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# Osaka Renaissance News

## Of Special Note:

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- Beyond the Budget Blues
- Osaka City: Fiscal Year 2009 Draft Budget Summary
- Osaka Foreign Business Leader: James Porteous *Kansai Scene* magazine

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## Time to Rethink, Time to Reinvent

Welcome to the Spring edition of the Osaka Renaissance Newsletter. For most in businesses in Osaka, FY 2008 will go down in history as perhaps the most volatile in modern history.

Large global companies, and small SMEs scattered across Osaka have all been forced to re-think their strategies, and fundamental business operations. "Cost management," "Lean Manufacturing," and "Business Efficiency"

have all taken on a very crucial meaning for manufacturing and non-manufacturing businesses alike.

In good times and bad, one thing is certain - a business must constantly innovate, re-think and reinvent itself in order not only to survive, but to win.

In Japan, Spring is a time of new beginnings, a fresh start and with that, comes new opportunities. We hope the change in season brings positive change for you and your organization.

We are pleased to welcome Mr. James Porteous, a returnee from the north, with strong roots in Kansai. James has taken the reins of one of Kansai's favourite community magazines, The "Kansai Scene." He offers helpful insights into Kansai's strengths and future potential as a business and cultural center. As always your feedback is welcome!

**Paul Dupuis**, *Adviser to Osaka City Revitalization Task Force*

## Osaka: Looking Beyond the Budget Blues

The month of March, the end of the fiscal year in Japan and budget season, is a time to reflect on the past and consider prospects for the future.

Difficult as it may be, a sober and detailed assessment of one's financial standing can be a spur rather than cause for despair.

Though Osaka City is experiencing a great deal of pressure on its budget, there is reason to look to the future with hope.

This is no mere wishful thinking. Osaka City, under Mayor Kunio Hiramatsu's leadership, has a slew of programs that are aimed at making Osaka the

destination of choice for people at home and abroad.

Once the plans are realized, citizens of Osaka will have new reason to be proud of their hometown.

The range of programs slated for rollout, in this year and beyond, includes Aqua Metropolis Osaka 2009, a reminder of the role water plays in the aesthetic, social, and business life of Osaka.

Also, the "Metropolis to Make Home" program is a comprehensive one that calls for cooperation between citizens of Osaka and the municipal government.

It encompasses steps aimed at drastically cutting down on the city's crime rate, eliminating the nuisance caused by illegally parked bicycles, making the city safe for children and adults alike, identifying and highlighting the unique charms of Osaka (for the benefit of both locals and non-locals), revitalizing the waterfront, and making the city a bright shining spot in the Kansai area.

If we can imagine a brighter future for Osaka, then, even in these challenging times, we can view the funds we spend as investments towards a brighter tomorrow.

## ***Osaka City: FY 2009 Summary of Draft Budget***

### **AUTHOR**

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

*Paul Dupuis, Director of West Japan for Wall Street Associates, is a business development adviser to Osaka City, Osaka Prefecture and is a key member of the Kansai Economic Federation roundtable.*

*He is also an Adviser to the Osaka City Revitalization Task Force. Questions & suggestions about these articles can be directed to him at:*

 [paul.dupuis@wallstreetjapan.com](mailto:paul.dupuis@wallstreetjapan.com)

First of all, in the face of the sudden reduction in city tax, Osaka City aims to maintain sustainability through various cost cutting efforts. Actually, these were underway before the current economic crisis hit.

In fact, while we intend to focus on a policy vision that reflects the current budget situation, we also intend to proceed with efforts to create a "Vibrant Osaka" and to make a vigorous effort to deal with the urgent economic situation through employment creation, the provision of a livable environment for citizens, and the provision of support for small and medium-sized businesses. We are determined to deal with the deterioration in the financial situation without losing sight of long-term needs.

Based on this draft budget, our efforts would involve an expenditure of 1.7 trillion yen, which compared with the previous year, involves an increase of 3.53 billion yen or 2.2%.

But, excluding the special saving allocated for financing small and medium sized businesses, the scope of the annual expenditure is 1.58 trillion yen, which has decreased by 11.3 billion yen or 0.7% compared with the previous year and constitutes the 8<sup>th</sup> consecutive decrease.

Furthermore, the overall annual expenditure (including all accounts) is about 3.8 trillion, a 0.4% decrease, and the fourth consecutive decrease.

With regard to city tax, because of the sudden deterioration in economic circumstances, corporate tax has fallen considerably, by as much as 45.8 billion, and is the second largest shortfall since the peak of city tax revenue in 1996.

The City of Osaka has been undergoing reform to make the administrative machinery leaner and more efficient. A reduction in the labor force by 655 people reduced costs by 13.2 billion yen. When staff cuts from other departments such as the Transportation Bureau are factored in, the reduction is as high as 1,033. Osaka has also been reducing expenditure on supplies through a careful reconsideration of the city's purchases. This effort has resulted in a reduction in the cost of supplies by as much as 7.4 billion yen.

In fact, the City of Osaka is on track in its cost reduction efforts, having cut costs by 2.118 billion in 4 years. The goal is to cut costs by 2.25 billion in five years. The City will continue to make the necessary effort to be good stewards of the public trust and to reach the cost reduction targets set.

## Osaka - Creating the Metropolis to Make Home

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Goals help you channel your energy into action.

*Les Brown*

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We intend to conduct our business in a way that not only meets but exceeds the expectations of our customers, business partners, shareholders, and creditors, as well as the communities in which we operate and society at large.

*Akira Mori*

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### Looking Ahead

Osaka City takes its responsibility of having a functioning administration very seriously. This is why the City has made cutbacks in order to be more efficient - leaner and perhaps quicker to act and react.

Osaka City needs to emphasize that we cannot allow the current economic challenges to paralyze us and prevent us from looking ahead.

Rather, the City is embarking on a number of initiatives that will help Osaka present its best face to the country and the world.

### Citizen Cooperation

Osaka can achieve its potential only if the citizens are actively involved in shaping and defining their city. As such, Mayor Kunio Hiramatsu has made it a part of his mandate to engage with citizens, visiting people in various parts of the city, often unannounced, so that he can hear what people have to say - straight from the heart.

### Towards a Safe and Secure Osaka

One of the key goals that Osaka cannot shelve even in the face of budget difficulties is crime prevention. If anything, it is even more crucial now than ever. To be successful, however, crime prevention and control require the City, the Prefecture, and the Prefectural Police to work closely together with citizens to raise awareness.

In this connection, in addition to strengthening the system of patrol with special police officers and security patrols involving cars with blue flashers, the City is committed to providing whatever is necessary for crime prevention such as cars, cameras, financial assistance, and the temporary use of vacant City property for crime fighting activities.

There will also be continued efforts to install cameras in parking lots and high crime areas and provide any additional crime prevention methods in city parks, underpasses and bicycle parking areas.

Osaka citizens will breathe a sigh of relief when crime is no longer a daily concern and when the city does not have to live with the dubious reputation of being the worst one for crime among ordinance designated cities in Japan.

### Graffiti Removal

Most Osaka citizens will certainly agree that image is important. Osaka has a great deal to offer but the richness of our city can be obscured by a poor image.

In this regard, the city needs to continue in its campaign against graffiti.

Once again, the importance of the involvement of the general public in fighting the crime of graffiti cannot be overemphasized.

### Heat Island Countermeasures

Osaka City seeks to deal with the problem of "heat island" by applying the results of research indicating that planting sweet potato plants in susceptible areas can help reduce the heat.

As such, the rooftops of City and Ward offices, as well as wall surfaces will be covered with greenery, and water will be sprayed in model areas such as Nagahoridori. The plan for Kazenomichi, which aims to redirect a cool breeze towards warm areas, should also have an impact. Furthermore, over the next three years, about 1000 to 2000 trees will be planted on the centre strips of streets and in parks. The fiscal year 2009 budget allocation for dealing with the heat island is 173 million yen.

### Uritsukuri (Product Sales) Center

Osaka City plans to construct a center for the promotion and sales of Osaka products. Many companies will be cooperating in this endeavor, and retired business people will play a part in making recommendations and seeking markets abroad for Osaka made products.

### Solar Power

Osaka City is developing a system of assistance and grants for companies involved in solar power technology development. Already, there are a number of companies in the Osaka area that are doing research in this area. City government support can hasten the day when we see cost effective solar panels and other technology in widespread use. Osaka hopes to maintain its leadership in this area.

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## Osaka: Creating the Metropolis to Make Home...continued

### The Illegally Parked Bicycles Issue

Bicycles are a convenient way to get around the City of Osaka. The relatively low cost of bicycles have put their ownership within the reach of practically everyone in the city. In one sense, this is good.

Unfortunately, the large number of bicycles in the city, and more importantly, their frequent neglect, as well as illegal parking, has led to a problem that affects all citizens of Osaka.

Too many bicycles around a station, often neglected for days on end, can become an eyesore. They can also block human traffic passages and make it difficult for pedestrians to move quickly to and fro.

In an emergency, these bicycles can be a real hazard that may prevent people from evacuating an area in a hurry.

The bicycle problem, therefore, is not just a matter of image and esthetics. It can be a matter of life and death as well.

In addition, riding bicycles on sidewalks, which is conditionally allowed in Osaka, occasionally results in accidents that threaten life and limb; the fewer bicycles there are to compete with pedestrians, therefore, the safer our city sidewalks will be.

The city's efforts to deal with the bicycle problem, including impoundment, such as the 300,000 bicycles seized in 2007, require both human and financial resources. And while the impoundment of bicycles is one attempt to maintain control, it is not necessarily the best or the most effective.

Getting citizens to change their thinking on how they use bicycles may be so much more effective in the long run. As such, the use of educational campaigns, and citizens' cooperation in this matter, are critical. Mayor Hiramatsu's suggestion, that citizens consider walking from home to the train stations rather than riding (what may be only a short distance) on a bicycle, can be one of the solutions, though perhaps only a partial one.

### Highlighting Osaka's Charms: Aqua Metropolis Osaka 2009

Osaka City will continue to support projects such as activities in the Midosuji Waterfront area to keep a vibrant air within the city. Also, making the Nakanoshima area, which is the heart of the city, a place of culture and attraction for Osaka citizens and visitors, is of great continuing interest to the City.

At present, Osaka City is considering the issue of providing licenses to performers in some of these areas so that they can engage the attention of visitors with some local-flavored entertainment

Between August 22 and October 12, 2009, people from across Japan and the rest of the world are invited to share in festivities surrounding Osaka's water heritage.

Few people may be aware that like Amsterdam or Venice, Osaka has a deep connection to water and waterways. With Osaka's "water corridor" as a backdrop, a number of informative and entertaining activities are planned for this year. These will be highly-community driven and help to strengthen the appreciation that Osaka citizens have for their water resources.



Aqua Metropolis Osaka 2009

**Osaka Foreign Business Spotlight:****James Porteous, General Manager, Kansai Scene****Please tell us about yourself**

I was born and grew up in New Zealand. My parents were entrepreneurs and encouraged me to explore my entrepreneurial tendencies from an early age. Like most New Zealand families we moved around a lot, settling in Christchurch in the South Island of New Zealand.

I first came to Japan when I was 17 years old on a high school exchange program organized by the Gunma Prefectural government and my high school, Christchurch Boys' High. I was placed in a host family environment for 12 months, and thanks to my host mother being a very firm yet patient person I was able to converse in Japanese after the first few months.

Upon my arrival back in New Zealand I began working in the tourism industry for a subsidiary of Air New Zealand. The work was challenging with very long hours, but the perks certainly made it worthwhile. From free bungee jumping in the summer to free skiing in the winter, not to mention free domestic flights—it was a very memorable time. The job required me to look after Japanese

clients and hire Japanese tour guides.

The special language training from JTB certainly helped me hone my Japanese skills and after 2 years it was time for me to head back to Japan. I successfully applied for the Monbukagakusho (Ministry of Education, Culture, Sports, Science and Technology) Scholarship, which led me on a path of 6 years in the Japanese academic system and my first trip to Osaka.

My first year was spent at Osaka University of Foreign Studies (now Osaka University) to study Japanese, and from there I entered Kyoto University to study international politics. As an undergrad, I was practically the only foreigner in my department and of course all the lectures were in Japanese.

The caliber of the professors at Kyoto University is hard to surpass; I was not surprised when my professor told me he played tennis with Condoleezza Rice!



## Osaka City Urban Revitalization Task Force

**Toshimitsu Tanaka**, Manager,  
Office of Urban Revitalization  
and Promotion

Tel: 06 6208 7837

Fax: 06 6202 0910

Email: [info@osaka-saisei.jp](mailto:info@osaka-saisei.jp)

We're on the Web!

See us at:

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

### *Business Spotlight: James Porteous interview*

In 1999, I took a year off and traveled to East Timor to see first hand the UN-led referendum and the birth of a newly independent nation. This historical event was closely related to my studies in international politics. However, the situation in East Timor deteriorated rapidly and I was caught up in some difficulties with the Indonesian military and local militia after the referendum. A UN helicopter and an Australian Air Force Orion evacuated me, along with several journalists, to the safety of nearby Australia.

After returning to Japan and graduating from Kyoto University I entered the work force as a salaryman at ceramics manufacturer, NGK. The company put me on the special metals team and I contributed the design of a special alloy to Intel's Pentium 4 project. The job took me to Singapore, Hong Kong and Mainland China, but after a year at a rigid Japanese company my entrepreneurial spirit was beckoning.

I had a lot of experience translating when I was a student at Kyoto, so I became a translator. This is quite a lucrative business that allows a lot of freedom of lifestyle, but after 7 years of freelance translating I was ready for something new. That's when I teamed up with serial-entrepreneur Terrie Lloyd three years ago and I got into magazines.

#### **Tell us about your company**

We are Japan's largest publisher of English magazines. We publish two lifestyle magazines, Kansai Scene (monthly) and Metropolis (weekly) as well as a business magazine, J@pan Inc. Our award-winning designers and writers are supported by a very strong advertising sales team, which has enabled us to expand sales ten-fold over three years. Our mission is to help foreigners and globally minded Japanese to work, live and play in Japan. It all starts with information for the community and that's why the magazines are so important, but they are only the first step in our strategy.

We are now diversifying our services to include a mobile phone service launching this year and an online job search service both catering to the English speaking market. Our events are also gathering popularity with over 3,000 people coming to our Halloween Glitterball in Tokyo.

#### **What is your role in Osaka?**

When we acquired Kansai Scene on December 1<sup>st</sup>, 2008, I was asked to head up the post merger integration. This is where we communicate the changes with staff and bring in sales and accounting systems under the same management protocols.

My broader mandate is to connect with the Osaka community and explain our long-term vision. The Kansai Scene staffers are an amazing bunch of people. Thanks to their support we have achieved a smooth transition and even increased sales at the same time!

***Business Spotlight: James Porteous interview*****What's your vision for the future of your organization in Kansai and in general?**

Including myself, three of the four directors in our company spent several years living in the Kansai region, so we see Kansai as a key first step to taking our organization nationwide.

Our goal is to make it easier for English speaking people to live, work and play here. To achieve this we will be looking at how we can connect with the local community more, through organizations such as the Osaka City Urban Revitalization Task Force, the Chambers of Commerce as well as charity and community centered organizations. Bringing these organizations together in our media enriches our community and allows people to take their goals a step further.

Having our readers feel they are part of a vibrant community with something for everyone helps people have a fuller lifestyle in Kansai. I continuously ask myself, those in my organization and our readers how Kansai Scene can provide more value to our community.

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

There are many reasons to do business in Osaka, but at the top of my list would have to be the people. The Osaka people have a special type of kindness within them. They don't hesitate to talk to someone they have never met before. This is a marked difference from Tokyo, where people tend to turn a blind eye to someone who they don't know, even when that person is having difficulty.

The people of Osaka have a great love for their city and are very proud to say they are from Osaka. It is this healthy pride that will drive growth for businesses in Osaka.

***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)

**What opportunities do you see for the Osaka Kansai business area in regard to foreign investment?**

I don't mean to be mercenary, but difficult economic times in Osaka over the past decade have led to a phenomenon where it would be hard to find a lower cost workforce that is well educated.

Infrastructure is sound and the people are hard working, so setting up a manufacturing operation in Osaka would be quite feasible.

There is this obsession with Tokyo that has driven costs up there quite high. I see the pendulum swinging back to Kansai after foreign companies realize it is only a few hours away and see cost saving opportunities. It is sometimes easy to forget that the Kansai region is Japan's second most populated area, and where there is a large population located in one area there are many opportunities to launch here, and provide goods and services yet to reach Japan. Osaka people like to try new things so a product that is new to Japan can be easily tested here.

**What weaknesses do you see for the Osaka Kansai business area in regard to foreign investment?**

There could be more high-quality resources in English for foreign companies. There are a lot of translated resources but they are based on a certain understanding of how the government works here without explaining factors that are not obvious to foreign investors. The English-speaking workforce is also quite limited when compared to Tokyo, so it can be quite hard to find bi-lingual staff.

**Any final comments or advice as a member of the foreign network in Osaka?**

It is through initiatives like the Osaka FBNC that change gains traction, so my advice would be to try and be involved in these grassroots organizations as much as possible. I would also recommend picking up a copy of Kansai Scene to see what's going on round Kansai—after all, it's free!