

## CHAPTER I

### INTRODUCTION

#### 1. Background of the Problem

The development of the creative economy is one of the important aspects of the modern economy. In Islam, creative economic growth can be seen as part of *maqasid al-shariah* (the purpose of sharia), namely the maintenance and development of wealth (*hifz al-mal*). Islam is not only encourages its followers to generate wealth through halal and blessed means, But also teaches the importance of creativity and innovation in building a sustainable economy. This is in line with Allah's words in Surah Al-Jumu'ah verse 10:

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَعَلَّكُمْ تُفْلِحُونَ

"When the prayer is completed, then spread out upon the earth, and seek the bounty of Allah, and remember Allah much, that you may prosper." (QS. Al-Jumu'ah [62]:10).<sup>1</sup>

This verse shows that Islam encourages economic activity and hard work with the aim of seeking halal sustenance. The creative economy seeks to create added value through creativity and represents one form of applying this commandment. In addition, the Prophet Muhammad also said:

خَيْرُ النَّاسِ أَنْفَعُهُمْ لِلنَّاسِ. [صحيح الجامع]

"The best of human beings are the most beneficial to other human beings"<sup>2</sup>

This Hadith emphasizes that creative and innovative economic activities should aim to benefit the wider community. Therefore, in the context of the creative economy, Islamic values emphasize the importance of utilizing creative abilities to make a positive contribution to social welfare.

Linguistically, the term "economy" in Arabic is called *iqtishad*, which means moderation or balance.<sup>3</sup> Economics in the Islamic perspective focuses on the balance between individual needs and the welfare of the wider community, including the imbalance comparison between worldly and ukhrawi (hereafter) needs. "Creativity" (*ibda'*) in Islam is also recognized as a gift from Allah that should be used in positive things that benefit others. In terms, the creative economy can be defined as a form of economy that emphasizes the creation of added value through creative activities derived from human ideas, skills, and talents. In an Islamic perspective, the creative economy must be based on the principles of justice (*'al adl*), blessing (*barakah*), and usefulness (*naflu*), where the products produced

<sup>1</sup> Al-Qur'an Surah Al-Jumu'ah, verse 10

<sup>2</sup> Hadith narrated by Thabrani, in *Musnad Ash-Shamiyyin* no. 1184

<sup>3</sup> Al-Faruqi, Ismail Raji. *Al-Tawhid: Its Implications for Thought and Life*. Herndon, Virginia: International Institute of Islamic Thought, 1992.

are not only of economic value but also have a positive impact on the benefit of the people.

During Islamic history, creativity in economics had been recognized since the time of Prophet Muhammad, when trades, arts, and skills were integral to the socio-economic life of Muslims. In fact, some highly valued cultural products, such as calligraphy and Islamic architecture, were the results of sustained creativity and continued to generate significant economic value. These creative economic models were developed in accordance with Islamic principles, avoiding usury and ensuring sustainable benefits for the ummah. Thus, in Islam, the creative economy was regarded as part of worship—an activity not only aimed at personal profit but also at attaining the pleasure of Allah SWT by spreading benefits. In a global context, the creative economy became an essential part of international trade, with agreements such as the Japan-European Union Free Trade Agreement (JEFTA) opening opportunities for international collaboration in the sector. This had a significant impact on the creative economy, including the animation industry, which involved the production of cultural content with high economic value. The animation industry became one of Japan's most significant creative economy sectors, contributing approximately 2.18 trillion yen (around \$19.7 billion), equivalent to 1.6% of Japan's total gross domestic product in 2017.<sup>4</sup> Some of Japan's leading animation companies produced numerous popular animated works, such as the Gundam, Naruto, and Dragon Ball series. With a global market share of about 20% in 2020, Japan played a major role in the global animation industry. Meanwhile, the European Union also had a thriving animation industry, with companies emerging as key players in animation production and distribution across Europe. According to the European Animation Producers Association's 2020 report, the European animation industry generated approximately 7.8 billion euros in revenue in 2019.

In 2019, Japan and the European Union signed the Economic Partnership Agreement (EPA), commonly referred to as the Japan-EU Free Trade Agreement (JEFTA).<sup>5</sup> This agreement aimed to strengthen economic ties by increasing trade and investment between the two regions through the elimination or reduction of tariffs, as well as by minimizing non-tariff barriers in various sectors. JEFTA intended to eliminate 99% of tariffs on EU export products to Japan and approximately 94% of Japanese tariffs on EU products within 15 years of the agreement's implementation, with a long-term goal of nearly eradicating all tariffs between the two parties. Additionally, JEFTA introduced various policies to promote higher standards in intellectual property rights (IPR) protection, broader market access, and improved food safety across key sectors, including agriculture, manufacturing, and the creative economy. In the creative economy sector, particularly in the animation industry, JEFTA was expected to create broader market opportunities and encourage cross-border investments. Japan's globally

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<sup>4</sup> Japan Animation Creators Association. (2021). *Salary survey*. Retrieved December 20, 2024, from <https://www.animatorunion.jp/salary-survey-2021.pdf>

<sup>5</sup> Ministry of Foreign Affairs of Japan. (2019, July 1). *Press release: Signing and conclusion of the Japan-EU Economic Partnership Agreement (EPA)*. Retrieved December 20, 2024, from [https://www.mofa.go.jp/press/release/press1e\\_000110.html](https://www.mofa.go.jp/press/release/press1e_000110.html)

renowned animation industry and Europe's strong cultural and creative base were anticipated to leverage this agreement to enhance content exports.

In 2020, Japan's animation industry had a market value of approximately ¥2.4 trillion (around €18.5 billion) and was expected to continue growing under the trade partnership established through JEFTA. At the same time, Europe's creative economy sector contributed approximately 4.4% to the EU's Gross Domestic Product (GDP) and provided employment to over 7.4 million people. JEFTA was anticipated to make it easier for European creative industries to access the Japanese market, which had previously been challenging to enter due to protectionist policies and strict standards.<sup>6</sup> The anime animation industry emerged as a sector with significant global economic impact, particularly in poverty alleviation and job creation. Collaboration between Japanese anime companies and European animation studios served as a tangible example of how this industry could make positive contributions. The anime industry generated employment opportunities for a wide range of professionals, including animators, artists, technicians, and other staff members. In Europe, the industry employed approximately 12,000 individuals, with an average salary of €32,000 per year. Meanwhile, in Japan, the animation industry employed around 380,000 people, with an average monthly salary of ¥4.8 million. Producing anime required a substantial number of drawings for each episode. On average, each anime episode involved 3,000 to 6,000 drawings, with much of the work carried out by freelancers. In Europe, freelance animators earned between €20 and €50 per drawing, while in Japan, the pay ranged from ¥1,000 to ¥2,000 per drawing. These figures highlighted the industry's capacity to absorb a significant amount of labor, particularly freelancers.

In addition to creating direct employment, the anime animation industry contributed to the economy through taxes, tourism, and merchandise sales. In Japan, the industry generated approximately ¥2.4 trillion in annual revenue.<sup>7</sup> This economic shift not only impacted poverty reduction but also propelled overall economic growth. Large animation companies often outsourced parts of the production process to external animation studios and freelancers. For a 24-minute anime episode, around 8,000 to 10,000 drawings were required. Freelancers, commonly referred to as "animators" or "in-between animators," were responsible for creating the majority of these drawings. According to a 2021 report from the Japan Animation Creators Association, the average payment for a freelance animator in Japan for a single anime episode ranged from ¥50,000 to ¥100,000. For an anime series with 12 to 13 episodes per season, animation companies hired hundreds of freelance animators, resulting in total production costs amounting to millions of yen. Similarly, in Europe, animation companies also relied heavily on freelance labor for animation production. A 2020 report by the European Animation Producers Association indicated that freelancers made up approximately 63% of

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<sup>6</sup>Statista. (2020). *Value of the Animation Industry in Japan*; European Audiovisual Observatory. (2020). *The Creative Economy in the EU*.

<sup>7</sup> Anime News Network. (2023). *News*. Retrieved December 20, 2024, from <https://www.animenewsnetwork.com/news/>

the total workforce in the European animation industry. For large animation projects, such as movies or TV series, European animation studios employed tens to hundreds of freelance animators, with salaries varying based on experience and project complexity. For instance, in France, the monthly salary of a freelance animator ranged from €2,000 to €4,000.

The collaboration between Japanese companies and European animation studios has had a positive impact on poverty alleviation and job creation in both regions. The anime animation industry not only created opportunities for artists and creative professionals to develop their skills and earn a sustainable income, but also significantly contributed to the economy through taxes, tourism, and merchandise sales. While several studies have examined the overall impact of JEFTA on the animation industry, there remains a research gap in analyzing its specific influence on the creative economic growth of major animation companies in Japan and European animation studios. This study aims to address that gap by conducting an in-depth analysis of how JEFTA has influenced the growth of the creative economy in Japanese anime and European animation studios from 2019 to 2024. As a sector with unique challenges in adapting to the changing business environment post-JEFTA, this research seeks to explore the effects of the free trade agreement in detail. By focusing specifically on the impact of JEFTA during this period, the study is expected to provide valuable insights and strategic recommendations for major animation companies in Japan and Europe to navigate the evolving business landscape brought about by the free trade agreement.

The signing of JEFTA provided greater market access for Japanese products in the European Union, including anime content. In this context, the economic growth and innovation of anime companies, such as Entertainment, became the focus of the study. Changes in trade regulations, investment policies, and intellectual property rights introduced by JEFTA had a significant impact on the growth and innovation of these companies. The Japanese anime industry evolved from being a local entertainment medium to becoming a global economic powerhouse, captivating millions of viewers worldwide. From television animated series to movies, anime played a central role in delivering content that achieved unmatched popularity. An intriguing aspect of anime's global appeal was the active role played by international fan communities. These communities were not only loyal consumers but also key drivers in spreading the anime phenomenon through social media, conventions, and online platforms. As a result, anime's influence extended beyond mere consumption, fostering interaction and participation among fans. In the context of globalization, anime transcended its role as an entertainment product and emerged as an effective tool for cultural diplomacy. By exploring various aspects of Japanese culture, anime created a bridge for intercultural communication that benefited both producers and consumers alike.

To understand the appeal and economic impact of anime, it is essential to examine its history. The anime industry began in the early 20th century with the advent of motion pictures in Japan. In the 1910s, rudimentary animation appeared in the form of short films, but the industry truly gained momentum in the 1960s



with the release of the first television anime series, Osamu Tezuka's *Astro Boy*. In recent decades, the anime industry experienced a surge in global popularity. This market expansion was not confined to Japan but extended across the globe. Anime series such as *Dragon Ball*, *Naruto*, and *One Piece* amassed large fan bases outside Japan, elevating the genre's popularity to an international level. The globalization of anime encompassed not only the dissemination of content but also a profound influence on popular culture in various countries. Fans outside Japan actively participated in online communities, shared content, and created inspired works. This globalization sparked interest not only in anime as entertainment but also in Japanese culture, including its language, traditions, and philosophy. The evolution of the anime industry continued in the digital age. The internet and online platforms facilitated broader distribution, enabling fans worldwide to access content more easily. Anime studios increasingly adopted digital technology in their production processes, allowing for more efficient creation and delivering higher-quality animation.

These innovations not only transformed production methods but also created new opportunities in marketing and distribution, establishing anime as a dynamic creative industry. Over time, anime evolved not only in production volume but also in narrative quality and visual design. These advancements reflected changes in domestic market preferences while simultaneously attracting growing global interest. The role of the government in supporting the anime industry was pivotal. Throughout its history, the Japanese government provided financial and regulatory support to facilitate the industry's growth. Understanding this governmental involvement helps to highlight the economic foundations and sustainability of the anime industry. Japanese culture, rooted in values such as creativity, innovation, and aesthetics, played a central role in the nation's economic success. As part of Japan's cultural heritage, anime embodied these values, enhancing the country's image and economic appeal on the global stage. Japanese culture, which became a global trademark, significantly contributed to the uniqueness of the anime industry. Values such as hard work, dedication, and innovation were evident in every anime production, creating an identity that was highly respected in international markets. Furthermore, anime opened doors for the expansion of other creative industries in Japan.<sup>8</sup> The principles of Japanese culture, as reflected in anime, formed the basis for business philosophies like *kaizen* (continuous improvement) and ongoing innovation. The artistry, design, and technology showcased in anime cultivated an ecosystem that fostered innovation. Young individuals inspired by anime often pursued careers in art, graphic design, and information technology, thereby generating new employment opportunities and enhancing Japan's global competitiveness.

The phenomenon of anime globalization extended beyond merely spreading visual content. In the digital age, anime became an effective tool of cultural diplomacy, opening new opportunities for business collaboration and tourism promotion. The positive impact of anime globalization was evident in Japan's

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<sup>8</sup> Nakamura, L. (2020). Cute masculinity: Anime, ambivalence, and the global success of Pokemon. *Journal of Popular Culture*, 53(2), 379–398.

growing appeal as a tourist destination and its role in driving foreign investment. As anime became more globalized, the industry not only gained traction with international audiences but also contributed significantly to Japan's economic growth. The expansion of anime works to various parts of the world created new opportunities for the export of cultural content, increasing the country's revenue. This global engagement also led to a broader market for anime-related products, including merchandise, video games, and cutting-edge technology. In other words, anime was not just an entertainment product but also a catalyst for the expansion of larger creative industries. With its rising global popularity, anime also attracted foreign investment in the form of business partnerships and sponsorships. This surge in investment not only strengthened the anime industry's position in the global market but also provided a significant economic boost to Japan.

The globalization of anime not only impacted the entertainment industry but also created new business opportunities. Strategic alliances between Japanese anime companies and international partners opened the door for content distribution, merchandising, and local adaptations, which significantly boosted Japan's economic revenue.<sup>9</sup> As anime became more globalized, Japan's attractiveness as a tourist destination also increased. Popular locations featured in anime turned into desirable tourist spots for international fans. The rise in tourist arrivals contributed positively to the local economy, created jobs in the tourism sector, and increased revenue through hospitality services. In the digital age, global streaming platforms such as Netflix and Crunchyroll bridged the gap between the Japanese and international markets. This led to a significant increase in revenues and the creation of new business models that provided greater economic benefits to anime creators and production companies. However, issues related to Intellectual Property Rights (IPR) protection under the Japan-European Union Economic Partnership Agreement (JEFTA), which came into effect in 2019, sparked debates about its impact on the creative economy sector. On one hand, JEFTA introduced a stricter framework for protecting IPR, aiming to reduce piracy and copyright infringement in the digital age. For instance, a 2019 survey by the European Audiovisual Observatory showed that approximately 70% of creative industry players considered piracy a major threat to the sector's viability, particularly due to the increasing ease of accessing illegal digital content online.<sup>10</sup> With the rising risk of IPR infringement, companies in the animation and audiovisual sectors faced potential financial losses if IPR protection was not effectively enforced. However, some argued that overly strict IPR regulations could stifle innovation in the creative economy.

Many industry players felt that the strict IPR regulations under JEFTA limited creative space and access to cultural products, which, in turn, risked hindering the sector's development. Strict protection policies made it difficult for local creators to access reference works or inspirations that were considered to have

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<sup>9</sup> Lim, T. W., Lim, W. X., Ping, X., & Tseng, K. H. Y. (2016). *Globalization, consumption and popular culture in East Asia*. World Scientific.

<sup>10</sup> European Audiovisual Observatory. (2019). *Copyright and the Audiovisual Sector: An Industry Perspective*. Observatory.

cultural and artistic value. Additionally, stringent IPR protection increased production and distribution costs for small companies, which often had to compete with larger firms that had greater access to capital. In the long run, these restrictions impacted the competitiveness of the creative sector in the global market, where innovation and accessibility were key to the growth and sustainability of the creative economy. These concerns were further compounded by the lack of transparency in the trade agreement negotiation process, where large corporate lobby groups had access to decision-making, while public interest groups and small to medium enterprises had limited influence. Under these conditions, while JEFTA aimed to protect IPR and reduce piracy, the implementation of this policy also introduced new challenges for creative economy innovation in Europe and Japan. Therefore, it was crucial to balance IPR protection with the need for flexibility in the creative process so that regulations did not become obstacles to innovation, which remained the main pillar of the creative economy.<sup>11</sup>

Research on the impact of free trade agreements on the creative industry sector, such as anime, was important to discuss, given the protection of intellectual property rights governed by the World Trade Organization (WTO). One of the relevant agreements was the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement, which included copyright protection for creative works, including anime. Article 9 regulated copyright, while Articles 10 and 11 provided protection for computer programs and performance works. These protections were crucial to ensuring that creative products traded in international markets, such as anime, were safeguarded from copyright infringement in WTO member countries. In the context of international trade, the General Agreement on Tariffs and Trade (GATT) 1994, through Article II, also regulated tariffs and duties that influenced market access for creative products, including anime.<sup>12</sup>

Additionally, the Regulation on Subsidies and Tax Avoidance (ASCM) in Article 1 placed limits on subsidies provided by the state to certain industries, including the creative sector. This was essential to maintaining fair competition in the international market. The Agreement on Market Access and Import Regulations also played a role, with Article VII ensuring fair customs valuation of imported products, including creative goods.<sup>13</sup> Assessing the impact of agreements such as JEFTA on the creative sector provided a deeper understanding of the application of relevant regulations and the protection of intellectual property rights within the industry. Further analysis of free trade agreements helped in understanding the implications of international policies on the creative sector. In this literature review, we explored in greater depth the economic impact generated by the anime phenomenon, identifying the extent to which the industry had become a major player in economic growth. This article examined how the anime industry

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<sup>11</sup> Organization for Economic Co-operation and Development (OECD). (2016). *OECD Trade Policy Papers*. OECD.

<sup>12</sup> World Trade Organization. (1994). *General Agreement on Tariffs and Trade 1994*. *WTO Legal Texts*. Retrieved December 20, 2024, from [https://www.wto.org/english/docs\\_e/legal\\_e/gatt47\\_01\\_e.htm](https://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm)

<sup>13</sup> World Trade Organization. (1994). *Agreement on Market Access and Customs Valuation*. *WTO Legal Texts*. Retrieved December 20, 2024, from [https://www.wto.org/english/docs\\_e/legal\\_e/15-valuation.pdf](https://www.wto.org/english/docs_e/legal_e/15-valuation.pdf)

influenced intellectual property rights (IPR) protection and job creation through several key aspects.

## **1.2 Research Problem Formulation**

How did JEFTA influence the creative economic growth of Japanese anime companies in collaboration with European animation studios during the period of 2019-2024?

## **1.3 Research Objectives**

This study aimed to analyze how JEFTA influenced the creative economic growth of Japanese anime companies in collaboration with European animation studios during the period of 2019-2024.

## **1.4 Research Significance**

### **1.4.1 Academic Significance**

The results of this study were expected to contribute to a better understanding of the dynamics within the Japanese anime industry in the context of international trade agreements. The benefits included academic contributions, strategic information for industry players, and reference materials for policy-making.

### **1.4.2 Practical Significance**

The results of this study were intended to serve as a reference for the government and related stakeholders in developing. It was also expected to provide valuable insights for parties involved in the creative industry, international trade, and economic policy, thereby improving the effectiveness of business and regulations in the future.

## **1.5 Literature Review**

### **1.5.1 Previous Research**

This research activity utilized references from previous studies. The first reference was a thesis titled *The Economies of Anime: Anime as a Soft Power, a Cultural Product, and a (Trans)National Medium*, compiled by U. Onemu (2020). The article discussed the role of anime within Japan's economic context, emphasizing its impact as a soft power, a cultural product, and a national medium. The research approach in this thesis involved an analysis of Japanese animation, addressing questions regarding anime's significance to the Japanese economy, its role as a soft power, its cultural identity, and its transnational dimension. In the thesis, the study examined the perception of anime as a Japanese cultural product and a transnational medium, as well as the extent to which anime was considered a vital asset for Japan's soft power. The research also explored how the Japanese government utilized anime as a part of popular culture and the economic benefits



derived from this phenomenon. The similarity with our study lies in the shared focus on the relationship between Japanese culture and economy through the medium of anime. Both studies investigated anime's contribution to Japan's economy and its impact as a cultural product, considering its transnational scope. The primary difference, however, was the distinct emphasis of each study: the thesis focused more on specific issues related to anime's importance as an economic asset and soft power, while our research placed greater emphasis on the implications of nation branding for overall economic growth.<sup>14</sup>

The next reference comes from research conducted by Zusmelia and her colleagues, who discussed the role of the creative economy within the Minangkabau community in the tourist destination area of West Sumatra. Their study showed that the creative economy could generate economic added value, boost tourism, and strengthen local culture. However, a significant challenge identified was that many economic actors prioritized financial gain over the preservation of local culture. The research used a qualitative approach, employing data collection techniques such as participatory observation and in-depth interviews, which provided insights into the potential and challenges of implementing the creative economy in these communities. The study also explained that the creative economy is a concept that emphasizes the importance of individual creativity, skills, and talents in generating wealth and jobs. The term blends two key elements: "economic," referring to the system of production and distribution of goods and services, and "creative," which pertains to the ability to generate new and innovative ideas. This concept began gaining global attention in the early 21st century as the role of the creative sector in the economy expanded. John Howkins, in his 2001 book *The Creative Economy: How People Make Money From Ideas*, explained that the creative economy encompasses a wide range of sectors, including art, design, media, and technology, all of which contribute to economic growth through innovation and creativity. Meanwhile, my research focused on "The Effect of Japan-EU Free Trade Agreement (JEFTA) on Creative Economy Growth: A Case Study of Japanese Anime with European Animation Studios (2019-2024)." This study explored how the free trade agreement impacted the creative industry in the animation sector, an essential part of Japan's creative economy. From this comparison, it is clear that while both studies discuss the creative economy, their focus and context differ. Zusmelia's research emphasized the preservation of local culture and the challenges faced at the micro level in implementing the creative economy, while my research concentrated on the macro-level impact of international trade agreements on the growth of creative industries within the context of international collaboration. Both studies highlighted the great potential of the creative economy to drive economic growth, though they also acknowledged the challenges that must be addressed to ensure greater sustainability and innovation.<sup>15</sup>

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<sup>14</sup> Onemu, U. (2020). *The Economies of Anime: Anime as a soft power, a cultural product and a (trans)national medium* (Doctoral dissertation, Brunel University London).

<sup>15</sup> Putri, Y. E., Rosya, N., & Siska, F. (2020). The meaning of creative economy in the Minangkabau community in the West Sumatra tourism destination area, Indonesia. *Geo Journal of Tourism and Geosites*, 33, 1551-1556.

One of the references was an article titled "Sustainable Competitive Advantage of Indonesia's Creative Economics: Fashion Sub-Sector, Tourism, and Sustainable Development," written by Ali Musa Harahap, A., Afni Regita Cahyani Muis, A., and Fadhlán Nur Hakiem, F. in 2021. The article discussed the Indonesian government's for encouraging creative industries in the fashion sector through cultural branding and the application of the concept of sustainable competitive advantage to maintain competitiveness. The research employed a qualitative method, using primary data obtained from in-depth interviews conducted with the Creative Economy Agency, Ministry of Trade, Ministry of Industry, and Statistics Indonesia. In analyzing the data, the researchers categorized reports and journals related to government efforts, then reduced the data by creating a discussion scheme and writing down the essence of each discussion component. The data was then triangulated to compare the results of interviews with research objects and documents. The findings revealed that key for strengthening sustainable competitive advantage in Indonesia's creative fashion sector included the development of priority industry clusters, research and development, forecasting Indonesian trends, innovation and creativity through archipelago collaboration, modest fashion, intellectual property rights, and economic partnership agreements.<sup>16</sup> When compared to my research, there were differences in focus and the object of study. My research examined the impact of the Japan-EU Free Trade Agreement (JEFTA) on the growth of the creative economy in the anime sector. The main focus of my research was on how this free trade agreement influenced the dynamics and development of Japan's creative industries, which contrasted with the focus of Harahap et al.'s research, which concentrated more on the Indonesian government's to support the creative fashion industry. Both studies highlighted the importance of policy in developing the creative economy sector, although they were set in different contexts and focused on distinct subjects.

In the article titled *The EU-Japan Free Trade Agreement in Evolving Global Trade Politics* by Yoshimatsu, H. (2020), the research discussed the efforts of the European Union (EU) and Japan in formulating a free trade agreement (FTA) that began around 2010, with formal negotiations for the EU-Japan Free Trade Agreement (JEFTA) starting in April 2013. The negotiation process took longer than expected and was finally completed with the signing of the agreement in July 2018. This article, which highlighted the characteristics of the JEFTA as a representative mega-FTA, evaluated how two key variables—the interconnectedness of the FTA structure and political leaders' responses to the anti-multilateralism movement—affected the development of the agreement. Yoshimatsu presented two main arguments: first, that the existence and content of other FTAs involving the EU and Japan had both positive and negative impacts on the development of the JEFTA; and second, that the anti-multilateralism movement and market disintegration in 2016-2017 prompted Japanese and European leaders

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<sup>16</sup> Ali Musa Harahap, A., Afni Regita Cahyani Muis, A., & Fadhlán Nur Hakiem, F. (2021). Sustainable Competitive Advantage of Indonesia's Creative Economics: Fashion Sub-Sector. *Tourism and Sustainable Development Review Journal (TSDR)*, 1(2), 76-86.

to accelerate the completion of JEFTA negotiations.<sup>17</sup> In contrast, my study focused on the specific impact of JEFTA on Japan's creative economic sectors, particularly the animation industry. This research evaluated how the free trade agreement between Japan and the EU contributed to the growth and expansion of Japan's animation industry in the European market from 2019 to 2024. While Yoshimatsu's article concentrated on the macroeconomic and political aspects of JEFTA, my research focused on a microeconomic analysis and the direct impact on specific sectors. Additionally, while Yoshimatsu emphasized the negotiation process and political factors affecting the completion of the agreement, my research concentrated more on the implementation outcomes of the agreement and the concrete economic benefits it brought to Japan's creative industries.

In the article *The Japan-EU Economic Partnership Agreement: Economic Potentials and Policy Perspectives*, written by Hilpert, H. G. (2017), the main discussion centered on the summit between Japan and the EU on July 6, 2017, where both parties reached an agreement in principle for bilateral free trade. The agreement was expected to be signed by the end of 2018, with the primary goal of creating the world's largest free trade area, involving the liberalization of trade in goods, agriculture, and services. However, despite strong aspirations for free trade and the modernization of global trade rules, the article highlighted that understanding the realities of free trade in both transatlantic and trans-Pacific contexts remained a challenge for some. Strategic questions regarding the political implications, winners, losers, risks, and limitations of the Japan-EU Free Trade Agreement (JEFTA) were also raised.<sup>18</sup> In contrast, our research focused on the impact of JEFTA on the creative economic growth of Japanese anime companies in collaboration with European animation studios during the period of 2019-2024. This study aimed to analyze how JEFTA affected specific creative economy sectors, with particular emphasis on the Japanese animation industry. The analysis concentrated on the increased market access and reduced trade barriers between Japan and the EU, as well as the impact on growth and welfare within the Japanese animation industry. The distinction from Hilpert's article lay in the more specific focus of our study on the impact of free trade on a particular creative economy sector, while Hilpert's article took a broader approach, analyzing the implications of free trade between Japan and the EU as a whole.

The next reference is found in the article titled *Global Media Streams: Netflix and the Changing Ecosystem of Anime Production*, written by Noh, S. (2023). The study adopted a multidimensional approach, including text analysis, discursive analysis, and interviews with industry players. The article specifically discussed the influence of Netflix as a streaming service provider on the Japanese anime industry. The author highlighted the leading role of streaming services as key intermediaries between international content producers and global audiences. The article illustrated the significant impact that streaming platforms, including Netflix,

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<sup>17</sup> Yoshimatsu, H. (2020). The EU-Japan free trade agreement in evolving global trade politics. *Asia Europe Journal*, 18(4), 429-443.

<sup>18</sup> Hilpert, H. G. (2017). The Japan-EU Economic Partnership Agreement: economic potentials and policy perspectives.

have as direction-setters, tastemakers, and reformers in the overseas media industry. The research focused on how Netflix affected the Japanese anime industry and how local creators responded to the globalization represented by Netflix in their works. The research approach included text analysis to understand the shifts that occurred in anime production and content due to Netflix's penetration. Discursive analysis was used to identify the narratives and language that emerged in the interaction between Netflix and the Japanese anime industry. Industry interviews provided a first-hand understanding of how industry players were responding to these changes.<sup>19</sup> A significant difference between this research and our article lay in its focus. While Noh's article explored the influence of streaming service providers on anime production and local responses to globalization, our research focused more on the broader economic impact of the anime cultural phenomenon in Japan. While there was some overlap in the context of globalization, our research delved deeper into the economic contribution made by the anime industry to overall economic growth.

The next reference is an article titled *The Dynamism of Anime Figures: The Case of the 'Canadian-style' Movement* written by Watzky, M. (2023), which explained the important role of Canadian animator Yoshinori in anime history. In this article, Watzky used aesthetics and media analysis approaches to evaluate the role of animated movements in Canadian works *Invincible Super Man Zambot 3* (*Muteki Chôjin Zambot 3*, 1977) and *Galaxy Express 999* (*Ginga Tetsudô 999*, 1979). The research approach drew on the concept of "potential movement" by Tom Gunning, focusing on the parameters of "rhythm" and "tension." The analysis was conducted to explain the aesthetic appeal of Canadian animation and its success in the "anime boom" environment of the 1970s and 1980s. This approach allowed for a deeper understanding of how animation is created and functions and explained the success and spread of certain trends in anime history. The article provided a foundation for understanding the aesthetic and technical impact of certain animation styles, such as the "Canadian" style, in the context of anime history.<sup>20</sup> In relation to our research, there were similarities in terms of understanding aesthetics and the appeal of creativity in the anime industry. While the article on "Canadian-style" focused on the impact of aesthetics on transmedia success in a particular period, our research focused more on the economic contribution of the anime cultural phenomenon as a whole. Although the research approaches were different, both contributed to a deeper understanding of anime's role in Japanese culture and economy.

The next reference is from the book titled *Anime: A History* written by Clements (2023), where the author took readers into the world of Japanese animation, which had become the core of the international multimedia industry worth more than \$23.6 billion annually. Clements detailed how anime was closely related to various elements, including manga, video games, Pokémon, and doll-

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<sup>19</sup> Noh, S. (2023). Global Media Streams: Netflix and the Changing Ecosystem of Anime Production. *Television & New Media*, 15274764231206540.

<sup>20</sup> Watzky, M. (2023). The Dynamism of Anime Images: The Case of the 'Canada-style' Movement. *The Journal of Anime and Manga Studies*, 4, 190-218.



shaped toys. In his literature review, Clements used primary sources from Japan and testimonies from industry professionals to explore the production and reception of anime. The research approach adopted by Clements included historical analysis and the cultural construction of Japan in the development of anime. In explaining the anime phenomenon, he referred to Tsugata's perspective, which addressed anime as a late-20th-century phenomenon and emphasized its historical construction. This approach provided a deep understanding of how anime became a global phenomenon and evolved over time. Clements discussed anime production and how his works were received by the public, offering a comprehensive view of the industry's ecosystem.<sup>21</sup> Based on the research approach taken by Clements, this literature review found similarities with our article on *The Economic Growth Impact*. Both emphasize the importance of understanding the historical and cultural construction of Japan, focusing on the economic impact of anime. However, while Clements focused more on the history and evolution of anime, the upcoming research will be more focused on its economic implications, including its contribution to the growth of Japan's economic sectors and its impact on a global scale. Additionally, this study will further explore how anime became not just a cultural phenomenon but also an economic force driving the growth of Japan's creative industry as a whole.

In a journal entitled "*Anime - Not Just for Entertainment*" written by Patimpakom (2023, July), the research discussed the uniqueness of Japanese culture, which grants its people the freedom to express themselves. This understanding served as the foundation for comprehending the phenomenon of anime as a global form of creative expression. The journal employed a descriptive approach to explain how Japan allowed individuals to express themselves through various media, including anime. The research approach in the journal revealed that, in Japan, people had full rights to create their works, showcase their skills, and receive support from the government. The focus was primarily on the anime industry and its impact on various related sectors such as cosplay, figures, books, novels, and other associated factors. Overall, the journal discussed how the Japanese animation industry continued to thrive even during the COVID-19 pandemic, emphasizing the role of freedom of expression and government support.<sup>22</sup> In comparison to our article, both focused on the economic impact of the anime cultural phenomenon in Japan. However, the literature review source placed more emphasis on freedom of expression and government support as driving forces behind the growth of the anime industry. In our article, we further explored how such freedom of expression had a direct impact on economic growth, focusing on specific aspects such as job creation, investment, and the attractiveness of the global market.

In the journal entitled "*The Power of Anime: A New Driver of Volunteer Tourism*" by Mori (2022), the research employed a comparative case study approach to explore the behavior of tourists inspired by anime in three destinations.

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<sup>21</sup> Clements, J. (2023). *Anime: A history*. Bloomsbury Publishing.

<sup>22</sup> Patimpakom, N. (2023, July). *Anime-Not Just for Entertainment*. The 15th NPRU National Academic Conference Nakhon Pathom Rajabhat University.

The article discussed the phenomenon of anime-induced tourism in Japan, focusing on tourists who were inclined to become ecologically oriented volunteers. Mori highlighted the complexity of these tourists' characters, who had interests in both film tourism and volunteer tourism, which were essentially contradictory. In this context, the study demonstrated that anime tourism had the potential to serve as a new driver of volunteer tourism, making a theoretical contribution to tourism research by redefining anime tourism through the concept of movie-induced voluntourism. The article noted that although anime tourists who volunteered had a sense of gratitude towards host communities with a traveler's mindset, they achieved positive outcomes, including economic and problem-solving benefits, by engaging in clean-up activities in the destinations they visited.<sup>23</sup> The comparison with our article focused on the economic impact of anime in general, without specifically addressing the tourism aspects or volunteer contributions. However, both articles shared similarities in revealing the positive impact of anime culture, albeit through different perspectives. Our article could further explore how the anime phenomenon contributed to economic growth more broadly, including its influence on specific economic sectors in Japan.

In the article *"Comparative Study of Creative Economy in the World"* written by Perdana, P., & Utami, A. F. (2022), the authors discussed the role of the creative economy in strengthening a country's economy as well as the economy of the region as a whole. The focus was on three currently trending global phenomena: the Cool Wave in Japan, the Korean Wave "Hallyu" in South Korea, and Creative Europe in the European Union. The article explored how the cultural activity sector and creative industries had become specific identities for these countries and revealed the future growth potential of these sectors. The method used was a comparative study, which allowed the researchers to compare the characteristics, development, and impact of the three phenomena. However, the article pointed out that while these three phenomena showed significant growth possibilities, there were still challenges to overcome. One of the issues identified was the problem of copyright, which needed to be carefully regulated to ensure security for creators. Additionally, it was important to consider how these sectors could develop sustainably in the future, taking into account changes in market trends and consumer needs. As a result, the article provided important insights into the role of the creative economy in a global context but also highlighted some aspects that needed to be considered to move the sector forward.<sup>24</sup> In contrast, the current article focused more specifically on the concrete impact of the creative economy on the growth of Japan's creative industries, particularly in the field of animation. While there was some overlap in the topics, this article emphasized the trade agreement between Japan and the EU and its impact on the creative industries, whereas the first article provided a broader overview of the global creative economy phenomenon.

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<sup>23</sup> Mori, H. (2022). The power of anime: a new driver of volunteer tourism. *Tourism and Hospitality*, 3(2), 330-344.

<sup>24</sup> Perdana, P., & Utami, A. F. (2022). Comparative Study of Creative Economy in the World. *Ar Rehla: Journal of Islamic Tourism, Halal Food, Islamic Traveling, and Creative Economy*, 2(1), 72-91.

## 1.6 Conceptual Framework

### 1.6.1 Simon Anholt's Nation Branding Concept

The concept of Nation Branding was first introduced by Simon Anholt in the late 1990s as a way to understand and improve a country's image in the eyes of the international community. Linguistically, branding derives from the word *brand*, which means a sign or symbol that gives identity and distinguishes one entity from another. In the context of nation branding, the term referred to efforts aimed at building and promoting the unique identity of a nation or country in the global arena through an integrated communication. According to Anholt, nation branding was not just a marketing campaign, but rather part of a national that reflected the country's values, culture, and reputation. In his book *Brand New Justice: How Branding Places and Products Can Help the Developing World*, Anholt emphasized the importance of international reputation and perception as assets that impacted various sectors, including a country's economy, tourism, exports, investment, and diplomatic relations.<sup>25</sup> This supported the idea that a positive image of a country carried quantifiable economic value. In 2007, Anholt introduced a new approach known as *Competitive Identity*, as a development of the nation branding concept. Competitive identity, in this context, was a holistic approach that focused not only on a country's image but also on the tangible contributions of a nation's culture, public policies, products, and innovations in building a competitive reputation on the global stage. In his book *Competitive Identity: The New Brand Management for Nations, Cities, and Regions*, Anholt argued that a country's image was the result of the interaction between national identity, public policy, culture, and globally recognized social contributions.<sup>26</sup>

Historically, the concept of competitive identity developed alongside the need for countries to compete economically and politically in the era of globalization. Modern nations used competitive identity to shape positive international perceptions through integrated identity management. In the context of this research, the competitive identity approach was applied to analyze how anime culture in Japan contributed to strengthening the country's identity and reputation, which in turn spurred economic growth. Anime, as one of Japan's cultural expressions, became an important component of Japan's nation branding. The term anime referred to Japanese animation productions that had unique characteristics and styles. Since its development in the early 1900s, anime had evolved into a global phenomenon with a significant economic impact, through the export of artwork, tourism, and the creative industry sector as a whole. Anholt argued that cultural innovations such as anime played an essential role in shaping a country's positive image. These innovations not only included artistic creations but also affected the economic sector through their appeal to tourists, the export of

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<sup>25</sup> Anholt, Simon. *Brand New Justice: How Branding Places and Products Can Help the Developing World*. Oxford: Butterworth-Heinemann, 2003.

<sup>26</sup> Anholt, Simon. *Competitive Identity: The New Brand Management for Nations, Cities, and Regions*. New York: Palgrave Macmillan, 2007.

entertainment products, and global competitiveness in the creative industry.<sup>27</sup> In line with Anholt's perspective, anime was not only a symbol of Japanese culture but also an economic innovation that drove various industrial sectors and strengthened Japan's competitive identity on the international stage. International reputation management had become an integral component of national policy, rather than just a separate communications campaign. The basic assumption in this study was that anime had significant economic value, especially in the tourism, arts, and entertainment sectors. Therefore, the implementation of a competitive identity integrated into Japan's national policy had the potential to support economic growth and strengthen Japan's positive image internationally. This approach aligned with Anholt's view that global perceptions of a country were strongly influenced by strategically managed cultural contributions, innovation, and reputation. Through a competitive identity, Japan could continue to utilize anime as a driver of creative economic growth and as a medium to introduce Japan's cultural identity to the world.<sup>28</sup>

### **1.6.2 The Concept of Free Trade**

Free trade was an economic concept that emphasized the reduction or elimination of barriers to trade between countries, such as tariffs, import quotas, or other restrictions. The concept had its roots in the thinking of classical economists, most notably Adam Smith and David Ricardo, who believed that the removal of trade barriers could improve economic efficiency, stimulate growth, and create shared prosperity at the global level. Linguistically, "free trade" was derived from the combination of the word "trade," which referred to the buying and selling of goods or services, and "free," which meant without restrictions or barriers. In an economic context, the term referred to a trading system in which countries reduced or eliminated import-export tariffs and restrictions, allowing the flow of goods, services, and capital to move more freely in the global market. The concept of free trade was first introduced by Adam Smith in his famous book *The Wealth of Nations* (1776), which argued that countries would be more prosperous if they allowed markets to be free from government intervention, particularly in the form of tariffs or restrictions. Smith introduced the idea of absolute advantage, which stated that countries should produce the goods they could make at the lowest cost and exchange those goods with other countries that could produce different goods at a lower cost.<sup>29</sup> In the 19th century, David Ricardo developed the theory of comparative advantage which states that even if a country does not have an absolute advantage in producing any good, it can still benefit from free trade by focusing on goods that can be produced at a relatively lower cost.<sup>30</sup> In the 19th century, David Ricardo developed the theory of comparative advantage, which posited that even if a country did not have an absolute advantage in producing any good, it could still benefit from free trade by focusing on goods that could be produced at a relatively

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<sup>27</sup> Otmazgin, Nissim Kadosh. "Anime in the US: The Entrepreneurial Dynamics behind an International Cultural Industry." *Pacific Affairs*, vol. 83, no. 2, 2010, pp. 231-259.

<sup>28</sup> Dinnie, K. (2022). *Nation branding: Concepts, issues, practice*. Routledge.

<sup>29</sup> Smith, A. (1776). *The Wealth of Nations*. W. Strahan and T. Cadell.

<sup>30</sup> Ricardo, D. (1817). *Principles of Political Economy and Taxation*. John Murray.



lower cost. This formed the basis for many international trade agreements that existed at the time, including free trade agreements such as the Japan-EU Free Trade Agreement (JEFTA). In the 20th century, many countries began to implement free trade policies by forming international trading blocs, such as the World Trade Organization (WTO), which was formed in 1995 to regulate global free trade. These countries signed various bilateral and multilateral agreements aimed at reducing trade barriers, improving market access, and promoting economic growth.<sup>31</sup> One concrete example was the Japan-EU Free Trade Agreement (JEFTA), signed in 2019, which aimed to reduce tariffs and trade restrictions between the two sides.

In the context of this research, free trade agreements such as JEFTA were expected to have a positive impact on the growth of the creative economy sector for Japanese anime companies. With JEFTA, it was anticipated that market access to the European Union would become more open, leading to increased investment and collaboration between Japanese anime and European animation studios. This collaboration was expected to not only expand the market reach of Japanese anime but also enhance its competitiveness at the international level. Therefore, JEFTA was seen as a catalyst for creative economic growth in the anime industry. To understand the impact of JEFTA on the growth of the creative economy, analyzing data on sales, investment, and collaboration with European animation studios before and after the implementation of JEFTA was essential. However, it was important to acknowledge that many other factors, such as technological developments, market trends, and consumer preferences, could also influence growth. Therefore, to provide a more thorough understanding, the analysis needed to cover a wider range of market dynamics, including external factors that might impact creative economic growth within the anime sector. In addition to the direct influence of JEFTA, other factors that could affect the growth of the overall Japanese anime industry included product innovation, changing consumer preferences, and the development of the technology industry. Therefore, the research needed to consider not only the impact of the trade agreement but also the changes taking place within the global creative industry, such as the influence of digitization and rapidly evolving market trends. Continuous monitoring of market trends and regulatory changes was also crucial to assess the long-term impact of JEFTA on Japan's creative economy sector. This would enable policymakers and industry players to adjust their to remain competitive in the ever-changing global market.

### **1.6.3 John Howkins' Creative Economy Concept**

The concept of the creative economy, introduced by British economist John Howkins, referred to an economic sector that focused on creativity, knowledge, and ideas as key resources to create products and services with economic value. Howkins formulated this concept in his book *The Creative Economy: How People Make Money from Ideas*, published in 2001. In his book, Howkins explained that

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<sup>31</sup> Baldwin, R. E., & Evenett, S. J. (2009). *The WTO and the World Economy*. University of Chicago Press.

the creative economy was not just about cultural activities but also included sectors oriented towards innovation and creativity that had the potential to generate new income and employment.<sup>32</sup> Linguistically, the term "creative economy" came from the combination of the words "economy," which related to the production and distribution of goods and services, and "creative," which related to the ability to generate innovative new ideas. In this context, a creative economy referred to an economy that relied on the creativity, skills, and talents of individuals in the form of art, technology, or other services. The presence of the creative economy as a recognized concept in economic studies began to emerge in the early 21st century. Although elements of the creative economy existed long before, for example, in the arts and entertainment industry, John Howkins was one of the first major figures to formulate the concept of the creative economy more formally.<sup>33</sup> In his view, the creative economy involved various sectors, such as visual arts, music, film, design, architecture, and even information technology. The development of these sectors required creativity, innovation, and human skills, which distinguished them from traditional economic sectors such as manufacturing and agriculture.<sup>34</sup>

A fundamental assumption held by Howkins was that creativity and innovation could be key drivers in creating significant economic and social value. This suggested that the creative economy had the potential to drive sustainable economic growth, create new jobs, and improve social welfare. The creative economy was not only limited to the cultural and entertainment industries but also extended to other fields such as digital technology, advertising, product design, journalism, and software development. In this context, the creative economy sector was considered to have a greater capacity for development and contribution to a country's economy compared to traditional sectors. Within the framework of the Japan-EU Free Trade Agreement (JEFTA), the creative economy, particularly the Japanese anime industry, was expected to experience the positive impacts of market opening and international collaboration. Japan, with its well-established anime industry, had a significant opportunity to strengthen its creative sector through wider market access in the EU. Anime companies, which had long operated in the global market, could utilize increased access to the European market to expand their product range, drive innovation, and increase revenue. Collaboration with European animation studios also provided opportunities for the exchange of ideas and techniques, enriching the creative process and production of anime. Through JEFTA, it was anticipated that the growth of the creative economy in the anime industry would accelerate. By strengthening market access and expanding investment opportunities, JEFTA had the potential to increase innovation in anime products and broaden the market impact. Therefore, an analysis of the impact of JEFTA on the anime industry should include factors such as revenue, product innovation, and the influence of the EU market. This research aimed to present a comprehensive picture of how the creative economy was evolving in the context of the Japanese anime industry through the influence of JEFTA. Specifically, this

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<sup>32</sup> Howkins, J. (2001). *The creative economy: How people make money from ideas*. Penguin Books.

<sup>33</sup> Hesmondhalgh, D. (2007). *The cultural industries*. SAGE Publications.

<sup>34</sup> Florida, R. (2002). *The rise of the creative class: And how it's transforming work, leisure, community, and everyday life*. Basic Books.

study sought to measure how this agreement affected anime companies in terms of innovation, international collaboration, and competitiveness in the global market.

### **1.7 Hypothesis**

This research hypothesis states that based on Simon Anholt's Nation Branding concept, it is assumed that the strengthening of Japan's positive Figure through the Anime phenomenon, especially those produced by anime companies with European animation studios and, will make a positive contribution to the growth of the creative economy. With this assumption, this study hypothesizes that the implementation of a Competitive Identity with a focus on anime culture can increase Japan's attractiveness and reputation in the international market. Therefore, this positive impact is expected to be reflected in creative economy indicators, such as tourism revenue, arts and entertainment exports, and overall creative industry growth.

Furthermore, involving the concept of free trade, the second hypothesis states that the implementation of JEFTA is expected to provide a significant boost to the creative economic growth of Japanese anime companies, including Entertainment. By removing trade barriers, JEFTA is anticipated to open up new opportunities for increased market penetration, investment, and collaboration with partners in the EU. However, it should be noted that external factors such as technological developments and changing market trends may also affect the growth of anime companies. Therefore, the analysis will cover broader market dynamics to present a comprehensive picture of the factors contributing to the growth of the creative economy in the anime sector.

## **1.8 Research Methodology**

### **1.8.1 Research Designed**

This study utilized descriptive and quantitative methods, along with sampling techniques and panel data. Descriptive methods in research have deep roots in various disciplines, aiming to systematically describe conditions, phenomena, or relationships, and to provide an in-depth exploration of topics while documenting causal mechanisms or processes.<sup>35</sup> Krishnarao (1961) explained that this method was designed to understand the behavior of the study object through fact-gathering and interpretation, enabling generalizations with probabilistic value. Koh and Owen (2000) further stated that descriptive research is often employed to map conditions and relationships between variables using surveys, interviews, and correlation analysis. In a more specific context, Salaria (2012) highlighted that this method involves collecting data on current situations, followed by analysis, interpretation, and trend identification to provide practical solutions to local problems. Grimes and Schulz (2002) emphasized that a key element of descriptive research is its ability to offer clear and measurable definitions of the phenomena studied, which can be utilized for trend analysis and hypothesis development.

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<sup>35</sup> Neuman, W. L. (2014). *Social Research Methods: Qualitative and Quantitative Approaches*. Pearson.

Meanwhile, Furidha (2024) underscored the flexibility of this method in combining data collection and analysis techniques, making it highly suitable for exploring social phenomena or specific conditions without relying solely on quantitative statistics. Overall, descriptive methods not only describe phenomena but also provide a foundation for further analysis that is relevant in various research contexts.

Qualitative research methodology is an approach that emphasizes understanding meanings, experiences, and social processes within a specific context.<sup>36</sup> Document analysis in qualitative research is the process of examining various written sources, including official documents, reports, policies, and other relevant materials related to the research topic. This technique enables researchers to obtain broader and more in-depth data without direct intervention in the research subjects. Through document analysis, researchers can identify patterns, trends, and relationships between the studied variables, leading to a more comprehensive interpretation of the investigated phenomenon. In this thesis, titled *The Impact of the Japan-European Union Free Trade Agreement (JEFTA) on the Growth of the Creative Economy: A Case Study of Japanese Anime and European Animation Studios (2019-2024)*, the document analysis method has been applied by examining the JEFTA free trade agreement, creative economy reports, and trade policies affecting the collaboration between the Japanese and European animation industries. Additionally, the study of production trends, distribution, and collaboration between Japanese and European animation studios provides further insights into the impact of trade policies on the creative economy. Thus, the use of qualitative research methods, particularly through document analysis, offers a deeper understanding of how free trade agreements influence the dynamics of the animation industry on a global scale. This method allows for a broader and more comprehensive exploration of data without relying solely on statistical data.<sup>37</sup>

On the other hand, data collection was carried out using recent research from eleven primary sources. The first reference was a thesis titled *The Economies of Anime: Anime as a Soft Power, a Cultural Product, and a (Trans)National Medium* by Onemu, U. (2020). This thesis discussed the role of anime in the context of Japan's economy and its impact as a soft power, cultural product, and national medium. The research approach in this thesis included an analysis of Japanese animation, focusing on questions about the significance of anime for Japan's economy, its status as a soft power, its cultural identity, and its transnational dimensions. The second through sixth sources consisted of prior academic research in the form of journals and theses from researchers at research institutions and academics at universities, particularly in Japan, European Union, and the international arena. This study also incorporated additional references from books

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<sup>36</sup> Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). SAGE Publications.

<sup>37</sup> Silverman, D. (2020). *Qualitative research: Theory, method and practice* (5th ed.). SAGE Publications.



and news articles. The collected data from these sources were then organized into a cohesive structure, providing readers with well-structured and systematic information.

### **1.8.2 Research Object**

The object of this study was to investigate the effect of the Japan-EU Free Trade Agreement (JEFTA) on the creative economic growth of Japanese anime companies in collaboration with European animation studios during the period 2019 to 2024. This research aimed to explore the overall impact of JEFTA on the Japanese anime industry, with a particular focus on the creative economy shared between Japanese anime companies and European animation studios, serving as a case study. The growth of the creative economy was a critical aspect of Japan's entertainment industry, and with JEFTA providing enhanced market access between Japan and the European Union, it became important to understand how this trade agreement affected companies in this sector, including Entertainment. Through the analysis of financial data, sales performance, and product innovation, the research sought to identify trends and influences that emerged over the five-year period following JEFTA's implementation.

Additionally, the study examined how Japanese anime companies and European animation studios responded to changes in the trading environment brought about by JEFTA. This included analyzing adaptation, investment decisions, and other measures taken by these companies to leverage new opportunities or address challenges arising from shifts in trading conditions. By understanding the responses and of these companies to JEFTA, the research provided valuable insights into how businesses within the Japanese anime industry could maximize the benefits of such a free trade agreement while effectively overcoming potential obstacles encountered during the process.

### **1.8.3 Data Collection Technique**

In this study, the authors employed data collection techniques, specifically literature study (library research) and the use of secondary data to obtain the necessary information. The literature study involved collecting data from various sources, including scientific journals, books, websites, e-books, newspapers, official documents, and other relevant materials. After gathering the data, the information was filtered, selected, and subsequently grouped into appropriate discussions.

### **1.8.4 Data Analysis Technique**

The study employs an interactive model as a data analysis technique. This technique involves several procedures, including data collection, data reduction,

data presentation, and conclusion drawing.<sup>38</sup> Data collection is conducted using descriptive and quantitative methods. The reduction process involves selecting, simplifying, and focusing data from various reference sources to ensure its relevance to the research objectives. The purpose of data reduction is to organize the gathered information in a more systematic, structured, and easily analyzable manner. Data presentation is provided in the form of narratives, summaries, charts, tables, and graphs to enhance comprehension. The researcher derives findings based on structured and systematically presented data by connecting all existing variables. Conclusions are drawn based on the research questions formulated in the problem statement and are summarized in Chapter 4. Data analysis is conducted by referring to the conceptual framework, using Simon Anholt's *Nation Branding* concept, the *Free Trade* concept, and John Howkins' *Creative Economy* concept as interpretive guidelines.

### **1.8.5 Structure of the Writing**

The writing followed an organized chapter structure, beginning with the introduction and progressing to the conclusion, ensuring a logical flow that allowed for a comprehensive understanding of the research.

#### **CHAPTER I**

In this chapter, the author discussed the introduction related to the effect of the Japan-European Union Free Trade Agreement (JEFTA) on the creative economic growth of Japanese anime companies in collaboration with European animation studios during the 2019–2024 period. The discussion included the research background, problem formulation, research objectives, research benefits, research usefulness, data from previous studies, research concepts, research methodology, hypotheses, research objects, research design, and data collection and analysis techniques.

#### **CHAPTER II**

This chapter explained the context of the creative economy in detail, focusing on its state before the implementation of JEFTA and its relevance to the anime industry. The analysis also addressed the impact of the creative economy on trade and investment policies between Japan and the European Union, as well as its implications for the creative industries.

#### **CHAPTER III**

This chapter discussed the results of the analysis of JEFTA's effect on the creative economic growth of anime companies collaborating with European animation studios during the period 2019–2024. The analysis covered aspects such as sales growth, import-export activities, investment, and other factors relevant to

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<sup>38</sup> Hube, F., & Mile, K. (2018). *Comprehensive Research Methods in Social Sciences*. Academic Press.

the anime industry. Additionally, the implemented by companies to address the impacts of this free trade agreement were also evaluated.

#### ***CHAPTER IV***

This chapter presented the conclusions of the entire study. The conclusions included a summary of the main findings, the theoretical and practical implications, and recommendations for future research. Additionally, the study outlined the contributions of this research in expanding the understanding of the relationship between free trade agreements and the creative economic growth of Japan's anime industry sector.

