

October 7, 2008

Provisional Translation

“Kansai Vision 2020” - Dynamic Kansai ! -

The “Kansai Vision 2020” is our policy statement on the direction and future of Kansai with the theme: “what Kansai should be” in 2020 – as seen primarily from an industrial standpoint, and how we will go about achieving this vision.

At the New Kansai Vision Roundtable (Chair: Professor Kazuo Yoshida of Kyoto University Graduate School of Management), which was established this May, both young and leading experts in Kansai and staff from member enterprises gathered for intensive discussions to work out a draft of a new vision for Kansai’s . The final version was completed after taking into account the outcome of lively discussions between the Chairman and Vice Chairmen, as well as committee Presidents and Vice Presidents and steering committee members of Kankeiren.

In developing the Vision, we saw to it that the two perspectives below are present throughout.

First, we sought to determine how Kansai can best be positioned in the world. Ever since the bubble economy burst in Japan, the top priority in Kansai has always been to put the brakes on the gradual decline of its economy’s relative importance in this country. Now that the rules of the game have changed dramatically, however, intense global competition is taking place not only among businesses but among different geographical regions and nations, and so we decided to review “ways for Kansai to thrive” in Asia – with which it is closely interconnected – and in the world, and include it in this Vision.

Second, the Vision places emphasis on “technological prowess and business mastery.” In order for us to efficiently cope with veritable mountains of serious problems, such as global environmental issues and the declining birth rate and aging and shrinking population, it is crucial, in addition to what the government and public organs can do, that the private

sector take the initiative to tap into the technological expertise and business sense of each enterprise, thereby bringing about solutions to these matters.

At present, the prefectural and municipal governments of Osaka, other local governments, and various circles in Kansai are re-defining the image of what they wish to be in the future. This Vision is intended to foster and evoke public opinions by stimulating such discussions, thereby assisting enterprises, governments, NPOs, and other groups in uniting as one to bring about a "renewed development" of Kansai.

While making this vision, some mega-securities firms in the U.S.A went bankrupt due to the subprime mortgage crisis. The current confusion of the money market is as crucial a world financial crisis as it was in 1929. It might change the fundamental structure of our global economy and society. We will make a further investigation on the idea or "priority projects" that we propose, watching the drastic changes in the world trends carefully.

Your candid comments and opinions concerning this Vision are most welcome.

Hiroshi Shimozuma  
Chairman  
Kansai Economic Federation

## The Kansai Vision 2020

- Ensuring Kansai's "renewed development" while contributing to the global community with its "breakthrough capabilities" -

Kansai Economic Federation

### I. Aims

The Kansai Vision 2020 is our policy statement on "what we wish Kansai to be, and what Kansai should be" in 2020 – approximately ten years from now – as seen primarily from an industrial standpoint, and how we will go about achieving it.

Amid the economic recession which has followed in the wake of the bursting of the economic bubble, Kankeiren devoted itself to the task of revitalizing the Kansai economy, which was in a critical situation at that time.<sup>1</sup> With the constant dedication of individual enterprises and the rapid growth of Asian economies providing momentum, the Kansai economy has finally achieved a long-awaited recovery.

We must say, however, that there yet remain numerous issues that we must address if Kansai is to realize success and growth when interregional competition is expected to intensify globally. It is predicted that Kansai will see its birthrate decline and its population age and shrink at a pace more rapid than the national average. Many of its local governments are financially hard-pressed, as seen by the fact that their debt expenditure ratio is among the highest in the country.<sup>2</sup> "Talent drain" also continues and more Kansai-based enterprises are relocating their head office elsewhere, leading us to conclude that Kansai is not yet ready to triumph among interregional competition and attract diverse talents and enterprises.

It was with this recognition that last year Kankeiren laid out mid-term guidelines for its activities, and declared that it would draw up long-term strategies based on the three priorities listed in the guidelines, namely; (1) "increasing industrial competitiveness," (2) "coexistence with Asian countries," and (3) "regional independence – Kansai united."<sup>3</sup> The Kansai Vision 2020 is the conclusion and strategy moving forward.

Kankeiren will seek cooperation from all of the parties concerned whose support is essential in bringing this Vision into reality, including businesses, central and local governments, universities and research institutions, and NPOs.

## II. The global situation leading up to 2020

### **1. Concurrence of “opportunities” and “risks”**

While it is true that the rapid growth of emerging economies currently observed in Asia and BRIC countries, and the development of “borderless” business across a wide field are intrinsically helping the global economy to grow and prosper as a whole, such trends are at the same time making apparent risks which inhibit growth, such as global warming, climate changes, and the shortage of resources, energy, and food, all of which, it is feared, will be aggravated as 2020 approaches.<sup>4</sup>

As exemplified by the subprime mortgage crisis of the United States, on the other hand, the global economy has become so intertwined that a crisis in one country spreads instantaneously around the world. International security, too, remains an issue of major concern as the world continues to experience a rash of terrorist activities and regional conflicts, nearly twenty years after the end of the Cold War between the East and the West.

With countries and regions becoming increasingly interrelated, we should expect to see “opportunities” and “risks” presenting themselves simultaneously as we head towards 2020. In the meantime, the key to development and growth will be whether we – enterprises and individuals, as well as countries and regions – can seize “opportunities” and actively turn what appear to be “risks” into such “opportunities.”

In this present day and age when the modalities of economy and society are changing dramatically across the globe, we cannot anticipate a bright future if we fail to have a far-reaching vision and understanding of major trends in the future, and unless we think and act accordingly in anticipation of those trends.

### **2. Japan needs to act on its own initiative.**

Presently, Japan is beset with troubles both at home and abroad: the declining birth rate and aging and shrinking population are draining its economic community of vitality; its people are deeply concerned about tax increases and social security payments; society as a whole is being smothered by a sense of helplessness stemming from problems of weakening local economies and widening economic disparities; and as a result of inward-looking policies of the central government, its position and influence among the international community are declining.

Nevertheless, the role which Japan needs to play in the global community is never small. For instance, the increasing severity of growth-inhibiting risks brings along with it a growing demand for technological innovations and a breakaway from conventional economic and social systems, providing this technologically-oriented country with many “opportunities.”

Furthermore, as economic activities become increasingly borderless, new “opportunities” are presenting themselves in many countries around the world in the form of a greater acceptance of Japanese contemporary culture, such as anime, music, and literature.

That being said, these “opportunities” will eventually be wasted if we fail to make up our minds to seize them and act accordingly. The shape of this country in 2020 will depend greatly on whether or not we can broaden our outlook into the world, renew its appreciation of our own strengths, and find a means of surviving.

### **III. Leveraging its “breakthrough capabilities” to change the world and Japan**

1. Kansai needs some key “breakthroughs” to shore up its economy.

As mentioned earlier, as we go through the period up until 2020, countries and regions are expected to become increasingly interconnected, with the result that “opportunities” and “risks” will present themselves simultaneously and that enterprises and individuals, as well as countries and regions, will be required to act on their own initiative. What this means is that we must leave behind the egocentric mindset of focusing on the revitalization of only our own region when we envision an image of what we want it to be like in the future.

More specifically, we should set ambitious goals based on lofty philosophies and ideals, e.g., how Kansai can contribute to and improve the world and this country, rather than merely being occupied with our own development. We then need to identify any discrepancies between the status quo that we find ourselves in and the high ideals that we have set, so that we may quickly set about changing ourselves and begin working toward the sustainable development of the world. As a result, we can then hope to attract a vast amount of people, enterprises, and knowledge from Japan, Asia, and the rest of the world, while also ensuring our own development. This is the virtuous cycle that we should aim to establish.

As things stand now, there is no way we in which can make a drastic change to the confused, problem-laden world and Japan without the “breakthrough capabilities” with which to seize “opportunities,” that is, the “power” to overthrow the status quo by exerting a strong will to concentrate greater force in one direction. These “breakthrough capabilities” can be exhibited only when “strengths,” “will power,” and “action” come together neatly as one. This begins in Kansai and extends thru Japan and ultimately affects the world.

Historically, Kansai is the birthplace of the business ethics/management philosophy of “for the sake of the world and its people.”<sup>5</sup> Over the course of time, this ethical view became merged with innovative, original technologies and thinking, rationality, and the perspectives of consumers to foster what could be called the “Kansai spirit,” thereby giving

birth to a series of products and services that are helping to enrich people's lives.

Going forward, we in Kansai will tap into our "strengths and potential" and revive the "Kansai spirit" that has been at the core of our success in this region; putting everything we have into specific "priority projects" which we hope will eliminate risks that inhibit the further growth of the global economy and break the current deadlock in Japan.

In sum, we hope to change this country and the rest of the world through the integration of our "strengths and potential," "Kansai spirit," and "priority projects" that need to be implemented, as we give full play to the "breakthrough capabilities" which are unique to Kansai among our vast global society.

### **[Kansai's strengths and potential]**

#### **(1) Serving as a hub of diverse businesses, industries, and technologies**

Kansai plays host to an impressive array of enterprises, including Japan's leading and mid- to small-sized enterprises with "one-of-a-kind" technologies, hailing from many different industrial sectors ranging from materials/components suppliers to equipment manufacturers. Kansai is also a hub of many businesses, universities, and research laboratories that specialize in next-generation advanced technologies, including photovoltaic power generation systems, storage batteries, new materials, and ultra-accurate high-performance components.

#### **(2) A tradition of developing new products and services from consumer perspectives**

Kansai-based companies have long been highly reputed for inventions which cater to consumer needs, such as instant noodles, pre-fabricated housing, supermarket chains, karaoke, and anime. This has been made possible by unique human resources with an enterprising spirit, as well as discerning consumers.

#### **(3) Time-honored close economic relationships with countries in East Asia**

Since the pre-WWII period, Kansai has had a great amount of trade and exchange with Asian countries, and its percentage of trade in Asia is higher than the national average. Many Kansai-based companies also have a presence in other Asian countries. Because of the importance of this region, key government officials from Asian countries often visit Kansai.

#### **(4) Clusters of "knowledge" and culture**

Having served as the home of Japan's ancient capitals – Naniwatsu, Asuka, Nara, and Kyoto, to name but a few – Kansai has fostered and treasured Japan's rich cultural diversity over many centuries. In addition to some of the leading universities and research laboratories in Japan, a number of projects to create academic and R&D bases are underway, including Kansai Science City, Saito Life Science Park, the Kobe

Medical Industry Development Project, and Harima Science Garden City, making this region one of the largest hubs of “knowledge” clusters.

(5) Cities with multi-faceted appeal and abundant natural scenery

Kyoto, Osaka, Kobe, Sakai, Nara, Wakayama, Otsu, etc. – Cities with distinct individuality are located within easy reach from one another (all within approx. one hour’s train ride from Osaka). This urban area is also abundantly blessed with nearby natural scenery, such as Lake Biwa (Japan’s largest lake), the Rokko mountains, and the Ikoma mountains. This diversity of business and culture makes Kansai uniquely dynamic in Japan.

**[What makes up the “Kansai spirit”]**

- (1) Ethics: Business for the sake of the world and its people
- (2) Innovation: New technologies and ideas turning crises and risks into opportunities
- (3) Originality: Showing a business spirit which suggests new lifestyles for a new age
- (4) A broad-minded “live and let live” climate<sup>5</sup>: Receptive to human resources from the outside and placing value on harmonious relationships with neighbors<sup>6</sup>
- (5) Rationality: Only things that are truly useful are appreciated. Having tight purse strings is not necessarily a bad thing in Kansai.
- (6) Strong self-drive: Give full play to your own resources in a unique way

2. “Dynamic Kansai!” – “What we wish Kansai to be, and what Kansai should be” in 2020

Kansai will utilize its “breakthrough capabilities” to contribute to the world and Japan. “What we wish Kansai to be, and what Kansai should be” in 2020 is a **“region where various people and enterprises gather from both within and outside of Japan, which in turn further enhances its diversity and vitality, and that is capable of identifying and offering solutions to issues in a way that sustains global development, thus giving birth to a series of products and services that will make the lives of people around the world more enjoyable and fulfilling.”**

“Dynamic Kansai ! ” – We want the world to think of us this way.

(1) One of the most “diverse and dynamic” regions in Asia

We will begin by honing Kansai’s diverse appeals, so that the people in Kansai can live fulfilling lives as they work, learn, and enjoy themselves. We hope to see local universities and educational/research institutions produce talented individuals one after

another, who will then seek opportunities outside of the country to achieve worldwide recognition.

On the other hand, a great variety of enterprises and researchers gather from Asia and the rest of the world, who, in collaboration with enterprises, universities, and research institutions, among other organizations in Kansai, will go on to identify issues of worldwide importance concerning the global environment, resources and energy, and population, and offer new solutions to these issues. Many students from Asia and the around the world will gather here for joint research and mutual exchange with their Japanese counterparts and peers from other countries. Meanwhile, Kansai's diverse appeal – its history, culture, industry and more – will attract many people from both within and outside of the country, which will then further increase its diversity and create new values.

(2) Leading the world with its cutting-edge “technologies and creativity”

In addition to industries that will shape future generations, including the world's leading intelligent home electronics industries, bio-industries such as food processing and medical science, the advanced healthcare industry, and software and content industries, Kansai will see a further expansion of its increasingly high-value-added materials industries such as steel and chemicals, and diverse and well-stocked fundamental manufacturing industries. Through cooperation and integration between leading universities and distinctive R&D centers in this country on one hand, and such industrial hubs on the other, all sort of technological innovations will be created.

These initiatives will produce technologies which will “breakthrough” the inhibitors of growth in the world economy, with the result that Kansai will constantly draw attention from around the world. Meanwhile, keeping a strong focus on Asia and the world around it, Kansai will leverage its own creativity and pioneering spirit to produce new services and trends that will add value to the lifestyles of people across the globe.

(3) “Reduce dependence on the central government and act on our own initiative” to take the lead in changing this country

Kansai's “breakthrough capabilities” will contribute greatly to reforms of Japan's political and social structures, as well as to sustainable development of Asia and the rest of the world.

While the extended association of public services, which Kansai is introducing ahead of other regions in this country, will achieve further development, expanding the scope of public services that cover several local government areas, Kansai will reduce its



dependence on the central government, and instead act upon its own initiative in a larger number of cases. At the same time, the region will deepen economic ties with its neighboring regions of Chubu, Chugoku, and Shikoku. Regional economic and social infrastructures will also undergo drastic changes. Local resident groups and NPOs will begin thinking and making decisions for themselves from a broader-based perspective as well, and will exert their originality and ingenuity to make it possible to expedite the “selection and focus” of regional resources in a responsible manner.

Such initiatives in Kansai will deepen discussions on the introduction of the “regional system” and the further decentralization of power, leading the country to the establishment of a truly decentralized society, a long-standing issue in this country. This is a key challenge moving forward in Kansai and in Japan.

“The world cannot do without Kansai.”

“Kansai makes the world a brighter place!”

“The world would be boring without Kansai!”

“Enhance Kansai’s appeal to the world!”

“A place that the people of the world find intriguing!”

“Everyone in the world says; ‘I Love Kansai!’”

“People of the world expect that ‘there’s always something happening in Kansai!’”

“It’s just not right without Kansai!”

#### IV. “Priority projects” for 2020

In order to achieve “what we wish Kansai to be, and what Kansai should be” in 2020 by strengthening and giving full play to our “breakthrough capabilities,” we have come up with the following “priority projects” that all of Kansai must address. In pursuing these “priority projects,” we will take into account “the environment,” “technological prowess and business mastery,” “second-tier companies,” and “Asia and the world,” which are keywords for Kansai’s development strategies over the coming decade.

##### 1. “Environmental/energy revolution” to bring about a worldwide paradigm shift!

We will aim to play a leading role in resolving issues regarding the environment, resources, and energy of the world, and in realizing a “low-carbon society.”

Kansai plays host to a number of businesses and research institutions who have environmentally-friendly technologies. Nuclear power plants in Kansai, whose merits as essential anti-global-warming technology are being re-discovered globally, utilize the

world's leading technologies to reduce greenhouse gases and ensure a stable supply of power, with generous understanding from their host communities.

Also, Kansai has set an example with eco-friendly lifestyles, one example of which being the introduction of an "eco-style (Cool Biz)," a summer dress code born from cooperation between the business circle and the government, ahead of the rest of the country. As stated above, Kansai holds the advantage in realizing a low-carbon society.

Accordingly, Kansai will send a message to the world designed to enhance its reputation as an environmentally-advanced region, as it seeks to develop new energy sources and advanced environmental technologies, promotes eco-businesses, and realizes and spreads an environmental preservation model which integrates new eco-friendly lifestyles. One of the most important initiatives in this regard is to provide solutions to environmental issues in the Asian superpowers of China and India, each with over one billion people and rapidly growing economies, by presenting them with concrete technological cases to refer to.

Meanwhile, Kansai will create environmentally-advanced model cities which set an example for the world to follow by incorporating various types of advanced environmental technologies in Kansai Science City (Keihanna) and the Osaka Station North Yard 2<sup>nd</sup> Stage Development Project.

#### [Action plans]

(1) Strengthen efforts to develop/spread new energy sources and expand eco-businesses

- Create "environmentally-advanced model cities" (Keihanna and Osaka Station North Yard 2<sup>nd</sup> Stage Development Project)
- Promote the development and spread of new energy sources for household use, such as photovoltaic power generation and fuel cells
- Make policy recommendations and strengthen PR overseas to promote the spread of advanced environmental technologies

(2) Offer environmental technologies to Asian countries and support them in environmental training of their human resources

- Offer technologies for resolving environmental issues and urban planning know-how to China, India, Vietnam, and other Asian countries  
(Ex. 1: Place Kansai at the center of the water business in Asia by presenting "total water solutions")  
(Ex. 2: "Comprehensive Kansai export plan," an all-encompassing proposal for designing a city with extensive urban transportation networks and cultural power")

- Support the development of human resources capable of resolving environmental issues in Asian countries  
(Ex. Create a “Kansai Forum for the Development of Environmental Specialists in Asia”)

(3) Make suggestions for a “stylish eco-lifestyle”

- Kansai will be the first to suggest a “stylish eco-lifestyle,” such as an expansion of the Kansai common eco-point system.

2. “Business that makes our lifestyles more enjoyable and fulfilling” to take the leading role in Asia and the world

Kansai has nurtured services and businesses which are closely linked to people’s lives, such as housing, food, and clothing. One home electronics manufacturer in Kansai was among the first in the country and the world to expand their business to ASEAN countries and China, thereby contributing to the development of the Asian economy and offering extra joy to everyone’s lives. As emerging countries experience rapid economic development, people in those countries have since come to seek affluence, safety, and peace of mind in the truest sense.

In response, Kansai will nurture and enhance its strengths of “technological prowess and business mastery” that are linked to people’s lives, in areas such as “intelligent home electronics,” “food,” “content,” “tourism,” “sports,” and “healthcare,” with a view towards spreading the word about Kansai’s appeal throughout the world and making lifestyles more interesting for people across the globe.

In the “life science” field, we will combine the potential of pharmaceutical manufacturers, world-leading researchers, clusters of universities and research institutions, and related projects such as Saito Life Science Park and the Kobe Medical Industry Development Project, in order to create a major state-of-the-art healthcare hub for the good health of people the world over.

Kansai’s food offers irresistible appeal to not only the Japanese, but to people in Asia and across the globe as well. We will export “food” that is safe, problem-free and even more delicious to Asia and other countries around the world. At the same time, by further promoting “local production for local consumption” and cooperation among agriculture, commerce, and industry, we will enhance the appeal of Kansai’s foods and publicize them extensively throughout the world, thereby inviting more tourists from overseas.

[Action plans]

(1) Communicate Kansai's food culture that stresses the importance of a relationship between "food and agriculture" to the world

- Create a healthy, safe, trustworthy, and varied food culture in Kansai through cooperation among agriculture, commerce, and industry
- Foster and strengthen exports through "tasty and delicious" food-related industries

(2) Create Asia's leading state-of-the-art healthcare hub

- Establish an "Organ Regeneration Medical Center" in anticipation of healthcare needs of the 21<sup>st</sup> century

(3) Enhance Kansai's production capabilities

- Promote Kansai in a fascinating manner to offer happiness and delight to the world
- 
- Establish a "Manga Academy Award" to commend outstanding works and creators from around the world
- Realize an "affluent lifestyle" and promote "attractive tourism" by integrating pop culture (film, music, fashion, etc.) and UNESCO World Heritage sites and traditional cultures

3. Make Kansai the "manufacturing hub" of Asia and the rest of the world by empowering KISPs

Kansai is the home of many independent second-tier enterprises in such industrial sectors as electronics, machinery, and chemicals who, with their remarkable technologies, 1) supply to more than one major assembler, 2) are leading firms among their industrial subtypes, and 3) offer their components, technologies, materials, or otherwise to core products. It is said that major investment projects in Kansai that have been announced in flat panel displays and solar cell industries are being underpinned by the supply of components, materials, and equipment from these enterprises.<sup>7</sup>

This group of enterprises, who embody the "Kansai spirit" and underpin the manufacturing sector in Kansai, will be called "KISPs (Kansai Independent Supply Partners)." By promoting cooperation and integration between KISPs and businesses both at home and abroad, Kansai will underpin the manufacturing of Asia and the rest of the world.

With its population amounting to approximately 3 billion, Asia surpasses Europe and

North America in the manufacturing sector's real value added and is consolidating its status as the "world's factory." Meanwhile, many Asian countries wish for Japan and the business circles in Kansai to strengthen the supporting industries for their manufacturing sectors.

Just as Osaka in olden times established its reputation as a mercantile city by establishing "*rakuichi rakuza* (free markets and open guilds)" where a variety of products were gathered from around the country<sup>8</sup>, we will create a present-day "*rakuichi rakuza*," or a special KISP zone, where enterprises can take advantage of tax benefits and deregulatory measures. It is here that we will intensively develop these KISPs, which are expected to play the central role in the East Asian production network, as we promote cross-industrial association, particularly with Asian enterprises.

In order to offer logistics support for their business activities, we will introduce a new system that is modeled after the port authorities in Western countries<sup>9</sup>. In more concrete terms, we will unify harbor charges and procedures for the use of ports and harbors, while at the same time enhancing our competitive edge through "selection and focus" of our resources by achieving integrated operations of ports and harbors along the Osaka Bay, including the Hanshin Port, as well as those on the Sea of Japan coast, which include the Maizuru Port.

We will then achieve integrated operations among Kansai International Airport, Osaka International Airport, and Kobe Airport, and examine the establishment of an organization that will supervise the development, operation, and management of these three airports, Hanshin and other ports and harbors, and the Hanshin Expressway and other highways. Our goal is to develop the lowest-cost, yet most efficient logistics infrastructures in Asia.

#### [Action plans]

- (1) Strengthen and form a cluster of technology-oriented second-tier companies (KISPs)
  - Create a "special KISP zone," where tax benefits and deregulatory measures are offered (e.g., reducing/exempting property taxes when a new R&D center is established or additional R&D outlays are made)
  - Organize technology networking events between KISPs and leading enterprises, universities, and research institutions, etc.
  - Support global operations of KISPs
- (2) Realize a "21<sup>st</sup>-century Kansai port authority plan"
  - Modeling after successful attempts in Western countries to establish a public utility to conduct port and transportation businesses, similar to the port authorities of New York and New Jersey, we will create an improved version of such ventures and establish a unique organization which operates ports, airports, and roads in

Kansai.

- To start, we will centralize the administration of ports and harbors throughout the Kansai region, including those along Osaka Bay (Hanshin Port, etc.) and those on the Sea of Japan (Maizuru Port, etc.). We will then realize a plan to establish a “21<sup>st</sup>-century Kansai port authority,” which will be responsible for the development, operation, and management of the three airports, the Hanshin Expressway, and highways connecting the Osaka bayside and ports and harbors on the Sea of Japan, to make Kansai’s logistics efficiency number one in Asia.

#### 4. Make Kansai a major hub/center of “knowledge and wisdom” creation!

By facilitating “cooperation and integration” among enterprises, universities, and research institutions of the world, we will enhance Kansai’s abilities to identify global issues and offer solutions to any such issues that may arise. We will make use of the Asia Pacific Research Laboratory plan and “knowledge capital” concept in Osaka Station North Yard as vehicles for clustering intelligence in Kansai, and link them with Kansai Science City and other Kansai-based research parks in an organic way. They will be also linked to economic organizations, research institutions, and research parks around the world, thereby providing researchers from across the globe with a variety of networking opportunities.

To make this happen, we will aim to realize a society which accepts diversity and thus attracts intellectuals from around the world. Specifically, we will improve living environments for foreign residents by involving them, for example, in community activities, so that cities in Kansai will place higher in various international rankings.<sup>10</sup>

[Action plans]

##### (1) Re-cluster and form a network of “intelligence”

- Put into practice the plan to establish the Asia Pacific Research Laboratory, a core facility of the “knowledge capital” in Osaka Station North Yard
- We will attract talented researchers and enterprises from both within and outside of Japan to clusters of advanced research institutions and world-renowned universities in Kansai Science City, Saito Life Science Park, and Kobe Medical Industry City, thereby creating an intellectual hub and ensuring organic cooperation among those institutions.

##### (2) Lay down urban and living infrastructures to make Kansai the “region which offers the best living conditions in Asia and the world”

- Increase multilingual (English, Chinese, Korean, etc.) traffic and other public signs

- Develop social infrastructures that make life easy for foreign residents (schools, hospitals, churches, etc.)
- Utilize technologies which remove language barriers and facilitate free communication

#### 5. Build a decentralized society towards the realization of a regional system

Among the priority projects are many regional strategies, such as expansion of the eco business, the spread of new energy sources, and promotion of tourism by stressing the appeal of “food,” along with wide-area infrastructure policies such as the “special KISP zone,” “21<sup>st</sup>-century Kansai Port Authority plan,” and “development of the world’s best urban and living environments for residents.” Success of these projects requires flexible and speedy responses by governments beyond conventional administrative jurisdiction, and thus is difficult under the current administrative framework of prefectural and municipal systems.

In order for Kansai to make its appeal and competitive edge felt and achieve further development amid the ongoing global interregional competition, we will expand the functions of the association of public services which cover several local government areas in Kansai, so that we can improve our regional management capabilities which cover areas beyond prefectural jurisdictions and implement efficient regional strategies.

Furthermore, in order to eliminate dual and even treble administration by the national government (its regional offices), prefectural governments, and municipal governments, Kansai will expedite its own reforms, for example, the consolidation of Osaka Prefecture and Osaka City and the integration of related administrative organs, while at the same time aiming to realize the “regional system” as a new framework for wide area local governments, thereby taking the lead in building a decentralized society where each region may make decisions and act of its own volition.

#### V. Roles that Kankeiren will play

This Vision cannot be realized without the understanding and cooperation of the many parties concerned, including businesses, national and local governments, universities and research institutions, and NPOs both within and outside of Kansai. To facilitate this process, Kankeiren intends to play the following roles:

1. Leading the way towards realization of “what we wish Kansai to be, and what Kansai

should be”

In accordance with this Vision, we will make suggestions concerning the economic society that we should be striving for, the future image and direction of regional development, and will obtain necessary approval from the many parties concerned.

## 2. Coordinating the implementation of action plans

We will coordinate with the key players involved to put into practice individual projects and action plans for this Vision.

## 3. Conducting scientific research and making policy recommendations to encourage the setting of new issues and changing of existing systems

We will conduct scientific research and make policy recommendations about the setting of new issues and actions in such a way that will respond quickly to future environmental shifts and necessary reformation of economic and social systems (the tax system, social security, monetary policies, commercial policies, etc.).

End



[Notes]

### I. Aims

<sup>1</sup> “Scenario for Revitalizing the Kansai Economy,” Kansai Economic Federation, December 1999

<sup>2</sup> “FY2008 Kansai Economic White Paper -- Signs of Globalization in Kansai,” Chapter 5. Financial Crisis and Issues of Municipal Governments in Kansai, Kansai Institute for Social and Economic Research, September 2008

<sup>3</sup> “Kankeiren’s Future Course of Action – ‘100-day Task’ Study Results,” Kansai Economic Federation, October 2007

### II. The global situation leading up to 2020

<sup>4</sup> “Transcripts of Lectures by Professor Matsui at University of Tokyo, Komaba Campus – Exploring the Universality of the Earth, Life, and Civilization in Outer Space,” Takafumi Matsui, December 2005

Professor Matsui indicates a “Year 2020 problem,” in which he asserts that, owing to the rapid population explosion and economic expansion, the “human sphere,” which has expanded without interruption thus far, will encounter restrictive conditions such as limited resources, energy, and food

### III. Leveraging its “breakthrough capabilities” to change the world and Japan

<sup>5</sup> Baigan Ishida (1685 – 1744) Ethicist and founder of *Sekimon Shingaku* (mind and heart learning) branch of moral philosophy.

“A real businessperson does not think only about own profits but also his partner’s” – Using simple terms, he expressed the intrinsic spirit of corporate social responsibility (CSR). Along with Omi merchants’ philosophy of “Benefits for all three parties (seller, buyer, and society),” this is the “origin of CSR in Japan.” Ishida did not negate profit-making activities as such, but from the perspective of “sustainable development of business” he urged the necessity of fulfilling one’s social responsibility through their primary occupation.

Ishida’s economic thought preceded Adam Smith’s masterpiece “The Wealth of Nations” (1776), which established the foundations of modern economics by drawing attention to the importance of competition in the market.

<sup>6</sup> “Kansai in the 20<sup>th</sup> Century: Learning from History and Looking Toward the Future,” Association of Kansai in the 21<sup>st</sup> Century, October 2000

Many Osaka merchants who achieved success after the Meiji Restoration were either from other prefectures in Kansai or from regions outside of Kansai. The same holds true for the Kyoto-based companies which were founded and achieved great success following WWII.

### IV. “Priority themes” for 2020

<sup>7</sup> “‘Independence,’ ‘Collaboration,’ and ‘Supply’ Styles are the Strengths of Advanced Manufacturers” Teikoku Databank, July 2008

<sup>8</sup> “History of Naniwa,” Chapter 3 “Private-sector Vitality,” Mataji Miyamoto, Kansai Economic Federation, May 1987

<sup>9</sup> Port authorities are resident-run, public-utility-like organizations that manage and operate ports and harbors in urban districts. In port cities in the UK and the US, or cities which have been influenced by them, port authorities are a central component of port management.

<sup>10</sup> Many research organs announce the results of comparisons between urban and living environments among the cities of the world, each of which makes use of different parameters for their surveys (culture/environment, education, infrastructures, public security, healthcare services, etc.).

MasterCard 2008 Worldwide Centers of Commerce Index (June 2008)

- Of the 75 cities, Osaka was #22, and Tokyo #8 for “Livability.”

- Vancouver #1, Düsseldorf #2, San Francisco #3

Mercer Quality of Living Global City Rankings (June 2008)

- Of the 215 cities, Kobe was #40, Osaka #44, and Nagoya #54.
- Zurich #1, Vienna #2, Geneva #3

Economist Intelligence Unit's Livability Ranking (October 2005)

- Of the 130 cities, Osaka-Kobe was #22, and Tokyo #16.
- Vancouver #1, Melbourne #2, Vienna #3

ECA International's Location Ranking Survey on Asian Expatriate Living Conditions (March 2007)

- Of the 254 cities, Kobe was #4, and Osaka and Tokyo were tied at #10.
- Singapore #1, Sydney #2, Melbourne #3