

An Introduction to the formation of a Cultural Industry Cluster in the Osaka Urban Area and developing International Competence

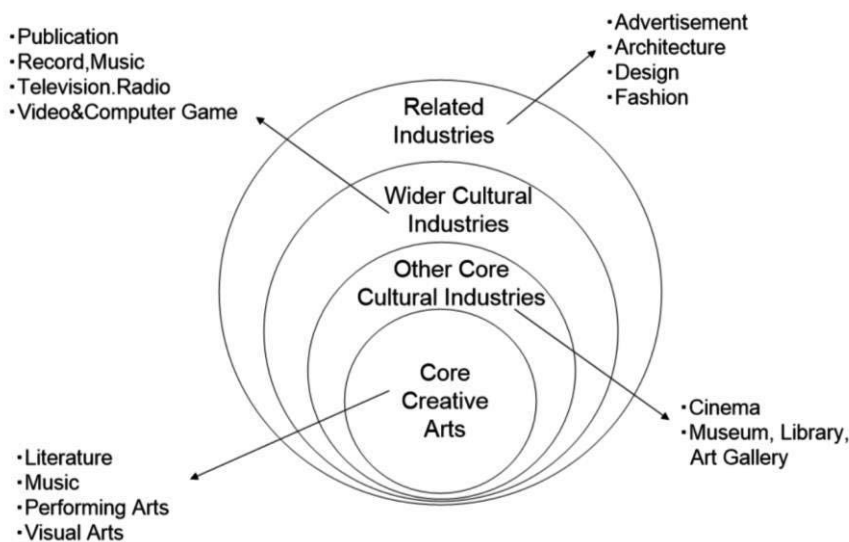
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1. Cultural Industry

Terms such as cultural industry or creative industry are used to refer to an industry related to culture or art. The concept and its object industries may differ from country to country. Historically, the term "cultural business" first appeared in the 1980s. In particular, UNESCO used "cultural industry" as a conception of industries devoted to art, music, the performing arts, literature, fashion, design, and so on. Since that time, the term and the reality of such industries have spread throughout the world.

This background serves as a reference for the definition of cultural business in this paper (Fig. 2.1). In the 2000s the notion of "cultural industry" evolved into "creative industry." For example, the Culture, Media and Sports ministry of the UK adopted the concept of "creative industry." The UK showed the economic scale of its creative industry using a mapping method, with great impact on other countries. Subsequently, a number of countries adopted the concept and recognized their own creative industry sector. The UK's Culture, Media and Sports ministry defined creative industries as industries that "have their origin in individual creativity, skill and talent and...have the potential for wealth creation through the generation of intellectual property."

In recent years, the concept of a creative economy has included science as well as art. Fig. 2.1 provides the definition of cultural industry used in this paper. It shows a harmony with information and communication technologies, predicted high growth content areas, and includes visual arts, music & audio, games, books, newspapers, images, and textbooks.



Source : D. Throsby (2001) *Economics and Culture*

Figure 1.1 Concentric Circle Model of Cultural Industry

2. Industrial structure and the city in modern society

The rapid economic growth of Japan based on manufacturing began in the second half of the 1950s, driven by the centralization of a highly homogenous population with a uniform level of education. Generally, a city with high productivity has a large population in a period of economic growth and the manufacturing industry was a major factor in the centralization of the Japanese population into large cities.

Migratory movement from the farm to four major industrial areas caused urban-population centralization to accelerate during this period. At the same time, the government supported the growth of cities through the introduction and expansion of factories as a means for realizing increased tax proceeds and maintaining a high level of employment. This phase changed drastically after the 1980s, as Japan's industrial composition was by then being affected by a significant change in the state of the world, which was experiencing rapid advancements in science and technology, accompanied by the economic growth of developing countries.

Urban growth strategies, which had focused on attracting labor-intensive industries such as manufacturing, did not work well in this changing environment. Local cities were unable to respond to the change of industrial structure and consequently many lost their industrial competencies. Moreover, serious consideration of value added exhausted the local cities that had attracted low knowledge-based industry. In the big cities, the size of population became a factor that contributed to centralization and caused the population to increase further.

In recent years, population increases in metropolitan areas have been affected by this influence. In the future, if no adjustments are made to the socio-economic situation, including a major change in policy and increased attention to the natural environment, continued centralization in metropolitan areas and the exhaustion of the rural areas will be inevitable.

3. Capability of Osaka urban area.

According to Japan's Ministry of Internal Affairs and Communications, the amount of added value per capita is concentrated in the country's larger cities, with estimates of 2,500,000 yen or more in metropolitan areas such as Tokyo, Atsugi, and Fuji Yoshida. However, it is clear that the potential development of cultural industries cannot be measured solely with quantitative data in the Kansai region, especially in the Osaka urban area. In terms of GDP, cultural industries (i.e., the content industry) have expanded on a worldwide scale (Table 3.1).

Table 3.2 shows the market size of the domestic content industry by region. As shown, Kansai accounts for 1,784,600 million yen. However, this is rather small-scale compared with the 7,890,200 million yen total for the Kanto region. Nevertheless, Kansai ranks second as a centralization region for the content industry (Table 3.2).

Table 3.1 Scale of Content Industry Market (Trillion USD)

	Japan	US	World
A: Content Industry	0.1	0.6	1.3
B: GDP	4.6	11.7	40.9
A/B	2.2	5.1	3.2
Oversea sales ratio/A	1.9	17.8	NA

Source: Ministry of Economy, Trade and Industry, Japan.

Table 3.2 Scale of Content Industry in Domestic Market (100 million yen)

	Kansai*	Chubu	Kanto
Visual	6,203	3,976	25,375
Music & Audio	2,523	1,476	10,283
Games	1,402	817	7,165
Book, Newspaper, Image, Textbook	7,718	3,860	36,080

*Kansai includes Osaka, Kyoto, Hyogo, Shiga, Wakayama, and Fukui

Source: Ministry of Economy, Trade and Industry, Japan.

Table 3.3 Scale of Export Value of Japan's Content Industry

Industry	100 million yen
Cinema	46
TV Programs	63
Animation	160
Game software	2930
On-line games	7
Comics	120
Characters	315

Source: Ministry of Economy, Trade and Industry, Japan.

The growth potential of cultural industries in the Kansai area is very high. Many content producing businesses are already located there. Moreover, there are a number of higher education institutions related to the cultural industry in the region, which means that the bedrock of personnel training is already in place. Furthermore, the region is a center of Japan's cultural heritage. An important cultural property is as follows; world heritage of Japan 40%, the traditional cultural goods 50%, national treasure 60%.

Kansai also has cultural resources peculiar to the region, including such traditional entertainment as Kabuki produced in Kansai, Bunraku, and Nou. Such cultural capital fits well with the Internet or digital technology and has the capability of generating new industries.

4. Advantages and weak points of Osaka

We can describe concretely the capability of Osaka to develop a content industry. One obvious impediment to such development is the absence of terrestrial broadcasting stations in the area. Such stations are concentrated in Tokyo. This is one reason that Osaka may be unable to develop content demand. However, as broadcasting technology becomes more diversified with the deployment of satellite broadcasting, the digitalization of broadcasting, and the continued development of streaming technology and mobile media, Tokyo's advantage is likely to be reduced.

Among Osaka's greatest strengths is the excellence of its human resources, the size of its design industry and the presence of numerous vocational schools offering programs in information systems and art. Many excellent creators who currently play an active role in Tokyo's content industry have their origins in Osaka but left the area because there is such a low assessment to the content industry there.

Table 4.1 GDP of Osaka

Industry	2014
1. Industry	34,117,938
(1) Agriculture-and-forestry fisheries industry	36,287
① Agriculture	34,253
② Forestry	142
③ Fishery	1,892
(2) Mining industry	2,212
(3) Manufacturing industry	5,394,294
① Food	631,573
② Fiber	59,356
③ Pulp and paper	106,305
④ Chemistry	736,715
⑤ Coal oil and coal product	476,192
⑥ Ceramic industry and soil-and-stone Product	99,533
⑦ Black country	302,898
⑧ Nonferrous metal	85,432
⑨ Metal	630,626
⑩ Machinery	786,817
⑪ Electrical machinery	430,616
⑫ The machinery for carriage	246,689
⑬ Precision instrument	47,677
⑭ Others	753,864
(4) Construction	1,520,072
(5) Electricity, gas, and water-work	1,024,246
① Electricity	345,605
② Gas and water-work	678,641
(6) Wholesale and retail	6,649,984
① Wholesale	4,596,514
② Retail	2,053,471
(7) Banking and Insurance	1,580,829
(8) Estate	5,289,416
① Housing lease	4,521,461
② Others	767,955
(9) Conveyance	1,955,271

(10) Information and telecommunications	2,523,860
① Communication	960,084
② Broadcasting	107,032
③ Data utility, visual and text	1,456,744
(11) Service	8,141,466
① Public service	2,390,207
② Service for Business	3,441,689
③ Service for Individual	2,309,571
2.Public service	2,275,833
(1) Electricity, gas, and water-work	159,841
(2) Service	764,745
(1) Civil service	1,351,247
3.Nonprofit Service	759,817
(1) Education	344,933
(2) Others	414,884
4.Intermediate total (1+2+3)	37,153,588
5.Custom duty	1,158,530
6.(deduction) Consumption tax	378,130
7.Gross production (4+5-6)	37,933,987
Primary industry.	36,287
Secondary industry.	6,916,578
Tertiary industry.	30,200,723

Source: Osaka Prefectural Government

5. Industry accumulation in Osaka.

According to Kohase(2000), Approximately 350 companies are registered with the Kansai multimedia creator directory. The breakdown is Kita-ku (approx. 105), Chuo-ku (approx. 95), Nishi-ku (approx. 45), and Yodogawa-ku (approx. 25), which account for roughly 80 percent (approx. 280 of the 350 companies). This paper adopts the block classification of Kohase (2000), with the following block groupings: the Shin-Osaka block, Minamimorimachi block, the Minami-senba block, the Higo bridge block, and the Tanimachi block.

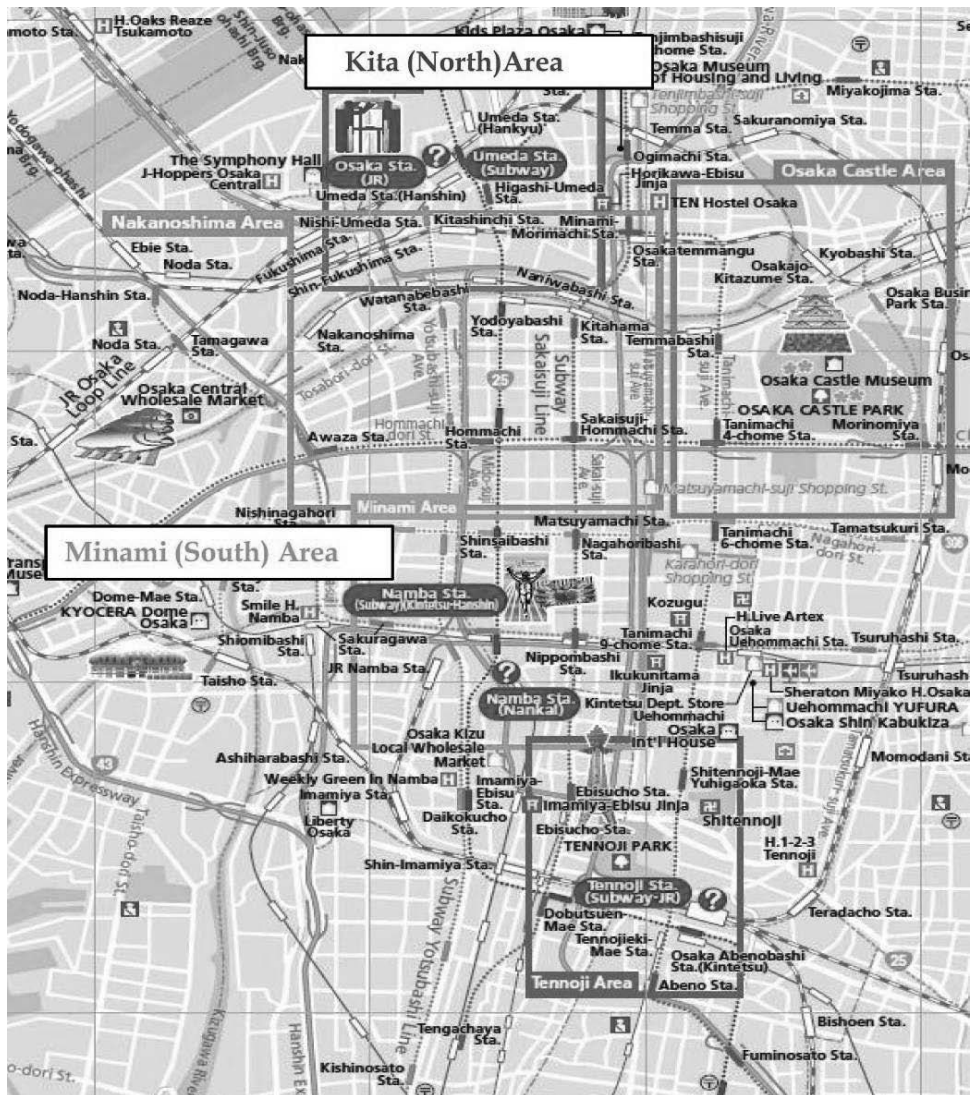


Figure 5.1 Map of Osaka
Source: Osaka Conference

In the Shin-Osaka block, the geographical conditions of the content industry have not been exploited; however, the district is close to potential customers, especially other businesses. In addition, many related companies are located near the Shin-Osaka station, likely because of the business access

to Tokyo that the Shinkansen provides. In the Minamimorimachi block, the conditions for opening and maintaining business offices are very good, as rent is relatively cheap.

In Greater America Mura (Minami-senba and Horie), there are many young people. However, land prices are quite high. On the other hand, rent in the neighboring area is rather cheap. Moreover, multimedia offices are concentrated here. Banking establishments, large-sized stores, and corporate headquarters are beginning to withdraw due to urban renewal, and subsequent land use is uncertain. Many brand shops, open cafes, etc., have begun to appear and the area is changing into a town of young men and women who work in the business district in the Midosuji neighborhood. A similar trend was seen when a software business area materialized in New York City. This Osaka area is likely to turn into a promising area for the content industry.

In the Higo bridge and Yotsubashi blocks, there are a number of branch offices of national companies, and rent is relatively cheap. These will likely become a secondary industrial orientation blocks for content-related businesses. Public institutions, including national, prefectural, and city offices, are concentrated along the Tanimachi line (Tanimachi-Suji). Supporting services such as printing companies, together with attorney and consultant offices, are a major presence. There is much, especially the printing businesses, that can provide the roots of a prosperous content industry.

6. Possibility of International Competence

Miyamoto and Konagaya (1999) evaluated the promising nature of the Asian market. In Asian nations, the middle class has risen along with robust economic growth and markets are expanding. Content related to history, culture, and sightseeing is especially abundant. As the future unfolds, the international advantage of Osaka's content industry should be promoted throughout Asia. As a first priority, Osaka should develop the content products market in Asia. Furthermore, the content industry requires excellent creators in large numbers. Osaka should look to Asia for secure content, and for exceptional creators as a human resource in the labor market.

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