half years before coming back to Kansai in 2005.

#### **What is the attraction to Osaka as a place to do business and live?**

I live in Kobe, but even so, due to the excellent public transport system of Osaka, this is not a time consuming handicap. I often come to Osaka over the weekend with my family. Osaka offers us a variety of attractions. We love to go to the lively downtown places like around Tennoji to eat *kushi-katsu* or stroll along the endless *shotengais* around *Shinsaibashi*, just to mention two.

*Wolfgang Scharsach interview...continued*

Places like *America Mura* or *Tsuruhashi* on the other hand, can take you to a totally different world with their unique atmosphere. Cultural events like art exhibitions, summer activities like "Osaka King(gyo)", dinosaurs or insects, markets, sport events, *matsuri* (festivals) and Universal Studios Japan (USJ), really give you a good choice of things to do.

And projects like the nice river promenade "overhaul" at *Dotonbori*, are promising signs, that more and more efforts and projects will follow, to make Osaka even more attractive as a place to be.

I think in comparison to a city further in the north, Osaka is still handy, you can get from one place to the other in a rather short time. It seems just the right (or maximum?) size for me as a Swiss, where the whole country has about the population of Osaka and Kobe together!

In business I like the rather straight way, how people think and act here in the Kansai – with people coming to the point faster, cutting short unnecessary talking and writing. In general I feel that the business atmosphere here in Osaka is less cold, less reserved than further north, I like it.

**What's your vision for the future of your organization?**

Our vision is to further grow in the Japanese market, i.e. in the Kansai market, to be even more competitive and be of better service to our customers. We want to be a part of the development of Osaka and benefit from opportunities in the region. A special vision of mine is to further develop our relationship with the City of Osaka and pursue opportunities to be of service to the City of Osaka, for projects such as international aid shipments and the like.

***About Our Organization...***

Since 2003, **Osaka City Urban Revitalization Task Force** has been seeking to attract individuals, businesses, and educational institutions that can contribute to the dynamism, creativity, and vibrancy of the Osaka area. Contact us with feedback and suggestions at: [info@osaka-saisei.jp](mailto:info@osaka-saisei.jp)

**Finally, if you were the Mayor of Osaka, how would you increase the amount of business coming "in" to the city versus going "out"?**

I think there are a lot of good enhancement projects in the pipeline to attract business to Osaka, like the JR Umeda Freight Station being converted to a business and science knowledge center. That will lead to having more well educated new talent in and around Osaka, and these are the kind of people that companies that may want to come here may find attractive.

If I were the Mayor of Osaka, I would try to convert Osaka into "the Green City", in terms of reducing pollution and energy consumption, and making the city a safe and healthy place to be. This would require a measure of creativity. For example the reduction of the immense lighting in the public sector like along streets or at railway stations, improvement of water cleanness in the rivers and Osaka bay, and turning as much of the gray around us into green, including the setting up of roof gardens. Such efforts would be a strong reason for people and their businesses to choose Osaka over others, not just now but also for generations to come. I am aware that what I have said is not that easy to achieve, and that it might sound rather idealistic.

Well, that might be the reason why I was not elected Mayor of Osaka after all. (*laughing*) But I am convinced that the Osaka Government, under Mayor Kunio Hiramatsu, is considering and working on these aspects, as far as they are able to.

**Any final comments or advice as a member of the Foreign Business Network in Osaka?**

I really appreciate the Foreign Business Network in Osaka; it is a splendid opportunity to meet with other foreign business people in similar situations as oneself and at the same time it is a unique chance to be able to contact to the Mayor of Osaka and his team and gain first hand information about the city and business developments.