

# Research Focus

<<Japan-India Human Exchange Research Series ②>>

2017 July

## Japan visit promotion through “Cool Japan”

~ Further utilization/deepening of “Cool Japan Initiatives” in India is essential ~



2017

The Year of Japan-India  
Friendly Exchanges

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# Structure of material and summary

## <Introduction>

- Compared with other North East and South East Asian countries, India’s social acceptance of Japanese “content” such as movies, comics, animation, etc., is quite low.
- Expansion of Japanese content in India and promotion of Indian film/TV making in Japan are essential for the promotion of visit to Japan.

## <What is “Cool Japan initiatives”?>

- The government of Japan launched several initiatives for expansion of Japanese products/service exports since the second half of 2000s. The government established “Cool Japan funds” in 2013 and formed “The Cool Japan Public-Private Partnership Platform” in 2015 to promote content exports.

## <Cool Japan related initiatives and India’s involvement>

- There are many public/private initiatives to promote Japanese cultural exports, but India’s involvement is not so strong. Further efforts to encourage India’s involvement are required to enhance content exports to India.

## <Japan’s content exports to Asia/India>

- It is difficult to track Japan’s content exports to India. However, some data and anecdotal evidence suggest that most content exports go to North East & South East Asia and those to India are quite limited.

## <What is needed to enhance content business expansion in India?>

- India seems to be in a vicious cycle of lower social acceptance of Japanese content and limited entry of content business. Therefore, aggressive government support is required to create an autonomous virtuous cycle for content business expansion.

## < Promotion of film / TV making in Japan>

- In addition to the expansion of Japanese content in India, efforts to promote film/TV making in Japan are also required to advertise the attractiveness of Japan.
- Further collaboration among relevant organizations and expansion of financial supporting systems should be considered to develop a more film /TV making friendly environment.

## About this research initiative

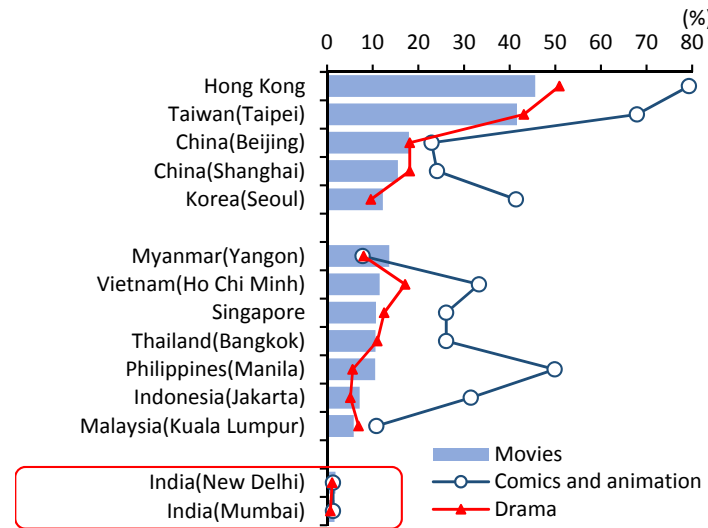
Issue	Contents
Why India-Japan	<ul style="list-style-type: none"> <li>• Although India is a very important strategic partner for Japan, economic and human relationships with India are not so strong compared with other countries.</li> <li>• Therefore, both governments are keen to enhance bilateral relationships.</li> </ul>
Why now	<ul style="list-style-type: none"> <li>• With the year 2017 being declared the “Year of Japan – India Friendly Exchanges”, the timing may be right to consider ways and means to enhance the two countries relationships.               <ul style="list-style-type: none"> <li>✓ During the visit of H.E. Mr. Narendra Modi, Prime Minister of India, to Japan in November 2016, the two Prime Ministers agreed to mark the year 2017 as a year of Japan-India friendly exchanges.</li> </ul> </li> </ul>
Positioning of this research	<ul style="list-style-type: none"> <li>• This research initiative focuses on Japan-India human exchange (tourism, labor migration and international students exchange) and aims to promote the two countries’ human exchange.</li> <li>• This research initiative was registered as an event of celebrating the “Year of Japan-India Friendly Exchanges” by the Ministry of Foreign Affairs.</li> </ul>
Released reports	<ol style="list-style-type: none"> <li>1. Current structure and outlook of Indian visitors to Japan</li> <li>2. Japan visit promotion from India through “Cool Japan” (This report)</li> </ol>



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- Generally speaking, media affects our perception about a foreign country and could affect the decision of destinations in sightseeing and/or business expansion.
- Compared with other North East and South East Asian countries, India's social acceptance of Japanese "content" such as movies, comics, animation, and drama, etc., is quite low.
- Considering these, the first step of promotion of Japan visits from India is an expansion of Japanese content and promotion of Indian film/TV producing activity in Japan. This is consistent with the strategic direction of "The Cool Japan Initiative", Japan's public and private content export promotion initiatives.
- This short report focuses on the current situation of the expansion of Japanese content in Asia/India.

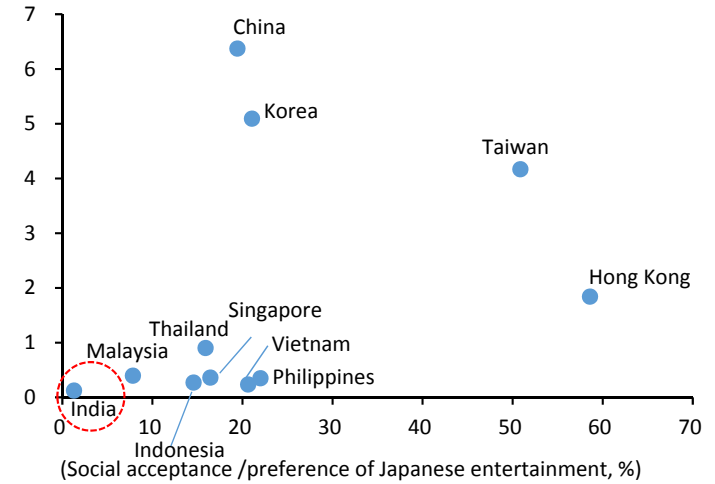
## Acceptance/preference of Japanese entertainment



(Source) Hakuho "Global Habit 2015"

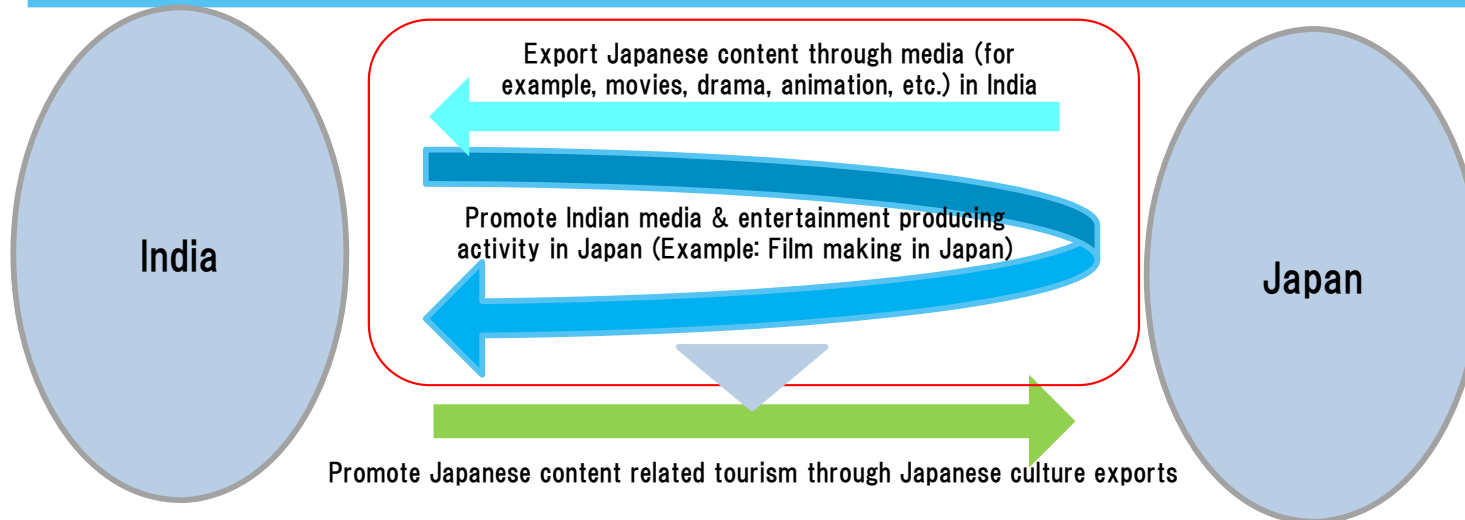
## Acceptance/preference of Japanese entertainment and Japan visitors in 2016

(Japan visitors in 2016, million people)

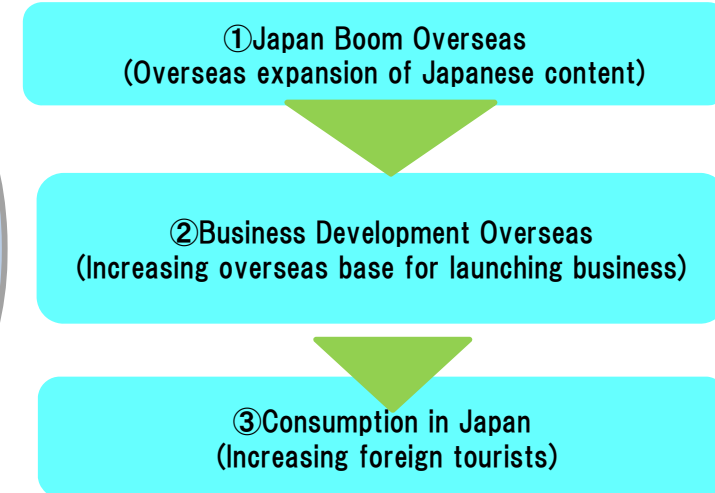


(Source) Hakuho "Global Habit 2015", JNTO

## Strategic approach of the expansion of visit to Japan by visitors from India



## Strategic direction of "The Cool Japan Initiative"



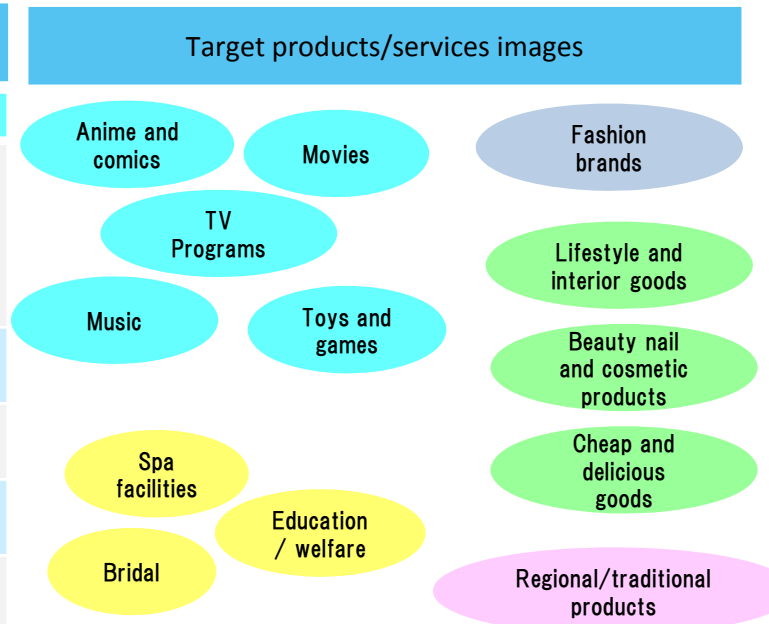
(Source) METI

# What is “Cool Japan initiatives” ?

- The government of Japan has been launching several initiatives toward the expansion of Japanese products/service exports since the second half of the 2000s. Anime & comics, movies, TV programs, music, spa facilities, fashion brands, cosmetic products, Japanese foods, and regional/traditional products are major targets.
- The government established the “Cool Japan Promotion Council” under the Prime Minister’s office and the government established “Cool Japan funds” to support companies’ business expansion through investment.
- In 2015, “The Cool Japan Public-Private Partnership Platform” was launched and the Cabinet Office coordinates collaboration between this platform and relevant ministries.

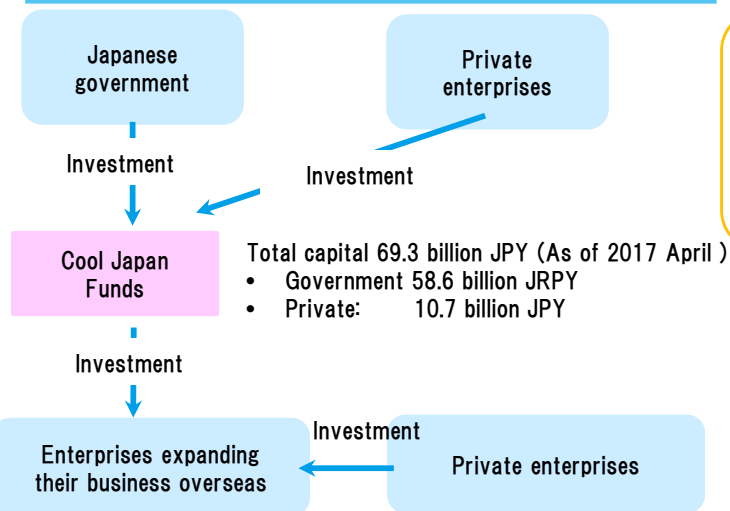
Selected milestone of development of “Cool Japan Initiative”	
Year	Contents
2008-2010	The Ministry of Economy, Trade and Industry (METI) designated the three years from FY 2008 to FY 2010 as the “Kansei Value Creation Years”, and intensively implemented measures to create “kansei value” and communicate it to people both in Japan and abroad.
2010 June-July	The METI established “Creative Industries Promotion Office”
2013 February	The Prime Minister’s office established “Cool Japan Promotion Council”
2013 November	The government establishment “Cool Japan funds”
2015 December	The Cabinet Office established “The Cool Japan Public-Private Partnership Platform”

(Source) METI, Cabinet Office



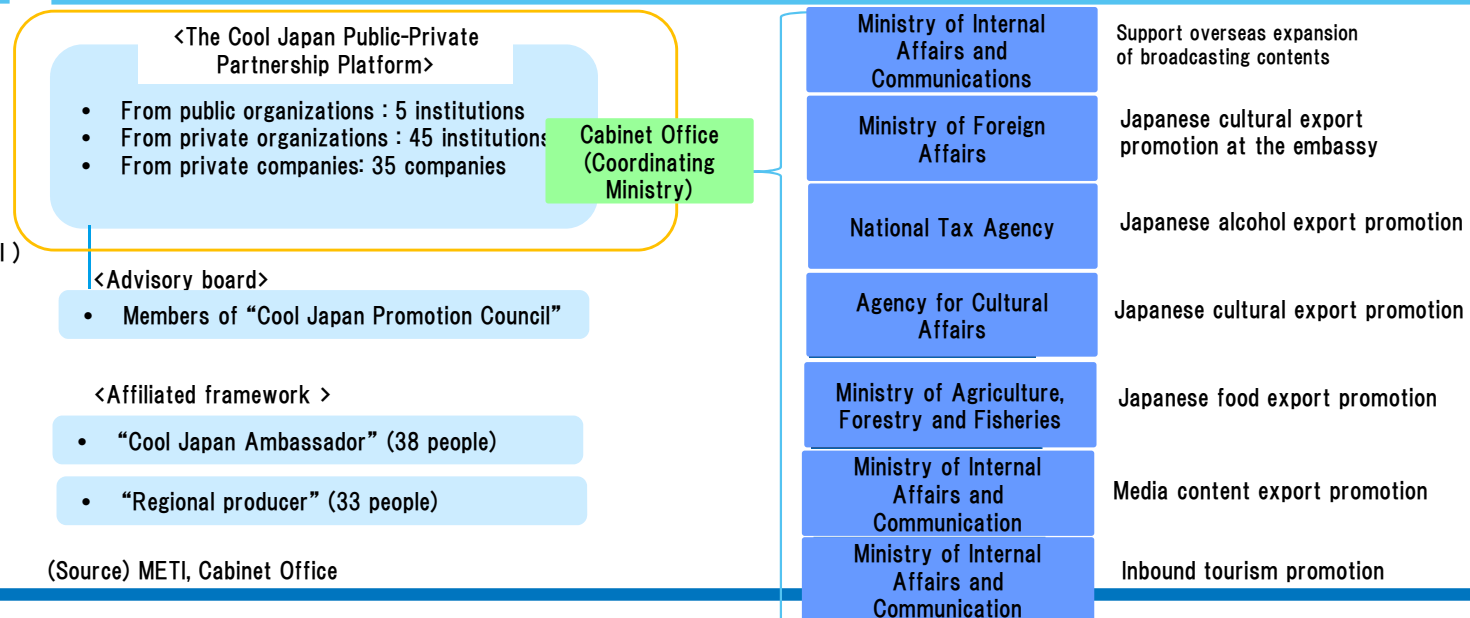
(Source) METI

## Investment scheme of “Cool Japan Fund”



(Source) METI, Cabinet Office, Cool Japan Funds

## Overall framework of “Cool Japan Initiative”



(Source) METI, Cabinet Office

# Cool Japan related initiatives and India's involvement



- There are many public/private initiatives to promote Japanese cultural exports, but India's involvement is not so strong except for the Cool Japan Festival in India .
- Further efforts to encourage India's involvement is required to strengthen content exports to India.

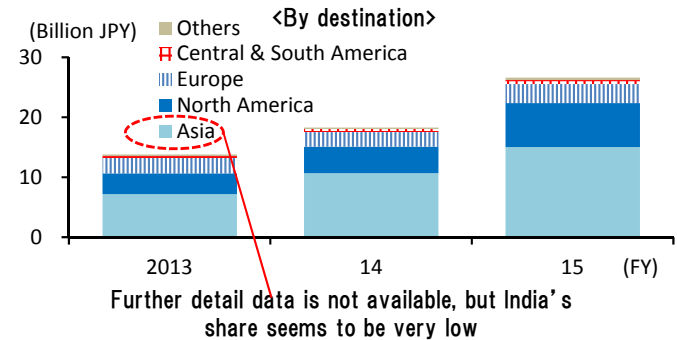
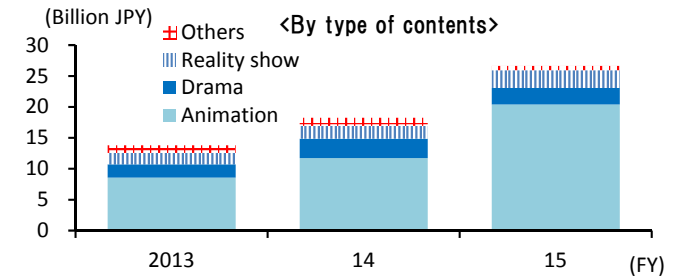
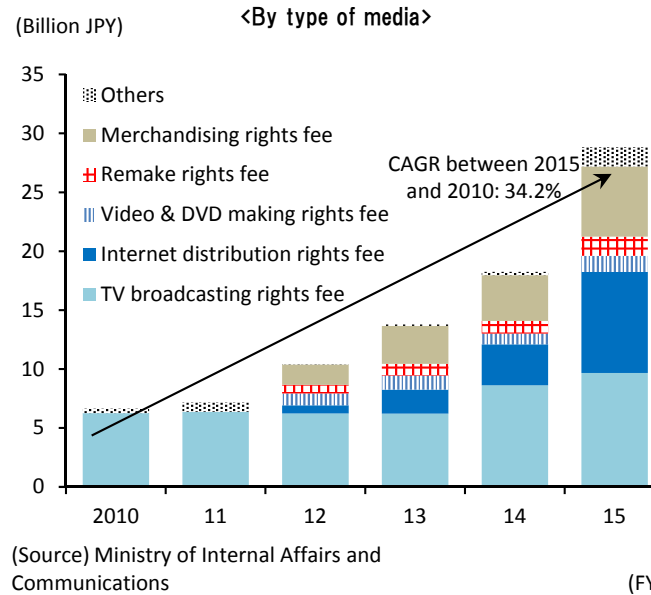
## Selected Cool Japan related initiatives and India involvement

Initiative/organization name	About initiative/role of organization	Recent situation and India's involvement	
		<Situation>	<High/Medium/Low>
Cool Japan Funds	<ul style="list-style-type: none"> <li>• Provide risk capital for businesses across a variety of areas, including media &amp; content, food &amp; services, and fashion &amp; lifestyle to support/promote business development.</li> </ul>	<ul style="list-style-type: none"> <li>• Although some global projects partly cover India, there is no India oriented business project (As of June 2017).</li> </ul>	• Low
J-LOP (Subsidy for localization & promotion)	<ul style="list-style-type: none"> <li>• Provide subsidy for the localization (translating, adding subtitles) &amp; promotion of Japanese visual media.</li> </ul>	<ul style="list-style-type: none"> <li>• 3,815 projects received subsidies between 2013 March and 2015 March</li> <li>• Although detailed country breakdown is not available, the share of India oriented projects seems to be low.</li> </ul>	• Low
ACBS (Asia Content Business Summit)	<ul style="list-style-type: none"> <li>• Raise and develop the content industry in Asia, and bring people from the related public-private sectors from Asian countries and regions together.</li> </ul>	<ul style="list-style-type: none"> <li>• India has never participated in ACBS.</li> <li>• China, Canada, Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore, Thailand and USA joined the 5<sup>th</sup> ACBS in 2016.</li> </ul>	• Low
CoFesta (The Japan International Content Festival)	<ul style="list-style-type: none"> <li>• Enhance the promotional capabilities of events related to Japan's distinctive gaming, anime, manga, characters, broadcasting, music, movies, and other content industries, as well as events in content-related industries such as fashion and design, so that these events can more effectively reach international audiences.</li> </ul>	<ul style="list-style-type: none"> <li>• CoFesta-core events such as "Tokyo Game Show", "Japan Content Showcase", "Tokyo International Music Market", "Tokyo International Anime Festival" were held in Japan. (Participants by country are not available) .</li> <li>• CoFesta-overseas partner events (Anime Expo, J-Pop Summit, Comic Exhibition) were held in Taiwan and the USA.</li> </ul>	• Low
CODA (The Content Overseas Distribution Association)	<ul style="list-style-type: none"> <li>• Reduce piracy around the world, and actively promote the international distribution of Japanese content, such as music, films, animation, TV programs and video games.</li> </ul>	<ul style="list-style-type: none"> <li>• CODA has concluded MOUs with license association in North East Asia and has been providing training seminars to North East &amp; South East countries. No India oriented initiatives.</li> </ul>	• Low
Content research projects ERIA (Economic Research Institute for ASEAN and East Asia)	<ul style="list-style-type: none"> <li>• Analyze the content industry, assess "SWOT (Strength/Weakness/Opportunities/Threats) for each country , provide policy recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• North East Asia (Japan, China, and Korea) and South East Asia (Thailand, Indonesia, Singapore, Malaysia, Philippines) are the research targets.</li> </ul>	• Low
All Nippon Entertainment Works (ANEW)	<ul style="list-style-type: none"> <li>• Co-produce and adapt top-quality Japanese content for the global market by partnering with prominent creative talent, major production companies, motion picture studios and television networks.</li> </ul>	<ul style="list-style-type: none"> <li>• The USA is a primary target as the ANEW aims to indirectly expand Japanese content through Hollywood.</li> </ul>	• Low
International Co-production Subsidy (Agency for Cultural Affairs, the government of Japan)	<ul style="list-style-type: none"> <li>• Provide subsidy for co-production projects that have Japanese involvement (Subsidy amount is 20% of qualifying expenditure).</li> </ul>	<ul style="list-style-type: none"> <li>• 28 projects have received subsidies since this initiative started in FY 2011.</li> <li>• In FY2017, "Love in Tokyo", an India-Japan joint project got a subsidy. This is the first Indian film selected.</li> </ul>	• Low
Cool Japan Festival in India (organized private companies; supported by METI, JETRO)	<ul style="list-style-type: none"> <li>• Introduce the essence of Japan's entertainment and business in India through organizing festivals.</li> </ul>	<ul style="list-style-type: none"> <li>• Cool Japan Festival has been held 5 times since 2012 in Mumbai.</li> <li>• In 2017 the festival will be held in Mumbai and New Delhi.</li> </ul>	• High

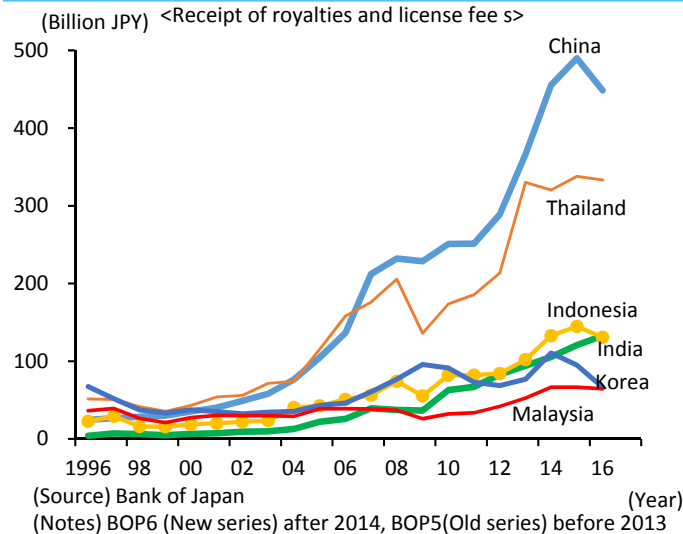
# Japan's content exports to Asia/India

- It is difficult to track Japan's contents exports to India by using official macro-economic data.
- The Ministry of Internal Affairs and Communications survey shows that Japan's content export increased to about 29 billion JPY from 6.6 billion due to increases in TV & internet broadcasting rights fees. Animation exports to Asia was the main growth driver but anecdotal evidence implies that most content exports go to North East & South East Asia and the share of India is quite limited.
- Balance of Payment shows that Japan's receipt of royalties and license fee from India has been increasing, but more than 99% are receipts from industrial property and content related license fee income is quite small. Goods trade data also shows that food exports to India are quite small.

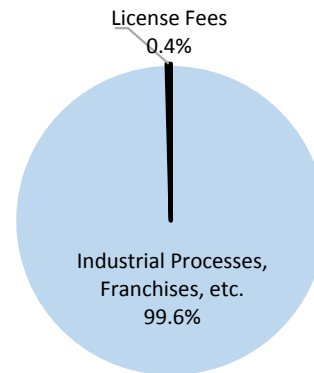
## Japan's media related exports



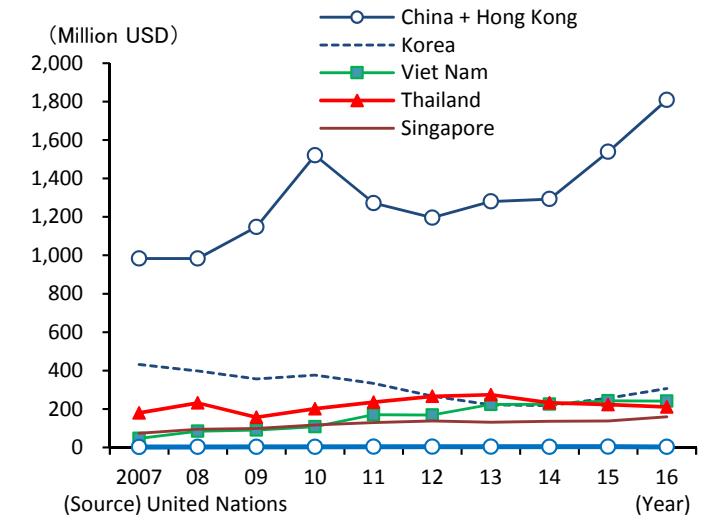
## Balance of Payment : Japan's receipt of royalties and license fees from selected Asian countries



## <India's structure of receipt of royalties and license fee (2013)>



## Japan's food and live animal exports to Asia

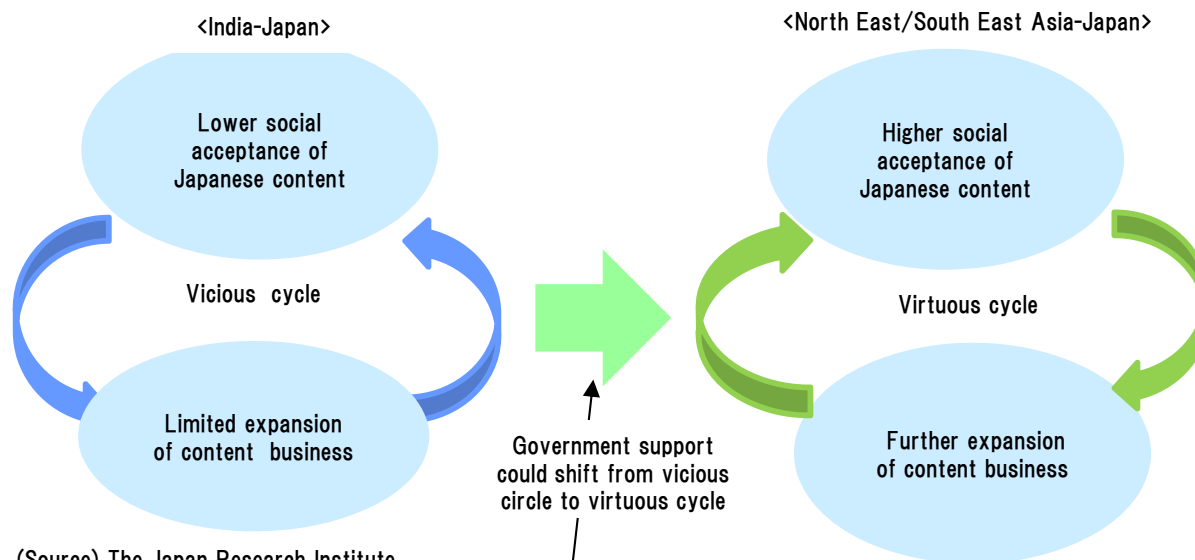




# What is needed to enhance content business expansion in India?

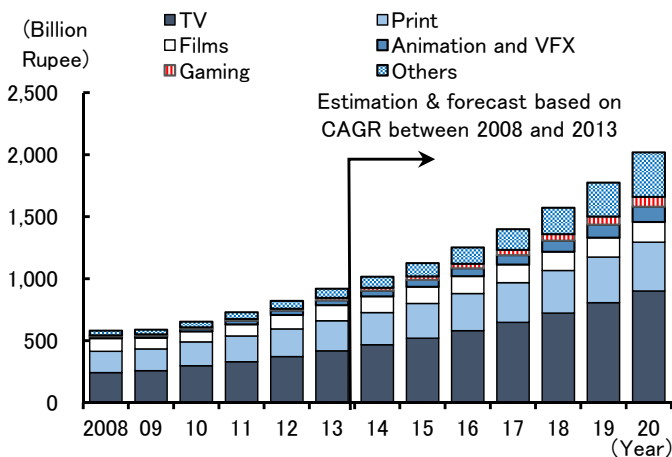
- Regardless of the existence of supportive measures for content business expansion abroad, India's involvement with those initiatives is relatively weak and this results in the small content exports to India. There is a possibility that content exporters prefer to expand their business in countries whose social acceptance of Japanese content is high and this puts North East /South East Asia in a virtuous cycle of higher acceptance of Japanese content and expansion of content business. India seems to be in a vicious cycle of lower social acceptance of Japanese content and limited entry of content business.
- Considering (1) India's media and entertainment market development (2) spillover effects from expansion of contents business in India, and (3) lack of autonomous virtuous cycle for contents business expansion, government aggressive supports are required for while contents business is in the initial stage. Diversity among region including language in film industry implies that further effort of localization is essential for successful contents business expansion in India.

## Image of vicious /virtuous cycle between social acceptance of Japanese content and content business expansion



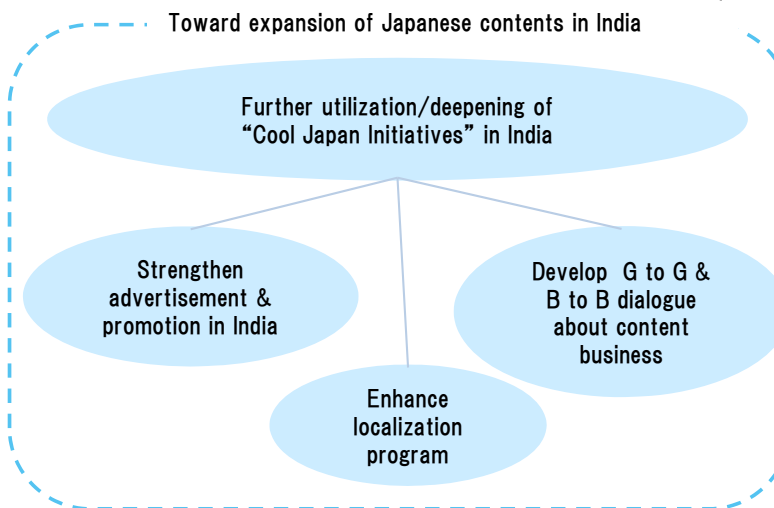
(Source) The Japan Research Institute  
(Notes) Although many industrial reports/anecdotal evidence show Japanese animation is widely watched by the children in India, it's penetration seems to be relatively shallow compared to North /South East Asia.

## Market size by type of media and entertainment

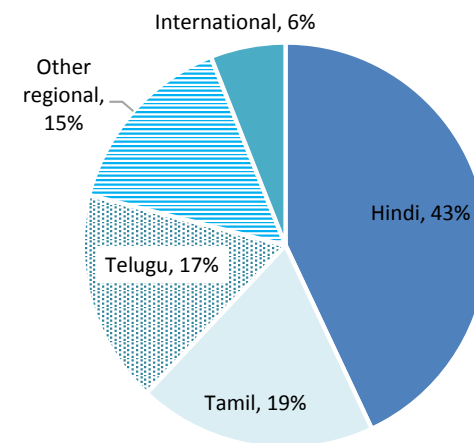


(Source) Federation of Indian Chambers of Commerce & Industry (FICCI) and KPMG "Indian Media and Entertainment Industry Report 2014"

## Recommended strategic directions for further expansion of Japanese content in India



## Indian box office net revenue by language (FY 2013)

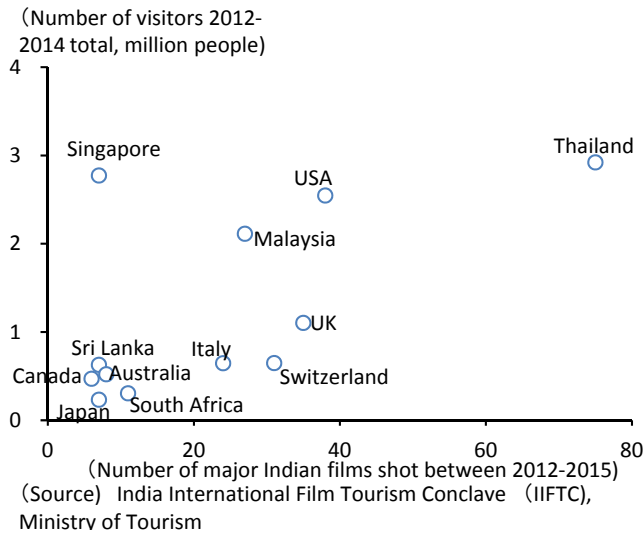


(Source) Deloitte "Economic Contribution of the Indian Motion Picture and Television Industry"

# Promotion of film / TV making in Japan

- In addition to the expansion of Japanese content in India, efforts to promote film/TV making in Japan are also important to advertise the attractiveness of Japan. In fact, correlation can be observed between the number of Indian major films shot abroad and the number of Indian visitors. Many films were made in Indian's major destination of visit such as Thailand, USA, UK, Malaysia, Switzerland and Italy.
- The government tries to promote film/TV making in Japan through development of a location database and promotion activities. However, the difficulty of getting the approval for film making at a public space, the lack of English skill of staff people in film commissions and local governments, and the lack of financial incentives are hampering film making in Japan.

Number of films shot abroad (2012-2015) and number of Indian visitors (2012-2014)



## Challenges for film making in Japan

Type of difficulty	Considerations to deal with the difficulty
Difficulty of getting approval for film making at a public space	<ul style="list-style-type: none"> <li>Simplify administrative procedures for approval through further collaboration among relevant organizations.</li> </ul>
Lack of English of staff people in film commissions, and local governments	<ul style="list-style-type: none"> <li>Provide training for English operations.</li> </ul>
Lack of financial incentives, higher cost of film making	<ul style="list-style-type: none"> <li>Expand current subsidy system.</li> </ul>
Lack of understanding about the attractiveness of Japanese	<ul style="list-style-type: none"> <li>Strengthen advertisement.</li> </ul>

(Source) Prime Minister's office / Japan Film Commission

## Film making incentives & business environment comparison between Japan and major Indian film locations

	Thailand	USA	UK	Switzerland	Malaysia	Japan
Number of major Indian films shot (2012-2015)	75	38	35	31	27	7
Financial incentive for film making (Case rebate/ tax credit for qualified expenditure)	<ul style="list-style-type: none"> <li>15-20% case rebate</li> </ul>	<ul style="list-style-type: none"> <li>30% refundable tax credit</li> </ul>	<ul style="list-style-type: none"> <li>25% cash rebate</li> </ul>	<ul style="list-style-type: none"> <li>20-40% case rebate</li> </ul>	<ul style="list-style-type: none"> <li>30% cash rebate</li> </ul>	<ul style="list-style-type: none"> <li>No general film incentives (Agency for Cultural Affairs provides subsidies for selected film making projects)</li> </ul>
Cost of living ranking in 2016 (sample: 133 cities)	51 <sup>st</sup> (Bangkok)	9 <sup>th</sup> (New York)	24 <sup>th</sup> (London)	3 <sup>rd</sup> (Zurich)	96 <sup>th</sup> (Kuala Lumpur)	4 <sup>th</sup> (Tokyo)
Doing Business 2017 Ranking (sample: 190 countries)	46 <sup>th</sup>	8 <sup>th</sup>	7 <sup>th</sup>	31 <sup>st</sup>	23 <sup>rd</sup>	34 <sup>th</sup>
Distance from India (From capital to capital)	2,852km	12,074km	6,523km	6,162km	3,847km	5,870km
Number of world heritage sites (including mixed sites)	5	23	30	12	4	21
Travel & tourism competitiveness index 2017 ranking (sample: 136 countries)	34 <sup>th</sup>	6 <sup>th</sup>	5 <sup>th</sup>	10 <sup>th</sup>	26 <sup>th</sup>	4 <sup>th</sup>