

Further Development of the Entertainment Industry: Issues to Be Reconsidered Following “Reboot” of the Cool Japan Strategy

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Points

- The Cool Japan Strategy has been promoted with a vague rationale explaining the need for the policy and lacking a grand vision.
- As a future promotion structure, it is desirable to establish a promotional body that takes on all the functions that are currently under the jurisdiction of many ministries and agencies of the central government, such as culture, economy, tourism, digital, and overseas development. Ideally, it should be an organization that is independent of the government.
- It is necessary to put in place a system to support the skills and career development of artists and creators, while at the same time developing human resources with expertise in planning and development, management, and marketing of creative activities.
- Efforts should also be made to improve the working environment and conditions for support personnel and technical personnel in the entertainment industry.

Introduction

It has been more than 10 years since the term “Cool Japan” was first used in the media, and according to the document entitled “New Cool Japan Strategy” (hereafter referred to as “New Strategy”)¹ released by the Japanese government in June 2024, the environment surrounding Cool Japan has changed, and it is being rebooted. The document states that the government will restart Cool Japan due to changes in the environment surrounding the industry. For example, the number of foreign visitors to Japan grew significantly from the 2010s to 2024. In the past, there were many behavioral patterns of visitors to Japan, such as Chinese group tourists running around the golden route from Tokyo to Osaka in a short period of time, making large purchases, and then returning home. Subsequently, however, the nationalities of foreign visitors to Japan, their purposes, destinations, and length of visits all became more diverse. The popularity of Japanese animation and food culture, which had originally spurred Cool Japan, finally began to contribute to the economy with an increase in export value.² Now that these changes have taken place, the New Strategy states that a reboot of the strategy is needed.

The Cool Japan policy was initiated to promote exports of Japanese culture when it was discovered that Japan’s uniquely developed culture, such as anime and manga, was well accepted in other countries. However, it has now expanded to include more industries (e.g., from animation as a visual medium to the related merchandize market), and when the New Strategy was announced, it set a goal of taking this market to 50 trillion yen in the near future.³ However, can this be considered a promising and sound economic policy? Everyone intuitively senses that the Cool Japan Strategy,

which has been promoted loudly since the 2010s, is riddled with problems and challenges.

In this article, I first examine the past Cool Japan strategies and point out some of their problems. Then I discuss and propose a future direction for the government and the industry as a whole. Finally, measures to increase the productivity of the entertainment industry through the Cool Japan Strategy will be discussed, with a focus on human resource development.

Problems with the Cool Japan Strategy

The origin of Cool Japan is usually attributed to the influence of the following two discourses. First, Douglas McGray, an American journalist who stayed in Japan, was amazed by the abundance, uniqueness, and quality of contemporary Japanese culture and said that Japan’s economy had a future in capitalizing on it, and proposed GNC (Gross National Cool), not GDP, meaning gross domestic product. His article, which appeared in the influential American magazine *Foreign Policy*, was translated into Japanese and published in Chuo Koron in 2003⁴ and caused a great sensation.

Prior to this, international political scientist Joseph S. Nye had formulated the concept of “soft power”, which became one of the theoretical pillars on which the country’s strategy of utilizing Japanese popular culture, which was gaining popularity overseas, was based. The structure of post-World War II confrontation between the United States and the Soviet Union largely disappeared with the collapse of Soviet communism and the advance of globalization, and the international negotiating power of each country is no longer dependent on “hard power” represented by military and economic power, but on “soft power” based on culture (including

values and lifestyles widely shared among the people). The soft power theory is well known not only in Japan but around the world, and Nye has been invited by the leaders of China and other nations to give lectures. In his work *Soft Power*,⁵ the example of Japan is also given, and together with McGray's paper, it has become widely known among Japanese politicians, bureaucrats, and intellectuals.

As a result, the Ministry of Economy, Trade and Industry (METI) defined the Cool Japan Strategy as follows and began working to implement the strategy in the 2010s. According to METI, the Cool Japan Strategy is "a strategy to create a new growth industry and create new jobs by firmly branding the country, utilizing Japan's cultural power and the underlying strength of small and medium-sized enterprises, discovering each of these potential strengths, and selling them overseas as a major brand called "Japan" and attracting tourists from Asia and other countries based on this brand."⁶ In this connection, for example, the Cool Japan Public-Private Expert Council, which met several times from 2010 to 2011, compiled a proposal entitled "Creation of a New Japan: To Link 'Culture and Industry' and 'Japan and Overseas'".⁷ In 2013, Cool Japan Fund, Inc. was established as a joint venture between the public and private sectors.

In addition, the Cabinet Office has been working across ministry and agency boundaries to increase global revenue from Japan's content industry (the industry that produces and distributes cultural, media, and entertainment products such as videos, music, games, and publishing), and to improve Japan's soft power and enhance its brand power. Specifically, a body called the Cool Japan Strategy Promotion Council was established, and a series of expert panel summaries such as "Japan Brand Strategy: Making Soft Power Industries the Driving Force for Growth" (2011)⁸ and "Cool Japan Proposal" (2014)⁹ were released. Thus, not only METI, which had been the driving force behind these initiatives, but also the Ministry of Foreign Affairs, the Ministry of Education, Culture, Sports, Science and Technology (Agency for Cultural Affairs), and the Ministry of Land, Infrastructure, Transport and Tourism (Japan Tourism Agency) were involved in the effort to promote Japanese culture abroad, thereby gaining economic benefits and enhancing the nation's brand.

While the attitude of promoting policies across ministry boundaries to overcome the adverse effects of silo governmental organizations is in itself a welcome development, this trend has shed light on the priority areas of each ministry, and the goals of each ministry have changed and transformed from time to time. As mentioned, the original policy was to strengthen the export power of Japanese popular culture, which had been sparked by its popularity overseas and had not been fully returned to the Japanese economy

despite its popularity. In 2011, when the Creative Industries Division was created within METI, the focus shifted to soft services (inns, home delivery services) and traditional craft industries (lacquered goods, etc.), where the uniqueness, superior technology, and high quality of the products were emphasized. In the meantime, there was a boom in Japanese food overseas, including sushi, and the Ministry of Agriculture, Forestry, and Fisheries (MAFF) stepped in and brought policies to the forefront to promote exports of foodstuffs and other products.

Thus, the focus of the Cool Japan strategy has shifted from popular culture, such as anime, to something different, which has led to the promotion of "inbound tourism". This scenario has resulted in people from overseas interested in Japan's diverse culture and content developing an affinity for Japanese products and ultimately visiting Japan to engage in consumption activities. In light of the fact that the number of tourists visiting Japan has continued to increase year after year (with the exception of the pandemic disaster), the Cool Japan Strategy appears to be achieving a certain level of success. However, we must not forget that there have been significant contributions from policies that have little to do with Cool Japan or external factors outside of Japan's control, such as the easing of visa requirements, the expansion of tourist tax exemptions, the increase in disposable income in neighboring Asian countries, the development of low-cost carriers (LCCs), and the recent depreciation of the yen.

The Cool Japan Strategy then moves on to the next phase. It is, after all, a contribution to the issue of "regional development", which the government, led by the Cabinet Office, is said to have to tackle as a whole. The government has settled on the idea of attracting people to Japan who have become interested in Japan through Japanese animation, buying Japanese products and eating Japanese food, and then directing them not only to Tokyo, Kyoto, and Osaka, but also to other parts of Japan, thereby revitalizing the economies of these regions. In this context, the presence of content and popular culture has gradually faded away, becoming a "tool" for other purposes, but now we are once again back to the starting point of Japanese culture.

This shifting focus of the Cool Japan Strategy may not necessarily be a problem in itself. Rather, the substance of the policy needs to change in response to the changing times and changing circumstances. However, there are several problems with the Cool Japan Strategy to date. First, it has lacked a clear vision. While Nye's interest had its roots in the issue of "power" in international politics, McGray was discussing the revival of the Japanese economy. The attraction of tourists and their local inducements can no longer be said to be in line with these policy rationales.

Second, in the series of scenarios of "attract interest in Japanese

popular culture → induce interest in Japanese products, food, and visits to Japan → consume in Japan as tourists → visit culturally diverse regions of Japan”, the decisive factor is the richness of Japanese popular culture and regional culture, but nothing is promised in terms of investment in these areas. Although high cultural quality is a major premise, there is little recognition that unless certain investments are continued, this asset will diminish in value and lose its attractiveness.

The third problem lies in the organizational aspect. In the current Cool Japan Strategy Council as a promotional structure, the minister in charge is at the top, with almost all central ministries and agencies hanging from him/her.¹⁰ The Strategy Council, which is organized across these ministries and agencies, will introduce measures related to the Cool Japan Strategy within their respective areas of jurisdiction. One can take this as a positive sign that Japan, a country with a weak cultural policy domain, has done well to establish such a system, but this is no more than just a liaison conference. The programs reported by the ministries include, for example, the overseas development of broadcast programs at the Ministry of Internal Affairs and Communications (MIC), but for an organization as large as MIC, this is a very small proportion of its programs, and it seems unlikely that the ministry will link its programs to those of other ministries or seek to generate synergies.

Fourth, as the term “evidence-based policy making” (EBPM) has come to be used, today, in addition to a theoretical rationale, quantitative support and organized facts are required for policymaking. However, this has been lacking in the Cool Japan Strategy from the beginning, and the basis for policymaking has been unclear. In fact, although there was a lot of fragmentary information on the popularity of Japanese culture overseas, this information had not been systematically organized and scrutinized. Various documents (e.g., the 2009 “Japan Brand Strategy” (Intellectual Property Strategy Headquarters)¹¹ state that “by promoting soft power industries that generate Japan’s soft power and developing them overseas, we aim to expand the scale of exports and the industrial scale of each of these industries (20 trillion yen for the content industry by 2015), spread to a wide range of industries (20 million foreign visitors to Japan by 2020), and promote an understanding of Japanese culture.” The only example given of a “wide range of industries” that are the target of the ripple effect is inbound tourism. Without statistical figures (estimates), only words such as “very popular overseas” have been used to promote the Cool Japan Strategy.

However, on Dec. 22, 2023 (about half a year before the announcement of the New Strategy), the Secretariat of Intellectual Property Strategy Promotion of the Cabinet Office released “Cool

Japan Strategy Related Basic Data Ver. 1.0.”¹²

This 99-page document (in slide form) presents quite a lot of basic data related to Cool Japan (e.g., trends in the number of inbound visitors, trends in the value of Japanese food exports, etc.). Most of the data has been published on various occasions in the past and is not particularly new, but it is significant that it has been compiled as a collection of data, following charts and explanations showing the evolution of the Cool Japan Strategy.

It is also interesting to note that following these explanations, the accumulated deficits of the Cool Japan Fund, Inc. are presented in detail. However, as mentioned above, it is surprising that the first edition of the basic data collection in the policy area, which began in earnest in the 2010s, was compiled and published only after more than 10 years. It may have been understood piecemeal among those involved, but the fact that this has not been presented to all stakeholders and the public in an easy-to-understand manner until now is a major problem.

Recommendations for the Future

What kind of Cool Japan Strategy would be desirable in the future? First of all, a single, perhaps quasi-governmental and publicly-funded, organization is needed with the single mission of promoting Cool Japan in a whole-hearted way. This organization should concentrate the Cool Japan-related policies currently held by the ministries, and integrate the functions of cultural diplomacy, maintenance and preservation of cultural heritage, cultivation of modern culture, dissemination of culture to the public and overseas, preservation of traditional craft techniques and support for product development, promotion of a digital culture society, and attraction of visitors to Japan. It would also be desirable to have a group of experts supervise all these functions, together with measures for overseas dissemination of broadcast programs and video content.

Considering the formation of such a body, it is instructive to look for examples overseas. In the United Kingdom, the Department for Digital, Culture, Media and Sport (DCMS) manages the budget and major strategic goals. This is known as the “arm’s length principle”. These highly specialized organizations have governance structures independent of the government, and are managed by people with practical experience in the field. Funds are allocated to various fields and organizations after deliberation by various review committees, and the organization is supposed to maintain close contact with the grant recipient organizations and work toward the major goals set forth by the government. South Korea, one of the leading countries in the content industry, has a quasi-governmental organization called the Korea Creative Content Agency (KOCCA), which has accumulated

expertise in the field. The KOCCA has many overseas offices and is constantly monitoring trends in their respective markets. In the case of Japan, the overseas offices of the Japan External Trade Organization (JETRO) publish ad hoc reports on market trends in their respective countries and regions and provide advice on how to expand overseas, but their expertise is limited because the industries they cover are not limited to content and culture.

We may be proud that Japan is a content superpower, but despite the loud Cool Japan campaign, it is a country where the private sector is left to its own devices and the government lends little support. In fact, the US, like Japan, is a content superpower on a global scale, albeit with limited government support. However, the US has highly developed methods of financing, management, and global expansion of the content business, especially in industries such as video and games, which require enormous investment for development.

In addition, in the US, not only major corporations but also the independent sector are active, and a market has been formed that allows for constant renewal and a system in which talented newcomers can enter the market and flourish. In addition, there is a well-developed contract culture and labor management system, as well as professional associations, so legal disputes between creators and their employers, or those between creators, can be prevented from occurring, and when disputes do arise, there are means to resolve them. In Japan, lacking such a system, the commissioning side forces creative workers to work long hours for its convenience. While many creative works may have been produced at the expense of these creative workers in the past, sustainable growth of the content industry cannot be expected if this situation is not changed.

The same is true of the industry, where the need for human resource development is being called for in various fields. The situation of creators and artists will not change immediately even if the government plays a leading role, but it would be desirable to expand and improve programs for dispatching artists overseas, for example, to help them advance in their careers. The Agency for Cultural Affairs has such a system for dispatching artists, which has produced some positive results, but the cases have tended to be oriented towards Europe and the US. Today, as globalization progresses and Japanese artists' skills improve, it is necessary to reconsider the relationship between Japan and the rest of the world from a flat perspective. Also, the future of the dispatch program should have a wide range of objectives, such as providing artists with the opportunity to gain new inspiration by immersing themselves in different cultures, conducting research for the creation of new works, and broadening their horizons through contact with overseas artists and fans, while gaining the knowledge necessary to

communicate their work overseas. Thus, we believe that the program can serve a wide range of purposes.

At the same time, it is necessary to promptly address the problem of the "shortage of overseas marketing personnel" which has been pointed out for some time. Unlike the US and South Korea, where financing in the entertainment industry is highly developed, Japan, which tends to be lacking in this area, has no choice but to partner with foreign countries. Universities and other educational institutions can contribute to the development of human resources who can overcome linguistic barriers and cultural differences, develop new content from a broad perspective, and commercialize and monetize it. Over the past 10 to 20 years, overseas universities have rapidly expanded opportunities to study the economics and management of media and entertainment (or specific fields such as games and animation). Japan needs to urgently develop such educational opportunities within the country, and in parallel with this, it will be important to provide support for overseas study. It is also important to provide ample opportunities for training at the field level in addition to universities, and continued efforts are needed to develop human resources at various levels.

Conclusion

This article looks back over the past decade-plus of the Cool Japan Strategy and points out that the theoretical, numerical, and factual basis for explaining the necessity of the policy has been weak. I argue that the focus of the strategy has changed dramatically due to the convenience of the relevant ministries and agencies as it has been promoted without a clear grand design or vision, but that it appears that interest in the popular culture industry, which was originally at the core of the strategy, has come full circle since the beginning of 2024. This is against the backdrop that the content industry itself has developed and expanded into overseas markets, as seen particularly in the animation industry, and that the ripple effects and impact on peripheral areas, such as the related goods industry and inbound tourism, have also become evident. Against this backdrop, the issues of the required organizational structure, management of human resources and their development are challenges that need to be tackled soon.

Finally, I would like to address the issue of "productivity" in the entertainment industry. In this industry, traditionally one does not hear this term very often. In the first place, the concept of management and the scientific method itself has not taken root, and in a sense the industry has been supported by people who are dedicated to creating "things of high quality", and it is the efforts of these geniuses that have boosted creativity in Japan. In more detail,

while talented artists and creators are enthusiastic about their work, there are staff members and collaborators who are dedicated to supporting them in the work process, in fundraising and marketing, and when they are blessed with their efforts and abilities, the results of their creative work become products that can be sold on the market. As a result of their work, products have been launched on the market and have excited consumers.

Of course, the quantity and quality of output relative to input should have been more closely monitored, but it does not work in a formula whereby increasing input improves the quality, if not the quantity, of output. Two types of human resources are needed to support creative activities: first, assistants and technicians (e.g., manga artists' assistants, animation illustrators, filming and sound staff, etc.), and second, human resources involved in planning, development, and marketing. That they are not being developed in a systematic manner needs immediate policy attention.¹³

Since the second part of the previous section deals with planning and development and marketing personnel, I would like to conclude by mentioning the problems in terms of environment, conditions, and compensation related to the labor of assistants and technicians.¹⁴ While it is important for some talented creators to work hard in their creative activities and earn a reasonable income, it is the many assistants working for low wages who help to shape the final product. In order to sustainably develop creative Japan in the future, it is not enough to rely on the dedicated efforts of those who work in this industry; the enforcement of the Act on the Proper Treatment of Transactions between Freelance Workers and Business Operators (New Freelance Law) in November 2024 will make some improvements in contracts with freelance workers and other matters. However, there are many people who are disadvantaged in this industry in terms of their working environment, employment conditions, and social security. Further policy efforts are needed to improve this situation.

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