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ForesightLAB

Creative Technology in Japan

A Foresight Lab Policy Snapshot

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The CoSTAR Foresight Lab

Driven by the UK's leading Creative Industries experts, the CoSTAR Foresight Lab is researching the adoption, use and impact of new, emergent and convergent technologies in gaming, TV, film, performance and digital entertainment.

Our findings will inform research, development and innovation across the Creative Industries, including the R&D taking place through the convergent screen technologies and performance in real time (CoSTAR) programme, the UK R&D network for creative technology.

CoSTAR is a £75.6 million national R&D network of laboratories that are developing new technology to maintain the UK's world-leading position in gaming, TV, film, performance, and digital entertainment. Delivered by the UKRI Arts and Humanities Research Council, the programme is supporting new innovations and experiences that will enrich the UK's creative industries, economy, and culture. The network comprises the National Lab, the Realtime Lab, the Live Lab, the Screen Lab and the Foresight Lab. CoSTAR is funded through UK Research and Innovation's Infrastructure Fund, which supports the facilities, equipment and resources that are essential for researchers, businesses, and innovators to do groundbreaking work. You can find out more by visiting www.costarnetwork.co.uk.

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Introduction

This policy snapshot is one of several short studies being undertaken by the CoSTAR Foresight Lab, aiming to provide information and insights on policies being developed to support the adoption of technologies in the Creative Industries (CIs) in overseas territories. These snapshots are intended to provide a high-level overview of some of the key policy developments and initiatives related to film, television, games, performance and digital entertainment as they relate to convergent technology R&D and innovation – helping to build understanding of both international developments and opportunities for UK trade and collaboration.

These studies, which are being conducted between June 2025 and September 2026, include: India, Japan, Australia, South Korea and Canada. They are complemented by our regular International Scans[1] undertaken in partnership with Olsberg.SPI, which aim to track industrial developments as well as emerging international policy signals in creative technologies. The scans can be read in parallel with these snapshots.

This policy snapshot on Japan presents a high-level summary of governmental policies and strategies related to the CIs and convergent technology innovation and adoption. This snapshot report will present:

- Overview of Japan's content industry and technology sector;
- Government policies for the content industry;
- Science, technology and innovation policies;
- AI policies.

1 See Creative Technologies International Scan #1 and Creative Technologies International Scan #2.

Overview of Japan's content industry and technology

Japan is a recognised leader in creative content production[2] and technology, gaming in particular. In 2022, Japan's content market reached a size of $88.4 billion (¥13.1 trillion), ranking third globally after the US and China and contributing approximately 9.6% to the global content market.[3] According to data published by the Agency of Cultural Affairs, Japan's cultural GDP, which includes performance/celebration, visual arts/crafts, books/press, audio-visual/interactive media, design/creative services, was estimated to be $36.4 billion (¥5.4 trillion), or 1.9% of domestic GDP, in 2020.[4] Overall, the culture sector employed 1.2 million of people, or 1.8% of the national level, in the same year (for reference, Japan's population was approximately 126.2 million in 2020, according to their census).[5]

Since the 2010s, the Japanese content industry has played an important role as a 'gateway' for foreign interest in the country. Overseas sales of Japanese content, concentrated on animation and games, has been increasing in the past decade: for example, it reached $31.7 billion (¥4.7 trillion) in 2022, showing 3.3 times increase from 2012 when it was $9.5 billion (¥1.4 trillion), with animation and home video games software take about 90% of the $31.7 billion export value.[6]

- Japanese video games' expansion overseas is estimated at about $18.9 billion (¥2.8 trillion) in 2022.[7] Despite the growth, Japan was in the second position globally as an exporter of digital video games in 2021, while the US was the world leader in this area.[8] The foreign companies developing games are growing in the country, making the position of Japanese game developers weaker.

2 The term 'Creative Industries' is rarely used in public discourse in Japan. Instead, 'Cool Japan' has been adopted as a way of framing Japan's popular culture content industries. The Japanese content industries are those that produce and distribute cultural, media, and entertainment products such as videos, film, anime, music, games, and publishing. See, for example: Oyama, S. (2019) In the closet: Japanese creative industries and their reluctance to forge global and transnational linkages in ASEAN and East Asia. ERIA Discussion Paper Series, No. 295. Available at: https://www.eria.org/uploads/media/ERIA_DP_no.295.pdf

3 Nakayama A (2025) The potential of Japan's content industry in the global market. CJPF (Cool Japan Public-Private Partnership Platform). Available at: https://cjpf.jp/en/modelcase/33contents/

In 2022, the global content market reached a total size of $915 billion (¥135.6 trillion), with the US ($509.6 billion or ¥75.5 trillion) and China ($224.0 billion or ¥33.2 trillion) leading the list.

4 Agency for Cultural Affairs, Japan (2023) A Quantitative Evaluation: The economic and social effects of culture. Available at: https://www.bunka.go.jp/english/report/survey/pdf/939111701_04.pdf

5 *Ibid.*

6 Human Media Co., Ltd (2023) Japan and Global Media × Content Market Database. Cited from: Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

7 Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

8 Maioli, S., Fazio, G., Jones, J. and Simandjuntak, D. (2024) UK Trade in a Global Creative Economy. Zenodo. doi: 10.5281/zenodo.10809397

- Animation expansion overseas is estimated at $10.1 billion (¥1.5 trillion) in 2022.[9] Although the Japanese animation industry has an advantage, it is considered understaffed in terms of employment opportunities.
- The film sector has small overseas export, estimated at about $0.88 billion (¥130 billion) in 2022.[10] Japanese film distribution has exceeded $50 million in the US in recent years, demonstrating a great future potential.

The recently published experimental UNCTAD (UN Trade and Development) statistics[11] showed that Japan's creative services exports were estimated to be $54 billion (¥8 trillion) in 2022, placing it 2nd in Asia and 8th globally.[12] Based on these statistics, Japan contributes 3.9% of the world's total of $1,824.7 billion (¥270.5 trillion) of creative services exports. In terms of creative goods exports[13], Japan has accounted for $8.3 billion (¥1.2 trillion) in 2022, placing it 10th among developed economies.[14] The main exported product groups include software, video games, recorded media (44% from total), jewellery (14.1% from total), music, performing and visual arts (11.4% from total).

New technologies are increasingly integrated into Japan's content industries. VR and other immersive technologies have been used to create commercially successful products and services in arts and culture.[15] For example, Japan's XR and immersive video market, valued at $2.8 billion (¥0.4 trillion) in 2019, is projected to reach $11 billion (¥1.6 trillion) by 2051.[16] The growth is underpinned by the rollout of 5G technology, diverse applications of VR/AR across multiple sectors and government support programmes.[17] VR/AR are moving beyond entertainment, with VR used for training and AR for navigation in sectors such as healthcare, tourism, retail, education, real estate, defence, and manufacturing.[18] The Ministry of Economy, Trade and Industry provides grants to content creators who use advanced tools such as VR/AR to promote products, services, and tourism. Meanwhile, Japan also remains a global leader in video game development, with its online games market estimated at $10 billion (¥1,127 billion) in 2017, representing 70% of the domestic games market.

9 Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

10 *Ibid.*

11 UNCTAD employs a different definition of creative services by including advertising, market research, and architecture; audiovisual; cultural, recreational, and heritage services; information services; research and development; and software.

12 UNCTAD (2024) Creative Economy Outlook 2024. Available at: https://unctad.org/publication/creative-economy-outlook-2024

13 UNCTAD includes in the creative goods list the following categories: audiovisual, multimedia and photography; crafts and design goods; books and publishing; music, performing and visual arts; architecture; software, video games and recorded media; and cultural and natural heritage.

14 UNCTAD (2024) Creative Economy Outlook 2024. Available at: https://unctad.org/publication/creative-economy-outlook-2024

15 Parker, L., Campbell, T., Hui, C., Nishiyama, Y., Baek, G. (2023) Mapping and research into arts and technology in Hong Kong, Japan and South Korea. British Council & BOP Consulting.

16 Innovate UK (2022) Global Expert Mission: Immersive Technologies in Japan November 2022. Available at: https://iuk-business-connect.org.uk/projects/global-expert-missions/immersive-technologies-japan-2022/

17 *Ibid.*

18 *Ibid.*

However, compared to other countries leading on digitaliztation (such as the US and China), Japan's content industry has been dominated by business models that have been slow in digitization and digital transformation (DX) initiatives.[19] For example, the digitalization rate of video (including subscription viewing / entire market) was estimated to be at 71% for Japan in 2022, while the same estimates for the US and China were 94.3% and 100% respectively.[20] The digitalization rate of games (including home online video games+PC+SmartPhone / entire market) was estimated to be at 90.9% for Japan in 2022, while the same estimates for the US and China were 91.9% and 99.3% respectively.[21] Policy documents (such as the *New Cool Japan Strategy*) have shown that Japan's technology adoption has been impacted by its focus on the domestic market, resulting in businesses being often reluctant in adopting new technologies and facing challenges in creating new services.[22]

While the estimates of cultural content production outlined above provide important context for understanding the dynamics of the content industry and technology in Japan, it is government policy that shapes the conditions under which these sectors develop. Japan's government bodies responsible for culture, science and technology policies include the following bodies:

- The Council for Science, Technology and Innovation (CSTI), comprised of the Prime Minister, relevant Ministers and experts, leads on development of S&T policy, including deliberating basic policies, evaluating key R&D projects and allocating resources.
- The Ministry of Education, Culture, Sports, Science and Technology (MEXT) plans and proposes basic policies for S&T, IT, culture and education.
- The Agency for Cultural Affairs, an independent agency under the jurisdiction of MEXT, is responsible for promotion of the arts and preservation of heritage.
- The Ministry of Economy, Trade and Industry (METI), including the Creative Industries Division within it, promotes and exports Japan's content businesses such as animation, screen, games, video, industries, fashion and design industries.

19 Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

20 Council of New Form of Capitalism Realization (26th Meeting) (April 17, 2024) Cited from: Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

21 *Ibid.*

22 Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

Cool Japan Policy as a national branding campaign

Japan's policies to support the content industries have been developed under the banner of Cool Japan: the Cool Japan initiatives first started in 2010s as a pop culture-centred public diplomacy campaign that aimed to take advantage of the popularity of Japanese pop culture products, such as anime, comics, games, and manga.[23] By focusing on international promotion and marketing of Japanese cultural products, Cool Japan has aimed to contribute to Japan's economic growth.[24] Cool Japan's primary goal has been to brand Japanese popular culture overseas to achieve recognition in both economic and symbolic terms, rather than offering domestic industrial policy actions leading to job creation and economic growth, such as those seen in European CIs models.[25]

Cool Japan policy interventions began around 2010 with initiatives led by METI, followed by the establishment of a specific Cool Japan Promotion Office in 2011.[26] The Minister of State for the Cool Japan Strategy was appointed in 2012, and the Cabinet Office, Secretariat of Intellectual Property Strategy Headquarters has overseen the overall coordination of Cool Japan policies while collaborating with other ministries. According to METI, Cool Japan aims

> '*to create a new growth industry and create new jobs by firmly branding the country, utilizing Japan's cultural power and the underlying strength of small and medium sized enterprises, discovering each of these potential strengths, and selling them overseas as a major brand called 'Japan' and attracting tourists from Asia and other countries based on this brand*.'[27]

In 2013, the Cool Japan Fund ($0.468 billion or ¥69.3 billion) was created with the goal of financially assisting various Cool Japan-related businesses and providing consulting advice to help the private sector in expanding overseas and selling Japanese cultural products and services. In 2015, the Cabinet Office, Secretariat of Intellectual Property Strategy Headquarters established the Cool Japan Public-Private Partnership Platform to ensure public and private sector collaboration. In 2019, the *Cool Japan Strategy* was formulated, and the Cool Japan Strategy Council was established with the aim of strengthening cooperation among ministries and agencies. The *Cool Japan Strategy* set out the main aims of its initiatives 'to enhance Japan's brand power through global empathy with Japan's various distinctive features' and 'to increase the number of foreign nationals who have an interest in Japan' in order to achieve economic benefits for the nation enhancing Japan's soft power.[28]

23 Nakamura, T. (2013) Japan' s new public diplomacy: coolness in foreign policy objectives. *Media and Society*, Vol. 5 No. 1, pp. 1-23.

24 Miyamoto, J., Shimizu, A., Hayashi, J., Cheah, I. (2023) Revisiting "Cool Japan" in country-of-origin research: a commentary and future research directions. *Asia Pacific Journal of Marketing and Logistics*. Vol. 35, Iss. 9.

25 Oyama, S. (2019) In the closet: Japanese creative industries and their reluctance to forge global and transnational linkages in ASEAN and East Asia. ERIA Discussion Paper Series, No. 295. Available at: https://www.eria.org/uploads/media/ERIA_DP_no.295.pdf

26 The Cool Japan Promotion Office was also called Creative Industries Promotion Office, since METI used the terms 'Cool Japan' and 'creative industries' interchangeably.

27 Ministry of Economy, Trade and Industry Annual Report 2011, p. 360.

28 Cabinet Office, Intellectual Property Strategy Headquarters (2019) Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2019.pdf

The scope of the Cool Japan work led by the Cabinet Office included the following areas[29]:

- Overseas development of content and support for creators. Efforts in this direction included various support programmes delivered by METI through subsidies for the content industry, such as support for localization and promotion of overseas development, support for new initiatives using digital technology to promote digitization and system development improving the efficiency of content production and distribution processes, support for domestic video production for the global development of the video industry, and support for location incentives of overseas video production companies. The Agency for Cultural Affairs has been supporting creative activities and talent development in sectors such as manga, animation, and games, promoting Japanese films and performing arts.
- Inbound incentives: the Japan Tourism Agency and the Japan National Tourism Organization have been working to promote inbound travel to Japan by participating in overseas travel expos and promoting social networking services in order to achieve the target set by the government in the Tourism Vision to Support the Future of Japan (2016) such as increasing the number of foreign visitors to Japan to 60 million and the value of foreign travel spending in Japan to $101.2 billion (¥15 trillion) in 2030.
- Exports of agricultural, forestry and fishery products and food(a part of the *Cool Japan Strategy*: the Ministry of Agriculture, Forestry and Fisheries has been supporting export business operator by the Japan External Trade Organization and strategic promotion efforts for local consumers by the Japan Food Products Overseas Promotion Centre.
- Information dissemination to overseas markets: the Ministry of Foreign Affairs of Japan has been disseminating information about Japan, including pop culture and Japanese films and television programs.

In 2024, the *New Cool Japan Strategy* (henceforward referred to as the *New Strategy*) was adopted with the goals of strengthening competitiveness, achieving high economic growth, promoting digitisation and digital transformation, supporting creators, and creating an ecosystem with sufficient funds.[30] According to the *New Strategy*, the environment surrounding Cool Japan has changed, requiring the rebooting of existing policy frameworks: for example, the number of foreign visitors to Japan and the popularity of Japanese content, particularly anime and video games, have grown significantly.

29 Cabinet Office, Intellectual Property Strategy Headquarters (2024) New Cool Japan Strategy. Available at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf

30 *Ibid.*

To achieve its goals, the *New Strategy* defines specific policy and future initiatives for the content industries[31] and these include the following:

1. Enhancing data on the overseas expansion of the content industry to promote industrial growth, strengthen international competitiveness, and support further global expansion.
    - The *New Strategy* set out the targets to achieve for expansion into overseas markets. For example, the economic impact of industries included in the *New Strategy*[32] has been set up to achieve $202.4 billion (¥30 trillion) by 2028 and $337.3 billion (¥50 trillion) by 2033. The content industry, spanning anime, manga, games, film and TV, is expected to target $67.5 billion (¥10 trillion) by 2028 and $134.9 billion (¥20 trillion) by 2033.
    - A public-private council, including creators, will be established in order to advance policies in strengthening Japan's content industry.

2. Strengthening overseas business development by collecting and sharing market intelligence, fostering international collaborations, promoting external investment, advancing technical capabilities, improving working conditions, reviewing business practices, and developing state-of-the-art studios.
    - The *New Strategy* assigns content specialists to Japan's External Trade Organization (JETRO) to support overseas development of the content industry.
    - Establishes an integrated support system to strengthen production capacity for high-quality video.
    - Expands markets for Japanese content by enhancing distribution platforms, supporting international promotion, and securing exhibition opportunities at globally influential museums, festivals, and trade fairs.
    - Promotes live performances to build global fandom for Japanese content.
    - Introduces location incentives to attract overseas film productions.
    - Establishes a National Centre for Media Arts to collect, preserve, digitise, exhibit, research, and promote exchange in media arts, including manga, animation, special effects, and games.

3. Advancing structural reforms for the digital economy by developing business models based on emerging technologies such as blockchain, Web3, and NFTs; revising revenue distribution and contractual frameworks for digital contexts; and fostering more equitable relationships with overseas platforms.
    - The *New Strategy* promotes digital archives to preserve Japan's cultural and historical knowledge.
    - Supports high-quality digital content creation using technologies like AI, VR/Metaverse, blockchain/Web3, and NFTs to strengthen Japan's content industry.

31 In addition, the *New Strategy* separately defines policies for inbound tourism, export of agricultural, forestry and fishery products and food, and promotion of regional attractiveness.

32 The industries included in the *New Strategy* are Food & Food Culture, Content, Fashion and Cosmetics, and Inbound Tourism.

- Prepares for the 2023 Copyright Act revision (effective in 2026) by raising public awareness and fostering an ecosystem that balances AI innovation with intellectual property protection.
- Facilitates overseas expansion through the development of unique Japanese distribution platforms and channels.

4. Strengthening talent by developing creators' digital skills, supporting startups and organizations, and enhancing compensation and benefits.
    - The *New Strategy* fosters talent by identifying skill gaps and creating new opportunities.
    - Supports artists' global careers through networking and promotional programmes.
    - Creates a system of legal and expert support for business development and copyright, promoting awareness of 2022 government guidelines for cultural and arts contracts.[33]

5. Strengthen anti-piracy efforts through public-private partnerships while promoting legitimate content distribution.
    - Convene government ministries to discuss anti-piracy measures and share updates.
    - Require platforms to remove illegal and harmful content through official regulations and guidelines.

6. Strengthening public-private partnerships by enhancing intelligence capabilities, sharing data and strategies, and improving user-friendly features.
    - Establish a public-private council to review policies and track progress.
    - JETRO will collect and share overseas marketing and local creator information.
    - METI will provide an online portal with startup support measures, budgets, and related data for the content industry.[34]

With Japan's content industries policies emphasizing international recognition, global competitiveness, and the adoption of emerging technologies, these initiatives set the stage for a broader focus on innovation and technology. The next section examines science, technology, and innovation policies that drive technological advancement and strengthen Japan's position on the global stage.

33 'Guidelines for the Establishment of Appropriate Contractual Relationships in the Cultural and Arts Sector' (July 27, 2022, Study Council for the Establishment of Appropriate Contractual Relationships in the Cultural and Arts Sector).

34 https://www.meti.go.jp/policy/newbusiness/startup/index.html

Science, technology and innovation policy

Being at the top level among major countries, Japan's expenditure for R&D in science and technology was estimated at $139.7 billion (¥20.7 trillion) in 2022, or 3.65% of GDP[35], demonstrating an increase of 4.9% from the previous year.[36] Japan is also a major exporter of technologies, with exports valued at $33.7 billion (¥4,995.9 billion) in 2022 primarily to the US, China, the UK, and Mexico. These figures underscore Japan's substantial commitment to R&D and its reliance on science and technology as a driver of economic competitiveness and international engagement.

Building on this foundation, Japan's recent science, technology, and innovation (STI) policy has evolved into a central pillar of its national strategy, reflecting domestic and global structural challenges. Two recent documents – *Sixth Science, Technology, and Innovation Basic Plan* (henceforward referred to as *Sixth STI Basic Plan*)[37] and the *Integrated Innovation Strategy 2024*[38] – illustrate this trajectory. Taken together, these documents demonstrate Japan's attempt to balance long-term societal goals with short-term strategic imperatives, positioning STI policy as a driver of economic growth and a safeguard of national resilience.

Sixth STI Basic Plan presents itself as a policy contribution to resolving global challenges affecting Japan, such as the ageing population, the impacts of climate change and declining international competitiveness in science and technology. To solve these problems, the *Sixth STI Basic Plan* proposes to create diverse knowledge, combining the natural sciences, humanities and social sciences, and to redesign society through the convergence of knowledge and talent development to carry out these tasks.

A radical and ambitious strategy, *Sixth STI Basic Plan* creates a vision for Japan's future society – Society 5.0 – '*a human-centred society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space*'[39]. The Society 5.0 vision combines achieving Sustainable Development Goals (SDGs), adopted by the UN in 2015, with scientific research and technological capabilities. Society 5.0 is '*a society that is sustainable and resilient, that secures the safety and security of the people, and that enables each and every one of them to realize diverse happiness (wellbeing)*'. Additionally, by proposing this concept, Japan aims to strengthen

35 The average gross domestic spending on R&D in OECD countries was 2.7% in 2022. See: OECD (2025) Gross domestic spending on R&D. Available at: https://www.oecd.org/en/data/indicators/gross-domestic-spending-on-r-d.html

36 Statistical Bureau of Japan (2024) Statistical Yearbook of Japan 2024. Available at: https://www.stat.go.jp/english/data/handbook/pdf/2024all.pdf

37 Cabinet Office (2021) Science, Technology, and Innovation Basic Plan. Available at: https://www8.cao.go.jp/cstp/tougosenryaku/togo2024_honbun_eiyaku.pdf

38 Cabinet Office (2024) Integrated Innovation Strategy 2024. Available at: https://www8.cao.go.jp/cstp/tougosenryaku/togo2024_honbun_eiyaku.pdf

39 Cabinet Office (2021) Science, Technology, and Innovation Basic Plan. Available at: https://www8.cao.go.jp/cstp/tougosenryaku/togo2024_honbun_eiyaku.pdf

cooperation with countries, regions, and international organizations. To achieve these goals, the *Sixth STI Basic Plan* has proposed that the government secure $202.3 billion (¥30 trillion) in investment in R&D, while the public and private sectors invest $810 billion (¥120 trillion) in R&D over a 5-year period (2021-2026).

The *Integrated Innovation Strategy 2024*[40] operates as a more immediate implementation plan aligned with the *Sixth STI Basic Plan*. It prioritizes strengthening Japan's position in key technologies such as AI, quantum, biotechnology, and fusion energy, while addressing economic security and disaster resilience. It also stresses public–private collaboration, international partnerships, and the rapid social implementation of technology. The strategy concentrates on three core pillars[41]:

1. Integrated strategy for key technologies: Promote R&D, industrialization, and talent across AI, robotics, quantum, IoT, semiconductors, and 6G; build domestic infrastructure, testbeds, and startup ecosystems; foster collaboration between industry, academia and government to grow skilled talent and expand global markets.
2. Strengthening global collaboration: Lead international rulemaking in AI, fusion, quantum, and biotech; align STI with economic security; strengthen partnerships with G7, ASEAN, and the Global South to enhance resilience and competitiveness.
3. Enhancing competitiveness and ensuring safety and security in AI: Boost AI talent, infrastructure, and R&D; promote responsible AI use, a new AI Safety Institute (AISI), and countermeasures to misinformation; advance IP frameworks; and drive international cooperation to achieve safe, secure and trustworthy AI through the Hiroshima AI Process.[42]

Japan's STI policies not only set the direction for research and industrial advancement but also highlight AI as a key driver of future growth. Building on this emphasis, the next section explores Japan's dedicated AI policies in greater detail.

40 The strategy largely focuses on sectors such as health, medicine, space, oceans, food, agriculture, forestry and fisheries, and the environment and energy to promote them from the perspectives of research and innovation capabilities.

41 Cabinet Office (2024) Integrated Innovation Strategy 2024. Available at: https://www8.cao.go.jp/cstp/tougosenryaku/togo2024_honbun_eiyaku.pdf

42 To shape inclusive governance for generative AI, the Hiroshima AI Process provides an international framework that was signed by the G7 in 2023, offering guidelines and a code of conduct aimed at promoting the dissemination of safe and reliable advanced AI and enhancing cooperation with the OECD and UN. See: The Government of Japan (2024) The Hiroshima AI Process: Leading the Global Challenge to Shape Inclusive Governance for Generative AI. Available at: https://www.japan.go.jp/kizuna/2024/02/hiroshima_ai_process.html#:~:text=Amid%20the%20growing%20global%20debate,%2C%20secure%2C%20and%20trustworthy%20AI.
See also: Hiroshima AI Process G7 Digital & Tech Ministers' Statement (2023) Available at: https://www.soumu.go.jp/hiroshimaaiprocess/pdf/document02_en.pdf

AI Regulation

As part of the Society 5.0 measures set out in STI policies, AI is positioned as central to its attainment, helping to revitalize Japan's society and economy and contributing to the SDGs on a global scale.[43] There are currently no comprehensive rules regulating AI, but various ministries have published a range of guidelines related to AI; key documents include:

- *Social Principles of Human-Centric AI* (issued by the Cabinet Office in 2019);
- *AI Guidelines for Business Ver1.1* (issued by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry in 2024);
- *General Understanding on AI and Copyright in Japan* (issued by the Legal Subcommittee under the Copyright Subdivision of the Cultural Council of the Agency for Cultural Affairs in 2024);
- *Act on the Promotion of Research and Development and the Utilization of AI-Related Technologies* (issued by the Cabinet in 2025).

Social Principles of Human-Centric AI issued by the Cabinet Office in 2019 presents a set of AI social principles and identifies some issues to consider in AI R&D and implementation.[44] AI should be used effectively and safely to benefit society and transform Japan into an AI-Ready Society. The vision of the AI-Ready Society presents advanced technological development considering five aspects such as human potential[45], social systems[46], industrial structures[47], innovation systems[48], and governance[49]. To realize an AI-Ready Society, social principles of AI are suggested to implement in Japanese society through partnership of AI developers, businesses and government. These principles are also featured in *AI Guidelines for Business Ver 1.01* issued by the METI in 2024, that offers recommendations to

43 Cabinet Office (2019) Social Principles of Human-Centric AI. Available at: https://www8.cao.go.jp/cstp/english/humancentricai.pdf

44 *Ibid.*

45 AI-Ready Society creates an environment that recognises advantages and biases of AI and has 'sufficient human resources with acquired application skills such as implementation and design of AI systems and a basic knowledge of data and AI'. (Ibid. P.5.)

46 To embrace the full benefits of AI technologies, sectors such as healthcare, finance, insurance, transport, energy, and others need 'to flexibly change and respond to the evolution of AI' implementing 'flexible architecture designs equipped with mechanisms for expandability, connectivity and interoperability' in both software and hardware aspects. (Ibid. P.5.)

47 Employment and entrepreneur environments need to be 'flexible and internationally open' by promoting flexible working styles and human creativity. (Ibid. P.6.)

48 'It is necessary for universities, research institutions, industries, and the public at large to participate in AI R&D', creating an environment in which innovation can flourish. 'To that end, all types of data including real space data should be instantaneously and securely available at a level that AI can analyze. Additionally, it is advisable to ensure privacy and security so that everyone can provide and distribute data with ease, and for there to be an environment where they can benefit from the data that they have provided.' (Ibid. P.6.)

49 'It is necessary to have a system that can be implemented and in place for various stakeholders so they are able to work together on identifying issues, evaluating impacts, and making decisions on regulatory governance including rules, systems, standardization and codes of conduct'. (Ibid. P.6.)

mitigate risks associated with AI for businesses involved in the development, provision, and use of AI technologies.[50] To ensure trustworthy and responsible use of AI, it is recommended that AI businesses should implement various activities, following these guiding principles such as:

- Human-centric principle: Respect rights, dignity, and diversity; enhance well-being and inclusivity; avoid manipulation.
- Safety principle: Ensure accuracy, reliability, and guardrails through risk assessment and monitoring.
- Fairness principle: Prevent discrimination and mitigate bias with oversight and transparent processes.
- Privacy principle: Apply privacy-by-design, comply with laws, and protect data and IP.
- Security principle: Safeguard systems with security-by-design and adapt to new threats.
- Transparency principle: Disclose AI's scope, risks, and limits; maintain documentation, logs, and content labelling.
- Accountability principle: Assign responsibility, ensure traceability, and apply agile governance.
- Education principle: Promote AI literacy, ethics, and reskilling across society.
- Innovation principle: Foster fair competition, collaboration, interoperability, and research on global challenges.

General Understanding on AI and Copyright in Japan issued by the Legal Subcommittee under the Copyright Subdivision of the Cultural Council of the Agency for Cultural Affairs in 2024 outlines the Agency for Cultural Affairs' perspective on issues surrounding AI and copyright law.[51] Japan's Copyright Act aims to protect the rights and interests of copyright holders while ensuring the smooth exploitation of copyrighted works. The Copyright Act proposes flexible copyright exceptions to facilitate AI development, allowing the use of copyright-protected works for text and data mining (TDM) for commercial and non-commercial non-enjoyment purposes without securing the permissions of copyright holders (Article 30-4 of the Copyright Act).

Japanese legislation distinguishes between the enjoyment and non-enjoyment of copyrighted works. Enjoyment of works refers to appreciating works by humans, for example, by listening to music, watching films or reading books, and the copyright law protects it by guaranteeing remuneration to creators. Non-enjoyment, on the other hand, implies that works are used for other purposes, such as analysis or data extraction. It does not entail copyright protection or harm copyright holders' interests[52]. However, if the non-enjoyment purpose requirement is satisfied, Article 30-4 does not apply if the

50 Ministry of Internal Affairs and Communications & Ministry of Economy, Trade and Industry (2024) AI Guidelines for Business Ver 1.01. Available at: https://www.meti.go.jp/shingikai/mono_info_service/ai_shakai_jisso/pdf/20241226_1.pdf

51 Copyright Subdivision, Agency for Cultural Affairs (2024) General Understanding on AI and Copyright in Japan. Available at: https://www.bunka.go.jp/english/policy/copyright/pdf/94055801_01.pdf

52 Ueno T (2020) The Flexible Copyright Exception for 'Non-Enjoyment' Purposes—Recent Amendment in Japan and Its Implication. 70(2) GRURI 148

interests of copyright holders are unreasonably prejudiced. The Article 30-4 of the Copyright Act provides the following examples of non-enjoyment purposes:

- The exploitation of a work for use in testing to develop, or to put into practical use, technology that is connected with audio recordings, video recordings or other exploitations of a copyrighted work.
- The exploitation of a copyrighted work for use in data analysis (including the training of GenAI).
- The exploitation of a copyrighted work in the course of computer data processing or otherwise in a way that does not involve what is expressed in the work being perceived by human senses.

In May 2025, Japan's parliament approved the *Act on the Promotion of Research and Development and the Utilization of AI-Related Technologies*[53] (henceforward referred to as *AI Promotion Act*), signalling a transition from a soft guideline-based approach to AI governance to a formal legislative framework. The *AI Promotion Act* aims to establish foundational principles for policies that promote R&D and utilization of AI to foster socio-economic growth[54]. The Act confirms the government's ambition to make Japan 'the world's most AI-friendly country' that was initially outlined in the AI White Paper 2024[55]. Building on previous government AI guidelines[56], the Act's goal is to create a pro-innovation legal system that supports investment and experimentation by avoiding the imposition of strict rules and penalties that could restrain development.

The *AI Promotion Act* establishes a central governmental body to coordinate AI policies – an AI Strategy Headquarters within Japan's Cabinet. The AI Strategy Headquarters, chaired by the Prime Minister, is mandated to formulate and implement the Basic AI Plan (forthcoming) that will present policy measures for promoting research, development and utilization of AI technologies.

The *AI Promotion Act* is a foundational law that describes high-level responsibilities for AI governance establishing a legal basis for future policies. Building on existing voluntary guidelines, the Act presents a soft regulation model that fosters collaboration and cooperation between the government and the private sector, obliging stakeholders to voluntarily cooperate with the government policies and contains no explicit penalties for non-compliance and misusing AI.[57] For example, the Act does not impose any obligations on the private sector actors or classify any risks of AI misuse and associated requirements.

Japan's AI policies present a forward-looking approach highlighting a progressive stance on AI governance. They suggest a model from which other countries could draw valuable lessons in balancing innovation with social responsibility.

53 E-gov Law Search (2025) Act on Promotion of Research, Development, and Utilization of Artificial Intelligence-Related Technologies. Available at: https://laws.e-gov.go.jp/law/507AC0000000053

54 Paulger, D. (2025) Understanding Japan's AI Promotion Act: An 'innovation-first' blueprint for AI regulation. Future of Privacy Forum. Available at: https://fpf.org/blog/understanding-japans-ai-promotion-act-an-innovation-first-blueprint-for-ai-regulation/

55 LDP Headquarters for the Promotion of Digital Society (2024) AI White Paper 2024 New Strategies in Stage II Toward the world's most AI-friendly country. Available at: https://www.taira-m.jp/AI%20White%20Paper%202024.pdf

56 These include 2022 Governance Guidelines for the Implementation of AI Principles and 2024 AI Business Operator Guidelines.

57 Paulger, D. (2025) Understanding Japan's AI Promotion Act: An 'innovation-first' blueprint for AI regulation. Future of Privacy Forum. Available at: https://fpf.org/blog/understanding-japans-ai-promotion-act-an-innovation-first-blueprint-for-ai-regulation/

Conclusion

The evolving policy landscape for creative technologies in Japan brings together an ambitious attempt to bridge cultural promotion, industrial innovation and technological transformation into a coherent national strategy. Cool Japan policies illustrate the government's commitment to strengthening Japan's global soft power through cultural content exports and inbound tourism. Their latest iteration moves beyond cultural branding campaigns to emphasize digital transformation, cross-sectoral collaboration, and competitiveness in global markets. Meanwhile, Japan's STI policies define the vision and execution framework for Society 5.0, aiming to create a human-centred, sustainable, and resilient '*system that highly integrates cyberspace and physical space*'[58]. These plans identify urgent technological priorities such as AI, quantum, biotechnology, semiconductors and fusion energy, while embedding them within ecosystems of collaboration among government, academia, and industry. At the same time, the government has placed significant emphasis on AI-specific frameworks that serve as regulatory and ethical guardrails. By stressing principles such as human-centricity, fairness, transparency, accountability, privacy, and intellectual property protection, Japan demonstrates its commitment to ethical, transparent, and accountable innovation. Taken together, these policies seek to fuse soft power with technological strength, positioning Japan to shape the global creative and digital economy.

58 Cabinet Office (2021) Science, Technology, and Innovation Basic Plan. Available at: https://www8.cao.go.jp/cstp/tougosenryaku/togo2024_honbun_eiyaku.pdf

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