

# Tracing the Potential of a Sleeping Giant

## A Pivotal Region for the 21st Century

By Kazuaki Harada

**T**he 21st century, once only a distant dream, is now a mere 12 years away. With the Japanese economy expected to achieve average annual growth of 4% over these remaining years, Japan's gross national product (GNP) in the year 2000 will reach the ¥500 trillion level in terms of 1980 prices, and its industrial shipments ¥480 trillion.

The country's social capital, including sewerage and municipal parks, will have doubled, and people's leisure time increased 25%. It will be commonplace to have a home in the city and in the country as well, bringing city dwellers back into contact with nature in their second homes in farm and mountain villages.

Nationwide freeways and a network of international airports and local commuter airports will make a one-day return trip to any part of the country possible. This expanded transportation system will check today's excessive concentration of various functions in Tokyo, and enable regional cities to capitalize on their respective regional characteristics and promote the development of unique communities. Japan will have evolved into a nation in which functions and powers are transferred from Tokyo to provincial cities representing numerous regional centers.

This is Japan in 2000 as envisaged in the 4th national comprehensive land development program popularly known as "Yonzenso." *Yonzenso* positions Kansai as a pivotal region for creating innovative industries and culture for the 21st century. It will do so not only by utilizing the accumulated wealth of such distinctive cities as Kyoto, Osaka and Kobe, but also by bringing together new cultural, academic and research activities and interacting with other communities both inside and outside of Japan. Moreover, Kansai is expected to develop unique international economic functions of its own, including international financial and securities markets, even as the 24-hour Kansai



An artist's view of the new Kansai International Airport, one of the major projects that is expected to revitalize the Kansai area

International Airport and new "teleports" for telecommunications make it a locus of international exchange. Kansai will be crucial to the Japanese economy.

### Sagging fortunes

Kansai prospered in premodern Japan as a distribution and commercial center, an affluence it later retained as a major production center for industrial materials and semifinished products like textiles and steel. Even today, Kansai accounts for about 20% of Japan's economy and for about 2% of the free world's GNP. In economic scale it is comparable to Canada or the Netherlands.

Yet the relative position of Kansai in the Japanese economy has been sagging. Production bases have been relocated to other parts of the country, even as the international competitiveness of key Kansai industries has been eroded by the advance of the newly industrializing countries (NICs) of Asia. Kansai lags in such growth industries as automobiles,

precision instruments and electronics, while media and administrative functions have concentrated increasingly in Tokyo.

Now, however, it is generally recognized that many of these trends must be reversed. From the standpoint of long-term, stable development of Japan, it is vital to decentralize the key administrative functions which have gravitated to Tokyo, and to try to establish an equilibrium with outlying regions. Part and parcel of this is the revitalization of Kansai, with its rich economic and cultural heritage.

### Strategies for revitalization

Key administrative and economic control functions were attracted to Tokyo in the first place by the ease of gathering information there. People in search of information seek it in Tokyo, and in so doing create synergy which generates new information. To reinvigorate the Kansai economy requires creating a regional identity different from that of the capital

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The Osaka Securities Exchange, the center of Kansai's economic power

which would spur its own interchange of people and information, both Japanese and foreign. Kansai must become cosmopolitan and information-intensive, evolving into a financial center. Fortunately, a host of big projects promise to help Kansai attain these three goals.

The biggest of these undertakings is the new Kansai International Airport, which will constitute the cornerstone of Kansai's internationalization. Approximately ¥10 trillion will be invested in

building the offshore airfield and developing its surroundings by 2000. The disbursement of this vast sum will contribute greatly to expanding domestic demand. But the significance of the new airport is not confined to its direct economic impact. As an international gateway to Kansai open for 24 hours a day, it will be a hub of interchange of people and information contributing to revitalizing the region as a whole.

But it will take more than the airport

and international conference halls to reinvigorate Kansai. The region must also make available the products and services in which it has a special talent. One strategy to achieve this is to position Kansai as one of the key urban complexes of the Asia-Pacific region, attracting a stock of personnel and information from throughout the Pacific basin.

There are strong geographic and historic ties between Kansai and Southeast Asia, which even today accounts for 28% of Kansai's exports and imports, far higher than the 19% average for trade between other parts of Japan and Southeast Asia. When the new international airport opens, it will be a revolving door to Tokyo, Seoul, Shanghai and Taipei. The center of the world economy is already shifting from the Atlantic to the pan-Pacific region embracing Japan, Asia and the western coast of the Americas. It would not be surprising if many Asian corporations chose to move their offices to Kansai, one of the centers of the pan-Pacific economy, even as Japanese and foreign corporations establish their strategic bases vis-à-vis Asia in the region's cities. Their business transactions and commercial negotiations will bring information on Asia pouring into Kansai, in turn attracting more people and corporations. Of course, it will be necessary to establish

## Kansai International Airport

The biggest of the Kansai projects is the new Kansai International Airport, which will turn 1,200 hectares of Osaka Bay five kilometers off Senshu in Osaka Prefecture into a full-scale international air terminal. The world's biggest offshore airport, it will also be open to domestic flights, while its location far from populated areas will minimize noise pollution and permit around-the-clock operations presently impossible at Osaka's overcrowded Itami airport.

When it is completed, two 4,000-meter-long main runways and a 3,400-meter-long auxiliary runway will enable the airport to handle 260,000 takeoffs and landings and an estimated 31 million passengers a year, making it the equal of Frankfurt's Main and London's Heathrow airports. Cargo volume is expected to top 1,400,000 tons a year, twice that of the New Tokyo International Airport in Narita.

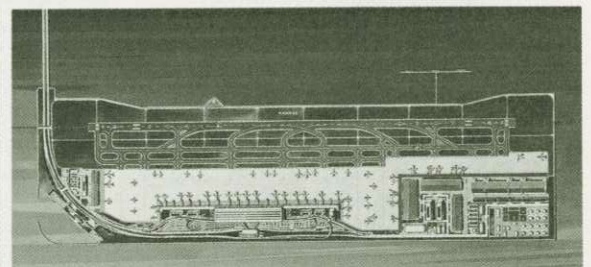
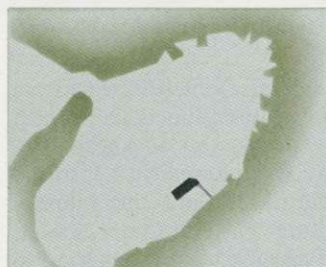
Work on the airport started in January 1987, with completion of first-phase

construction scheduled for the spring of 1993. The first phase alone will cost a staggering ¥1 trillion. It is being financed by the central and local governments, private corporations, and government and private loans.

First-phase construction will reclaim 511 hectares from the ocean, room enough for a 3,500-meter-long main runway and passenger, cargo and railway terminals. That will give the facility an initial capacity of 160,000 takeoffs and landings annually, including direct flights to New York. The airport will be connected to the

coast by a combined highway and railway bridge, the highway connecting with the Kinki superhighway and the railway feeding into the JR Osaka-Wakayama and Nankai lines. Ferry boats will ply routes between the airport and nearby coastal cities.

Both construction work and operation of the airport is the responsibility of Kansai International Airport Co., established in October 1984 with capital from the central government, Osaka Prefecture, Osaka City, Wakayama Prefecture and other local governments, and the private sector. The first airport in Japan to be built and run by a private company, the new Kansai International Airport is a model case of putting private-sector vitality to work in stimulating the economy.



How the new Kansai International Airport will look at the end of first-phase construction work.



import and distribution bases linked to Kansai International Airport, permanent exhibition halls for Asian and Pacific products and a commodity information center to support these trends and multiply their effects.

Another promising project is the planned Kansai Science City and a complex of biotechnology research institutes in northern Osaka expected to spearhead Kansai's advance into the information age. Computers, electronics, biotechnology and fine chemicals, the core industries of the future, all rely on high value-added information. To retain their technological leads, corporations must

concentrate more than ever on basic R&D, not only at their own research facilities but in concert with Japanese and foreign research institutes. The Science City will play a central role in promoting active research exchange and attracting outstanding researchers and engineers to the Kansai region.

The last key is the expansion of Kansai's financial functions. Today, turnover on the Osaka Securities Exchange is only one-eighth that of the Tokyo Stock Exchange; Osaka-based foreign exchange trading lags even further behind. Osaka will never catch up if it seeks only to do the same things as Tokyo.

In June 1987, the Osaka Securities Exchange launched stock futures trading, thus getting a head start in the age of full-scale financial futures trading. It was a perfect example of the way Osaka must always strive to take the initiative away from Tokyo and assert its own identity. The Osaka Securities Exchange, too, can secure a unique position in international financial markets by listing stocks of Asian companies and pioneering futures trading in Asian NICs' currencies.

## Impact of projects

There are numerous other projects under way in Kansai, from the 1990 International Garden and Greenery Exposition to the Honshu-Shikoku Bridge and Rokko Island projects. These projects require direct investments totaling some ¥15 trillion, and their economic impact will be accordingly great.

Every effort must be made to capitalize on these projects in developing the social infrastructure which will attract people and information to Kansai. And all these efforts must be imbued with a desire to highlight Kansai's own independent identity stemming from its distinctive traditions. City-building in Kansai must transcend regional development to set its sights on Asia and the world. ●



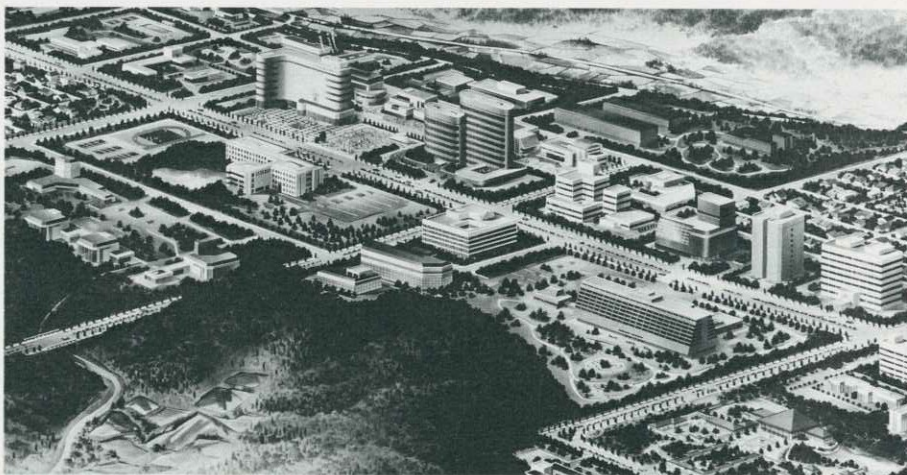
Asian businesspeople in negotiations with their Kansai counterparts. Asia accounts for 28% of Kansai's exports and imports.

## Kansai Science City

Kansai Science City (KSC) is a gigantic national undertaking designed to establish an international creative nucleus for promoting cultural and academic research for the world of the 21st century.

A joint brainchild of government, academic and business circles, KSC will sprawl over 16,000 hectares atop the Keihanna hills at the intersection of Kyoto, Osaka and Nara Prefectures. When completed early in the next century, it will be home to 350,000 people, equal in scale to the Tsukuba Science City east of Tokyo. With its culture and science research areas scattered over 11 districts, each built in harmony with the natural environment and linked by modern traffic and communications networks, it will offer an unparalleled research and living environment.

The city's residential district will not be a mere "bed town" designed to take pressure off overcrowded Kansai cities. Rather, it is being integrated into the natural environment and the ancient cultural heritage abounding in Kansai, the cradle of Japanese civilization.



An artist's view of a part of the proposed 16,000-hectare Kansai Science City, a joint brainchild of the government and private sector

On the academic front, KSC will merge scientific and cultural functions to meet international needs. The Advanced Telecommunications Research Institute International (ATR) and the International Institute for Advanced Studies (IIAS) have already been established to serve as the city's nucleus. They have

been joined by branch campuses of Doshisha University and the Kansai Junior College of Foreign Language, as well as recreational and cultural facilities.

On completion, KSC will strengthen the position of Kansai as Japan's second national metropolis and a region capable of serving as an alternate capital.