

Panel Report 4

Three Approaches towards Regenerating the RustBelt-Local Governance through Partnerships

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1 Introduction

RustBelt is a colloquial term for old industrial zones. About 15 to 20 years ago, countries around the world have been implementing policies to redevelop these areas. Though already completed, when mentioning the keyword "environment" in this regards, the Internationale Bauausstellung EmscherPark experiment in a rural industrial zone of Germany is very well known. It is even widely known in Japan how they converted this old industrial space for the future along an axis of environmental regeneration. Unfortunately, this kind of endeavor is not being undertaken in Japan at present.

One example I will be raising today is the former Hanshin Industrial Zone along Osaka Bay. It is a classic example of an old industrial zone of Japan and perhaps a good choice of a subject for an area that is groping with its redevelopment. I will be reporting on what sort of future outlook there is for this kind of old industrial zone from the viewpoint of the environment.

As for the content of my presentation, I will first give an overview of the Osaka Bay Area and then provide my basic perspective. On the keyword "partnership", there are currently three approaches being taken in the bay area: the "Amagasaki 21st Century Forests", "Himeji Ecotown" and "Community Business", which came about as the opportunities presented by the Hanshin-Awaji Earthquake. I will be introducing the activities of these redevelopment

3 Approaches toward Regenerating RustBelt local governance through partnership

1. Decline of Osaka bay area (The former Hanshin Industrial Zone)
2. Basic point of view focusing on the revitalization of bay area
3. 3 approaches to the revitalization of bay area
 - (1) Amagasaki 21st Century Forests Project:
To revitalize the innermost of the industrial zone
 - (2) Himeji Eco-town:
Industry-driven environmental business
 - (3) Role of community business in quake restoration
4. Partnership and regional innovation

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projects. In summarizing everything, I will talk briefly about how to continue regional innovation and give some hints on ways to build sustainable local communities, which is today's theme.

2 Decline of the Osaka Bay Area (Former Hanshin Industrial Zone)

1-1. Decline of Osaka bay area (The former Hanshin Industrial Zone)



(Source: Osaka Bay Area Development Organization)

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The Osaka Bay Area indicates a zone along the

coast from Wakayama Prefecture through Amagasaki and runs beyond to Kobe, Himeji and Takasago. The total area is said to be about 3,000 to 4,000 hectares.

1-2. Decline of Osaka Bay area (The former Hanshin Industrial Zone)

- In the beginning of 1900s, industrial shipment value of Kansai region covered 30% of the nation. → To date, it has declined to over 10%. (Industrial site of about 9,000 ha is less utilized or unutilized at present.)
- Lack of innovation in the region → To accelerate decline.

(Source: Amagasaki 21st Century Forests Project Promotion Committee (pictures))

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Looking at this area within the framework of the larger Kansai, it accounted for about 30% of the industrial shipping value in the early 1900s. In terms of shipping value, the Kansai was the sole winner back in those days, but today its position has shrunk to about 10%. Of course, the rise and fall of an area cannot be measured by shipping value alone, but I just want to raise it as a symbolic number. Also, according to a recent survey by the Ministry of Land, Infrastructure and Transport, there are about 9,000 hectares of half-idle industrial land in the Kinki area. There are various reasons for the decline of these areas, which cannot be summed up in a nutshell, but it can be said that a lack of internal innovation in these areas lied in the background of the accelerated decline.

3 Basic Perspective on Bay Area Redevelopment

How should we look at the task of redeveloping this area? In 1991, the Osaka Bay Area Redevelopment Association came out with their grand design entitled "Osaka Bay Area - The Frontier of the World". In 1992, the Act concerning the Development of Osaka Bay Areas was crafted on this and the Osaka Bay Area Development Organization was created to promote it. However, about this time, Japan's economic bubble burst and, though this may sound extre-

2. Basic point of view focusing on the revitalization of bay area

- ➡ Grand design of Osaka bay area
 - 1991 Osaka Bay Area Development Association: Osaka bay area—The frontier of the world city, Kansai
 - 1992 Formulation of Osaka Bay Area Development Law / Establishment of Osaka Bay Area Development Organization
- ➡ Trend changed in and after 1990s
 - Paradigm shift for city and regional development—
 - Larger uncertainties and risks in expanding of business
 - Cooperation and pilot program with various entities (citizens/governments/businesses)
- ➡ 3 models of the revitalization of bay area

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me, Japan was forced to reexamine its socio-economic framework. Because of the change of current in the 1990s, a paradigm shift occurred in urban area development. Actually, this kind of major change in urban area development occurred not only in Japan but also in England about the same time.

As you all know, the systems and schemes that took strong economic growth as a pretext no longer functioned. For example, local governments went about their work and schemes under the principles of continuity and fairness in policies, assuming strong growth. However, when this pretext caved in, uncertainty spread and society fell into a situation of marked risks.

Furthermore, information technology and the internet is spreading like lightning today, all sorts of entities are sharing information and globalization is rapidly advancing. Amidst the flow of change, "relations", including the relations between people, have changed.

In this kind of situation, a new direction is needed to respond to the changes and the diversifying sense of values that have resulted. In that context, we have sought "partnerships" in various places. I would like to summarize the three current models of redevelopment going on in the bay area from this perspective.

4 Three Approaches to Bay Area Redevelopment

4.1 Amagasaki 21st Century Forests: Redevelopment of Innermost Area of Industrial Zones

The first redevelopment model is the "Amagasaki

(3-1-1) Amagasaki 21st Century Forests Project :
To revitalize the innermost of the industrial zone

○ Industrial city: Amagasaki

History:
In 1889, Amagasaki Spinning (the present UNITIKA LTD.) sited in this place.
Military industry during the First World War
In 1930, vast area of land was reclaimed.
→Sumitomo Metal Industries, Furukawa Electric, Asahi Glass, etc. sited.

Now:
For a last decade, the number of factories and workers have decreased by more than 25%.
In case of special pipe works, Sumitomo Metal Industries (1919): The number of workers decreased from 4,635 in the peak year of 1971 to 520 at present.
Kansai works, Asahi Glass (1907); 890 (1982)→ 159 at present
Osaka works, Furukawa Electric (1938); 822 (1982)→ 397 at present

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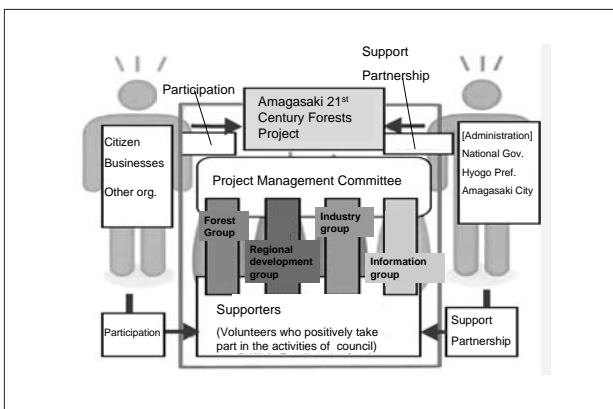
"21st Century Forests" project. It is attempting to reforest the site of Kansai Electric Power Company in the former Hanshin Industrial Zone of Amagasaki City. This project has the backing of Hyogo Prefecture.

(3-1-2) Amagasaki 21st Century Forests Project :
To revitalize the innermost of the industrial zone

■ Targeting Area
Targeting Area lies below route 43, embracing around 1000ha.

(Source: Amagasaki 21st Century Forests Project Promotion Committee)

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The target area is some 1,000 hectares south of National Rt. 43. Within that, only about 30 hectares are currently active. This Amagasaki 21st Century Forests project is being driven by the governments of Ama-

gasaki City and Hyogo Prefecture, but an Amagasaki 21st Century Forests Development Board was formed in order to continue resident activities and business. I myself was a part of that.

Hyogo Prefecture declared it as a "100 year plan". As far as I know, no local government has ever developed an area with a "100 year plan". In that sense, it is a very daring plan. Seen from the point of view of a researcher specialized in industrial economics, such as myself, it seems like a very challenging task to redevelop the former Hanshin Industrial Zone that supported the nation for 100 years over a period of 100 years with an "environmental" theme. I find it a project to look forward to.

4. 2 Himeji Ecotown: Eco-Business Driven by the Private Sector

(3-2-1) Himeji Eco-town: Industry-driven environmental business

Hirohata Special District for environment and recycling in Himeji city

- ① Waste from the city and other industrial area
- ② Research centre
- ③ General industry cluster
- ④ Return to community
- ⑤ Env.-recycling businesses
- ⑥ Tire gasification/ car recycling factory
- ⑦ Recycled resources, recycled energy
- ⑧ Unused resources
- ⑨ High class steel plate, chemical products
- ⑩ By-product- waste, utility distribution partnership
- ⑪ Utility energy
- ⑫ Chemical plant
- ⑬ Steel plant
- ⑭ Energy
- ⑮ Recycling resources
- ⑯ Recycling energy
- ⑰ Existing infrastructure

(Source: Himeji Eco-town Promotion Committee)

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The second redevelopment model is the "Himeji Ecotown". Though the proposal and planning came from the government, the core of this ecotown is actually a recycle project at the Hirohata Works of Nippon Steel Corporation. Here, waste tires are collected and resources are recovered for use as raw materials in steel products and fuel for Scrap Melting Process, (SMP) instead of a blast furnace. The ecotown project got started with this as the core. At present, more than 10% of the waste tires from all over Japan are collected and processed at the Hirohata site.

They are intelligently applying environment friendly steel-making technology, by using a different approach

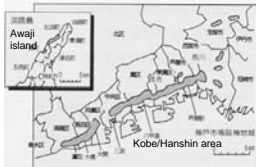
and also by developing the project without large amounts of new investment. The ecotown itself incorporates the surrounding areas and plans are there to build a recycle system for the entire area. It is the germ of a plant that will regenerate old industrial zone.

The ecotown itself is a cooperative effort of local and national governments, but it is built around by eco-business initiatives driven by the private sector, so it is better thought of as a partnership between businesses, the national government and the local government.

4. 3 Roles of Community Business in Earthquake Reconstruction

3-3-1 Role of community business in quake restoration
—The Great Hanshin-Awaji Earthquake hitting the RustBelt—

- Occurrence: 5:46 a.m.
January 17, 1995
- Scale: Magnitude of 7.3
Maximum seismic intensity of 7
- Human suffering:
6,434 people killed
43,792 injured
- Housing damage:
104,906 houses demolished
144,274 half destroyed
263,702 partially destroyed
- Economic losses:
Total estimate is about 10 trillion yen.
(approx. 2% of GDP)



Slide ⑨

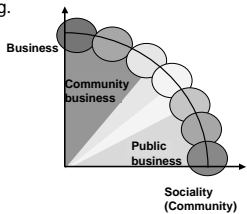
The third redevelopment model takes "community business" as the keyword.

The Hanshin-Awaji Earthquake caused heavy economic damages to Kobe area. That amount was estimated at about ¥10 trillion, which is equivalent to 2% of Japan's GDP. Community business was proposed at the time as a new employment policy.

When I was studying regional and urban development in England some 15 years ago, I learned that England incorporated community business into urban redevelopment projects as employment policy for social development at the same time as some very bold urban plans that included enterprise zones. At the time, I couldn't really understand its characteristics, but after the earthquake, the concept of community busi-

(3-1) Role of community business in quake restoration
→Project to help launch community business

- ① To be a fare-paying business.
- ② Compensation to be paid.
- ③ Profit to be returned to community.
- ④ To be continuing undertaking.

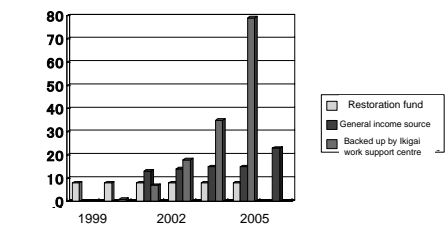


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ness was proposed to Hyogo Prefecture in the middle of discussions about how to secure new jobs. In response, Hyogo Prefecture crafted a policy to nurture community business in stricken areas of the prefecture wherein they defined community business to mean "fair-paying", "job producing", "returning profits to the community", and "a continued undertaking after reconstruction".

(3-2) Role of community business in quake restoration

● Change of the number of company founded



Year	Restoration fund	General income source	Backed up by legal work support centre
1999	~5	~5	~5
2002	~10	~10	~10
2005	~35	~45	~80

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This slide illustrates the progress of community business from the perspective of "business startups". The three categories of "reconstruction fund", "general income source" and "backed up by ikigai work support center" are policy-related, but looking at the overall flow, it is understood that a total of 100 or more businesses were started up in 2005. Admittedly there have been a lot of closings, but community business is taking root also because of the employment aspects. I have heard that there are a lot of community businesses within all of this, which deal with

the environment. So, I would like to report on this new domain in which activities have begun in rust-belts and lands that were suddenly rendered idle.

(3-3) Profile of community business in quake-devastated region

Summary of "research on CB in quake-devastated region"
Conducted by 21st Century Research Organization for Human Care in 2003
Valid response obtained from 26 organizations, partially supplemented by the result of hearing conducted in the previous year.

- Annual budget: 41% falls under the group of less than 10 million yen.
- Number of staff: 44% falls under the group of less than 10 persons.
- Labor cost:
 - 52% falls under the group of less than 5 million yen.
 - 26% falls under the group of less than 2 million yen.
- Volunteer activities (without compensation)
 - Many are involved with personal services and research/planning fields.
- How the business has been operated;
 - 64% has continued as initially planned.
 - 20% has expanded their business.
 - 16% has scaled down.

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This slide summarizes results from a survey aimed at gaining an overall picture of community business.

(3-4) Characteristics and challenges of community business

【Characteristics】

- Organizational management
- Basis of viable operation, stakeholders' group:
 - Stakeholders' map
- Employment (Including volunteers without compensation)
- Information disclosure and social audit

【Challenges】

- To establish "value" of community business.
- To operate regional financial system to support community business.
- To foster socioeconomy along with community business.

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I would like to summary of community business activities in quake devastated region. The first point is that community business is gradually becoming looked at as a "social enterprise", which Dr. Seldman reported earlier, so this is the area I am talking about. The second point I want to raise is that a local financing scheme for supporting the project, similar to the Grameen Bank of Dr. Anbumozhi's report, is very important.

5 Partnership and Regional Innovation

Lastly, having given you the approach and workings, I would like to summarize the direction of redevelopment of rustbelts.

4. Partnership and regional innovation

- To revitalize RustBelt.
 1. By restructuring "relationship"
 - Departure from Lock-in regional economy
 2. Expansion of unpredictable "risks"
 - Flexibly respond to changes.
 3. "Localization" of regional challenges.
 - Integrated approach to segregated regions

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The first and foremost point is the restructuring of "relations". For example, NPO Watt Kobe was established as a promotional group for renewable energies such as solar power and wind power by a consortium of small businesses in Kobe. NPO Watt Kobe conducts support activities such as installing solar power systems for small businesses. It is an attempt to reorganize the conventional relationships between businesses with the hope of kick-starting new economic activity. The main point here is that they have departed from the locked-in hardened regional economy where vested interests prevented any new germs from budding. It is similar to the Internationale Bauausstellung EmscherPark experiment I mentioned in the beginning as that process intelligently undid the stiff relations of the region existed ever before.

The second point is how to deal with growing unpredictable "risks" as I mentioned earlier. What is important about a partnership is that the entities that join in as partners will change. Because a variety of new entities will emerge and existing entities will transform, I expect a system that responds dynamically to these changes will develop in local areas.

The third point is the hind side of globalization whereby the world becomes more integrated and that "localization" is said to be a growing topic of local communities. Then it becomes important to approach specific problems of redevelopment holistically rather than segregated areas, in order to increase the synergies of individual efforts.

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1-1. Decline of Osaka bay area (The former Hanshin Industrial Zone)



大阪湾臨海地域及び関連整備地域

(Source: Osaka Bay Area Development Organization)

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1-2. Decline of Osaka Bay area (The former Hanshin Industrial Zone)

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(Source: Amagasaki 21st Century Forests Project Promotion Committee (pictures))

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2. Basic point of view focusing on the revitalization of bay area

➡ Grand design of Osaka bay area

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➡ **Trend changed in and after 1990s**
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- Cooperation and pilot program with various entities (citizens/governments/businesses)

➡ 3 models of the revitalization of bay area

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(3-1-1) Amagasaki 21st Century Forests Project :
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○ **Industrial city: Amagasaki**

History:

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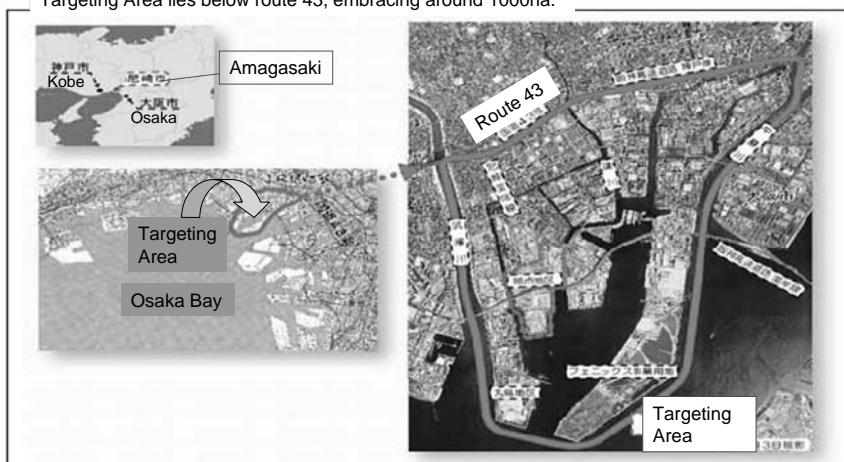
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(3-1-2) Amagasaki 21st Century Forests Project :
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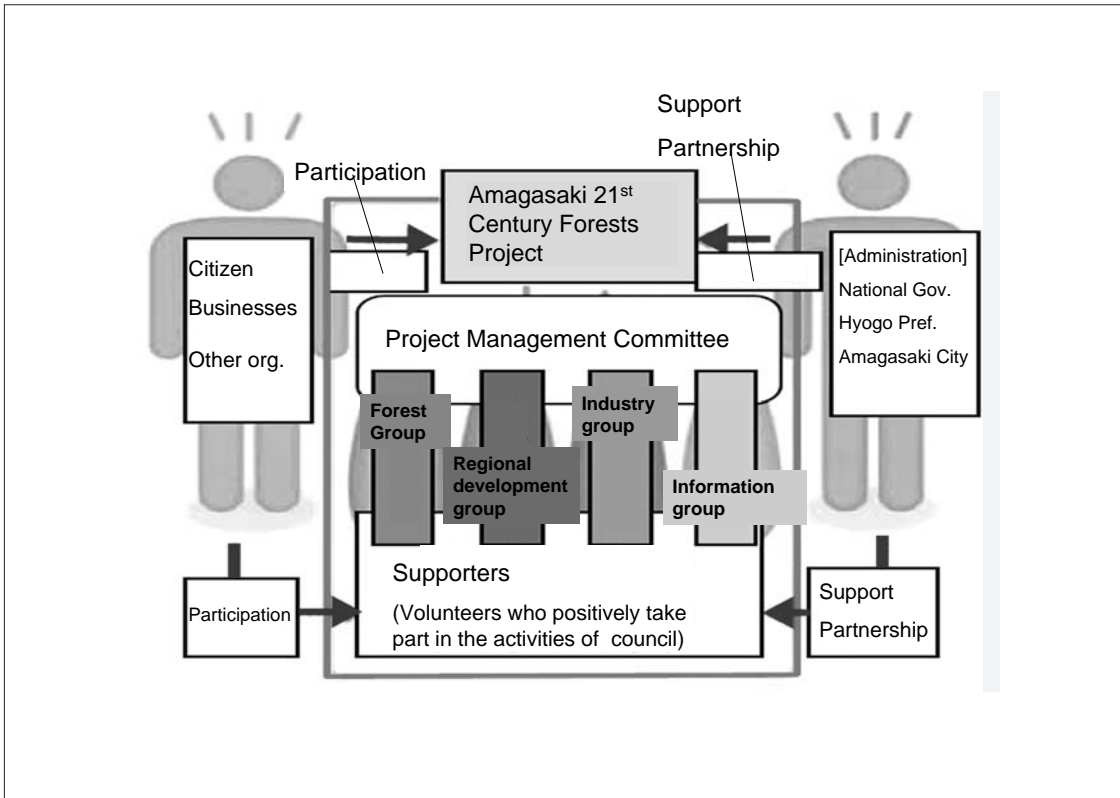
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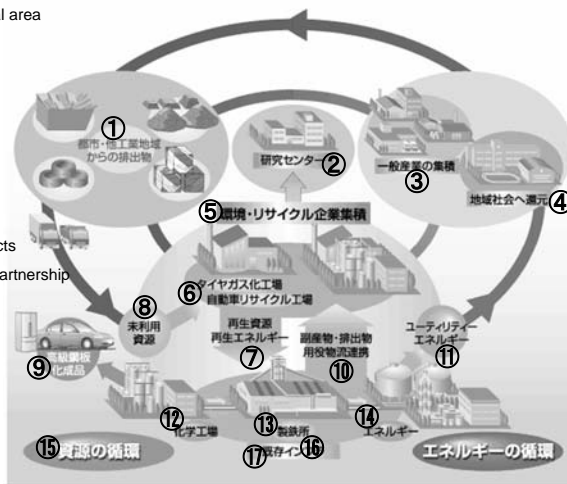


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(3-2-1) Himeji Eco-town: Industry-driven environmental business

Hirohata Special District for environment and recycling in Himeji city

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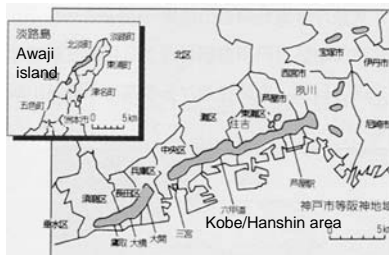


(Source: Himeji Eco-town Promotion Committee)

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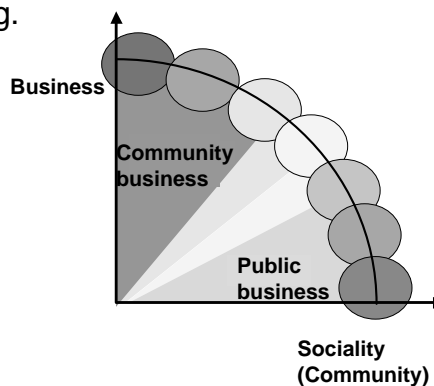
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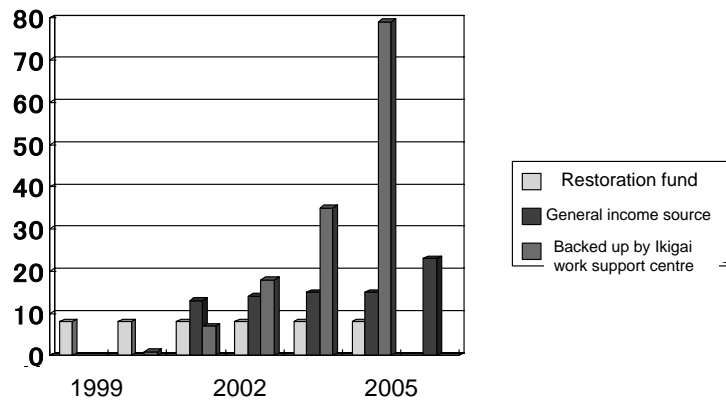
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