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Relentless Focus: Moving Osaka Forward

To say it has been “quite a year” is an understatement! Exactly one year ago, the news was dominated by a rapidly falling US\$, the halt of manufacturing across the globe in virtually all sectors and a severe decrease in consumer spending.

Stock markets were nearing their lowest points in recent history and companies were in the midst, or on the verge, of rolling out massive restructuring plans. Certainly, we’re nowhere near the prime economic conditions of two years ago but there

are indeed signs of some bounce-back. The good news in Osaka is that several major developments are on, or ahead, of schedule. The dirt will break soon on the Osaka Station North District project in Umeda, while 2 blocks away the new Hankyu Department Store and state-of-the-art office building above are preparing to welcome their first tenants. The Hankyu Umeda building will be the home to several top-notch Japanese and global companies. JR Osaka station is (somehow!)

being re-constructed and re-invented while trains continue to operate.

Osaka City, led by Mayor Hiramatsu, continues to promote Osaka as a business destination. One key theme through all of this economic turbulence is the unrelenting focus on moving forward in Osaka.

We have an exciting year ahead! In this issue we are pleased to welcome Mr. Ravi Kumar from the Bank of India in Osaka. Mr. Kumar has a unique story to tell and offers valuable insights to Osaka City.

Paul Dupuis,

Adviser to Osaka City
and FBNC

Osaka: Forging a Firm Foundation for the Future

For a city government such as that of Osaka, the end of the fiscal year is certainly a good time to reflect upon the activities of the past year and to explore what needs to be improved. Despite the relentless efforts that Mayor Kunio Hiramatsu and his staff have been making to make Osaka a city that is both prosperous and respected around the world, this is no time for self-congratulations.

The truth is that Osaka has made some inroads into overcoming some of the challenges the city has faced over the past few

years such as illegal bicycle parking, crime, and garbage disposal. There is still more room for improvement in all of these areas and the City will continue to strive to work with the citizens in order to build upon current successes and achieve the kind of truly spectacular successes that we can celebrate as a City.

Meanwhile, there are other pressing issues that Osaka cannot ignore if we are to lay claim to being a world-class city. Even as we attempt to put our fiscal house in order we cannot be unmindful of the

role we can play when it comes to contributing towards the goal of having a sustainable planet.

Building a firm foundation for the future means not only supporting the development of Osaka’s industrial base, strategically integrating Osaka Station’s North District area into the broader local economy, smart redevelopment of Osaka’s coastal areas and development of strong ties between Osaka and other Asian countries, but also doing our part to become a City with a low carbon footprint.

AUTHOR

Osaka City 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.

Questions & suggestions about these articles can be directed to him at: paul.dupuis@wallstreetjapan.com

Even as we focus on having first class infrastructure and developing our local industries, we cannot forget that our prosperity is linked to the world outside. With this in mind, Osaka will be participating in Expo 2010 Shanghai China which will run from May 1-October 31.

Osaka, as the only Japanese city represented, will use the catchphrase "The Challenge of Water Metropolis Osaka" to continue to make Osaka's happy connection with water resources a well-known fact around the world. Our participation will also help strengthen our ties with Shanghai, and provide us with the perfect platform to showcase Osaka's technological prowess and contributions to human wellbeing and comfort.

Though Osaka is still faced with a budget deficit of as much as ¥260 billion based on the latest forecast figures, the City will continue to press ahead to deal with issues of critical concern such as crime prevention, illegally parked bicycles, and garbage reduction. However, we cannot focus only on dealing with elements that are problematic in our society. We have to build on our strengths. Mayor Kunio Hiramatsu plans to issue a restructuring plan for Osaka's finances by autumn, a plan that is certain to include new city governance reforms based on the findings of the city governance reform committee, which has been deliberating on this issue and making a full review of administrative affairs.

It might interest you to know that, between 2008 and 2009, Osaka experienced a drop of 15.1% in the number of street crimes, from 39,648 in 2008 to 33,653 in 2009. Despite the steady decline, such a high level of crime is still unacceptable and Osaka will continue to pursue measures that have worked to date, including the high level of collaboration among citizens and the police services, to make this significant, though insufficient, difference.

Osaka's Fiscal Year 2010 Budget Highlights

In 2009, the people of Osaka worked hard to highlight the city's precious water heritage through the Aqua Metropolis Osaka event which attracted as many as 1.9 million people. Another event, Hikari Renaissance, drew in 3.04 million visitors. The Omotenashii Café (Hospitality Café), which brought 230,000 visitors to Osaka City Hall showed that there is a great deal of pent-up energy among local citizens and visitors that we can tap into as we develop a city that caters to the entertainment, education, and employment needs of the people.



In 4 out of 8 categories of crime, Osaka no longer ranks worst among Japan's Designated Cities. Osaka is no longer the worst in the number of car break-ins, auto parts theft, automobile theft, and theft from vending machines. There has been a decrease as well in the number of illegally parked bicycles in Osaka. In fact, according to a survey conducted in 2009, there has been as much as a 16% decrease on this score.

Osaka City recognizes that making more parking spaces available for bicycles will help but the City will continue to seek the cooperation of citizens and appeal to their sense of honour and decency in ensuring that their actions do not impact negatively on others' enjoyment of the city and its facilities. Meanwhile, City employees will spare no effort in getting rid of illegally parked bicycles.

Citizens have been cooperative with regards to garbage reduction. Incinerator inspection has been stepped up to ensure that industrial waste does not enter the regular garbage system. The total amount of garbage has reduced from the 1.35 million ton figure in 2008 to around 1.25 million tons

Financially, times are indeed tough, but tough times call for creativity and hard work. Working together, we can put Osaka on a firm footing for a prosperous future

Low Carbon Society: Taking the Lead

Leading by Example

Even though some are content to continue debating the issue of global warming and climate change, there is more than enough consensus among scientists that it would be folly to sit back and do nothing.

Also, while the problem of environmental degradation is large enough to demand an all-out international effort to ensure that our planet is safe from peril, Osaka does not see the need to wait endlessly to take action. Leadership is required from all sectors in order to confront and avert what could be a global catastrophe.

Osaka City is in a unique position to take the lead on environmental protection and associated issues because the City is home to companies with some of the most innovative technology products designed to hasten our path towards living in a low-carbon environment.

In Osaka's continuing development, the City is committed to using some of these new technologies to ensure that energy is used efficiently in residential and industrial establishments as well as in the development of transportation networks around the city.

This comprehensive approach will also extend to having an effective incineration plant and sewage treatment facilities that make use of the latest environmentally responsible technologies and processes.

Low Carbon Transportation System

With many top-notch energy industries located in the Osaka area, the City Government can contribute enormously by doing all it can to create an environment that is conducive to further growth of the energy industry. This includes expanding the secondary battery market so that people would feel much more comfortable taking the plunge into purchasing items such as electric vehicles.

A few ideas already taking shape include providing car-sharing opportunities in Yume-shima, with up to 10 vehicles in the pool. In addition, two vehicles designated as pollution control patrol cars and five blue patrol cars are a few of the basic steps Osaka is taking towards a future in which electric vehicles will become ubiquitous on Osaka's roads and possibly those elsewhere. Having places where batteries can be quickly charged, indeed, places where several cars can plug into charging outlets, will be a step in the right direction.

As with most initiatives, cooperation between Osaka City, the business community, and the citizenry, is essential to achieving superb results. It is envisioned that the Saki-shima CosmoSquare District is one potential area where charging facilities can best serve vehicle owners.

Dreams come true; without that possibility, nature would not incite us to have them.

[John Updike](#),
American writer

Farm when it's sunny, read when it rains.

- Japanese saying

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New Strategic Directions for Osaka: Investing in Growth Industries

Creativity a Cornerstone

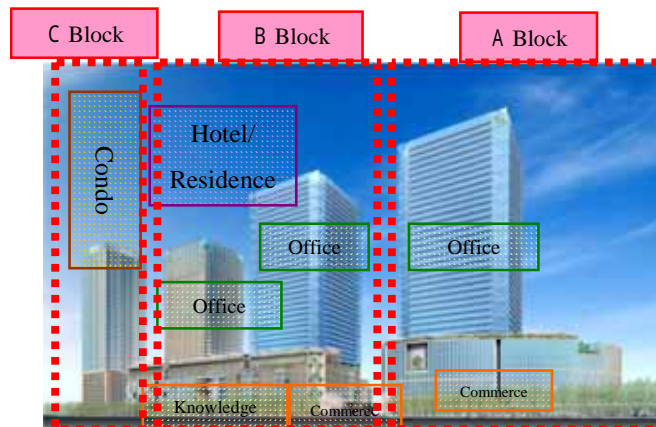
To continue on the path of continued growth, Osaka City will continue to support not only existing businesses in growth industries such as energy products and robotics but also bring in potential new entrants into these fields. Industrial robots, for example, constitute one area that seems to hold great promise.

Osaka City is determined to create an environment that will foster the creation of industries that are geared towards innovation and creative works. This includes creating an environment that will support collaboration among firms so that the industries in question can grow and have worldwide impact.



How Osaka Station's North District Fits In

To the above goal, the North District of Osaka Station has been identified as an area that could serve as the nerve-centre for these creative industries. Part of this vision includes making Osaka a base for the production of creative products that will serve the growing Asian market. Through research, collaboration, and production, firms in this area will actively recognize needs in the marketplace and respond quickly and creatively towards filling those product and market niches.



Preliminary Development of Osaka Station's North District

New Strategic Directions for Osaka...Continued

Open Innovation Center Osaka

Construction of Open Innovation Center Osaka began in March this year, and is slated for completion in 2012. This Center will encourage the creation of new intellectual value products and services and bring together some of the most creative minds in the fields of technology, business, science, and the arts. The plans also call for participation on the part of research laboratories, universities, businesses, and the citizenry in various collaborative endeavours.

To support such an ambitious effort, Osaka City is embarking on a massive infrastructure development program through projects that will include extensions to railway lines such as JR Tokaido.

Development of Osaka's Coastal Areas

The Yume-shima area remains an area of intense focus for the accumulation of energy industries. This area will continue to benefit from the kind of improved logistics necessary for industrial development. Ongoing promotion efforts will seek to bring in other industrial companies to take advantage of Osaka's superb work force and shipping facilities, which have connections to major centers around Asia and the world. The establishment of special economic zones in the coastal areas is a matter currently under serious study and consideration.



Enhanced role of Saki-shima Cosmosquare District

The Saki-shima Cosmosquare District has been marked for the development of convention facilities and the East Asia Business Exchange, a center now on the drawing board. This acknowledges the increasing importance to Osaka of our trade partners from other parts of Asia. Construction projects to improve the living and business environment, such as connecting walkways, as well as projects for disaster prevention are underway.



Foreign Business Spotlight: Mr. Ravi Kumar



“I realized my importance in Osaka after one and half years of working when Mr. Kunio Hiramatsu, Mayor of Osaka, exclaimed and acknowledged with pleasure that Bank of India, my employer, has been offering services from the last 60 years through our Osaka branch.”

I have represented this esteemed institution over the last 23 years. My first overseas posting was Osaka and I am elated to work in Japan, one of the most reputed countries. I came to work and have lived in Kansai on my posting here from an Indian city, Hyderabad.

I am a postgraduate in the fields of Agricultural Economics, Business Administration (Banking and Finance) and Computer Applications from Indian Universities. I live in Kobe and commute daily by trains — the classy infrastructural network for which Japan is well known for back in India.

For living and business I understood from the very beginning that Osaka people are more direct, friendly, active, happy and outgoing and that business negotiations are easier.

Kansai is culturally rich and social life is good, requiring shorter distances to travel. Osaka/Kobe has traditionally been a strong enclave for foreigners, and a high percentage of Koreans and Chinese live in Kansai. Also, Indian and European expatriates are well represented in Kobe.

Osaka is known for puppet theatres, castles and a rich history and most of the Japanese humorists are from Osaka. It is my observation that the cost of living is relatively low in Osaka/Kansai. I have come to understand that Kansai, covering 11% of land and 19% of population of the country, is the second most important area to the economy of Japan with around 20% of contribution to National GDP.

Osaka constitutes 21% of exports and 19% of imports of Japan. Japanese companies have set up 25,210 overseas operations worldwide of which 21.5% have headquarters in Kansai, particularly in Osaka prefecture, which has 69.90% of Kansai companies. The GDP of Osaka is reportedly more than each of the following: Singapore, Malaysia, Thailand and Hong Kong.

Foreign Business Spotlight: Mr. Ravi Kumar...Continued

My Bank, a Government of India undertaking established on September 7th, 1906, is celebrating its 105th anniversary this year. Our Bank has the Chief Executive's office overseeing Japan's operations and one more branch in Tokyo that opened on May 17th, 1950. Thus our Japan center is in the 60th year of Banking in Japan. As of December 31, 2009, Bank of India has a network of 3,140 branches/offices including 29 overseas with a total asset size of USD 53.64 billion. The Tier I capital of the Bank stands at USD 2,952 million with net worth at USD 2,624 million and is BASEL II compliant.

The business-mix of Japan centre's operations is over USD 1,000 million. Bank of India was adjudged Best Public Sector and Overall Best Bank in India by Dun & Bradstreet in 2009.

I have been placed as Manager/Operational Head at Osaka branch to further improve quantitative and qualitative business, particularly in and around Osaka and/or Kansai. I gain very valuable exposure in overseas banking through interacting with local and non-local companies/individuals, Government officials and the companies manned by NRIs (non-resident Indians). Our vision is to become the bank of choice for corporate, medium businesses and up market retail customers with a mission to provide superior, proactive banking services to niche markets globally. We operate in five major currencies: JPY, USD, Euro, GBP and AUD. It is also our endeavor to link India and Japan through mutual trade.

It is my feeling that much potential still exists in Osaka to harness and mark a niche in many developing and promising markets especially India. For the majority of people, visualizing Japan means visualizing Tokyo and Kyoto. I opine that this gap in the awareness is to be plugged by first identifying some "Target Nations" and then planning mutual/bilateral trade and cultural exchanges.

The "Partner-Nations" are basically those whose economies, demography, philosophy, cultural values and mutual affinity match those of Japan in general and Osaka in particular. The city of Osaka may look into establishing "Business Support Offices" with the help of the offices of Consulates General of different countries already established in Osaka to bridge the gap. I have come to believe that Osaka can have a good trading partner in India.

The aging population and work force of Japan can be compensated for by India's youthful dynamism (60% of India's population is under the age of 25). Japan's advanced technology can be well utilized to harness rich material resources of India. India's large growing market can be tapped by Japan's surplus capital for investment. I have come to know that return on investment in India is about 19.3%. Likewise India's prowess in software is a complement to Japan's excellence in hardware.

The native companies such as Sharp, Panasonic and Daikin have successful ventures in Indian markets. Japanese companies such as Asahi Glass, Suzuki and Honda that have tasted greater success are based just outside Osaka. Hence I believe that it is time to capture the Indian market especially in the fields of textiles (particularly "technical textiles") and biotechnology in which Osaka has significant expertise. The next best avenue for Osaka, because of its well-known transportation technology, is investing in the projects of "freight corridors and industrial corridors" proposed by the Indian Government.

Last but not least is the tourism, culinary and educational potential that Osaka/Kansai has to its fame. These can be popularized through media in the native languages of host-countries. Encouraging the use of official languages of "Partner-Nations" (Target-Nations) along with Japanese language during promotional and business campaigns by the local governments, business establishments and voluntary organizations inside Kansai, I suppose, will surely plug the communication gap leading to a better understanding and mutual co-operation.

According to a survey by JBIC (Japan Bank for International Cooperation) covering 620 Japanese manufacturing companies, India remains the second favorite investment destination for Japanese companies after China. Also, Japanese companies expect India to emerge as the third most important trading partner after the US and China in the next two years.

Let the city of Osaka avail itself of this opportunity. In line with the Bank's mission and vision we will continue to support the economy of Osaka as before.

"Best wishes for a SUNNY progress to the city of Osaka."

Since 2003, **Osaka City** 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: y-bouno@city.osaka.lg.jp