

## Creativity as economic resource: Japan's practice

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The article is dedicated to the development of the creative sector of Japan's economy. The author analyzes specific features and key areas of the sector's growth, as well as mechanisms of government support for creative industries in furtherance of the Cool Japan strategy and the goal of boosting the domestic demand, expanding the country's capacity for exports, and creation of jobs.

The article also analyzes main approaches of international organizations and experts to the creative economy's phenomenon in the contemporary world, including terms, definitions, and classification of industries.

**Keywords:** creative economy, creative industries, Cool Japan, kansei, exports, structural policy.

Creative industries, or the creative sector are justly deemed to be one of the most dynamic parts of the global economy, as well as one of its drivers amid the otherwise slowing growth.

The term of "creative economy" was coined a relatively short time ago. It is believed that the term was used for the first time by authors of the magazine *Business Week* in 2000. The idea and the term were popularized by J. Howkins [Howkins 2002]. Nowadays, creative economy issues are addressed by particular experts, and authoritative international<sup>1</sup>, governmental, government-aligned, and non-governmental organizations in various countries. Creative economy issues are rather actively researched in the UK. The British Council has a special website devoted to the creative economy [Creative economy]. Yet there are still no uniform terms to describe this economic phenomenon and classify the participating industries; there is no uniform view on the creative sector's ability to contribute to the economic growth either. International organizations are expecting a lot of creative industries in boosting small and medium businesses on emerging markets, reducing poverty, and combating economic backwardness in the context of the UN Millennium Goals. Governments and companies of many countries believe that creative industries give an opportunity to build and develop new markets, and bolster the potential for exports at a time when markets of traditional goods and services are stagnating.

One way or another, creative industries are developing, and all experts define the creative potential of a person as the principal resource.

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<sup>1</sup> First of all, UN agencies, such as the UNESCO, the UNDP (the author of the yearly *Create Economy Report*), the UNCTAD (the publisher of the *Create Economy outlook and Country profiles: trends in International trade in Creative Industries*, 2015, etc.) and the World Bank (*Policy Forum on Innovation Policy and Creative Economy*, 2016).

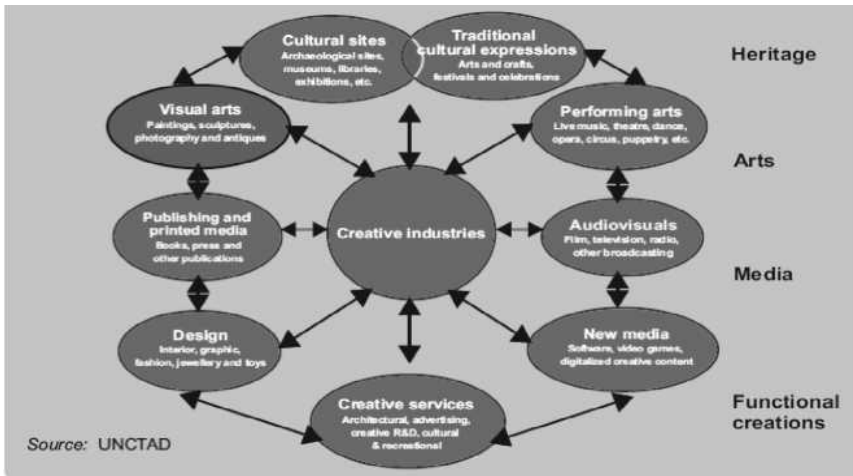
Given the lack of a uniform concept and a universally recognized classification of the creative sector by industry, we need to define the “creative sector” notion for the purposes of this article. We should say right away that the broader notion of the creative economy based on the obvious fact that any developed economy has to be creative and that any industry will be unable to progress without a creative and innovative element does not meet the article’s objective, since it blurs the boundaries of the subject of this research.

To be clear, the author differentiates between “creativity” as a feature of a particular economy, or economic system (just like we are casually using the “innovative economy” term), and particular industries with such features; this approach draws a line between the notions of “the creative economy,” for one part, and “creative industries,” “the creative sector,” and creative business, for the other part. Popular literature often uses those terms as synonyms.

Hence, the approach of UN agencies, basing their reports on the notion of creative sectors described as “the heart” of the creative economy, seems to work. Creative industries envisage cycles of creating (designing, inventing, or any other synonym for the verb ‘to create’), producing, and distributing goods and services in which the primary input is made by creativity and intellectual potential, and which generate revenue from selling intellectual property rights, and yield material products and services with a creative content, having an economic value and seen as a market object.

Creative industries emerge and grow at the intersection of art, culture, business, and technologies, and can be divided into the following groups (Chart No 1):

**Chart No1**  
**UNCTAD classification of creative industries**



Source: [Creative Economy Report 2008, p. 14]

1. Cultural heritage industries;
2. Visual and performing arts;
3. Audio-visual industries;
4. Publishing and printed media;
5. New media;
6. Design;
7. Creative services. [Creative Economy Report 2008, p. 12, 13, 21]

The topicality of creative industries derives from their capacity for increasing business revenue in the field of exports, tourism, promotion of inclusive social development, and social diversification, and for developing technologies and perfecting human potential. International experts see innovative, interdisciplinary political efforts and interagency cooperation as the way to foster the creative sector [Creative Economy Report 2008].

### Creative industries in Japan's economic strategy

Japan considers the development of creative industries to be an essential part of the national economic strategy and the economic policy of the government. The government supports the advancement of such industries and areas of activity, mostly, within the framework of the Cool Japan<sup>2</sup> initiative put forward in 2010 and implemented under the aegis of the Ministry of Economy, Trade and Industry (METI)<sup>3</sup>. The initiative seeks two key goals: economic and political. The economic objective of Cool Japan is to transform creative industries (based on the cultural content) into an economic growth driver, given the economic stagnation in the Japan and a partial loss of the competitive edge of traditional export industries<sup>4</sup>. The authors of the Japanese strategy expect the promotion of creative industries to expand domestic demand and the potential for exports, and create jobs.

The Cool Japan Strategy (published in July 2012) said pointblank that new business models [*presented by creative industries*] could become highly profitable in the future and possess a substantial industrial potential should the traditional Japanese content be “integrated” into consumer goods, distributors be engaged, and the potential of regions be realized [Cool Japan Strategy. July 2012, p. 5].

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<sup>2</sup> It is called ‘a strategy’ and ‘a program’ in official documents

<sup>3</sup> Japan sometimes uses the Cultural Content Industry term, which we see as highly appropriate. The term is used for instance in the name of the Japanese-Chinese-Korean forum [The Tenth Japan-China-Korea forum... 2017]

<sup>4</sup> Interestingly, Japanese experts substantiate the CJ/CI strategy with the practices of the UK (Cool Britannia) and South Korea (Cool Korea Strategy), which endorsed programs fostering creative industries in 1997, and, which is even more interesting, the New Deal policy of F. Roosevelt (1929) incorporating federal culture projects. For instance, the federal music project was popularizing classic music with public concerts, composers’ communication with the audience, and music lessons for the poor. [Ross 2012, p. 269].

The Cool Japan Strategy based the development of creative industries on the New Collaboration idea of blending culture, production, the Internet, the real world, diverse industries and types of activity, and development of the domestic and foreign markets. The key significance attributed to this idea is definitely not accidental: the primary feature of creative industries is a combination of the idea and its commercialization; as we have said before, those industries are integrated by definition. The political or, to be more exact, foreign political goal is to strengthen the Japanese national brand and to promote it abroad<sup>5</sup>. We should say that the Cool Japan Strategy is also an integral part and a tool of “soft force” foreign political strategy.

The approach shapes up Japan’s idea of the creative industry phenomenon. Judging by the ministry’s official documents, the Cool Japan Strategy (in the edition of January 2012) defines the following industries and types of activity as creative: advertising, architecture, arts and crafts, design, fashion, visual arts, software, radio and television content, Japanese cuisine, tourism<sup>6</sup>, furniture, tablecloth, jewelry, and office stationary design and production, and the food industry [Cool Japan Strategy. January 2012, p.7].

Japanese experts mention the following main characteristics of creative industries:

1. The demand prevails over the supply, as the product appeals directly to the consumer’s emotion;

2. This is a two-step business process involving “creation” and “distribution,” which means that creative industries need the maximum comfortable environment for creation;

3. The integrating nature of industries, the boundaries between industries and professions blur and actually have no significance, considering that the “creators” pool their efforts to implement a project [unless this creation process is individual];

4. Creative industries “make the pie bigger,” rather than “compete for grabbing their piece of the pie,” because a creative product starts a chain creating additional value and generating revenue industry [Cool Japan Strategy. January 2012, p.7].

The Cool Japan Strategy (in the version of January 2012) prioritized as creative industries fashion, anime, cuisine, special regional products (for example, Kumano brushes made by a unique local technology), and tourism (such as tours to the Akihabara electronic heaven) industry [Cool Japan Strategy. January 2012, p.7].

The list was slightly modified and made more specific in later versions of the Cool Japan Strategy (2012–2014), but, to our mind, the criteria for crea-

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<sup>5</sup> Cool Japan and Creative Industries (CJ/CI) occupy the same line on the list of economic policy fundamentals posted on the ministry’s website. The same approach is applied by the METI’s principal document on this matter, the Cool Japan Initiative, which is almost entirely dedicated to creative industries. [Cool Japan Initiative 2014; Cool Japan Strategy. January 2012].

<sup>6</sup> The source notes that the list of aforesaid industries follows the UK classification.

tive industries remained unchanged. These are mostly industries and areas of activity creating the strictly national content irrespective of whether it is based on traditional cultural values or modern achievements.

Certainly, Japan has been developing other types of activity producing intellectual property (and/or intellectual property rights), or implementing intellectual property in a material or information product, which could also be called creative. However, this article concentrates on the areas prioritized by the Cool Japan / Creative Industries state strategy.

The CJ/CI policy is carried out by the Creative Industry Department, which operates as part of the Bureau of Commerce and Information Policy of the Ministry of Economy, Trade, and Industry and the Cool Japan Advisory Council established in 2011. [Cool Japan/Creative Industries Policy]

The Council has permanent members, and guests representing various creative areas. The Strategy's edition of January 2012 determined the place of creative industries in the structure of the Japanese economy by the following parameters. The overall sales<sup>7</sup> stood at 45.2 trillion yens in 2004 (or 7% of the total output of industries and services), which was comparable with the share of leading Japanese industries: car and electronic (8% and 6%, respectively), while the number of their employees was even larger. In 2004, creative industries employed 2.2 million people; the car industry had 947,000 employees, and the electronic equipment industry – 1.2 million [Cool Japan Strategy, January 2012, p. 8].

Yet, in the opinion of government experts, the problem is that Japanese creative products, such as fashion and food, are rather popular with foreign countries but are not profitable enough [Cool Japan Strategy, January 2012, p. 5]. A survey shows that Japanese companies ranked 1<sup>st</sup> to 3<sup>rd</sup>, 7<sup>th</sup>, and 10<sup>th</sup> amongst popular women's fashion stores in China in 2009, but the exports-to-imports ratio of Japanese textiles was 1 to 50. The comparison of statistical data cited by the Strategy of January 2012 is not quite correct, because it covers the entire produce of relevant industries, including mass products, which Japanese companies have been manufacturing abroad for a long time. There is still some rational kernel in this comparison, given that other developed countries with the equally high cost of labor (which is practically the main reason why production facilities migrate to other countries), export much more textile products than Japan. It seems Japanese experts cite the information as proof of the need for monetizing achievements of Japanese fashion designers popular in foreign countries as export revenue. The situation with Japanese restaurants is approximately the same: their popularity in many countries does not help Japanese food exports much.

The Strategy gives Pokemon as a positive example of product promotion: the export of this product reached 3 trillion yens (a third of the domestic

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<sup>7</sup> Includes industries and areas of activity consistent with the UK classification we have mentioned earlier.

sales) in 2009 [Cool Japan Strategy. January 2012, p. 5]. By 2017 when the overall Pokemon market size of this franchise (games, animation, movies, and licenses) stood at \$67 billion (35% on the domestic market, and 65% on the foreign market) [Business Summary. Pokémon in Figures.]

A central problem of creative industries' growth is commercialization of intellectual product, above all, its promotion on foreign markets.

### **Policy of Japanese creative product's promotion abroad**

The Cool Japan Strategy designated the volume of exports as the principal quality indicator, which was only natural, considering the aforesaid arguments. There are plans to increase exports from 4.6 trillion yens to 9.3 trillion yens by 2020, including 2.1 trillion yens worth of fashion products, 6.8 trillion yens worth of food and beverages, and 0.4 trillion yens worth of media products. For comparison, the value of the global creative product market was forecasted to reach 900 trillion yens in 2020. [Cool Japan Strategy. January 2012, p. 6].

We will assess Japan's ranking in the world creative product trade using the UNCTAD special survey.

**Table No 1.**  
**Japan's trade in creative products and services \$ bln**

	2003			2012		
	Export	Import	Balance	Export	Import	Balance
Total	4.0	14.5	10.4	7.9	24.6	16.7
Goods	3.8	12.8	9.0	7.7	23.4	15.7
Services	0.2	1.7	1.5	0.2	1.2	1.0

*Based on:* [Creative Economy Outlook ... 2016, p. 80]

Despite the increased volume of creative product trade (the value of creative goods' export grew by 50%), Japan still has a deficit of trade in goods and services. Exports of design, audio-visual, and new media products spiked in 2003–2012 (table No 2). Japan ranked seventh developed country amongst leading exporters of creative goods in 2012, with a 1.6% share of the market; it occupied the 12<sup>th</sup> position in the global rating. The United States, Hong Kong, and China were the main markets for Japanese creative products; Japan had a surplus of trade with the first two economies, and a rather serious deficit of trade with China [Creative Economy Outlook... 2016, p. 3–4, 81].

Japan is implementing numerous projects, given the interest of the government and companies in a substantial increase of Japanese creative product exports. These include Japanese fashion's popularization by the commercial website Harajuku Street Style, the Cool Japan Fair in Mumbai, and Craft

Renaissance Project exhibitions in various countries. It is not possible to mention all of them, so we will just say that the work is constant and focused. This is not a series of one-off events, but an actual strategy implemented by the government and companies.

**Table No 2.**  
**Japan's trade in creative goods and services by branch, bln yens**

	Games	Cosmetics	Fashion textile	Movies	Music	Books	Magazines	Licenses	Tourism	Total
Export	293.0	129.2	37.6	4.6	2.2	7.3	4.3	131.7	875.2	1485.1
Import	2.1	167.4	1851.6	40.8	24.0	21.7	7.2	700.7	2171.6	4987.1
Balance	290.9	-38.2	-1814.0	-36.2	-21.8	-14.4	-2.9	-569.0	-1296.3	-3501.9

Source: [Cool Japan Initiative. July 2014, p. 8]

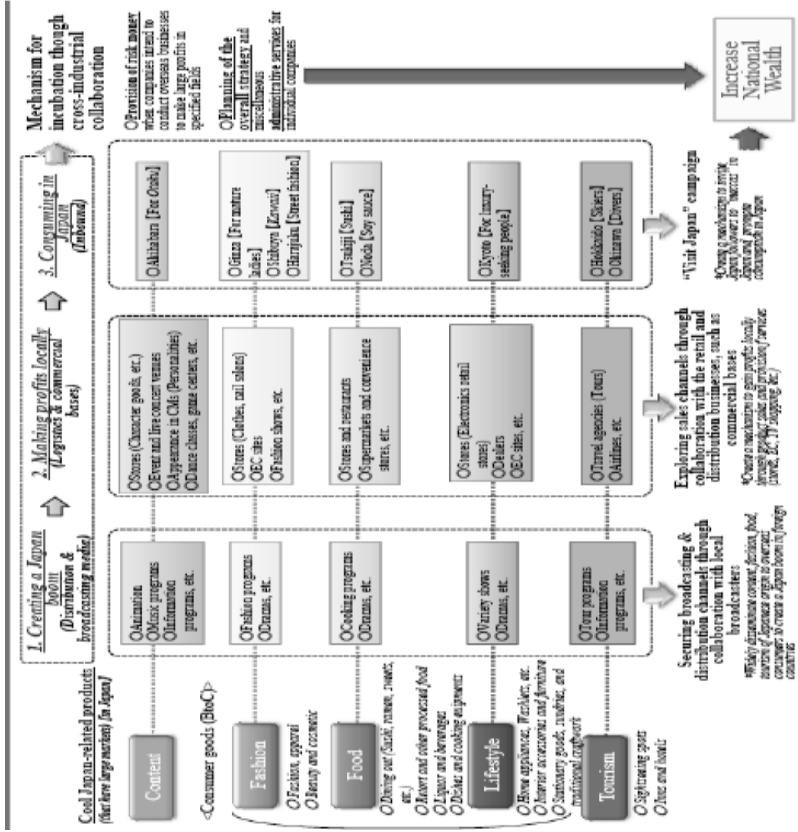
Note: Online sales volumes are not included in the games, movies, music, books, and magazines categories; music sales as of 2005, the rest as of 2011.

The purpose of exporting Japanese creative products is to increase tourist arrivals in Japan, boost domestic demand, and increase corporate revenue (Chart No 2).

The 2014 edition of the strategy gives some examples of the Cool Japan program's efficiency in terms of exports. Hiroshima-based TSS Production started airing the Japan Motion program on the French cable network No Life (which has 6.5 million household subscribers) in 2009. Information about Hiroshima and Japan Expo disseminated in Paris had a tangible effect: more French tourists visited Hiroshima and the Expo, as exhibitions are a traditional annual cultural event of Paris summers. What is more, the first Hiroshima restaurant, *okonomiyaki*, opened in Paris, and the Miyajima Island and the Hiroshima Peace Memorial Museum topped the list of tourist attractions in 2012 (surpassing such popular sites as the Kinkakuji Temple in Tokyo, Asakusa in Tokyo, and the Himeji Castle in Hyogo) [Cool Japan Initiative. July 2014, p. 12].

Actually, television is believed to be an essential tool for disseminating Japanese content in the world, especially in Asian countries. The NHK World international channel kicked off in 1995; its programs are now broadcast in 130 countries. Channel Japan provides information on Japan's business, economy, and culture in Singapore, India, and Taiwan. The online portal, Daisuki.net, airing Japanese animation by request was launched in the United States in 2013 [Cool Japan Initiative. July 2014, p. 13].

Chart No 2  
 Revenue-creating chain based on Cool Japan Strategy and development of creative sectors  
 Source: [Cool Japan Strategy. September 2012, p. 7.]





As we have said before, the promotion of Japanese content abroad is being actively supported by the government. More than 1,500 projects have been funded by the *state grant* program supporting the development and dissemination of Japanese content abroad. The program has a total budget of \$155 million<sup>8</sup>.

The government pursues the same objective by supporting the world's biggest content festival Co Festa held in Japan, and various festivals of the Creative Tokyo program, for instance, Harajuku Kawaii!!, Tokyo Midtown Design Touch, and others. Another way the Japanese government is fostering national content abroad is by inviting fashion media editors, bloggers and other fashion, design, film, and vogue media celebrities to various events.

The promotion of Japanese creative industries abroad involves regional small and medium companies, which is not surprising: micro and small companies are the backbone of the creative sector. Japanese real estate developers and retailers are recommended to assign special places (Japan Floor, Japan Street) to Japanese sellers of unique goods at their trade centers and branches in foreign countries in order to popularize and increase the sales of Japanese products.

We should say the following about the potential for expanding Japanese creative product exports and the impediments they may encounter. There is no doubt that Japan has a substantial potential for developing creative industries. What is more, Japanese design, architecture, music, and anime are very popular with the world. At the same time, the pronounced national specificity of the Japanese creative product may also be a limitation of its export opportunities. It is also important to note that not all manufacturers of creative products are large companies (such as Pokemon Company or Nintendo). In this market there are many small companies and individual entrepreneurs who do not have enough experience of promotion abroad.

### **Funding creative industries**

Government experts see *the funding* as a key problem in the development of Japan's creative industries. They say banks and investors do not give enough financial support to creative businesses for promoting their products abroad. This is happening because potential investors see the risks as excessive.

With this in mind, the Japanese government set up a special public-private fund, Cool Japan Fund, in November 2013, and proclaimed as its goal the promotion of exclusive Japanese goods and services abroad and commercialization of creative activities included in the Cool Japan Strategy. These include fashion, content, lifestyle (daily goods having some artistic

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<sup>8</sup> As of February 2014. Unfortunately, the METI does not provide more recent data. Source: Cool Japan Initiative, 2014. P. 14.

value and associated with the Japanese lifestyle), goods made by use of traditional Japanese technologies (ceramics, lanterns, textiles), *omotenashi* (goods and services of the traditional Japanese hospitality style, such as *ryokan* hotels)<sup>9</sup>.

The Fund decides whether or not to invest in a project using the criteria laid down by the Japanese government. The criteria include:

1. Policy compliance: providing risk capital for promoting Japanese goods abroad;

2. Profitability and good-performance indicators: relevant management structure, return on capital, and a high probability of success;

3. Influence on other spheres: support to Japanese industries, interaction with other companies and sectors, the demonstration effect, and the opening of new markets [What is Cool Japan Fund ?].

Based on these criteria, the Fund finances three types of projects.

1. Platform projects: provision of reliable business platforms for continuous development of products and services supporting the existence of strong brands and preservation of market positions.

2. Projects supporting supply chains: optimization of supply chains eliminating distribution weaknesses of companies trying to operate outside Japan. This kind of improvement can create competitive edge by increasing efficiency of investment, heightening product quality, and assisting in products' promotion abroad.

3. Regional projects supporting small business: support for joint expansion of regional companies, and small and medium businesses sharing supply chains in foreign countries; support for tour operators; promotion of inbound tourism together with regional tourism organizations. This initiative can stimulate the formation of a thriving community of regional producers, creative artists, designers and others [What is Cool Japan Fund ?].

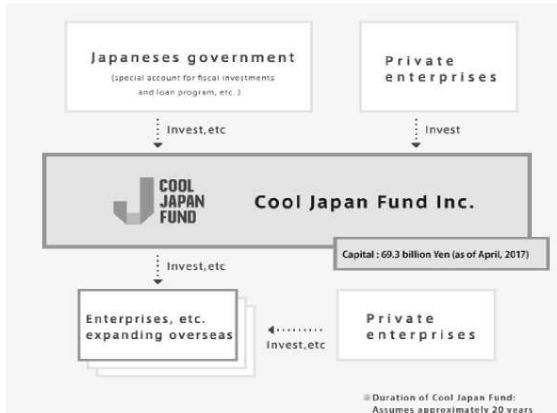
The Fund's budget is made of investments of industries and private companies accumulated on a special account. The Fund finances companies, sometimes in collaboration with private investors, and chooses projects for risk investment based on the aforesaid criteria (chart No 3).

The Fund's investment terms are rather liberal or even "friendly" towards applicants. For instance, Fund specialists may assist in formulating the strategy and business plan of the applicant's company, and help implement the project. There are no investment deadlines; the money is provided for the period until after "stabilization of the business," which is extremely attractive to micro- and small companies struggling to commercialize their products [Characteristic of Cool Japan Fund].

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<sup>9</sup> Omotenashi – the Japanese philosophy of hospitality and the practice of 'wholehearted and extraordinary' service. Omotonashi is based on Japanese national traditions. The word omotenashi is sometimes defined as 'the heart of Japanese hospitality' or translated as 'detailed service'.

### Chart No 3 Sources of funding, areas of activity of Cool Japan Fund



Source: [Investment Schemes.]

Actually, television is believed to be an essential tool for disseminating Japanese content in the world, especially in Asian countries. The NHK World international channel kicked off in 1995; its programs are now broadcast in 130 countries. Channel Japan provides information on Japan's business, economy, and culture in Singapore, India, and Taiwan. The online portal, Daisuki.net, airing Japanese animation by request was launched in the United States in 2013 [Cool Japan Initiative. July 2014, p. 13].

The latest project chosen by the Fund (June 2017) is the support for the Japanese branch of the U.S. venture fund 500 Startups<sup>10</sup> specializing in funding emerging firms (the so-called seed investment). The Fund's experts believe this project can further Japanese venture companies, including creative ones, on foreign markets [Investment Projects. List of...].

### Creative Tokyo

No doubt, the promotion of creative product exports is an important area of Japan's creative industry development, but it is not the only one. Let us take a look at some other initiatives and projects.

A major undertaking, which should be called a movement, is **Creative Tokyo**, an umbrella to a variety of projects. The movement has 118 participants operating under the Moving towards Creative Tokyo-Transforming Tokyo into a Creative Hub slogan [The Creative Tokyo Proposal].

The list of participants is interesting, as it gives an idea of who is interested in promoting creative industries in the Japanese capital. Of course, they include the METI, and the Tourism Agency (a branch of the Ministry of Land,

<sup>10</sup> Headquartered in the U.S. Silicon Valley

Infrastructure, Transport, and Tourism), which means the government plays a role in the project.

The list includes a number of local organizations, as well (for instance Tokyo Ginza Official)<sup>11</sup>, trade associations of acclaimed shopping areas (such as Roppongi Shopping Street Association [Roppongi Shopping Street...], the Akihabara Tourism Promotion Association, and Akihabara Electrical Town). Commercial companies are represented by major trade houses and retailers – Sogo & Seibu Co., Ltd., Tokyu Department Store, Parco Co., Family Mart Co., Ltd., Matsuya Co., Ltd., Marui Co., Ltd., Isetan Mitsukoshi Ltd., hotel business (Park Hotel Tokyo), and the JAL airline.

Organizations directly involved in creative activity can be divided into three groups:

1. Companies manufacturing creative products: Atelier SaBo Co., Ltd.; Kokuyo Furniture Co., Ltd; FM Setagaya; Syner-gymedia, Inc.; d47 Museum;
2. Associations of creative companies: Japan Electronics and Information Technology Industries Association; Japan Electronics Show Association; Japan Craft Design Association;
3. Education establishments teaching creative professions: Aoyama Gakuin University Graduate School of International Management (Aoyama Business School); Graduate School of System Design and Management (Keio University) [The Creative Tokyo Proposal].

An analysis of the list of Creative Tokyo participants brings us to the following conclusions. First of all, interested parties include organizations operating in various fields – from ministries to street associations, from giant companies to designer studios and event companies, which are not even small companies but micro-businesses.

Secondly, judging by the joint statement of participants, the initiative lays a real foundation for cooperation between small, big, creative and traditional business, the government, non-governmental organizations, and civil movements, which is envisaged by the Cool Japan Strategy. This statement can be called a manifesto of the development of creative business not just in Tokyo but also in Japan as a whole. Participants in the Creative Tokyo movement declare that at a time when Japan is building new society based on the synergy of industry, the economy and culture, they are giving comprehensive support for the growth and diversification of creative industries. They also hope to transform Tokyo into the most remarkable creative hub in Asia. They pledge to use the creative potential for heightening the country's image. Relevant government agencies, local government, and heads of private companies will collaborate in the humanitarian and information exchange and further institutional reforms.

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<sup>11</sup> Autonomous entity formed by the district council and uniting civil and volunteer organizations, and district trade associations. See: [Tokyo Ginza Official].

In the opinion of movement participants, stronger cooperation between companies of various sectors will promote the emergence of enterprises related to Japanese culture and lifestyle [goods and services with a cultural and creative content], and thus encourage domestic consumption and exports.

There are plans to transform Tokyo into an international creative hub by attracting creative talents from all over the world, building an unlimited creative environment in which young talents “will develop and thrive.”

This approach, and cooperation with other Japanese and foreign creative cities (including by means of joint projects) will enable the movement participants to contribute to the development of the nation’s human potential.

So, we may presume that the Creative Tokyo movement can become sort of a pilot project developing creative business and potential of Japan as a whole; its success will have a strong demonstration effect, especially considering the opportunities given to Tokyo and the whole country by the Olympic Games 2020.

### **Tokyo Olympic Games 2020 and creative industries’ perspective**

It is no secret that major international events, including sport competitions and Olympic Games, bring direct and indirect economic benefits to the host countries. The Tokyo Olympic Games 2020 can help international popularization of Japanese creative products, in addition to providing other economic advantages. The Japanese government has not overlooked this opportunity. The METI posted a special press release to define its attitude to the issue and announced the issue of a concept book. This document spells out vistas, which open up for creative industries in connection with the Olympic Games that are bound to increase the world’s interest in Japan. The ministry aspires for synergy in the promotion of the “unique Japanese spirit and values” in other countries, by ‘combining’ preparations for the Games and the continuation of the Cool Japan program.

The Japan Brand Working Group has been formed to foster this approach. The group has discussed the traditional Japanese spirit and values as the foundation of goods and services (the content, the lifestyle, Japanese cuisine, and services) to be produced within the framework of the Cool Japan initiative. The fruit of this discussion was presented in the concept book called Wonder Japan, which described traditional Japanese notions based on people-nature relations, and indicated some keywords regarding sentiment of the Japanese people, such as “deep thinking,” “learning,” “harmonizing,” and “spreading love and care.” Importantly, the book itself is a unique creative product combining the traditional and avant-garde styles.<sup>12</sup>

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<sup>12</sup> The METI will distribute the book via Japanese embassies abroad, governmental and government-aligned organizations, municipalities, private companies, and organization, i. e. all participants in projects preparing for the Olympic Games and the Cool Japan initiative. [METI Releases Concept Book. 2017.]

In fact, the book reflects the esthetic concept of the development of Japanese creative industries, at least, those based on traditional values. These values, however, are presented in the modern export “wrapping.”

### **Creativity as business quality**

Indicating the range of creative industries applicably to Japan in the beginning of this article, we noted that attention would focus on industries which are using cultural content to make intellectual product. However, the Japanese government’s approach to creativity as an economic resource appeared to be broader than expected. The Fourth Industrial Revolution makes creativity a must for business at large, not just for industries formally belonging to this group; in fact, this is the condition necessary for preserving competitive edge of the whole Japanese economy and this industry, in particular.

This is directly stated by the Japanese METI, which set up a group in 2017 to research creativity in the period of the Fourth Industrial Revolution. In the opinion of Japanese experts, modern production, including technologies, products, and services, are standardized. Meanwhile, the social structure becomes increasingly intricate. Under these circumstances, the success of any business, especially business oriented towards the consumer market, depends on how well companies can understand real needs of their clients and client groups and make original and creative products combining state-of-the-art technologies of the Fourth Industrial Revolution with the creative component [Open Debriefing Meeting... 2017].

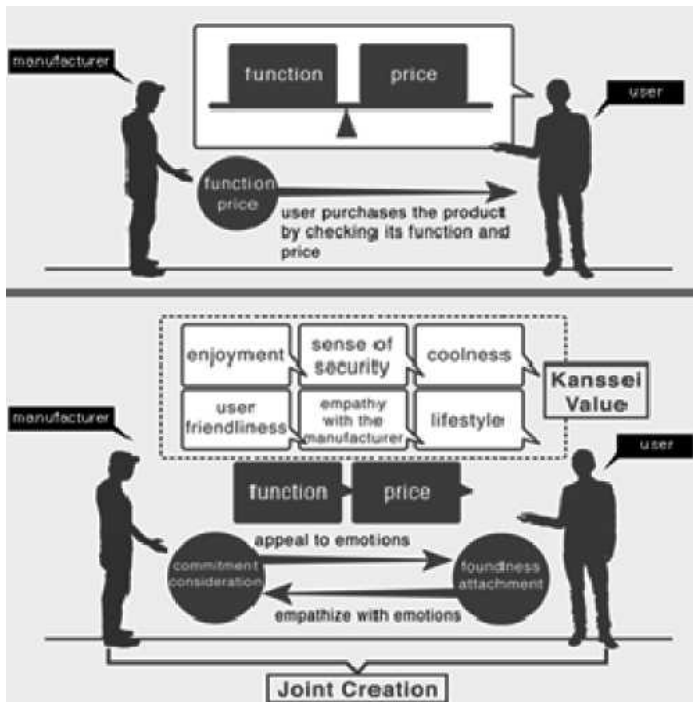
It is worth noting that the idea of creating a non-material value (in case business makes material products) as an area for developing Japan’s processing industries had been proclaimed by the METI in 2007, as part of the so-called *kansei* value initiative. Its slogan is From Material Fulfillment to Emotional Fulfillment (drawing No1). The essence of the *kansei* concept is that goods (material product or service) should carry an imprint of something new, unusual, and individual, i.e. be a fruit of creative work of its author and actually contain elements of creativity.

Truth be told, the *kansei* concept used the word “cool” instead of “creativity.” Yet again, this is not about businesses which started as creative, such as design or movies, but those traditionally manufacturing mass products. Technologies of the Fourth Industrial Revolution give additional opportunities to add value to the product by means of a creative component: big data, the Internet of things, and 3D printers lay down a technological basis for appealing to feelings and emotions of individuals instead of groups, and for individualizing products.

So, we can say that Japan’s creative sector is actively developing, and favorable conditions for its growth largely depend on the interest of various subjects of the economic process. These are creators of intellectual products, who aspire for commercialization, companies operating in traditional indus-

tries and services, which seek to heighten their competitive edge and adding value to their products with a creative component embedded in mass products, and non-governmental and civil organizations wishing to participate in the formation of a creative environment. At the same time, creative industries are efficiently supported by the government, which sees them as economic growth drivers, a priority of the structural policy, and an element of the Cool Japan Strategy aimed at promoting the Japanese national brand abroad. The Japanese government is committed to its best traditions and provides organizational and financial support to creative business, by putting emphasis on cooperation between all entities interested in developing creative industries, and encouraging exports of their goods and services having a unique Japanese content.

**Drawing No 1**  
**Making goods, creating value**



Source: [Kansei initiative]

We may presume that the combined efforts of the government, business, and citizens will have a synergic effect and, together with unique cultural traditions and the most advanced technologies will help the Japanese economy acquire a new quality: to be not just innovative but also creative.

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