

ECONOMY, CULTURE & HISTORY

Japan SPOTLIGHT[®]

Bimonthly

May/June 2026

Pop Culture-Links Among Asian Nations



Published since January 1982
by **Japan Economic Foundation (JEF)**
<https://www.jef.or.jp/journal/>

Economy, Culture & History
Japan SPOTLIGHT Bimonthly

May/June 2026 (ISSUE 267)
VOLUME 45 NO. 3

ISSN 1348-9216

Pop Culture-Links Among Asian Nations

CONTENTS

- 1 **PUBLISHER'S NOTE**
Can Pop Culture Develop into a Common Bond for Asia?
By Masakazu Toyoda
- 2 **EXCLUSIVE INTERVIEW - LEADERS IN JAPAN (No.14)**
Former JAXA Astronaut
Dr. Naoko Yamazaki
Working Together on Space Exploration as a New Frontier for the Development of Humanity
By Naoyuki Haraoka
- 8 **COVER LEAD**
Pop Culture-Links Among Asian Nations
By Naoyuki Haraoka
- 9 **COVER STORY** 
- SPECIAL ARTICLE**
- 39 1 For a Stronger Alliance: Japan & the Global South
By Mukesh Williams
- 42 2 Why Do Voters Support Authoritarian Leaders? Understanding Democratic Backsliding
By Yasushi Asako
- 46 3 Interview with Dr. Hugh Whittaker of St. Antony's College, Oxford University, author of *Building a New Economy: Japan's Digital and Green Transformation*, published by Oxford University Press, 2024
Investing in Human Capital is Necessary to Restore the Japanese Economy
By Japan SPOTLIGHT
- 50 4 The International Community from the Perspective of Eastern Thought (Part II) – Multipolarization of the International Order: the Nature & Influence of the Global South
By Guo Sizhi
- 54 5 How Will Japan Deal With Trump's Tariffs? – Japan's Globalization Strategy
By Toshihiro Okubo
- 58 **SPECIAL INTERVIEW**
Interview with the South African Chargé d'Affaires (a.i.) Annelize Schroeder
Celebrating a Century of Trust Between Japan & South Africa
By Mukesh Williams & Naoyuki Haraoka
- 62 **ECONOMIC INDICATORS FOR JAPAN**
Changing Employment Structure of Japan
By Nobuo Iizuka

NEXT ISSUE

Our next issue in July/August 2026 will focus on the theme "Pursuit of Restoration of a Rules-Based International Trading System through EU-CPTPP Collaboration". We will highlight our Japan-Europe Forum in May in Tokyo co-sponsored by JEF and Sciences Po and the Jacques Delors Institute, in which they discussed possible EU-CPTPP cooperation and ways to achieve a rules-based international trading system. The next issue will be published on our website on July 10, 2026.



COVER STORY

Pop Culture-Links Among Asian Nations

- 9 1 **Roundtable on "Can Pop Culture Serve as a Bond Between Asian Countries?" (March 24, 2026)**
By Japan SPOTLIGHT
- 16 2 **Interview with Daisuke Horiguchi, CEO of Secret Sessions Pte. Ltd**
ACG Deepens Ties with Southeast Asia & Promotes Japan's Growth
By Japan SPOTLIGHT
- 21 3 **Interview with Shawn Chin, founder of SOZO Pte. Ltd, an organizer of pop culture events in Asia**
The Potential of Japanese ACG in Asia & the Rest of the World
By Japan SPOTLIGHT
- 25 4 **Interview with Atsushi Matsuo, President & Kenji Yoshii, Director of TEM Co., Ltd. (Ramayana World Cultural Contribution Committee)**
Where Indian Cinema Meets Asia: Culture, Connection, and Creativity (April 7, 2026)
By Japan SPOTLIGHT
- 31 5 **The Global Spread of the South Korean Content Industry – Its Policy Framework & International Cooperation**
By Lee Hyeon
- 34 6 **MONKEY New Writing from Japan – Dynamic Venue for Cultural Dialogue**
By Jillian Yorke

Can Pop Culture Develop into a Common Bond for Asia?

By Masakazu Toyoda

Before explaining anything, I should clarify what I mean by pop culture.

As the name suggests, pop culture refers to popular culture. It is also called mass culture, as it appeals to a broad audience and most often stands in contrast to high culture usually associated with more educated people, in terms of classical literature and fine arts. It is very important not to confuse the cultural concepts of popular/traditional with the political concepts of populism/elite. The economic interpretation of the “content industry” is a useful approach to define the term pop culture. The industry encompasses a wide range of fields, such as films and television drama, animation, manga, games, and music.

These industries are important not only for their monetary value but also for their inclusion of different cultural forms, especially among young people. These industries are evolving rapidly influencing language, social behaviors, and collective values. To state my conclusion upfront, pop culture may well become a bond connecting all of Asia in a not-too-distant future. Let me explain.

Let us first look at the reality of the content industry. The global market around 2020 was approximately two trillion dollars. Assuming an annual growth rate of 3–5 percent, the industry is expected to reach four to five trillion dollars by 2040. Asia – including China and India – already accounts for 35–40 percent of the global share, and the content industry is expected to be one of Asia’s growth industries,

How does this compare with the automobile industry, which is globally valued at 2.5–3 trillion dollars in 2020? Given that many countries have already reached saturation, the automobile market may not grow significantly by 2040 and it is possible to imagine that the content industry will eventually surpass the automobile industry. What about the semiconductor industry, which is currently attracting so much attention? Even at the global level, it was only 0.4–0.45 trillion dollars around 2020 – already far smaller than the content industry. By 2040, it is expected to reach only one to two trillion dollars.

In short, the content industry is already far larger than semiconductors and is likely to become comparable to, or surpass the automobile industry sooner or later. In this sense, it is no surprise that many countries are paying increasing economic attention to this industry.

Another characteristic of the content industry is that it influences lives not only in terms of economics but also in terms of culture. Asian countries differ in language, religion, and political systems, yet cultural exchanges are rapidly advancing among young people through Japanese anime and games, Korean K-Pop, Chinese online novels and games, Indian films, and dramas and You Tuber culture from ASEAN countries such as

Thailand and Indonesia. Politically, Asia is not yet unified, but culturally, it may already be forming a kind of community. It is true that politics sometimes hinders cultural exchange, but in the near future, pop culture may become the bond that fosters trust and supports dialogue among Asian people – especially the youth. It is simply logical to expect Asia to continue to evolve and influence the world.

The roundtable discussion in the May/June 2026 issue of *Japan SPOTLIGHT* will address this very point. Let me share with you expressed views of some experts.

– Prof. Nakamura (President, iU – Professional University of Information and Management for Innovation):

“Last year, I participated in an otaku event in Hong Kong, and it attracted one million visitors over five days. Even when political tensions exist, culture blends naturally across borders.”

– Prof. Kawashima (Doshisha University):

“I think Asia is already becoming something like ‘Cool Asia.’ Japanese anime has long been watched casually in Hong Kong, Singapore, and Southeast Asia, and Japanese trendy dramas of the 1980s and 1990s were widely accepted across Asia.”

– Mr. Kaji (Director, Culture and Creative Industries Division, METI):

“Our relationship and bond with Asia are extremely important. In the Tokyo International Film Festival, which we run through public-private collaboration, we organize exchanges with Asian students and set up sections that focus on Asian films. We operate the festival with Asia firmly in mind.”

Why is it possible that pop culture becomes a bond for Asia? At least two reasons come to mind.

First, pop culture seeks to share universal stories about the future, rather than political narratives about the past. Whether it is Dragon Ball, One Piece, or K-Pop, the themes revolve around adventure, friendship, and sometimes romance – not historical conflicts.

Second, pop culture is driven by young people looking beyond the nation-state and toward the world. Consequently, pop culture encourages an outward-looking attitude and is increasing in value not only as an industry but also as a cultural force. This is nothing other than the soft power identified by the late Professor Joseph Nye.

I hope that pop culture will first become a bond that supports peace and prosperity for Asia, and eventually, a bond that connects the entire world.

J.S

Masakazu Toyoda is chairman and CEO of the Japan Economic Foundation (JEF). He previously served as chairman and CEO of the Institute of Energy Economics, Japan, after having been vice minister for International Affairs at the Ministry of Economy, Trade and Industry.

Exclusive Interview

LEADERS IN JAPAN

No. 14

Former JAXA Astronaut
Dr. Naoko Yamazaki



Working Together on Space Exploration as a New Frontier for the Development of Humanity

By Naoyuki Haraoka

The Exclusive Interview for the *Japan SPOTLIGHT* May/June 2026 issue is with astronaut Naoko Yamazaki, who flew aboard on the Space Shuttle Discovery in 2010. As one of the few Japanese astronauts and a representative of Japan in efforts to utilize space as a new frontier for human progress, she is actively involved in various international initiatives. We spoke with her about her story, which is filled with big dreams and hope.

(April 10, 2026)

Interest in Space

Haraoka: First, regarding what sparked your interest in space, you mentioned that you were very interested in it since you were a child. I imagine there are various aspects to that, but was it a scientific interest, or was it more of a child's dream?

Yamazaki: I think it was more of a dream than anything else. You see, back then, science fiction was really booming – with shows like “Space Battleship Yamato”, “Galaxy Express 999”, and “Star Wars” – so watching them, I just assumed that when I grew up people would go to space. Also, NASA’s Voyager probes had just been launched and were sending back beautiful images of Jupiter and Saturn. I also enjoyed going to the planetarium, so I was naturally interested in the scientific aspects as well.

Experience on the Space Shuttle Discovery

Haraoka: You spent about 15 days aboard the Space Shuttle Discovery and the International Space Station (ISS) in 2010. I'd like to hear about the details of your mission, what impressed you, what challenges you faced, or anything else you'd like to share.

Yamazaki: When I first became interested in space as a child, there were no Japanese astronauts yet, so to me space was just something out of science fiction. But when I entered middle school, the first generation of Japanese astronauts – Dr. Mamoru Mouri, Dr. Chiaki Mukai, and Dr. Takao Doi – were selected, and as the International Space Station project began and Japan started participating, I sensed even as a child that an era was dawning in which Japanese people would truly play an active role in space. This was what actually sparked my interest in becoming an astronaut.

After that, I worked as an engineer at JAXA’s Tsukuba Space Center, and later became an astronaut candidate. In 2010 – 11 years after I began training – I flew aboard the Space Shuttle Discovery on a mission to assemble the International Space Station (ISS) and replenish it with materials and scientific equipment. There were seven crew members, and my primary role was to operate the robotic arm. There was a supply module called Leonardo loaded into the Space Shuttle’s cargo bay, and I used the robotic arm to retrieve it and attach it to the ISS. The resupply module contained various supplies and experimental equipment, and the seven of us then divided the work among ourselves to assemble each item in its designated location. My role was that of a “loadmaster” responsible for supervising the entire operation.

There were many things that left a deep impression on me. First, the fact that weightlessness itself creates a world so different from what we are used to on Earth, and the beauty of Earth as seen from

space. Also, as the Space Shuttle gradually approached and docked with the ISS, the ISS – which had initially appeared as just a dot – began to fill the entire window as we drew closer, shining brightly in the sunlight.

From Earth during the day, I felt the beauty of nature, and from the lights of the nightscape, I sensed the power of human civilization. But when I saw the ISS floating there in space, I was also deeply moved by the power of humanity – realizing that through international cooperation, we are capable of creating something on this scale.

As for the challenges I faced, even after years of training, unexpected incidents inevitably occurred. Many unforeseen situations arose. Dealing with each one of those situations was a challenge in itself.

Haraoka: From what I've heard, you have to pay close attention to very detailed work. Of course, since your specialty is aerospace engineering, it might not be that difficult, but even so, given that you're in the unique environment of outer space, did you ever feel a significant amount of pressure?

Yamazaki: Yes, that's right. Once you're actually on site, you encounter challenges unique to that environment. No matter how much training you do, it's difficult to simulate weightlessness on Earth, so there are many things you only understand once you're there – or situations where your movements end up differing from what you'd planned. Getting used to that and relearning things on the job in my own way was both challenging and, in a way, that made it interesting.

Haraoka: So while you were operating the spacecraft, you were also conducting various experiments?

Yamazaki: Yes. We also took 15 mice with us to study changes in their immune systems and also grew plants.

Haraoka: So you'd be collecting data, analyzing it, and really putting your mind to work?

Yamazaki: Yes. It does require brain effort, and since we're in microgravity and just floating around, it might seem like it doesn't take much physical effort. But as we assembled all those devices, it actually ended up being quite physically demanding. Some of the devices were quite large, and while they were floating, their mass didn't disappear, so it took a tremendous amount of force to stop them and change their direction.

Training as an Astronaut

Haraoka: As for the number of astronauts, while there are about 600 to 800 worldwide, just over 100 of them are women. In Japan, there are 11 JAXA astronauts with flight experience, and two of them are women.

Yamazaki: In addition, there are two astronauts currently in training, one of whom is a woman. So including those in training, there are three female astronauts in Japan.

Haraoka: I understand that you graduated from the Department of Aerospace Engineering at university. In the world of astronauts, have you ever faced challenges specifically because you are a woman? If so, how did you overcome them?

Yamazaki: To be honest, I didn't really face any particular hardships just because I'm a woman. The training curriculum and the mission tasks after arriving in space were treated as the same for everyone. Given the diversity in terms of gender, age, nationality, and background – whether we came from the military, the private sector, or academia – I think being a woman was just one aspect of that diversity.

That said, although I trained for 11 years myself, the duration of training varies depending on the situation, but it is a long-term commitment. In particular, since Japan does not have its own crewed spacecraft, training is primarily conducted in the United States, though it sometimes takes place in Russia, Europe, Canada, or Japan. I think there is an inevitable need to train for many years in an environment away from one's home country.

So rather than a gender difference, the fact that it was a foreign environment actually played a much bigger role. Since I gave birth while in training and had to raise my child at the same time, I think it was my family and those around me who bore the brunt of the hardship, rather than me.

Haraoka: So there are quite a few challenges when it comes to language, aren't there? Especially inside a spaceship, even the slightest miscommunication could lead to serious trouble. Did you notice that as well?

Yamazaki: Yes, that's right. During our training, we regularly flew a two-seat jet trainer called the T-38. While navigating, communicating with the control tower, and handling various other tasks, we practiced ensuring clear communication in English right from the start of our training. However, since training terminology is fairly standardized, it was actually easier in that sense. In fact, I feel it took

me longer to get used to daily conversation.

Activities as an Expert on Space

Haraoka: You are currently involved in a wide range of activities related to space development. I'd like to ask you about each of these in turn. First, as the representative of Space Port Japan, you are working to establish Japan as a hub for space transportation in Asia. I'd like to hear an overview of those efforts. Will space travel become a reality in the near future? What challenges will you be facing?

Yamazaki: There are already people traveling to space, and I believe an era in which this becomes increasingly widespread is just around the corner. Space Port Japan is a non-profit general incorporated association founded by a group of seven individuals sharing the same ambition for making Japan an Asian space transportation hub including for space travel. We've been working together by pooling our expertise – which includes lawyers, investors, marketing professionals, JAXA engineers, and aviation industry experts – and myself as an astronaut. Our primary motivation stems from the fact that a variety of spaceship launch methods will emerge in the future, and that will include crewed missions.

When that happens, Japan must be prepared to respond. Just as in the aviation industry, rockets will gradually adopt a “ride-share” model – foreign rockets launching from Japan, Japanese rockets launching from abroad, or, as an extension of aviation, high-speed point-to-point transport using spacecraft. For example, ultra-high-speed transportation connecting New York and Tokyo in just one or two hours could become a reality. It is said that such a world will arrive in the near future, within about 10 years. When that happens, the flow of goods and people will change dramatically.

We established Space Port Japan in 2018, but the year before that, Elon Musk actually announced a plan to connect New York and Shanghai in 39 minutes using Starship, a spacecraft under development. I believe that once Starship and other vehicles currently in development become operational, a new world of high-speed point-to-point transportation and space travel will open up.

The Global Spaceport Alliance platform also began in the US in 2015, bringing together spaceport stakeholders from around the world to discuss international collaboration between spaceports and what kind of spaceports will be needed in an era when spacecraft begin to arrive and leave in the world.

I believe that by engaging in these discussions from the very beginning, Japan will be able to establish itself as a true hub for Asia. While the aviation industry inevitably tends to concentrate more travelers in places like Singapore and South Korea, Japan aims to become the leading hub in Asia for space transportation and

spaceflight. With this in mind, I launched this initiative because I believe we need to start taking action now and establish an organization that can serve as Japan's point of contact for the international space port community.

Haraoka: So we can assume this will become a reality in the very near future?

Yamazaki: Yes. Starship has been selected by NASA as one of the crewed lunar landers for the Artemis program, and NASA is working toward the milestone of landing its astronauts on the Moon in 2028. The same spacecraft that connects New York and Shanghai in 39 minutes will be used for this mission, so while it may require some further modifications for use as a passenger aircraft, I believe the era of high-speed travel between two major cities will surely arrive in the 2030s.

Haraoka: So while there aren't many technical challenges, there are many things that require international coordination. Is that what makes it challenging?

Yamazaki: Technically speaking, while the technology remains challenging – such as maintaining and reusing a spaceship for flying at high frequencies just like aircraft – I believe the regulatory framework is also a major factor.

Haraoka: Next, let's talk about space education for children. You serve as the president of the Young Astronaut Club (YAC) Japan. Science education has become extremely important not only in space-related fields but across a wide range of disciplines, and with the increasing use of technologies like AI, it seems no longer appropriate to divide education into science and humanities tracks: we have entered an era where everyone needs to study science.

Space, in particular, has become an important field that offers a wide range of research topics, as it encompasses not only astronomy but also diverse scientific disciplines such as meteorology, medicine, and data science. I think it is important to teach these subjects from an early age as essential knowledge, regardless of whether their academic interest is in the sciences or the humanities. What do you think?

Yamazaki: I think you're absolutely right. Of course, many children are interested in space, but the children who participate in the Young Astronaut Club (YAC) aren't all just interested in space – there are all kinds of kids, including those who love biology.

Our program is built on three pillars: nurturing children of the universe, children of the Earth, and children of science. We hope that each student will develop scientific thinking while maintaining an interest in the world around them. Regardless of whether they pursue the humanities or the sciences, we believe this involves the ability to think scientifically – to determine for themselves what conclusions can be drawn from various data, what is known, and what remains unknown. We also believe that these are skills everyone should possess.

I also believe that since so many children – from various grade levels across different generations – learn together, this provides a great opportunity for them to develop teamwork skills. There is also a positive cycle where, after graduating from YAC, many return as leaders, often around the time they are in college, and take on the role of teachers themselves. However, since the majority of graduates eventually move on, we established a “Fellow” system to ensure they can still access this information and participate in our activities from time to time. We created a system where graduates – and even adults who are not graduates but wish to engage with these activities – can participate as Fellows.

Haraoka: I believe we are currently seeing a significant surge in technological innovation, particularly in the field of AI. As you know, the global economy is facing challenges, such as immigration issues, but I think many of these problems could be resolved by boosting the economy’s potential growth. In that sense, I have high hopes for innovation. With regard to space, is it safe to assume that technological innovation will continue to flourish?

Yamazaki: I, too, recognize that the space industry is growing globally. It is said that by 2040, its market size will exceed 140 trillion yen, which means it will surpass the current aircraft industry. Therefore, I believe we are entering an era where it will no longer be a niche industry but will become a core component of the industrial sector.

While the rocket and satellite industries are significant, various experiments are also being conducted on the ISS. These include research on new materials, new drugs, and analyses of previously unexplained functions within our genetic structure. So I think there will be many technological innovations stemming from the ISS. I also feel that AI will accelerate the pace at which we improve manufacturing processes and data analysis methods.

Haraoka: It seems that the number of space startups is growing rapidly. Companies like Astroscale, Infostellar, and ALE are emerging in Japan, which is very interesting. What kind of potential do these



Naoyuki Haraoka & Dr. Naoko Yamazaki

space startups hold?

Yamazaki: Currently, the government’s policy is to actively foster the growth of startups, and I feel that space policy is also shifting significantly toward supporting them. Programs like the Small Business Innovation Research and the Space Strategy Fund are creating environments where startups can thrive, and the recent increase in startups originating from JAXA is a major trend of the past few years. At organizations like JAXA, much of the expertise cultivated by the government has often been confined to specific projects or, in some cases, left unused. By having startups aim for proper commercialization, I think this intellectual property will be disseminated and utilized more efficiently.

So I view startups as valuable drivers of innovation that serve as a bridge between the academics in the public sector and the business: they facilitate the transfer of the vast R&D expertise accumulated by JAXA – originally a research and development organization – from the public sector to the private sector, ultimately leading to industrialization.

Haraoka: Would it be fair to say that Japanese space startups are gradually gaining ground on the international stage?

Yamazaki: Yes, I think so. A positive cycle is taking shape, where the first generation of startups has grown to such an extent that they’ve surpassed the typical scope of a startup, and as a result the next generation of startups is emerging in their footsteps. But space development is a long-term endeavor, and since other countries are also strengthening their support measures, I think Japan needs to strengthen support that enables its startups to remain competitive.



Haraoka: Rocket development involves a great deal of risk, and in Japan it is primarily led by JAXA, a government agency. I understand that in the US, rocket development has been left to the private sector since 2012. While cost reduction is cited as the main reason, I wonder if Japan will also enter such a private-sector-led era.

Yamazaki: Yes. It has already begun. Rockets for launching small satellites represent a field that core rocket manufacturers have not previously developed, and demand for very small satellites is growing rapidly due to satellite constellations. In this context, JAXA has begun procuring services from the private sector to launch various innovative demonstration satellites. We are entering an era where the government purchases services from the private sector.

However, I don't think this will immediately take off. With so many rockets in the world, I personally believe it's crucial to first establish a solid track record. The public and private sectors must work together, with the government supporting the private sector and providing close guidance until a solid track record is built. As the private sector grows from government support into an industry, the scope of what the government can do will expand as well. So I think this shift from government to private sector is important for Japan.

Haraoka: Private rocket companies such as Space One are gradually emerging in Japan, but they have yet to succeed in placing a satellite into the desired orbit. These private companies are currently going through a process of trial and error. How would you assess their progress?

Yamazaki: First of all, I would like to express my respect for their

decision to take on the risk of developing rockets as a private company. Moreover, rocket development is a convergence of various industries. It brings together electrical engineering, thermal engineering, mechanical engineering, as well as software and hardware, a wide range of disciplines, making it a field with a broad scope. I think it is a field that could even be described as a "battle of intellect". So, I believe Japan's possession of rocket technology is the foundation for all space development.

While the government is developing its own liquid-fueled and solid-fueled launch vehicles as core rockets, however, various new forms of space transportation are emerging that cannot be fully addressed by these core rockets alone. Major examples include launching small satellites with high maneuverability, manned spaceflight, recovering launched objects, and hypersonic vehicles – such as spaceplanes that are a hybrid of aircraft and rockets. As these diverse options emerge, I think we will see an increasing number of cases where the private sector takes the lead and the public and private sectors work together, rather than relying solely on core rockets to handle everything.

While one of the main goals of launching small satellites today is to meet the growing demand for them, I also see it as a touchstone for Japan's ability to adapt to an even wider range of space transportation that will be needed in the future.

Haraoka: Would it be fair to say that, like the aircraft industry, the spillover effects on other industries are significant?

Yamazaki: Yes, it would. I also think there will be significant spillover effects for the region, such as various space-related industries clustering around the launch site, and the expectation that local high schools will offer space-related courses, attracting students from all over the country.

Haraoka: Space development is a highly competitive international field, so the ability to cooperate internationally is a major challenge. In that regard, you were also involved in the Open Space Colony concept. Could you tell us more about that concept as well?

Yamazaki: This is one of the concepts being developed by a startup called Space Data. I also helped out when the Open Space Colony concept was first being developed.

The ISS is scheduled to be decommissioned in about five or six years, though that timeline might be extended slightly to around 2032. In parallel, private space stations will emerge. I currently serve as the general manager of the Japanese branch of one such company, VAST, and as various projects like space hotels and

private space stations begin to take shape, the idea is that if we all pool the intellectual property we've cultivated so far and collaborate on development, we can accelerate progress even further. The goal is to gather wisdom from around the world.

For example, there's a helicopter called Ingenuity that was sent to Mars in 2021 as part of NASA's Mars exploration mission. It successfully completed the first powered, controlled flight by an aircraft on a planet other than Earth. During its development, more than 10,000 people contributed to the software development on GitHub, and that's how the helicopter's software was created. This kind of collaborative environment is gradually taking shape at NASA as well.

Haraoka: I've heard that the US-China rivalry is having a significant impact even in space. What are your thoughts on that?

Yamazaki: In particular, the manned lunar landing the US is aiming for under the Artemis program – the first since Apollo – is driven by the competition with China, mirroring the dynamics of the old US-Soviet space race. Lunar exploration has an element of “first come, first served”. Even though the Outer Space Treaty states that celestial bodies do not belong to any country, once a nation actually goes there and establishes a base, that area effectively becomes off-limits to others – creating a situation where they can effectively “corner” it. That is precisely why there is such a rush to develop these resources quickly.

Haraoka: We need to enact laws to ease tensions. Are there any efforts underway to establish international laws?

Yamazaki: Since it's difficult to revise the Outer Space Treaty, the US has taken the lead in creating a soft-law instrument known as the Artemis Accords, and about 60 countries have signed on to it.

Space as the New Frontier for Human Progress

Haraoka: While space is likely to become a new frontier for human development, I would like to hear your thoughts on what challenges we must overcome to achieve this and what solutions might be available.

Yamazaki: As you mentioned, I do think space is a new frontier. The scope of that frontier is gradually expanding, and with the next private space station as a foundation, a path leading all the way to the Moon and Mars is finally coming into view. I think we are currently at a turning point.

There are various challenges we must overcome, but one key issue is the order of space. With private-sector activity – which was not anticipated by the Outer Space Treaty – becoming this active, and the number of satellites increasing, we must address how to manage traffic control between satellites and how to deal with space debris. International cooperation and a space order are indispensable for the sustainable use of space.

Furthermore, I believe efforts to make space more accessible by lowering costs for it, as well as technological innovations to enhance safety, are also important. Looking further ahead, as humanity works to solve various challenges on Earth, it is crucial to cultivate an awareness that we are not limited to finding solutions solely on Earth, but that space is also an option. We need to adopt a mindset that recognizes the potential to solve Earth's problems while utilizing space. We, too, intend to continue pursuing such possibilities.

Haraoka: So what you're saying is that we need to establish a rules-based cosmic order to bring about such positive developments.

Yamazaki: Yes, I agree.

Haraoka: Finally, if you don't mind, I'd like to ask you to share your thoughts on how you hope to contribute to space development in the future.

Yamazaki: In 2025, the Japanese branch of an American company called VAST, aimed at building the next private space station following the ISS, was established, and I am currently involved with it. I believe that in order for humanity to properly expand its activities in space, it is essential to first strengthen Earth-orbiting space stations. While the ISS was a government project, I think one of the challenges is whether we can create an economic ecosystem that includes the private sector. I believe that only once an ecosystem is established in Earth orbit can we expand to the Moon and Mars.

I am delighted to be involved in this endeavor, and through international cooperation, working together with Japan and various other countries, I am committed to laying the groundwork and creating a space that everyone can utilize.

Haraoka: Thank you very much for your concise and clear remarks.

JS

Written and translated by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the cooperation of Tape Rewrite Co.

Pop Culture-Links Among Asian Nations

By Naoyuki Haraoka

It is difficult to achieve mutual understanding among nations with different languages, religions and cultural backgrounds. Common economic and political interests could create good foreign relations without a deep appreciation of each nation's culture.

Culture is often considered soft power in foreign policy and can be important for a nation to exert some influence in gaining favor with the rest of the world and securing advantages in the global economy and geopolitics. However, in reality, superpowers with huge economies and political influence can take full advantage of their strengths to secure their interests, and population also plays a key role in acquiring the status of a big power.

But power can be used not only for a nation's own interest but also to contribute to global governance in an effort to secure peace, stability and prosperity. Can cultural influence play a part in such power? Perhaps both yes and no. Culture as a soft power is key for small and medium nations to raise their influence in the international community. Japan, as a middle power, has limited economic and political influence and thus its contribution to global peace and prosperity is also rather limited. Middle and small powers today face the critical risk of security against the backdrop of geopolitical risks brought about by conflicts among superpowers.

They need to find a way to contribute to global governance for peace and prosperity, which would also be helpful for their national security. Cultural influence may not work in this regard immediately but could work in the long run. Long-term efforts to achieve deep understanding of another country's culture and keen interest in it would pave the way for closer links and good relations among nations, which could have a positive impact on economic and political relations.

Japan, with its long history, has been developing and reflecting its own sense of beauty in art works like animations and games, and what we call J-Pop. It has been developing a unique story-telling capacity independent from particular values or philosophy, but creating a variety of human stories not only about powerful heroes but also about ordinary citizens. Japanese are not strong in logic but rather good at artistic expression, and today this does seem to work well in achieving links and collaboration in Asia. Asian pop culture could lead to regional peace and prosperity and thus national security.

The cover story highlights Asian cooperation in pop culture. We must not forget that pop culture could not only produce friendship but also wealth, as cultural industries such as animation and games provide growing earning opportunities. Young people, the principal beneficiaries of pop culture, should feel privileged to be

entrepreneurs in the culture industry. We are likely to see rising entrepreneurship in this area, which is a good prospect for a nation's growth strategy. It is important to note that the rest of Asia is also experiencing a flourishing pop culture and cooperation among all these nations could further raise Asia's growth potential.

We have a Roundtable on the cover story's theme with experts moderated by JEF Chairman Toyoda. The discussion highlights the potential of Japanese pop culture, whether it can work as a link in Asia, and the implications of policy to support cultural and creative industries in Japan.

The crucial role of international cooperation in Asian pop culture industries is noted in four articles. The Anime Festival Asia (AFA) Singapore 2025, Southeast Asia's largest anime event is highlighted in two interviews – one with Daisuke Horiguchi, CEO of Secret Sessions Pte. Ltd, a Japanese supporter of this event, and the other with Shawn Chin, a Singaporean supporter. They talk about the growing potential of animation and other pop culture as a link in Asia with cooperation among themselves.

Second, India-Japan friendship resulted in the recent success of a co-production animation film "Ramayana: The Legend of Prince Rama" that was presented at the Indian Film Festival at the Indian Embassy in Tokyo in March 2026. The interview with the producers in Japan, Atushi Matsuo and Kenji Yoshii, showcases the implications of co-producing films to overcome the challenges of possible misunderstandings due to cultural differences.

South Korea is another big country in pop culture in Asia. The Korea Creative Content Agency (KOCCA) is the public organization in charge of promoting K-Pop. Lee Hyeon, the director of KOCCA Tokyo Business Center, contributes an article highlighting the implications of Korea-Japan cooperation in promoting their pop cultures. Finally, we can see the good outcome of successful cultural exchanges between the United States and Japan. Their close alliance in the postwar period has produced enormous cultural influence on each other. While American films are greatly loved in Japan, Japanese cuisine is popular in the US. In spite of significant difference of language, this alliance and close cultural ties have made it possible to have a magazine of translations of Japanese contemporary literature, MONKEY. Our editorial committee member Jillian Yorke highlights the brilliant story of this magazine. Other Asian countries may find a similar path to overcome language barriers.

Soft power cannot replace any economic or political alliance, but in the long run it may help to promote beneficial foreign relations.

Naoyuki Haraoka is editor-in-chief of *Japan SPOTLIGHT* & executive managing director of the Japan Economic Foundation (JEF).

R oundtable on “Can Pop Culture Serve as a Bond Between Asian Countries?” (March 24, 2026)

By *Japan SPOTLIGHT*

Participants:

Dr. Ichiya Nakamura

President, Professional University of Information and Management for Innovation (iU)

Dr. Nobuko Kawashima

Professor of the Faculty of Economics, Doshisha University

Naohiro Kaji

Director, Culture & Creative Industries Division, Commerce and Service Industry

Masakazu Toyoda

Policy Group, Commerce and Information Policy Bureau, METI

Chairman & CEO, Japan Economic Foundation (JEF)

Participants



Dr. Ichiya Nakamura



Dr. Nobuko Kawashima



Naohiro Kaji



Masakazu Toyoda

Abstract of Discussion

- The Japanese content industry has already reached the status of a core national industry with overseas sales and sales through the Internet. Its growth potential is considered extremely high in the light of continuing popularity overseas and its background of diversity in storytelling.
- Its significant ripple effect on other sectors like tourism is also notable.
- It is important for Japan as a nation to encourage private-public partnerships to support this promising cultural and creative industry.
- By promoting international exchanges and cooperation among Asian nations with attractive contents industries, it would be possible to achieve stronger bonds between them. This would be an effective utilization of soft power.

Introduction

Toyoda: The popularity of Japanese pop culture is on the rise worldwide. As Prof. Ichiya Nakamura, who is joining us for this roundtable discussion, has mentioned, approximately 250,000 people attended the Japan Expo in Paris, and about 400,000 attended the Anime Expo in Los Angeles. I've heard that attendance at the latter was only between 50,000 and 80,000 in the early 2010s, so this surge in popularity has been rapid. Regarding the scale of the industry, if we look at the content markets of major countries, Japan ranks third, following the United States and China. Next come the United Kingdom, Germany, South Korea, and France.

Today, I would like to ask you to discuss the state of Japanese pop culture from four perspectives. First, what are your thoughts on the industry's growth potential? Second, what distinguishes Japanese pop culture from that of the US, Europe, and China? Third, can pop culture serve as a bond connecting the diverse nations of Asia? This is the main topic. Finally, I would like to ask about your expectations for the government and what role it should play to facilitate further development. I hope we can discuss these topics from these four perspectives.

We have gathered three experts here today. First is Prof. Nakamura, who currently serves as president of the Professional University of Information and Management for Innovation. Next is

Dr. Nobuko Kawashima, professor in the Faculty of Economics at Doshisha University. And representing the government is Mr. Naohiro Kaji, director of the Cultural & Creative Industries Division at the Ministry of Economy, Trade and Industry. Thank you all for joining us.

The Potential of the Content Industry

Toyoda: First, I'd like to begin with pop culture as an industry. It is said that in 2023, Japan's content market exceeded 14 trillion yen, with exports to overseas markets reaching 6 trillion yen, making it an industry on a par with steel and semiconductors in terms of scale. Prof. Nakamura, does the content industry still have room to grow? Specifically, what areas should we focus our efforts on?

Nakamura: The government has redefined the content industry, reclassifying it from a "growth industry" to a "core industry" and thereby clarifying its status as a major sector. The global market is worth approximately 180 trillion yen and is growing at an annual rate of 5%.

Within this market, Japan ranks third behind the US and China, yet it accounts for only about 7% of the global market. In the global IP (intellectual property) sales rankings, four of the top 10 – including "Pokémon" and Hello Kitty – are Japanese, yet sales remain relatively small. The anime and game markets have doubled over the past decade, and looking at the global market, I believe there is significant room for further growth.

The major challenges to date have been overseas expansion and online expansion. Recently, progress has been made in these areas: overseas sales have reached 6 trillion yen, quadrupling over the past decade, and the industry has become the second-largest export sector after automobiles. Furthermore, the share of online sales – which stood at 13% of the total in 2011 – has now reached nearly half. In other words, the expansion of the content market is largely driven by overseas and online growth.

However, while most overseas sales come from anime and games, live-action films, music, and manga have also seen robust business growth in recent years, raising expectations for further expansion across the entire content sector and pop culture as a whole.

Another challenge, alongside global expansion and digitalization, is how to maximize spillover effects. While the content industry itself is worth 14 trillion yen, when you factor in related industries such as licensed merchandise, events, and related equipment, the total market size is estimated to be 100 trillion yen. I believe it is crucial for the industry to use content as a driver for broader economic

spillover to expand these ripple and external effects. Although we refer to this as the "Cool Japan" strategy, I don't think we've yet mapped out an effective roadmap for it.

Toyoda: Thank you. Next, I would like to ask Prof. Kawashima a question. I understand that you have stated that the Japanese government's cultural industry strategy, the "Cool Japan" strategy, has "highlighted the priority areas of various government ministries and agencies, with its goals changing and evolving over time" and that you suggest there might have been a different approach. As a strategy for fostering an industry, what specific perspectives do you consider important?

Kawashima: I think we should distinguish between a cultural industry strategy and the "Cool Japan" strategy. My concern regarding "Cool Japan" has been that its goals and the vision it seeks to achieve are vague; there is also inconsistency depending on the context as to whether it is intended as a diplomatic tool, a national branding strategy for Japan, or a means to enhance Japan's economic power. Joseph Nye's theory of soft power, which the "Cool Japan" strategy originally drew upon, is fundamentally aimed at enhancing a country's status and influence within the international community. Meanwhile, Douglas McGray, another major theoretical pillar of the strategy, argued that it should be applied to Japan's economic strategy. We can see the two commend culture for two different purposes.

Coincidentally, these two authors began to be widely read among Japanese intellectuals around the same time, exerting a tremendous influence. However, since fundamentally different objectives were intermingled, the Cabinet Office's Intellectual Property Headquarters, which was tasked with coordinating them, has been working to foster collaboration among various ministries and agencies. I do commend their efforts to break through Japan's tendency toward siloed bureaucracy by promoting "Cool Japan" as a unifying concept to consolidate various initiatives being pursued by different ministries. Yet, these efforts have not been backed by concrete results.

Within this context, the strategy for the cultural industries – which I originally considered the most important, encompassing both the content and creative sectors – sometimes were pushed to the backyard. Depending on the period, the focus shifted to simply boosting inbound tourism or revitalizing regional economies. However, starting in 2024, the emphasis has begun to shift back toward cultural and industrial strategies again, and with the Ministry of Economy, Trade and Industry (METI) having launched a full-scale

Industrial Policy Research Group, I believe we have come full circle after more than a decade.

As for the “Cool Japan” strategy itself, my assessment is that it has been little more than a slogan and cannot be described as a policy backed by concrete action.

Toyoda: Thank you. Mr. Kaji, your section is called the Cultural & Creation Industries Division. While I believe there is significant growth potential in the content industry and other pop culture-related sectors, what growth strategy is the Cultural Industry Section focusing on?

Kaji: From the perspective of METI, our focus is on implementing robust economic and industrial policies to foster profitable industries and ensuring substantial public-private investment. This is because we have entered an era where countries no longer rely solely on slogans or institutional reforms.

It is widely recognized that we have entered an era where industrial policies and strategies are standard practice in fields such as semiconductors and decarbonization. Meanwhile, as we have investigated in study groups and demonstrated with data, I believe we have actually entered an era of industrial policy for the content and cultural creative industries as well.

In this context, my personal view is that while the private sector in Japan has been working very hard up to now, the country has not fully adapted to the global trend toward public-private investment. For example, in the US, state governments offer tax breaks for the production of live-action and animated films, and more recently, video games as well. These state tax breaks total 600 billion yen. California alone provides 100 billion yen in tax breaks. China, on the other hand, provides at least 100 billion yen in direct subsidies, and as a matter of course imposes pre-censorship and regulations that restrict the distribution of foreign-funded works. France is no exception, offering support on the scale of 100 billion yen while also imposing restrictions on foreign investment.

While South Korea does impose total volume restrictions on foreign investment – though these may not have a significant impact – it has established an organization called the Korean Creative Content Agency (KOCCA) and invests a massive annual budget of 76 billion yen through public-private partnerships to fund K-pop and other content. Although Japan and South Korea both began moving to subsidize the content industry through public-private partnerships 20 years ago, I believe many Japanese people feel that while Japan maintains a strong presence, its overseas sales have not yet reached a level commensurate with the industry’s potential.

I think we need to shift our perspective, invest through public-private partnerships, reposition this industry as a profitable sector within industrial policy, and have the government take on some risk to revitalize it.

Toyoda: Prof. Nakamura, do you have any comments in response to what Prof. Kawashima and Mr. Kaji just said?

Nakamura: From the perspective of the content industry, we’ve long struggled with the distance between us and the government. While some argue that our growth was due to this very distance, I think it is a crucial point that fostering the contents industry should be properly recognized as an industrial policy – that is, as a national policy – and I felt this was a message that the industry as a whole should take seriously.

Furthermore, regarding “Cool Japan”, I believe it is time to redefine and relaunch as its definition, policy scope, and objectives have all become ambiguous. This stands in contrast to the industrial policy for fostering the content industry that Mr. Kaji is implementing, which has a clear scope and well-defined objectives.

Characteristics of Japan’s Content Industry & Pop Culture

Toyoda: Now, let’s move on to the second topic. I’d like to hear your thoughts on the characteristics of Japanese pop culture. It is often said that the US has a broad-based pop culture, while Japan excels in specific areas. China and Europe also have their own distinct cultural traditions. Prof. Kawashima, compared to the US, Europe, and China, how would you describe the defining characteristics of Japanese pop culture?

Kawashima: It’s difficult to make direct international comparisons, but one distinctive feature of Japan is that its pop culture has a much longer history than China’s. I believe it’s been about 20 years since China began focusing on animation, games, and live-action films as part of its creative industry policy, but Japan’s history of live-action films for example dates back to before World War II. In that regard, Japan stands shoulder-to-shoulder with the US and Europe, having nurtured many creators with deep knowledge of film production and the relevant technologies. I believe this long history of accumulation makes Japan an outstanding and exceptional country within Asia.

When it comes to video games, the industry began simultaneously around the world in the 1980s, so I don’t think Japan was unique in that regard. However, regarding console games, other Asian

countries like China and South Korea did not develop them, whereas Japan started there and then moved into mobile games. It is a country characterized by having started late in mobile games but having fought on both the hardware and software fronts while developing its technologies.

The second point is the tremendous diversity within each field. As is often said about anime and manga, there are manga like “The Drops of God” that explore the world of wine, as well as all kinds of action stories and coming-of-age tales. There are also long-running series aimed at children, like “Sazae-san”, which are entertaining for anyone at any time, and mystery dramas like “Detective Conan”. The world of anime and manga offers a little bit of everything, and I believe this is one of its defining characteristics.

The US also has a thriving animation industry, but because American studios operate with the global market in mind as a fundamental premise, it’s difficult for them to tackle niche themes. They specialize in adventure and fantasy stories designed to move families around the world; their technical skills are outstanding, and their content is entertaining for viewers of all ages, no matter where they live. As a result, each film earns at least US\$1 billion at the box office. However, I believe there are many American or international fans who are hooked on Japanese anime because it satisfies their desires in ways that the beautiful worlds of stories like coming-of-age tales cannot.

Just as there is diversity within this single genre, the volume is also immense. An extraordinary number of anime and manga titles are produced year after year. The competition to rise to the top within this landscape is fierce, which in turn drives the high quality of the content. A major strength is the sheer abundance of anime across diverse genres, primarily broadcast on television. Especially now that we live in an era of streaming via platforms like Netflix, if viewers happen to stumble upon something interesting but their demand for “What’s next?” isn’t met, they’ll quickly lose interest.

For example, there are so many Korean dramas that it’s impossible to watch them all. New ones are constantly being released, so you can keep binge-watching one after another. Japanese pop culture is characterized by a similarly vast – or even larger – volume of content, and because of its long history, it forms an enormous pool of material when you include older works as well.

The third characteristic is that the more niche aspects are gaining traction overseas. While Korean and American content are aimed at the mainstream market, in Japan, Studio Ghibli is probably the leading example of content that can reach a mass audience, along with a few video games. Other than that, I can’t think of any off the top of my head. Japanese content may not be aimed at the

mainstream market, but rather represents the sum total of subcultures.

Toyoda: Thank you very much. That was very interesting. Mr. Kaji, how do you view Japan’s unique characteristics compared to the US, Europe, and China, and where do you plan to focus your support?

Kaji: I believe there are three main factors. The first is 2D content, the second is storytelling ability, and the third is diversity.

Regarding 2D content, I think Japan is exceptionally strong in this area. Anime and manga are read and watched all over the world. The term “manga” is now used worldwide, and a distinct genre – different from American comics and different from comics in general – has been firmly established overseas. These works serve as source material for video games, anime, and sometimes even live-action adaptations. Of course, there are 3D games as well, but since they all originate from 2D – including games that allow players to draw their own illustrations – I believe they are a true treasure of Japan that we should be proud of.

As for storytelling ability, I meet with government officials and various other people from overseas, and everyone – including those from China – frankly tells me that they find it difficult to match Japan’s storytelling. While some people overseas do say that their technology is already superior, I believe Japan is still quite skilled when it comes to crafting narratives.

The third factor is diversity. With no prior censorship or volume restrictions, Japan is, as far as I can tell, the freest market. Within this environment, we see a wide range of stories – not just those that reward good and punish evil, but also ones where the protagonist is vulnerable. Moreover, it’s not just the diversity of content; Japan consistently produces live-action works of artistic merit that attract global attention. We have identified games, anime, manga, music, and live-action film as our five key content sectors, and I believe there are very few countries that possess all of these to a comparable degree. I think this ability to create diverse stories across diverse genres is one of Japan’s greatest strengths.

Toyoda: Prof. Nakamura, how do you view the characteristics of Japanese pop culture? Where do you think we should focus our efforts?

Nakamura: I believe that pop culture, or popular culture, has existed for a very long time, dating back to the Heian period. Based on that, I think there are roughly three defining characteristics.

First, the forms of expression are diverse and free. Manga, anime,

and video games span a wide range of genres, from serious works to highly unconventional ones. This is because there are no constraints imposed by religion or social class, allowing for free expression; for example, anime like “Dragon Ball”, which is all about fighting, would never have been produced overseas.

Second, it is a culture of the common people. It is neither aristocratic nor samurai culture; rather, it has been sustained by the masses, the common folk. Furthermore, the boundary between adults and children is blurred. While in the West, pop culture is considered the domain of children, in Japan adults devour manga.

The third element is participation. Because creative expression is widely accessible, we can hold manga *doujinshi* events attended by tens of thousands of people; and because everyone can play the recorder, people compose and perform music, creating artists like Hatsune Miku. This is something that could only have happened in Japan.

I think these foundations rest on two pillars: freedom and education. I think it is crucial to protect freedom of expression and to maintain education in creative expression within primary and secondary education.

Pop Culture as a Bond Between Asian Nations

Toyoda: The third issue – and this is today’s main theme – is whether pop culture can serve as a bond for Asia. Asia is diverse, with a wide range of historical, religious, and institutional differences. On the other hand, each country has its own outstanding pop culture; whether you watch movies or listen to music, it is diverse and each has its own merits. I feel that the exchange of pop culture could help diverse nations live together harmoniously and happily. Mr. Kaji, I think it would be wonderful if film festivals were held with countries inviting each other to participate. What do you think?

Kaji: Exactly as you say. I certainly hope that will be the case. Personally, I believe this business – where consumers are happy to pay to enjoy entertainment – is a very important industry, both economically and culturally. In particular, our relationship and bonds with Asia are extremely important. As you mentioned regarding film festivals, we run the Tokyo International Film Festival through a public-private partnership. Even within the festival itself, we operate with a focus on Asia by organizing exchanges with Asian students and setting up sections dedicated to screening Asian films.

In addition to the film festival, we also host a trade market. It’s called TIFFCOM (Tokyo International Film Festival Content Market),

and the Tokyo International Trade Market is held concurrently. At this trade market, China, South Korea, and other Asian countries participated last year. In terms of collaborating not only with East Asia but also with Southeast Asia, we are conducting these activities with a strong awareness of Japan’s position within Asia and through close cooperation.

Furthermore, when it comes to music festivals, the question of what kind of live performances to stage in Asia is a topic that inevitably comes up for discussion, just as it does in North America. In the anime sector as well, with overseas audiences wanting to watch shows with the original Japanese voice actors and subtitles, Japanese anime is becoming to them what Hollywood films are to the Japanese. In that sense, I believe Japan and South Korea have the potential to become leaders as major content powerhouses within Asia.

Toyoda: Prof. Nakamura, recently, when we look at Ukraine, Iran, or Latin America, chaos seems to be everywhere. If Japanese pop culture is popular in Asia, doesn’t that mean Japan possesses soft power? Countries like China, South Korea, India, and Indonesia all have wonderful pop cultures of their own. Could Japan not use its influence in pop culture as soft power to forge bonds across Asia?

Nakamura: In South Korea, anime like “Slam Dunk” and “One Piece”, as well as J-Pop artists like YOASOBI, are incredibly popular. Last year, I attended an *otaku* event in Hong Kong that drew 1 million visitors over five days. Even if there are political differences, our cultures are blending together. In France, “Dragon Ball” once became a social issue, and in some Islamic countries “Pokémon” became so popular that it was banned in some cases. However, I think we should leverage these very issues as a form of soft power.

Japan is in a unique position to engage with the world – not just the US and Europe, but also Asia and the Middle East – and I believe it would be beneficial to advance cultural diplomacy with pop culture as a central pillar. I think we should focus on strengthening cultural exchanges with China at the grassroots level, as this can have a positive impact on our economies and politics. Similarly, I think it would be beneficial for Japan and South Korea to collaborate on an industrial level. From a perspective outside Asia, Japan and South Korea are often perceived as part of the same cultural sphere, so I believe it is important to take an approach where we team up to tap into global markets.

Toyoda: Prof. Kawashima, rather than limiting ourselves to “Cool Japan” – though the definition may be important – mightn’t we need

a “Cool Asia” policy? What do you think of the idea of eventually expanding that concept to the rest of the world?

Kawashima: I think we’ve already moved quite a bit toward “Cool Asia” before we even reach the stage of deciding whether or not to pursue it as a policy. Even before that, the idea that Japanese culture connects Asia has been happening quite organically for a long time. For example, people in Hong Kong often tell me that they grew up watching Japanese anime.

Japanese anime were commonly watched in Hong Kong, Singapore, and Southeast Asia, and the genre of Japanese “trendy dramas” from the 1980s and 1990s was well-received across Asia. Stories about young men and women navigating urban life in Tokyo were attractive, and these dramas became extremely popular in developing places like Taiwan, Hong Kong, and Singapore during that era.

From there, as countries like Indonesia, Vietnam, and Malaysia – and, ahead of them, Thailand – gained economic power and began absorbing various cultural influences, establishing new broadcasters and catching up with Korea and Japan, K-Pop and other K-content successfully found their way into that landscape. At that time, Japan was just entering the early stages of its “Lost Decade” and perhaps it wasn’t making much of an effort to actively spread its culture throughout Asia – or perhaps it simply didn’t have the resources to do so.

Amid all this, K-pop, K-content, and now K-beauty, the beauty industry, and even food – it’s almost as if South Korea has taken control of these sectors. The fascination with South Korea is incredibly strong in Southeast Asian countries, and I think it’s wonderful that this has spread worldwide to Latin America, North America, Africa, and the Middle East. However, the uniqueness of Japanese pop culture is striking, and it is diverse; I’ve even been told by people in Asia, “Japan is the cultural powerhouse of Asia.” I believe Japan is held in high regard as a country that possesses strong originality and creativity, as well as a robust production infrastructure.

I’ve been thinking that we should focus a bit more on international co-productions going forward. While there are occasional co-productions between Japan and South Korea, such as TV dramas and live-action films, which are quite interesting, Koreans do respect Japan’s live-action film culture, given its long history. Koreans often tell us there is still so much to learn from Japan’s visual culture, but in recent years it seems that because Japan’s production budgets are too small compared to those of South Korea and China, we’re often not taken seriously, making it difficult to secure opportunities for

co-productions.

This is something we need to address. Additionally, I believe there is still great potential for international co-productions with Europe, such as “The Drops of God” – a drama (starring Tomohisa Yamashita, currently streaming on Hulu) that goes between the vineyards of Bordeaux and Burgundy in France and the cutting-edge urban landscape of Tokyo.

Expectations for the Government

Toyoda: I’d like to move on to comments directed at the government. I’d like everyone to share their views, and then Mr. Kaji to respond to them. First, Prof. Nakamura, what would you like to say to the Japanese government?

Nakamura: I serve as the head of the secretariat for a group called PPP (Pop Power Project). This is a community that brings together companies, creators, and researchers in the content industry, and Prof. Kawashima is also a member. This group of volunteers recently issued a policy proposal. The seven-point policy proposal includes support measures such as expanding the government budget to 100 billion yen, alongside initiatives for human resource development, corporate support, AI, anti-piracy measures, and strengthening central coordination functions. All of these are important, and I believe we have a comprehensive set of action items. However, what I hope for most is that the government further raises the priority of content policy.

We have finally been included in the government’s strategic sectors – one of the 17 designated areas – but I believe that generating revenue through cultural industries that incorporate AI is Japan’s most critical strategy, and I hope the government will demonstrate a stronger presence in this area.

Toyoda: Thank you. Prof. Kawashima, what do you think?

Kawashima: To be more specific, South Korea has an organization called KOCCA, mentioned earlier, which is well known within the industry, and I think it would be great if Japan could establish a similar organization. KOCCA is essentially a government-affiliated body with its own budget, and it oversees all aspects of content promotion. They have experts on the staff, and their mission is to boost the power of Korean content. To that end, they roll out various projects and programs, implementing a wide range of policy initiatives – including, for example, improving conditions for workers in content industry. Behind the scenes, the government firmly

recognizes the importance of cultural industry policy. This is where we've fallen significantly behind South Korea. However, momentum has been building within Japan and the government since around 2024, so I really hope they'll make this a higher priority going forward.

To that end, I think we need to further refine the theoretical basis and justification for the government's focus on content policy. Otherwise, it will be difficult for those leading the charge to carry out their work, and others will find it hard to accept, so I think we need to flesh out that aspect a bit more.

One factor is the magnitude of the ripple effect. It has been empirically demonstrated that the ripple effect of anime, in particular, is immense, and this is likely one of the key concepts underpinning METI's industrial policy. Furthermore, IT and AI are now part of our social infrastructure. While the widespread adoption of these new technologies by the general public is absolutely essential for advancing Japan's digitalization and overall digital transformation (DX) and further accelerating technological innovation, I believe that content is what will help make this happen.

If the habit of watching content on platforms like Netflix has become so deeply ingrained, it is because there is content that everyone wants to watch. Furthermore, for the past 10 to 20 years, we have been in an era where people use various electronic devices for content creation, distribution and consumption – such as smartphones and iPads – to try things out for themselves or constantly engage with content created by others or by themselves, and this is all thanks to content. I believe there is a cycle in which the existence of content, entertainment, and media drives people to acquire new technologies and refine their skills; as their expectations and standards rise, this in turn drives progress on both the production side and in technological development. This is what I consider to be the second theoretical pillar of my argument.

Another aspect is a bit more of the soft power story: I think it serves as a crucial pillar for fostering bonds within global and Asian societies, and for earning respect for Japan within the global community.

Toyoda: Thank you. Some people say that while AI has its advantages, it also has its drawbacks. Do you have any thoughts on that, Prof. Kawashima?

Kawashima: There's no doubt that AI will dramatically boost productivity in the content industry, but the biggest concern for people on the front lines is how to balance and manage this with their own creative abilities. Six months ago, we could only produce

disjointed footage, but the pace of evolution is rapid, and things are changing day by day. Therefore, it will likely be impossible in the future to engage in content creation or production without understanding AI. Creators will be expected to effectively harness this power moving forward. While this is a challenge, I view it as fundamentally positive.

Toyoda: Thank you. I'd like to ask Mr. Kaji to explain what the Japanese government plans to do moving forward, including with regard to AI.

Kaji: Regarding AI, while it goes without saying that creators' rights must be respected to the fullest extent, I think a key challenge is how to create an environment that encourages the government to move forward without undue hesitation. It is also crucial to prioritize support for the content industry and see it through to the end. I think it has become more commonplace than in the past for the public and private sectors to jointly discuss support measures and the challenges they should tackle together, so I think the key is simply to continue this process.

In these discussions, we are explaining and thoroughly debating the ripple effects and positive economic externalities within our study group, but I also believe that support for the content industry may be strategically indispensable.

In other words, while there are certainly economic ripple effects, such as boosting inbound tourism, I believe that having people around the world view Japan as a beloved country and wish for it to continue creating new content is linked not only to the happiness of its citizens and international exchanges, but also, in a broader sense, to national security. Therefore, it is crucial that we fully leverage this existing strength. I often hear the argument that the government shouldn't support sectors that already have strengths, but I think there is a legitimate justification for the government to intervene in the form of support – as long as there are positive externalities – to help build on those strengths. I intend to explain this to the public in a convincing manner.

Toyoda: Thank you very much. I would like to see Japanese pop culture used as a bridge – first to connect Asia, and now to help heal the divisions in our troubled world. Thank you very much for having joined the discussion today.

JS

Written and translated by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the cooperation of Tape Rewrite Co.

Interview with Daisuke Horiguchi, CEO of Secret Sessions Pte. Ltd

A CG Deepens Ties with Southeast Asia & Promotes Japan's Growth

By Japan SPOTLIGHT

The Anime Festival Asia (AFA) Singapore 2025, Southeast Asia's largest anime event, was held on Nov. 28-30, 2025. We spoke with Daisuke Horiguchi, CEO of Secret Sessions Pte. Ltd, an influencer marketing support company based in Singapore that provided on-site support for this event, about the significance of the event and future expectations for ACG (Anime, Comics, Games) to deepen the bond between Japan and Southeast Asia.

Image: Secret Sessions Pte. Ltd.



Secret Sessions Pte. Ltd. logo

(Interviewed on Feb. 10, 2026)

Introduction

JS: First, could you please introduce your company, Secret Sessions Pte., and OTABASE?

Horiguchi: I'm Daisuke Horiguchi, CEO of Secret Sessions. Currently based in Singapore, we support overseas marketing for Japanese companies focused on Southeast Asia and assist creators with cross-border activities. Our core operation is running OTABASE, an influencer platform specializing in anime, game, and cosplay influencers in Southeast Asia. We also operate web media and platforms dedicated to otaku culture, anime, games, and ACG events like cosplay.

Beyond media operations, we also facilitate matchmaking between overseas creators and Japanese companies, support overseas cosplayers entering the Japanese market, assist Japanese cosplayers expanding overseas, and support companies wishing to exhibit at overseas events or expand internationally. To gain firsthand experience of local trends, I resided in Thailand from 2023 to 2025 and am currently based in Taiwan. I plan to return to Thailand in mid-2026 to advance ongoing projects primarily focused on Southeast Asia.

The impetus for starting this venture was the ASEAN market, the Southeast Asian market, which has a population of around 700 million. Even when simply compared to Japan's population, it's over five times larger. Furthermore, it shares high affinity with Japan, and there's tremendous enthusiasm for the anime, comics, and gaming events I mentioned earlier. It's truly a market poised for growth. As the birthplace of anime and games, we wondered if we could contribute to Japan's future role as a leader in this field, which led us to launch this business. However, event information is scattered, and regulations vary by country. OTABASE addresses this by systematically organizing event information for easy access. We also

support creators, companies, and cosplayers looking to enter Southeast Asia by accompanying them on site visits, assisting with event participation, and facilitating creator matching. This helps maximize the region's potential. We plan to release an official app in 2026. Through features like searching for events in various countries, schedule management, and participation logs, we envision more robustly supporting connections among "otaku around the world".

In the future, we plan to collaborate with event organizers to establish official login spots at venues, offer login rewards, and even explore systems like official attendance certification. We aim to create an ecosystem that preserves participants' real-world event experiences as lasting digital records.

Regarding regulations, for example in Japan, cosplaying while heading to the venue or changing into cosplay near the venue is generally prohibited, but at overseas events, such actions are not subject to restrictions.

Additionally, some countries have gun regulations, so bringing weapon replicas resembling firearms may be prohibited at events. Furthermore, depending on the religion, revealing attire may be banned. Therefore, it is necessary to understand and comply with these country-specific regulations and rules when participating or exhibiting. We provide information about these differing regulations.

JS: So, you're saying you're providing support from the sidelines to help them network, with the goal of seriously supporting connections between "otaku around the world"?

Horiguchi: Currently, event information across Southeast Asian countries is scattered across websites, social media like Facebook, Instagram, and X. So, we're now building a platform to organize this and enable cross-country event searches.

While many participants post individually on social media after events, there's no way to see what events they've attended before, what they did at those events, or what cosplay they wore – it's not recorded. Even if the person remembers, there was no way for others to visualize this information. If such details were easily accessible, cosplayers could more readily see what others wore to past events. We're currently developing an app specifically for this purpose. Through this, we aim to build an environment where cosplayers and creators from Southeast Asia, as well as those from Japan going overseas, can more easily integrate into the Southeast Asian market.

Assessment of AFA Singapore 2025

JS: Southeast Asia is a good friend to Japan, but we want to deepen our relationship and become even closer. When considering expanding this circle of friends to Africa and increasing our friends in Europe as well, how can the entertainment business better serve as a unifying force? How would you assess "AFA Singapore 2025" held last November in Singapore as an anime event in Asia compared to past events?

Horiguchi: Regarding AFA Singapore, it feels like it stands head and shoulders above other events in Southeast Asia. In Japan, you have events like Comic Market or Tokyo Game Show that are synonymous with their respective genres. Similarly, I feel AFA Singapore has grown into the position of being the "representative anime event for Southeast Asia".

Fundamentally, it's not just a one-off event in a single city; the AFA brand itself has become a symbol for ACG events across all of Southeast Asia. Looking at attendance trends, official data shows the inaugural event in 2008 drew 29,000 visitors, while 2023 saw over 130,000 attendees – representing three to four times growth over 15 years.

Regarding the number of exhibitor booths, in recent years there have been over 200 booths. It's not just about selling related merchandise: stage events featuring anime voice actors and singers are also held. With overseas attendees reaching 34%, it has become an "industry event" where you can enjoy everything comprehensively in one place. I feel it has grown into a major anime event in Asia.

JS: In November 2025, Kadokawa made Sozo the operator of AFA, a consolidated subsidiary (80% stake), marking the start of Japanese IP holders investing in AFA as a strategic base. What kind of companies are these Japanese IP holders?

Horiguchi: IP holders are companies that own characters and game titles, such as Shueisha, Kadokawa, and in gaming, Nintendo – each owning rights to iconic characters like Dragon Ball and Mario

respectively. These companies recognize the value in AFA. OTABASE also receives many inquiries from major corporations and organizations. When planning their first event in Southeast Asia, AFA is often the initial choice. Many envision starting there and then expanding into other countries as a derivative step.

AFA itself has a 17-year history. While various anime events have been held across Southeast Asia within the last 20 years, AFA has finally established its systems and achieved a level of organization comparable to Japan's anime events. This is likely why Kadokawa decided to use it as a base – it has the rights management and event rules in place.

JS: Regarding the position of Japanese anime in Asia, since AFA has been running for 17 years, it feels newer than the Japanese anime boom in Europe and America. Does that mean it developed later than in Europe and America, and that by the 2025 AFA event in Singapore it will have grown to a scale nearly on a par with those events?

Horiguchi: Comparing current anime events in Europe and America with those in Southeast Asia, the scale and passion are truly remarkable. In that sense, I believe Southeast Asia has gained momentum rivaling the West. Anime popularity in Europe and America is surging more than ever before, and simultaneously its popularity in Asia is also rising. So I feel both regions are experiencing tremendous growth. Considering the differences, in Southeast Asia, Japanese anime is recognized as "one of the central pillars of pop culture". While Western adoption is streaming-driven and mass-market, Southeast Asia feels more community-centric, fueled by "streaming + event enthusiasm". Asia isn't monolithic either: due to historical US influence, anime shops in the Philippines feature high dominance of the US IPs like DC and Marvel, while Japan IPs account for 70-80% in Thailand, Malaysia, and Singapore. This clearly shows the impact of cultural distance and physical distribution.

Image: Secret Sessions Pte. Ltd.



OTABASE logo

JS: Speaking of very old matters in Asia, Japan did engage in colonial rule, so has the resistance to Japanese anime stemming from that backlash largely disappeared? Also, I've heard that during the high-growth period, there were instances where Japanese people interacted with locals in a somewhat arrogant manner.

Horiguchi: This is really based on my personal experience, but when people in Southeast Asia hear the word “Japan” what immediately comes to mind is anime or Japanese cuisine. So I get the impression that few people hold negative views. Furthermore, visiting local anime shops confirms this. While the specific shops vary by region, it's commonplace to see not just young people but people of all ages visiting anime shops to buy merchandise and watching anime on their smartphones.

Of course, some people do hold negative views. But I think there are countries that grew with ODA assistance, and even when you visit Southeast Asian nations, roads and bridges built with Japanese aid remain. I believe many people feel a sense of goodwill toward Japan because of this. Also, since Japanese anime has been regularly broadcast in Southeast Asia since the 1980s, many people grew up familiar with it. As adults, they started families, and their children also became interested in anime. Moreover, streaming services have developed significantly in recent years. Now, as long as you have Internet access, you can watch Japanese content anywhere. I feel this kind of ease of access has also had an impact.

In Southeast Asia, data shows that over half of Netflix viewers subscribe specifically to watch anime. While anime is available online, there are few places to buy merchandise. For example, Animate, a famous Japanese anime goods store, currently only has locations in Thailand, Malaysia, Singapore, and Taiwan in Southeast Asia. In Japan, you can easily buy anime goods at online shops or physical anime stores. However, in Southeast Asia, places to buy official merchandise are limited. This leads many people to attend events specifically to buy goods, which I believe contributes to the passion for anime and the positive image of Japan.

JS: Do you think anime events in Asia have contributed significantly to the development of Japan's anime industry?

Horiguchi: Yes, I believe it contributes significantly. I think there are three main reasons for this: 1) Fan entry point: discovering works at events sparks interest in Japanese culture as a whole, creating a cycle of visits to Japan and merchandise purchases; 2) Corporate “on-site metrics”: directly gauging passion and reactions through cosplay, merchandise sales, and community activity – insights not visible in streaming data; and 3) Revenue diversification and IP longevity: extending a work's peak through merchandise, experiences, and collaborations, while Asia's fan-created culture nurtures the next generation of creators.

In particular, I feel that many people begin to take an interest in Japan through anime events. Through anime, they develop an interest in the Japanese language, leading them to learn Japanese or want to travel to Japan. As a result, more people develop a broader interest in Japan as a whole. This, in turn, increases the number of visitors to Japan and buyers of anime goods, significantly contributing to the growth of Japan's fanbase.

JS: Does this mean that through anime, affection for Japan is growing among the younger generation?

Horiguchi: While I get the impression that Japanese brands have declined significantly in Southeast Asia, the “Japan = anime” brand still remains very strong.

Challenges in the Overseas Expansion of Japan's Anime Business

JS: I'd like to ask about the challenges and countermeasures for further expanding Japanese anime overseas. It's often said that the biggest challenge is that many opportunities are being missed. What are your thoughts on this?

Horiguchi: Regarding the high number of missed opportunities, I feel that in some countries, legal frameworks and rules haven't kept pace with the development of anime popularity, and Japanese IP holders often overlook these areas. As a result, they're missing out on business opportunities, allowing third parties to reap the profits. Therefore, I think it's essential for IP holders and companies, as the true rights owners, to get serious about strengthening their efforts in establishing rules within those countries and enhancing product promotion.

For example, regarding fan creations, selling them at event venues is generally acceptable. However, when local anime shops sell comics or related goods without proper licensing, establishing clear rules for this and having official shops operate physical stores could help secure profits that were previously lost. This approach would also help protect brand value.

Currently, Chinese brand games and anime are on the rise. At event venues, Japanese anime characters were the mainstream cosplay choice until about five years ago, but in recent years Chinese anime and game characters, along with their cosplay and merchandise, have become popular. The reason for this is that they design their characters and brands with the global market in mind, successfully attracting users worldwide. In contrast, I don't think Japan is creating works consciously aimed at the global market.

The situation is that works created with the Japanese market in mind have ended up being directed globally and coincidentally achieved worldwide hits. As a countermeasure, rather than trying to cultivate a mindset of creating works specifically for the global market, I think it would be better to maintain the current desire to

create for the domestic market without changing it, while rigorously managing licensing. Then, package that and take it overseas – protecting the IP and delivering it internationally.

JS: Does that mean the government has a significant role to play? Like establishing a legal framework for licensing, or clearly defining the points companies must adhere to when entering into licenses, ensuring they establish proper contracts?

Horiguchi: Rather than government-led initiatives, I believe it's crucial for rights holders to carefully evaluate local partners in each country. They must consider how to promote their content within that nation, and how to expand its reach while safeguarding their rights.

JS: In that case, we'll need to provide substantial information about various local business practices and regulations.

Horiguchi: While the market size is highly attractive, Japanese products and content are susceptible to being affected by political situations and public sentiment. Taking that into account, I feel it's necessary to assess each country's situation when deciding on market entry, and to consider how to promote our offerings while also factoring in business practices and geopolitical risks.

JS: The potential growth of Japan's anime industry appears to be very high. Furthermore, if streaming services and other platforms are expanding access points, I believe we can leverage that. Are there any issues with streaming services?

Horiguchi: Looking at the global anime market, according to the Association of Japanese Animation's (AJA) announcement, the anime industry market in 2024 had sales of 3.84 trillion yen (AJA preliminary figures, announced October 2025; an increase from 3.3465 trillion yen in the previous year, 2023; overseas sales increased by 26% year-on-year). Within that, domestic sales were ¥1.67 trillion and overseas sales were ¥2.17 trillion, meaning over half of the profits came from overseas. I believe streaming likely contributed significantly to this.

Streaming has eliminated borders. The fact that anime can now be watched anywhere in the world with just a smartphone or PC is a major driver behind the growth of Japanese anime. To maximize its potential, building the foundation is more important than changing the content itself. Particularly regarding offline events, I think it's crucial to improve the surrounding environment. This includes visualizing the structure of official/unofficial, rights, and sponsorship arrangements, as well as collaborating with local organizers to enhance attendee data and flow management.

Another key challenge is the rise of Chinese games, alongside the

growing popularity of non-anime phenomena like V-tubers. Even at individual events, I notice that cosplay and exhibits popular among anime fans often feature Chinese games, Chinese anime, characters, or content.

Furthermore, over the past two to three years, we've seen an increase in cases where V-tubers appear on anime event stages solely via video feed as speakers, or are hired as judges for cosplay and anime events.

Therefore, in response to these trends, I think flexibility in adapting to various media mix developments – rather than relying solely on anime – will be crucial for overcoming future challenges.

The Future Potential of the Metaverse

JS: I would greatly appreciate hearing about the future potential of the metaverse as a new movement. Will it continue to grow significantly? What impact will it have on the economy and society?

Horiguchi: I think of the metaverse as a community where you create your own avatar in a virtual space – essentially a 3D version of Zoom – and interact with others through those avatars. Personally, I believe the potential of this metaverse is enormous.

Taking the Roblox metaverse platform as an example, recent Q4 2025 data shows daily users reaching 144 million (a 69% year-over-year increase). This makes it a massive platform where users logging in daily far exceed Japan's population. The vast majority of these users are overseas, making it a metaverse platform accessed daily by young people in their teens and twenties worldwide.

Young people used to make plans to meet up after school by saying, "Let's meet at such-and-such place." But today's youth routinely arrange to meet in virtual spaces, saying things like, "Let's meet in this Roblox game." Considering this, how today's children perceive the metaverse is crucial. The generation raised in the metaverse will become the primary customers for companies in 10 or 20 years. Keeping this in mind, and considering the strong compatibility with the ACG sector – where games using anime IPs are extensively developed within the metaverse – it's essential to advance the anime business with a medium-to-long-term vision. The focus should not be on "making money now" but rather on the fact that "the generation growing up in the metaverse environment will be the main customers in 10 years."

JS: What are the prospects for the metaverse in Asia going forward?

Horiguchi: I believe the metaverse holds tremendous potential in Asia as well. For example, in Japan, it's common for each person to have one smartphone, but overseas, it's not uncommon for people to own multiple devices. In Japan, children often borrow their parents' smartphones to play games, but in Southeast Asia, children have their own smartphones and have the infrastructure to constantly

access online spaces. It's an environment where they can log into the metaverse anytime.

In Southeast Asia, there are also areas where children can't go out freely. However, in the metaverse, they can play with friends without moving their bodies, as long as they have a smartphone. Additionally, when you visit malls in Southeast Asia, you frequently see elementary or middle school-aged children at food courts or similar places using their smartphones. Looking at their screens, you often see them playing virtual games like Roblox, which I mentioned earlier. Based on this firsthand experience, I believe the metaverse market in Asia is already quite mature.

Furthermore, it's fair to say there's significant room for development in this metaverse space, where restrictions on self-expression due to religious or cultural backgrounds are minimal. In Islamic regions like Indonesia and Malaysia, there are restrictions on skin exposure for women, but such constraints are removed in the metaverse. Looking at anime events, cosplay by women in Islamic regions tends to be more restrained, and Muslim women typically wear hijabs covering everything from the neck up. Consequently, they cannot freely change their hairstyles like other cosplayers. However, within the metaverse, using virtual avatars eliminates the need for a hijab. They can become their favorite anime characters and freely choose any hairstyle or clothing.

I believe one reason the metaverse is gaining traction among Southeast Asia's younger generation is precisely this ability to shed real-world constraints and freely express oneself virtually.

In fact, I feel that this factor – compensating for real-world self-expression constraints through the virtual realm – also underpins the widespread use of avatar-based platforms like ZEPETO in Indonesia (based on my on-the-ground observations). I believe this affinity between anime/cosplay culture and the metaverse is one reason it resonates particularly strongly in Asia.

JS: It seems that the metaverse and the spread of anime culture will increasingly deepen the bonds among Asian youth.

Horiguchi: Before online games and the metaverse existed, I think people would go to event venues to find friends who shared their favorite anime or common interests. Now, through the metaverse and online games, we have an environment where you can find friends who share your passions, even if it's not in person. Moreover, these metaverse platforms, like online games, often include chat translation features, breaking down language barriers for communication. That's why I think adoption has accelerated significantly in recent years.

Challenges for ACG Entrepreneurs

JS: I think there are a lot of young entrepreneurs in entertainment-related businesses like anime and games. How do you view the recent entrepreneurial

activity in these fields in Japan? Japan is often said to have few venture companies, but entertainment-related businesses have tremendous potential, so perhaps many young people want to enter this space. What are your thoughts on that?

Horiguchi: I think it's highly effective to launch startups targeting Southeast Asia with entertainment like anime as the core focus. I feel many companies are concentrating on how to bring Japanese content like anime and games overseas. After all, the domestic market is only shrinking, so it's crucial to look beyond Japan and figure out how to take it overseas.

While bringing popular Japanese or other foreign content to Southeast Asia and localizing it has been a common approach for a long time, content from other countries, like Chinese games, is also growing. I think it's extremely important to strategize how to compete with them.

We shouldn't choose countries based solely on market size. We also need to carefully consider how to deliver the content and market it, taking into account risks, culture, religion, and other factors. For example, in socialist countries, restrictions on creation mean we cannot focus primarily on fostering creators or merchandise sales like in Japan. Even if the consumer market is attractive, the difficulty of establishing it as a creative hub is separate. It's crucial to assess the overall picture, including political risks, regulations, social structures, and religion, to determine if a sustainable winning strategy can be devised.

JS: I think this is due to Japan's declining population. Would it be accurate to say that the number of startups launching with overseas expansion in mind – particularly targeting Asian markets as the most accessible – is definitely increasing?

Horiguchi: Regarding startups, many companies are creating content aimed at making it popular in Southeast Asia while initially ignoring the Japanese market. I think we'll see more of this reverse import pattern going forward – launching first in Southeast Asia and then bringing it back to Japan.

JS: Thank you very much.

JS

Written and translated by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the cooperation of Tape Rewrite Co.

Interview with Shawn Chin, founder of SOZO Pte. Ltd, an organizer of pop culture events in Asia

The Potential of Japanese ACG in Asia & the Rest of the World

By Japan SPOTLIGHT

Anime Events in the United States and Europe are today drawing much media attention today, but we should not forget about Asia. Its market has a greater potential than in any other market, because of cultural similarities to Japan. Anime events in Asia would not only attract the interest of Japan's neighbors but also the interest of the Japanese in their neighbors' interpretation of anime. This could start further in-depth cultural links.

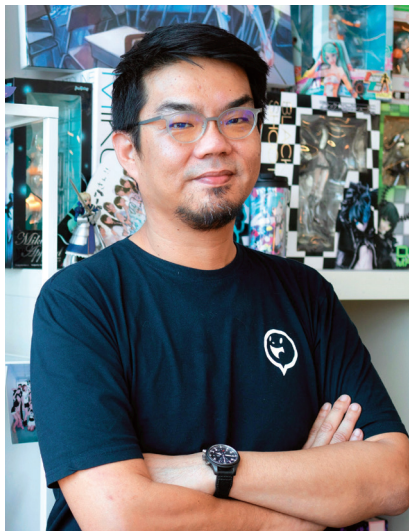
Introduction

JEF: Could we start by having you introduce yourself, your company, and AFA Singapore 2025?

Chin: My name is Shawn Chin, and I'm the founder and managing director of SOZO. The company was founded in 2019 and we are based in Singapore, and from the start we've always been focused primarily on Japanese pop culture and entertainment. Currently we produce events and concerts and many cultural experiences across Southeast Asia and East Asia as well. Our main activities are festivals, primarily the Anime Festival Asia (AFA), and we do many live events like Japanese artists' concerts. We also do IP (intellectual property) exhibitions and merchandise, and also many Japanese IP licensing collaborations. Our company's flagship event is AFA, which is now one of the largest pop culture festivals outside of Japan.

JEF: AFA is actually one of the largest festivals in the world. There are some anime festivals in Europe and in the US, but is the one in Singapore the biggest in the world?

Chin: We are definitely one of the longest, most-established in Asia. We have been around for 17 years. We have done the event under the AFA brand in many countries, not only Singapore, but throughout Asia in Indonesia, Malaysia, Thailand, Hong Kong, China, and even in Japan itself. We've done it over 30 times in the past 17 years.



Shawn Chin

Assessment of AFA Singapore 2025

JEF: You have a long history. How do you assess AFA Singapore 2025? I've heard that it was more successful than ever.

Chin: Yes, the event keeps growing. We've done it 17 times already in Singapore, so it's quite a mature event in Singapore. We have also won many awards in Singapore as the Outstanding Leisure Event Award at the Singapore Tourism Awards for a few years in a row, so AFA Singapore has grown into a major regional cultural event. I say regional because it attracts around 30% of its visitors from outside of Singapore. People from

Malaysia, China, Thailand and Indonesia, and people from many countries including in Europe and North America, come to visit the event. Most Japanese companies also use AFA as a gateway to many Southeast Asian markets. And because of the strong success of AFA Singapore, this year, for example, we are also doing an AFA Thailand in Bangkok in May, and then AFA Indonesia continues to be held in August in Jakarta as well. We are looking to have an AFA Hong Kong in the future as well.

JEF: It's not an annual event anymore – including satellite events, it's almost bimonthly or something like that?

Chin: Yes, every three or four months there's an AFA somewhere.

JEF: Why do you think AFA has become such a big

event? What is the key factor?

Chin: I think right now the key factor is that the market has to be there. I believe Japan contents, Japan soft power and ACG (Anime, Comics, Games) contents are strong throughout Asia, and we are lucky to be able to put on an event that celebrates anime, comics, and games, especially from Japan. I think that is the key focus of AFA and that's why we have been able to hold it so many times and for so long.

JEF: This has a very significant economic impact, not only in the Singaporean economy, but also other Asian countries' economies because of the size of the event. And not only the anime event itself, but sales of character goods will also stimulate consumption.

Chin: Yes. Consumption will be stimulated during these three days, for example, if we do it in Singapore and in each country. But I think more important is that our event makes it easier for Japanese companies to join and try their products. It's also a good benchmark. If the product is successful within AFA Singapore, they may say, "Let's explore doing business in Singapore" or business in each country. I think it also helps people who may not know much about ACG. If I'm a Japanese company and the companies in the region may not be familiar with my company, I can go to AFA and showcase my products. If the product is successful, that makes a very good case study for the need to develop businesses further in each market. We hope that for more than just the three days AFA acts as a gateway for many Japanese companies to start their business in Asia.

Some of these companies are the anime rights holders, but we also have many different Japanese companies and also many local companies that are distributors or doing licensing of Japanese contents. And up and coming, we are seeing UGC (user-generated content) contents, with a lot of our customers themselves becoming the influencer or the creator. They all join our event mainly to showcase their contents, and to come together and basically celebrate Japanese pop culture.

JEF: I'm not very familiar with Japanese content companies, but I imagine they have been focusing on the domestic market rather than the international market, so your events give them a chance to internationalize their business.

Chin: The trend over the last 10 years especially is that we have seen many Japanese content holders set up an international division. In a way, yes, we have a good platform for them for jumpstarting their

promotion or their showcase, because our event attracts ACG fans all together in one place.

Pop Culture's Impact on Foreign Relations

JEF: Your event has a good impact on business and the economy, but you also may have some impact on foreign relations among Asian countries. People are falling in love with anime, not only people from Japan but also from other Asian countries, and this promotes mutual understanding among those countries.

Chin: If you look at tourism, for example, I think the number of tourists from Singapore visiting Japan in 2025 was about 600,000-plus, of a population of maybe around 6 million, so more than 10% of Singaporean residents are visiting Japan. Our goal is also to stimulate the culture, and to introduce Japanese culture to new people, and our job is kind of done when all these new people fall in love with Japan. They come to events, which is great, but ultimately they also visit Japan and bring tourism dollars back to Japan.

JEF: I see. As just a very basic question, why do you think Japanese animation and comics and games have become so popular in Asia and around the world?

Chin: First, I think it's quite unique, in that Japanese animation or drama or Japanese history is very culturally different, but yet similar. I think it's the same reason that so many tourists are going to Japan, it's the same appeal. And I always believe that Japanese contents or Japanese products are the result of deep passion and deep work by the creator. I believe that makes the content and the products stand out from the rest of the world's.

I think it also reflects trends. Before the pandemic, a lot of this was driven by deep users, and others following and chasing Japanese contents. Nowadays, however, especially with the easy accessibility of anime on Netflix, YouTube, and others, Japanese content is now very accessible. That has also helped with the success of my event, because we used to attract just the deep users but nowadays we are getting more mainstream customers as well.

JEF: Perhaps Japanese ACG could make some contribution to Asian countries' content business development?

Chin: Yes. First, if you look at Southeast Asia, it's one of the youngest populations in the world. Other than Singapore, it's generally all young and digitally connected people. I've also seen

many companies slowly starting to use Japanese IP for the marketing of their products, and then doing tie-ups with the Japanese IP as well. I think Japanese ACG contents are crucial for promoting to the younger audience in Asia. And anime contents, especially the Japanese genre, may start as a comic, or as an anime, or as a game, but from there, for example, it has really helped us develop a concert business. A lot of these artists are getting popular by singing songs from anime. And of course, merchandise is also another angle. Our company is also doing many licenses for merchandise and then doing pop-up stores and things like that. And we also see this in tourism. For example, a lot of people are going to Japan because of the anime they love, they're going there basically to connect – to go to the different hot spots where the anime was shot or go to different areas where the anime was created, stuff like that as well.

JEF: Besides ACG, what cultural events would be useful in contributing to active business and culture exchanges between Japan and Southeast Asia? You mentioned music events.

Chin: One of SOZO's businesses other than AFA is holding concerts, and we have been quite lucky to do some of the biggest names in the Japanese music scene. A lot of these artists are now doing sold-out shows not only in Singapore, but throughout Asia. For example, we did a concert at the start of 2025 for Yoasobi, and 20,000 people attended their concert in Singapore alone.

JEF: I've heard that Korean animation and Chinese animation are becoming popular in Southeast Asia. Is this also a good opportunity for Asian countries to get closer together?

Chin: First, if you look at anime from South Korea, it looks almost Japanese. There is a big influence from Japan. It's just that these overseas companies are coming in to invest and produce these. These IPs may be owned by Chinese or Koreans, but the content itself, the anime, is actually Japanese influenced. This means that there are more options and choices right now for customers, so it's actually a good thing for the entire market.

Pop Culture's Impact on Industries

JEF: You've already talked about various impacts on other industries like the tourism industry, for example, and also the consumer goods industry because they produce lots of character goods. Do you have any observations about other impacts from the animation industry?

Chin: I think what has happened is that we also see many more resources, as in younger people saying that I want to have a job in the anime industry, so you will see more recruitment of manpower as well. Some of them may be applying for a job in Japan or going to Japan to study and join the workforce. That's from an HR perspective. Tourism and the selling of merchandise are primarily the key areas where I've seen growth. Of course, Japanese food is also very popular in our region. I think this all works hand in hand for the Japan brand.

JEF: How about the digital economy? The digital industry is a very important business for Asian countries.

Chin: In terms of consumption habits, if you want to buy the merchandise, it's not just the little stores anymore, it's all online. E-commerce is actually a huge part of customers' consumption behavior. A lot of customers nowadays are not just going to the store or even coming to my events, they're just going online and buying the products. And of course, digital is one of the key parts of consumption for ACG. It's all digital, you are no longer restricted by physical space. Consumption is mainly on digital platforms nowadays.

JEF: What about legal services for intellectual property rights licensing?

Chin: I think that one is more of a government push as well, and it depends on which country. Legal is only effective if the government follows the law. But education in the importance of copyrights, that content has important value, is also important. It's also knowing the difference between value that needs to be paid for and promotional content. Some people just blur the line. If you own the IP, you should monetize from it, and each market needs to have proper enforcement to ensure that piracy and unauthorized usage is controlled. Of course, this varies by country and is always a challenge for any content, not only for Japanese contents.

Potential of ACG Market in Southeast Asia

JEF: How do you assess the potential of the ACG market in Singapore and Southeast Asia?

Chin: I think the growth has already happened in the past 10 years. It also depends on the political situation for the companies. If there are certain countries that Japanese companies cannot access, they may choose to access other countries. Politically, Southeast Asia continues to be very accessible for Japanese companies and so I

believe that with that in place, it would only get bigger and more mature. There are many players already, it's just a matter of how they get mature and more sophisticated, more like Japan or maybe Taiwan.

JEF: Competition is very severe, isn't it?

Chin: In a place like Southeast Asia, you not only have Japanese content, but you also have all kinds of contents – Hollywood content, Korean content, Chinese content, many types of local content. I think that as long as Japanese content continues to be unique, it will be very successful. I think certain Japanese companies may be saying they want to grow globally and should create content for the global market, but I think that Japanese content should be made for Japanese consumption first. That's what makes it different, for me anyway.

JEF: Shouldn't Japanese content be devised for the international market?

Chin: Yes it should, but when it comes to the story-making content creation, leave it as it is and focus on the Japanese DNA when you create it. But when you distribute it, yes, there definitely has to be more global thinking.

SOZO's Future Business Plans

JEF: Considering the potential of this business, what particular business plans do you have for your company in the future?

Chin: We became part of the Kadokawa group in November of last year, and they have identified our company as one of their key goals for growth in Southeast Asia. Basically, our plan is to expand AFA to more cities in more countries, and we would like to continue to do more with Japanese artists to stimulate the growth of Japanese music worldwide. We are also trying to develop more IP-based exhibitions at galleries and museums. And then we also continue to expand our merchandising and licensing activities. Our goal is basically to make Southeast Asia the key hub of Japanese entertainment outside of Japan.

JEF: Some anime specialists in Japan are now starting to talk about a possible decline of Japanese animation, of it losing its popularity to some extent because of poor human resource development for creators. Do you think Japanese animation has a promising future?

Chin: I'm not that familiar with the local Japanese market, but I definitely think that planting seeds for the future is always important. But at the same time, I also know that there is so much anime and content being produced in Japan right now, and it's only the select few that make it. I don't think Japan right now has any lack of content. It's more about how you market this content overseas, how it is strategically marketed from a global perspective. You also need to continue to be innovating and coming up with new ideas. All content has the same problem. Once you hit the saturation point, you have to think about how to stand out more. It becomes more competitive because people's expectations become greater.

Japanese ACG's Potential in the Regions

JEF: That's good advice. For my last question, do you think Japanese ACG could potentially become popular in regions other than Asia, Europe, and the US, where it is already popular? In Latin America or Africa, for example?

Chin: I've heard that it is growing fast in India, also in South America and in Canada as well. I also see growth in the Middle East. Of course, they have some issues right now, but the Middle East is also huge. I'm not sure about Africa, but I believe that once the economies improve, Japanese ACG should be popular as well. That's the strength of ACG. It transcends boundaries and reaches out to everybody. It's just a matter of making it accessible. When I was younger, in the 1980s and 1990s, I liked Japanese content, but in those days it was so hard to watch even one anime in Singapore. Nowadays it's totally different. It's so accessible. Whatever you can see in Japan you can get overseas as well. So, I think it's a good time for ACG, it's mainstream now.

JEF: Perhaps that means this is a business that can contribute to global peace. Young people in particular like anime, so maybe in the future we will not have war anymore because all the countries' youth are closely linked together and lose the incentive to make a war.

Chin: Why not? That's a great goal to have. Everyone loves the same IP, loves the same genres, and hopefully that will break down boundaries, led by Japanese ACG.

JS

Written with the cooperation of David S. Spengler, who is a translator and consultant specializing in corporate communications.

Interview with Atsushi Matsuo, President & Kenji Yoshii, Director of TEM Co., Ltd. (Ramayana World Cultural Contribution Committee)

Where Indian Cinema Meets Asia: Culture, Connection, & Creativity (April 7, 2026)

By Japan SPOTLIGHT

JS: You were the executive producer of *Ramayana: The Legend of Prince Rama*. To begin, could you introduce yourselves and tell us how you came to be involved in the project?

Yoshii: In 1983, producer Yugo Sako, formerly of NHK, launched a project to create the world's first feature-length animated adaptation of the *Ramayana*, one of India's two great epics. He spent years visiting Japanese companies operating in India and approaching major animation studios in Japan, but despite his efforts, the project struggled to gain traction.

At that point, India's top animator, Ram Mohan (1931-2019), who is widely recognized as the father of Indian animation, joined the project as director, while TEM President Atsushi Matsuo – known for his commitment to cultural exchanges in Asia – took on the role of executive producer. They were soon joined by skilled animators with experience on Hayao Miyazaki's films, setting the stage for an unprecedented cross-border collaboration.

This project had been put on hold because of funding and production problems, but meeting Mr. Matsuo changed that. His conviction that this could become a culturally significant project for all of Asia – and his willingness to support it – finally made it possible to bring the story to life on screen. Back then, India still didn't have widespread access to fax machines, and of course none of today's digital communication tools existed. All negotiations, artwork exchanges, and production discussions had to be carried out through a mix of airmail and telex. Despite these limitations, the teams in Japan and India pushed forward, coordinating an enormous amount of artwork and countless meetings across borders.

After nearly nine years, involving a staff of 450 and a total production budget of 800 million yen, the film was finally completed in December 1992. Although it received limited theatrical screenings in India, it never achieved full nationwide release, and for many years



Atsushi Matsuo



Kenji Yoshii

its recognition remained modest. That changed in January 2025, when – amid renewed interest in strengthening cultural ties between Japan and India – the film was released across India, drawing significant attention. During this time, I served as assistant producer, involved in every stage of the project, from planning and production to distribution.

Matsuo: My connection with Asia began with my mentor, Prof. Yoshiaki Sagae, one of Yamagata Prefecture's "Five Wise Men" and a driving force behind the creation of the Japan Overseas Cooperation Volunteers. He taught me the importance of building human relationships that transcend national borders, and his influence sparked my deep interest in cultural exchanges across Asia. Later, as a secretary to a member of the National Diet, I came to understand that ties between nations are shaped not only by politics and economics but also by culture. When I learned about the plan to create an animated film based on the *Ramayana*, I immediately felt it was a remarkable opportunity to strengthen the bond between Japan and India. The story carries timeless moral themes and is regarded as one of India's great cultural treasures. First composed as an epic poem in the 3rd or 4th century BC, the *Ramayana* eventually became known throughout the world.

I have long believed that politicians and government officials should pay more attention to cultural exchanges. Culture has the power to ease tensions and deepen mutual understanding, and projects like this film are exactly the kind of initiatives that should be actively promoted.

In addition to my role with TEM, I am also the head of the International Economic Research Institute, which I founded in 2003. Through our "International Strategy Seminar", now held more than 200 times, I have had the opportunity to hear from experts on global issues and to advocate for the importance of engagement with Asia. I have also been involved in direct exchanges with China, including

visits at the invitation of current Foreign Minister Wang Yi. Experiences like these have reinforced my belief that culture forms the foundation of trust between nations. For me, this film is more than just a creative project – it is a cultural bridge that connects people and countries.

JS: What first led you to take a particular interest in India?

Matsuo: As the international situation has grown increasingly tense, I have long felt that Japan must show leadership and contribute to global stability. It was in that context that I had the opportunity to meet Prime Minister Narendra Modi when he visited Japan for the Quad summit. During our conversation, when he asked what had sparked my interest in India, I explained that it stemmed from something my mother told me as a child – that Buddhism traveled from India to China, and from there to Japan.

I learned that after the war, Prime Minister Jawaharlal Nehru played a major role in laying the foundations of friendship between Japan and India. That made me feel even more strongly that India holds a special significance for Japan. Later, when I met Prof. Sagae and encountered his ideas firsthand, I felt a renewed conviction that we needed to nurture and preserve this animated film, created through Japan-India cooperation.

I also studied in China around the time the country was transitioning in the years following the Tiananmen Square bloodshed. Japan, after rising from the devastation of the postwar period, upheld pacifism and, with American support, became the world's second-largest economy. In a similar way, young Japanese volunteers sent through JICA went to China, joined local community

Photo: em Co., Ltd.



With Prime Minister Narendra Modi during his visit to Japan to attend the 2022 Quad Summit.

efforts, and contributed to the country's development. Today, China has become the world's second-largest economy. Now, I believe it is time for Japan and India to act together in pursuit of global peace.

JS: By adapting an Indian myth like the *Ramayana* into animation using Japanese expertise and sharing it with audiences around the world, are you in effect supporting India and helping to expand its soft power?

Matsuo: In effect, yes. Japan invested everything it could to bring this film to completion, believing it could be an important opportunity for cultural exchange. Looking back, I feel we managed to achieve that goal.

JS: Japanese animation is loved around the world, and especially in Asia it functions as a major source of Japan's soft power. With that in mind, did you feel that animating the story would help it reach an even wider audience?

Matsuo: I felt that animation would be the ideal medium for sharing India's remarkable story with people around the world.

JS: India certainly has enormous growth potential. While China has begun to slow down, India is now in a phase where it needs to accelerate infrastructure development.

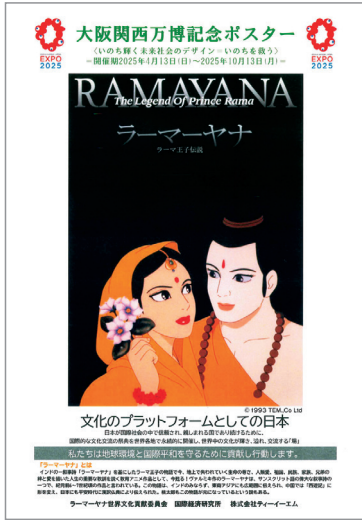
Indian Mythology Catching On

JS: A few years ago, there was a Kabuki performance of the *Mahabharata*, the other great Indian epic, and it drew a lot of attention. Why do you think stories like the *Ramayana* and the *Mahabharata* – myths that Indians have cherished for centuries – resonate strongly with Japanese audiences?

Yoshii: If you look at recent Indian cinema, major hits like RRR and Baahubali come to mind. RRR clearly draws inspiration from the *Ramayana*, while Baahubali is said to take cues from the *Mahabharata*. Both films are shaped by the deep influence of India's ancient myths.

The *Ramayana* itself follows Prince Rama, who is exiled from his kingdom for 14 years due to palace intrigue, and whose wife Sita is later abducted. It's a classic tale of good versus evil, with a clear narrative arc and a heroic quest at its center – elements that make it exceptionally well-suited for animation. And because the story carries echoes of Buddhist values and even aspects reminiscent of *bushidō*, it naturally aligns with sensibilities familiar to Japanese audiences.

Photo: Tem Co., Ltd.



Osaka Kansai Expo 2025 poster

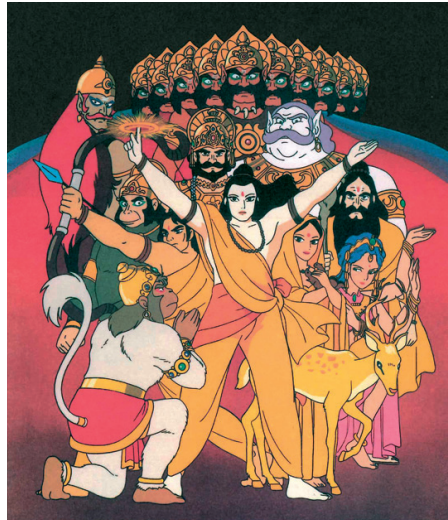
Matsuo: The *Ramayana* may be a story that dates back three or four millennia, but at its core are themes that feel timeless: family bonds, loyalty, friendship, the pursuit of peace. These are the very foundations of international exchange, and I felt they could play a meaningful role in deepening connections across Asia today.

Yoshii: It is the story's wide range of themes – ones that people across cultures can relate to – that helped the *Ramayana* become firmly rooted throughout the region. Its themes – the interplay of gods, humans, and animals; the struggle between good and evil; devotion, trust, family love, friendship, trials, and growth – have been translated and reinterpreted repeatedly across Southeast Asia. Each region has adapted the story in its own way, weaving it into local culture until it became part of its own narrative heritage.

Both the *Ramayana* and the *Mahabharata* exist in multiple versions across India, each with its own nuances and interpretations. For this film, we chose the most widely recognized version, the Valmiki text, which many Indians regard as the template for the epic. These stories have never been confined to the written word – they've been expressed through dance, shadow puppetry, theater, literature, and more, evolving across places and eras. It's no surprise that people often draw parallels to figures like Sun Wukong in China or Momotarō in Japan.

Japan, in particular, has long felt a certain affinity with Indian thought through Buddhist culture – ideas like karmic cause and effect resonate deeply here. One concern our director, Koichi Sasaki, wrestled with was how Indians would react to a foreign team of Japanese creators adapting a story so central to their cultural identity. It's a bit like imagining a foreign studio animating Japan's *Kojiki*, ancient Japanese myth. Resistance would have been understandable. But in the end, the film was warmly received in

Photo: TEM Co., Ltd.



From a movie pamphlet with Ramayana characters

India.

Another factor that gave us confidence was the involvement of animation director Kazuyuki Kobayashi, who had been part of Topcraft, the studio behind early Hayao Miyazaki films. With his experience, we felt the characters would resonate not only across Asia but with audiences worldwide.

Matsuo: I think audiences respond to the warmth of the hand-drawn animation. Having completed this film, I'd love to take on the *Mahabharata* next and share it with the world as another cornerstone of Japan-India cultural exchange.

Yoshii: We couldn't color all 120,000 cels in Japan, so part of the production was outsourced to studios in Indonesia and other

Asian countries. What struck me was how grateful many of the artists were to us. They told us how meaningful it felt to be involved in a film featuring deities like Rama, Sita, and Hanuman. For them, it wasn't just a job; it was participation in something sacred.

JS: So Indian viewers felt moved by it – perhaps they even had a sense of connection?

Matsuo: Yes, everyone who has seen it, including Prime Minister Modi, has told us they were deeply moved and really liked it.

JS: Our magazine, *Japan SPOTLIGHT*, is built on the idea that Asia's soft powers can collaborate to create a more cooperative, peaceful, and prosperous region. The *Ramayana* feels like a perfect example: an Indian epic brought to life by some of Japan's most respected animators. It really is a collaboration between the soft powers of both countries.

Matsuo: I completely agree with your magazine's vision. This film is, in every sense, a fusion of Indian and Japanese soft power. And because it explores themes that are essential to all of us – friendship, family bonds, the values that shape our lives – I believe it could even be used in schools as an educational resource.

Diversity of Indian Cinema

JS: Indian cinema spans everything from action to sci-fi. If you had to sum up what makes it so appealing in a single word, what would it be?

Yoshii: If I had to choose just one, it would be “diversity”. Filmmakers and audiences in India grow up surrounded by people of different religions, languages, and socioeconomic backgrounds, from people of great wealth to those with modest means. That mix naturally shapes the stories they tell, giving Indian films a remarkable range of themes and perspectives. That, I believe, is their greatest strength.

Our animated *Ramayana* was released nationwide in India between January and May 2025, showing on up to 621 screens. To reach audiences across the country, we dubbed it into English, Hindi, Telugu, and Tamil.

Indian films are known for their length and for weaving songs and dance into the narrative – a unique style all their own. But what really resonates across borders is the emotional clarity: joy, sorrow, anger, love – everything is expressed with a directness that audiences everywhere can connect with. We included four musical sequences in this film, and every one of them, composed by the legendary Vanraj Bhatia, has been embraced by Indian viewers.

Another major draw today is how rapidly Indian cinema has advanced on the technical front. In visual effects, cinematography, and direction, many productions now rival the best films being created anywhere in the world.

JS: With this kind of collaboration, do you think Japanese animation techniques might influence Indian creators and help shape the future of Indian animation?

Matsuo: When I studied in China more than 30 years ago, Japanese animations like *Ikkyū-san* were just starting to spread there, and you could feel animation culture taking root. Even back then, I remember thinking that China’s own history and epics would make wonderful, animated films.

Yoshii: Japanese studios were so busy that much of the process was outsourced to South Korea and China, and through that process local artists naturally learned Japanese animation techniques. India, however, was different. Its industry had been shaped far more by the Disney style and had almost no connection to Japanese animation. That’s why this film is significant – it’s the first time India and Japan have truly collaborated on a project that draws directly on Japanese animation craftsmanship.

JS: Since it wasn’t purely a Japanese production, that probably made it easier for Indian audiences to accept.

Yoshii: Exactly. Because production was divided between the two countries, many people in India simply assumed it was an Indian film. India led the conceptual side – shaping the worldview and

cultural grounding of the *Ramayana*, which was less familiar to Japanese artists – while Japan handled technical animation, an area where India was still developing its skills.

JS: And that collaboration ended up sparking growth in India’s animation scene.

Yoshii: It did. After seeing this film, some young people decided to pursue animation, new classes were established, and Japanese animators even traveled to India through programs run by the Japan Foundation and JICA to provide training.

JS: Does Bollywood also produce a significant amount of animation?

Yoshii: Not really. Animation hasn’t taken off in Bollywood in the same way.

JS: Are there anime events in India as well?

Yoshii: Two years ago, the Japanese Embassy organized a large-scale event, and our film was screened there. The response was tremendous. Across the country, there are groups that function almost like Japanese anime fan clubs, and these communities take the lead in running various events.

JS: Indian cinema is hugely popular in Japan too. Would you say it has become a significant form of soft power?

Yoshii: Absolutely. India’s film industry is highly developed – more than 2,000 films are produced each year. For comparison, the United States makes around 700 annually, so India produces roughly three times as many. There’s a deep reservoir of technical skills, and the film industry continues to grow. When we localized this film for India, the picture and music were upgraded as well. If we could create a Japanese version based on that enhanced cut and release it here, it would open the door to a new phase of collaboration between the two countries.

JS: Even though it’s an Indian film created by Japanese filmmakers, it still promotes Indian culture to young people in Japan and has a meaningful impact, doesn’t it?

Matsuo: Exactly. After all, it’s being introduced to the world from Japan.

JS: So Indian cinema isn’t just spreading across Asia, it’s making inroads in Africa, the Middle East, Europe,

and the US as well?

Yoshii: Bollywood, in particular, is one of India's most powerful forms of soft power. It goes far beyond entertainment – it has the potential to connect people and even countries. Indian films circulate widely, not only within India but across South Asia, the Middle East, Africa, and further into Europe, the US, and Japan. Audiences often respond to the strong storytelling and music that are characteristic of Indian cinema. And through film festivals, co-productions, distribution partnerships, and high-profile releases, new cultural points of contact are beginning to emerge between India and countries around the world, including Japan.

Potential of Indian Cinema

JS: Based on what you've said, India's large population and growing global influence suggest that there is considerable potential for further expansion.

Yoshii: I believe the growth potential of Indian cinema is extremely high. In fact, my impression is that the industry is only now entering a full-fledged phase of expansion. India's huge population, along with the rapid rise of the middle class and younger generations, is steadily enlarging the domestic film market. At the same time, production and distribution technologies have advanced significantly. Streaming platforms have become widespread, especially among younger audiences, adding a new layer to what used to be a theater-centered business. We're now seeing films with budgets exceeding 10 billion yen being produced one after another. The pace of development is remarkable.

Matsuo: One challenge, however, is that awareness of copyright is still relatively low. When intellectual property issues became a major concern in China, we co-hosted a Japan-China seminar on IP with the Tokyo Institute of Technology, which helped move the conversation forward. I think India needs a similar initiative. Without a solid understanding of IP, it's difficult to gain international trust, and that makes global expansion difficult. For India to build that trust, both the government and the film industry need to actively promote awareness of IP rights across the country.

JS: When it comes to advances in production and distribution technology, India's IT sector is extremely strong. Would it be fair to say that India has substantial capacity to spread film content even outside traditional theaters?

Yoshii: Absolutely. That's precisely why the potential is so great.

Japan & India: Soft-Power Collaboration

JS: How do you view the possibilities for collaboration between Indian cinema and Japan's pop-culture soft power?

Yoshii: As I mentioned earlier, the collaboration between the Indian film industry and Japanese pop culture has already shown its potential through the animated adaptation of the *Ramayana*. That project demonstrated, right from the start, what such a partnership could achieve. It's remarkable that this cultural exchange happened in the 1980s – long before social media or even widespread fax use – and yet India and Japan were able to connect through animation. The film was created not as an "Indian film" but aimed for global release: the original language was English, while the musical sequences used Vasant Dev's elevated Sanskrit lyrics. From the outset, Japan and India were working together with the world market in mind.

Because the film was broadcast frequently on Indian television throughout the 1990s, many viewers there later said they had assumed it was an Indian production. Despite being made in Japan, it was embraced so deeply by local audiences that it became a rare example of cross-cultural acceptance.

There is still enormous room for growth, especially in animation. At events like *Mela Mela Anime Japan*, held in Delhi in the summer of 2024, the enthusiasm for Japanese anime was unmistakable. Cosplay, streaming, anime viewing, education, character licensing: these are all areas that could develop into multilayered business opportunities. When President Matsuo and I recently met with

Photo: Tem Co., Ltd.



At a courtesy call with Ambassador Nagma Mohamed Mallick of India

Ambassador Nagma Mohamed Mallick, the very first question she asked was: “How were you able to depict the Indian epic *Ramayana* in a way that feels completely natural even to Indian viewers?” That question points to another defining feature of the project: from the beginning, the creators were deeply mindful of religious and political sensitivities. This approach, grounded in respect and genuine understanding of the partner country, helped build trust and ultimately enabled long-term cultural exchanges.

Matsuo: I believe this project also helped foster a sense of respect and understanding for Indian culture among Japanese audiences. And now, more than ever, I feel it is time for Japan to show leadership in working with the Global South. By promoting this film, which we deliberately produced in English, my hope is to send a message to people around the world.

Potential for Indian Films in the Japanese Market

JS: I'd like to hear your thoughts on the future of Indian films in the Japanese market.

Yoshii: Japanese audiences are not necessarily closed off; just as they have embraced talent from around the world, including not only Hollywood films but also Korean and Iranian cinema, they have a cultural environment in which compelling content is appreciated regardless of nationality. In recent years, several Indian films have gained attention, and the genre is gradually moving from a niche presence to having a recognizable fan base.

There are still challenges. The long running times and the use of song-and-dance sequences – elements that are characteristic of Indian cinema – can feel unfamiliar to general Japanese audiences. So rather than simply importing films, we need to broaden the points of entry. Promotions that connect with interests already familiar in Japan, such as yoga, vegetarian cuisine, travel, food culture, sports, or the arts, can help open up new ways for people to engage with Indian films.

Policies to Support Japan's Cultural Industries

JS: Lastly, we would appreciate your thoughts on policies that could help strengthen Japan's cultural industries, including film.

Yoshii: Film and other cultural industries are not directly tied to basic survival, so in times of conflict or crisis, their budgets are often the first to be cut. Yet these industries are central to Japan's soft power. They allow people to feel the value of peace, and they enrich the country. For that reason, we need policies that help build

international connections and support global development from the start.

One important area is the promotion of international co-productions, something this film helped bring attention to. Working with partners overseas, including India, allows both sides to share markets and risks while creating new films together. To support this, Japan needs an environment that encourages co-production, including tax incentives, grant programs, and legal frameworks that make collaboration easier.

Another priority is developing talent and improving labor conditions in the animation industry. Japanese animation is highly appreciated worldwide, but challenges such as labor conditions and staffing shortages are often pointed out. For sustainable growth, creators need an environment where they can focus on production with confidence, and we need to cultivate the next generation of talent. Through the production of *Ramayana*, I was reminded of the importance of balancing culture and business. Policies should aim to support both commercial viability and cultural value.

Matsuo: Looking ahead, we hope to introduce this film into schools through local boards of education, and also to promote it through community centers, cultural halls, and nonprofit organizations. This would allow the film to reach audiences in ways that are not driven solely by commercial interests. I hope that people of many different generations will have the chance to experience this film and that it will contribute to a deeper understanding of culture.

Finally, the fact that *Ramayana* – a story that is part of India's cultural heritage – was produced as an animated film by Japanese creators and yet was warmly received across Indian society shows that the project played a meaningful role in cultural exchange between our two countries. I would like to take this opportunity to express my sincere gratitude to everyone who contributed to the creation and distribution of this film.

JS: Thank you very much for sharing this inspiring initiative. JS

Written and translated by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the cooperation of Tape Rewrite Co.

The Global Spread of the South Korean Content Industry – Its Policy Framework & International Cooperation

By Lee Hye Eun



Author Lee Hye Eun

The Rise of Korean Content in Global Cultural

This past March, Seoul was swept up in a wave of excitement over a K-Pop idol group's concert. It was BTS's comeback performance. All seven members had completed their mandatory military service and held their first concert after discharge at Gwanghwamun Square in central Seoul.

They are a group enjoying immense popularity not only in South Korea but globally. Riding this wave of popularity, over 100,000 fans gathered from around the world. They are known as the "ARMY". This concert symbolically demonstrated how Korean content is not merely an entertainment product, but a cultural and economic resource that encourages people's cross-border movement, injects vitality into cities, and heightens interest in South Korea as a nation.

Korean content, particularly K-Pop and K-dramas, has transcended the category of cultural goods to become a crucial element of the national brand. Over the past two decades, diverse Korean content – including K-Pop, films, dramas, games, webtoons, animation, characters, and web novels – has been widely consumed in the global market, establishing a solid presence within the world's cultural industries.

Since the 2000s, the expansion of digital platforms like YouTube and Netflix has presented significant opportunities for the growth of Korean content. K-Pop spread beyond Asia through YouTube, reaching Latin America, Europe, North America, and the Middle East, forming a global fandom. While there was once heavy reliance on overseas broadcasters and distribution networks, the digital era has made content competitiveness and direct fan engagement more crucial.

Furthermore, the emergence of OTT platforms like Netflix has enabled Korean dramas and films to be released simultaneously worldwide, creating international hits. Korean content has evolved from products targeted at specific countries to content planned, produced, and distributed with the global market in mind.

In recent years, the expansion of the industry centered on content intellectual property (IP) has also been vigorous. Beyond adaptations like dramas and films based on webtoons and web novels, IP is being developed into diverse forms including games, character merchandise, live performances, publishing, and licensing businesses. This IP business model is highly valued as a way to generate long-term value for content. Popular content also connects with the tourism and consumer industries, generating ripple effects across diverse sectors such as food service, distribution, cosmetics, and fashion. This includes increased tourism to drama filming

locations and expanded consumption of related merchandise. It also fosters cultural diffusion, such as heightened interest in learning Korean.

Currently, the scale of Korea's content industry is approximately \$100 billion, with exports totaling \$13.3 billion in 2023. The average growth rate over the past five years stands at 5.0% in sales terms and 6.0% in export terms. South Korea is enhancing its presence in the global content market, and this growth is evaluated as a result of the combined effects of creative power, corporate competitiveness, and government policy support.

Fostering Content as a Future Core Industry

The growth of South Korea's content industry has been driven not only by the creativity of private companies and the dynamism of the sector, but also by the crucial role of government policy support. Since the early 2000s, the South Korean government has recognized the content industry as one of the future growth industries and expanded its policy support.

Particularly, beginning with the 1991 drama "What Is Love?", which gained popularity in China in 1997, followed by the 2003 hits "Winter Sonata" and "Jewel in the Palace", the content industry began gaining recognition as a new export sector across Asia. These were early success stories demonstrating that Korean content, based on cultural resonance, could be highly competitive in overseas markets, forming a crucial backdrop for subsequent policy expansion.

Within this trend, the policy budget also expanded significantly. The content industry promotion budget, which was only about \$50 million in the early 2000s, increased more than 30-fold to approximately \$1.2 billion by 2026. The government is supporting the industry's growth through diverse policies, including production support, research and development, human resource development, and overseas expansion assistance.

The content industry is recognized as an industry capable of generating high added value with relatively few resources, enhancing national brand value, and positively impacting exports in other industries. According to research by the Korea Creative Content Agency, an increase of \$1 million in Korean content exports is estimated to raise the value of the national brand by approximately \$410,000. This demonstrates that the content industry is not merely a cultural activity but a strategic industry that comprehensively elevates a nation's international image, industrial competitiveness, and economic value.

Furthermore, the content industry possesses characteristics distinct from manufacturing. While it holds high potential for hits, it also carries significant uncertainty and cannot be measured solely by short-term profitability. The foundation formed over long periods – challenging new projects, developing prototypes, nurturing creators, and accumulating intellectual property – is crucial. Therefore, it is highly significant for the government to share a portion of the industry’s initial risks, creating an environment where the private sector can engage in bolder creation and investment. Due to these characteristics, many countries are fostering the content industry as a strategic sector, and South Korea has also built its industrial foundation through policy support.

Policy Framework Supporting the Content Industry Ecosystem

South Korea’s content policy is designed with the entire industry value chain in mind. Support is provided at every stage of the industry, from content planning and production, distribution, and export, to talent development and research and development (R&D). This support goes beyond mere financial assistance. Diverse policies are promoted to foster overall industry growth, including prototype development support, main production support, production infrastructure development, joint participation in overseas content markets, overseas publicity and marketing support, translation and localization support, specialized talent education, investment attraction, and inter-company collaboration support. Programs specifically supporting market entry by small and medium-sized content companies and startups with new ideas are also expanding.

The ultimate goal of these policies is to “build a sustainable content industry ecosystem”. The content industry has an industrial structure where diverse entities – creators, production companies, platforms, and others – collaborate. Therefore, it is crucial to establish an environment where creators and companies can stably produce content and develop new business models. Maintaining an environment that enables challenge and re-challenge, not just one-off hits, leads to long-term competitiveness.

Recently, the importance of IP has grown significantly. This is because a single work can be expanded into video, games, merchandise, and more, creating new revenue opportunities. This is not merely secondary utilization; it is the concept of cultivating the content itself as a long-term asset, occupying an extremely important position in the growth model of the Korean content industry.

Furthermore, in today’s content market, creating an excellent work alone is insufficient. How it is delivered to which markets and how fan communities are built have become critical. Elements like translation, social media communication, and data analysis are no longer ancillary tasks after a work’s completion; they are integral to competitiveness itself. Korean content policy has evolved to address these characteristics of the global distribution era.

Recently, the development of new technologies like generative AI is bringing significant changes to the entire content industry. Methods of content production and distribution are rapidly changing, and convergence between different types of content is expanding.

While generative AI holds potential for use in multiple areas such as planning support, translation, video production, editing, and marketing, it also raises new challenges concerning copyright, ethics, creator protection, and industrial order. Policy support is being strengthened to respond to these changes and lead the global market.

The Role of the Korea Creative Content Agency

The South Korean government’s content industry support policies are primarily advanced through the Korea Creative Content Agency (KOCCA), its implementing body. KOCCA is a public institution established to promote South Korea’s content industry and operates under the Ministry of Culture, Sports and Tourism. It was established in 2009 through the integration of previous agencies related to broadcasting, games, and cultural content.

KOCCA supports a wide range of fields including broadcasting, games, music, animation, characters, fashion, comics/webtoons, media art, AR/VR/XR, and generative AI-based content. While the Korean Film Council handles the film industry, KOCCA plays a central role in promoting the development of many other content sectors. Its primary functions include supporting creation and production, assisting overseas expansion, fostering talent, conducting research and development, and operating corporate support programs.

In recent years, KOCCA has been expanding its global network to support Korean content companies’ overseas expansion. Currently operating 28 overseas offices in major global regions, it provides market intelligence, facilitates business matching, builds cooperative networks, supports trade show participation, and conducts local PR. These overseas offices serve not merely as information hubs but as vital connectors linking local market needs with Korean companies.

Through such support, KOCCA aims to fulfill its mission of “realizing a cultural powerhouse and contributing to national happiness through the promotion of the content industry” while striving to become a “global content partner leading Next K”. Indeed, for many SMEs seeking overseas expansion, the network and credibility offered by a public institution provide substantial support for market entry.

Achievements of Korean Content in the Global Market

While Japan’s content industry developed based on a strong domestic market, South Korea’s content industry grew by actively expanding into overseas markets from a relatively early stage. With a population roughly half that of Japan, South Korea faced limitations in expanding its industry solely through its domestic market, making overseas market development essential. This structural condition can be said to have instilled a strong international orientation in the South Korean content industry.

Since the 2000s, the emergence of global platforms like YouTube and Netflix created an environment where content could spread across borders. The Korean content industry responded proactively to this change. A prime example is K-Pop. In 2012, PSY’s “Gangnam Style” became a global hit, demonstrating K-Pop’s worldwide

potential. This song, which exploded in popularity through YouTube, marked a crucial turning point for the South Korean music industry.

Subsequently, BTS grew into a global cultural icon through its global fandom strategy. By leveraging YouTube and social media, they formed an international fan community and created a new fandom culture through translation and dissemination. What is noteworthy here is that the success of Korean content was not merely about supplying excellent works, but was also tied to relationship building with fans, community management, and participatory culture in the digital age.

Furthermore, Korean dramas, including “Squid Game”, are watched worldwide via OTT platforms and have established themselves as global hit content. Korean companies and creators are also actively operating in the global market across various fields such as games and webtoons. In other words, the international competitiveness of Korean content is not a phenomenon confined to a single genre; its defining characteristic is that it is being formed simultaneously across multiple fields.

Global Fandom & Content Ecosystem

One characteristic of Korean content is that it goes beyond mere export of works to significantly influence the formation of global fandom culture. In traditional cultural industries, content was transmitted unidirectionally from producers to consumers. However, with the expansion of digital platforms, fans have become active participants in disseminating and interpreting content, rather than just passive consumers.

The K-Pop fandom is a prime example. Fans not only share content via social media and video platforms but also reinterpret and disseminate it through translations, commentary, reaction videos, and fan-created works. These spontaneous fandom activities surpass the speed and reach of corporate advertising and promotion alone, becoming a crucial element driving the global spread of content.

The Korean content industry recognizes this fandom culture not merely as a marketing tool, but as an integral part of the content ecosystem. The structure where artists and fans mutually communicate and co-create culture represents a key competitive advantage of Korean content. In future global markets, alongside the quality of the content itself, the ability to sustainably build relationships with fans will become increasingly crucial.

Next K & the Potential for Japan-Korea Content Collaboration

Amidst this trend, the strategy presented by the Korean content industry is “Next K”. This concept outlines the direction the industry should take moving forward. Until now, K-content primarily followed the “Made in Korea” model, where finished content produced in South Korea was sold overseas. However, the core of the “Next K” strategy is a shift towards a “Made with Korea” approach, where global partners collaborate across the entire content value chain – including planning, production, and distribution. This means moving away from Korean companies independently leading all production stages, and collaborating instead with overseas production

companies, platforms, and creators to produce content jointly targeting the global market.

Formats involving production teams with local cultural and linguistic understanding, as well as collaborations among creators and artists of diverse nationalities, are expected to expand further. The global market demands more complex cooperation models beyond simple exports, including co-production, joint investment, shared IP development, and talent exchange. These changes not only bring new growth opportunities to South Korea’s content industry but also open possibilities for creating new markets for partner countries.

Amid these shifts, Japan stands as a crucial partner. South Korea excels in K-Pop and visual content, while Japan possesses global competitiveness in animation and character industries. Combining these strengths could yield greater influence in the global cultural market. Furthermore, Japan boasts a rich accumulation of IP and a mature fan culture, while South Korea demonstrates adaptability to digital platforms and high mobility in overseas markets. This complementarity is significant.

Japan-Korea Content Cooperation Platform Starting in Tokyo

I believe Tokyo is a crucial location for realizing such collaborative potential. The content industries of South Korea and Japan have long built exchanges and cooperation across various fields. Mutual understanding of each other’s cultures is relatively high, and the fact that many tourists traveling between the two countries are young people is a factor that further expands the potential for future cultural exchange and industrial cooperation.

At the Korea Creative Content Agency Tokyo Business Center, with which I am affiliated, we are working to build a platform where Korean and Japanese content companies and creators can meet and collaborate. By creating opportunities for companies and creators to share ideas and discuss joint projects, we aim to foster sustainable cooperative relationships between the two countries. This initiative goes beyond one-off events; it seeks to establish a foundation for companies and creators to build long-term trust and generate new businesses and works.

Expanding such exchanges and cooperation is also the process of concretely implementing the “Next K” strategy on the ground. When South Korea and Japan move beyond the framework of competition and engage from a perspective of cooperation, their content industries can leverage each other’s strengths to create new value.

Content serves as soft power connecting nations while also functioning as an industry supporting mutual growth. Should cooperation between Japan and South Korea deepen further, the content industries of both countries will play an increasingly significant role not only in Asia but also in the global cultural market.

JS

Lee Hyeon is the director of the Korea Creative Content Agency (KOCCA) Tokyo Business Center. She focuses on global content industry strategy and cross-border collaboration, working at the forefront of Korea-Japan content partnerships and the global expansion of Korean content.

MONKEY New Writing from Japan – Dynamic Venue for Cultural Dialogue

By Jillian Yorke



Author Jillian Yorke

Origins & Launch

MONKEY New Writing from Japan, an annual anthology of Japanese literature in translation, is the English-language offspring of the innovative Japanese literary journal MONKEY, which is edited by acclaimed translator Motoyuki Shibata. Shibata has translated Paul Auster, Laird Hunt, Steven Millhauser, and Richard Powers, among others. MONKEY New Writing from Japan was launched in 2020. It is edited by Shibata, Ted Goossen, and Meg Taylor. Goossen is best known for translating Haruki Murakami, Hiromi Kawakami, and Naoya Shiga.

MONKEY New Writing from Japan has been published annually since September 2020 by the nonprofit of the same name, based in Pittsburgh, Pennsylvania, and founded by Meg Taylor, the managing editor. I eagerly look forward to each new MONKEY, with its refreshingly wide-ranging literary offerings with a contemporary focus; it is also popular with visitors to our Japan Library: Pukapuka in Karangahake, New Zealand. MONKEY is a joy to read, with its attractive design and full-color illustrations. I asked Taylor for her perspective on MONKEY and am deeply grateful for her assistance.

Taylor started her career as a book editor in Tokyo, working for Weatherhill, best known for its illustrated books on Japanese arts and culture. In Canada, she worked as a senior editor at Doubleday Canada and other trade publishers, and served as an instructor and academic coordinator for the postgraduate Publishing Certificate program at Ryerson University (now Toronto Metropolitan University). From 2012 to 2015, as editorial director for the Art

Canada Institute (Massey College, University of Toronto), she was instrumental in developing the Online Art Book Project (see: <https://www.aci-iac.ca/art-books/>) and producing their first 12 bilingual (English and French) publications. As well as her work with the MONKEY annual anthology, Taylor also edits novels and story collections for the Monkey fiction imprint.

Yorke: How did you get involved with MONKEY?

Taylor: When I was hired at Weatherhill in 1979, I was a graduate student at Harvard working on a master's degree, studying modern Japanese literature, and specifically interested in two women writers: Okamoto Kanoko and Uno Chiyo. At Weatherhill I quickly fell in love with book publishing and never returned to academia. Instead, I went into trade publishing in Toronto. I met Ted Goossen in Toronto, and he introduced me to Motoyuki Shibata. I gradually became more and more involved in editing texts for *Monkey Business*, the publication that ran from 2011 to 2017 and laid the foundation for MONKEY. Vowing to “get Japan back in my life”, I contacted old friends and colleagues in Japan and more Japan-related work started to arrive. I moved back to Pittsburgh in 2015 and found Asia-related work in the United States as well. Now, most of my energy is focused on MONKEY as it continues to expand and flourish despite the current economic and political upheavals.

Contents

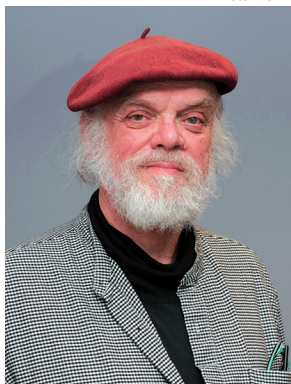
The contents of MONKEY are selected by Shibata, Goossen and Taylor. Some pieces are suggested by the translators themselves. So far six volumes have been released, each with a particular theme. Styles are eclectic, with a “mixture of playfulness and seriousness” (Shibata), but literary quality is always maintained. “The Monkey Speaks” at the front of each volume gives readers a taste of the overall contents, while the center section “A Monkey’s Dozen” leads into the theme-based offerings, which usually number 11. As explained in

Photo: Eisuke Asaoka



Motoyuki Shibata, Founding Editor

Photo: YCAR



Ted Goossen, Founding Editor

Photo: Katie Brook



Meg Taylor, Managing Editor

Volume 1, “Unlike a baker’s dozen (one extra!), a monkey’s dozen is one short, since monkeys are always up to something and on the lookout for delicious treats.”

Yorke: Please explain how you decide the theme of each volume.

Taylor: We started the organization in 2019 but launched the first volume in September 2020 (on Food). In the first year of the pandemic, we were all spending more time in the kitchen. The theme for Volume 2 was Travel; 2021 was the second year of the pandemic, a time when we all longed to travel again. Volume 3 (2022) was Crossings, reflecting our cautious but hopeful crossing into a post-pandemic world. For 2023 (Volume 4), we felt downright celebratory, hence the theme of Music. For 2024 (Volume 5), inspired in part by the paintings by Machiko Miroco that had first appeared on the cover of the Japanese MONKEY, we opted for Creatures. And the theme of Horror for 2025 (Volume 6) reflects the chaotic times we are living in.

Yorke: How do you define “new writing from Japan”? Since you also include some older works, does this mean new translations of previous writings?

Taylor: Our primary focus is contemporary writing in Japan – what’s being written and read in Japan now. In addition to work by Haruki Murakami, we publish a core group of authors who are less well known in the West. Some of them – Mieko Kawakami, for example – have broken out in recent years. I’m thinking of her bestselling *Breasts and Eggs*, followed by three more novels with Europa.

MONKEY typically features work by a dozen or more Japanese authors, including Kaori Fujino, Hiromi Kawakami, Hideo Furukawa, Tomoka Shibasaki, Kikuko Tsumura, Kyohei Sakaguchi, Makoto Takayanagi, and more. By publishing their stories and excerpts from longer works, we are building an audience for the writers we love. You could think of MONKEY as the “farm team” for the big leagues – the established literary publishers like Europa, FSG, Granta, New Directions, Soft Skull, and Knopf.

We work with a core group of translators, many of them associated with specific authors. Occasionally a translator expresses interest in working on a new translation of a modern (as opposed to contemporary) work. For example, we might feature a Shiga story translated by Ted Goossen, or a Kawabata story translated by Michael Emmerich, or a Soseki story translated by Michael Bourdaghs. Every year we publish modern poetry selected by Andrew Campana that responds to the annual theme. We also publish a Noh play every year, selected from contemporary writer and performer Seiko Ito’s interpretations of classic Noh plays and translated by Jay Rubin, who provides an introduction.

In response to your question about including earlier work as well as contemporary, I would say that the focus of MONKEY is very

much contemporary writing, but it’s always good to remind people where contemporary Japanese literature came from! After all, the classics – *Genji*, *The Tales of Ise*, *Heike*, and more – continue to influence Japanese authors writing today.

Yorke: Your contents are decided by the preferences of you three



Monkey magazine covers: 2020 Food, 2021 Travel, 2022 Crossings, 2023 Music, 2024 Creatures, 2025 Horror

editors. Do you ever disagree? If so, how do you resolve the issue?

Taylor: Motoyuki Shibata is the MONKEY visionary, the primary editor. Almost all of the authors we publish are drawn from the Japanese literary journal *MONKEY*, which he runs – editing, writing, and translating. It is published three times a year: Spring, Summer/Fall, and Fall/Winter. Think of the Japanese *MONKEY* as the “mothership” – we publish many of the same Japanese authors (in translation) and feature many of the same authors writing in English (Paul Auster and the Irish author Eoin McNamee, for example).

Ted Goossen founded *Monkey Business* with Moto in 2011, and the three of us founded its successor, *MONKEY New Writing from Japan*, in 2020. We rarely if ever disagree ... in fact, I would say that we continue talking until we’re in agreement. *MONKEY* was born in the dark first year of the pandemic. We had our launch online, and grew accustomed to relying on email and the occasional online meeting. Since I am in Pittsburgh, Ted is in Toronto, and Moto is in Tokyo, we rarely meet in person, but that doesn’t prevent us from staying in close touch over all the decisions involved in putting together the annual anthology.

Yorke: Can you give me an idea of your current readership, online and in print – for example, number of subscribers or regular readers, and their characteristics?

Taylor: *Monkey Business*, which was published from 2011 to 2017, was a magazine. But magazines have a much shorter “shelf life” in bookstores. Also, we publish only one volume annually. So when we relaunched in 2020 as *MONKEY New Writing from Japan*, we shifted to book publishing. Booksellers can now order *MONKEY* through Ingram, the largest book distributor in the US; through Consortium *MONKEY* is distributed outside the US as well. In Japan, *MONKEY* is available through Kinokuniya.

We have approximately 3,000 newsletter subscribers. We also sell

MONKEY through our website, and announce discounts through the newsletter. *MONKEY* readers who discovered us only recently have taken advantage of backlist sales to collect a complete set of *MONKEY*. Truly devoted fans collect *Monkey Business* as well! *MONKEY* readers include fans of Japanese literature, readers of world literature, students and scholars of Japanese literature and those in the expanding field of Translation Studies, readers with curious and adventurous minds! They range in age from high school students to people in their 80s – reflecting in part the range in ages of the authors and translators we work with. *MONKEY* benefits from working with four generations of translators, and the translators benefit from the community they find with us.

Collaboration

Yorke: Your collaboration with Stone Bridge Press (which was established in 1989 and is known for its many outstanding books about Japan) seems highly successful in combining your two networks, connections, and skill sets to deliver high-quality literary translations to worldwide audiences. How did this come about?

Taylor: Peter Goodman, the Stone Bridge Press founder and publisher, approached us to develop a fiction imprint. We have four books out now under the Monkey imprint: *The Thorn Puller*, a novel by Hiromi Ito, translated by Jeffrey Angles; *Dragon Palace*, a story collection by Hiromi Kawakami, translated by Ted Goossen; *Takaoka’s Travels*, a novel by Tatsuhiro Shibusawa, translated by David Boyd; and *A Hundred Years and a Day*, stories by Tomoka Shibasaki, translated by Polly Barton. We have two more novels in the pipeline. All of the Monkey imprint books first made an appearance in *MONKEY* as excerpts or single stories, the idea being that readers might get excited about these authors and be more likely to recognize and reach for the book when it comes out. Our books have won awards and been reviewed in major publications such as the *New Yorker*, *Publishers Weekly*, and *Foreword*.

Yorke: I am most impressed by your beautiful website and the regular events you hold. Are there other ways in which you promote and market *MONKEY*?

Taylor: Our marketing budget is limited, though we do our best to work creatively with what we have. At first, we focused on creating a website that is open, inviting, and easy to navigate. Tiff Ferentini, our marketing and publicity manager, sends out a monthly newsletter, and those are archived on the website. In addition to

Photo: Lisa Kato



Roland Kelts, Contributing Editor

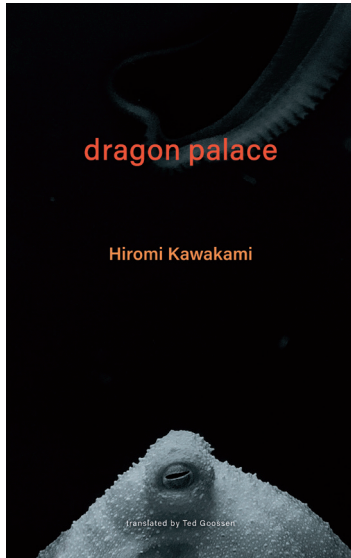
Photo: Rinko Kawauchi



Photos of Hiromi Kawakami and Kelly Link for the April 2024 event at SEIZAN Gallery in New York

Photo: Sharona Jacobs





*Dragon Palace by Hiromi Kawakami, translated by Ted Goossen
(Cover design by Nick Vitacco/Counterpunch Inc.)*

information about MONKEY and our books, Tiff includes news from anyone associated with MONKEY (authors, translators, and illustrators).

In Tokyo, the new MONKEY New Writing from Japan is launched alongside the Fall/Winter issue of the Japanese MONKEY. Switch, publisher of the Japanese MONKEY, has an event space where all 37 issues of the Japanese MONKEY have been launched, starting in 2013. In the US, we do an annual online launch for MONKEY, hosted in recent years by Japan Society Boston and MONKEY contributing editor Roland Kelts. We have been touring with authors from Japan every other year, and we post recordings from the events on the website. The in-person events are especially exciting when we pair an author writing in English with a Japanese writer. Before the event, they read each other's work, and then they discuss their work in front of an audience, with MONKEY founder Motoyuki Shibata acting as moderator. Kelly Link and Hiromi Kawakami were a particularly memorable pairing! That event was held at the SEIZAN Gallery in Manhattan, where we are hosting a similar event on May 16 with Hideo Furukawa and Tomoka Shibasaki paired with American author Matthew Sharpe. Sayaka Toyama, the director of the gallery, is a big supporter of all our endeavors.

Over the years, and dating back to Monkey Business, we have also been lucky enough to receive crucial support from the Brooklyn-based literary journal *A Public Space*, the Asia Society, the Japan Foundation, Kinokuniya, PEN, and others. This year, Roland Kelts and the Japan Society New York's Peter Tatara have organized two special events for us in mid-May. Many of the authors we publish are also E-to-J translators and are part of a much larger community associated with the Japanese literary journal *MONKEY*.

I wanted to mention that MONKEY ebooks are fully accessible,

meaning that people who use screen readers (software that makes digital files accessible to visually impaired readers) not only hear the text but also get descriptions of the images. This is, of course, extra work for us, but it's something we want to support, and it's becoming standard in the industry.

Yorke: Please explain your editorial process.

Taylor: After Shibata's check against the original text, the translator delivers a revised text to me. Then I edit for content and style – content in this case meaning things like “Let's add a title here” or “Do we need a short ‘Note from the translator’ at the end of this text?” Ted Goossen is often involved at this stage as well. He is absolutely brilliant at editing dialogue, for example. The copy editor, Ruth Gaskill, follows. I am the editor who corresponds with each translator to finalize the texts before they are sent to Gilbert Li, the designer in Toronto.

Respect for Translators

One of the most striking and refreshing features of MONKEY is the high recognition it gives translators, something that has often been neglected in the publishing world in the past. In a talk given on May 26, 2021, Shibata said, “We pride ourselves that we work with the best of Japanese authors and writers from North America and Great Britain, and we are even more proud of our translators. We can say with great confidence that we work with the very best of J-to-E translators of Japanese literature.” MONKEY translators are prominently acknowledged; they are named on the Contents page as well as on the title page for each story. In Volume 6, the response of 13 translators to the question, “Has a story or image ever haunted you?” is fascinating, giving readers rare insights into the translation process. The bilingual poetry further deepens our understanding.

Yorke: I greatly admire the way you give full credit to translators, something that is perhaps quite unusual in the publishing world. I am sure your translators greatly appreciate it.

Taylor: MONKEY New Writing from Japan celebrates translation. We work closely with translators, and they seem to enjoy the process. Moto notes that “Good translators always welcome suggestions and corrections. In fact, the better they are, the hungrier they seem to be for input from us.”

MONKEY has a section at the back where we pose a question to translators, such as “What role, if any, does music play in your translation process?” This section has been surprisingly popular with readers right across the board. We have gathered these sections into a PDF for use in the classroom (for Japanese literature and Translation Studies). With the Monkey imprint books, we are part of a growing trend in publishing to recognize the translator on the cover

of the book and the title page, and also to offer them a share of the royalties.

Yorke: In a previous interview (see the May/June 2021 issue of *Japan SPOTLIGHT*), Roland Kelts expressed the view that the quality of Japanese-to-English translation has improved greatly in recent years. What do you think the reasons might be? (Note: see also the Special Article written by Kelts in the Nov.–Dec. 2020 issue of *Japan SPOTLIGHT* on the move online of many anime businesses.)

Taylor: Yes, the quality has improved – not that there weren't wonderful translators like John Nathan and Howard Hibbett working back in the 1970s, but there are many more J-to-E translators now, and the expectations are higher. Also, Japanese novels are hot right now, so publishers compete for the best translators. It's rare, but some translators are able to make a living, though it's still true that the majority hold academic positions.

Yorke: In a talk on your website, Shibata says that “the first duty of a translator is to give readers the same sense of pleasure that the translator had when they first read the original work.” Do you agree?

Taylor: Yes. As Kelly Link wrote: “*MONKEY* introduces me to writers who offer wild delights, who subvert and expand my sense of what narrative is capable of achieving. When a new volume shows up on my doorstep, I greet it like an old friend, too long absent, who has returned with pockets full of strange and delicious gifts.” (Kelly Link, author of *The Book of Love*.)

Yorke: You sometimes feature manga-type works, which as you know constitute a huge proportion of the Japanese publishing industry. Do you intend to include more in future volumes?

Taylor: We always feature the work of Satoshi Kitamura, who is best known as a children's book author and illustrator – though his work for us is aimed at an adult readership. It is extremely difficult to break into more conventional manga publishing, and I'm not sure it would be a good fit for us. We do, however, seek out exciting visuals for *MONKEY*, and work with some marvelous illustrators, such as Sam Messer, Jillian Tamaki, Jon Klassen, and Lauren Tamaki.

International Activities

Yorke: I understand that *MONKEY* has been involved in some activities in Asia beyond Japan. For example, Kelts, Shibata, and the poet Hiromi Ito did online events for *MONKEY* in 2020 and 2021 during the Makassar International Writers Festival in Indonesia. In 2015 and 2016, for *Monkey Business*, Kelts, Aoko Matsuda, and author/illustrator Satoshi Kitamura participated in a series of events in Manila and attended the Singapore Writers' Festival. They also

attended the Makassar Festival in 2015. There seems to be a rich interest in and hunger for Japanese literature in many Asian countries. Do you think a similar magazine, with the same core concept, could be produced in other parts of Asia, or working with languages other than Japanese and English?

Taylor: Yes, absolutely. I would like to see this happen! And we would like to promote *MONKEY* more widely in Asia.

Yorke: How do you see the potential role of AI in literary translation? Do you think that AI will ever be able to replace humans to create high-quality literary translations? Does *MONKEY* have any policy on AI in translation?

Taylor: We have no experience with AI translation (except in marketing, where it's quite useful). We have not felt the need to discuss AI with the translators we work with. It's simply not an issue with the type of literary translation they do.

Future Plans

Yorke: Any comments on the future of *MONKEY*?

Taylor: *MONKEY* will, we hope, continue to expand its reach – through the annual anthology and also through books published under the Monkey imprint. We are dedicated now more than ever to promoting exciting new writing from Japan, and to creating bridges between the literary community in Japan and authors, translators, and readers worldwide.

We have been very lucky to receive generous support from Koji Yanai. In fact, all of this would have been impossible without his enthusiasm. (He even put Moto in Wim Wenders's *Perfect Days*! Look for him behind the counter in the photo shop.)

Please see the *MONKEY* website, monkeymagazine.org, for more information. Print copies of most of the previous volumes can be purchased at a reasonable price, and both PDFs and ebooks are available, as well as the regular e-newsletter.

For the Japanese *MONKEY*, see: <https://www.switch-pub.co.jp/category/monkey/>

JS

Jillian Yorke is a translator, writer and editor who lived and worked in Japan for many years and is now based in New Zealand, where she is a freelance writer, translator, and interpreter, and the director of the Japan Library: Pukapuka.

For a Stronger Alliance: Japan & the Global South



Author Mukesh Williams

By Mukesh Williams

As the Japanese domestic markets shrink, Japan is now considering the Global South as an important market for trade and investment, especially India, South Africa, Kenya, Ethiopia, and Bangladesh. The India-Japan economic, technological, and geopolitical alliance opens up a way for mutual prosperity, reducing Japan's dependency on China and propelling India's growth in technology and AI. This alliance can be accelerated by easing investment procedures and providing deeper knowledge of business conduct through research and education. India and Japan have created roundtables in the private sector that connect Indian and Japanese firms through economic and political blocs like BRICS+ and the G77 and develop joint ventures in renewables, AI, and infrastructures (India-Middle East-Europe Corridor). In order to expand these partnerships, more investment and inputs are needed in co-development of technology and to generate economic wealth, and counter US tariffs and China's economic overproduction.

Reducing Dependence on China

Over the years Japan had become dependent on Chinese manufacturing and supply chains. The recent geopolitical tensions between Japan and China affect the supply of semiconductors and electronics. In such a situation, promoting trade and investment with the Global South, especially India, can diversify procurement in the coming. Japan can also use Quad connections to build alternative routes and supply chains to offset over-dependence on China. The Japan-India Comprehensive Economic Partnership Agreement (CEPA) of 2011 covers liberalized trade to boost investment. It can be upgraded to smoothen rupee-yen payments. Japan is already providing ODA through JICA for the construction of northeast highways in Assam, Meghalaya, Mizoram, Tripura, Manipur, and Sikkim under the "North-East Road Network Connectivity Improvement Projects".

Matarbari Port Project in Bangladesh

Expanding maritime projects with Global South countries can bring win-win economic benefits for both Japan and the Global South. Japan is building the Matarbari Port about 36 nautical miles (63 kilometers) from Chittagong. Companies like Penta-Ocean Construction and TOA Corporation are leading Japanese involvement in BIG-B's flagship Matarbari Deep Sea Port via a joint venture contract signed in April 2025. Japanese companies such as Mitsui E&S, IHI Corporation, Sumitomo Mitsui Construction, Kajima

Corporation, Fujita Corporation, and Mitsubishi Corporation participate in related BIG-B elements like power plants, LNG terminals, bridges, and economic zones under MIDI. These companies enable technology transfer and industrial networks, fostering agglomeration in the Dhaka-Chittagong-Cox's Bazar corridor. Matarbari Port in Bangladesh will reduce the cost of transport and time. This could integrate the northeast with the rest of India and neighboring countries like Bangladesh and Bhutan. Japan could further strengthen value chain corridors to supply electronics, auto parts, textiles, and machinery, and it could also use Matarbari Port as an FOIP and growth belt to reduce dependence on China's BRI ports, such as the Gwadar, Hambantota Chittagong, Djibouti and Chancay ports. Japan can provide information to familiarize both Japanese and Indians of the efficacy of its projects and generate profit.

Global South & Japan

The Global South has emerged as a major force to reckon with led by India. Japanese home markets are shrinking while the Global South is expanding in consumption, growth, and geopolitics. Japan can do more business with the Global South by bringing together investment, technology transfer, market specific projects and supply chain diversification. The Global South, comprising Africa, Latin America and Asia excluding Japan, Australia, New Zealand, and some parts of Oceania, possesses both economic power and demographic strength. These nations are shifting the power balance from American unipolarity to multipolarity, aligning themselves to the force of the BRICS nations. About 80% of the global population live in the Global South. Northern societies are aging, with a 40-plus median age, while that of the Global South is 28-30. There is a labor shortage in many countries, while in Global South countries there is a surplus. The GDP of Global South countries is growing by leaps and bounds. It currently totals over \$46 trillion, which is about 40% of global output. Obviously, for a hegemonic power like the United States this growth can be threatening. In the last 25 years some countries of the Global South have emerged as important players in calling for a fair rules-based world order to circumvent wars and economic chaos.

Japan has framed policies to expand business overseas through larger investments and co-creations in the middle-income economies of the Global South. It can now expand local production and services by establishing assembly manufacturing and constructing logistics platforms and service centers in India, Latin America, and Africa to

reduce costs and gain access to new markets in the region. These initiatives will fit into developing strong supply chains and industrial partnerships. Japan can also use its co-creation model in constructing joint ventures, local ecosystems, technology licensing and project finance. The Japanese government is keen to promote DX, GX, critical minerals and next generation mobility with Global South countries. Japan has a great advantage in sectors like energy transition, infrastructure, precision manufacture, robotics, semiconductors, auto components, health care and water management.

Japan is also delivering its digital services and content industry overseas into the Global South market. Now Japanese SMEs and startups are entering emerging markets, which can be a risky venture. The government could subsidize and support them by providing development finance and industrial cooperation with Global South economies. Japan can build on its already pooled investments in these countries and provide a wider market for itself. Africa is not just an aid giving region but rich in resources, energy, and manpower. Japan can see Africa as a long-term market in agribusiness, infrastructure, mineral resource, and digital technology. The growth potential in African countries like Ghana and South Africa is tremendous especially in manpower and urban development. Japan must not just go for extracting minerals but build trust among local communities and develop industrial capability through training and skill development. For Japanese companies to win in the long run, selling more value-added goods is not the key but upgrading their industries and infrastructure. This is only possible by embedding Japanese firms in the emerging economies of the Global South. For example, Japanese firms can supply quality solar equipment to India, finance the project and train people. They could create service networks to bring in long-term revenues.

Japan's Green Energy Technology for India

India is keen to use Japan's highly advanced green energy technology to make a transition from semiconductors to sustainable technology and promote the "Make in India" aspiration. Japan's advanced green energy fabrication and R&D can overcome the technological gap in India's industrial development and generate wealth through tech export and job creation for both nations. Japan's Renesas Electronics in partnership with IIT Hyderabad is conducting Very Large-Scale Integration (VLSI) research supported by JICA (semiconductor design). Renesas is collaborating with CG Power to build an OSAT facility in Gujarat while Tokyo Electron Limited (TEL) and Tata Electronics are developing value chains where Japanese design/IP and Indian OSAT application can evolve. The VLSI project can be further developed in the area of advanced packaging and ATMP through Japanese equipment design firms and Indian OSATs in Gujarat or Hyderabad. JICA's Japan Desk can expand VLSI methods, placing it in India's academic curriculum and then send such students to Japanese labs for observation. Furthermore, the Japan-India partnership can develop VLSI-driven AI accelerators and computer chips using Japanese low-power design and OSAT large-

scale design for EVs, healthcare and 5G/6G platforms.

Technology Transfer & Liberalization

Japan can benefit from expanding the transfer of its semiconductors, AI, defense technology and digital infrastructure to India while India can further liberalize its economic pathways to allow Japanese cutting-edge technology and FDI to enter India. This would lead to a surge in economic growth and wealth creation which have been pinched by American tariffs on both nations. Twin partnerships between Japan and India are already in operation. Japanese Renesas Electronics is now collaborating with IIT Hyderabad to develop VLSI systems. These systems combine millions of MOS transistors on a single chip to power modern electronics such as processors and memory. The second successful project is the development of semiconductor ecosystem between TEL and Tata Electronics, India. Japan and India are also collaborating in defense coproduction to develop the Unified Complex Radio Antenna (UNICORN) mast used in naval stealth technology for the Indian Navy. Japan provides design technology while Bharat Electronics Limited (BEL) executes its production. Japan can expand its design technology with India's software expertise through Japan's \$68 billion investment in the next decade. In 2011, CEPA cut tariffs boosting trade in autos, electronics, and services industry. There are possibilities to finetune CEPA in rupee-yen trade and expand SMEs startups and 2025 summit projects (50,000 workers to Japan) and new defense co-production. Japan is highly dependent on rules-based supply chains. The Japan-India-Australia chain initiative provides an alternative to China.

VLSI

Japan's Renesas Electronics in partnership with IIT Hyderabad is conducting VLSI research supported by JICA (semiconductor design). Renesas is collaborating with CG Power to build an OSAT facility in Gujarat while TEL and Tata Electronics are developing value chains where Japanese design/IP and Indian OSAT application can evolve. The VLSI project can be further developed in the area of advanced packaging and ATMP through Japanese equipment design firms and Indian OSATs in Gujarat or Hyderabad. JICA's Japan Desk can expand VLSI methods placing it in Indian academic curriculum and then send such students to Japanese labs for observation. Furthermore, the Japan-India partnership can develop VLSI driven AI accelerators and computer chips using Japanese low power design and OSAT large scale design for EVs, healthcare and 5G/6G network platforms.

Group of 77

Japan sees the Group of 77 as an important group and engages with it through the UN and COP conferences. Japan's long engagement with India, a co-founder, gives it access to infrastructure development like the bullet train project and defense technology sharing. Japan can expand infrastructure development

especially in Africa and Asia in developing ports, renewable energy, supply chains and trade routes through ODA. The G77 is struggling with green technology; Japan can develop hydrogen energy from GX strategy. The G77 in turn can support Japan on strengthening rules based on Hiroshima AI Process. Perhaps Japan can become a South-South bridge using Expo Osaka to expand business networks along the lines of the G7. Quad ties are in the doldrums, but Japan can use the forum to connect with India to stabilize the Indo-Pacific region and work on debt relief.

The G77 nonalignment policy will come into conflict with Japan's aligned views on Ukraine, Taiwan, and Iran. This could be avoided if Japan concentrates on mutual economic benefits and skirts geopolitics. Given India's ambition to become a tech giant, Japan could start a Japan-G77 partnership forum annually. Japan could increase loans to SME's in the G77 aiming for \$10 billion by 2030. Though it is difficult given geopolitical tensions, Japan could also partner with the G77 plus China on climate action.

BRICS+ & Japan

It is argued that Japan can get more out of its technology sharing and investment with BRICS+ nations than partnering just with India. Japan is engaging pragmatically with the Global South, developing its supply chains, access to resources and growth in markets amid its own shrinking domestic market. It has created new channels in BRICS+ for its trade, energy security and high growth markets (autos, robotics, green tech exports) in India, Brazil, the UAE, and Egypt, reducing reliance on the West or on a single country. Japan can expand its procurement of oil, minerals and food from Russia, Saudi Arabia, and Africa through sustainable partnerships.

BRICS+ has developed a hybrid model based on more tech investment, and interoperability payments have been developed and tested. BRICS+ represents nearly half the world's population, and over 40% of global GDP, led by China and oil resources and exports. The BRICS nations are pushing for strategic autonomy against Western dominance and seek reforms in global institutions like the UN and IMF.

Know About India

Japan can deepen its understanding of India by creating ministerial and diplomatic-level projects that study Indian politics, socioeconomic history and Japan-India relations and values. India-focused research can be developed by expanding the India platforms in MOFA, METI, JETRO, JBIC and Japanese think tanks guided by specialists in Indian politics, industrial policies, regulations, and geopolitics. Japan could also create an India-Japan Joint Study Model to understand trade, investment, services, the use of ODA and partnership building. There is also a need for Japan to study India's socioeconomic history and economic reforms and how they complement Japanese capital investment and technology partnerships in IT, pharmaceuticals, services, and digital infrastructure.

Japan can also study India's trade and investment reforms and

how they can be used by Japanese firms using ERIA, CII and official India as part of Japan's economic partnership study. In order for small companies to do business with India it is important to thoroughly understand the legal and business environment both in Hindi and English. There are differences in labor, land and incentives at state and local levels. Japanese companies can choose states that are conducive to their business and risk taking such as the DMIC, DFC or industrial clusters. Japanese firms must study the JETRO industry documents of case studies of Japanese firms in India and gather information on discussions, contracts, disputes, and resolutions. Though Japan is engaged in a lot to establish people-to-people academic ties, it needs to do more to strengthen these bonds and create true friends of Japan who will translate cultures and create wealth. Japan must promote Indian Studies at Japanese universities where young graduates can study history, law, politics, and regional languages and procure a short-term certificate or a regular degree. Students should be provided with opportunities to work in Indian companies and get hands-on experience. They could then become true ambassadors for Japan.

Furthermore, India research can be focused on Indo-Pacific and economic security, especially on supply chains, ports, critical technologies, and Global South cooperation and converging goals. Finally, joint vision papers should be studied to see how India sees itself and how it defines its role in South Asia, the Indian Ocean and Africa. Japanese policy and corporate strategies could then be based on them.

Expanding Japanese Education System

Now that Japan is seriously interested in generating wealth with the Global South, it especially needs to overhaul its curricula to make it more India-centric. Japanese universities must have more India experts and introduce interdisciplinary area studies in economics, politics, Hindi/Japanese language, and federalism under MEXT's Japan-India Exchange Platform Program with hundreds of partners. There could also be exchange quotas from Global South countries and JETRO/MOFA chairs, Japanese language immersion classes, and company-university tie ups. This could provide practical knowledge to train diplomats, managers and researchers who will understand India's rich and confusing diversity.

Japan has established its presence in Global South countries and has a good reputation to establish a win-win business model. Now it needs to multiply its choices to do business with the Global South which would force it to be less dependent on China. Undoubtedly there are important countries to invest in and co-create with, like India, South Africa, and Ghana, but other countries could also be accessed through blocs like BRICS+, the G77, the G20 and the Quad to tap into rich regions like Africa and Latin America and do business with them.



Prof. Mukesh Williams (ret.) is a poet and media writer who taught literature and cultural history in Japan and India. Formerly a faculty member at Keio and Soka universities, he is now Distinguished Professor at Shoolini University and advisor on academic exchange and global culture.

Why Do Voters Support Authoritarian Leaders? Understanding Democratic Backsliding



Author Yasushi Asako

By Yasushi Asako

Democracy Under Strain

There is growing concern that democracy worldwide is under threat. In many democratic countries, political leaders with authoritarian inclinations have increasingly sought to weaken democratic institutions and expand their own power. In the United States, for example, Donald Trump has, during his second term, taken actions that some media argued may expand presidential authority. These include the extensive use of executive orders in policy areas such as immigration and trade, as well as confrontations with judicial and administrative institutions. While the extent to which such actions constitute democratic backsliding remains debated, they have nonetheless raised concerns about the resilience of democratic checks and balances.

In some cases, political regimes transition from democracy to authoritarianism through deliberate actions by democratically elected leaders who systematically introduce authoritarian institutions and reshape political systems. This process, termed democratic backsliding, is exemplified by figures such as Viktor Orbán in Hungary, Hugo Chávez and Nicolás Maduro in Venezuela, and Recep Tayyip Erdoğan in Turkey (Haggard and Kaufman, 2021).¹

A key feature of these cases is that the transition from democracy to authoritarianism has not occurred through overt violence, but rather through democratic means. Historically, there have been many instances in which countries, after democratizing, reverted to authoritarian rule through violent methods such as coups. In such cases, conflicts between the masses and political elites often persisted even after democratization, and authoritarian reversals emerged as part of elite backlash.

By contrast, recent authoritarian transitions have used democratic processes. Leaders first elected in free and fair elections increased their power by changing constitutions and institutions, shifting their countries toward authoritarianism. Often, these changes take place under formal democratic procedures. In short, backsliding happens through democratic means. To understand how, let us begin with Hungary.

How Democracy Eroded in Hungary

Following World War II, Hungary was governed under a one-party dictatorship led by the Hungarian Socialist Workers' Party. However, following the 1989 constitutional revision, Hungary became one of the earliest countries in Eastern Europe to undergo democratization. It subsequently joined NATO in 1999 and the European Union in 2004, and was regarded as a leading democracy in the region. Yet,

as of 2025, Hungary's freedom score stood at 65 out of 100 and was classified as "Partly Free" according to Freedom House, a US-based international NGO that assesses levels of freedom across countries. The key figure behind this process of authoritarian backsliding was Viktor Orbán, one of the leaders of Hungary's democratization movement and, until April 2026, the country's prime minister.

In the 2010 general election, Fidesz, a party co-founded by Orbán, won a landslide victory, securing more than two-thirds of the parliamentary seats. After becoming prime minister, Orbán enacted a new constitution that reflected traditional Catholic values, including defining marriage as the union of a man and a woman. At the same time, he introduced electoral reforms that redrew district boundaries in Fidesz's favor and revised media laws to impose constraints on critical reporting. In the judicial sphere, his government lowered the retirement age for judges and prosecutors, a move widely criticized as undermining judicial independence. Furthermore, by amending the central bank law to increase the number of deputy governor positions, his government undermined the central bank's independence.

Democratic systems typically incorporate a range of institutional safeguards, such as legislatures, media, and courts, to prevent political leaders from abusing power. Orbán's reforms effectively weakened the legislature through electoral changes, curtailed media independence through revisions to media law, and reduced the authority of the Constitutional Court through judicial reforms. As a result, Orbán remained in office for nearly 16 years.

That said, Orbán was not simply an unpopular leader maintaining power through coercion, at least until recent years. Despite changes to the electoral and judicial systems, he continued to govern within those institutional frameworks. His rule was not sustained through overt violence by the military or police. Even where institutions have taken on more authoritarian characteristics, maintaining power would be difficult without a certain level of public support. In this sense, many Hungarian citizens were able to be understood as having, to some extent, tolerated the country's shift toward authoritarianism while continuing to support the Orbán government.

Is Supporting Authoritarian Leaders "Irrational"?

When considering democratic backsliding, the behavior of politicians or parties that seek to promote authoritarianism is relatively easy to explain. Self-interested politicians who pursue private gains would naturally attempt to expand their authority and power to secure greater benefits. Even politicians motivated by sincere ideological commitments may view expanded authority as

necessary to realize their goals more effectively. Regardless of their motivations, it is not surprising that politicians might consider it acceptable to introduce, at least to some extent, more authoritarian institutions to enhance their own power.

But what about citizens? As authoritarianism advances, citizens' rights are likely to be curtailed. As politicians' power increases, the extent to which citizens' voices are reflected in political decision-making diminishes. Moreover, once authoritarian institutions are established, institutional inertia makes them difficult to dismantle. Nevertheless, in many countries, politicians and parties with authoritarian tendencies have won elections and accelerated democratic backsliding. Despite ongoing democratic erosion, support for such politicians often remains strong. This raises a central question: what mechanisms explain citizens' support for politicians who promote authoritarianism?

It is tempting to conclude that citizens are being misled by politicians and are making seemingly "irrational" choices. However, all these choices are irrational, blocking us from understanding why democratic backsliding occurs and from identifying effective prevention. To address the main issue, we should instead assume that citizens who support these politicians act according to their own logic. Accurately understanding this logic is essential to forge effective responses to democratic backsliding.

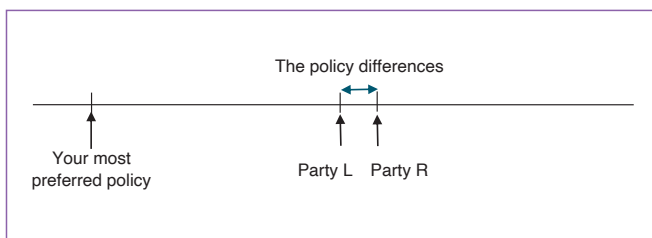
One useful approach to understanding behavior that may not be immediately intuitive is game theory. Game theory simplifies complex real-world phenomena to isolate their essential features and analyze them systematically. By modeling real-world interactions as games, it becomes possible to examine the incentives that lead individuals to adopt behaviors.

From a game-theoretic perspective, we can explore the rational reasons why individuals may support or tolerate democratic backsliding. This article introduces past game-theoretic analyses of why citizens may support democratic backsliding and consider the underlying mechanisms that give rise to such outcomes, as well as potential measures to address them.

When Policy Matters More Than Democracy

Suppose first that voters place primary importance on "remaining a democracy". They do not view institutional reforms that concentrate power in the executive as desirable, and they believe that politics should be conducted in accordance with democratic

CHART 1
Low Political Polarization



Source: Compiled by the author

procedures. In this case, when is the "value of democracy" important for voters? To explore this question, consider research based on game theory (Graham and Svobik, 2020).²

Imagine two political parties that advocate identical policy platforms. One party (or its leader) respects democratic procedures, whereas the other is power-oriented and places little value on such procedures. A power-oriented party may seek to introduce more authoritarian institutions by weakening the legislature and the judiciary. Assume that the only difference between the two parties lies in their attitudes toward democracy; they do not differ in policy positions, competence, or any other dimension. In this scenario, voters who value democracy should support the party that upholds democratic procedures.

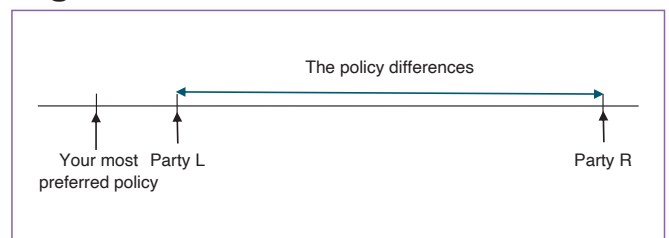
In reality, however, parties rarely differ only in their attitudes toward democracy; they also differ in policy. Consider, therefore, a left-wing party, called party L, and a right-wing party, called party R. As illustrated in *Chart 1*, suppose that party L proposes and is expected to implement policies that lie to the left of those proposed by party R. Further assume that you prefer policies located on the left side of the spectrum and dislike outcomes that deviate from your most preferred policy. From a policy perspective alone, party L is more attractive to you than party R. However, suppose that party R places greater value on democratic procedures than party L, and that party L adopts a more authoritarian stance. In other words, although you prefer party L in terms of policy, you prefer party R in terms of democratic values. You therefore face the following trade-off:

- Choosing party L leads to the implementation of more preferred policies.
- However, party L adopts a more authoritarian stance.

If the policy differences between the two parties are small, as in *Chart 1*, you may prioritize democratic values over policy and support party R. But what if the differences are large, as in *Chart 2*? When policy differences are substantial, it is more natural to expect voters to prioritize policy over democratic values. Even if democratic values are partially undermined, voters may seek to avoid the implementation of policies that are significantly misaligned with their preferences. In such cases, the importance of policy outweighs that of democratic values.

The situation depicted in *Chart 2* can be understood as a high degree of party polarization. Moreover, as voters themselves become increasingly polarized, the number of voters who perceive democracy's value as relatively low is likely to grow. In other words,

CHART 2
High Political Polarization



Source: Compiled by the author

the greater the degree of political polarization, the more likely individuals are to tolerate authoritarian behavior by politicians and parties. Consequently, greater political polarization increases the likelihood of democratic backsliding. Indeed, some empirical studies suggest that democratic backsliding is more prevalent in countries with greater political polarization (Graham and Svobik, 2020;² Haggard and Kaufman, 2021).¹

Do Voters Trade Democracy for Competence?

The previous section focused on voters who intrinsically value democracy. However, relatively few voters have direct benefits from “remaining a democracy”. Even so, voters may come to value democracy as a byproduct of other considerations (Luo and Przeworski, 2023).³

Suppose that voters care only about politicians’ competence and wish to elect more capable leaders through elections. At the same time, assume that some politicians adopt authoritarian tendencies, while others adhere to democratic procedures. Authoritarian politicians may introduce more authoritarian institutions, thereby increasing their chances of reelection. Consider two politicians: one with authoritarian tendencies and the other committed to democratic procedures. If there is no difference in competence between them, or if the authoritarian politician is less competent, the democratic politician will be chosen. The critical case arises when the authoritarian politician is more competent.

Suppose there is a highly competent authoritarian politician and an incompetent democratic politician, and voters choose the former. While this results in the election of a more capable leader, the authoritarian politician may increase their likelihood of reelection by introducing authoritarian institutions. Even if a more competent challenger emerges in the next election, the authoritarian incumbent may still be reelected. Thus, choosing a competent authoritarian politician entails the following trade-off:

- Voters can elect a more competent politician.
- However, even if a more competent challenger emerges in the future, the authoritarian incumbent may still be reelected.

If the latter effect is sufficiently strong, voters may instead choose an incompetent democratic politician to prevent democratic backsliding. This illustrates one reason why voters may come to value democracy, even if they initially care only about competence. But how often does this mechanism operate in practice? For the latter effect to be substantial, voters must place significant weight on the future and believe that more capable challengers will emerge from the opposition. However, voters are often preoccupied with their immediate circumstances, and it is difficult for them to believe that a stronger challenger will appear in the future. Consequently, cases in which voters come to value democracy in this indirect manner are likely to be limited.

Why Democracy Is Not Always a Priority

The main question of this article was why people tolerate the erosion of democracy. However, the preceding discussion suggests

that it may instead indicate the opposite question: why voters prioritize the intrinsic value of democracy. For voters facing immediate economic and social hardships, it is not surprising that the value of democracy may not rank highly among their concerns.

Orbán has implemented extensive family policies in Hungary, such as free access to fertility treatments and income tax exemptions for families after the birth of a third child. For families raising children, these policies are clearly attractive, even if they are part of a broader, exclusionary agenda aimed at reducing reliance on immigration. For voters seeking to maintain or improve their immediate living conditions, accepting some degree of authoritarianism in exchange for tangible benefits is neither surprising nor easily condemnable.

That said, the accumulation of small concessions of the form “a little authoritarianism is acceptable” can gradually erode democracy. As the powers of political leaders expand incrementally, there is always the possibility that they may eventually attempt a more sweeping weakening of institutions such as the judiciary and the legislature. The overall implication of the preceding analysis is therefore somewhat pessimistic: even in countries with competitive elections, persuading voters to resist democratic backsliding is far from straightforward.

Democratic Safeguards

At the same time, democratic systems possess institutional safeguards designed to preserve democratic governance, most notably the judiciary, the legislature, and the media. When executive leaders, such as presidents or prime ministers, attempt to exceed their authority and pursue authoritarian measures, these institutions can serve as effective constraints.

Consider the case of South Korea. On the night of Dec. 3, 2024, then-President Yoon Suk Yeol declared a state of emergency martial law in a televised address. Martial law, depending on its scope, can allow the military to assume extensive authority over administrative functions and to restrict fundamental rights, such as freedom of expression. Subsequently, the martial law command announced sweeping measures, including the suspension of political activities such as those of the National Assembly, local councils, political parties, and public gatherings. Although the South Korean president is granted emergency powers, including the authority to declare martial law in response to severe national threats, invoking them outside wartime or comparable crises is widely regarded as highly unusual. Furthermore, reports indicated attempts to restrict the functioning of key institutions, including the National Assembly, and to detain prominent political figures. Under the constitution, however, the president is required to notify the National Assembly without delay when exercising emergency powers, and such measures must be lifted if the Assembly so demands. These developments were therefore widely interpreted as stretching constitutional limits and as resembling an attempt to extend executive power beyond institutional constraints.

Nevertheless, the attempt to suppress the legislature failed. In the early hours of Dec. 4, members of the National Assembly convened and passed a resolution demanding the lifting of martial law, which

was subsequently revoked. Yoon was later impeached by the Assembly, and subsequent legal and constitutional proceedings ensued. In other words, what some described as a form of “self-coup” was ultimately thwarted by the legislature and judiciary, illustrating the potential effectiveness of democratic safeguards.

In Hungary as well, Viktor Orbán was defeated in the election in April 2026 and subsequently left office. This suggests that, as long as government selection is conducted through elections, even if political institutions are reshaped to one’s advantage, power cannot be maintained without preserving a certain level of public support. It also indicates that Hungary’s elections finally functioned as intended. Furthermore, the newly emerging party Tisza can be interpreted as having been perceived by voters as a “competent opposition”, as discussed in the analysis above.

These examples suggest that institutional safeguards can still function, at least to some extent, as an effective safety net. At the same time, institutional safeguards have their limits. In particular, some scholars have argued that democratic erosion may be difficult to reverse once it begins (Howell, Shepsle, and Wolton, 2023).⁴ Political leaders may find it difficult to transform institutions in a fully authoritarian direction all at once. However, they may gradually expand their authority over time, sometimes in response to perceived necessity and changing circumstances.

In such cases, courts and legislatures are often called upon to judge whether such expansions of power are permissible. If these institutions reject such attempts, the expansion does not proceed. But if they accept them, these decisions can become precedents, allowing future leaders to retain and build upon the same powers. As long as systems rely on precedent, it is difficult to roll back authority once it has been granted to political leaders.

Therefore, executive power may expand incrementally over time. Under such conditions, there is no guarantee that a future leader will not make use of these accumulated powers to pursue a more pronounced authoritarian shift. In this sense, institutional safeguards, while important, have inherent limitations. In Hungary as well, as long as the new government party maintains the authoritarian institutions established by Orbán, it cannot be considered a democracy. The key question going forward will be whether the country can return to a more democratic trajectory.

How Can Democratic Backsliding Be Prevented?

While the preceding discussion highlights the mechanisms that enable democratic backsliding, it also raises a critical question: how can it be prevented?

A first implication is the importance of institutional design as discussed in the previous section. As illustrated by the case of South Korea, the presence of independent institutions, such as courts, legislatures, and the media, can play a crucial role in constraining executive overreach. However, these institutions do not operate automatically. Their effectiveness depends on both formal rules and political actors’ willingness to uphold them. Once these institutions are weakened, restoring them can be extremely difficult.

A second implication concerns the incentives faced by voters. As

discussed earlier, voters may tolerate authoritarian tendencies when doing so helps them secure preferred policies or competent leadership. This suggests that simply strengthening institutions is not sufficient. It is also necessary to reduce the trade-offs that voters face between policy outcomes and democratic principles. For example, when political polarization is high, voters may perceive the policy stakes of elections as so large that they are willing to overlook violations of democratic norms. Reducing polarization, therefore, may indirectly help protect democracy.

Third, the information environment plays a critical role. When media systems are fragmented or dominated by pro-government actors, voters may not fully observe the extent to which democratic institutions are being eroded. In such contexts, even rational voters may fail to respond to democratic backsliding. Ensuring access to diverse and reliable sources of information is therefore essential for democratic accountability.

Finally, it is important to recognize the limits of purely institutional solutions. Even well-designed systems can come under strain if a sufficient share of voters is willing to support leaders who undermine them. This underscores the importance of understanding the underlying logic of voter behavior rather than dismissing it as simply irrational.

In sum, preventing democratic backsliding requires a combination of robust institutions, a balanced political environment, and an informed electorate. While none of these conditions can fully eliminate the risk of democratic erosion, together they can serve as an effective safeguard against it.

References

1. Haggard, S. and Kaufman, R., 2021, *Backsliding: Democratic Regress in the Contemporary World*, Cambridge University Press. <https://doi.org/10.1017/9781108957809>
2. Graham, M. H. and Svobik, M. W., 2020, “Democracy in America? Partisanship, Polarization, and the Robustness of Support for Democracy in the United States”, *American Political Science Review*, 114(2): 392-409. <https://doi.org/10.1017/S0003055420000052>
3. Luo, Z. and Przeworski, A., 2023, “Democracy and its Vulnerabilities: Dynamics of Democratic Backsliding”, *Quarterly Journal of Political Science*, 18 (1): 105-130. <https://doi.org/10.1561/100.00021112>
4. Howell, W. G., K. A. Shepsle, and S. Wolton, 2023, “Executive absolutism: the dynamics of authority acquisition in a system of separated powers”, *Quarterly Journal of Political Science*, 18(2), 243-275. <https://doi.org/10.1561/100.00021219>

JS

Yasushi Asako holds a Ph.D. in Economics from the University of Wisconsin–Madison. After serving as an economist at the Bank of Japan’s Financial Research Institute, he is currently associate professor, Faculty of Political Science and Economics, Waseda University.

Interview with Dr. Hugh Whittaker of St. Antony's College, Oxford University, author of *Building a New Economy: Japan's Digital and Green Transformation*, published by Oxford University Press, 2024

Investing in Human Capital is Necessary to Restore the Japanese Economy

By Japan SPOTLIGHT

JS: First of all, could you please tell us about your motivation for writing this book?

Whittaker: In the mid-2010s, I was struck by the overwhelmingly negative view of the Japanese economy. Many economists didn't have anything good to say about the Japanese economy, but when I visited Japan or other people visited Japan, they saw quite a few positive things in the economy. So there was this gap and economists were particularly negative. Then in late 2015, the Council for Science, Technology and Innovation came out with the idea of Society 5.0. I was initially skeptical about it, but I heard a member of the council give a presentation and explain that the Fifth Science and Technology Basic Plan envisages a fundamental shift in innovation from competitiveness and technology push-type innovation to responding to social needs. The member said that this shift in thinking was a response to the triple disaster of March 11, 2011, thinking that we have to plan for an unknown future and also need to be responsive to social needs. So I wondered if innovation policy and thinking in Japan were changing.

At the back of my mind, I had an idea that in the post-war period, Japanese institutions worked together very well, centered on manufacturing, as they did in a lot of other countries. It was called the golden era of capitalism. That fit was broken in the 1990s and 2000s as it was in many other countries. I wondered, is it possible that there is a new configuration of institutions for a post-industrial – not necessarily de-industrial – society, which is different from the postwar period of the 1950s and 1960s? That was the kind of theoretical, conceptual puzzle that I had in my head, and I thought maybe Japan could give me some answers for that.

JS: Yes, I see. Do you think the Japanese economy or Japanese political economy is responding well to social needs? Is the economic policy side providing good answers to social needs, against the backdrop



Dr. Hugh Whittaker

of rising geopolitical risks?

Whittaker: That's a very big question, and a difficult question. My first response would be that I don't think any country is dealing with the tensions that you mentioned very well. Certainly, the United Kingdom is not, and the United States is not, and often the failure in the economy is reflected in politics. From the 1980s and 1990s we had a shift in policy from maintaining full employment and Keynesian policies towards more neoliberal policies, and associated with that was growth in financial institutions and financialization, and associated with that, a rise in inequality. And the tensions resulting from the rise of inequality, in my view, produced the election of Donald Trump and Britain's decision to

leave the European Union (Brexit). Japan also experienced a significant rise in inequality in the 2000s and 2010s. I don't think Japan has dealt particularly well with inequality, but it's been fortunate that it hasn't had the same political tensions as in the US and UK, perhaps because Japan never moved so far in the direction of neoliberalism. The policies were kind of halfway between neoliberalism and the postwar system. So perhaps the political consequences haven't been so extreme because Japan did not move so far.

JS: Japan is well known for what we call Japanese socialism. Japan has long been considered one of the representatives of capitalist economies. However, many people visiting Japan, and economists in particular, would say this country is very much like a socialist country, and that's the reason Japan has been successful in responding to social needs compared with other countries. It's a sort of mixed, capitalist economy, with a kind of socialism in people's subconsciousness.

Whittaker: Yes. That subconsciousness says that we shouldn't let

inequality grow too much. It's not necessarily egalitarianism, but more like we shouldn't let poverty grow too much, and we should look out for the weaker members of society. I agree with that and that's possibly one of the factors why the political effects of inequality haven't been so extreme. But quietly, inequality has grown in Japan, and it has serious consequences that are not always visible to visitors and economists. I wouldn't say Japan has avoided these things, but the postwar stakeholder model, which had a growth and a distribution element, was compatible with the way of thinking that you mentioned, and I think it's a very good thing.

Thoughts on Institutional Economics

JS: My next question is about institutional economics. Do you think institutional economics would be a relevant theoretical instrument for analyzing the Japanese economy.

Whittaker: Well, institutions are important, but institutional economics takes different forms. For example, varieties-of-capitalism is a form of institutionalism, and the problem with a lot of the varieties-of-capitalism writing is that it puts Japan in a certain box of a coordinated market economy like Germany, as opposed to the liberal market economies of the US and the UK. If you are in a certain box, you are supposed to have certain kinds of innovative strengths and certain weaknesses. It's a very static and deductive approach. I think if you are interested in institutions, you also have to be interested in agency and entrepreneurship and how institutions change. For me, the question is how do institutions change? Why do they change? Not, "Is there a static, regular pattern and a box that Japan should be put into"?

Also, how do different institutions work together or not work together? I think that's a critical issue, and varieties-of-capitalism literature tends to think that institutions work together, basically. That's why you have varieties of capitalism, and they tend to underplay the tensions between different institutions, but there are tensions between different institutions. There was a kind of very compatible set in the postwar period, but perhaps more normal is that the institutions can clash, and how those clashes are resolved is really important. That's what my interest in institutions comes from.

JS: Many people say that reform in Japan is very slow and not sufficient, but I think any country has to be reticent and slow, as far as the reform is based on institutional change. Do you think we need to study more about historians' analysis of society and

institutions?

Whittaker: Yes, I quite agree that a historical view is really important. I think you are right that institutions change relatively slowly, but politicians like to think they can change them instantly. And so you have a lot of empty slogans by politicians that don't get enacted.

JS: You seem to have a positive view on the recent three-decade struggle of the Japanese economy because institutional change is slow and it was all of Japan struggling in the right direction, with concern for social needs. Do you think Japan is reaching a new equilibrium between the market and the government, toward a new institutional change?

Whittaker: I think a lot of economists' view of the so-called lost decades is that Japan did not change, and that was the problem. But I think there was a lot of change in Japan during the 1990s and 2000s and 2010s, and sometimes the change was contradictory. For example, in the late 1990s banks were trying to clean up their bad loans, and then there was a financial big bang and the restructuring of the finance ministry. There were so many things going on at the same time that I think it was difficult to actually focus on cleaning up the bad loans. In the early 2000s, METI, or MITI, said that Japan was going to become the leading global IT country. At the same time, the government of Prime Minister Junichiro Koizumi was intent on deregulation and not very interested in industrial policy. There was a contradiction between those two things.

I think there was a lot of awareness that Japan had to change in the early 2000s, but there was a desire to keep the good points of the stakeholder, postwar, productionist model. There was also a lot of pressure from the US to open up financial markets, so there were lots of different currents in the pressures for change, and some of the changes were contradictory. Some resulted in *kakusa shakai*, or growing inequality in Japan. I think like other countries, Japan was trying to make sense of a lot of different competitive pressures with the growth of IT and global value chains, and the rise of China. The world was changing rapidly. I don't think Japan was resisting change; I think it was trying to figure out how to negotiate the very complex, changing environment. And so I have sympathy towards the difficulties that Japan faced in the 1990s and 2000s.

JS: I agree with you, I think Japanese are basically doing relatively well in dealing with short-term, rising issues, but what we critically lack is long-term thinking.

Whittaker: I agree with you precisely on that point. I think the responses were often short term, and particularly around investment in people. Companies responded to the competitive pressures by increasing non-regular employees, and that allowed them to restore their profitability. The long-term effect of that is that, to deal with short-term competitive pressures, Japan lost a lot of the advantages in human resources that it had. Companies cut back on expenditures in training and in research and development. The government cut its spending on education, and the administrative reform of universities curbed spending. There was a long-term sacrifice or cost in responding to those pressures, and I think you're exactly right.

Possible Lessons of Japanese Struggle During the 3 Lost Decades

JS: What lessons could Japan have for the Global South in coping with some rising issues from the development process?

Whittaker: My book is not so much about the struggles of the so-called lost decades, it's about what happened in Japan after 2015. I think all countries – developed countries and developing countries – are struggling on the innovation side, with the issue of digitalization, and now we have artificial intelligence (AI) coming at us very quickly. And there's growing tension between DX (digital transformation) and GX (green transformation). On the other hand, on the distribution side, Prime Minister Fumio Kishida promoted a new form of capitalism and wanted to create a kind of virtuous growth and distribution circle.

I think, actually, all countries are struggling with this and what I see as interesting in Japan is an attempt to think into the future with Society 5.0 and say, "What kind of digital society with green characteristics do we want to create, and what does governance look like?" In other words, optimistically put, an attempt to get companies and civil society organizations looking towards the future and thinking, "How can we create a society in which we can manage these tensions, and hopefully create a fairer society?" I think there are lessons for the UK and the US and for developing countries as well. We can't simply take what Japan is doing and do it in other countries, but we can certainly learn from how Japan is approaching those challenges.

JS: I see. One concern about technological innovation might be a possible increase in unemployment because of AI or the IT revolution. What do you think about this social aspect of innovation?

Whittaker: In the UK there is a lot of concern about jobs being lost through AI. People always say it may be helpful in Japan because of the labor shortage, and perhaps AI can compensate for that. There is a much more positive view of AI and digital transformation in Japan. I think it's more complicated than that. There are complex issues of skills, and I think the background in Japan of this kind of a regular and non-regular employment divide is problematic. I think there has to be new thinking about different types of employment because AI is potentially going to change the way we work and introduce new working patterns. We have to be thinking about when people are working at home more, perhaps shorter hours, more flexibly, or different kinds of work. How do we create a social system around these different types of jobs compared with what we had when manufacturing was the core of the economy and most people – men – had secure, long-term jobs related to that?

JS: Increasing labor mobility and raising immigrant labor could perhaps be solutions for achieving a balance between welfare and efficiency, but both seem to be very difficult. In the case of Japan, where lifetime employment and seniority-based promotions and salary still exist, do you think it will be easy to raise labor mobility? And on immigration, do you think it will be easy to increase immigration in Japan?

Whittaker: The assumption about labor mobility is that people are trapped in the wrong place, so productivity suffers because people are not where they can be most effective. And we can see that with the shortage of IT-trained people and so on. For me, barriers to mobility in the form of pension portability, eligibility for re-skilling course support, and whether you can get unemployment insurance that helps you pay for those courses and so on should be addressed and should be removed. But I think this dichotomy about *job-gata* versus *membership-gata* is misleading. The word that was used in Japan's three pillars of employment was *nenko joretsu*, where *nen* is seniority and *ko* is effectiveness. *Nenko* was justified in the postwar period on the assumption that people's skills increased with their age. So if companies train people, they want to keep those people because they're becoming increasingly effective. I agree that wage systems need to be based around the effectiveness of skills, but the golden treasure is not mobility, it's companies having the right skills for the jobs. I think mobility and job-based wages help immigrants and women do better in the labor force, but I don't think the enemy is *nenko joretsu*, or lifetime employment. It's companies getting the skills that they need, and if they invest in people, they want to keep

those people. I'm skeptical about this dichotomy between *membership-gata* and *job-gata*.

Immigrant labor is going to be a big issue and a problematic issue for Japan. With immigrant labor, immigrants want to have families, and the social aspect of providing Japanese language and support for families of immigrants is a big issue that Japan hasn't really faced yet. I think that is a real, serious challenge for Japan. It creates political problems, and nationalists always want to expel immigrants. They ignore the fact that immigrants do a lot of the work that the nationals don't want to do – on farms and cleaning jobs and in the care sector – so it becomes a political problem, and it will be the case in Japan.

JS: Your book talks a lot about Society 5.0, but there seem to be some impediments to Japanese society's development of applications for IT, or even AI. What do you see as the basic cause of this? Does group-oriented behavior prevent IT applications from expanding, or are the insufficient English language skills of many Japanese people a serious impediment?

Whittaker: Those may be impediments, but I think there are two other issues. One issue is probably the flip side of *monozukuri* (manufacturing). That is a cultural value of producing things, and a kind of a lack of value placed on software and software skills in companies. It has been difficult for software engineers to become influential in companies, as there is kind of a hardware mentality. The undervaluing of software skills has been one issue. And a second issue, which I came across 30 years ago in the 1990s, is that people described the software industry as being similar to the construction industry, in that it's outsourced and there are tiers of suppliers doing contract work, without building up software skills in the companies themselves. I think the two of those are linked, and that is a legacy problem. The strength of the manufacturing economy created this weakness in appreciation of software in core companies.

Restoring the Japanese Economy as a New Economy

JS: Thank you. One last question: what do you think would be the key factors for achieving Scenario 1 in your book – the restoration of the Japanese economy? Is it a bad idea to measure economy restored in terms of GDP, when Japanese GDP growth is much lower than in other countries. What

do you think will be vital for the Japanese economy to reverse that trend?

Whittaker: I think this is connected with what you said earlier about the so-called lost decades – the short-term response versus a long-term response. There is a long-term cost for companies' short-term responses of cutting down on capital investment, on research and development, and on personnel costs, and that is a sacrificing of long-term competitiveness and productivity. Companies were very successful in controlling their costs and they built up very big internal reserves, and now maybe they're starting to increase their capital investment again, but they haven't really increased their investment in human resources. I think overcoming that legacy of the so-called lost decades will be important for Japan.

And I think social investment is going to be a critical issue, because AI is going to change the nature of jobs and the structure of labor markets. Investing in people so that people can get jobs that add significant value is a crucial challenge, that I think is recognized in Japan. Late Prime Minister Shinzo Abe had his *hito zukuri kakumei* (people-creating revolution) and Kishida had his idea of investing in people and making them the center of the economy, but quite often the measures adopted were short-term, temporary measures. I don't think they have had much of an impact. I do think investing in people, as a kind of a Japanese version of a social investment state, is going to be a critical issue for Japan.

JS: I see. So investing in human capital would lead to the building of a new economy. In that sense, institutional economics or studies of history should be important analytical tools.

Whittaker: Indeed.

JS: Thank you very much.

JS

Written with the cooperation of David S. Spengler, who is a translator and consultant specializing in corporate communications.

The International Community from the Perspective of Eastern Thought (Part II) – Multipolarization of the International Order: the Nature & Influence of the Global South



Author Guo Sizhi

By Guo Sizhi

In recent years, the landscape of international politics and the global economy has undergone significant transformation. The rise of emerging powers such as China has intensified US-China rivalry and accelerated the formation and confrontation of two major blocs – one democratic and the other authoritarian. In particular, Russia's invasion of Ukraine in February 2022 brought the confrontation between authoritarian and democratic systems into sharp relief, lending increasing credibility to the notion of a “new Cold War”. Amid this environment, growing attention has been directed toward the actions and presence of the Global South, which does not neatly align with either of the two major blocs.

This paper examines how the values inherent in Eastern thought – namely “integration”, “harmony” and “diversity” – relate to the behavioral principles of Global South countries in contemporary international politics. It seeks to clarify the shared characteristics between Eastern thought and the diplomatic behavior of the Global South, particularly their rejection of binary confrontation, their acceptance of multiple coexisting value systems, and their flexible diplomatic posture.

The Limits of Dualistic Worldviews & the Emergence of Polarized Blocs

In recent years, as the United States and China have entered a period of intense confrontation and friction, the term “new Cold War” has become increasingly common and carries a growing sense of realism. With the rise of China, Russia, and other states, the sphere of influence of authoritarian regimes appears to be expanding in opposition to the Western democratic bloc. At the same time, the Western tendency to interpret global affairs through a dualistic lens has contributed to the perception of a new Cold War and the polarization of the international system into two opposing blocs.

For example, since the inauguration of the Joe Biden administration in the US in January 2021, international political dynamics have often been framed in terms of “democracy versus authoritarianism” (Yuzo Waki, *The Age of the Global South: The Multiplication of International Politics*, 2024).

Western countries, perceiving the rise of China, Russia, and other socialist or formerly socialist states as a challenge to democracy and the existing international order, have expressed strong concern and adopted a confrontational stance. The US characterizes China as “the only competitor with the economic, diplomatic, military, and technological capacity to challenge a stable and open international

system.”

First, the West views global politics through the lens of a confrontation between democracy and authoritarianism, identifying Russia and China as principal competitors. Second, regarding challenges to the international order, China is regarded as “the only country with the capability to mount a comprehensive challenge to a stable and open international order” and is seen as contesting existing norms and values.

Third, the US and other Western countries emphasize value-based diplomacy. By prioritizing universal values such as democracy and human rights, they seek to strengthen cooperation with like-minded allies in order to counter authoritarian states. Fourth, Western countries, particularly the US, harbor deep concerns about China's pursuit of technological supremacy. China's expanding power has heightened concerns in the West regarding its acquisition of advanced technologies – such as semiconductors and artificial intelligence – and their potential military applications. In response, the US and other Western countries have implemented measures including investment restrictions and export controls targeting China.

Finally, the US and other Western nations have become acutely aware of the vulnerabilities in their own supply chains. Viewing their economic dependence on China as a strategic risk, they have introduced tariffs and other policy tools to encourage the reshoring of supply chains. At the same time, they are strengthening cooperation with allied countries to diversify supply networks, particularly in critical mineral resources such as rare earth elements.

Of course, authoritarian states – notably China and Russia, as well as other socialist or formerly socialist countries – perceive Western civilization and the universal democratic values championed by the US and its allies as potential threats to their own political systems. Specifically, China and Russia harbor the following concerns regarding the Western bloc.

First, they fear for the stability of their political systems: the expansion of democracy and the emphasis on human rights are seen as factors that could undermine the stability of one-party rule or authoritarian governance. Second, they strongly oppose what they view as interference in their domestic affairs: Western attempts to intervene in other countries under the banner of democracy or human rights are often condemned as violations of sovereignty.

Third, they interpret ongoing tensions as a new Cold War: despite the end of the original Cold War, confrontation between authoritarian states such as China and Russia and the democratic bloc persists,

and is increasingly described as a renewed Cold War dynamic. The confrontation between the US and China, along with the broader “new Cold War” environment, has the potential to produce a wide range of negative consequences for the world. At present, the most significant impacts include heightened uncertainty in the global economy, disruptions to supply chains, and rising geopolitical tensions.

The rivalry between the major blocs – particularly the US and China – has already exerted negative effects on the global economy. Major international organizations have revised downward their forecasts for global economic growth in 2025 and 2026. Additional tariffs are expected to temporarily reduce global GDP by around 1.0%. Trade restrictions between the US and China have begun to fragment supply chains. Moreover, China has strengthened export controls on rare earth elements, other critical minerals, and dual-use items. These measures, often implemented as counteractions against rival states, are particularly consequential given China’s dominant share of global rare earth production, and are likely to have significant impacts on related industries.

Relationship Between Eastern Thought & Diplomatic Behavior of the Global South

Eastern thought is characterized by a distinctive worldview that does not reject heterogeneous values or entities but instead seeks to integrate them and achieve harmony. As exemplified by Confucianism’s Doctrine of the Mean, Buddhism’s concept of dependent origination, and Daoism’s principle of *wu wei* (non-action), Eastern thought does not assume conflict as a starting point; rather, it affirms the coexistence of multiple values within a shared space.

This intellectual foundation – emphasizing “integration”, “harmony” and “diversity” – resonates deeply with the behavioral patterns of Global South countries in contemporary international politics. Many states in the Global South avoid aligning themselves rigidly with any particular bloc, even as US–China rivalry intensifies. Countries such as India, Indonesia, Brazil, and South Africa do not rely exclusively on any single major power; instead, they maintain simultaneous relationships with multiple partners in order to maximize their national interests. This posture is not merely a form of realist balance of power diplomacy, but is grounded in a worldview that assumes the coexistence of multiple value systems.

The Eastern philosophical notion of “coexistence of heterogeneous elements” aligns closely with the Global South’s diplomatic

practices, such as non-alignment and multi-vector diplomacy. These countries tend not to accept binary frameworks – such as democracy versus authoritarianism or liberalism versus state-led development – at face value. Rather, they show a tendency to respect the diversity of national development models and historical backgrounds. This represents a more inclusive and flexible value orientation, distinct from the Western modern tradition that seeks to universalize a single set of values.

Furthermore, the Daoist concept of “fluidity” corresponds to the diplomatic flexibility exhibited by Global South states as they adjust their positions in response to changing international conditions. India’s “strategic autonomy” and ASEAN’s “multi-layered balancing diplomacy” exemplify an approach that prioritizes situational adjustment over fixed alliances. This mirrors the characteristics of Eastern thought, which seeks to avoid confrontation, pursue harmony, and manage multiple values simultaneously.

In sum, the Eastern values of integration, harmony, and diversity provide an important analytical lens for understanding the diplomatic behavior of the Global South. The presence of the Global South demonstrates that the international order cannot be adequately captured by a simple bipolar structure; instead, it embodies the possibility of a world in which multiple value systems coexist. In this sense, Eastern thought deserves renewed attention as a theoretical foundation for interpreting today’s increasingly multipolar international system.

The Global South as an Expression of Multipolarity Beyond the Two Major Blocs

As the confrontation between the US and China deepens, the group of countries referred to as the Global South has been gaining increasing prominence in world politics and the global economy. These states do not clearly align with either Washington or Beijing; rather, they pursue their own interests and have begun to influence the formation of a new international order. The term “Global South” generally refers to emerging and developing countries in regions such as Asia, Africa, and Latin America. Although the term lacks a strict definition, it is widely used because many of these countries are located in the Southern Hemisphere. It is often contrasted with “Global North”, which refers to economically advanced nations.

The Global South thus denotes a broad group of emerging and developing countries that do not fit neatly into the traditional categories of the “Western bloc” or the “Eastern bloc”. These countries, despite their diversity, share certain common

characteristics: many experienced colonial rule in the past, and in recent decades they have achieved notable economic growth. During the Cold War, what is now called the Global South was referred to as the “Third World”, denoting countries that belonged neither to the capitalist bloc nor the socialist bloc. The term was also used in the context of the North–South divide, symbolizing the economic disparities between the affluent “North” and the developing “South”.

In the contemporary era, marked by deepening global fragmentation due to US-China rivalry and the war in Ukraine, the Global South has drawn renewed attention as a group of states that maintain a neutral stance rather than aligning with either major bloc. Although the term Global South does not strictly correspond to geographic location, it broadly encompasses emerging and developing nations. In recent years, these countries have been particularly noted for maintaining neutrality amid the widening divide between democracies and authoritarian regimes. The Global South includes more than 120 countries across Asia, the Middle East, Africa, and Latin America. Representative examples include India, Vietnam, Indonesia, Thailand, South Africa, Kenya, Nigeria, Egypt, Iran, Brazil, and Argentina.

From an economic perspective, many Global South countries have achieved rapid growth and are gaining influence in international markets. Nations such as India, Brazil, and South Africa have shown remarkable economic development. It is projected that by 2050, the combined nominal GDP of the Global South will surpass that of the US and China.

In terms of population, the Global South is experiencing rapid demographic expansion. According to United Nations projections, the population of the Global South – currently around 7.0 billion – is expected to reach approximately 8.3 to 8.4 billion by 2050, accounting for nearly two-thirds of the world’s population (*Table*).

Many Global South countries, such as India, avoid being drawn into the orbit of any particular major power. They prioritize securing their own national security and economic interests, moving pragmatically between the two major blocs. The Global South is increasing its international presence not by aligning with the US-led Western bloc or the China-Russia axis, but by maintaining an autonomous and flexible position.

Characteristics & Influence of the Global South

Many countries in the Global South are reluctant to make a “zero-sum choice” between the US and China. Instead, they seek to extract support from both sides in ways that maximize their own national

TABLE

Global South population (2026; 2050 approx.)

Unit: billion

Region	2026	2050
Asia	4.94	5.2–5.3
Africa	1.55	2.5
Latin America/Caribbean	0.46	0.6
Total	6.95	8.3–8.4

Source: UN World Population Projections

interests. Much like the “Third World” during the Cold War, the Global South often avoids aligning itself with either major bloc. This stance reflects a strategic calculation: by maintaining autonomy, these countries can draw benefits from both camps.

For example, in the UN General Assembly resolution condemning Russia over the war in Ukraine, many Global South countries – including India – abstained. This has been interpreted as a “dual strategy”, allowing them to import inexpensive Russian energy while maintaining economic ties with Western nations. Some Global South countries also harbor dissatisfaction with the US-led international order, and they do not necessarily welcome being forced to choose between Washington and Beijing. Moreover, US protectionist policies and deviations from internationally agreed norms of the “rule of law” have contributed to distrust and political frustration toward Washington.

Many Global South countries, like India, are increasingly inclined toward strategic autonomy. Indian Prime Minister Narendra Modi, for instance, has emphasized “strategic autonomy” by engaging with multiple major powers – including both the US and China – without leaning too heavily toward any single one, thereby safeguarding India’s security and economic interests.

The Global South is expanding its influence as a significant actor in the international community and is drawing global attention.

Political Influence

In the political arena, Global South countries sometimes adopt positions in the UN General Assembly that align with neither the Western bloc nor China and Russia, based on the principle of one country, one vote. As noted earlier, many Global South states abstained from the UN resolution condemning Russia’s invasion of Ukraine. Their diplomacy prioritizes national interests, and historical experiences of colonialism and anti-Western sentiment have strengthened resistance to having advanced countries’ values

imposed upon them. This often manifests as “balancing diplomacy”, in which they leverage great-power rivalry to maximize economic and diplomatic benefits from both sides.

Influence on International Frameworks

India, which positions itself as a leader of the Global South, hosted the “Voice of the Global South Summit” as the G20 chair in 2023, leading discussions on global issues such as climate change and development financing. In November 2023, the UN General Assembly adopted a resolution – proposed by Nigeria and other Global South countries – to shift international tax cooperation to a UN framework. This was hailed as a historic victory, transferring decision-making authority over international tax rules from “rich-country clubs” like the G20 to the universally representative United Nations.

Economic Influence

Economically, the Global South has become a major engine of global growth. According to the IMF, the Global South accounts for roughly 40% of global GDP and about 70% of the world’s population – a share expected to continue rising. By 2050, the nominal GDP of the Global South is projected to surpass that of both the US and China.

As emerging markets, these countries attract international businesses with their rapid economic growth and vast consumer bases. Japanese companies, too, are expanding investments in Global South economies, particularly in fast-growing countries such as India and Vietnam. Their pursuit of strategic interests may offer new insights for achieving balance in the international system. The Global South is not merely a bystander in US-China rivalry; it is an active player contributing to the transformation of the global order.

Harmony & Integration

Through “balancing diplomacy, Global South countries seek economic and technological benefits from both the US and China. This approach helps prevent further escalation of great-power tensions and preserves diplomatic flexibility. Their neutral stance often contributes to easing overall international tensions.

Strengthening Multilateralism

The Global South plays a key role in reinforcing multilateral frameworks such as the United Nations and BRICS. By doing so, they help prevent the international order from becoming overly dominated by any single powerful state and promote a global system

that reflects diverse values and interests.

Presenting Unique Development Models

The Global South is pursuing development models distinct from Western-style modernization or China’s state capitalism. These alternative models offer the international community a broader set of choices and encourage countries to pursue development paths suited to their own cultural and social contexts.

Such trends in the Global South reduce the risk of the international system being dominated by a single ideology or power and open the way toward a more flexible, multipolar order in which diverse values can coexist.

Resource Supply & Global Markets

The Global South is also increasingly important as a supplier of strategic resources essential for energy transitions and digitalization, including oil, cobalt, lithium, and nickel. Ensuring stable access to these resources has prompted countries around the world to seek strategic partnerships with Global South nations.

Their influence on global trade and supply chains is also growing. Trade agreements and economic partnerships among Global South countries strengthen regional economic ties and expand their role in global supply chains. For advanced economies such as Japan, the Global South is an indispensable partner in building resilient supply chains for critical minerals.

Climate Change Leadership

The Global South is both a victim of climate change and an essential actor in addressing it. Many climate-related natural disasters occur in Global South countries. Although their historical responsibility for emissions is limited, they recognize the necessity of climate action and actively participate in global efforts. For example, Brazil has taken the lead in establishing the Global Biofuels Alliance (GBA) and the Bioeconomy Initiative (GIB) in 2023, demonstrating the Global South’s commitment to advancing climate solutions through their own frameworks. **JS**

Dr. Guo Sizhi is specially appointed professor at Teikyo University Okinaga Research Institute, and consulting fellow at the Japan Economic Foundation (JEF). He specializes in the international economy, the energy economy, and the Chinese economy. His current research focuses on the transformation of the international political and economic order, new energy, and economic security toward carbon neutrality, and decarbonization technology innovation. He is the author of numerous books, including *A History of the Industrial Revolution: The Transition of the International Order as Seen Through Innovation* and *The Decarbonizing Industrial Revolution*.

How Will Japan Deal With Trump's Tariffs? - Japan's Globalization Strategy



By Toshihiro Okubo

By Toshihiro Okubo

Changes in the Environment Surrounding Globalization

President Donald Trump's Tariff Policy and Global Turmoil

The tariff policies of the second Trump administration are creating significant uncertainty in the global economy. The imposition of additional tariffs and reciprocal duties is undermining the stability of the multilateral free trade system and forcing countries to respond to it. While tariff hikes are justified as protecting domestic industries and eliminating trade deficits, international economics has repeatedly pointed out that they are likely to damage long-term growth by increasing consumer costs and reducing international division of labor. Nevertheless, protectionism tends to garner political support. This disconnect between economic rationality and political logic is destabilizing the international economic order. Japan has consistently promoted free trade since the postwar era, but if anti-globalization and protectionism accelerate, it would find it harder to reap its traditional benefits. Japan is now being challenged to reexamine its own approach to globalization.

Japan's Unique Globalization

As the turmoil in the global economy deepens, Japan's stance on globalization is once again being questioned. Many developed nations have actively expanded the cross-border movement of goods, capital, people, and businesses alongside trade liberalization. Their approach was comprehensive, accepting immigrants and foreign workers while also attracting direct investment from overseas companies. Japan, however, has followed a somewhat different path. While consistently promoting trade liberalization since the postwar period and actively concluding free trade agreements and economic partnership agreements in recent years, its acceptance of immigrants has been limited, and its inward direct investment remains at a low level compared to major advanced economies. While Japanese companies have expanded overseas, they have been cautious about the inflow of people and capital from abroad. In other words, Japan's globalization has been asymmetric: centered on free trade, yet cautious about accepting capital and labor. However, as protectionism grows globally, trade-dependent Japan might struggle to maintain its traditional benefits. With its severe aging and declining birthrate today, Japan is once again being asked what form of globalization it will choose.

Japanese Preferences for Globalization as Seen in Public Opinion Surveys

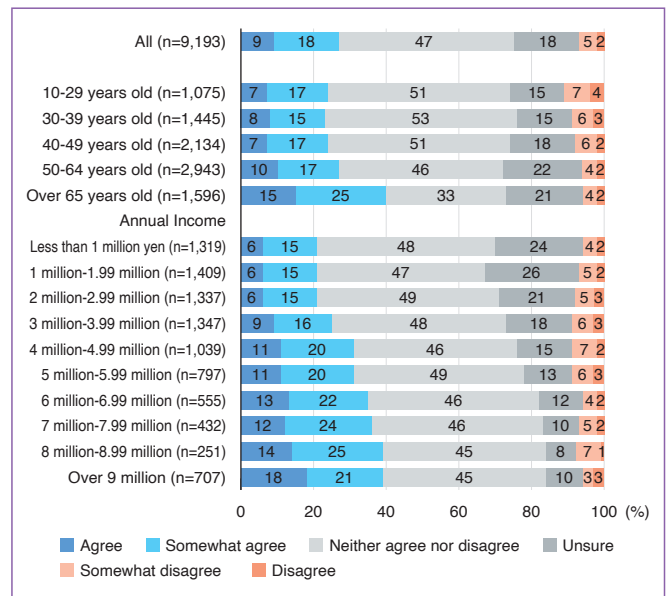
Free Trade and Tariff Policy

Results from the "Questionnaire Survey on Work Styles, Life and Awareness in the Digital Economy and Society" conducted in December 2024 by Toshihiro Okubo at Keio University and the National Institute for Research Advancement (NIRA) reveal Japanese attitudes toward globalization. It is important to note that respondents were employed individuals and that these attitudes predate the start of the second Trump administration.

First, regarding the promotion of free trade, 27% were in favor and 7% opposed, indicating significantly higher positive sentiment (*Chart 1*). Conversely, regarding promoting immigration acceptance, 15% were in favor and 27% opposed (*Chart 2*), suggesting greater caution on labor mobility. By age group, support for free trade was relatively higher among older and higher-income individuals. This suggests that generations that have long experienced its benefits might be more positive. On the other hand, the group explicitly supporting protectionism showed little variation across income

CHART 1

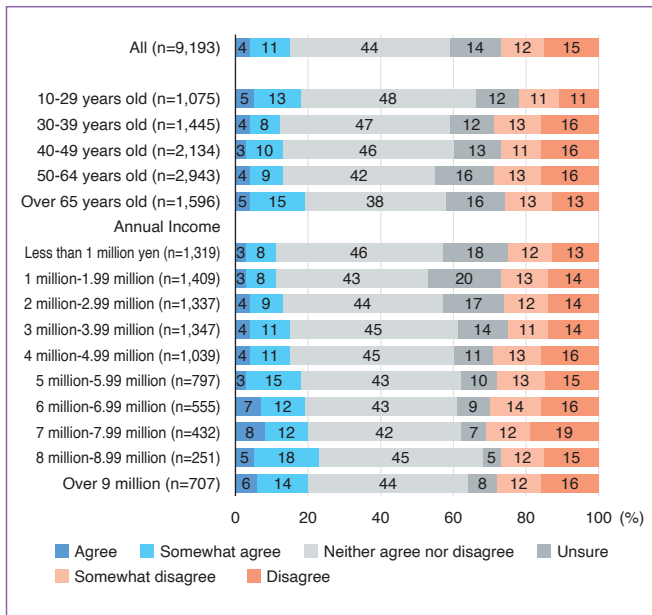
Pros & cons of free trade



Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

CHART 2

Pros & cons of immigration



Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

levels and remained a minority in all groups, a characteristic feature of Japan.

We further explored opinions on specific policies. Regarding tariff policy, respondents were asked which view they leaned toward: "A: Tariffs should be raised to protect Japan's domestic industries" or "B: Tariffs should be lowered to reduce consumer burdens". Support for raising tariffs ("closer to A" or "somewhat closer to A") stood at 20%, while 21% supported lowering tariffs ("closer to B" or "somewhat closer to B"), indicating a close divide (Chart 3).

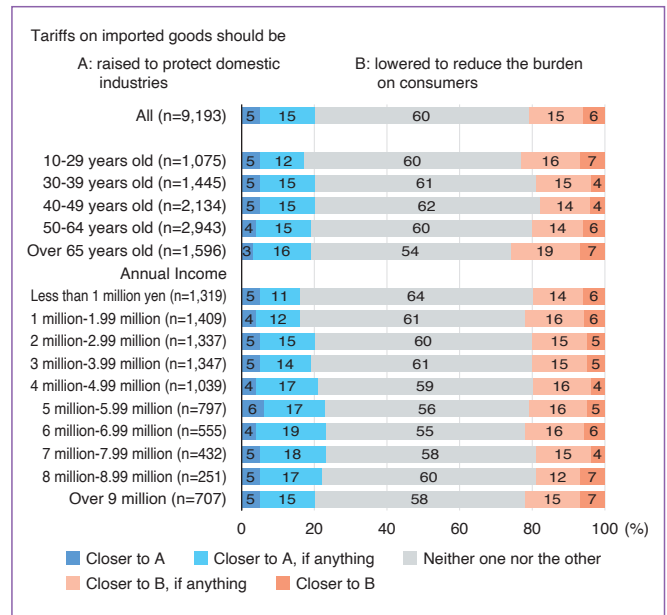
Overall, this indicates that while Japanese people generally support promoting free trade, opinions are evenly split when it comes to specific tariff policies. This might reflect a strong awareness that, while recognizing the benefits of free trade as consumers, they also feel the need to "protect domestic industries and employment" to safeguard their own jobs and income levels as producers or workers. Tariffs tend to become entrenched as a form of vested interest, benefiting specific industries or groups substantially, while spreading the burden thinly across the broader public, making it difficult for consumers to perceive tangibly. From a societal perspective, this is clearly unfair, hindering competition and distorting markets. Furthermore, in the long term, protecting domestic industries through tariffs would stifle innovation and productivity gains, eroding international competitiveness.

Opinion on Accepting Foreigners and Acquisitions by Foreign Individuals/Companies

Postwar Japan has promoted trade liberalization while remaining cautious about inflows of people and capital. However, against the backdrop of labor shortages due to a declining birthrate and aging population, as well as prolonged economic stagnation, arguments

CHART 3

Opinions on tariff policy

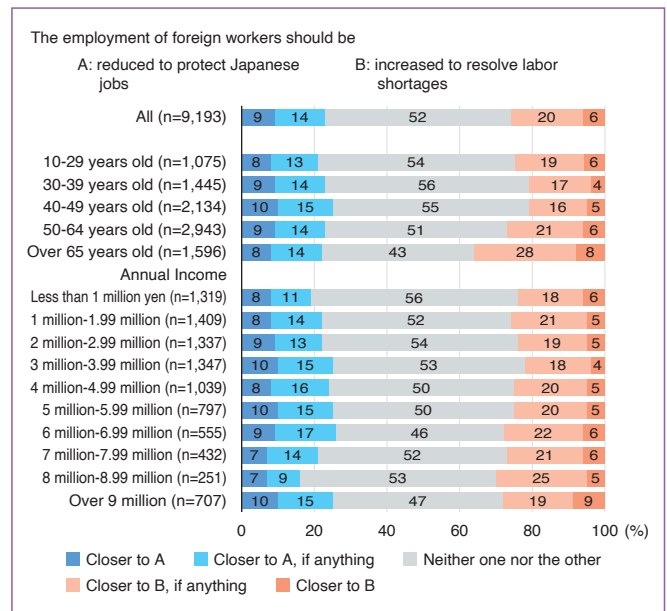


Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

for utilizing foreign labor and capital have grown stronger. When asked about foreign workers – whether their numbers should be reduced to protect jobs or increased to address labor shortages – opinions were evenly split: 23% favored reduction and 26% favored increase (Chart 4). While a slight majority supports increasing numbers, societal views remain divided. By age group, caution was strongest among those in their 40s, while acceptance and support

CHART 4

Opinions on foreign workers



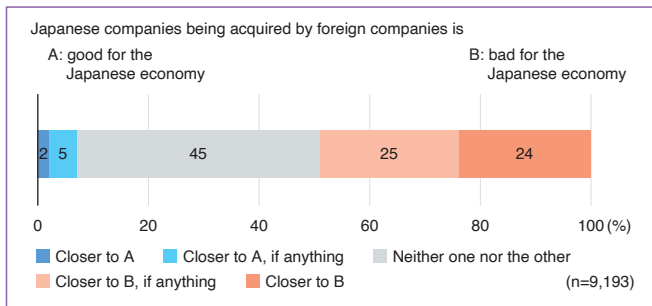
Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

were relatively higher among those aged 50 and above, particularly the elderly.

This result reflects Japan's situation of low unemployment and severe labor shortages. It appears a pragmatic judgment is at work, prioritizing the resolution of labor shortages over the protection of domestic employment. However, this is strictly within the context of supplementing the workforce with foreign laborers; as previously indicated, opposition could increase if it involves long-term immigration acceptance.

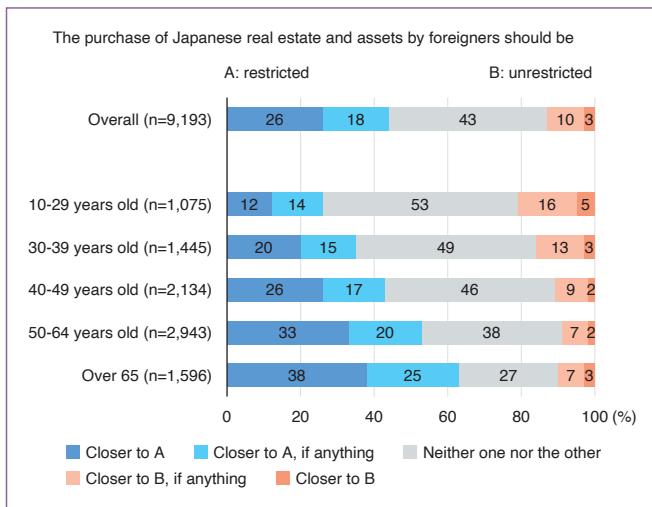
On the other hand, negative views are strong regarding foreign capital acquisitions of Japanese companies. Responses viewing the acquisition of Japanese companies by foreign firms as "bad" reached 49%, while those viewing it as "good" remained at just 7% (Chart 5). Furthermore, 44% support restrictions on land and real estate acquisition by foreigners, with this proportion being particularly high among the elderly (Chart 6). These attitudes reflect a cautious stance

CHART 5
Opinions on Japanese companies being acquired by foreign companies



Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

CHART 6
Opinions on foreign purchases of Japanese real estate & assets



Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

toward changes in ownership structures. Beyond the recent heightened awareness of economic security, psychological factors like the endowment effect and status quo bias may also be at play. Psychological resistance to differences in language, culture, and ways of thinking could also be influencing this. In the case of land, the tendency to envision broad risks, such as impacts on local communities and national sovereignty, likely also plays a role. On the other hand, regarding Japanese companies acquiring foreign firms, opinions are more divided, with 27% viewing it as "good" and 11% as "bad" (Chart 7). Support for aggressive overseas expansion is not overwhelmingly strong, and a hegemonic desire to expand Japan's economic advantage through foreign acquisitions does not necessarily appear strong.

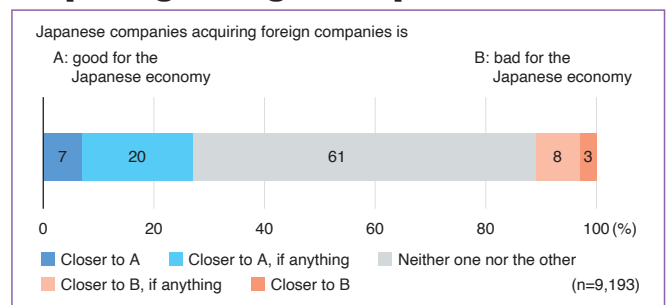
Overall, Japanese society appears open to the exchange of goods and services, yet cautious about transfers of ownership and labor mobility.

Neutral or Apathetic Segment: Apathetic Low-Income Groups More than Youth

A notable finding in the survey is the significant number of respondents who answered "neutral" or 'unsure' to many questions. Responses showing no clear support or opposition regarding issues like promoting free trade or accepting immigrants reached around half. In Japan, the cultural background of "the virtue of moderation" might lead to a strong tendency to choose "neutral". Conversely, those who answered "unsure" can be viewed as an apathetic group lacking clear opinions on policies or exhibiting low political interest. Specifically, regarding the promotion of free trade mentioned earlier, 65% responded as "neutral" or "unsure", with 47% being "neutral" and 18% "unsure". Regarding promoting immigration acceptance, 58% responded "neutral" or "unsure", with 44% neutral and 14% "unsure" (Chart 2). The "unsure" group generally accounted for just under 15-20%. Notably, the apathetic group is not necessarily concentrated among younger generations. Rather, a strong correlation exists with income, showing a tendency for apathy to be higher among lower-income groups. The apathetic group is relatively larger among those earning 3 million yen or less annually.

It is precisely these economically unstable groups that are most

CHART 7
Opinions on Japanese companies acquiring foreign companies



Source: Toshihiro Okubo (2025) "How Should Japan Respond to Trump Tariffs? A Globalization Strategy Based on Individual Preferences", NIRA Opinion Paper No. 85

vulnerable to the impacts of globalization. While the middle and lower-income classes have formed the core support base for anti-globalization movements in other countries, this trend is not yet prominent in Japan. However, should economic conditions deteriorate, it cannot be ruled out that the apathetic segment could rapidly gravitate toward specific political positions. Therefore, in debates surrounding free trade and inward investment, attention must be paid not only to voices for and against, but also to the existence of this silent segment.

Thoughts on Future International Economic Policy

The survey results confirm a certain level of support for promoting free trade itself. Therefore, Japan will likely maintain its fundamental approach of globalization centered on free trade. However, opinions are divided on accepting foreign workers, immigration, tariffs, and foreign capital acquisitions of companies. Particularly, a strong cautious stance is evident regarding foreign direct investment into Japan and land acquisitions that involve changes in ownership structure. Japan has historically been a country with relatively low levels of foreign direct investment. Differences in language, business practices, and corporate culture have also served as barriers to entry for foreign companies. Adding to this, recent concerns about economic security and rising nationalist sentiment could make expanding inward investment even more difficult. This is because underlying public opinion is a fear that transferring ownership to foreign entities could lead to broader societal transformation.

However, the Japanese economy faces a severe labor shortage. Labor shortages are evident in many sectors, including healthcare/nursing, construction, and services, acting as a constraint on growth. Surveys also indicate some support for accepting foreign workers to alleviate labor shortages. The reality is that the economy has reached a point where accepting a certain level of labor and capital from overseas is unavoidable. Crucially, the concepts of “immigrants” and “foreign workers” should not be lumped together. The economic effects and social impacts of accepting highly skilled professionals differ significantly from those of accepting low-skilled workers for manual labor. Their complementary relationship with industries and their impact on local communities are also not uniform. Nevertheless, framing the debate as a simple binary choice between support and opposition tends to amplify social anxiety. In particular, while accepting highly skilled workers is often linked to innovation and productivity gains, accepting low-skilled workers may alleviate shortages in manual labor but has more direct impacts on local communities and wage structures. Proceeding with discussions without clarifying the nature of the needed talent and its relationship to industrial structure risks letting social anxiety take precedence.

Furthermore, as the structure of labor demand shifts with the advancement of the digital economy, future anxieties may intensify for certain occupations. While robots and AI have reduced labor demand for blue-collar workers in manual labor, recent advances in generative AI are increasingly diminishing the need for white-collar workers in administrative roles. In this context, rapidly accelerating

labor mobility carries the undeniable risk that anxiety and dissatisfaction could coalesce into xenophobic sentiments. Survey findings indicating a large apathetic segment, particularly among low-income individuals, suggest public opinion could swiftly shift toward xenophobia should such changes occur.

Therefore, Japan’s inward investment policy extends beyond mere institutional design issues like deregulation or enhanced incentives. It requires careful deliberation on what form of investment and what kind of talent acceptance are desirable for society, taking into account psychological resistance to changes in ownership structures, the advancement of the digital economy, and future anxieties in the labor market. Externally, it is crucial to strengthen cooperation with countries supporting the free trade system and deepen existing free trade agreements and economic partnership agreements. Free trade agreements offer the advantage of uniting various smaller nations within a free trade framework, enabling them to challenge larger powers by achieving economies of scale. From a pro-free trade stance, it may be wise to leverage agreements like the Japan-EU EPA to strengthen ties with Europe and accelerate intra-regional trade and investment.

Japan’s globalization has followed a different path from that of Europe and the United States. With its declining birthrate and aging population, there is no guarantee it can maintain the same form from now on. Precisely for this reason, rather than a hasty debate based on simple “for or against” arguments, a gradual approach is needed, one that builds social consensus. Particularly regarding the acceptance of immigrants and foreign workers, the advancement of the digital economy will likely transform labor and occupations themselves significantly. Maintaining free trade, promoting inward investment, and redesigning labor mobility all involve balancing economic rationality with social acceptability (public attitudes toward globalization). Amidst a shaky global economy, Japan should pursue neither extreme openness nor isolation, but rather a sustainable globalization strategy shaped by thorough deliberation.

(The survey implementation and data analysis were conducted by the author, along with Atsuchi Inoue and Shoko Sekijima, senior researchers of the Nippon Institute for Research Advancement (NIRA) and Hinako Suzuki, research coordinator/researcher of NIRA.)

JS

Toshihiro Okubo is professor of International Economics at the Faculty of Economics, Keio University. His areas of expertise encompass international trade, regional economy, and economic geography. He is involved in policy consulting and is a member of several government committees.

Interview with the South African Chargé d'Affaires (a.i.) Annelize Schroeder

Celebrating a Century of Trust Between Japan & South Africa

By Mukesh Williams & Naoyuki Haraoka

Japan SPOTLIGHT met South African Chargé d'Affaires (a.i.) Annelize Schroeder at the Embassy of South Africa in Tokyo on Feb. 17, 2026, where she highlighted the 116-year relationship of trust between South Africa and Japan, and how it continues to grow. Political Counsellor Paul Siljeur joined the interview as well. Economic relations are critically important, especially in areas such as automotives, energy, and critical minerals. South Africa seeks Japanese collaboration for its Just Energy Transition, also focusing on renewables, hydrogen, and electricity grid modernization. To attract electric vehicle (EV) manufacturing, a new 150% tax deduction was introduced in March 2026. Positioned as a strategic gateway to Africa's 1.3 billion consumers, the nation is exploring further trade modalities. Bilateral ties are further strengthened through rugby, cricket, tourism, and academic research, with over 5,000 joint scientific articles published.

Introduction

Williams: In this issue we will highlight the possible cooperation between Japan and the Global South. You could use *Japan SPOTLIGHT* as a platform to propose avenues for cooperation between Japan and South Africa. So we must keep that in mind regarding the areas in which Japan can help South Africa and the areas for possible grants.

Schroeder: We have a very strong relationship with Japan. We have the largest number of Japanese companies on the African continent.

Overview of Bilateral Relations with Focus on Critical Minerals & Renewable Energy

Williams: How can Japan increase investments in South Africa, especially in renewable energy like wind and solar and critical minerals?

Schroeder: Well, I think there's a lot of scope in South Africa in the area of energy, and renewable energy, electricity, and critical minerals. Japan can increase investment in South Africa by aiming for long-term strategic growth rather than short term procurement opportunities. Our investment strategy centers on three pillars: a strong automotive industry, energy-and-electricity, and critical minerals. In the automotive industry, we have strong supply chains linked to companies like Toyota, Isuzu and Nissan, though the last is regrettably facing challenges.

When we look at critical minerals the world is an oyster. I think



Annelize Schroeder

there are so many opportunities in energy and critical minerals. Our relationship with Japan dates back 116 years. So it is a very long history. When we look at the investments of Japan, most of these companies go back to the late 1950s. So the first thing to understand is that we have a relationship of trust. Japanese technology will continue to be of critical importance to us. Even JETRO established their sub-Saharan African office in 1961 in South Africa.

Looking at renewable energy, the South African Integrated Resource Plan of 2025 basically says that South Africa will need 105 GW by 2039. It prescribes a new energy mix of renewables – wind, solar, battery, green hydrogen, etc. In critical minerals the opportunity lies in moving beyond extraction toward beneficiation and

processing. South Africa is a leading producer of platinum group metals and manganese which are essential for fuel cells, electric vehicles, and battery technologies. A joint venture refining and component manufacturing would secure reliable supply chains for Japanese industry while supporting industrialization and value addition for South Africa. We have put a lot of focus on energy transition. Some 80% of our electricity is generated from coal, but as we move away from coal-fired stations to renewable energy, we also have an obligation towards those workers who have lifelong been mining coal and do not know any other technology. It is a mutual responsibility to reschool them into the whole way of renewable energy like solar power which is far different from mining coal. So a just transition is important to make sure no one is left behind as we move forward.

Also, our cabinet last year took a decision to add between 14,000 and 14,500 kilometers of transmission lines in our country. These areas give us a lot of scope with Japan so we can work together in

areas of energy and electricity

We have a huge green ammonia project, called the Hive Coega Green Ammonia Project, which has a very strong presence by Itochu Japan, which has invested heavily in this area of great potential. A memorandum of cooperation was signed between Itochu and Hive in 2023. Our Minister of Electricity and Energy Dr. Kgosiensho Ramokgopa visited Japan in December 2024. His focus was to look into collaboration in terms of green hydrogen and ammonia. He had amazing meetings with some of the leading Japanese companies. He was very impressed with Japanese technologies and called his visit to Japan a “mind shifting” one.

We have a large dependency on coal. We looked into the future and thought about how we can bring in green hydrogen in our national frame. Japanese companies in general really played a huge role, led by companies such as Mitsubishi Heavy Industries and Mitsui, in assisting South Africa in creating green energy initiatives. We have had a problem with electricity in South Africa, especially load shedding, but when we look at the last year, we haven’t had load shedding. We are very appreciative towards Japan for the assistance it has given us in securing a stable electricity supply.

When we look at mineral resources and mining there is a lot of scope for foreign investment. In mineral resources, South Africa is a huge producer of PGMs (platinum group minerals). Our whole industrialization policy is centered around localization and beneficiation and in that we can assist Japan in terms of a stable supply chain. Joint ventures for us are incredibly important. If you look at a company like Toyota, it brings its whole supply chain to South Africa in close proximity. Toyota today produces some of the most sought-after vehicles in our country because they are super reliable, and Toyota has been in South Africa for more than 60 years. Economically speaking, Toyota is affordable for South Africans, as the whole supply chain is in close proximity of the manufacturing plant. So partnership in investment and technology and supply chain integration where we can contribute are extremely important to us.

There are so many Japanese companies involved in PGM extraction. We have rich sources of manganese and iron ore. Japanese companies play a critical role in job creation because we have around 150,000 South Africans employed by Japanese companies and that is something amazing. What is also amazing is what Japanese companies put into the community through social programs. A company like Sumitomo Rubber has invested in the Free State Province, one of the poorest areas in South Africa. What they have done is, for example, to assist in building classrooms for children. Our previous ambassador said that Japan is like a fish: a fish lays thousands of eggs, but it does so quietly. The chicken lays one egg and the whole village knows about it. This is the critical value of Japanese investment, the way they do things, and what they bring to society. The question is how we do it. For us it is very important to create a framework in which we can have a dialogue between South Africa and Japan, what we call the Partnership Forum. Relations between our two countries were upgraded to a Strategic Partnership in 2010. Through the Partnership Forum we have created various working groups on trade and investment where lots of policies and opportunities can be discussed.

Also, I want to talk about the generation of new energy. In 2024

JETRO led a high-level delegation to look into the green hydrogen and ammonia sectors to South Africa. A week later Keidanren undertook a business visit to South Africa. We also have the Business Leadership South Africa (BLSA) forum with which Keidanren has a strong relationship. We also look at opportunities to engage with Japanese organizations and agencies like *Keizai Doyukai* and Keidanren. The Japanese Development Financial Institutions like the JBIC and NEXI have a very important role to play through co-financing. In renewable energy and mining projects we have lots of scope. These are unique institutions and have a great place in South Africa and have been working for a long time.

One thing that I cannot overemphasize is the long relationship between Japan and South Africa in terms of joint exploration and mining projects. Localization and joint ventures are extremely important, and skills and technology transfers are areas we have been focusing on. We have an exceptionally good partnership with JICA where they provide training programs to students in a variety of fields, and we have a strong collaboration with Japan in research and development at the university level. In 2009 the two countries formed the South Africa Japan University Forum (SAJU). Between 2017 and 2024, South African and Japanese scientists have written and published more than 5,000 research articles together on a variety of topics like health and astronomy. So I think public-private partnerships are very important. In February this year, in South Africa we hosted the Mining Indaba in Cape Town where we had a strong Japanese presence. One of the aspects that was highlighted in the South African media was a company called SORA Technologies in Nagoya. They exhibited AI and a drone-driven mining intelligence platform that was quite unique. On the 31st of March, our president will host an investment conference in South Africa. He has invited many of the Japanese companies to join. We need new partnerships and collaborations.

Williams: Wonderful. You have given us a picture of the trust South Africa and Japan share with each other.

Common Ground on Energy & Environment Policy

Haraoka: I just want to confirm that your energy policy is moving in the same direction as ours, that environmental concerns, energy security, and economic growth are well-balanced, and that we should not take a single-purpose approach.

Schroeder: That would be right. How can we bring economy, employment, and climate together and what financial mechanisms are there to do so? We are very much interested in Japan’s industrialization policy and finding areas of collaboration. The memorandum of cooperation on decarbonization is a clear example of how multi-focused this whole approach is. I was invited by one of the largest Japanese companies to see how they extract lithium and tritium from platforms. The technologies and applications are quite fascinating.



(from left) Naoyuki Haraoka, Prof. Mukesh Williams & Annelize Schroeder

Williams: Basically, a lot of R&D is necessary to bring them together. The key to collaboration is to create a balance between renewable energy and cutting-edge technology, between economy and development, because otherwise it will become costly. Do you think cutting-edge technologies are the key for collaboration to create a balance?

Schroeder: For us, offtake agreements or long-term agreements are also important. We have requirements from our clients. As a producer you don't get the commensurate value as other players inflate the price, creating a huge cost that's not good for the global economy.

Williams: What is the impact of the 2025 Memorandum of Cooperation on decarbonization?

Schroeder: It is a wonderful step forward because it's not only deepening strategic cooperation, but is also focusing on what issue is of critical importance for both countries. Last year we focused specifically on green energy. It reflects South Africa's and Japan's expanding energy partnership. It reflects both countries' commitments to sustainable energy production. It opens new ways of deepening our strategic collaboration and boosting clean energy partnerships. Decarbonization introduces a new area of collaboration. Technology transfer and clean energy project deployment are important. They all enhance trade and investment.

How South Africa Views Rules-Based International Trading System

Williams: After TICAD 9 what is the progress towards a Free Trade Agreement?

Schroeder: In South Africa's case, it's a little bit complicated because as a member of the Southern African Customs Union (SACU) it is quite difficult to sign free trade agreements. The South African government is exploring modalities for an FTA.

Haraoka: What do you think about the WTO?

Schroeder: South Africa believes in a rules-based international trade system that is fair and predictable. And we do recognize the central role played by the WTO. However, like with the Bretton Woods institutions, we believe that the WTO should be reformed to better reflect and address issues of the Global South, so that important issues are discussed which can lead to the development of Global South countries and their economies and that they are not impeded by some of the regulations of the WTO. As the only member of the G20, South Africa takes its role very seriously and last year we re-emphasized that the international trade system must make provisions for the Global South to allow for development. Our approach is not to reject the system but to reshape it so that it has a favorable outcome for the Global South. Critical to this is the restoration of the dispute settlement system and the strengthening of the predictability of global trade, reforms of agricultural subsidies, and development policy for industrialization. We are a bridge between the North and the South.

South Africa – Strategic Gateway for Japanese Business to Africa

Williams: How can Japanese firms realize more trade? What can Japan get out of it that will attract Japanese companies to South Africa? What is that economic hook?

Schroeder: You sit now with a market of 1.3 billion people in the African Continental Free Trade Area (AFCFTA). It is huge. According to JETRO, most of the companies operating in Africa are based in South Africa – more than 250. Many of the Japanese companies deal with Africa from Europe or the Middle East, which is not ideal because working from outside of Africa, it is not truly possible to understand the situation on the ground. It would be critical for these companies to come and establish a base where they are visible. There is a need for Africa to be known in Japan and for Japan to be known in Africa. Africa is not that visible in Japan. Japanese companies see South Africa as the hub from where they can go into the continent. I think for the South African market and the international market, South Africa and Japan can work together to enter the strategic gateway which is South Africa.

Haraoka: Supply chain resilience could be restored through this cooperation, and India is playing an important role as a mediator between Africa and Japan. That is why India is proposing Indo-Pacific Cooperation.

Schroeder: Indo-Pacific Cooperation is an important notion as South Africa has an Indian Ocean coastline. It is of great economic security that we protect this line. When we had a war last year in the Middle East, Japanese liners could not get through the Middle East to their markets in Europe and America and that is why many Japanese ships had to come via the African coastline to deliver products. In case of

instability, it is increasingly important that the Indo-Pacific supply chain is secured and strengthened.

How to Promote South Africa Further for Young Japanese

Williams: Media must be able to present South Africa in a bigger way to the younger generation. What do you think?

Siljeur: There is a massive opportunity for Japanese companies as well. The youth of today is the middle class of tomorrow. Japanese companies must not take too long to come and should instead seize the moment and trade and invest in the continent now. There is competition on the continent from India, the EU, the United States and China. Many Africans think that some of the Japanese companies are African. South Africa is the most obvious choice because of our long tradition of Japanese companies' presence in our country.

Schroeder: Our financial services are some of the best in the world, comparable with most G7 countries. Banks are an important aspect of our financial agreement. ABSA Bank has an agreement with SMBC and Standard Bank with Mizuho Bank. So we have a network of knowledge and economic relations.

Developing Manufacturing Sector for Job Creation

Haraoka: I guess job creation for South Africa is very important. If so, manufacturing companies from Japan would be welcome. What do you expect most from Japanese investment in your country?

Schroeder: For South Africa, market access and job creation are incredibly important. It took us 22 years to negotiate the export of South African avocados to Japan; in that period, you couldn't negotiate anything else. We unfortunately have a large unemployment figure, and the government is doing its utmost to create opportunities for employment. As you said, manufacturing is important as a creator of employment for local people.

Williams: How can both countries strengthen the supply chain for EVs?

Schroeder: Our companies are investing heavily in R&D, and we are close to companies like Toyota and Isuzu. We have started introducing some concessions and incentives to attract investment in electric and new energy vehicles. Not only from Japan but all over the automotive industry. The government has introduced six initiatives. One of the most important ones is enhanced investment tax incentive and will come into force on March 1 this year which will allow EV and hydrogen vehicle manufacturers to claim 150% tax deduction on qualifying investment on holdings, machinery, and equipment. Also, there is the reduced capital investment for global production and expanding the capabilities of EV manufacturing in South Africa.

Then we have the industrial development support fund where the National Treasury has allocated about US\$450 million to support local production of EV batteries and related infrastructure development. Then there is also the Automotive Investment Scheme. Incentive promoting non-taxable cash grants of 20% to 35% on productive assets are available. One of the important programs is the Automotive Production and Development Program. South Africa is working now on amending these regulations to support ICE vehicles to EVs. Then we have the trade export and incentive layer. The shift to EVs will create an export-oriented support which will assist production by providing tax breaks, 15% corporate tax, duty free imports and subsidized infrastructure. We also have the Global Clean Tech Innovation Program supporting start-ups. JICA started the JICA-Ninja accelerator program in South Africa. They have done an amazing job. We have a ministry dedicated to Small Business Development.

People-to-people Connections

Williams: What are some of the ways to expand people-to-people connections between the two countries? How can Japan promote exhibitions, rugby, or cricket through collaborations?

Schroeder: Something that Japan did very well was to organize the 2019 Rugby World Cup because that created a lot of interest amongst South Africans in Japan. We have around 12 Springbok players playing rugby here in the Japan Rugby League One. We have a cricket collaboration where South Africa is involved in cricket development in Japan. For South Africans, interest in manga and anime is huge. We have a student exchange program between the universities of Stellenbosch and Yamanashi on wine making and SDGs. Culturally, South African music groups like Amapiano and DJ Black Coffee are popular. We export the unique South African Strelitzia flower to Japan which is famous in ikebana.

Williams: The South African Development Community (SADC) is doing very well at the university level generating a lot of interest amongst students in South Africa.

Schroeder: We have an annual SADC university lecture series with Soka, Waseda, and Tokyo University of Foreign Studies universities. In the last two years there has been a marked increase in the number of students who want to go to South Africa to study there. To be successful in Japan you must be visible, and you must be relevant.

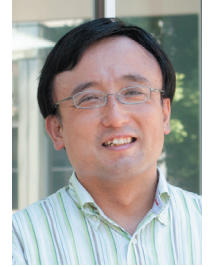
Williams: Thank you very much.

JS

Prof. Mukesh Williams is a poet and media writer who taught literature and cultural history in Japan and India. Formerly a faculty member at Keio and Soka universities, he is now Distinguished Professor at Shoolini University and advisor on academic exchange and global culture.

Naoyuki Haraoka is editor-in-chief of *Japan SPOTLIGHT* & executive managing director of the Japan Economic Foundation (JEF).

Changing Employment Structure of Japan



Author Nobuo Iizuka

By Nobuo Iizuka

Number of Employed Increases for 5th Year

According to the Labour Force Survey (Statistics Bureau, Ministry of Internal Affairs and Communications) released on Jan. 30, 2026, the average number of employed persons in Japan for 2025 was 68.28 million people, increasing for the fifth consecutive year. Even looking at the past decade it has continued to rise, except for a decline in 2020 during the coronavirus pandemic, with the number increasing by 1.07 times, equivalent to 4.52 million people.

Japan has entered a society of population decline, and the increase in the number of employed persons has been driven by greater labor participation among women and seniors. The employment rate, which is the percentage of employed persons in a population over 15 years of age, has reached 62.2% in 2025, the highest since the early 1980s, and it has risen by 4.6 percentage points in the past decade. In which

industry are employed persons working?

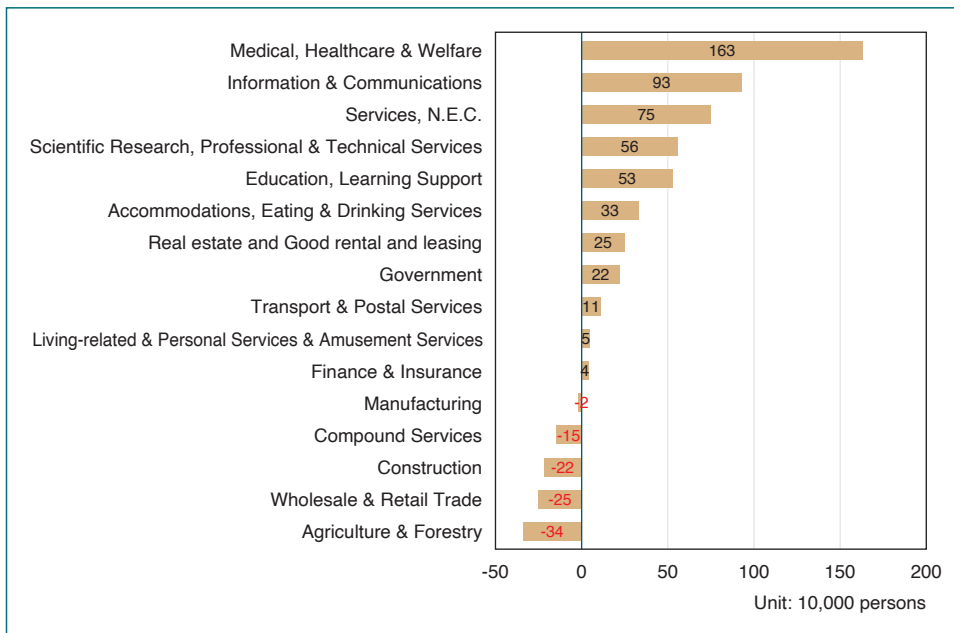
Greatest Increase in Medical, Healthcare & Welfare

Looking at the number of employed people in 2025 by industry, the number is large in manufacturing (10.33 million people, 15.1% of total) and wholesale and retail trade (10.29 million people, 15.1% of total), and these two sectors account for 30 % of the total. But looking at the trend for the past decade, the number of employed people has declined for both sectors (*Chart 1*).

On the other hand, the sector which saw the largest increase in the number of employed people over the past decade is medical, healthcare and welfare (9.47million people, 13.9% of total). Of the increase of 1.63 million people in the past decade, an increase of 960,000, or more than half, was in “social insurance, social welfare and care services”. Elderly welfare and care services are included, and it is thought that this is a manifestation of the rising demand for care services with the advance of an aging society.

CHART 1

Change in the number of employed persons by industry (2015-2025)



Source: Statistics Bureau of Japan “Labour Force Survey”

The next largest is information and communications (3.02 million people in 2025, 4.4% of total). Most of the increase of 930,000 people in the past decade is in the information services sector. This includes the software industry and information processing and provider services, and it is likely that advancement of digitalization is behind the increase.

The third is services (not elsewhere classified, n.e.c.), and it was 4.82 million people in 2025, or 7.1% of the total. It includes various services in other classifications but most of the increase of 750,000 people in the

past decade was in other business services. The security industry, which is said to be experiencing labor shortages, is included and looks to be behind the increase.

Increase in Employment of Women

Looking at the breakdown of the growth in the number of employed persons over the past decade by age group and gender, for medical, healthcare and welfare, the increase of women between 15 to 64 years was the largest at 710,000 people (Chart 2). The next is 450,000 people for women 65 years and over. This seems to be related to the fact that many women are engaged in care work.

On the other hand, for information and communications, which saw the second-highest increase in the number of employed persons over the past decade, the increase in men between 15 to 64 years is the largest at 500,000 people. The increase for women between 15 to 64 years is also 370,000 people, but neither men nor women 65 years and over stand out. The third highest is services (n.e.c.) and the increase of 350,000 people is greatest for women between 15 to 64 years, but the next is men 65 years and over at 190,000 people.

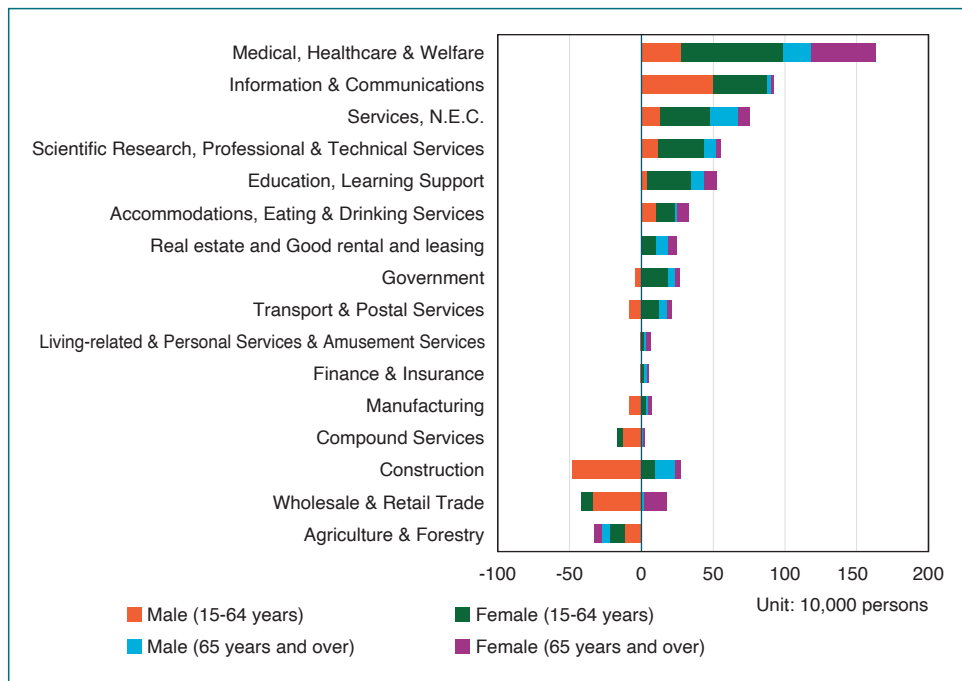
The wholesale and retail trade, which has seen a decline in the number of employed persons in the past decade, is seeing men and women 65 years and over slightly covering for the decline in men and women between 15 to 64 years. Indeed, we are seeing more elderly people working at such places like supermarket checkouts. Construction and manufacturing are seeing a decline of men between 15 to 64 years being supported by the increase in women between 15 to 64 years and men and women 65 years and over. An elderly workforce supporting the labor shortage can be confirmed.

Foreign Workers Mostly in Manufacturing

According to the “Summary of Reporting Status for ‘Employment Status of Foreign Nationals’” by the Ministry of Health, Labour and Welfare, the number of foreign workers as of the end of October 2025 was the highest since reporting became mandatory in 2007 at 2.57

CHART 2

Change in the number of employed persons by industry, age group & gender (2015-2025)



Source: Statistics Bureau of Japan “Labour Force Survey”

million, of whom 24.7%, or 635,000 people work in manufacturing. Although the statistics are different, they account for 6% of the number of employed persons in manufacturing in the “Labour Force Survey” (10.33 million people). In addition, numbers are large for services (n.e.c.) at 392,000 people, wholesale and retail trade at 340,000 people, and eating and drinking services at 34,000 people, corresponding to the sectors that are growing in the number of employed persons by industry in the Labour Force Survey. It can be reconfirmed that foreign workers are also supporting Japanese industries.

NOTE: This article is based on information available as of March 2, 2026.

Article translated from the original Japanese by Mio Uchida

JS

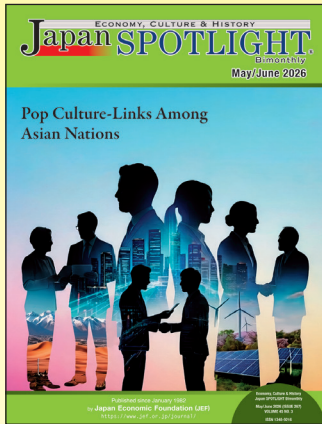
Nobuo Iizuka is a professor of the Department of Economics at Kanagawa University. He worked for the *Nihon Keizai Shimbun (Nikkei)* and the Japan Center for Economic Research for more than 20 years, and is one of the most highly-regarded commentators on Japanese business and the economy.

Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2018	580.9	0.8	569.2	0.7	0.6	0.9
2019	579.1	-0.3	571.8	0.5	-2.6	0.6
2020	554.3	-4.3	554.1	-3.1	-10.4	-0.2
2021	574.0	3.6	573.6	3.5	5.4	-0.2
2022	581.7	1.3	584.9	2.0	-0.1	2.3
2023	585.9	0.7	616.0	5.3	-1.3	3.1
2024	584.5	-0.2	634.2	3.0	-2.6	2.5
2025	591.4	1.2	663.8	4.7	-0.3	3.1
2025/1st Qtr.	590.3	0.3	651.8	0.9	0.0	3.1
2nd Qtr.	593.8	0.6	666.0	2.2	-0.5	3.5
3rd Qtr.	589.9	-0.7	665.7	0.0	-1.1	2.9
4th Qtr.	591.9	0.3	671.6	0.9	0.3	2.8
2025/July	—	—	—	—	-1.0	3.1
Aug.	—	—	—	—	-1.3	2.7
Sept.	—	—	—	—	1.8	2.9
Oct.	—	—	—	—	0.6	3.0
Nov.	—	—	—	—	-2.0	3.0
Dec.	—	—	—	—	0.6	2.4
2026/Jan.	—	—	—	—	4.3	2.0
Feb.	—	—	—	—	-2.0	1.6
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2020	68.4	-11.1	68.0	-13.5	12.6	-17.3	7.5	-13.7	6.3	-15.1
2021	83.1	21.5	84.9	24.8	14.8	17.6	8.9	19.6	7.7	21.4
2022	98.2	18.2	118.5	39.6	18.3	23.1	11.8	31.9	9.4	22.0
2023	100.9	2.7	110.4	-6.8	20.3	11.0	11.6	-1.7	10.4	10.9
2024	107.1	6.2	112.7	2.1	21.3	5.1	12.7	9.8	10.0	-3.9
2025	110.4	3.1	113.3	0.5	20.4	-4.3	12.9	1.8	10.1	1.3
2025/1st Qtr.	26.9	7.4	28.6	6.1	5.3	7.1	3.1	-0.8	2.4	-7.6
2nd Qtr.	26.4	-0.1	27.1	-3.1	5.0	-8.3	3.1	-9.1	2.4	0.7
3rd Qtr.	27.2	0.3	27.9	-3.1	4.7	-12.8	3.3	5.7	2.5	2.1
4th Qtr.	29.9	4.9	29.7	2.6	5.4	-2.5	3.4	12.6	2.8	9.8
2025/July	9.3	-2.8	9.5	-7.3	1.7	-10.8	1.1	-0.7	0.9	-3.4
Aug.	8.4	-0.1	8.7	-5.1	1.4	-14.1	1.1	12.0	0.8	5.5
Sept.	9.4	4.1	9.7	3.3	1.6	-13.7	1.1	7.0	0.9	5.0
Oct.	9.8	3.6	10.0	0.8	1.8	-3.1	1.2	21.1	0.9	9.2
Nov.	9.7	6.1	9.4	1.4	1.8	8.8	1.1	7.3	0.9	19.5
Dec.	10.4	5.1	10.3	5.4	1.8	-11.1	1.1	9.3	1.0	2.5
2026/Jan.	9.2	16.8	10.4	-2.6	1.5	-5.1	1.1	3.2	0.8	29.6
Feb.	9.6	4.0	9.5	10.3	1.8	-8.0	1.1	8.4	0.9	14.0
Sources	"Trade Statistics of Japan", Ministry of Finance									

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings-to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/ the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2018	1.4	1.61	2.4	2.9	1.1	19.5	110.4
2019	-0.4	1.60	2.4	2.4	0.2	19.3	109.0
2020	-1.2	1.18	2.8	6.5	2.8	16.0	106.8
2021	0.3	1.13	2.8	6.4	1.8	21.5	109.8
2022	2.0	1.28	2.6	3.3	-15.5	11.4	131.4
2023	1.2	1.31	2.6	2.5	-6.6	22.5	140.5
2024	2.8	1.25	2.5	1.7	-2.7	29.3	151.5
2025	2.3	1.22	2.5	1.2	-0.6	32.2	149.6
2025/1st Qtr.	2.2	1.25	2.5	1.1	-1.4	7.3	152.5
2nd Qtr.	2.4	1.23	2.5	0.7	-0.0	7.0	144.5
3rd Qtr.	2.4	1.21	2.5	1.3	0.2	10.7	147.5
4th Qtr.	2.2	1.19	2.6	1.7	0.7	7.3	154.1
2025/July	3.4	1.22	2.4	1.0	-0.2	2.6	146.9
Aug.	1.3	1.21	2.6	1.3	0.1	3.6	147.6
Sept.	2.1	1.20	2.6	1.5	0.2	4.4	147.9
Oct.	2.5	1.19	2.6	1.6	0.0	2.7	151.3
Nov.	1.7	1.19	2.6	1.7	0.6	3.7	155.1
Dec.	2.4	1.20	2.6	1.7	0.1	0.9	155.9
2026/Jan.	2.5	1.18	2.7	1.6	-0.6	0.9	156.8
Feb.	3.3	1.19	2.6	1.7	0.3	3.9	155.2
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/ the same term (month) of the previous year (%)
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2020	7.8	-12.1	24.1	-9.4	17.2	-9.4	15.1	2.7	17.5	-5.1
2021	9.5	21.8	30.2	25.0	20.7	20.6	18.0	19.2	20.4	16.4
2022	11.4	21.1	36.4	20.6	28.6	37.8	19.0	5.7	24.8	21.9
2023	11.4	-0.2	34.7	-4.6	27.6	-3.4	17.8	-6.5	24.4	-1.7
2024	12.0	4.7	38.0	9.4	28.6	3.7	18.9	6.2	25.3	3.6
2025	12.8	6.6	41.1	8.2	29.1	1.6	18.8	-0.4	26.7	5.5
2025/1st Qtr.	3.1	16.5	9.9	13.2	7.5	9.6	4.4	0.7	6.5	10.9
2nd Qtr.	3.2	7.1	9.8	6.6	6.8	-2.7	4.6	-4.7	6.4	3.2
3rd Qtr.	3.2	-1.3	10.3	4.9	7.2	-3.3	4.7	0.5	6.5	2.5
4th Qtr.	3.3	6.0	11.0	8.6	7.6	3.3	5.1	1.8	7.3	5.6
2025/July	1.1	5.9	3.5	1.3	2.4	-9.9	1.6	-3.5	2.2	-3.9
Aug.	0.9	-19.5	3.2	2.7	2.3	-2.6	1.5	-0.5	1.9	2.1
Sept.	1.1	11.3	3.6	10.7	2.6	3.0	1.6	5.8	2.4	9.8
Oct.	1.0	-9.0	3.5	5.3	2.6	0.3	1.7	2.1	2.5	0.8
Nov.	1.0	6.6	3.6	7.9	2.4	4.3	1.6	-2.5	2.4	2.4
Dec.	1.2	21.6	3.9	12.5	2.6	5.4	1.8	5.5	2.5	14.7
2026/Jan.	1.0	-1.1	3.7	23.3	2.7	-1.2	1.5	32.0	2.6	0.6
Feb.	1.1	3.1	3.7	8.9	2.4	6.9	1.4	-11.0	2.3	35.4
Sources	"Trade Statistics of Japan", Ministry of Finance									



Read and Discover

<https://www.jef.or.jp/jspotlight/latestissue/>



May/June 2026

Pop Culture-Links Among Asian Nations



March/April 2026
Good Global Governance in Japan's Pursuit of Enhanced Partnership with the Global South



January/February 2026
Enhancing Japan's Growth Potential with the Service Sector as the Driving Force



November/December 2025
Medical Tourism in Asia: Health Asia with Enhanced Earning Capacity



September/October 2025
METI's White Paper on International Economy & Trade 2025



July/August 2025
The Role of a Rules-Based Trading System for Strengthened Supply Chain Resilience

Visit Japan SPOTLIGHT website!

<https://www.jef.or.jp/journal/>



Japan SPOTLIGHT has been making great efforts to provide our readers with valuable information and knowledge ever since 1982. To fulfill our mission to provide such information to more people eager to learn about the global political economy, our journal became free to access on our website from the January/February 2017 issue in January 2017. We hope many of you will visit our website and enjoy reading our bimonthly English E-Journal *Japan SPOTLIGHT*, published on the 10th of every odd month.

Japan Economic Foundation (JEF)

Editorial Section

5th Floor, GINZA OMI Bldg., 3-7-3 Ginza, Chuo-ku, Tokyo, 104-0061 Japan
Tel: +81-3-6263-2518 Fax: +81-3-6263-2513 email: japanspotlight@jef.or.jp

