

Chapter 13

Policy Evaluation: Eight Countries

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CHAPTER 13

Policy Evaluation: Region—Eight Countries

This chapter examines the survey results for all member countries from a regional perspective. The first section investigates the strengths and weaknesses of and challenges to the content market and industry in the region by looking at stakeholders' recognition tendency, which is integrated into the strength/weakness and opportunity/threat (SWOT) matrix. The second section explores how stakeholders in each country evaluate their government's policies, especially in areas where they strongly recognise the need for government policies but where existing policies have not yet met their expectations. The last section recommends areas that policymakers should prioritise when planning and implementing content industry policies.

1. SWOT Analysis

1.1. Strengths and Weaknesses

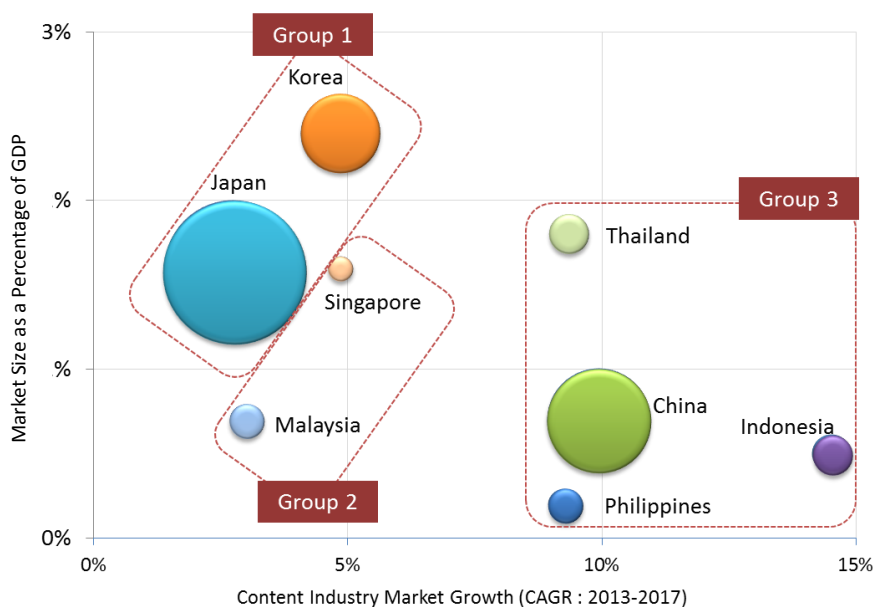
Here we examine the answers to the questions on recognition of the content market and industry. After regional strengths and weaknesses are reviewed, the eight countries are examined for similarities at similar stages of development.

The countries are classified into three groups based on content market growth rate, content market size, and ratio of content market size to gross domestic product (GDP) (Figure 13-1). The horizontal axis shows the ratio of content market size to GDP whilst the vertical axis shows the rate of content market growth. The circles represent the size of each country's domestic market. Group 1 (Korea and Japan) has a relatively large domestic content market where ratio to GDP is higher than one percent, but whose growth slowdown is five percent or less. Group 2 (Singapore and Malaysia) also possesses relatively developed industries, although market size and ratio of content market size to GDP are smaller than those of Group 1. Group 3 (Thailand, China, Indonesia, and the

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Philippines) has domestic content markets with high growth rates at 10 percent or more, but the ratios of market size to GDP are relatively low. Market size varies from country to country.

Figure 13-1: Comparison of Content Industries in Member Countries



Group	Country	Growth Rate of Content Market	Current Size of Content Market	Market Size as a Percentage of GDP
Group 1	Korea, Japan	~5% developed, mature	Large	Relatively high
Group 2	Singapore, Malaysia	~5% developed, mature	Small	Relatively low
Group 3	Thailand, China, Indonesia, Philippines	~10% developing	Various	Relatively low

CAGR = compound annual growth rate, GDP = gross domestic product.

Source: PricewaterhouseCoopers, 'Entertainment and Media Outlook 2013–2017' (growth rate of content market); 'Study on the Development Potential of the Content Industry in East Asia and ASEAN Region' (FY2012 Report) (market size as a percentage of GDP).

Table 13-1 summarises stakeholders' recognition according to the questionnaire survey answers. Each cell describes the level of strength (blue) or weakness (red) based on the survey results' normalised figure. Figure 13-2 describes the mean and variance of

each item. The horizontal axis shows the mean and the vertical axis shows coefficient of variation (CV). The CV describes the degree of variances among countries, with a high CV indicating that the evaluation of the item varies among countries.

Table 13-1 and Figure 13-2 demonstrate that ‘ability and skill to create content products’ (2) is recognised as a strength by all countries, and ‘technological infrastructure and environment’ (7) by all except Indonesia, which recognises (7) as neither a strength nor weakness. The eight countries consider ‘access to and availability of financial services’ (5) a weakness. It is hard to predict which content will sell enough to make it worth the investment, which may be why most Asian content industries need to raise funds. Most of the eight countries’ governments seem to be aware of the issue and have already implemented or are planning to implement measures to make it easier for content companies to access funding (Chapter 4). To overcome this common issue, follow-up observation is necessary to verify which measures are effective and what factors make them successful. Looking into how content industries in other parts of the world such as North America or Europe raise funds could be a way of finding solutions.

Evaluation of ‘potential domestic content market size’ (4), ‘relationships with foreign countries’ (6), ‘potential human resources for content industries’ (8), and ‘government promotion policies’ (10) varies among countries (II); some countries recognise them as strengths and others as weaknesses (Figure 13-2). In these areas, countries can benefit from collaborating with or learning from each other to compensate for their weaknesses. Singapore and Malaysia regard ‘potential domestic content market size’ (4) as a weakness.

Table 13-1: Strengths and Weaknesses: Country Comparison

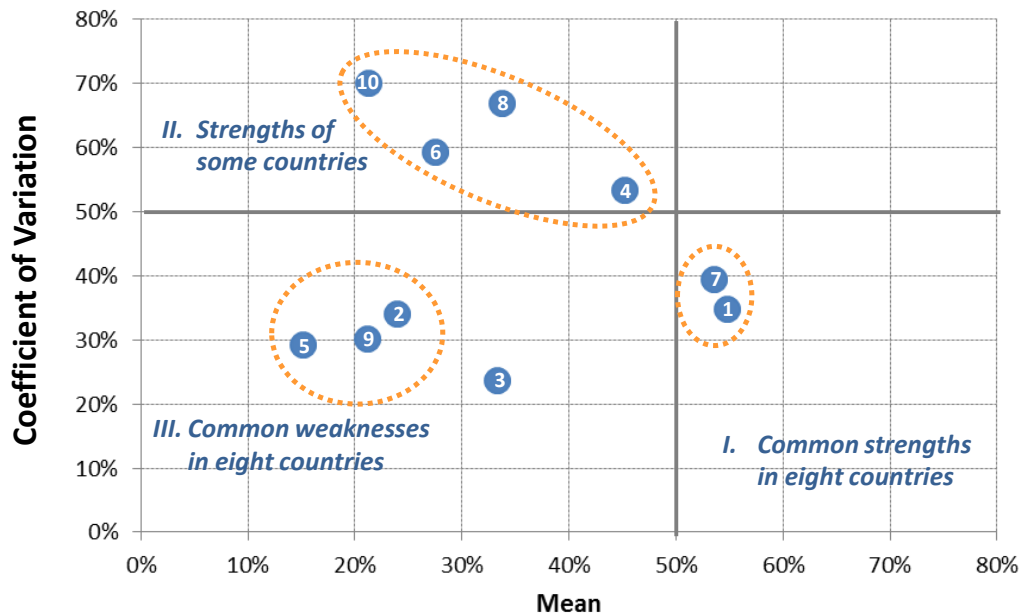
Item	Group 1		Group 2		Group 3				Mean
	KOR	JPN	SGP	MYS	THA	CHN	IDN	PHL	
(1) Ability and skill to create content products	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength
(7) Technological infrastructure and environment	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength
(4) Potential domestic content market size	Strength	Strength	Weakness	Weakness	Strength	Strength	Strength	Strength	Strength
(3) Overall market conditions	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength	Strength
(8) Potential human resources for content industries	Strength	Weakness	Strength	Strength	Strength	Weakness	Strength	Strength	Strength
(6) Relationships with foreign countries	Strength	Weakness	Strength	Strength	Strength	Weakness	Strength	Strength	Strength
(9) Relationships with other industries	Strength	Weakness	Strength	Weakness	Strength	Strength	Weakness	Strength	Strength
(2) Ability to sell content products	Weakness	Weakness	Weakness	Weakness	Strength	Strength	Weakness	Strength	Strength
(10) Government promotion policies	Strength	Weakness	Strength	Strength	Weakness	Strength	Weakness	Weakness	Strength
(5) Access to and availability of financial services	Weakness	Weakness	Weakness	Weakness	Weakness	Weakness	Weakness	Weakness	Weakness
	Weakness	Strength							

CHN = China, IDN = Indonesia, JPN = Japan, KOR = Korea, MYS = Malaysia, PHL = Philippines, SGP = Singapore, THA = Thailand.

Note: The chart describes the weighted average of (1) number of respondent choices (very strong, strong, moderate, weak, very weak) in the questionnaire, and (2) the score (2/1/0/-1/-2). Therefore, a positive value represents a tendency towards strengths, and a negative value towards weaknesses.

Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-2: Mean and Variances of Strengths and Weaknesses



- | | |
|--|--|
| (1) Ability and skill to create content products | (6) Relationships with foreign countries |
| (2) Ability to sell content products | (7) Technological infrastructure and environment |
| (3) Overall market conditions | (8) Potential human resources for content industries |
| (4) Potential domestic content market size | (9) Relationships with other industries |
| (5) Access to and availability of financial services | (10) Government promotion policies |

Source: Authors

Some companies in these countries are overcoming it by strengthening relationships with nearby emerging markets (see case studies in Chapter 5, ‘Study on the Development Potential of the Content Industry in East Asia and ASEAN Region’ [FY2012 Report]). China and Japan regard ‘relationships with foreign countries’ (6) as a weakness as they have significant domestic content markets. Their content companies do not, therefore, need to exert extra effort to penetrate overseas markets—at least not until recently—which might be one reason they have yet to build good relationships with other countries. More and more companies in China and Japan, however, are putting an effort into selling their creative works or to co-produce creative works with overseas companies. At the same time, both governments are implementing measures to encourage companies’ overseas business.

The eight countries, divided into three groups in Section 1.1, are now examined for similarities at a similar stage of development.

- Group 1: Japan and Korea

There is not much similarity between Japan and Korea. The biggest difference between them is that stakeholders in Japan strongly regard 'relationships with foreign countries' (6) and 'potential human resources for content industries' (8) as weaknesses, whilst stakeholders in Korea regard them as strengths. Korean stakeholders' confidence might be the result of the recent popularity of Korean pop culture in the region, or strong government initiatives to invest in human resource development (Chapter 4). Such wide popularity of Korean content, however, does not yet seem to contribute to enhanced recognition and ability to sell content products (2). Enabling easier access to financial services (5) and fostering business skills to sell content products (2) could be the main focus in Korea. As for Japan, the recognition of human resources (8) and 'relationships with foreign countries' (6) as weaknesses might be due to the fact that Japan's content industry is undergoing a transformation. Japan has a large domestic content market and most content companies recoup their investment in Japan. Market conditions, however, are becoming severe, and as market needs become diverse as the market matures, it is becoming more difficult to hit it big solely in the domestic content market. There are emerging countries with popular content, including Korea; Japan's domestic content market is expected to shrink due to population decline. More and more companies are eager to do business in other countries with overseas partners. Government support for their efforts does not yet seem to contribute to increased recognition of being able to adjust to the fast-changing business environment, especially in such areas as human resource development or facilitation of

international relationships. The strong awareness of ‘government promotion policies’ (10) as a weakness might mean that Japan’s private sector recognises that government policies are necessary for it to overcome challenges.

- Group 2: Malaysia and Singapore

A high degree of similarity is observed between Singapore and Malaysia. Both countries regard ‘potential domestic content market size’ (4), ‘ability to sell content products’ (2), and ‘access to and availability of financial services’ (5) as weaknesses and the others as strengths; Malaysia regards ‘relationships with other industries’ (9) as a weakness. Since relationships with other industries are very important in the content industry, where companies monetise creative works through merchandising or licensing rather than selling the work itself, it is worth noting such recognition and taking measures to facilitate relationship building.

- Group 3: China, Indonesia, the Philippines, and Thailand

The most important characteristic of this group is the rapid growth of domestic content markets. The countries commonly recognise ‘potential domestic content market size’ (4) as a strength. Stakeholders in Thailand and the Philippines strongly regard ‘government promotion policies’ (10) and ‘access to and availability of financial services’ (5) as weaknesses, whilst positively (or at least not negatively) evaluating the rest of the items. China and Indonesia have the fastest-growing content markets and huge populations. Content companies around the world are striving to penetrate China and Indonesia, but their stakeholders do not recognise the same strengths and weaknesses. Apart from (5), China regards ‘potential human resources for content industries’ (8) and ‘relationships with foreign countries’ (6) as weaknesses; Indonesia regards ‘relationships with other industries’ (9), ‘ability to sell content products’ (2), and ‘government promotion policies’ (10) as weaknesses.

The results suggest that, in most cases, the content industries in the region differ greatly, even though the statistical data are similar. Therefore, when considering a country as a role model and planning to adopt its successful policy measures, it is necessary to assess whether the measures would meet industry demand and whether they would be appropriate to overcome challenges, compensate for weaknesses, or further develop strengths.

1.2. Current Challenges

Figures 13-3, 13-4, and 13-5 show what respondents recognise as challenges. Answers are classified by country (Figure 13-3) and respondent category (Figure 13-4). Answers by companies are classified by the size of their annual turnover (Figure 13-5).

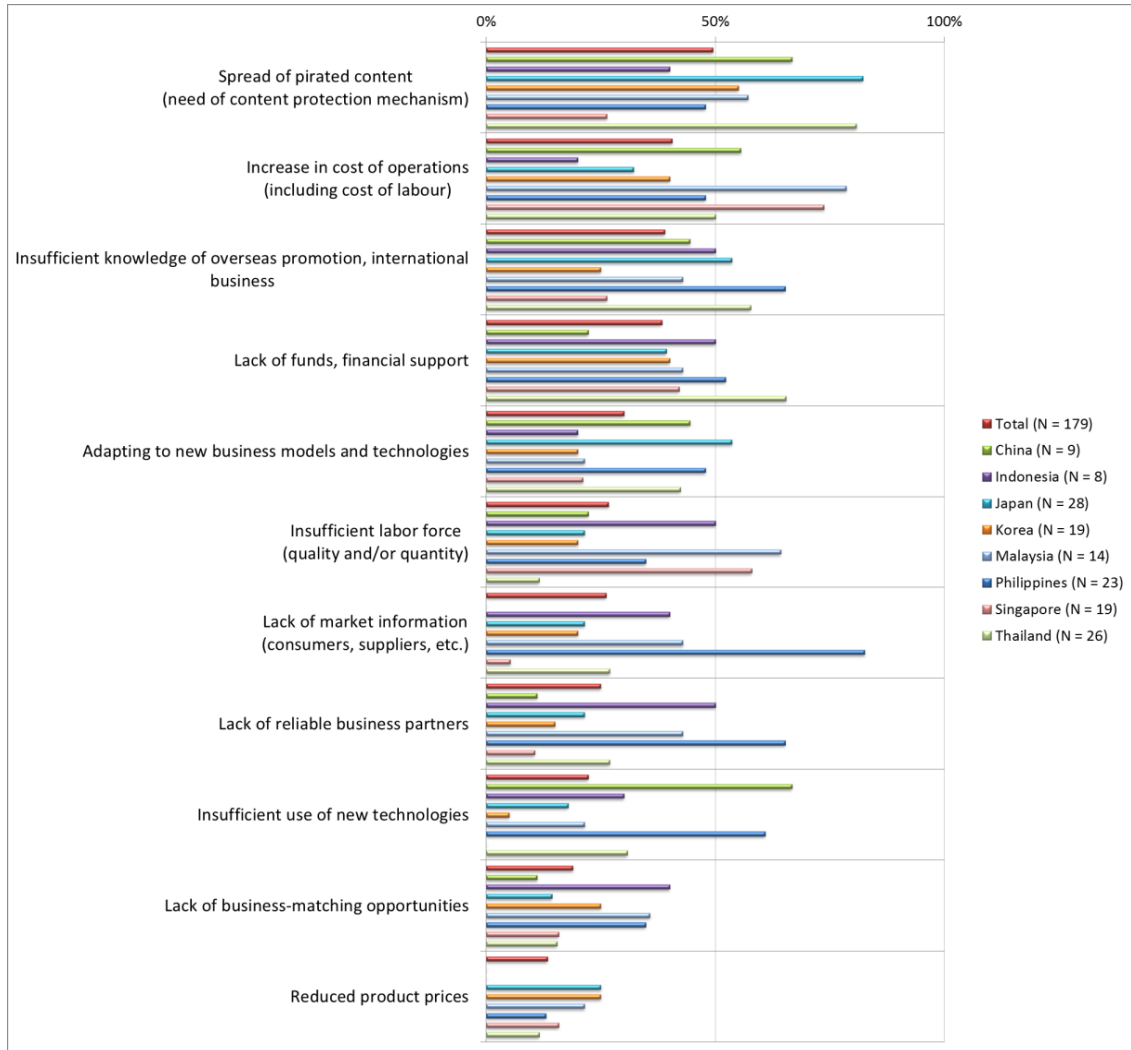
The spread of pirated content is the most serious and common challenge facing the region's content industry (Figure 13-3), and is recognised as critical by most respondents—companies, industrial organisations, academic experts, and policymakers (Figure 13-4). Piracy is more problematic for larger companies (Figure 13-5) although this does not necessarily mean that it is not an issue for smaller ones. Smaller companies may regard other issues as more serious, such as the increase in cost of operations (including cost of labour), lack of funds, and insufficient knowledge of overseas promotion and international business. Considering that online and offline piracy is pervasive regardless of national borders, it cannot be solved through the efforts of just a few countries but by continuous regional cooperation, with measures taken by companies, industrial organisations, and governments. Building networks can be the first step to enhance knowledge sharing on effective measures and collective action against piracy.

Many member countries also confront issues related to the increase in cost of

operations and insufficient labour force. Respondents from China, Malaysia, and Singapore regard the increase in cost of operations (including cost of labour) as a major issue, while those from Indonesia, Malaysia, and Singapore point to insufficient labour force. These issues might be due to the labour-intensive nature of the content or creative industry in general. Cross-border job sharing (outsourcing) would be one possible solution to the increase in cost of labour and insufficient labour force, which could also contribute to developing less skilled and less expensive labour forces in some parts of the region. More company respondents than policymakers are concerned about the increase in cost of labour (Figure 13-4). Policymakers should, therefore, consider this issue when they support small and medium-sized enterprises.

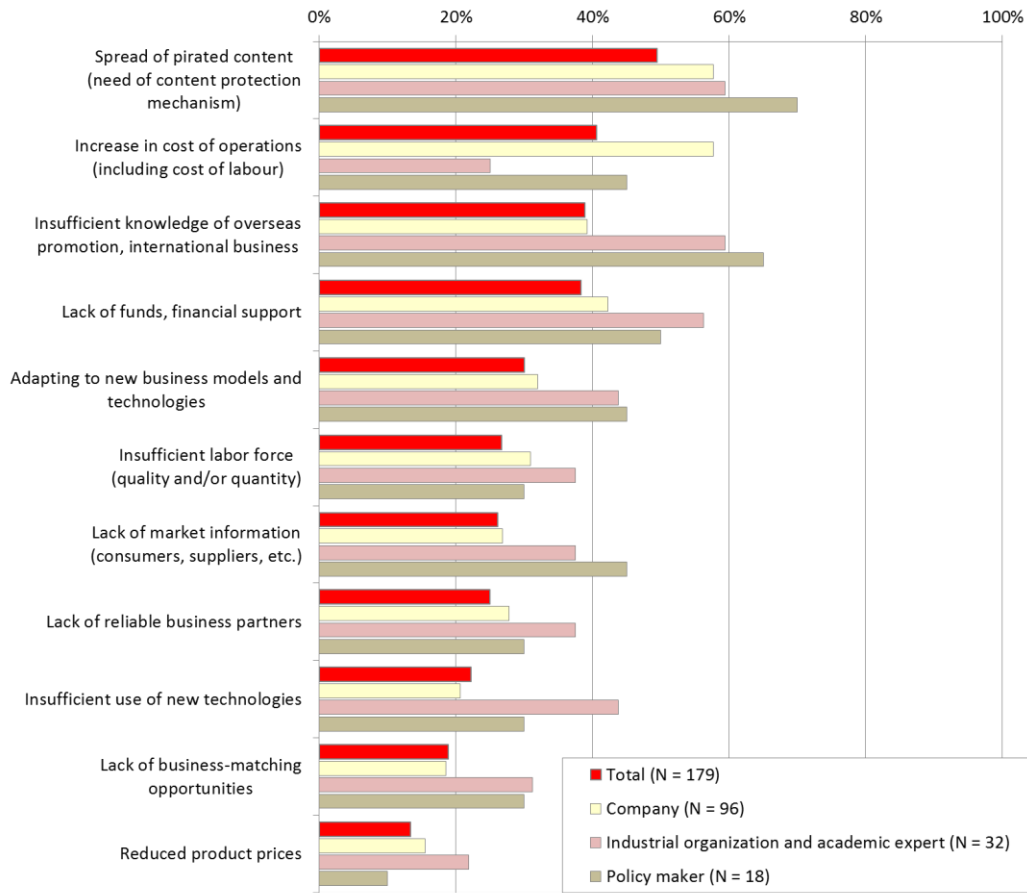
Other challenges such as adapting to new business models and technologies and lacking reliable business partners are issues in some countries but not in others. Small, medium-sized, and large companies often have different recognition of urgent issues (Figure 13-5). For example, large companies are more strongly aware of the spread of pirated content. In contrast, medium-sized companies regard as more serious the 'increase in cost of operations (including cost of labour)' and 'lack of funds and financial support'. For small companies, 'insufficient knowledge of overseas promotion and international business' is a bigger issue. This implies that when policymakers develop support plans, they must identify the companies to target, and verify their most critical issues so that their needs can be met and objectives achieved.

Figure 13-3: Current Challenges: Survey Results



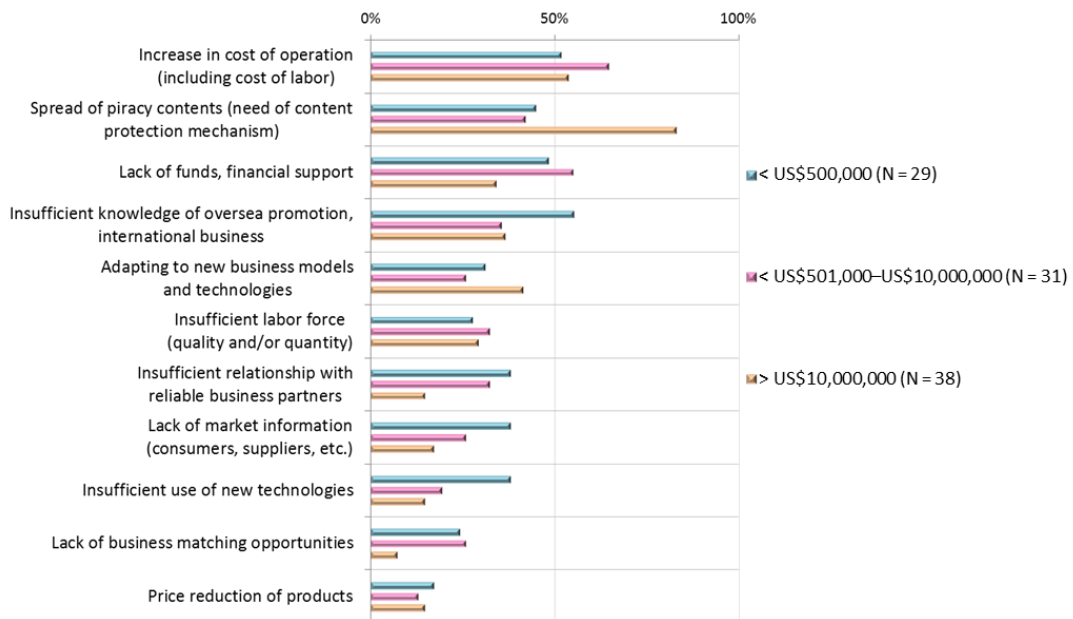
Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-4: Current Challenges: Survey Results by Respondent Category



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-5: Current Challenges: Survey Results by Company Annual Revenue



Source: Evaluation Survey of Content Industry Promotion Policies.

1.3. SWOT Analysis Matrix

The analysis of survey results is integrated into the SWOT analysis matrix in the FY2012 Report (Table 13-2). This matrix is not a simple sum of each country’s SWOT matrix, but a SWOT matrix from a regional perspective and does not include what applies to only certain countries.

Table 13-2: SWOT Analysis: Summary of Member Countries

Internal	
<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ● Most countries have abilities and skills that can be further developed for content creation. ● Many countries have advanced technological environments. ● Some countries can create content at relatively low operation (labour) cost. 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ● Widespread content piracy ● Limited access to financial services for content business ● Little accumulated knowledge and few successful experiences in the global content business ● Increasing operation (labour) cost, especially in fast-developing countries
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ● The region’s market is large and fast growing along with growth of gross domestic product. ● Content consumption is facilitated by technological development such as the introduction of terrestrial digital broadcasting; and by growing penetration of the Internet, broadband network, and portable devices. ● Global demand for creative goods and services is increasing. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ● Competition in the global content market is becoming severe due to the increasing number of competent content companies in emerging countries. ● Some domestic markets are still at the initial development phase so that value-added goods or services are not differentiated and are purchased at a higher price. ● Language barriers interfere with market integration.
External	

Source: Evaluation Survey of Content Industry Promotion Policies; ‘Study on the Development Potential of the Content Industry in East Asia and ASEAN Region’ (FY2012 Report).

2. Policy Evaluation

This section looks at the evaluation of the 15 policy activities from a regional perspective. The first part identifies policy activities considered to be not effective enough to meet stakeholders’ expectations. The results are also examined to see if

they correspond to the weaknesses in the SWOT matrix. The second part evaluates the identified policy activities.

2.1. Performance of Each Policy Activity

Table 13-3 classifies the 15 policy activities used to analyse the relative performance in each country. (Chapter 3 explains the classification.)

Table 13-3: Policy Classification

Policy Area (subsection)	Policy Activities
Industry and Market Development	(1) Communicate industrial development visions and master plans and provide relevant statistics for benchmarking
	(2) Stimulate establishment of industrial clusters, promote market development that spurs content demand, foster new business models
Organisational Schemes, Business Relationships	(3) Support industry-led organisations in aggregating industrial interests and/or functions
	(4) Support building of business relationships
International Relationships	(5) Establish international agreements
	(6) Promote brands and campaigns, host or support participation in international trade events and meetings
Human Resources	(7) Establish standards for business skills, qualification and certification frameworks for related skills and knowledge
	(8) Support education
Finance	(9) Introduce incentive schemes to encourage investments
	(10) Establish government financing schemes to promote private financing
Technology	(11) Establish technological standards to ensure interoperability to increase adoption and usage
	(12) Foster research and development and technological innovation, develop communication networks and media to enhance distribution and consumption of content products
Legal Frameworks	(13) Introduce and review regulatory frameworks for market entry, content quotas
	(14) Introduce and review intellectual property rights protection and management and anti-piracy measures
	(15) Introduce and review content-rating frameworks

Each policy activity is evaluated using performance indicators, which show the relationship between necessity and effectiveness. (Chapter 1, Section 2.4.2, explains performance indicators.)

- A positive figure means that effectiveness is higher than necessity.
- A negative figure means that effectiveness is lower than necessity.

A negative performance indicator suggests that content industry stakeholders feel that the existing policy is necessary but not effective enough, or that no policy has been implemented. Policy activities with a negative performance indicator should, therefore, be prioritised.

Table 13-4 summarises the performance indicators derived for each country. For example, the policy considered to have the highest priority in Japan is #9 (Introduce incentive schemes to encourage investments). The colours indicate the level of priority based on the value. The table indicates that priorities vary among countries and that there is a certain level of tendency in the three groups.

- Group 1. The priority is highest for #9 (Introduce incentive schemes to encourage investments) in Korea and Japan.
- Group 2. The priority is highest for #10 (Establish government financing schemes to promote private financing), and relatively high for #1 (Communicate industrial development visions and master plans and provide relevant statistics for benchmarking), #5 (Establish international agreements), and #9 (Introduce incentive schemes to encourage investments) in Singapore and Malaysia.
- Group 3. Policy #10 (Establish government financing schemes to promote private financing) is the only policy activity that all four countries recognise as needing improvement (performance indicators are negative). Priority is highest for #4 (Support building of business relationships) in Indonesia and the Philippines but

not in Thailand and China, and high for #14 (Introduce and review intellectual property rights protection and management and anti-piracy measures) in Thailand, China, and Indonesia but not in the Philippines.

These results suggest that, to a certain extent, the need to implement and improve policies corresponds to the industry's development.

Table 13-5 summarises, in descending order, the 15 policies based on the performance indicator's mean. Figure 13-6 plots each policy activity in terms of mean and CV. The results indicate the following:

- Policy activities #2 (Stimulate establishment of industrial clusters, promote market development that spurs content demand, foster new business models), #4 (Support building of business relationships), #6 (Promote brands and campaigns, host or support participation in international trade events and meetings), #7 (Establish standards for business skills, qualification and certification frameworks for related skills and knowledge), #8 (Support education), #11 (Establish technological standards to ensure interoperability to increase adoption and usage), and #15 (Introduce and review content-rating frameworks). Effectiveness exceeds necessity, where the performance indicator is higher than 2.

- Policy activities #3 (Support industry-led organisations in aggregating industrial interests and/or functions), #12 (Foster research and development and technological innovation, develop communication networks and media to enhance distribution and consumption of content products), and #13 (Introduce and review regulatory frameworks for market entry, content quotas). Effectiveness matches necessity. The priority is high in some countries.

- Policy activities #1 (Communicate industrial development visions and

master plans and provide relevant statistics for benchmarking), #5 (Establish international agreements), #9 (Introduce incentive schemes to encourage investments), #10 (Establish government financing schemes to promote private financing), and #14 (Introduce and review intellectual property rights protection and management and anti-piracy measures). Effectiveness largely falls short of necessity, where the performance indicator is lower than -2, indicating that most of these policies need improvement.

The results suggest that, from a regional perspective, the policy areas and activities below have high priority:

Industry and market development

#1: Communicate industrial development visions, master plans, statistics

International relationships

#5: Establish international agreements

Finance

#9: Introduce incentive schemes to encourage investments

#10: Establish government financing schemes to promote private financing

Legal frameworks

#14: Introduce and review intellectual property rights protection management, anti-piracy measures

Comparing the weaknesses in the SWOT matrix with the high-priority policy areas and activities above, pervasive piracy corresponds to #14, while limited access to financial services corresponds to #9 and #10.

Table 13-4: Performance Indicator of Policy Activities: Eight Countries

Policy Area	Policy Activity	Group 1		Group 2		Group 3				Mean	CV
		KOR	JPN	SGP	MYS	THA	CHN	IDN	PHL		
Industry and Market Development	1. Communicate industrial development visions, master plans, statistics	1.7	-0.6	-7.3	-8.5	-10.8	-3.7	2.9	-1.8	-3.5	1.3
	2. Stimulate establishment of industrial clusters, market development, new business models	6.2	5.6	6.5	-5.5	-4.9	-3.7	23.4	-6.9	2.6	3.7
Organisational Schemes, Business Relationships	3. Support industry-led organisations in aggregating industrial interests and/or functions	-7.7	2.6	-1.4	2.5	0.3	2.5	19.1	-7.7	1.3	6.1
	4. Support building of business relationships	3.1	7.2	2.7	12.6	14.2	1.7	-15.6	-9.5	2.0	4.7
International Relationships	5. Establish international agreements	-1.1	-2.9	-7.3	-4.5	-0.9	-9.0	-4.2	3.1	-3.4	1.1
	6. Promote brands and campaigns, international trade events and meetings	6.2	-2.0	8.7	10.7	15.0	13.9	-9.0	-2.3	5.2	1.6
Human Resources	7. Establish standards, qualification and certification frameworks for related skills and knowledge	2.7	3.1	8.9	2.5	15.5	-2.8	-8.5	7.9	3.7	1.9
	8. Support education	8.6	-5.2	8.5	-0.6	-4.0	20.0	-13.3	2.6	2.1	4.6
Finance	9. Introduce incentive schemes to encourage investments	-9.2	-9.8	-7.7	-10.7	-13.7	4.2	0.1	-4.8	-6.5	0.9
	10. Establish government financing schemes to promote private financing	4.7	3.4	-9.8	-11.7	-11.8	-6.3	-2.3	-1.2	-4.4	1.4
Technology	11. Establish technological standards to ensure interoperability	-0.6	-0.7	5.3	1.6	13.7	-5.4	6.7	0.9	2.7	2.0
	12. Foster research and development and technological innovation, develop communication networks and media	-7.2	-1.4	11.2	1.6	-7.9	9.4	-4.2	8.1	-1.6	4.4
Legal Frameworks	13. Introduce and review regulatory frameworks for market entry, content quotas	4.8	-1.4	-3.1	0.7	0.6	-2.8	4.4	2.0	0.6	4.3
	14. Introduce and review intellectual property rights protection and management, anti-piracy measures	-9.1	-2.7	-3.6	11.7	-11.6	-9.9	-9.0	8.6	-3.2	2.6
	15. Introduce and review content-rating framework	-2.9	4.7	10.7	-2.4	6.2	-8.0	9.6	1.0	2.4	2.6

CHN = China, CV = coefficient of variation, IDN = Indonesia, JPN = Japan, KOR = Korea, MYS = Malaysia, PHL = Philippines, SGP = Singapore, THA = Thailand.

Source: Evaluation Survey of Content Industry Promotion Policies.

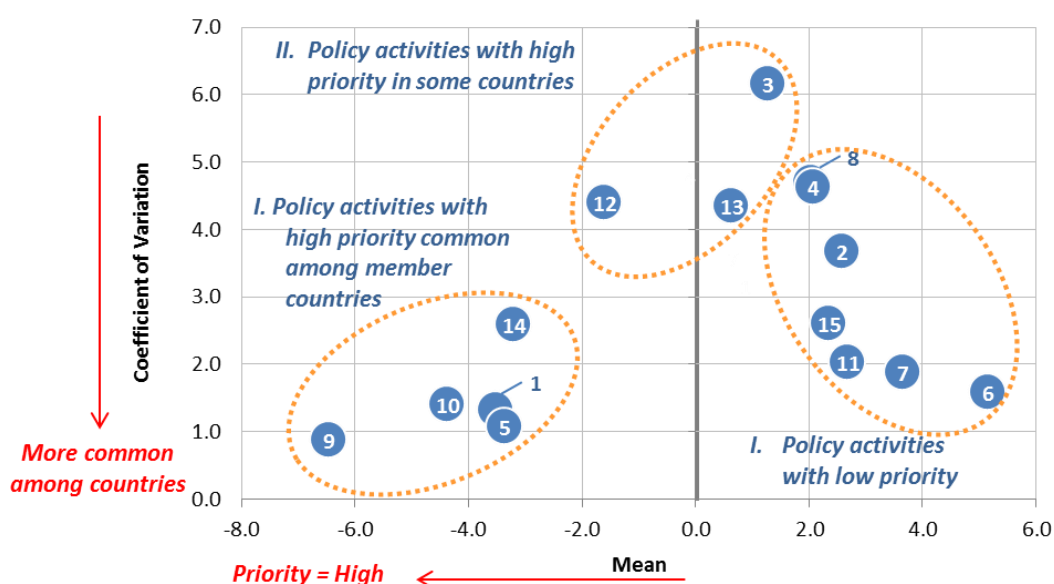
Table 13-5: Performance Indicators of Policy Activities: Eight Countries

Policy Activity	PI	Priority
6. Promote brands and campaigns, international trade events and meetings	5.2	Low
7. Establish standards, qualification and certification frameworks for related skills and knowledge	3.7	
11. Establish technological standards to ensure interoperability	2.7	
2. Stimulate establishment of industrial clusters, market development, new business models	2.6	
15. Introduce and review content-rating framework	2.4	
8. Support education	2.1	
4. Support building of business relationships	2.0	
3. Support industry-led organisations in aggregating industrial interests and/or functions	1.3	High
13. Introduce and review regulatory frameworks for market entry, content quotas	0.6	
12. Foster research and development and technological innovation, develop communication networks and media	-1.6	
14. Introduce and review intellectual property rights protection and management, anti-piracy measures	-3.2	
5. Establish international agreements	-3.4	
1. Communicate industrial development visions, master plans, statistics	-3.5	
10. Establish government financing schemes to promote private financing	-4.4	
9. Introduce incentive schemes to encourage investments	-6.5	

PI = performance indicator.

Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-6: Mean and Variance of Performance Indicators



Source: Evaluation Survey of Content Industry Promotion Policies.

The other two weaknesses in the matrix ('not enough accumulation of knowledge or successful experiences in the global content business' and 'increase in the operation [labour] cost') do not seem to be directly related to any of the policy activities. It may mean that stakeholders regard the weaknesses as issues they can overcome without government policies. Or they put a higher priority on #1 or #5 since these could be solutions to overcome the weaknesses. It is reasonable to think that a clear government vision to promote global business (#1) or establish agreements, including for free trade (#5), could enhance cross-border content business and mobility of human resources, which eventually could result in overcoming the weaknesses. Further study, however, is required to investigate the relationship between recognition of the weaknesses and the policy activities in high demand.

The high-priority policy areas and activities can be considered consistent with the recognition of the weaknesses in the SWOT matrix.

2.2. Evaluation of High-Priority Policy Activities

This section explores in detail the evaluation of the high-priority policy areas and activities, with each policy area indicated in a bracket. (For analysis of the 15 activities, see Appendix 1: Policy Evaluation of Each Policy Area.)

2.1.1. #1: Communicate industrial development visions, master plans, statistics (industry and market development)

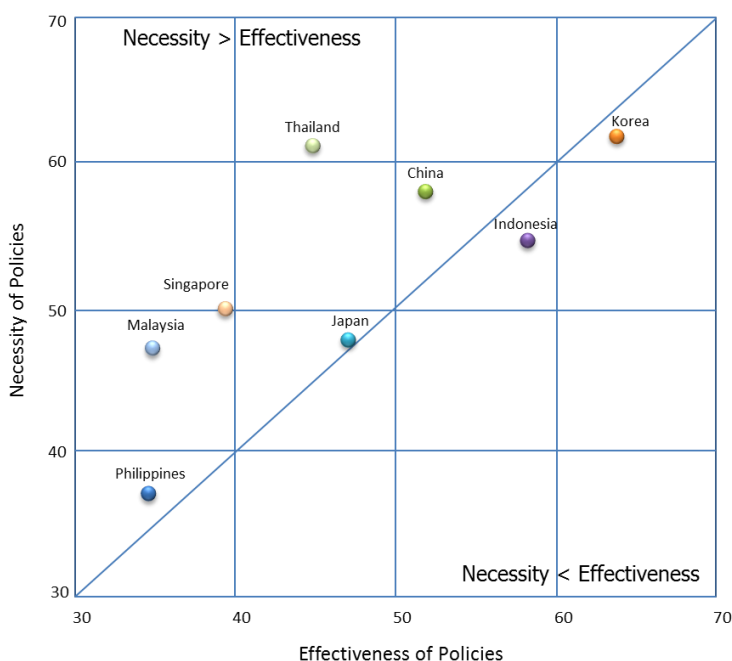
Figure 13-7 shows how stakeholders in each country evaluate this policy activity. It refers to setting goals and fostering an environment to encourage the industry. It is meaningful where top-down decision making is necessary.

This policy's necessity is higher than effectiveness in most countries, except Korea and Indonesia. This means that the policy's current status does not meet stakeholders' expectations in most countries. In Korea, stakeholders' favourable recognition may be the

result of the government’s efforts to collect statistical data and set in a master plan a concrete goal of increasing the national income, which clearly shows the government’s positive attitude towards the content industry. In Indonesia, the government recognises the creative industry as a force driving economic development and has released its vision, mission, and goals for encouraging the industry. It even changed the name of the Ministry of Culture and Tourism to the Ministry of Tourism and Creative Economy. The government’s standpoint may be a reason for stakeholders’ positive evaluation (see Chapter 4 for more detailed policies in these countries).

Overall, the eight countries recognise a moderate or high degree of necessity, although the evaluation of effectiveness varies among them. The results suggest the importance of collecting statistical data, preparing a master plan, and communicating it to stakeholders. To foster a common aim of developing the content industry in the region, comparable statistical data and a regional master plan are necessary.

Figure 13-7: Evaluation of Policy Activity: Communicate Industrial Development Visions, Master Plans, Statistics



Source: Evaluation Survey of Content Industry Promotion Policies.

2.1.2. #5: Establish international agreements (international relationships)

Figure 13-8 shows the evaluation of the policy activity to establish international agreements, including free trade agreements or bilateral co-production treaties. Stakeholders in all the countries except the Philippines appear to expect further improvement in this area. So far, the number of international agreements of the Philippines is not large compared with other countries'—a favourable recognition that may relate to its strong relationship with the United States (US). Many content companies in the Philippines deal with outsourced work from the US, taking advantage of the population's English-language skills.

The high expectation for the establishment of international agreements reflects the expectation of a number of free trade agreements, which can enhance economic relationships among the parties in many industries, including the content industry. Attention should be paid not only to establishing international agreements but also to issues that can be resolved through such agreements.

2.1.3. #9: Introduce incentive schemes to encourage investments

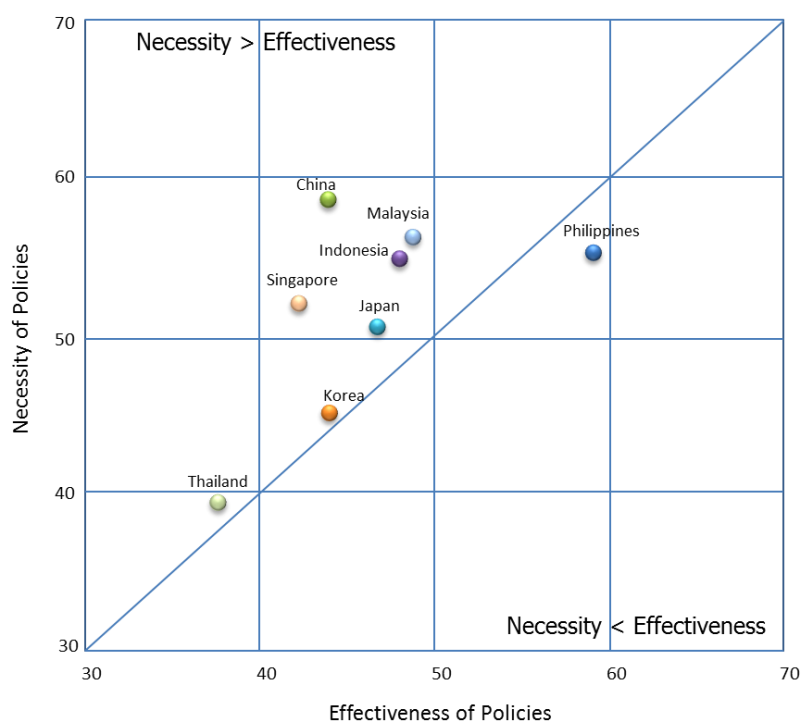
#10: Establish government financing schemes to promote private financing (finance)

Figures 13-9 and 13-10 show the evaluation of finance policy: #9 (Introduce incentive schemes to encourage investments), and #10 (Establish government financing schemes to promote private financing). Finance is a major issue confronting the content industry, as seen in the analysis of the challenges and the SWOT matrix. Except for #9 in China and #10 in Japan and Korea, further improvement in these two policy activities is expected in all countries. Looking at the tendency in detail, the eight countries can be roughly divided into three groups.

The first (Malaysia and Singapore) has a high level of necessity with an average level of effectiveness for both policies. Chapter 4 shows that Malaysia has several

government financial support measures, including incentive schemes (e.g. Film in Malaysia), investment and loan schemes (e.g. My Creative Fund and Malaysia Venture Capital Management), and grant programmes (e.g. MAC3 Fund). The expectation, however, is higher among companies and policymakers (Chapter 9, Figure 9-14). Singapore has a fund scheme (e.g. PSB Contestable for the broadcasting sector) and five main grant schemes. Expectations for further improvement are high among companies, while industrial organisations, academic experts, and policymakers recognise that the effectiveness of the current measures matches or exceeds necessity (Chapter 11, Figure 11-14).

Figure 13-8: Evaluation of Policy Activity—Establish International Agreements



Source: Evaluation Survey of Content Industry Promotion Policies.

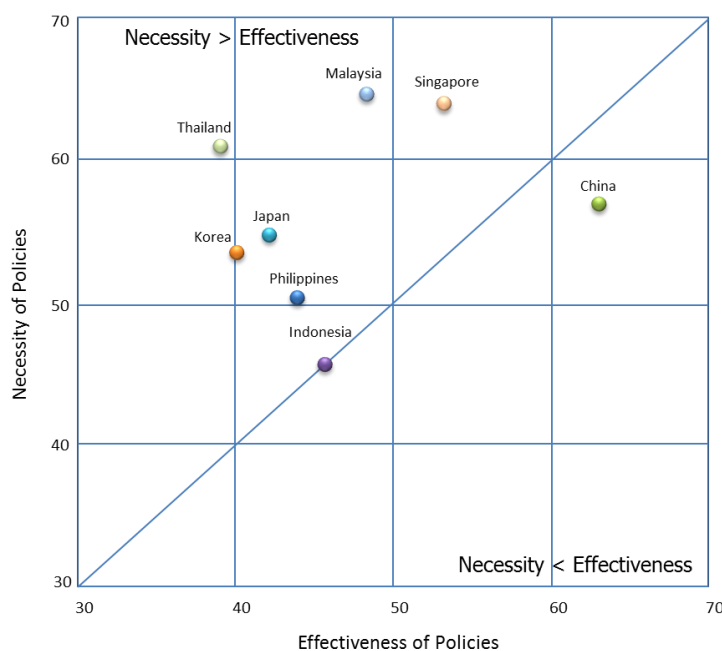
Thailand can be included in this group because of its high level of necessity, although effectiveness is much lower than in Malaysia and Singapore. Thailand’s government is planning to implement policies in this area, so recognition is expected to change when they are implemented (Chapter 4, Table 4-10).

The second group (Japan, Korea, and China) has a similar level of necessity of financial policies. Effectiveness, however, is in contrast with the two policies. Japan and Korea have low effectiveness for #9 and high for #10. This reflects the fact that Japan has no corresponding policy for #9 but has several funding and subsidy schemes. Korea seems to be focusing on financial schemes of funds or subsidies (#10) rather than incentive schemes (#9).

The third group (Indonesia and the Philippines) has a lower level of necessity and effectiveness than the others, a result perhaps of the awareness within the industry that it may be difficult to apply such policies since the governments are just starting to plan and implement policies to support the content industry.

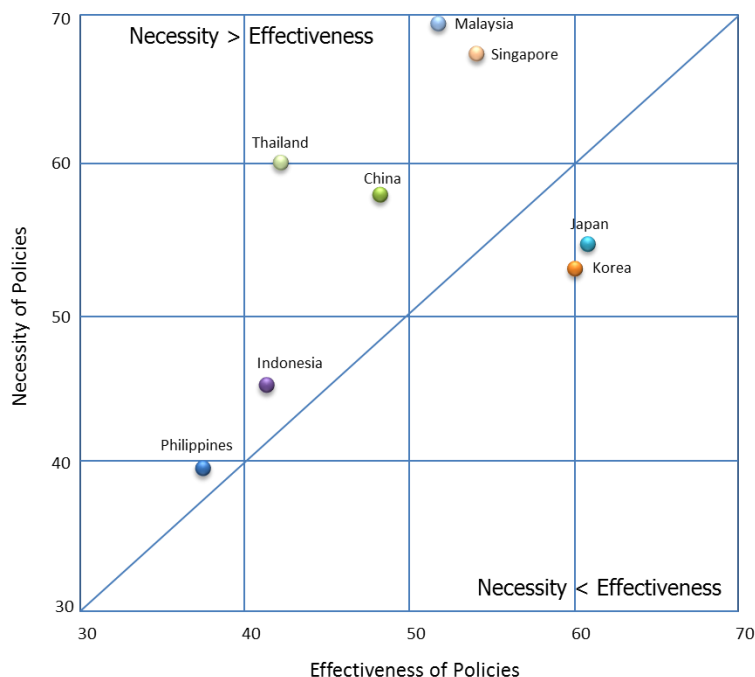
Access to and availability of financial services are a major issue facing the content industry. The first of regional efforts to confront this issue could be, for example, providing information about the existing financial support schemes of each government and making it easier for companies doing cross-border business to operate.

Figure 13-9: Evaluation of Policy Activity—Introduce Incentive Schemes to Encourage Investments



Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-10: Evaluation of Policy Activity—Establish Government Financing Schemes to Promote Private Financing



Source: Evaluation Survey of Content Industry Promotion Policies.

2.1.4. #14: Introduce and review intellectual property rights protection management, anti-piracy measures (legal framework)

Figure 13-11 shows the evaluation of introducing and reviewing intellectual property rights protection management, including anti-piracy measures. The recognition of necessity is high in most countries, and further improvement is expected in all, except the Philippines and Malaysia, even though the evaluation towards current measures is not very low.

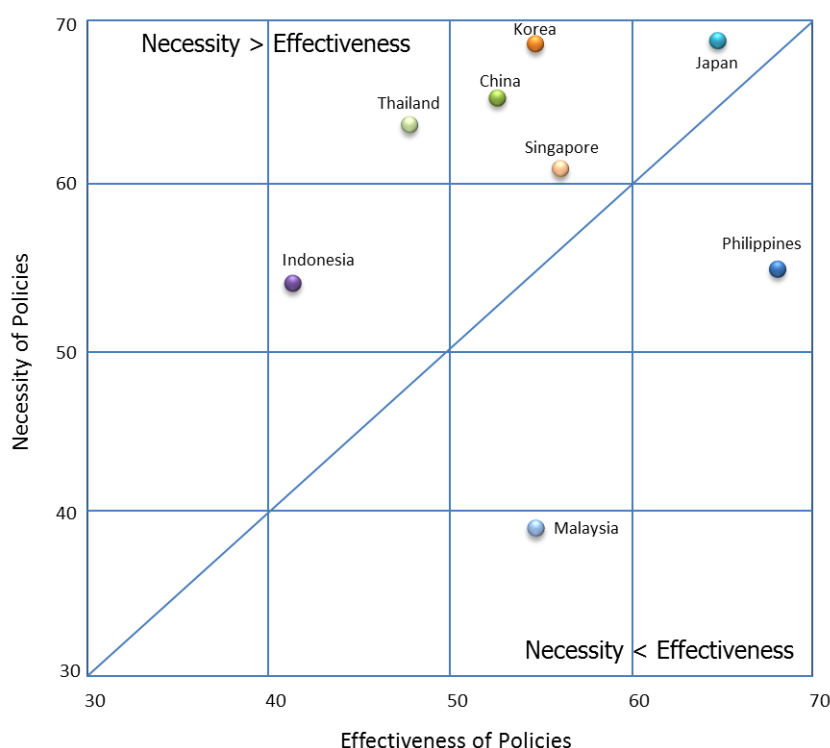
Piracy, the biggest challenge that stakeholders commonly recognise, undermines the content industry by preventing companies from recouping the cost of content creation and investing in the next creation. Piracy is becoming more difficult to deal with, especially in the digital environment. Some countermeasures can be taken by individual companies but joint efforts by industrial organisations or governments may be required. Now that the content industry understands how serious piracy is, it is essential to begin solving the

problem. The initial step could be building networks and enhancing knowledge sharing about countermeasures.

3. Prioritising the Policy Recommendation

This section integrates the prioritised policy activities identified in this study with the policy recommendation presented in the ‘Study on the Development Potential of the Content Industry in East Asia and ASEAN Region’ (FY2012 Recommendation), which lists important policies for developing the content industry. This chapter explores how high-priority policy activities, identified by analysing the questionnaire survey, correspond to elements in the FY2012 Recommendation.

Figure 13-11: Evaluation of Policy Activity—Introduce and Review Intellectual Property Rights Protection and Management, Anti-Piracy Measures



Source: Evaluation Survey of Content Industry Promotion Policies.

4.1. Correspondence between High-Priority Policy Activities and Components of the FY2012 Recommendation

The FY2012 Recommendation was based on the results of market analysis (market size, SWOT analysis, value-chain analysis, etc.) and suggestions by each working group member. The results reflect the awareness of issues the content industry currently faces, although they do not necessarily cover every aspect of the industry. Policy activities (Chapter 3), however, aim to be comprehensive. Accordingly, not every policy activity necessarily has a corresponding component in the FY2012 Recommendation. Table 13-6 shows the correspondence between the 15 policy activities and the components of the FY2012 Recommendation.

- One component in the FY2012 Recommendation may correspond with more than one policy activity, and vice versa.
 - ✓ in dark orange cells implies a relatively strong correspondence;
 - ✓ in light orange cells means a relatively weak correspondence.
- Policy activities #4 (Support building of business relationships), #5 (Establish international agreements), #7 (Establish standards for business skills, qualification and certification frameworks for related skills and knowledge), #8 (Support education), #9 (Introduce incentive schemes to encourage investments), #10 (Establish government financing schemes to promote private financing), #11 (Establish technological standards to ensure interoperability to increase adoption and usage), and #14 (Introduce and review intellectual property rights protection and management and anti-piracy measures) strongly correspond with components in the FY2012 Recommendation.
- Policy activity #15 (Introduce and review content-rating frameworks) does not have a corresponding component in the FY2012 Recommendation.

4.2. Prioritisation of Components of the FY2012 Recommendation

The priority indicates which policies should be improved before the others, based on current evaluation, although it does not mean that other policy activities need not be

improved.

Figure 13-12 describes the prioritisation process. Higher-priority components are identified by how policy activities of higher priority (Section 2.1) correspond with components in the FY2012 Recommendation.

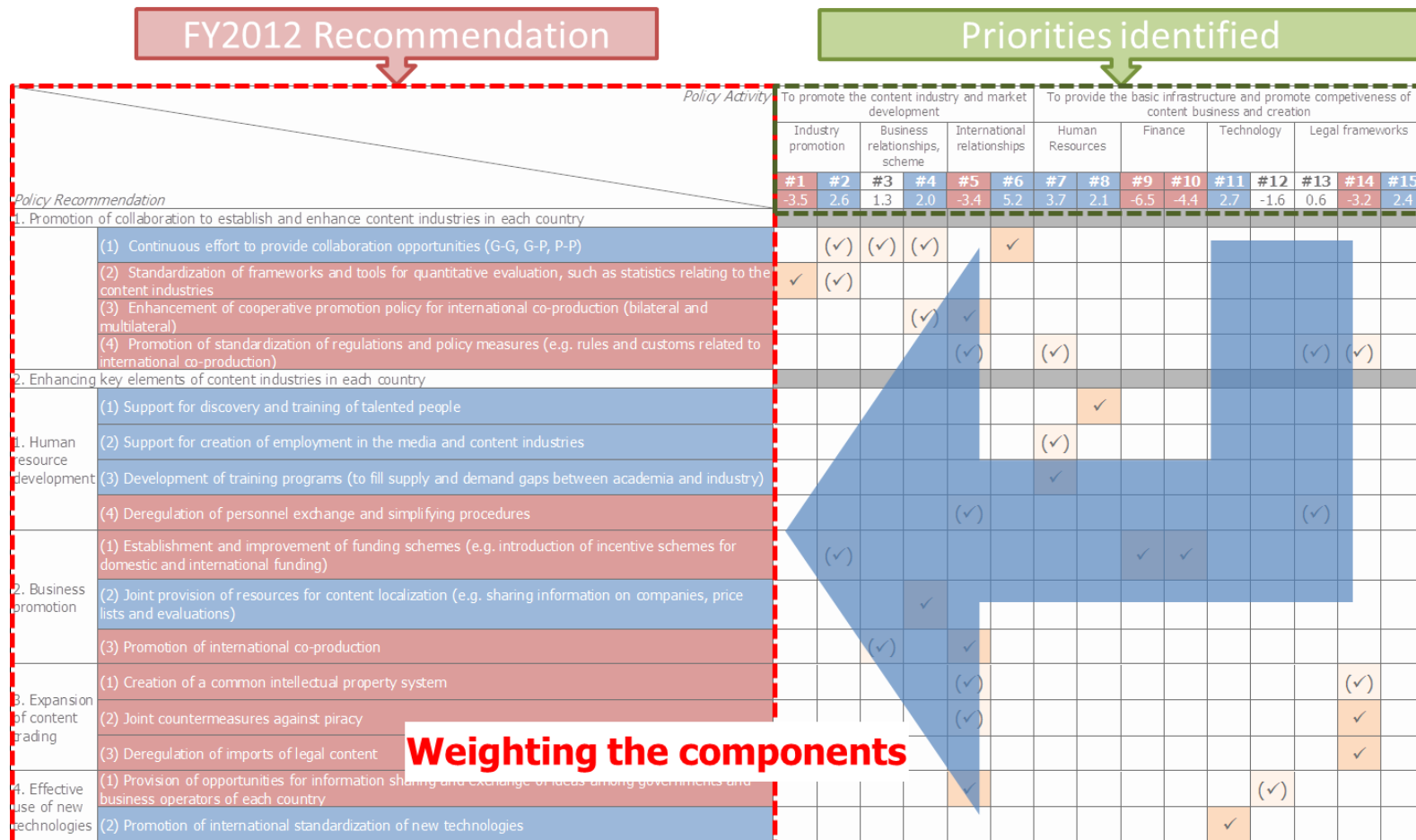
Table 13-6: Correspondence between Policy Recommendation and Policy Activities

<i>Policy Activity</i>		To promote the content industry and market development						To provide the basic infrastructure and promote competitiveness of content business and creation								
		Industry promotion		Business relationships, scheme		International relationships		Human Resources		Finance		Technology		Legal frameworks		
		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
<i>Policy Recommendation</i>		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
1. Promotion of collaboration to establish and enhance content industries in each country																
	(1) Continuous effort to provide collaboration opportunities (G-G, G-P, P-P)		(✓)	(✓)	(✓)		✓									
	(2) Standardization of frameworks and tools for quantitative evaluation, such as statistics relating to the content industries	✓	(✓)													
	(3) Enhancement of cooperative promotion policy for international co-production (bilateral and multilateral)				(✓)	✓										
	(4) Promotion of standardization of regulations and policy measures (e.g. rules and customs related to international co-production)					(✓)		(✓)						(✓)	(✓)	
2. Enhancing key elements of content industries in each country																
2.1 Human resource development	(1) Support for discovery and training of talented people								✓							
	(2) Support for creation of employment in the media and content industries							(✓)								
	(3) Development of training programs (to fill supply and demand gaps between academia and industry)							✓								
	(4) Deregulation of personnel exchange and simplifying procedures					(✓)								(✓)		
2.2 Business promotion	(1) Establishment and improvement of funding schemes (e.g. introduction of incentive schemes for domestic and international funding)		(✓)							✓	✓					
	(2) Joint provision of resources for content localization (e.g. sharing information on companies, price lists and evaluations)				✓											
	(3) Promotion of international co-production			(✓)		✓										
2.3 Expansion of content trading	(1) Creation of a common intellectual property system					(✓)										(✓)
	(2) Joint countermeasures against piracy					(✓)										✓
	(3) Deregulation of imports of legal content															✓
2.4 Effective use of new technologies	(1) Provision of opportunities for information sharing and exchange of ideas among governments and business operators of each country					✓							(✓)			
	(2) Promotion of international standardization of new technologies											✓				

* G: Government P: Private

Source: Authors.

Figure 13-12: Prioritisation Process



Source: Authors.

The Development Potential of the Content Industry in East Asia and the ASEAN Region

Table 13-7: Prioritisation of Each Component of the FY2012 Recommendation

<i>Policy Activity</i>		To promote the content industry and market development						To provide the basic infrastructure and promote competitiveness of content business and creation								
		Industry promotion		Business relationships, scheme		International relationships		Human Resources		Finance		Technology		Legal frameworks		
		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
<i>Policy Recommendation</i>		-3.5	2.6	1.3	2.0	-3.4	5.2	3.7	2.1	-6.5	-4.4	2.7	-1.6	0.6	-3.2	2.4
1. Promotion of collaboration to establish and enhance content industries in each country																
	(1) Continuous effort to provide collaboration opportunities (G-G, G-P, P-P)		(✓)	(✓)	(✓)		✓									
	(2) Standardization of frameworks and tools for quantitative evaluation, such as statistics relating to the content industries	✓	(✓)													
	(3) Enhancement of cooperative promotion policy for international co-production (bilateral and multilateral)				(✓)	✓										
	(4) Promotion of standardization of regulations and policy measures (e.g. rules and customs related to international co-production)					(✓)		(✓)						(✓)	(✓)	
2. Enhancing key elements of content industries in each country																
1. Human resource development	(1) Support for discovery and training of talented people								✓							
	(2) Support for creation of employment in the media and content industries							(✓)								
	(3) Development of training programs (to fill supply and demand gaps between academia and industry)							✓								
	(4) Deregulation of personnel exchange and simplifying procedures					(✓)								(✓)		
2. Business promotion	(1) Establishment and improvement of funding schemes (e.g. introduction of incentive schemes for domestic and international funding)		(✓)							✓	✓					
	(2) Joint provision of resources for content localization (e.g. sharing information on companies, price lists and evaluations)				✓											
	(3) Promotion of international co-production			(✓)		✓										
3. Expansion of content trading	(1) Creation of a common intellectual property system					(✓)									(✓)	
	(2) Joint countermeasures against piracy					(✓)									✓	
	(3) Deregulation of imports of legal content														✓	
4. Effective use of new technologies	(1) Provision of opportunities for information sharing and exchange of ideas among governments and business operators of each country					✓							(✓)			
	(2) Promotion of international standardization of new technologies										✓					

Source: Authors.

Table 13-7 shows the results of prioritising the FY2012 Recommendation. The components (shaded in red) corresponding with policy activities #1, #5, #9, #10, and #14 are evaluated as policies to be improved before the others. The FY2012 Recommendation components that need high-priority improvement are summarised below:

1. Promotion of collaboration to establish and enhance content industries in each country
 - (2) Standardisation of frameworks and tools for quantitative evaluation, such as statistics relating to the content industries
 - (3) Enhancement of cooperative promotion policy for international co-production (bilateral and multilateral)
2. Reinforcement of factors in the content industries in each country
 - 2.2 Business promotion
 - (1) Establishment and improvement of funding schemes (e.g. introduction of incentive schemes for domestic and international funding)
 - (3) Promotion of international co-production
 - 2.3 Expansion of content trading
 - (2) Joint countermeasures against piracy
 - (3) Deregulation of imports of legal content
 - 2.4 Effective use of new technologies
 - (1) Provision of opportunities for information sharing and exchange of ideas among governments and business operators of each country

4.3. Policy Demand: Regional Perspective Now and in the Future

Figure 13-13 shows the results for a question asking respondents to choose the top three policies and ideas that should be worked on cooperatively to develop the content industry, now and in the future. The listed policies were extracted from the 15 policy activities and modified in terms of mutual collaboration among the

countries. Some policies are considered important now but will not be so much in the future, while others are considered to be not important now but will be in the future.

Demand is highest now for providing financial incentive schemes; it is second highest for facilitating collaboration on anti-piracy measures. These two issues received the majority of votes. The results correspond to the conclusion of prioritised policy recommendations in the previous section. Figure 13-14 maps the relationship between the present and future demand of policies. The policies can be divided into three groups:

I. Policies with high demand (present demand is over 40 percent)

II. Policies with low demand but expected to be higher in the future (present demand is lower than 20 percent)

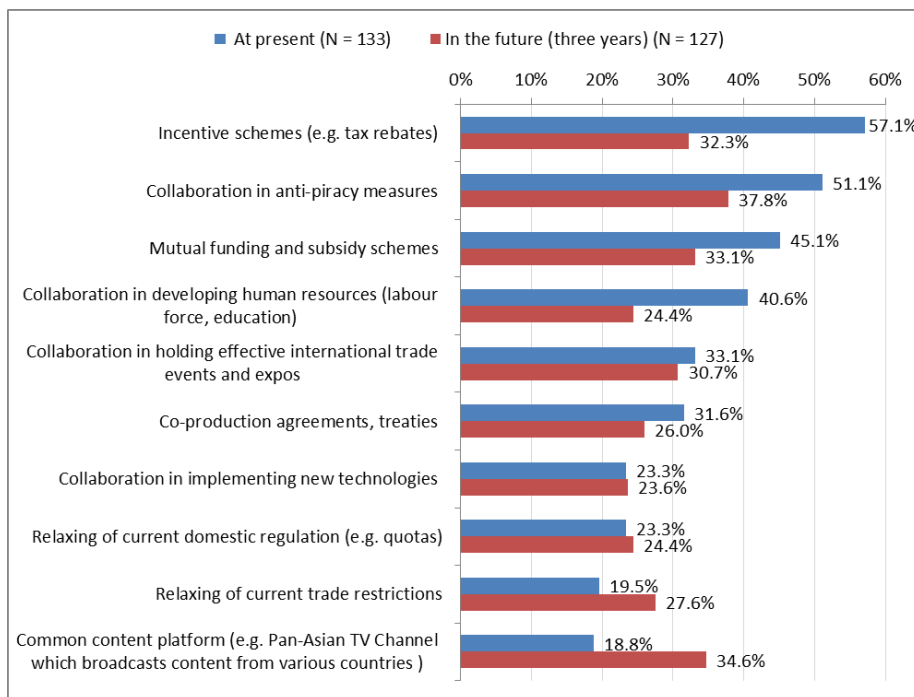
III. Policies with moderate demand both at present and in the future (between [I] and [II], where present demand is between 20 percent and 40 percent).

The demand for a ‘common content platform’ and ‘relaxing current trade restrictions’ is in (II), which means demand for policies or ideas will exist in the long term. This reflects the recognition that regional content transactions and distribution will be important. Most respondents are aware of the rapid structural changes in domestic and regional perspectives. It is important to take concrete steps towards such long-term goals to realise medium-term policy goals and initiatives, including the ASEAN Economic Community Blueprint or ASEAN Socio-Cultural Community Blueprint.

High Demand in the Long Term

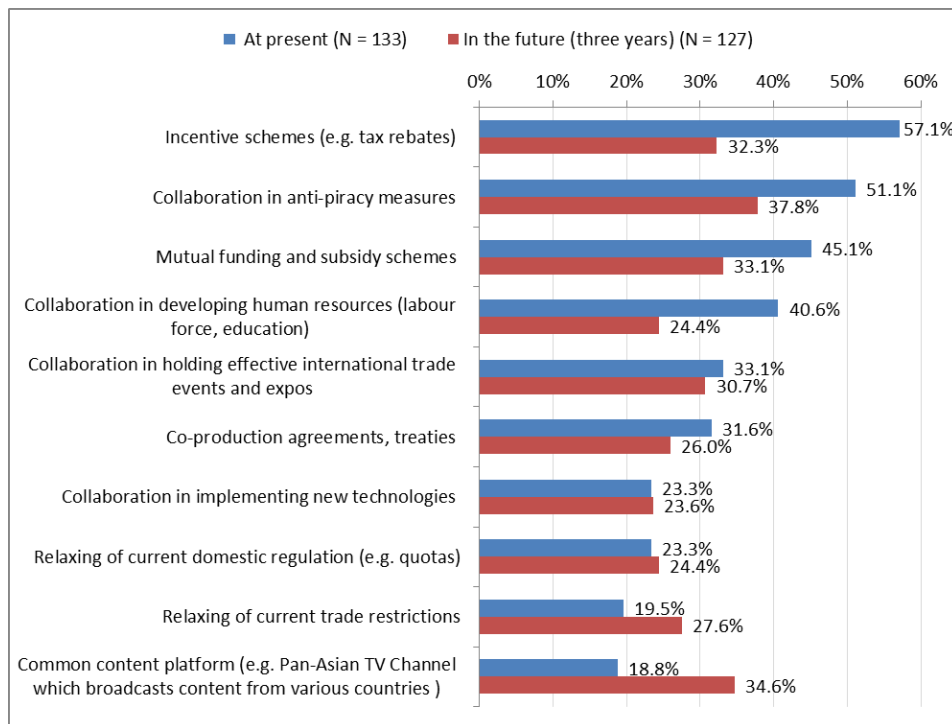
- ✓ Building a common content platform
- ✓ Relaxing current trade restrictions

Figure 13-13: Policy Demand for Asian Content Industry Development at Present and in the Future



Note: Respondents were asked to select three items at most.
 Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 13-14: Relationship between Present and Future Demand for Policies



Source: Evaluation Survey of Content Industry Promotion Policies.