

# Regional Empowerment for Japan's Growth

Building local success stories



# Regionalism Revitalizes Japan

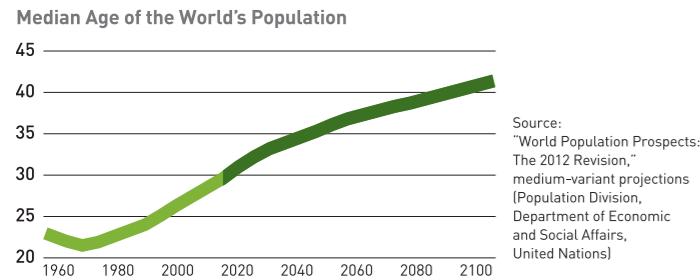
## How reducing regional disparity can be part of the solution to demographic challenges

The world's population is poised to essentially stop growing by the end of this century. UN projections indicate that annual population growth will slow to just 0.1% in the last five years of the century, from 1.2% in the first five years. Japan, where the population has been declining since peaking in 2008, is the world's pioneer in population decline and aging. So its experience will be instructive for other nations. Especially evident from that experience is the importance of shaping an equitable distribution of opportunity across regions and age groups.

### Where populations will age and shrink (psst: nearly everywhere)

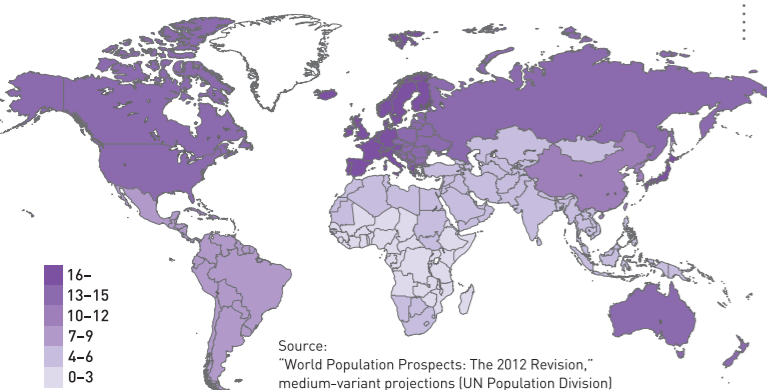
Only in Africa will populations be growing significantly at the turn of the century, according to the UN projections. The number of Europeans will begin declining in the 2020s and the numbers of Asians and Latin Americans early in the second half of the century. Immigration could help keep North America and Oceania out of negative-growth territory, but just barely.

We are getting older, meanwhile, as we begin to grow fewer. The UN projects a threefold increase from 2010 to 2050 in the world's over-65 population, to 1.5 billion. And our median age is headed toward a projected 41 years at the turn of the century, from 29 in 2013.



All of this is a familiar story to the Japanese. In 2013, their median age had reached 45.9 years, and one in four of them was older than 65. Both of those figures were higher than in any other nation. Prime Minister Shinzo Abe's government is deploying a diversity of innovative initiatives to ameliorate the socioeconomic impact of Japan's challenging demographics.

The Over-65 Percentage of the Population in 2015 by Region



importance of shaping an equitable distribution of opportunity across regions and age groups.

### Demographics' geographical dimension

Population shrinkage and graying are causes and also results of demographic differentials between regions. Urban centers draw people—especially young people—away from nonurban areas. Childbearing rates for women of the same age brackets tend to be lower in big cities than in the countryside or in provincial towns and cities. So urbanization can undermine nations' fertility. The migration of young people, meanwhile, raises the average age in nonurban regions and lowers it in metropolitan regions.



Luring people from Japan's metropolises to the countryside is a core emphasis in the Abe government's program for minimizing population decline.

Urban-nonurban differentials are especially pronounced in Japan. Greater Tokyo, including the capital's neighboring prefectures of Chiba, Kanagawa, and Saitama, alone accounts for more than a quarter of the nation's population. So measures for revitalizing nonmetropolitan regions are the centerpiece of the Abe government's program for tackling Japan's demographic challenges. Those measures include initiatives for increasing the competitiveness of Japanese agriculture, incentives and deregulation in support of regional entrepreneurship, the establishment of a nationwide network of village hubs to serve localities with medical care and with other crucial services, and investment in transport infrastructure for supporting stepped-up interchange among regional centers.

## Toward a more procreative Japan

Japan's government is staging a campaign of unprecedented tenacity to change the course of the nation's demographics. In the absence of policy intervention, Japan's population will shrink to 87 million in 2060, according to the National Institute of Population and Social Security Research. The Abe government is moving aggressively, however, to prevent that decline and to ensure that Japan retains a population of at least 100 million in 2060.

Highlighting the government's demographic campaign are bold measures for raising Japan's total fertility rate. That rate was 1.43 in 2013, well below the population-maintenance level of 2.04. Japanese government planners calculate that a rise in the fertility rate to 1.60 by 2020, to 1.80 by 2030, and to 2.07 by 2040 would keep the population larger than 100 million in 2060. Testifying to the viability of that goal are government survey findings that Japanese couples desire more children than they are

### Minimizing Japan's Population Decline by Raising the Total Fertility Rate

Sources: Statistics Bureau, Ministry of Internal Affairs and Communications, for historical census data; National Institute of Population and Social Security Research for projected population decline to 2060 (green line of graph); Cabinet Secretariat for projected minimization of population decline by raising total fertility rate to 1.60 in 2020, 1.80 in 2030, and 2.07 in 2040 (blue line)

102.0 million

86.7 million  
2060

### Leveraging Creativity through a Sound Demographic Profile



**Shinjiro Koizumi**  
Parliamentary Secretary Cabinet Office of Japan

Spearheading the Abe government's initiatives for promoting regional development outside Japan's big cities is Shinjiro Koizumi. A member of Japan's lower house of parliament, Koizumi handles his regional development responsibilities as a parliamentary secretary in the Cabinet Office. The youthful parliamentarian evokes a passionate purposefulness in articulating the task at hand.

"My generation," declares the 33-year-old Koizumi, "has inherited the challenge of a shrinking and aging population. Our job is to tackle that challenge head on. Our predecessors in the Meiji period and in the postwar era built and rebuilt a modern nation by importing Western expertise and technology. But no nation has ever experienced the kind of population shrinkage and aging that are occurring in Japan. So we have no one to turn to for guidance this time around. In our nation building for the 21st century, we need to

having. Those findings suggest that shaping a social framework more amenable to bearing and raising children would engender a higher fertility rate.

The Abe government is working systematically to shape a procreation-friendly social framework. An initiative well under way will increase the capacity of Japan's childcare centers by 400,000 children by March 2018. And the government is prodding business to enable women to bear and raise children without compromising their careers.

Fostering economic activity outside Japan's megalopolises, meanwhile, will also encourage procreation. Here again, survey findings inspire optimism. A lot of Japan's big-city dwellers report that they would prefer to live in a less-urban setting if work were available. That finding bodes well for the potential of the Abe government's regional development initiatives to lure more Japanese to higher-fertility environs.

blaze our own trail."

Koizumi emphasizes the importance regional development in coping with Japan's demographic challenges. He has taken a strong personal interest in several projects that are under way at off-the-beaten-track sites across Japan. One of those projects consists of developing satellite offices in the Tokushima Prefecture village of Kamiyamacho. The satellite offices create web content and conduct other digital work for Tokyo-based companies. They have attracted several information technology professionals who want to do leading-edge work but want to live with their families in a rural environment.

#### Bootstrapping sustainability

"The project leader's stroke of genius," says Koizumi of the Kamiyamacho project, "was the notion of 'creative depopulation.' He realized that overall population decline is unavoidable over the long term. But he set out to shape a demographic profile that would engender lasting vitality for the village: young professionals, for example, and people to serve them, such as two who have opened a bakery and a French restaurant."

Koizumi also cites a project in Okayama Prefecture (photo, below) for producing cross-laminated timber—a strong-as-steel building material—from formerly underused forest resources. And he is just getting started. Off his tongue rolls a list of successful projects in Iwate, in Shimane, in Hiroshima, and in other prefectures. Common to all the diverse projects is a reluctance to accept government money and a bootstrapping determination to place projects on a self-financing basis.

"We're looking for development," concludes Koizumi, "that will keep attracting people 10 years, 100 years down the line. Sustainability is our guiding principle for our nation building for the 21st century."





# The World Discovers the Other Japan

A global cast of individuals and companies has tapped unsuspected potential in Japan—building businesses and building careers, investing capital and investing passion. Tokyo, Osaka, and Nagoya attract, of course, their share of the investment that is pouring into the nation. But some of the most interesting inward investment is unfolding outside of the megalopolises—in Japan’s medium-sized cities and even in towns and villages across the countryside. Thus is a teeming, international mix of input fueling the regional renaissance that is reinventing Japan.

## Building on a Cosmopolitan History

Kobe, with a population of 1.5 million, epitomizes the medium-sized cities that are asserting impressive vigor throughout Japan. An important seaport, Kobe played a pivotal role in Japan’s Westernization and modernization and was long the nation’s most cosmopolitan city. It remains a business hub, served by Shinkansen bullet trains and an airport, as well as its famous harbor.



Kobe accompanies high-tech industrial infrastructure; superb air, rail, and sea access; and convenient public transport with urbane culture and spectacular scenery. Photo © Kobe City



The business-friendly environment in Kobe has attracted more than 240 foreign companies. Those corporate residents include the Japanese headquarters of Eli Lilly and Company, Nestlé S.A., and Procter & Gamble Co. Kobe’s appeal is evident in this testimonial from Nestlé, which has been part of the local community since 1922. “Kobe is a

forward-looking city blessed with nature and a wonderful living environment. We are pleased to chart our future growth here.” Also enriching Kobe’s business environment is an extensive infrastructure of research laboratories and related facilities. Highlighting that infrastructure is the Kobe Biomedical Innovation Cluster. The cluster hosts laboratories, plants, and offices of more than 280 medical-sector companies and other organizations from the private and public sectors along with hospitals and a world-class supercomputer.

Foreign companies that set up operations in Kobe benefit, too, from a generous package of financial incentives. Those incentives include reductions of up to 90% in local taxes for up to 10 years.

one-third of global production—and Omoricho’s population reached more than 100,000. But the population declined along with the output from the mine, which closed in 1923.

### “Medical art”

Nakamura Brace’s founder and president, Toshiro Nakamura, was born in Omoricho in 1948. His father was a well-to-do landowner, but the family lost most of its property in Japan’s postwar agrarian land reforms. Nakamura needed a job after finishing high school, and a chance introduction led to a job at a Kyoto manufacturer of prostheses. After six years there, he traveled to the United States to study prosthetics at the University of California at Los Angeles, and he subsequently worked at a California maker of prostheses.

“I was amazed,” recalls Nakamura, “at the level of prosthetic care in the United States. Japan had nothing comparable, so I decided to set up a company here to supply prosthetic products as good as the ones in the United States. And I was determined to show that a company could succeed in Omoricho. I wanted to show that the village could flourish anew as



Nakamura Brace’s “medical art” spawns prostheses that look and feel like the real thing.

## Entrepreneurship Born of Cultural Heritage

Complementing the influx of foreign entrepreneurship into Japan is a dynamic portfolio of homegrown enterprise. Imaginative ventures are rejuvenating communities throughout Japan. Especially notable is the story of Nakamura Brace Co., Ltd., a manufacturer of prostheses in Shimane Prefecture.

Immediately striking about Nakamura Brace’s products is their lifelike feel and appearance. The company’s artisans craft artificial breasts, limbs, digits, ears, and other body parts from silicone. With items made to order, they shape and color the prostheses to match the customers’ physique and skin tone. Nakamura Brace exports its products worldwide, as well as serving domestic demand.

Equally striking about Nakamura Brace is the location. The head office and plant are in the village of Omoricho, a community of barely 400 residents. Omoricho is also the location of the historic Iwami Ginzan silver mine, a World Heritage Site. In the 1500s, that mine yielded as much 38 tons of silver annually—

## Building an Industry

Ross Findlay is an Australian entrepreneur in Hokkaido who has launched more than a business there. He has single-handedly put in place Japan’s first comprehensive menu of guided outdoor adventuring.



Findlay touts Niseko’s year-round sporting possibilities.

Findlay’s brainchild is Niseko Adventure Centre. He established the center in 1995 in Hokkaido’s Niseko district, famed for its ski resorts. His initial offering was summertime whitewater rafting. The center has since added kayaking and a winter slate of snowshoeing, backcountry skiing, and downhill skiing. Escorting the center’s customers on the different adventures are some 30 full-time guides and 15 part-timers.

Born in Melbourne in 1964, Findlay graduated from the University of Canberra’s Centre for Sports Studies in 1985. He came to Japan in 1989 and worked as a ski instructor in Sapporo before moving to the Niseko district in 1992. He noted the lack of sporting options for summer tourists and launched Niseko Adventure Centre to address that lack.

“Niseko was great for winter sports,” recalls Findlay. “But it didn’t have much in the way of organized outdoor adventures for summer visitors.” Findlay takes pride in the growing numbers of summer tourists in Niseko, some of them lured by his company’s adventure offerings. He also notes happily that the district is bucking the demographic bane of rural Japan. Young people are flocking to Niseko, drawn by the outdoors appeal promoted so effectively by Findlay’s adventure center.

a beacon of regional revitalization. Our silver had attracted the world here in the 16th century. Our creativity and artisanship would draw the world back to Omoricho in the 21st century.”

Nakamura did better than create products “as good as” their US progenitors. His company, established in 1974, spawned a new generation of prosthetics with artisanship he characterizes as “medical art.” The comfort and functionality of Nakamura Brace’s products have garnered attention throughout the global medical community, and the company’s performance as a model of regional entrepreneurship has also captured attention.

### Community receptivity to new ideas

A recent visitor to Nakamura Brace was Shigeru Ishiba, the Abe government’s minister in charge of regional revitalization. Ishiba represents a district in Tottori Prefecture, which borders Shimane to the east. So he was interested in this tale of business excellence in a prefectural neighbor on the Japan Sea. Familiar with the region’s less-than-convenient logistics, Ishiba was impressed at Nakamura Brace’s success in winning and serving global business from its Omoricho location.

“I’ve seen several businesses that have achieved remarkable

## Building a Career

Cummings was born in Pennsylvania in 1968 and attended Pennsylvania State University. She spent a year in Japan as an exchange student in 1991 and returned on graduating in 1993 to participate in preparations for the Nagano 1998 Olympic Winter Games. Cummings later went to work as the public relations manager at the confectioner Obuseido in the Nagano Prefecture village of Obusemachi.

Obuseido was the offspring of the Masuichi-Ichimura Sake Brewery, established in the mid-18th century. Cummings revitalized the brewery, remodeling the facilities, opening an onsite restaurant and guesthouse, hosting cultural events, and developing a portfolio of high-quality brews to appeal to the resurgent interest in sake.

Like Findlay, Cummings delights in pastoral Japan. “Enjoy the outdoors,” she urges, “and experience the real Japan . . . the heartland.”

Cummings became in 1999 the first non-Japanese member of the Japan Sake Brewers Association Junior Council. She has initiated a national effort to promote traditional brewing and fermentation in oke wooden barrels and has launched the company Bunkajigyobu to propagate regional culture and traditions.

Sarah Marie Cummings has made her mark in the quintessentially Japanese industry of sake brewing. The first Western woman to earn certification as a sake sommelier, she has overseen a turnaround at the Masuichi-Ichimura Sake Brewery in the Nagano Prefecture village of Obusemachi.



Cummings transformed the Masuichi-Ichimura Sake Brewery (right) into a magnet for tourists.

success in small communities,” commented Ishiba. “And something that most of them have in common is a strong and charismatic leader. It’s often a native of the community who has been away for study or work and who has come home, like you, Nakamura-san, with a compelling idea for a new venture.”

“I’ll always remember the encouragement that I received from the chamber of commerce when I came back in the 1970s,” recalled Nakamura. “The people there urged me to go with my hunches. That kind of openness to new ideas is important in fostering business in any community.”

Especially gratifying for Nakamura is the positive demographic change under way in Omoricho. The community welcomed six newly born members in 2014. And it is attracting residents, such as a couple that studied bread making in Germany and is setting up a bakery in Omoricho.



Toshiro Nakamura (left), the founder and president of Nakamura Brace, explains his products and business to Shigeru Ishiba, Japan’s minister in charge of regional revitalization.



# Japan Invests in Rebuilding

Promoting economic vitality in the Japanese countryside is a central plank in the Abe government's program for revitalizing the nation. A special emphasis in Japan's resurgent regionalism is Tohoku—the northern end of the island of Honshu. Numerous communities in Tohoku suffered horrific devastation in the Great East Japan Earthquake and tsunami of March 11, 2011. The rebuilding effort there has benefited from immense input from Japanese companies and individuals, as well as from the national and local governments. Here are some examples of entrepreneurial ventures that are helping to lay a foundation for lasting renewal in the region.



Shiwacho



Date



Kesennuma Photo: Kazumi Kurigami



Ogatsucho

## Fruits of Innovation

**Abukuma Foods Co., Ltd., a food processor based in Fukushima Prefecture, has achieved an interesting and delicious breakthrough in processing green peaches. The new processing method benefits peach growers by providing a commercial application for fruit that formerly went to waste.**

Agriculture occupies a central position in the life of rural Japan, and fortifying the economic viability of Japanese agriculture is therefore indispensable in fostering regional vitality. Japanese farms are small by global standards, placing the farmers at a disadvantage in regard to economies of scale. Farmers and food processors in Japan work to offset that disadvantage through continuing advances in productivity and in product innovation.

### New vistas

Abukuma Foods, established in 1972, built a strong position in tsukemono pickled vegetables, a traditional staple in the Japanese diet. Demand for tsukemono has declined, however, amid changes in Japanese eating habits. Abukuma Foods was therefore in need of a new source of revenue. What fulfilled that need was a crop surprisingly close to home. Fukushima Prefecture accounts for more than 20% of Japan's peach production, second only to Yamanashi Prefecture.

The people at Abukuma Foods took a look at the peach business with an eye to identifying potential for generating new value. They achieved a breakthrough with a processing method for rendering green (unripe) peaches delectably edible.



London's MATSURI St. James's features Abukuma Food's product in its popular offering Baby Peaches, Lychee Sorbet, and Sparkling Sake.

"Our processing softens the inner flesh," explains the company's vice president, Hidetaka Suzuki, "without causing the intermediate flesh to become overly soft. The processed green peaches add a tasty and fun touch to confectionery, to beverages, and to other gourmet delights. Even their seeds are soft, so diners can chew and swallow the peaches whole. The result is something completely different from 'green' or 'unripe' peaches. So I named our new product Baby Peach."

Peach growers thin the green fruit on their trees to allow the remaining peaches to grow large and juicy. Traditionally, they have simply discarded the unripe peaches picked in the thinning, since the green fruit are hard and inedible as is. Abukuma Foods' patented processing technology brings the peaches to an optimal and consistent softness.

### A wake-up call

By broadening the market for peaches, Abukuma Foods has reinforced the foundation of the prefecture's agriculture. Especially welcome among Fukushima's peach growers is the timing of Abukuma Foods' purchasing of the unripe fruit: late May to early June, when the growers' chronically strained cash flow has traditionally been especially tight.

No sooner had Abukuma Foods developed the new processing technology than Fukushima experienced the Great East Japan Earthquake, the subsequent tsunami, and the resultant disaster at a nuclear power plant in the prefecture.

"The disaster was a wake-up call," says Abukuma Foods' Suzuki. "Our business had suffered a serious blow, and the outlook was uncertain. But that prompted us to look beyond Japan for

## Fashionable Sustainability

**Tamako Mitarai wanted to contribute to the recovery effort in Japan's northeast through a sustainable business enterprise. Her solution is a remarkable company that has garnered a nationwide clientele with fashionable woolen wear.**

Mitarai launched her knitting project in 2012 in the coastal city of Kesennuma, Miyagi, and incorporated it in 2013. Her knitters, who now number 36, turn out cardigans and sweaters that eager buyers queue to purchase at high-fashion prices.

Some of the knitters have been knitting since they were children. All of them experienced the horror of the March 11, 2011, temblor and tsunami. Some lost loved ones. Some lost their homes or workplaces. Knitting has been an opportunity to heal and reconnect with the world.

"The city's connection with the world came as a surprise to me," says Mitarai. "Kesennuma is a small city. But it's the port for a deep-sea fishing fleet, so the men in that fleet travel the world. And that has invested the city with a cosmopolitan air."

Kesennuma's fishing tradition, Mitarai learned, had also engendered a knitting connection. Mending fishing nets is part of life for fishermen and for their wives and daughters. But Mitarai has provided the women at her company with more than just jobs in a familiar line of work. "We wanted to invest the women's lives," she explains, "with joy and dignity. That has shaped our activity from Day One."

Mitarai went to work at the global business consultancy McKinsey & Co. on graduating from the University of Tokyo in

possibilities. The Japan External Trade Organization (JETRO) provided introductions, and we have won spots on restaurant menus in Germany, Hong Kong, Spain, and the United Kingdom."

"Employment at our plant has expanded dramatically," glows Suzuki. "And we look forward to contributing to further growth in Fukushima agriculture."



Abukuma Foods' food-processing breakthrough allows Fukushima peach growers to sell green peaches that formerly went to waste.



Kesennuma's newest product offering, a top-of-the-line sweater, debuted in autumn 2014. Photo: Kazumi Kurigami

2008. She took a year off in 2010 to assist the Bhutanese government in developing sustainable tourism. Back at McKinsey, she received a life-changing career proposal.

Shigesato Itoi, a prominent advertising copywriter, became acquainted with Mitarai through a blog that she maintained while in Bhutan. And he enlisted her to lead a project that he had conceived to contribute to post-quake recovery.

"We were determined," explains Mitarai, "to do something based in local culture and history." Kesennuma's fishing and knitting traditions called to mind the woolen sweaters of Ireland's Aran Islands, and Mitarai flew to Ireland to observe the islands' knitting industry firsthand.

### First come, first served

On returning to Japan, Mitarai began recruiting Kesennuma women for her enterprise. All were able knitters, though few had any professional knitting experience. The city's fishing industry was reeling from the aftereffects of the earthquake, so the income from Kesennuma Knitting was invaluable to the women's households.

Mitarai knew that viable pricing would be crucial to fiscal sustainability. So she opted for products that could command prices as high-end fashion apparel, not just handicrafts. A noted hand-knitting designer, Mariko Mikuni, was an acquaintance of Mitarai's, and Mikuni designed Kesennuma Knitting's inaugural product, a cardigan.



Work at Kesennuma Knitting has proved an opportunity for restoring spirits, as well as for supplementing household finances.



Skills born of mending fishing nets over generations have engendered a Kesennuma tradition of knitting.

The first cardigans went on sale on the Internet in December 2012. Orders outstripped supply severalfold, obliging the company to fill orders by lottery. Kesennuma launched a second product in November 2013, a pullover, and a third product, a top-of-the-line sweater, in autumn 2014. Demand continues to outstrip supply, so sales are on a first-come, first-served basis. With an eye to lasting growth, Kesennuma Knitting has launched an English-language version of its online store to serve customers worldwide.



## For the Children

The future of the children weighed on Takashi Tachibana's mind after the Great East Japan Earthquake. Tachibana translated his concern into the delivery of 100,000 meals to schools and evacuation centers in the affected areas. And he has since engineered a platform in a tsunami-devastated village for enriching the education of children from near and far and for hosting corporate retreats.

Tachibana launched his project in the Miyagi Prefecture village of Ogatsucho, where fishermen have long harvested scallops, oysters, and salmon. Forestry and farming are also important livelihoods. And local quarries account for 90% of Japan's domestically produced slate. But the tsunami of 2011 nearly erased the village from the map.

"What was Ogatsucho is a reminder," says Tachibana, "of what happened in the disaster. The tsunami claimed about 250 lives there and washed away 80% of the homes and other buildings in the village. Only about 1,000 people remain—less than one-fourth the



Volunteers of all ages take part in refurbishing the 90-year-old school building that houses Moriumius classrooms and dormitory rooms. On the blackboard are messages from former students to their beloved school, such as "Sayonara" and "Thank you."

## Mobilizing for Regional and Demographic Vitality

The Japanese government adopted a slate of measures in December 2014 for increasing the appeal of regional towns and cities. And the government is urging Japan's prefectures, cities, and towns to draft local action plans by March 2016 for the same purposes. It sponsored a series of forums across Japan from January to March this year to promote the action planning. The forums took place in each of nine geographical blocs that cover the entire nation. Typical of the forums was one held in the city of Akita on February 8.

The Akita forum was for the Tohoku geographic bloc, which comprises the prefectures of Akita, Aomori, Fukushima, Iwate, Miyagi, and Yamagata. Delivering the keynote address there was Masaaki Taira, who represents a Tokyo district in Japan's House of Representatives and who serves in the Abe government as a state minister of the Cabinet Office.



Masaaki Taira, a state minister in the cabinet office, addresses the Akita forum.

### Appealing work

Taira touted the success of the Abe government's package of economic stimuli. He offered as examples the upturns in corporate earnings and in equity prices. Taira acknowledged concerns, however, that rural

population before the tsunami."

Tachibana, a native of Sendai, Miyagi, joined the trading house Itochu Corporation in Tokyo on graduating from Tohoku University in 1994. He handled foodstuffs at Itochu and left in 2000 to set up his own distribution company for food products. Tachibana rushed to Miyagi after the 2011 temblor to check on his family and ended up throwing himself into the relief effort.

### Hands-on, real-world experience

Participating in the relief effort occasioned an encounter with a junior high school in Ogatsucho. Tachibana essentially adopted the community, providing support to the school and leading the refurbishment of a long-abandoned school building in the village. The refurbished school building has become a platform for children's educational programs and also for corporate retreats and for university study sessions.

"A school building," reflects Tachibana, "serves generations of students and teachers. It's like a repository for the soul of a community. So closing a school robs a community of its soul. Children leave to attend school and don't return. The population declines, and no one is left to bear children to reverse the decline. I want to arrest that trend and restore vitality to communities."

Tachibana christened his platform Moriumius, an allusion to the Japanese words for "forest" (mori), "sea" (umi), and "tomorrow" (asu) and to the English "us." Visitors gain hands-on experience with work they might never encounter in an urban setting: commercial fishing, forestry, and farming. Among the corporate guests have been such household names as Google and Salesforce.

The interchange with visitors of all ages is occasioning a

resurgence in Ogatsucho's primary industries. And it is occasioning new possibilities in traditional lines of work. An example is oysters. Tachibana has spearheaded the development of new oyster beds in the waters off Ogatsucho.

Joint work on refurbishing and building facilities at Moriumius occasions a sense of community.



Stays at Moriumius are exciting opportunities for city children to experience nature up close.

### Creative input

Moriumius has hosted some 4,000 schoolchildren and about 2,500 corporate and university visitors. Tachibana's vision begins with garnering attention in Japan, attracting volunteers to build the platform, and becoming a model for other Japanese initiatives. Having attained those goals, Moriumius moves into the next phase of Tachibana's vision: garner attention internationally and become a model for initiatives worldwide.

In fulfilling Tachibana's bold vision, Moriumius benefits from creative input from around the world. "We had a group of graduate students here," recounts Tachibana, "from the Harvard Business School. Part of their itinerary consisted of writing up proposals for our project. One of the proposals outlined a strategy for using social networking services. And we have adopted that strategy to good effect."

"The depopulated space here," admonishes Tachibana, "is more than a reminder of the disaster. It's a vision of Japan's possible demographic fate. It's a warning to act now to avoid that fate and to find ways to attain social sustainability."

communities and small companies have not benefited as much from "Abenomics" as Japan's big cities and big corporations have. And he pointed to demographics as the chief issue in that differential.

"[Our program for] regional vitalization," declared Taira, "is about breaking out of the vicious circle of population decline and economic stagnation." He emphasized especially the need for new approaches to designing work.

"The biggest employers across Japan today," observed Taira, "are service-sector industries. So those industries warrant careful attention in measures for promoting regional vitality. We also need to devote careful attention to primary industries, such as farming, fishery, and forestry, and to tourism. For those industries play a huge role in maximizing the value of regions' basic resources."

"Simply generating jobs," Taira cautioned, "is insufficient to ensure regional vitality. Employers in all of these sectors," he stressed, "need to offer work that is appealing in the light of contemporary values.

Regional vitality hinges, meanwhile, on asserting each region's resources in ways that are appealing to people elsewhere, that will attract visitors and residents. Tourism promotion is therefore especially important. Promoting tourism is an opportunity for reaffirming regions' fundamental appeal and for reasserting that

appeal to attract visitors from elsewhere in Japan and from overseas."

Taira noted the declining viability of Japan's traditional approach of fostering economic growth through public works spending. And he called for stepped-up attention to fiscal sustainability in designing regional business models.

### Counterintuitive approaches

The forum segued from Taira's keynote address into a panel discussion among five entrepreneurs from different industrial sectors. Among them was Shu Kakuta, who heads a travel promotion firm in Aomori Prefecture and runs the Tsugaru Blizzard Experience. Kakuta seconded Taira's observation about the value of tourism in nurturing regional vitality. And he stressed the value of counterintuitive approaches.

"We've been running our blizzard tours for 28 years," explained Kakuta. "At first, the notion of promoting Aomori's snow as a tourist attraction seemed like a nonstarter. The first thing that came to mind for most people about Aomori in the winter was 'dark and cold.'"

## Fiscal Engineering

Joint enterprise by public- and private-sector partners can leverage local governments' shrinking revenues in projects that benefit communities greatly. Witness the Ogal Project in the Iwate Prefecture city of Shiwacho.

Construction began in 2009, and the project has yielded a public library, office space, a hotel, a market for local produce, shopping and dining facilities, a residential housing development, a world-class volleyball gymnasium, a soccer complex, and—due to open in 2015—a new city hall building. Spreading among the structures is a verdant and spacious plaza.

"Ogal" is a play on a word for "grow" in the local dialect, ogaru, and the French word for train station, gare. The project is unfolding on more than 21 hectares (53 acres) in front of the city's central train station. And it has exceeded even the most optimistic hopes for growth, drawing some 800,000 visitors a year.

Occasioning the Ogal Project were two problems common to regional towns and cities throughout Japan: the enervation of the city's commercial center and the exodus of young people to big cities. Shiwacho's success in addressing those problems has captured attention



The Ogal Project's bustling market for local produce is popular with tourists, as well as with neighborhood shoppers.

nationwide. The project has garnered further attention since 2011 as a fulcrum for efforts to revitalize Japan's quake-battered northeast.

What has drawn the most attention to the Ogal Project is the public- and private-sector interaction. Operated as a public-private partnership, the project is largely self-sustaining on the strength of tenant rents and other income. The city leaders and their private-sector counterparts capitalized the project by issuing equity shares backed by the project's land and buildings. That has allowed them to launch and run the Ogal Project without relying on government subsidies and without imposing an increased tax burden on the residents.



The Akita forum panelists addressed the issue of regional revitalization from diverse angles.

Kakuta tackled people's preconceptions of Aomori's winter head on and promoted Japan's snowy north as fun to visit. Note that he went all out, advertising not merely "snow" but "blizzards." And he has succeeded impressively.

The participants in the Tsugaru Blizzard Experience enjoy wearing traditional winter apparel, including snowshoes, and wander across Aomori's snowfields. "Inbound tourism [from overseas] is really growing fast for us of late," reported Kakuta. "We've added Chinese to our signage for Taiwanese visitors. And we'll add Thai next year."

Kakuta concluded his remarks with an observation about the importance of action. "Nothing happens while people are simply talking. Do something. Try something, and think as you go. That's the way to invigorate communities."



# Young People Look Beyond the City

Japan's heartland is luring a growing number of people young and youngish, Japanese and non-Japanese. Some of the emigrants to rural Japan are trying their hands at entrepreneurial and occupational opportunities. Some are enrolling at the university campuses that are springing up across the landscape. And some are simply looking to experience the "real Japan." Here is a look at some business, community, and educational undertakings that are drawing people to non-urban settings in the nation.

## Global University Transforms Japanese Higher Education

Ritsumeikan Asia Pacific University (APU), established in Beppu, Oita, in 2000, has become Japan's most international university. Nearly half of APU's more than 5,700 students are from overseas, hailing from some 80 nations. And the faculty is equally international. About 90 of the university's approximately 170 faculty members are from 24 nations other than Japan.



Everything here is different but not strange," remarks an Australian student at APU. The Ritsumeikan Trust, which runs Kyoto's Ritsumeikan University, established APU with the support of Beppu City and Oita Prefecture. APU operates as an autonomous university dedicated to propagating the ideals of freedom, peace, and humanity; to fostering mutual understanding; and to articulating a promising future for the Asia-Pacific region.

Beppu, renowned for its hot springs, and Oita provided the scenic site for the APU campus. And the city has proved a gracious host. The result is an ideal example of academic-government-community cooperation.

"APU is a home away from home for the students and faculty," explains the university's president, Shun Korenaga. "That's a tribute to sensitive interaction among the local governments, the host community, and the university. And that kind of interaction is a key to nurturing regional vitality."

More than 12,000 individuals from 134 nations have graduated from APU. They exercise the cosmopolitan insights that they gained at the university through work at international organizations, government agencies, educational institutions, and private-sector companies. Some of the international students remain in Japan after graduating to work at Japanese corporations.



Amacho



Beppu

### A role model

Internationalizing higher education in Japan is a government priority, as articulated by Prime Minister Shinzo Abe: "We aim to increase the number of foreign nationals studying in Japan to 300,000, more than double the current number."

Abe cites APU as a role model for Japanese universities. "Almost half of both the professors and the students there are foreign nationals," he notes. "Interacting with people from different cultures in daily life is marvelously stimulating for Japanese young people."

### New horizons

"APU blazes new horizons," says Korenaga, "in cross-cultural understanding and in community engagement. We cultivate individuals who are accustomed to dealing with different cultures, who respect diversity, and believe in resolving issues through dialogue."

"Such individuals are indispensable in defusing the frictions that arise inevitably amid international competition in our multicultural world. They are our contribution from here in Beppu to the global community."

International students apply the learning they acquire in Japan in building bridges between their host communities and the world at large. They thus become proactive participants in tackling the challenge of promoting regional vitality.



Above: Free-wheeling interchange among students and faculty members from dozens of nations is on view continuously on the campus at APU. Below: The university campus commands a spectacular view of Beppu Bay beneath a verdant, mountainous backdrop.



## Island Community Achieves Demographic and Economic Revival

We find in the island town of Amacho, about 60 kilometers off the Shimane Prefecture coast, a tale of resisting population decline. Amacho occupies Nakanoshima, one of the four inhabited islands of the Oki archipelago. It has bucked the depopulation trend by attracting residents. Highlighting Amacho's success is the reinvigoration of the community's high school.



## Forums Explore Keys to Community Self-Sufficiency

The Japanese government recently convened nine forums across Japan to promote its action plan for nurturing regional vitality. Held from January to March, the forums took place in nine geographical blocs that cover the entire nation. Here are some insights from the keynote addresses at the forums held in Kumamoto on January 25 and in Komatsu (Ishikawa Prefecture) on February 22. The Kumamoto forum was for the most southerly of the nine blocs, Kyushu and Okinawa, and the Komatsu forum was for the Hokuriku bloc: Fukui, Ishikawa, Niigata, and Toyama Prefectures.

### A sense of urgency

Delivering the keynote remarks at the Kumamoto forum was Shigeru Ishiba, a member of Japan's lower house of parliament and the minister in charge of regional revitalization. Ishiba alluded to initiatives by previous Japanese governments to reshape the relationship between Japan's national and local governments and between the government and private sectors. "What's different this time," he said, "is the sense of urgency."

Previous initiatives for tackling structural reform took place amid demographic and economic growth. In contrast, the Abe government's program for fostering regional vitality is unfolding amid population shrinkage and aging and amid a structural slowdown in economic growth.

"Revitalizing the regions," declared Ishiba, "means revitalizing Japan. . . . The future of the nation is on the line."

### Big data

The keynote speaker at the Komatsu forum was Tatsuya Ito, also a member of Japan's lower house of parliament and a special advisor to the minister in charge of regional revitalization. Ito



Shigeru Ishiba, Japan's minister in charge of regional revitalization, evoked a sense of urgency.

The student population at Amacho's high school had shrunk to 28 in 2008. Amacho saved the school by repositioning it as a place for students from elsewhere to experience island life. That also enhanced the school's appeal to island students who might otherwise have gone to the mainland for secondary schooling. The students now number about 160, about half of whom the high school and island have lured from other locales.

Project-based learning is part of the high school curriculum in Amacho. Students tackle real-world projects, such as initiatives for attracting tourists. They also engage in community entrepreneurship, which imparts real-world skills and insights. A high and rising matriculation rate to leading universities testifies to the efficacy of those and other programs at the high school.



The opportunity to gain hands-on experience with traditional work, such as rice cultivation, is part of Amacho's high school curriculum.

Also contributing to Amacho's revitalization has been a program of stipends for entrepreneurially minded emigrants who develop Amacho-branded products and services. Some of the successes of Amacho entrepreneurship: national marketing of meat from beef cattle pasture-raised on the island, vacuum-packed squid, packaged seafood curry, and the powdered leaves and wood of a camphor tree native to the island for making a tea-like drink.

"We have drawn 437 new residents over the past 10 years," exclaims Amacho mayor Michio Yamauchi. "That's a lot in the context of our total population of only about 2,300."

Amacho's emigrants bring twin demographic benefits. Along with reflating the population, they help offset the ageing that afflicts all of Japan's rural communities. Nearly all are in their 20s, 30s, and 40s.

outlined threefold assistance available from the national government to assist prefectural and municipal governments in drafting regional revitalization plans.

"We will help offset the cost of drawing up the plans," said Ito. "We will help with the drafting by dispatching personnel as

necessary and by deploying officials in the different ministries to provide support to the local governments. And we will furnish useful information."

The information support is especially promising. Through a service scheduled to start in April, prefectural and municipal officials will be able to tap public- and private-sector "big data" to analyze

demographics, corporate activity, and tourism trends.

"Our service," explained Ito, "will support strategic planning based on objective data. You'll be able to visualize change," for example, "in the composition of your population by age and gender out to 2040. Industrial mapping, meanwhile, will reveal patterns in corporate transactions by sector.

"We are counting on a broad range of citizens to get involved," continued Ito, "in the planning. People need to develop a shared awareness of common issues and a consensus about measures for tackling those issues. And clear-cut approaches based on data will help elicit community participation."



Tatsuya Ito, a special advisor to the minister in charge of regional revitalization, described the government support available for regional planning.



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