

# From National to Regional, Regional to the World – A Vision for the Japanese Film Industry –

By JEF Editorial Section

JAPANESE box office revenues hit a record high of ¥210.9 billion in 2004, beating the previous year's figures by 3.8%. Last year alone, theaters welcomed more than 170 million moviegoers. The Japanese movie industry, once said to be on the decline, is now seeing a rise in the total number of movie screens with large cinema complexes and an increasing share of the domestic film market. Last November's release of *Howl's Moving Castle*, an animated film by Miyazaki Hayao, has already brought 14 million moviegoers to theaters. There have been a series of 2004 domestic mega-hits, including *Sekai no Chushin de Ai wo Sakebu* and *Ima Ai ni Yukimasu*. Hollywood has also been courting Japanese films, with remakes of movies like *Shall We Dance?* and *The Juon*.

At the 62<sup>nd</sup> Venice International Film Festival, Miyazaki is to receive the Golden Lion for Lifetime Achievement, which is sure to give extra staying power to *Howl's Moving Castle*. The list of coming attractions is packed with highly anticipated films like *YOKAI – The Great Goblin War* touted as "an effort to revive the Japanese film industry" and *Samurai Command – Mission 1549* –. These are due to hit theaters this summer.

The Japanese government decided last year to designate the content industry as a strategic national industry for promotion and support, and is now in the process of developing indicators for strengthening cultural industries. We spoke with Kadokawa Tsuguhiko, Chairperson of Kadokawa Pictures and General Producer of the Tokyo International Film Festival (TIFF) about the vision to be adopted to enable Japanese content to expand to the world stage, to up-and-coming South Korea, China and other Asian countries, as well as Europe and the United States.

KADOKAWA was appointed the general producer of the TIFF in 2003. The TIFF is counted one of the world's 11 largest film festivals, but its popularity has waned in comparison with Cannes and the Berlinale. Among several ideas that Kadokawa implemented to boost the festival's image was a flashy opening ceremony featuring elegantly dressed actors making a traditional red carpet entrance. To promote the industry's revival, he also launched two film markets last year, the Tokyo International Entertainment Market 2004 (ENTAMA) and the Tokyo International Film and Contents Market 2004 (TIFCOM).

"Film festivals are primarily held in Europe," explains Kadokawa. "Only two are held in Asia (Tokyo and Shanghai). Since the Chinese movie industry has only just gotten off the ground, it is widely hoped that Japan will become the 'Cannes of the East.' It is important to be a film festival that can attract the attention of the global film industry."

But the goal is not just to be a film festival that attracts mere attention. The TIFF is trying to become a hub for Asian films. It features a category for highlighting the efforts of Asian filmmakers

and a related Asian short film festival. The goal, according to Kadokawa, is not just to provide a venue, but to promote Japanese films by bolstering the film industry as a national industry supported by both the public and the private sectors, and then to enhance the presence of the TIFF.

"Rather than relying on Hollywood, it is important that we develop the film markets of Asia and Japan. This will help to cultivate better quality film content. If we advocate the development of Japanese films and export those films to Asia and the United States, China and Hollywood will provide support for the TIFF, and for the Japanese film market, the world's largest outside the United States. This is my strategy," says Kadokawa.

TIFCOM, which has provided comprehensive support for business deals in movies, TV programs, video and animation, has attracted 4,000 buyers and sellers, primarily in Asia. Kadokawa raved about the opening of the long-cherished film market.

"People in the Japanese film industry go to Cannes or the American film market to buy films, but 'going away to buy' ultimately means that we have to adopt their market rules. This puts the buyer

at a disadvantage vis-à-vis the seller, making it difficult to negotiate good business deals. At Cannes, when an actor comes out and says, 'This is a good one,' everyone wants to purchase it. However [if we actually try to buy it,] more than half the time we end up with some really expensive film. So, as they say, we are damned if we do or damned if we don't," Kadokawa says. "The film market is a survival game in which rivals compete with one another all over the world. It was terribly difficult to make a name in this kind of market, but we want to sell works in the buyer's market, Japan. Creating this kind of environment and bringing 'sellers' to Japan is very important."

The first TIFCOM was a great success and the only negative point was that the organizers could not make accommodation arrangements for buyers because they were too busy. Starting with this year's second event, the plan is to form partnerships with the Asia-Pacific Film Festival, a regional film festival held on a rotating basis in nearly 20 countries. As a Tokyo Asia-Pacific Entertainment Market, it will strengthen the organization of the managing office and vigorously expand its market.

## The Changing Japanese Film Industry

The Japanese film industry has not had much support from the government in the past, but major changes are underway now that the development of the content business is being promoted. Kadokawa welcomes this. “It’s very empowering to have the support of the national government. This has significantly increased the importance of content for the Japanese economy and for all of Japanese society.”

National support for the movie industry is evident in France, where the CNC (National Film Center) provides support for movie making. In Britain, the Film Council established in 2000 provides £19 million of support annually. The level of government involvement is especially aggressive in South Korea, where domestic films had a 53.5% share of its market in 2003. The country has adopted a screen quota system which requires one-third or more of each theater’s movie-showing days per year be devoted to showing domestic films. Because Japan is a model student of the WTO with its open markets, this kind of governmental intervention is unlikely, and Kadokawa points out that “no assistance should be provided without the support of its people.”

Although concrete support has not been provided by the government, the figures for 2004 show that Japanese films, driven by several megahits, accounted for more than 37% of the total market share in Japan. This suggests that a fire has been lit under the revival of the Japanese film industry.

“Not just Japanese films, but the content industry and Japanese industrial sector as a whole have entered a period of maturity. The era of high-speed growth can be equated with the industry’s adolescence but Japan has now reached a certain stage of maturity. The economy has struggled to get back on its feet [after the burst of the bubble], and industry has likewise been straining to move forward. There’s the incubation stage, the childhood stage and the ado-

lescence stage. And of course, there’s also the prime of life. This is how maturity is achieved. But how tragic it would be to stop there. I am convinced that there is a period of revival that follows maturity, and Japanese film is entering this stage of rebirth. Kadokawa Pictures is going to strive to do great things during this stage,” he assures.

To further promote Japanese film, Kadokawa says he would really like to see the government provide industrial support “in a form that will really help.”

“Thus far, the governmental support for film has been provided for the genre of artistic works, and is especially focused on cultural preservation. Unfortunately, there has been little interest in providing support for movies like *Star Wars* or *Titanic* which cost ¥10 to 20 billion to produce. The Japanese film industry’s overall box office receipts are about ¥210 billion annually, and it is difficult for private studios to produce ¥10 billion movies on their own. To disseminate Japanese mega content worldwide, it is crucial that the government adopt a scheme to promote the creation of mega content as a form of industrial promotion. The government should consider supporting half of a film’s cost, say up to ¥5 billion, if the filmmaker were to come up with the first half, [even though it would be unable to predict how well the film will do] and then require that the amount be paid back if a profit is made, as is the case in South Korea where an ¥80 billion movie fund has been set up,” suggests Kadokawa.

If national policies were adopted to provide specific content development support through industrial promotion efforts by the Ministry of Economy, Trade, and Industry and cultural promotion efforts by the Agency for Cultural Affairs, it would be easy for the industry to develop a plan for growth. However, “the support of the people,” along with the support of the government, is needed for the promotion of Japanese films. Kadokawa Pictures places great importance on movie fans, creating movies like *YOKAI – The Great*

*Goblin War* with more than 3,000 publicly solicited extras, and *Samurai Command – Mission 1549* – with 5,500 extras including participants in a general casting call and members of Japan’s Self Defense Forces. It is commonly understood in the film industry that Japan is expected to report more than 200 million moviegoers by 2008.

## Soft Power and Human Resource Development

Soft power, or people power, always leads the movie industry. The recent boom of Japanese film remakes in Hollywood is closely related to the presence of a “third man” who can sell the content. For Japanese films to be disseminated around the world, efforts must be made to cultivate innovative and creative people who can promote Japanese-made content to international audiences. Thus, in the fall of 2004, an educational program for cultivating human resources in the content industry was established at the University of Tokyo. This program is focused on raising producers. In a film industry which has often relied on the innate talent of certain individuals and been slow to cultivate human resources, the fact that a basic educational framework is being prioritized and developed by the national government at a regular university rather than a special technical school is a key development. It still remains to be seen what kinds of results this program will produce, but Kadokawa sees it as a “good start that creates a favorable environment.”

Japanese movies used to primarily consist of works with a uniquely Japanese world view, like *samurai* dramas and monster films. However, there are clear distinctions between these works and the ones that receive greater attention these days. The films being remade in Hollywood, *Shall We Dance?*, *The Ring* and *The Juon*, include contemporary Japanese everyday situations. Likewise, a Japanese writer, Kirino Natsuo, was nominated for a Mystery Writers of America or Edgar Award last

year. This means, Japanese culture and social trends have now in a way, “matured” enough to become globally accepted. Thus Japanese content has now been accepted as global content. To get Japanese-made content out into the world, the boom in Japanese remakes is only a first step. Kadokawa argues that the next challenge for the Japanese film industry is to create a business scheme that shares the benefits as the content holders.

### New Business Scheme

The government is also supporting the content industry from the financing aspects, with the development of laws like the Fund Law and the Trust Law. Japan’s first film fund for individuals, the Shochiku Film Fund, procured ¥1.0 billion of the total ¥1.5 billion in production costs incurred for the making of the film *Shinobi*. The Japan Film Fund, a subsidiary of Kadokawa Pictures, has accumulated ¥3.5 billion in funds from such contributors as Mizuho Bank and a game company, Konami. The fund will be used to make at least 10 movies over the next five years. Box office revenues will be held in a pool and returned to the investors after seven years. Since copyrights can be purchased after seven years, it will be easy for the films to be put to secondary use such as DVD sales, which currently account for more than half of all movie industry sales.

“I’d like to see [an increase in the secondary use of movie products and] an expansion [of the film industry itself]. The film industry would promote film funds in order to revitalize itself, and then the industrial sector would join in to help. Because large-scale efforts are required for this kind of business scheme to succeed, I feel a great sense of mission. If it were only my own money and the venture were to fail, I would somehow manage to survive, but since the

fund contains contributions made by many different people, [it has to succeed]” says Kadokawa, passionately promoting the idea of creating a new business scheme in the film industry.

The Kadokawa Group has long been skilled in the techniques of mixing media like print and film, but in this new broadband age, Kadokawa says “Within the structure of entertainment content, I believe that movies and media publications are going to lead other content. As the person responsible for the Kadokawa Group, I believe that our specialization in the two fields compels us to take a leading role in the content industry as a whole.”



YOKAI – *The Great Goblin War*

The group sponsors, the Angel Awards, which call for movie proposals for works that are intended for release in theaters by using the Kadokawa Trust of Fund for Publishing-Business Promotion. Such an approach aimed at cultivating young filmmakers and supporting the content industry is especially encouraging in terms of promoting the industry.

### Cool Japan

Content from Japan has a reputation for being “cool” all over the world, with Japanese pop culture being referred to as “Harajuku style.” Young people worldwide yearn for Japanese pop culture to

be “hyper-trendy.” Anything cool is accepted without preconceptions, and young Japanese creators give shape to Japanese social trends and spaces, conveying them to the world in the form of content products. Young people in the United States and Europe accept these things as hip, while their Asian counterparts look forward to experiencing them in the future, just as Japanese young people in previous times were enamored of American culture. This is an ideal situation for the Japanese film industry, says Kadokawa. “We are experiencing ahead of time what the young people of Asia will be experiencing in the future when their countries become more liberalized and their cultures more open.

Once this happens, they will soon catch up. ‘What we are experiencing’ are elements that support the Japanese contents. We are first looking to the domestic Japanese market. Beyond that lies the regional market of Asia, and then, the global market. Japan’s success will become Asia’s success, and this success will then spread out into the world. This is how I think it should happen.”

Finally, Kadokawa offered a message to the readers of *Japan Spotlight*. “Westerners, particularly Americans, tend to have a negative view of Japanese or Asian movies. Some people simply refuse to see movies with subtitles. I would like to see this negativity eliminated, and for people to learn to accept good movies of all kinds. Keep an open mind. When you watch films with an open mind, you will gradually come to understand what Asian and Japanese movies have to offer, and the world will open up to you.”

The Japanese film industry’s strength lies in its underlying foundation, that is, a market that is open to the world and that accepts all works without discrimination. The future of Japanese film depends on the ability to cultivate that foundation. **JS**