

**School of Media, Culture and Creative Arts**

**The Southeast Asian Animation Industry: Growing up under the Shadow of  
Neoliberalism**

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## DECLARATION

To the best of my knowledge belief this thesis contains no material previously published by any other person except where due acknowledgement has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature :  \_\_\_\_\_

Date : August 31, 2021 \_\_\_\_\_

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## **ACRONYMS AND ABBREVIATIONS**

ACPI	Animation Council of the Philippines
ASEAN	Association Southeast Asian Nations
BAPPENAS	Badan Perencanaan Pembangunan Nasional/ National Development Planning Board
BPO	Business Process Outsourcing
DCMS	Department of Culture, Media and Sport
DOST	Department of Science and Technology
ICTO	Information and Communication Technology Office
IMF	International Monetary Fund
IPRs	Intellectual Property Rights
MDA	Media Development Agency
NIDCL	New International Division of Cultural Labour
TESDA	Technical Education and Skills Development Authority
TNCs	Trans National Corporations
TVRI	Televisi Republik Indonesia
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WB	World Bank
WIPO	World Intellectual Property Organisation
SMK	Sekolah Mengah Kejuruan (Vocational High School)



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**ABSTRACT**  
**THE SOUTHEAST ASIAN ANIMATION INDUSTRY:**  
**GROWING UP UNDER THE SHADOW OF NEOLIBERALISM**

This thesis discusses the ways in which the animation industries in four Southeast Asian countries: Singapore, Malaysia, the Philippines and Indonesia, have responded to the domination of Western and Japanese animation from a political economy perspective. To this end, it explores the practices of outsourcing, co-production, and local animation production and distribution in the Southeast Asian animation industry and looks closely at how governments and transnational corporations (TNCs) have influenced the industry's development. To gain a comprehensive understanding of the issues, it applies cultural approach by examining the influence of outsourcing and co-production together with the proliferation of Western and Japanese animation on the content of Southeast Asian animation.

The primary data comprise interviews, and animated films, whilst the secondary data are in the forms of documents issued by the industry, organization and government as well. The secondary data analysed in this research include government white papers, government regulations, speeches, and surveys undertaken by state agencies and commercial corporations, as well as reports by international bodies and organizations. In addition, the data is taken from mass media such as newspapers, magazines, newsletters, and the like.

The results of the study show that political and economic factors have affected the development of the animation industry in the region, and which further positions each country's animation industry in the NIDCL. The four countries have implemented neoliberalism in their economic systems, although the term is seldom used in the industry's everyday discourse. Neoliberalism, in this sense, can be seen vividly in the cultural policies of the creative economies. The offering of tax breaks and incentives and the establishment of infrastructure in the outsourcing and co-production sectors are strategies deployed to attract foreign investors. The animation industry requires huge capital investment to grow. Therefore, Singapore and Malaysia, with strong economic bases and supportive cultural policies, are able to tap into the regional and international level of the animation industry. On the other hand, the less developed countries of the Philippines and Indonesia, which have relatively unsupportive national cultural policies, face difficulties in nurturing the sector.

It is worth noting that there has been competition between less developed countries in offering bigger tax breaks and business incentives to foreign investors. This has resulted in a phenomenon called a race to the bottom, which worsened the economic condition of the less developed countries whilst benefiting the TNCs. Co-production has been viewed as a strategy to increase access to the animation market for the Southeast Asian animation industry. In addition, the partner countries have benefited from the transfer of knowledge. Through treaty co-productions both have challenged Hollywood's domination – Singapore co-producing with Asian animation studios and targeting Chinese-speaking countries, and a Malaysian animation studio co-producing with Al Jazeera and targeting Moslem countries.

Local animation production in each of the four countries has proceeded through different stages of development. Malaysia has actively engaged in local animation production. This is partly due to its cultural policy in which supports the importance of local values for Malaysian viewers. Whilst, Singapore focuses more on co-production. On the other hand, Indonesia and the Philippines, have not reached a mature stage of development due to a combination of their weak economic condition and lack of government attention to cultural policy.

With regard to content, the animation of the four countries is heavily influenced by anime and Disney. This can be noticed from the Southeast Asian animation narrative and visual styles. This is understandable considering that, TV stations in Southeast Asia have been presenting animations from Japan and America for decades. When they produce their own local animation they have to compete with anime and Disney style, and this is not an easy thing since anime and Disney have strong narrative and visual advantages. This is truly a big challenge for all four countries.

**Key words:** animation, animation industry, Southeast Asia, neoliberalism

## CHAPTER I

### INTRODUCTION

#### 1.0. Introduction

The dependence of the periphery upon the centre seems to occur in many areas, not least in the animation industry. During Indonesian President Joko Widodo's visit to the USA of October 25-28 2015, the delegation of the *Badan Kreatif Indonesia* (The Indonesian Creative Economy Agency) accompanying the President took the opportunity to visit Pixar Animation and the World Disney Company. Aware that Disney had expertly produced a plethora of fairy-tale based animated films; the Indonesian delegation took the opportunity to assure the two animation studios of the Indonesian capacity to make animation based upon them ("Ada Kemungkinan Disney Garap Film Cerita Rakyat Indonesia", 2015). The approach by the Indonesian delegation demonstrates Indonesia's dependence on the big American animation studios in promoting its own animation industry and telling its own stories.

Dependence is also a characteristic of the more mature animation industry of Southeast Asian countries. Singapore's animated TV miniseries *Tao Shu: The Warrior Boy* (2002), for example, won the US-based iParenting Media Award in the "2007 Greatest Product Category" (Media Development Authority's Industry Highlights, 2007), whilst the Malaysian animated TV miniseries *Ribbit* (2014) won the Best Family Film Award at the Niagara Integrated Film Festival (NIFF) in 2014 in Canada (Malaysia's 'Ribbit' Wins Best Family Film Award at NIFF 2014, 2014). However, it is only through the Trans-National Corporations (TNCs) that their animation products can reach the global market. *Tao Shu: the Warrior Boy* (2002) was picked up by Nickelodeon Asia in 2004 and later became globally recognised. Similarly, in Malaysia, a number of local animated miniseries, or full-length animated films have been taken over by TNCs like Disney Asia and Cartoon Network in order to be able to be promoted regionally and globally. *Upin dan Ipin* (2007), *Bola Kampung* (2007) and *BoBoiBoy* (2011) are the best examples of this and have been aired by Disney Channel Asia, Cartoon Network and Nickelodeon Asia respectively making them popular animated TV miniseries in the region.

This thesis has been inspired by the relationship between the centre and the periphery, more specifically in relation to the animation industry. To highlight the issues, I utilize the theory of neoliberalism which is in line with Dumenil and Levy's (2005, p.10) definition of neoliberalism, which states that, "new rules of functioning of capitalism affect the centre, the periphery and the relationship of the two. Its main characteristics include a new discipline of labour and management to the benefit of lenders and shareholders".

The Creative Industry Task Force, first introduced by Tony Blair's UK government in 1997 has identified an important sector in various parts of the world, especially in the West. The creative industry consists of 13 subsectors: 1) advertising, 2) architecture, 3) art and artistic marketing, 4) craft, 5) design, 6) fashion design, 7) film and video, 8) interactive leisure, 9) music, 10) performing arts, 11) publishing, 12) software and computer service, and 13) television and radio (Mapping the creative industries, A Toolkit, 2010). This strategy made significant economic impact, as it is evidenced in the fact that the creative industries grew by 8.9 percent in 2014 – almost double the UK economy as a whole (Department for Culture, Media, and Sport, 2016). In Ireland, the sectors have contributed significantly to its economic growth. Existing estimates have placed the total number of those employed in Ireland's creative industries at 60,855 in 2006, generating a total Gross Value Added (GVA) of nearly £ 5.5bn in 2006 – approximately 3% of total Irish employment and 3.5% of total Irish GVA (Curran and Chris, 2010). In recent times, however, the idea of a creative industry has attracted the attention of governments in other parts of the world including in Southeast Asia.

Animation has a long history in Western filmic tradition. The 20<sup>th</sup> century animation market, as stated by Furniss (2012) was dominated by American animation. Walt Disney is one of the most successful animation studios ever in the history of entertainment industry. The studio has created many memorable animated characters such as Mickey Mouse, Mini Mouse, Pluto, Donald Duck, and many others which are very popular around the world. Mickey Mouse appeared on screen for the first time in 1928 was followed by many other animated characters. In 1930, for only \$300 Disney sold the licence for its Mickey Mouse character to be used on the cover of school tablets (writing pads). Seeing the potential Disney started to commercialise its characters and received royalties from the business. Mickey Mouse characters

produced by Ingersoll-Waterbury Co were selling more than a million per annum. In the following ten years, Walt Disney received 10% of its income from the royalties (Grover, 1997, p.3). In the contemporary entertainment industry, *Frozen* (2013), for example, gained spectacular popularity and economic success and is believed to be “the highest-grossing animated film in history”, making Disney a \$770 million profit. The income comes from the merchandise, DVD and sound track CD music sales (“Walt Disney's profit rises 27 percent on strength of "Frozen" film franchise”, 2014).

To date, only Japanese animation, *anime* has challenged the popularity of American animation. It is evident that today *anime* style has been internationally recognised (*ibid*). The popularity of anime in the USA started when NBC aired Ozamu Tesuka’s *Tetsuwan Atom* (Astro Boy) in 1963. Although early *anime* copied off Western animation, as claimed by Redmond (2007, p.183), “Japanese animators started to develop their own animation style. And further by the 1980s it had become a hybrid of Japanese indigenous manga, American science fiction, European script writing and theatre, and the editing techniques of Hong Kong martial arts film into a new art-form”. From the economic perspective *anime* has become a lucrative business in Japan as quoted by the Association of Japanese Animations, for instance “60 member *anime* production companies now provide products in 112 countries, reaching some 87.2 percent of the world’s population with total overseas sales in 2008 reaching Y 13.3 billion” (“Anime’ makes Japan Superpower”, 2010). Despite the fact that animation has flourished well in the USA and Japan, it is a relatively new sector in Southeast Asia.

This thesis analyses the animation industry in Southeast Asia from the political and economic perspectives. More specifically, this thesis explores how the four Southeast Asian countries have responded to the animation industry. At the production level, this involves the discussion of outsourcing, local animation production, coproduction, and beyond, through to the distribution of animation industry products. Further, the analysis discusses how they have influenced the content of the animation products of Singapore, Malaysia, the Philippines and Indonesia.

### **1.1. Objectives of the Research**

On the basis of the above discussion the objectives of the research can be formulated as follows:

1. to examine to what extent neoliberalism has influenced each country's cultural policy in relation to the animation industry;
2. to discuss to what extent outsourcing in Southeast Asian countries, more specifically the Philippines, has been shaped by the NIDCL;
3. to discuss to what extent the local animation industry has been nurtured in each country;
4. to discuss to what extent co-production in the animation industry in Southeast Asia has been influenced by the NIDCL;
5. to discuss to what extent distribution in the Southeast Asia animation industry has been dominated by the TNCs and the implications for animation in Southeast Asia; and
6. to explore how outsourcing and the proliferation of Western and Japanese animation have affected the narrative of Southeast Asian animation.

To better understand the influence of the proliferation of Western and Japanese animation on the Southeast Asian narrative, I present illustrative examples of Southeast Asian animated TV miniseries and full-length animated films in the data chapters of this thesis. My analysis examines how the content of animation in Southeast Asia has been influenced by outsourcing and co-production. Localisation and globalisation are significant forces in local animation production in the region. This is particularly the case in Malaysia where foreign animation does not suit local values, and hence the government of Malaysia has encouraged the production of animation embodying local values (Mahammod, 2001). However, in dealing with the level of competition in the global animation market, the animation industry faces the dilemma of whether to produce animation imbued with local values not familiar to global audiences with the risk of market failure, or to produce animation using global values more suited to the international animation market.

## **1.2. Review of the Animation Industry in Academic Studies**

Since 2000 there have been several studies on the development of the animation industry in Southeast Asia. Discussion of the issue would not be complete without including the work of John A. Lent who has researched Asian animation since 2001,



with special emphasis on the South Korean animation industry (2003) and the South Asian animation industry (2004).

Lent's research on Southeast Asian animation is pioneering. In his introduction to his book *Animation in Asia and the Pacific* (2001), he states that finding literature on the animation industry in Asia is difficult. Most of the research and discussion has focused on *anime*, while discussion of animation more broadly in Asia is rare (Lent, 2001). Lent's studies on the Asian animation industry in China, South Korea, Malaysia, the Philippines, and South Asia provide a brief introduction to the issues.

Lent (2004) also conducted a study of Southeast Asian animation in which he explores the history, trends, and issues of animation in Thailand, Singapore, the Philippines and Malaysia. His research demonstrates that the governments in the region have started to pay attention to the animation industry by injecting funds to support the sector to flourish. The Thai and Singaporean governments have eagerly invested money into the sector. Malaysia began to produce animation with local content as an alternative to foreign animation which is considered a danger to society. The Philippines, however, had to compete with China and India, which offer cheap labour. Lent concluded that there were a number of regional tendencies: work-for-hire, government involvement, co-production, dominance of foreign animation, and the nourishing of domestic animation – the combination of which may enhance the production of Southeast Asian animation which at that time could best be described as dormant).

In his other research, Lent (2007) states that historically, Asian animation has been connected to outside forces via imported programming, subcontracting agreements, co-production efforts and international marketing. Southeast Asia, among other regions, has shown progressive achievement in the sector more recently. Lent proposes that there are a number of reasons for this success: government support in some instances, digitalization, and growing public recognition. The industry has experienced important and far reaching changes since 2000. These include increased production of local fare; production of the first feature-length works in some countries; the establishment of animation festivals; co-productions with Western countries; upgrading of technology and techniques; tie-ins with huge multimedia complexes and projects, and establishment of training facilities (*ibid*).

Although Lent is one of the most prominent researchers in the field, he employs an industry-focussed perspective that does not address several important issues, such as how neoliberalism has shaped the animation industry in Asia, what factors have affected the making of cultural policy of the animation industry, and how political and economic factors have influenced the development of the animation industry in the region, among others. By contrast, this thesis takes a political economy perspective that allows for a deeper analysis of these questions.

A study of the ways in which media production in television, film and animation in Asia have responded to global competition was conducted by Tania Lim (2006). In terms of animation, the TNCs attempted to strengthen their presence in Asia by co-investing in animation production. In 2002, for example, Nickelodeon Asia co-invested in the production of *Tomato Twins*, a miniseries animation produced by Peach Blossom Media (PBM), making it the first Singapore-made animation telecast on the Nick satellite channel. Lim concludes that various sites of Asian media production in television, film, music and animation are ideal testing grounds for regional and international cooperation. Lim's research examines the Singapore creative industries from a global perspective and looks at how they have countered the TNCs; it lacks, however, depth of analysis in terms of political and economic context.

In another study Wong and Matthews examined the "types and forms of competencies that enable production houses in the film industry in Singapore to stay competitive in the contemporary knowledge-based economy in the light of technological advancement made in the film and animation industry" (Wong & Mathew, 2007, p.2.). The results of their study showed that the production houses generally support the advancement of technology and see it as being of constructive benefit for the sector. The authors realise that this will bring about various new types of distribution due to the shifts in consumer trends in relation to the entertainment industry. Their research acknowledges the significance of technology in the advancement of the film industry in Singapore, but does not analyse the issue from a more critical perspective, such that it could not reveal for example the political and economic drivers of the changes they discuss.

In his study of the Malaysian animation industry, Hassan Abdul Muthalib (2007) explores the conditions of the sector to determine the steps Malaysia can take in order to ensure survival of the sector. He concludes that to some extent Malaysian animation has gone global, and yet it remains at the crossroads. Local animation production houses have a problem with capital, more specifically in the production of TV miniseries which were mostly funded by Radio Televisyen Malaysia (RTM) with a limited budget, making it difficult for local animation studios to reach the Break Even Point (BEP), and resulting in forced closure for many. The alternative is selling animation on the global market. In terms of content, the animation should represent local values which are at the same time appealing to international audiences. Muthalib concludes that the Malaysian government should support the sector by preparing the infrastructure, offering funding and assisting in establishing procedures necessary for growth in the new sector. While Muthalib's research explores the development of Malaysian local animation production, it does not interrogate the political and economic factors influencing that development.

Hanis Syazwani Kamarudin and Sulaiman Sajilan conducted an exploratory study of Critical Success Factors of Technopreneurship in the creative industries: *A Study of Animation Ventures in Malaysia*. The results of the study show that there are a number of barriers to the success of animation technopreneurship such as limited access to financial resources, financial management, lack of skilled talents, limitation of local market, and bureaucratic procedures. However, there are a number of pushing factors that may contribute to the success of the animation technopreneurship such as: access to financial resources, talent pool, government's initiatives, promotion and marketing, networks and collaboration, IP, content quality, technology, diversification of products, entrepreneurial skills and business location.

A study entitled *Success Strategies of SMEs in the Creative Sector in Malaysia: A case study of Les Copaque* conducted by Hezlin Harris, Kamarul Zaman, Abdul Aziz, Mariati Norhashim (2012) looks at how the process of Malaysian pioneer animation production company Les Copaque overcome the technological and market challenges in the creative industry. There are a number of factors which lead to the success of Les Copaque such as: regulatory and financial factors, firm and HEI technology, and knowledge of Intellectual Property Rights (IPRs).

Tschang and Goldstein (2004) investigated the circumstances under which insourcing and outsourcing occurred in the production of 2D and 3D in America. Their research uses a political economy approach in order to understand the conditions under which the main animation studios retain their work in the USA and outsource their work to the Philippines. They conclude that Pixar, with its internal technology development and total self-sufficiency, did not outsource its work to less developed countries offering cheap but skilful labour because those countries did not yet have the skills needed by Pixar. In the meantime, elements of the 2-D animation production process – more specifically visual effects, background paint, and ink (i.e. colour, textures and styles) are sent to the Philippines. I make reference to this study in my research in order to have better insight into the phenomenon of outsourcing in Southeast Asia, and more specifically in the Philippines. However, I elaborate on the findings of Tschang and Goldstein by further examining the ways in which neoliberalism is reflected in cultural policy and how it has affected outsourcing in the region.

A research on Indonesian animation was conducted by Arik Kurnianto (2015), this study applies a historical approach in understanding how Indonesian animation has developed. The results of the study show that Indonesian animation has grown for quite some time but the development was very slow when seen in the context of world animation history.

The above discussion suggests that the Southeast Asian animation industry has not been comprehensively analysed from political and economic perspectives, and in particular in relation to how it has been shaped by the NIDCL. My study builds upon Tschang and Goldstein's perspective, expanding aspects of their political economy approach to include new countries while assessing broader changes in the region. The significance of this thesis also lies in its analyses of co-production and distribution, the two most important ways that the Southeast Asian animation industry has connected with the global animation industry. Finally, this thesis offers an analysis of the effects of co-production and outsourcing on the content and aesthetics of animations through the use of examples from different segments of the Southeast Asian animation industry, more specifically the relationships between the political economy of animation in Southeast Asia and the design, narrative and content of the selected animations.

### **1.3. Structure of the Thesis**

This thesis consists of eight chapters. Chapter I provides a background to the research including the objectives of study, the research methods, and a brief review of academic literature on the Southeast Asian animation industry. Chapter 2 addresses the issue of neoliberalism and the creative industry which is the foundation of the research. This chapter starts with the discussion of the emergence and growth of the creative industries as a policy focus, including the growing attention from Southeast Asian governments. Furthermore, it offers a brief discussion of the early development of animation in both central and peripheral locations. It also includes the economic and political significance of the creative industries in less developed countries, and the problems encountered by less developed countries in nurturing the subsector. This discussion is included on the grounds that two of the four selected ASEAN countries emphasised in this research, that is the Philippines and Indonesia, are less developed countries. This chapter also outlines my perspective on neoliberalism in Southeast Asia, and in the latter part analyses the effects of neoliberalism on the creative industries.

Chapter 3 explores the cultural policies of the animation industries in the four selected Southeast Asian countries. This discussion is important because cultural policy explains the historical and philosophical reasons for differences between the four nation-states in their regulation of the animation industries. This chapter uncovers how neoliberalism has influenced the political and economic policies of the region, which further influences the cultural policies of each country.

Chapter 4 is concerned with outsourcing, an early feature in the history of the animation industry. This chapter focuses mostly on the Philippines because outsourcing is common there, while it is less commonly used in Singapore, Malaysia and Indonesia. This chapter looks closely at how the NIDCL has shaped outsourcing in Southeast Asia and discusses the struggles of less developed countries within the tough competitive market, otherwise known as “the race to the bottom”. I also offer examples of animations to illustrate how outsourcing has influenced the content of local animation in the Philippines.

Chapter 5 examines co-production in the animation industry in Southeast Asia, in particular in Malaysia and Singapore, as the two have co-produced with numerous

overseas animation studios. This section looks at how divisions of labour have affected co-production between Malaysia and Singapore and the TNCs. To complete the analysis I present examples of animations to show how negotiations between the two countries and the TNCs have influenced the content of the co-productions.

Chapter 6 discusses local production in the animation industry in Southeast Asia. This chapter assesses local production in all four countries and discusses how each has struggled in nurturing its local animation industry. I link local production to neoliberalism since each country has adopted neoliberal policy settings although in different ways and with different outcomes for their animation industries. In addition, I discuss the involvement of the TNCs in local animation production specifically in Singapore and Malaysia. Examples are given to provide insight into how animation content has been shaped in the selected countries.

Chapter 7 looks at the distribution of animation in Southeast Asia and access to the global animation market. This chapter explores the animation distribution issues of studios in Malaysia and Singapore given their relatively high level of engagement in regional and global animation distribution. As with animation production throughout the region, animation distribution has been dominated by the TNCs. Malaysian and Singaporean studios have managed to tap into the sector through co-production and government initiatives. I argue that in many ways co-production arrangements provide greater opportunities for less developed countries to enter the global animation market.

Chapter 8 is the conclusion in which I summarise my arguments about the ways in which neoliberalism has affected the animation industry in Southeast Asia. Further, I provide recommendations about how less developed countries can effectively nurture competitive animation industries that make use of local content in a highly competitive global marketplace.

#### **1.4. Approach and Methods**

This thesis examines the animation industry in Southeast Asia from the perspective of political and economy approach. To do so a broader literature on neoliberalism, cultural industries and the NIDCL are considered in a way to understand how the

sector in the region manages to survive amidst the domination of the sector by the media conglomerates.

I use the political economy approach, as it is in line with Mosco's statement "in a narrow sense political economy is the study of social relations, particularly the power relations that naturally constitute the production, distribution, and consumption of resources including communication resources. This formulation has a certain practical value because it calls attention to how the communication products move through a chain of producers and finally to consumers in theatres or in their living rooms. Whilst a far more general and ambitious definition of political economy is the study of control and survival in social life. Control refers specifically to the internal organization of individual and group members, while survival involves the means by which they produce what is needed to reproduce themselves. Control processes are fundamentally political in that they involve the social organization of relationships within a community. Survival processes are fundamentally economic because they concern the production of what a society needs to produce itself" (Mosco, 2009, p.25).

The thesis considers the work of David Harvey (2006), Dumenil (2005), and Kean Birch and Vlad (2010), among others, to better understand the concept of neoliberalism which underlies the research. As chapter 2 suggests, such scholars have observed the failure of neoliberalism to materialise human freedom. This is a contradiction because neoliberalism claims to give voice to freedom. The world has witnessed the economic crisis which swept the world due to the neoliberal regimes. It has devastated the economic life of most countries in the world. But the ones which suffer most are on the periphery. In other words, neoliberalism is for the minority – namely the developed countries.

How neoliberalism has grown in the soil of Southeast Asia has been discussed by Verdi R Hadiz (2006), Aihwa Ong (2006) and Bay-Gyoom Park (2012). As chapter 2 suggests, Hadiz (2006) points out that rather than ushering in freedom, democracy and civility to the world – as imagined by the advocates of empire- the region is deeply embroiled in social conflicts, in which the position of anti-democratic and uncivil society forces are frequently bolstered. It is important to note, however, that criticism of the nature and consequences of US power go well beyond those espoused

in well-known populist, anti-globalization or neo-Third-World cycles. Together they provide a nuanced and complex understanding of the links between economics and politics, of global transformations, international geo-strategic politics and domestic conflicts, and of the interest of contending social forces throughout Asia.

Park and Saito (2012) examine the influence of neoliberalism on cities and regions in several Asia Pacific nations: Japan, South Korea, Taiwan, Hong Kong (PRC), Singapore, Malaysia, and Thailand. All have a history of governance by developmental states. All have implemented spatially selective liberalization policies in recent years, as evidenced, for example, in special economic zones, industrial clusters, public-private housing policies, and global city inspired redevelopment projects. All have experienced decentralization in state power, spatial diversification in national regulations, and increased marketization of urban spaces. Rather than assuming that neoliberalism has triumphed over developmentalism, we treat the evolving relationship between the two political projects as our central question. Has neoliberalisation been the main driving force behind recent urban and regional policy changes and associated political struggles in East Asia? Policy changes are driven from many sources, and institutional legacies of the developmental state constrain neoliberal restructuring.

A number of works which attempt to view the relationship between neoliberalism and media in which films belong to is included. Toby Miller (2001), Jyotsna Kapur and Keith B. Wagner (2011) and Doris Baltruschat (2010) have seen the impact of neoliberalism, more specifically the deregulation on the media industry. Miller, et al suggests how the entertainment industry in Hollywood has enjoyed the deregulation which enabled the sector to dominate the world's entertainment industry. It is evident in the NIDCL. This division has differentiated the role of the developed countries and that of the periphery. Kapur and Wagner (2011). In terms of production of culture, this has meant an increasing trend towards a monopolistic concentration of ownership despite new technology that continuously makes it possible to generate a far greater democratic public space (p.4) while Balltruschat (2013) discusses the networked production in Global Media Ecologies: networked production in film and television points out that the ecology is much influenced by the interdependencies in policy regime central-periphery relations based on format licencing, etc.



As the animation industry belongs to the creative industry this thesis also considers a number of works on the issue discussed by David Hesmondhalgh (2007), John Hartley (2007), Terry Flew (2012), and Desmond Hui (2007). The understanding of the creative industries is of importance in this sense as the terms creative industries and cultural industries are commonly used interchangeably in the discourse. The two, however, have different implications. The creative industries concept, was first introduced by the New Labour government of Tony Blair and Gordon Brown in Britain in the 1990s and 2000s. Given this origin, it may appear reasonable to surmise that the concept departs the scene with these administrations. Yet the sets of developments which the concept of creative industries has sought to capture particularly the growing economic importance of activities relating to creativity and innovation, and the reflective and mutually determining relationship this points to between economy and culture, have not gone away at all.

Hui (2007) discusses entrepreneurship in the creative industries and has a special chapter on the creative industries and entrepreneurship in East and Southeast Asia. He states that amongst the countries of South Korea, Singapore, Taiwan and Hong Kong, it was South Korea which strives to nurture its creative industries. In part this is because the country had been the most affected by the Asian Financial Crisis of 1997-98. Its hard efforts have paid off as can be seen in the proliferation of Korean pop culture since the 1990s.

Media, as mentioned by Kapur and Wagner (2011) refers to new technologies of communications which have served the conduit of neoliberalism whereas the production of culture is, after war, the second most important sector in the neoliberal economy. Consequently Marxist critique, whose prime subject has been capitalism and its human consequences, when applied to global cinema can offer key insights into the nature and contradictions of the neoliberal project. In other words, global cinema can, in the hands of Marxist criticism, become a lens into the political economy of neoliberalism and its far-reaching effect upon culture.

To provide a more comprehensive research result, I also examine the cultural production, hence, this study also applies cultural approach. As Aeron Davis (2008) states, "In media and cultural studies there are several common approaches used for researching and documenting cultural production. These might be loosely placed into

three categories. The first of these belongs, although not exclusively, in the domain of political economy. Under this remit cultural production is investigated on the macro level as an industry. Here it is assumed that the conditions of production shape cultural content. The researcher therefore attempts to link cultural outputs to the economic, industrial and political factors that shape the organizations and industries which then produce culture. The second approach is textual analysis, the third, sociological/ ethnographic approach” (p.53).

Raymond Williams (1998) groups the definition of culture into three types, namely ideal, documentary and social definition. The ideal – “culture is defined as ‘a state or process of human perfection, in terms of certain absolute or universal values’” (qtd. in Storey, 1998: p.48). For the second type of definition – documentary – “culture is understood as the body of intellectual and imaginative work, in which, in a detailed way, human thought and experience are variously recorded” (ibid). While the definition of the third type is social, here culture is understood as a “description of a particular way of life, which expresses certain meanings and values not only in art and learning but also in institutions and ordinary behaviour (ibid)”.

In this study, I address the second type definition, namely documentary as I examine animation which is considered as the result of human imagination. The analysis, As Williams (1998) points out is “the clarification of meanings and values implicit and explicit in a particular way of life, a particular culture” (ibid). Within a ‘transfer-conduit’ perspective (see Reddy, 1993), the aim of text analysis is to provide expert tools such as literary criticism, philology, or content analysis to decode texts which would otherwise be inaccessible for a simple reader; text analysis aims to observe and discover the attitudes, behaviours, concerns, motivations, and culture of the text producer from an expert point of view (p.2).

This thesis applies a combination of qualitative methods to analyse how the animation industry in Southeast Asia struggles under the neoliberal system. The objects of analysis are in the forms of documentation, archival records, and interviews. The documents that are gathered in this research were obtained from newspapers, magazines, internet, government documents, and the like. With regards to interviews, I interview a number of concerned persons such as: animators, practitioners, studio owners, association presidents, and educators.

As has been previously discussed, this thesis explores the animation content in the region which can be seen in both the local animation production and co-production. To this end there are a number of animations which have been chosen to be analysed. The animations discussed in this thesis included those produced for TV miniseries and full length animated films. Below is a list of the animated films chosen as illustrative examples (title, country, and year of release) of successful animation products:

1. *Ibong Adarna* (Philippines, 1997)
2. *Dayo* (Philippines, 2008)
3. *Urduja* (Philippines, 2008)
4. *Metonoia* (Philippines, 2011)
5. *Tao Shu: The warrior Boy* (Singapore, 2004)
6. *Legend of the Sea* (Singapore, 2007)
7. *Upin dan Ipin* (Malaysia, 2007)
8. *Usop Sontorian* (Malaysia, 1996)
9. *Silat Legenda* (Malaysia, 1997)
10. *Boo and Me* (Malaysia, 2010)
11. *Keluarga Somat* (Indonesia, 2013)
12. *Adit, Sapo, Jarwo* (Indonesia, 2013)

The above animated miniseries or full length animated films represent the influence of outsourcing, co-production and local animation production in the four countries. In this research, they are analysed from the content including the narrative and animation styles.

### **1.5. Limitation of the Study**

The thesis explores how the animation industry in Southeast Asia has managed to survive under the domination of Hollywood from a political and economic

perspective. The data used in the research are documentation and interview. The problem encountered in the data collection is that not all the countries have good data management. In term of cultural policy, it is only Singapore that has complete data on its cultural policy and to a lesser degree Malaysia. But the Philippines and Indonesia have not had complete documentation on it.

Another weakness is the small number of interviewees involved in this study. Finding a prospective interviewee is not an easy job. Some of them even do not reply to my emails. In addition, there is a complicated bureaucracy which as well which slows down the process of collecting data. It is relevant to note that covertness still exists in this industry, therefore the number of interviewees in this research is limited. Only a few were willing to be interviewed.

## **1.6. Conclusion**

The contribution of this research is that it has explored comprehensively how the animation industry in Southeast Asia has been nurtured under different economic and political backgrounds. As has been previously discussed the research on the animation industry focuses on that of a single country, whilst this study views it from a different perspective. Therefore, we will see how this subsector has grown in Southeast Asia as a result of different environments.

Therefore the significance of this thesis is that it fills a gap in the theory of the animation industry, more specifically that of Southeast Asia. As the literature suggests so far there have been a number of studies on the animation industry in America and Japan; however, the study of the animation industry in Southeast Asia has been rare. Since little research has been undertaken on the development of animation industries in the Philippines, Malaysia, Singapore and Indonesia, this study – using qualitative content analysis to compare all four countries under the same criteria, will make a significant contribution to the body of knowledge in this field.

## **CHAPTER II**

### **THEORETICAL FRAMEWORK**

#### **2.0. Introduction**

The chapter discusses the theories used to support this study. The first theory will focus on the concept of neoliberalism and how it has been embraced in the periphery, more specifically Southeast Asia. The discussion of how neoliberalism has affected the creative industries will also be addressed. Neoliberalism has attracted the attention of a number of scholars such as Miller (2002), Meehan (2011) and Mirrlees (2013), among others. Miller and Meehan share the same idea about how neoliberalism has affected the media industry. Mirrlees (2013) discusses two important forms of entertainment in the NIDCL: runaway productions and international co-productions. The issue is of importance as the thesis explores how the TNCs have run the NIDCL in Southeast Asia. The second part of the chapter looks more closely at the creative industries in which the animation industry is a part. It begins by discussing the historical background of the creative industries, and how the animation industry has emerged in Asia and more particularly in Southeast Asia.

#### **2.1. Neoliberalism: A Brief Overview**

Nowadays Neoliberalism has become a broadly discussed issue at the international level. Neoliberalism has spread all over the world. Therefore it has been differently understood and interpreted due to different political and economic backgrounds. Neoliberalism is a set of ideas and practices centred on an increased role for the free market, flexibility in labour markets and a configuration of state welfare activities, which has become increasingly predominant across the world, particularly since the mid 1980s ( Smith et al., 2008).

Historically neoliberalism emerged as the response to the threat of collectivism. As Jones (2012) states, neoliberalism was a radical form of individualism that was generated before World War II in a reaction to New Progressivism, the New Deal and the onset of Nazi and communist totalitarianism which can be classified as collectivism. A group of neoliberal thinkers gathered in Mont Pelerin in 1947 to materialise the idea. The emergence of neoliberalism in the late 1940s was seen as a starting point for “anti-socialism” and a strong opinion of liberal prospects (Turner, 2007, p.67-68).

Hayek and Friedman are the two prominent think tanks of neoliberalism in history. After 1945 they first helped to create and then to synthesize a neoliberal policy program and political strategy. In 1947, Hayek brought a disparate group of intellectuals together in Switzerland to discuss how neoliberalism could be defended in the face of the challenge of collectivism – an all-encompassing term that included Nazi and Soviet totalitarianism. Like Keynes, Hayek believed that ideas seeped into policy only very slowly. Therefore the way to ensure that free markets triumphed was to focus on changing the minds of the ‘second hand dealers in ideas’, the intellectuals. The strategy was clear neoliberal thinkers needed to target the wider intelligentsia, journalists, experts, politicians, and policymakers. This was done through a transatlantic network of sympathetic business funders and ideological entrepreneurs who ran think tanks, and through the popularization of neoliberal ideas by journalists and politicians.

And it indeed succeeded. Neoliberalism has reached almost every corner of the globe. In Europe it was marked by the Thatcher’s victory in 1979. With a strong mandate to reform the economy under the influence of the thinking of Keith Joseph and the Institute of Economic Affairs, the UK’s Prime Minister Thatcher accepted that a monetarism supply side solutions were essential to cure the stagflation that had characterized the British economy during 1970s (Harvey, 2005). In the U.S. Ronald Reagan blatantly opted for neoliberalism to fix the monetary crisis which swept the country through deregulation, tax and budget cuts, and attacks and assault on the power of organized labor. The Reagan administration, for example regulated everything from airlines, telecommunications to finance and opened up new zones of untrammelled market freedoms for powerful corporate interests (*ibid*).

In spite of all the rhetoric about curing sick economies neither Britain nor the US achieved high levels of economic performance in the 1980s, suggesting that neoliberalism might well not have been the answer to the capitalists’ prayers. Even in the US, neoliberalism cannot be considered a model of growth and accumulation. In fact, the 1980s marked the golden age economic growth of Japan, the East Asian tiger economies and West Germany (Harvey, 2005).

## **2.2. Neoliberalism: A Proper Alternative?**

As has been mentioned earlier, neoliberalism has become an ideology which is widely accepted by almost all nations. It is worthwhile to note that some countries have embraced it voluntarily and others have been forced to implement it. As Saad-Filho and Johnston (2005) claim there is one thing in common in this regard and that is the use of coercion. Although every country is different, and historical analysis can reveal remarkably rich details, the overall picture is clear. The most basic feature of neoliberalism is the systemic use of state power to impose (financial) market imperatives, in a domestic process that is replicated internationally by ‘globalization’ (p.3).

The first example of the neoliberal state was Chile. This began when the CIA and the American Secretary of State Henry Kissinger supported the coup against the democratically-elected and leftist social democratic government of Salvador Allende in 1973. It intensely curbed all the “social movements and political organisation of the left” and broke up all forms of popular organisation. They enforced neoliberalism by privatising public assets, opening up natural resources to private exploitation and facilitating foreign direct investment and free trade (Harvey, 2006: p.12). The result from this enforcement was a severe economic crisis. In response to this situation, an economic recovery known as the Washington Consensus was later enforced which then failed to improve the country’s economic condition (Birch & Vlad, 2010, p.9).

The second example of the neoliberal state is Iraq which was occupied by the USA in 2003. As Sabei (2010) states: Bill Clinton’s administration had committed military interventions which it claimed were humanitarian intervention. In the case of Iraq this can be viewed as a clear form of a connection between war and politics. This is because war has been used to spread neoliberalism. The military expansion in Iraq was followed by the application of neoliberalism in the country. This is evident when Paul Bremer, head of the Coalition Provisional Authority, declared orders that included “the full privatization of public enterprises, full ownership rights by foreign firms of Iraqi businesses, full repatriation of foreign profit, the opening of Iraq’s banks to foreign control, national treatment of foreign companies and the elimination of all trade barriers”(Harvey, 2007, p. 6). When neoliberalism again failed to enhance the country’s economic force in Iraq, the Chicago Boys (a term used to describe Latin

American economists who studied the libertarian economic theories taught at the University of Chicago), came to resolve the problem. However, in Chile, they failed to improve the economic condition of the country. The reason for this is that the wealth was not equally dispersed. It was only Iraq's ruling elites along with the foreign investors who enjoyed the benefits; on the contrary the poor did not share in the welfare (Harvey, 2006).

The implementation of neoliberalism in the two mentioned countries ended up with a severe economic crisis in both. In the 1990s another impact of neoliberalism experienced by the Third World was that the Third World Debt crisis took place in 1997. This catastrophe began with an economic recovery programme initiated by the World Bank and the IMF. Dumenil and Levi (2005) maintain that, to some degree, the policy to lend money to these countries, during the 1960s and 1970s, was very political. As history witnessed it was the part of efforts to combat communism during the Cold War.

The cause of the monetary crisis in the 1970s was not political factors but economic ones. The rise of interest rates in the 1970's was responsible for the crisis. The crisis started in August 1982, when Mexico failed to repay its international debt as scheduled. The following year, "27 countries - four countries in Latin America (Mexico, Brazil, Venezuela, and Argentina) held 74 percent of the international debt, experienced the same hardship as Mexico and had to rearrange the debt payment" (Dumenil & Levy, 2005, p.17).

Neoliberalism to some degree has benefited the centre whilst the periphery has become the victim of the order. Neoliberalism, began to have its bad reputation after a group of economists called 'the Chicago Boys' in 1973 applied the term to label an economic model which aimed to recover the economic crisis during the Pinochet administration in Chile (Ganti, 2014, p.93). The cause of this notorious reputation was the use of state power as Saad-Filho (2005, p.3) points out "the most basic feature of neoliberalism is the systemic use of state power to impose (financial market) imperatives in a domestic process that is replicated internationally by globalisation".

The process of neoliberalism has, however, entailed much creative destruction, not only of prior institutional frameworks and institutions (even challenging traditional forms of state sovereignty) but also of division of labour, social relations, welfare



provisions, technological mixes, ways of life and thought, reproductive activities, attachments to the land, and habits of the heart (Harvey, 2005, p.3). Similarly Saad-Filho and Johnston (2005) argue that neoliberalism also destroys its own conditions of existence. Its persistent failure to deliver sustained economic growth and rising living standards exhausts the tolerance of the majority and lays bare the web of spin in which neoliberalism clouds the debate and legitimates its destructive outcomes (p. 5).

To summarize: neoliberalism has failed to improve the economic condition in the periphery; however, it has been a great achievement from the perspective of the upper classes. It has, as Harvey (2007) points out, “either restored class position to ruling elites, as in the United States and Britain, or created conditions for capitalist class formation, as in China, India, Russia, and elsewhere. Even countries that have suffered extensively from neoliberalisation such as that which came to Mexico with the Salinas de Gortari administration in 1992 spawned unprecedented concentrations of wealth in the hands of a few people” (p.34). As Saas-Filho and Johnston point out, “Neoliberalism is beneficial to a few and detrimental to many” (Saad-Filho and Johnston, 2005).

### **2.3. Neoliberalism in South East Asia**

Asia embraced neoliberalism after it had developed in the Western world. A number of countries such as Japan, South Korea, Hong Kong, Singapore, Malaysia, and Thailand are late players in the neoliberal regime compared to the established Western powers: they industrialized under different circumstances and the agents promoting their industrial revolutions were influenced by different ideologies, motives, and institutions. South Korea, and Japan have responded differently (Hill, Park and Saito, 2012).

Aihwa Ong (2006) discusses neoliberalism as exception – The Asia Pacific is undergoing dramatic changes and the fast-changing environments provide sites for exploring how things that used to be fused together – identity, entitlement, territoriality, and nationality – are being taken apart and realigned in innovative relationships and spaces by neoliberal technologies, sovereign experiments, and regimes of citizenship which have radically changed the political and spatial possibilities of being actualised and of being human. What does seem clear is that

neoliberalism as exception, whether as commando-style raids on emerging economies, as stealthy encroachment on governing reason, or techniques of self-reengineering and self-enterprise, is challenging comment. Claims are now malleable, subject to the crosscurrents and force fields configured by market-driven modes of governing, knowledge flows, and NGO interventions. Myriad disarticulations and rearticulations occasioned by the logic of the exception transform the elements we used to associate with a unified concept of citizenship into values placed on humanity that are increasingly varied, fragmented, contingent, and ambiguous, but permanently subject to “ethicopolitical” critique.

Paradox does exist in this matter. To some degree a number of Asian political figures condemned American neoliberalism as they considered it an economic planning using international intermediaries such as the IFM to dominate the weaker economies. In the interval time of the 1980s-90s for instance Asian leaders would reject the idea of American neoliberalism, more specifically after the financial crisis of 1997-98. However, it is ironic that they have accepted neoliberalism as a way to have selectively adopted neoliberal forms in forming economic zones and “imposing market criteria and citizenship” (Ong, 2006: p1).

As has been previously mentioned in this chapter, neoliberalism has been so influential that almost all countries in the world embrace it. Southeast Asia is no exception in this regard. Robison (2006) points out that despite internal force, Southeast Asian member countries unavoidably cannot challenge the US hegemony. As with other countries in many parts of the world, they also applied neoliberalism voluntarily. In a way, Southeast Asia, as Robison claims, “was drawn into a larger global project that was aimed at dismantling protected state-led capitalist systems by forcing open markets and deregulating financial regimes. This was a period in which neoliberal ideas took centre stage. The IMF, the World Bank as well as economic technocrats within economic ministries across the region became key players as they attempted to force market - oriented programmes of structural adjustment on interventionist states” (p.52).

The effect of neoliberalism in this region was economic monetary crisis such as occurred in other neoliberal states. As a matter of fact, Southeast Asian countries: Singapore, Malaysia, Thailand, and Indonesia had shown dynamic economic growth

prior to the Asian economic crisis in 1997, at the same time when a number of Latin American economic conditions were worsened by financial crisis, the Southeast Asian countries, on the contrary, could survive economically (Teik, 2010, p.5).

Asia with its vibrant economic growth has been seen by the IMF as a potential partner as stated by Lagarde, Managing Director of the IMF that “Asia is a linchpin for global economic stability and is being heard, both through its growing stature in the global economy, and also in the corridors of the Fund, from which we try to understand the global economy and be an agent for improved stability”. It is noteworthy here that the IMF has admitted that they had given the wrong direction to Southeast Asian countries in improving their economic conditions. This can be seen in her speech that follows:

There have been times in history when Asia has been important for the world; it certainly is another moment in history when that is the case. So it is time for the IMF to open our ears to Asian voices and our minds to Asian ideas, and our textbook to Asian solutions.

But let me also be candid. We are all aware of the history of our relationship with Asia. We recognise that sometimes we have not listened enough when in fact you are right. And we know that not all bad memories have completely gone.

Tonight I want you to know that the IMF has learned – and the IMF has changed. In our interconnected world, we know we must continue to change. We must continue to work toward being an even more effective partner for Asia – and for Thailand. We must listen and be prepared to revise the textbook of crisis resolution depending on country specifics, on regional ties.

First our economic analysis and policy advice must become even more relevant and more useful for our members. Second, we must continue to adopt our lending instruments to meet Asia’s needs – smarter lending.

Third we must keep pushing to ensure that Asia’s role and voice in the IMF is a true reflection of the region’s new economic standing in the world.

Here we can see that Asia has been seen as a potential region by the IMF economically, However, IMF has not used the right formula in helping the region to develop its economy. As a result Asia has gone to the wrong direction. (Lagarde, 2012)

The confession shows that the IMF has not made the solution based upon the problems encountered by its member countries. It is so surprising that a prestigious

organisation such as the IMF did not do the job professionally. The results have led to the monetary crisis in the Asian region which then had brought about misery for millions of people. In this context, the IMF had made a fatal mistake. But Asia is a potential debtor for the IMF; hence it would manage to approach its country members to offer assistance in overcoming the crisis. Asia in this sense needs funding to accelerate its economic development. Hence there was no other alternative but for Asia to borrow the money again from the IMF.

What are the Southeast Asian nation's opinion about neoliberalism? There have been various views concerning the US hegemony in Asia. Some view that US hegemony is a paradox in Asia. The former Singapore Prime Minister Lee Kwan Yew, for example saw that it has enhanced Asian economic performance and delayed the danger of global terrorism. Other countries like South Korea, Indonesia, and the Philippines showed resistance toward the US power which is evidence in the emergence of protests towards American hegemony (Hadiz, 2006, p.3). However, sees that there has been an inconsistency among Asian countries in viewing the US hegemony. Asian governments allege that the USA has used a certain approach to dominate the global market. It has used international institutions such as the IMF to target Asian economies. Nevertheless, Asian countries have eagerly employed neoliberalism in their economic systems (Ong, 2012).

Singapore as a developmental state was remarkable by applying an Export-Oriented –Industrialization (EOI) model as soon as it attained independence from Malaysia in 1965. This model has been marked by the implementation of draconian laws in order to make the labourers docile which were viewed as Ideological State Apparatus (ISA). The state intervention can be seen from the starting up of state-owned companies to facilitate the growth of the economy, as well as actively providing the necessary logistical and infrastructure support for foreign firms to invest in the country. The early years witnessed the coming of the MNCs into the country. This model, as stated by the nation's founding fathers was the most effective way to enhance Singapore's economy and was viewed as pragmatism as claimed Chua & Tan (1999) was described as “solutions that are identified as neutral, necessary and realistic”. Later on however, like other countries in all parts of the world, Singapore was eager to adopt neoliberalism in its economic system as the government strongly believed that neoliberalism make Singapore a more prosperous country. Indderjit

Singh, the chairperson of the Government Parliamentary Committee for Finance and Trade and Industry, considers that “the long term model for Singapore must get close to the Washington Consensus model”, which gives markets freer rein to drive growth (The Straits Times Insight, 21 June 2008). This is an interesting phenomenon considering that Singapore had experience with government intervention in almost all aspects of life. On the contrary, neoliberalism will minimise the state intervention (Liow, 2011).

This idea of minimum state of intervention was promoted by the WB and the IMF and certain countries more specifically the USA after the Asian monetary crisis in 1987 based upon a belief that the monetary crisis was mainly caused by state intervention and cronyism. As such, for neoliberalism as an alternative to solve the problem on the ground, its objective is to create a state where “technopols would be able to get on with the job of creating rationally efficient policies and institutions insulated from the raids of old predatory alliances and the demands of vested interest” (Robison, Rodan & Hewison, 2005, p.172).

Among Southeast Asian nations, Singapore can be considered as the best friend of the USA. Singapore has supported the US not only after the 9/11 terrorist attacks, but has since been very involved in America’s War on Terror. Hence, Singapore has been seen as the American ally and has more access to the American economic support (Rodan & Robison, 2006, p. 110). On the other hand, Singapore’s support for the ‘War on terror’ has caused friction with their neighbouring countries like Indonesia and Malaysia as the two are often opposed to American foreign policies.

Malaysia, which received its independence from Britain in 1957, has managed to keep and reinforce bilateral relationships with the USA. With different ethnic group, Malaysia aimed to create a successful multiracial nation with peaceful relations with its neighbors. Malaysia so far has been under the ruling party the United Malays National Organisation (UMNO), the dominant political party in the coalition governments that have held power since independence (Teik, 2010, p.9). Historically Malaysia had always had good relations with the US, especially during the administration its first prime minister. The trend changed especially under the administration of Mahathir Mohammad. He became one of the first South East Asian leaders to blatantly criticise the US policy of the Middle East, specifically regarding

of Palestine. In addition he has initiated ASEAN to join with Japan, China and South Korea to establish the East Asian Economic Grouping (EAEG) as an attempt to challenge trade blocks in Europe and North America. When the economic crisis happened in 1997, for instance, Mahathir refused to ask the IMF for help to recover from the Malaysian economic crisis. Meanwhile the other Southeast Asian countries relied on the assistance of the IMF and the World Bank. In addition, Mahathir also managing with difficulty but without recourse to IMF rescue reforms, the state in Malaysia could have operated more freely by facing up to demand for pro-market reforms (Teik, 2010, p.6).

The political policy in Indonesia has changed through the succession of Indonesian presidents. Under the Soekarno administration, Indonesia tended to become a socialist state which began with his introduction of the Policies of Guided Democracy. As such anti-capitalist sentiment was increasing in the 1950's. From an economic perspective the Indonesian economy was still in big trouble by the end of his administration.

Sumitro Djojohadikusumo was a prominent figure in Indonesian history as he had put the foundation of liberal economic concept in the Indonesian economic system. As an academia – the Dean of the Faculty of Economics at the University of Indonesia he was responsible for curriculum design in the faculty in the 1950s. As he strongly believed in capitalism he was the most strident opponent of president Soekarno's political views which tended more towards socialism, more specifically in 1959 when he initiated the policies of Guided Democracy. During the first years of Suharto administration Sumitro encouraged the Keynesian model of the government role in developing its economy (Chalmers & Hadiz, 1997: 94). There was a growing hostility towards foreign capital, which had led to the nationalization of Dutch companies in 1957. In addition, with the Indonesian Communist Party (Partai Komunis Indonesia – PKI) slowly gaining a stronghold in Indonesian politics, the state featured more prominently in economic planning. It was this political development that Sumitro and colleagues fought against. In 1956, the Faculty received grants from the Ford Foundation to send some of its graduates to study at University of California in Berkeley.

The second president, Soeharto was basically an authoritarian leader; however, to some point he had improved the economic condition of the country. Although neoliberalism was considered a dirty word in Indonesia, the Soeharto administration applied it during his administration. Nevertheless, they did not totally liberalise Indonesia's economy, instead they opened up the country to foreign investment. The Foreign Investment law was issued in 1967 as an attempt to attract foreign investors by providing substantial incentives, such as tax concessions and certain guarantees. During four years the government had issued around 20 liberal policies. Indonesian economic liberalization started in the 1980s and increased until the coming of the monetary crisis in 1997 (Chandra, 2011, p.8).

Soeharto asked the Berkeley graduates to formulate Indonesia's economic policies. However, they only partly liberalized the economy, primarily by opening up the country to foreign investments. There were several factors that prevented the economic technocrats from pursuing more liberal economic policies. First, there was no external pressure to liberalize the economy further. Removing PKI and opening up the Indonesian economy to foreign investment were considered adequate measures by the US and its Cold War allies. Second, Keynesian policies were considered politically necessary to prevent popular discontent against the capitalist system. Third, within the development theory cycle in the former colonies, advocates of which included scholars such as Alexander Gerschenkron and Hamza Alavi, the dominant perspective was to support state intervention in economic planning. Fourth, the military played a dual role in the country, both as a security and socio-political force.

It was in 1982 that the economic technocrats saw a window of opportunity to pursue liberal economic policies. In the early 1980s, the oil boom that Indonesia had enjoyed since 1974 suddenly ended. The drastic drop in oil prices that began in 1980 provided the opportunity for the economic technocrats to pressure the state - which had lost its oil revenues - to liberalize the economy through deregulation. Investment by the government and government expenditure could no longer keep the wheels of the economy turning. After ten years' implementation, however, the results were not as had been expected. Marie Pangestu and Hadi Susanto state that the main cause of this was the half-hearted deregulation. Susanto believed that deregulation should be

totally implemented in order to get the best results. It was not until the early 1990s that the government committed to deregulate its economy seriously (Irwan, 2005).

Like in other parts of the world, Neoliberalism has a similar history in the Philippines. Neoliberalism as mentioned by Bello (2009,p.2) “first came in the form of the structural adjustment program imposed by the World Bank in the early 1980s, in an effort to strengthen the economy’s capacity to service its massive external debt. Structural adjustment helped trigger the economic crisis of the early 1980s, its contractionary effects being magnified by the onset of a global recession starting in 1970s. The crisis was the country’s worst since the Second World War, but the role of Neoliberal economics in precipitating it was shrouded by its coinciding with the deep political crisis triggered by the Aquino assassination in August 1983 and to most Filipinos, Marcos was the cause of both crises”.

Jose Maria Sison (2008) believes that Neoliberalism has destroyed the Philippines’ future. The author, who labels the Philippines as a semi-colonial and semi-feudal country, believes that in order to be free from its weak economic status the country needs to perform national industrialisation and land reform. These however have been hampered by Neoliberal policy which offers denationalisation, privatisation and deregulation. Furthermore the author states that “the Neoliberal policy is imposed on the Philippines by the US through its puppets. It expressly prohibits the leaders of the reactionary government from upholding the key role of the state in mobilising the people and resources for national industrialisation and land reform”. As a result, Neoliberalism in “the Philippines has been aggravated and deepened due to the absence of national industrialisation and land reform, the unrestricted freedom of the foreign monopolies to dump their surplus products and to extract super profits, the careless landlord and corporate accumulation of land , bureaucratic corruption, the limitation on the country to produce for export only raw materials and slightly processed goods, the ever growing trade and fiscal deficits and ever mounting debt” (Sison, 2008). Again here it is clear that neoliberalism has benefited the central only, on the contrary the periphery will suffer more.

The 9/11 case has brought about a new direction in the practice of neoliberalism: the increasing use of coercion, threat and violence as part of the process of disciplining countries to meet the requirements of global markets. The USA has tied security to



trade issues. The USA had announced that the Asian countries are required to meet the USA security demands and the USA would offer special access to its markets for those who follow the rules. This American power has been accompanied by the increasing drive to scrutinize the US-led process of Neoliberal economics globally. The situation has been worsened since 9/11 as the USA began to increase the use of coercion, threat and violence as part of the process of disciplining countries to meet the requirement of global markets (Hadiz, 2006).

In the aftermath of the 9/11 case, the USA has been very active in combating terrorism. There are three important reasons behind this as stated by Rodan and Hewison (2006) “First, the Singapore government has been rewarded for its support of US policy with a trade deal that enhances the economic strategies of the ruling party, and its international and domestic standing and legitimacy. Second, the ‘war’ is facilitating a consolidation and extension of more traditional forms of repressive legislation. Third, it has created a climate that is conducive to synthesizing and updating core ideological themes that rationalise existing social and political control” (p. 105).

The discussion indicates how Southeast Asian countries manage to embrace Neoliberalism as an attempt to participate in the global economic system. However, Neoliberalism does not offer the solution to the monetary crisis. It has even triggered the global economic crisis. Another important point is that the similar characteristic of the Neoliberal states shared among them is the government hostility towards social solidarity. This has led to authoritarianism in the region.

#### **2. 4. Runaway Production and Co-production: A Neoliberal Perspective**

Neoliberalism in the media industry began to exist since the US President Ronald Reagan’s administration. Reagan’s choice for chairman Mark Fowler (1981-1987) favoured replacing FCC regulations on radio, TV and cable. “Fowler eliminated regulation that mandated people’s right to reply to *ad hominem* attacks, limited the amount of time sold to advertisers, required minimal amount of non-entertainment programming, set technical standards, placed caps on the number of stations owned by a company, etc.” Congress started to complete the Bill in 1992, organising and prolonging the deregulation of broadcasting, cable and telephony. In 1996 President Clinton issued the Telecommunication Act 1996 and abolished all lawful obstacles

that used to split the sectors (Meehan, 2011, p.43). Neoliberalism has affected and has influenced culture and ideology as stated by Saad-Filho: “foremost external pressures have included the diffusion of Western culture and ideology.

The deregulation has encouraged the emergence of the trans-industrial conglomerates. The best-known trans-industrial conglomerates are: Walt Disney Company, News Corporation, and Time Warner (Meehan, 2011, p.44). These conglomerates usually organised their holdings in two ways, as the author further states: “First, in each media industry, the conglomerates were vertically integrated. In network television, full vertical integration required ownership of a production company, distribution company, O&O station, and network. Conglomerates arranged their holdings so that they had vertical stacks in every medium of interest: film, broadcast television, cable television, recorded music, newspaper, etc. Within each level of these vertical stacks, conglomerates often acquired multiple units performing the same function, thereby becoming horizontally integrated in that function (Meehan 2011). In terms of the production of culture, “this has meant an increasing trend towards monopoly and concentration of ownership despite new technology that continuously make it possible to generate a far greater democratic public sphere “(Kapur & Wagner, 2011, p.4).

As Meehan points out “although not in a crisis, these industries have felt the impact of neoliberalism in terms of deregulation and the gutting of antitrusts and law” (Meehan, 2011, p.39). It is important to note here that antitrust actions, legislation, and deregulation have enabled the media industry to coalesce in markets for television programming. Further he states that “film studios could make television series or made-for-TV miniseries. Studios could sign co-production agreements with independent television producers. Networks and cable channels could license movies, television series, or made-for-TV films from studios” (*ibid*). Conglomeration in the creative industries, therefore, has brought about unevenness which is characterised by the division of labour in the sectors. Miller, et al (2001, p.491) in the book *Global Hollywood* points out that the expression “division of labour is used to describe sectoral differences in an economy, say between fishing and restaurant, or the occupations and skill of a labour force, or the organisation of tasks within a firm. In the creative industries it is used to describe the division of cultural labour”.

Mirrlees (2013) discusses the political economy of the two forms of entertainment production in the NIDCL namely runaway production and co-production.

#### **2.4.1. Runaway Production in the Film Industry**

Although runaway film production was increasing in 1950s, Hollywood had started to practice it as early as 1925 when they chose Italy as the location for the production of *Ben Hur*. This however turned out to be a tragedy when a number of crew died during the film's shooting. Since then, film production took place again in Hollywood to avoid accidents. In 1956, However, Hollywood again chose Italy as the film location for *Farewell to Arms* and *The Quiet American*. Historically, Mirrlees (2013) points out that the term runaway production was invented by the US industry to explain "the outsourcing of film work from Hollywood to cheaper foreign locales". The big studios in Hollywood try to maximise the profit by finding locations with cheaper cost of production. Further the author states that there are a number of pushing factors of runaway production in the sector: "firstly the high cost of cultural labour in the USA has motivated Hollywood to find a cheaper country in order to get maximum profits. Second, many countries offer tax breaks and incentives to attract foreign studios to invest. And third, a number of countries started to build modern studios to invite foreign studios to produce their films. In addition, currency has become one of the important factors to consider" (*ibid*).

There have been a number of favourite destinations for runaway productions such as; Canada, New Zealand, and Australia. Due to the low currency rate in the past Australia has become one of the most favourite destinations for runaway production. To attract foreign studios the country has built studios in Sydney. In addition it also offers generous tax breaks, and incentives. A number of famous films including *The Matrix* and part of the *Star Wars* series were cast there. Unfortunately, the cultural workers involved in these projects mostly involved the under-the line (those that have the least creative input) labours. These have led to a debate between 'internationalist' financiers versus 'Australian' content. When Australian dollar currency was increasing as a result of Australian mineral exports, Hollywood sought countries with weaker currencies (Burns & Eltham, 2008).

Runaway production in the film industry can be paralleled with outsourcing in the animation industry. In the case of the animation industry, for example, Southeast

Asia has become the favourite destination for outsourcing from both the Japanese and Hollywood due to the availability of cheap but skilled labour. Miller (2001) claims that “there are 239 major producers spread across 39 countries and 90 per cent of the world’s television cartoons are made in Asia from *The Simpsons* to *Ninja Turtles*. The main reason is that the cost production in Southeast Asia is cheaper than that of the USA. The Philippines for instance offered a half-an-hour animation for US \$120,000-160,000, whereas the American studios would charge US\$300,000. Other countries like China and Vietnam even offered cheaper animation cost production” (p.57).

It should be pointed out here that among developing countries there has been a competition to get the work from foreign film studios. To this end each country tries to offer cheaper labour forces and cost of production (Mirrlees, 2013). The phenomenon which is called a race to the bottom has been considered an unhealthy condition for developing countries from the economic perspective. In the animation industry, for instance, India, China, and the Philippines are among the countries involved in this practice. Runaway production has affected not only overseas workers but also American cultural workers who lost their jobs. In the USA for example the LA-based cultural workers went on strike against runaway production which had been done by Hollywood resulting in a policy that LA-based cultural workers should be given priority. Yet, in practice the producers did not listen to the demand (Lent in Miller, 2001).

In short, runaway production has benefited the TNCs more. In the case of a race to the bottom, they can choose the biggest incentive and tax breaks offered by developing countries and at the same time they get support from the federal states in the USA hoping that the film industry will stay at home. In a sense, the runaway production has worsened developing countries’ positions due to the fact that they will fight among themselves in order to survive. In Dumenil and Levy’s opinion, “neoliberalism is beneficial for few and detrimental for many” (Dumenil & Levy, 2006, p.12).

#### **2.4.2. Co-Production in the Film Industry**

Historically international co-production itself has been a long tradition in the cinema industry. As a matter of fact, it has started as early as 1940s when France and Italy

decided to collaborate in a film production aimed at re-establishing their film industries following World War II. Since then the world has witnessed the emergence of co-production in the film industry including that of in Asia and Africa (Miller, 2001).

The film industry as Goldman (1982) says is unpredictable. Nowadays the cost of film production is dramatically increasing. A 15-year project *Avatar* for example required 37 million USD to complete plus 223 million USD for its spectacular marketing (Ciepy, 2010). Hence film studios have to speculate to produce a film due to the fact that only few films are successful in the market. As such, capital has become an important factor in the film production even for big studios in Hollywood. “In practise, however, the studios have long been reluctant to spend their own resources for risky projects and depending on the availability of capital over time, have been successful finding creditors, obtaining guarantees, pre-selling exploitation rights and attracting co-financiers or simply investors” (Foy, 2004 as quoted in Hofmann, 2012).

Mirrlees states that “international co-production occurs when media corporations from two or more different states agree to collaborate and pool goods, rights or services in order to produce a film or TV show that either of the co-producers alone would find difficult to achieve in any other way” (Mirrlees, 2013, p.159). The author further points out that “since making high-quality entertainment products is very expensive, non-US-based MNCs often look to US-based TNCs for financing. In exchange for financing, the contributing TNCs get the international distribution rights to the finished TV show or film (*ibid*).

There are two kinds of co-production, as stated by Miller: treaty and equity. Treaty co-production is defined as “a strategy by non-US film industry to combat Hollywood’s long time domination of feature film production and circulation. In the meanwhile, equity co-production is understood as how multi-national Hollywood production became in the 1990s (2001). Equity co-production, as Kraidy points out, “usually happens between non-US states and MNCs under a treaty or international legal agreement, which governs the relationship and “constitute a strategic and temporary partnership between two or more companies, driven by the search of

maximum profits and usually not eligible for treaty status. As such in this activity they do not involve cultural policy” (Kraidy in Mirrlees, 2013, p.160).

Recently co-production within regional film industry has become one of the popular options in the effort to compete with Hollywood. For example the Pacific Rim Consortium for Public Broadcasting (PACRIM) was formed to facilitate transpacific co-productions. European countries created pan-European funds called Euromages in 1989 with an aim to form a pan-European market and to produce films that would secure pan-European cultural identity (Choi, 2006, p.311). Co-production in the Southeast Asian animation industry as part of pan-Asian co-production was done in Singapore in 2002 when Nickelodeon invested in the co-production of *Tomato Twins* (2002) with a local Singaporean animation studio Peach Blossom Media. The animation became the first Asian animation aired by Nickelodeon. Among Southeast (Lim, 2006). The reason for this is that co-production needs heavy investment which can only be performed by countries with strong economic bases.

Recently, as the cost of film production has been sky rocketing and the high risk of business, co-production has become an alternative to produce films. To challenge the Hollywood domination, regions like the Pacific Rim and Europe have formed alliances. However, co-production in the animation industry requires big capital, meaning only countries with a strong economic performance can enter the business. This indicates that less developed countries with weak economic performances will be difficult to enter co-production which in the long run hampers them to play in the global film industry.

In co- production, TNCs not only support capital but also transfer technology. In this collaboration there is a mutually beneficial relationship, in this context TNCs can reduce the financial burden while the host country will benefit from this transfer of knowledge as stated by Peng (2015). He gave an example in a coproduction film between Hong Kong and mainland China where Hong Kong not only disburses funds but also benefits China Mianland with the transfer of technology.

## **2.5. The Creative Industries**

Discussing the creative industries cannot be separated from that of the creative economy. As Howkins (2007) points out, the economy and arts are old terms in the

history of human civilization (p.vii-ix). The author further states that economy is broadly understood as “a system of production, exchange and consumption of goods and services and economics is basically concerned with the problem of how individuals and societies satisfy their wants, which are infinite, with resources which are finite”, meanwhile creativity itself is defined as “the ability to generate something new” (*ibid*). In other words the production by one or more people of ideas and inventions that is personal, original and meaningful. However, the advent idea in this context is that how to combine the two which then brings about the creative products which are defined as an “economic goods or service that results from creativity and has economic values” (*ibid*). In practice the term “creative industries” and “cultural industries” are often used interchangeably or sometimes they are used as a combination “creative and cultural industries”. However, they are fundamentally two different concepts due to their historical background.

The two terms are often considered interchangeable. However the two are different. Garnham (2005), states that “in the Mapping Document, the term creative was chosen so that the whole of the computer software sector could be included. Only on this basis was it possible to make the claims about size and growth stand up. However this inclusion had two valuable policy consequences for the interests involved. It enabled software producers and the major publishing and media conglomerates to construct an alliance with cultural workers, and with small-scale entrepreneurs, around a strengthening of copyright protection”. Meanwhile, Hesmondhalgh discusses the differences between the two.

UNESCO (2013) reports that “the term creative industries encompasses a broader range of activities I will use the term creative industry in this thesis. Which include the cultural industries plus all cultural or artistic production whether live or produced as an individual unit”. In this thesis, however, I would like to use the term creative industries to refer to “those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of IPRs”. There are 13 subsectors included in this model: “advertising, architecture, art and antique market, craft, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, and television and radio” (Department of Culture, Media and Sports, 1998).

I will use the creative industries in the thesis. The main reason for this is that all the four countries have adopted the term from the UK Creative Industries model.

### **2.5.1. The significance of the creative industries in a global context**

A number of studies have demonstrated the importance of the creative industries to a country's economic growth. The creative industries emerged as a result of the declining of the traditional industries. Thus innovation of science and technology has become an important part of a nation's development. The USA is a good example for this, in which it decided to increase R & D investment to more than 3% which is recorded as the highest record. As American experts claim the financial crisis was caused by the overdevelopment of the FIRE (Financial Real Estate) industry. The solution to the problem is by giving more attention to ICE (Information, Creative and Education industry (Yi & Yanling, 2011).

From the early development of the creative industries, the UK proved that the creative industries gave a significant contribution to its economy. *The Work Foundation NESTA* reports that the UK became the leader of the creative industry players in the EU, and even in the world. The creative industries play an increasingly important role in British economic life. They accounted for \$ 84.1 billion to the British economy in 2014. 7.3 percent of the economy comparable in size to the financial service industry (Conlan, 2016). The creative industries comprised 1.68 million jobs in 2012, meaning 5.6 per cent of the total number of jobs in the UK (Department for Culture, Media and Sport, 2016). There are eight drivers of success: demand, great diversity, a level playing field, education and skill, networks, public sector, IPRs, and building greater business capacity. In terms of the animation industry, as Kenny and Broughton point out, the animated films like *Wallace and Gromit*, *Bob the Builder*, *Nobody*, *Peppa Pig*, and *Thomas and Friends* have gained creative, cultural and economic success as well, and those animated films represent British cultural identity (Kenny & Broughton, 2011, p.10)

In Europe, creative and cultural industries have contributed significant revenue to their economies. Based on the Report published by Priority Sector Report: Creative and Cultural Industries, Europe's creative and cultural industries have become the main players and competitive exports of various sectors. In addition, they have been the centre of the making of European culture and fostering Europe's identity in the



international level. As a collective group of industries they employed a total of 6,576,558 persons or 2.71% European labour market in 2007. An interesting example is Ireland which started nurturing its creative industries, more specifically its music industry. Henry and Johnston claim the music industry which has become the most essential part of Ireland's cultural scene today is very promising. Economically it has contributed to the national economic growth. The music industry contributed \$ 478.4 million to the economy; the recording industry has been very vibrant as it has sold millions of albums. From the global market perspective 2.3 % of CD sales come from Irish artists. With a number of well-known artists like The Corrs, Enya, U2, Christy Moore and The Chieftains, Ireland has become a prominent music industry in the world. They are in the 30% of the top 10 albums based on International Federation of the Phonographic Industry (IFPI) (Henry & Johnston, 2007, p.205).

The US has a long tradition of creativity and invention. It is understandable that it has been committed to IPRs enforcement at the international level. In 1997, as Howkins (2007, p. vii) "for example the US produced books, films, music, TV and other copyright products worth \$ 414 billion. In 1999, 169,000 patents were registered by the US Patent and Trademark Office. What is interesting here is that the patents included not only patents of mechanical inventions but also service sector covering the management systems such as how Amazon.com sells its product on line". Arguably, the copyright based industries have become one of America's largest and fastest-growing economic assets since then.

In Asia, Japan and South Korea are eager to participate in the creative industries. It has started adopting the DMCS model since the 1990s. As reported by 2001 Establishment and Enterprise Census, "the creative industries [in Japan] contain 176,000 establishment and 1.878 million employees, comprising 2.8% and 3.2 % respectively of the total for all industries". With regard to the government policy, Creative Industries are divided into two areas: media content industry, under the Ministry of Economy, Trade and Industry (METI), and arts and culture under the Agency for Cultural Affairs. However, advertising, architecture and design are not covered by these policies. On the whole, enterprises in these three categories manage themselves commercially. The Japanese government does not directly support this business, although sometimes it encourages them to establish business associations in their community (Hui, 2007, p.10).

The idea of the creative industries has attracted the Asian region since 1990s. Kong, et al examines government policies in a number of Asian countries such as Singapore, Hong Kong, South Korea, Taiwan, and China and uncovers the diffusion and circulation of knowledge of the creative economy. The results of his study show that the concept of the creative industries has been differently adopted and interpreted by the selected Asian countries. In Singapore, for example, the government preferred implementing the theories of Richard Florida. Taiwan and South Korea, on the other hand, did not clearly embrace a certain theory. China is an interesting example as there was a shift from socialist to capitalist system. China was not reluctant to borrow the Western concept of the creative industries (Kong, et al, 2006, p.151-152). The development of creative industries in East and Southeast Asia including: Japan, South Korea, Singapore, Taiwan, and Hong Kong have also been discussed by Hui (2007). The results of the study showed that all the countries, except Japan, had started nurturing their creative industries since 1990s. Although South Korea experienced the most severe Asian Economic Crisis in 1990s, it had made serious efforts to recover its economic condition while developing its creative industries. As a result, the popularity of Korean popular culture could penetrate the global market in 1990s and became the main competitor of Japanese creative industries in the region. On the other hand, Singapore, Taiwan, and Hong Kong needed to prepare more strategic plans to achieve great success (*ibid*).

The creative industries have been developed by a number of developed countries in Europe, the US, Japan, and some Asian tigers like South Korea, Singapore, Taiwan, and Hong Kong. These countries have both the economic and legal environment which supports the creative industries to prosper. The enforcement of IPR laws also have enabled the creative industries to flourish in developed countries. On the contrary, less developed countries have not paid serious attention to the issues. As a result, the creative industries have not flourished as hoped.

Creative industries are important not only for a nation's economy but also for a nation's politics. Some critics believe that American creative products have produced hegemony in the world community. The proliferation of American popular culture and its influence on the global audiences has created the term 'Americanisation'. The term was used to indicate how America has dominated the world through the spread of its media industries including MTV and the three conglomerate animation studios:

Disney, Nickelodeon, and Cartoon Network. These media conglomerates have become recognize as primary agents of cultural globalization. They convey the messages that America is ‘the happiest place in the world’ and teach children ‘who they should be’, and ‘how they should perceive their societies’ (Lee, 2006, p. 30). Nye (2004) used the term ‘Soft Power’ to describe how America ‘intimidates, persuades, entices, attracts, and fascinates other countries by means of its mass culture and ideas’ (p. 23). In this context, the creative industries have contributed to the dissemination of values and beliefs which are embodied in their creative products. A number of East Asian countries, with the exception of Japan and Taiwan, believe that American popular culture embodies Western liberal values which are contrary to their traditional values. Not surprisingly, anti-American sentiment often occurs in this region (Otmazgin, 2008, p. 77).

Disney animations, for instance, have been accused of instilling American values and ideology in children’s minds all over the globe. American children’s television at the beginning of the 2000s for example, dominated Australian children’s television. This was not always believed to be a benefit; the former managing director of the Australian Broadcasting Corporation pointed out that Australia should protect its young audiences from the American influence (Lustyk, 2010, p. 174).

Japan and South Korea provide good case studies for examining the relations between the cultural industries and state policy. First, both countries share a strong developmental state legacy, their cultural industries are regarded as the most developed in East Asia in terms of production capacity and thus serve as models for transformation of other cultural industries in the region, and in recent years Japanese and Korean cultural industries have been actively exploring new market expansion opportunities abroad and raising expectation for this sector to grow. Second, in both countries the local culture industries have achieved a sufficient level and experience in commodifying, manufacturing and manufacturing various forms of culture. Third, both the Japanese and the Korean cultural industries have massively entered the market in East Asia during the last two decades in a search for new market expansion opportunities (Otmazgin, 2011, p. 311-312).

Likewise, the Japanese creative industries in the 1990s were not directly accepted by all Asian countries either. The Korean government, for instance, prohibited Japanese

cultural products from 1945 to 2000 due to the events which took place during World War II - it is estimated that 200,000 women from China, South Korea, The Philippines, Indonesia, and Taiwan became the victims of sexual violence and torture at the hands of the Japanese military. This issue has created tensions between Japan and these countries for many years (News Asia, 2013). Japanese animated films were heavily regulated by the Korean government because of Japanese colonization, whereas American animated films experienced no administrative restrictions in Korea before the 1990s as a result, no doubt, of being the main supporter of the Korean economy and politics (Kim, 2006). The government enacted the open-door policy to Japanese culture in 2000 so that the South Koreans, especially the youngsters could enjoy Japanese popular culture. In the Philippines, the government censored the Japanese animation series *Voltage Five* because the animation described five heroes who opposed the tyrannical monsters; this it was thought, would inspire audiences to revolt against the government. As a result, the audiences never saw the ending part of this animation (Otmazgin, 2008, p. 77-78).

Of the four selected South East Asian countries, Singapore has pioneered the creative industries development believing that they would help heal its economic recession in the early 2000s. Lee (2006), however, questioned the political situation in Singapore which would not create a healthy atmosphere for them to prosper well. Singapore, he further suggested should improve its political condition to enable its creative industries to grow as expected.

With regard to the content of the creative industries, more specifically animation, Konnonenko (2011) questioned whether animations, especially those based on folklore, embody an ideology or whether they are innocent. Although folklore is widely known as a means to teach moral values rather than ideology, the results of the study showed that Russian folklore-based animations were political. The cartoons, for example, criticized capitalism and stereotyped women as weak and passive creatures. And the minorities were described as inferior and in need of Russian political and economic support. Even after the fall of the Soviet Union and the independence of the Ukraine, the free nation of Ukraine was still described the same way. It is obvious that to some extent, Russian folklore-based animations represent political values.

### **2.5.2. Nurturing the creative industries in less developed countries**

The creative industries are not new' wrote Hui (Hui, 2007, p. 9) as they have been developing for about two decades. While his statement is true for the developed world which has engaged in the creative industries for some time and whose creative industries have reached a mature stage, the situation is different for the developing countries. UNCTAD (2008) reported that the developing countries so far have not been able to generate revenue from the creative industries due to the fact that they have faced internal and external problems; these problems have included a lack of legal and business support (Schultz, 2008) which requires cost-cutting mechanisms and multidisciplinary policies to resolve (UNCTAD, 2008, p.6).

At the macro level, less developed countries have problem with developing their creative economies as clearly stated in the Creative Economy Report, 2008 stating that there are three main shortcomings faced by less developed countries:

- (1) Lack of capital,
- (2) Lack of entrepreneurial skills, and
- (3) Lack of infrastructure and institutions (Creative Economy Report, 2008, p.40).

The facts show that those who are included in the periphery group will stay there forever especially with the existence of the multinational corporations which obviously have the advantages with regard to the development of the creative industries.

It is not surprising that in a number of developing countries creative industries have been incorporated into the poverty alienation program. In some African countries like Ghana, Mali, Nigeria, and Senegal – creative industries have integrated culture into their Poverty Reduction Strategy Papers (PRSPs) as major axes (Creative Economy Report, 2008, p.45).

Further, Creative Economy Report (2008) claimed that the incidence of creative industries in countries is influenced by:

- (1) National culture,
- (2) Taxation,

- (3) Education,
- (4) Industrial policy, and
- (5) Level of ambition (Creative Economy Report, 2008, p.77).

It is obvious that the five factors should exist in a country in order to support the development of its creative industries.

The involvement of a financial institution like The World Bank plays a significant role in nurturing the creative industries in less developed countries. A discussion follows of financial institution involvement in the development of the creative industries in less developed countries.

The World Bank has supported the music industry, for example, in Africa. A model was proposed for developing the creative industries in Africa by Schultz (2008) based on a study he conducted on the factors contributing to the success of the Nashville country music industry; this study showed that the musicians themselves promoted their local music industry, for example by establishing their own music studios and touring to other states as the government did not offer support. Nashville country music eventually gained popularity in America and then in the World. Due to the severe economic conditions in most African regions, African musicians experience many obstacles when trying to develop their creative industries such as lack of reliable enforcement against piracy, lack of royalty payments, lack of licensing fees, and burdensome tax. For the African music industry, Schultz suggested “prioritizing creative clusters, fostering private capabilities, enacting copyright laws that benefit local creators, implementing and enforcing intellectual property laws effectively, privatizing and enhancing royalty collection, reducing taxes and regulatory burdens on the music industry” (Schultz, 2008, p. 135).

Another similar study was conducted by Cunningham et al. (2008) to determine the financial models used to develop the creative industries in China, Latin America and indigenous Australian environments. The results of the study showed that there was no single financial model due to the different social, cultural and economic backgrounds. In China, private partnership had emerged as a new mode of financial support. Hence, there was a changing trend from government-centered financial support to more informal financial arrangements by involving private investment, IT,

and collaboration between arts and private sectors. This has enabled China to nurture its creative industries in recent years. Latin America has so far mainly depended on foreign financial support. Collaboration between formal and informal international networks is another model which has been applied to promote the local arts in the global market (p. 106-107). In the case of Indigenous Australia, the local artists have been able to meet the international market demand without losing their cultural identity through support from formal and informal international institutions.

The economic unevenness between the developed and less developed countries has created a cultural and economic hegemony in the global level. In terms of cultural hegemony, the multinational media corporations have dominated the world's entertainment. The reason is clear as they have the capital so that they are able to dominate the world's networking and market as well.

The discussion above indicates that developing countries are still struggling and need to make strategic plans to nurture their creative industries due to the fact that they have weaknesses such as lack of capital, lack of entrepreneurial skills, and lack of infrastructure and institutions (Creative Economy Report, 2008, p.40) despite the fact they have potential future. The problem is that cultural and economic factors have been deep rooted in the global economic system. Only through a mutual understanding between the developed and developing nations will economic equality be reached. This will enable the less developed countries to have the opportunity to develop their creative industries, hence, they will be able to compete in the international market and enjoy the revenue generated from these sectors. Section two focuses on the animation industry.

Today, after about two decades' development, creative industries are not new as claimed by Hui (2007). To some extent his statement is true considering that the developed world has engaged in the sectors for a long period and their creative industries have reached the mature stage. For developing countries, however, the creative industries are still new sectors. There have been some pessimistic views about the capability of developing countries to participate in the creative industries. Scott (2006), for example, stated that animation as a creative work has unique qualities that are not present everywhere, thus Asian studios could not easily enter the sector. While UNCTAD (2008) reported that the developing countries so far had

not been able to generate revenue from the creative industries due to the fact that they faced internal and external problems. Thus they needed to resolve the problems through cost-cutting mechanisms and multidisciplinary policies (UNDP & UNCTAD, 2008).

Creating jobs and generating income have been two important goals of the creative industries so far. For developing countries, however, there is another goal that should be achieved through the creative industries namely alleviating poverty. UNINDO (2005), for example has conducted three case studies in Thailand, Iran, and Pakistan initiated to nurture their craft creative industries. The results of the study showed that the three countries were enthusiastic to nurture their craft industries; however, the government commitment is still highly needed in order to support the industry. In addition, education is another crucial factor which serves to build the artisans' capacity. This would hamper developing countries for tapping into the sectors. As has been discussed in the Introduction, less developed countries are still struggling with serious problems like health, education, infrastructure and the like. Hence the governments have not put the creative industries on the top list of its economic agenda.

Another crucial problem less developed countries encountered in nurturing their creative industries is the enforcement of Intellectual Property Rights (IPRs). Unlike developed countries which have implemented the IPRs for a long time, less developed countries have not seriously enforced them due to the fact that the creative industries are a new phenomenon. There are a number of factors which have hampered them to apply the IPRs: "the lack of awareness of importance of protecting IP. This can result in lack of efficiency and timeliness in the IP registration system, lack of resources, counterfeiting, first-to-life jurisdiction in case of trademarks and designs, and lack of protection of trade secrets" (Medina and Zhang, 2014). As a result, some cases of IP violations have been committed by the Southeast Asian country members. This has caused a bad reputation in the international forum. The United States' Special 301 Report, for instance put Indonesia, the Philippines, and Vietnam on the "Watch List". Malaysia, which has managed to improve the enforcement of its IPRs was eliminated in 2012 report (*ibid*).



The discussion shows that the creative industries are relatively new sectors in less developed countries. Hence, the sectors have different characteristics from that of developed countries. In this sense, the creative industries in less developed countries also aim at alleviating poverty. In other words, less developed countries are still struggling hard to develop their creative industries. In addition, IPRs have been a serious problem encountered by developing countries as many have not seriously implemented the IPRs. This has discouraged the sectors to flourish well. Due to the fact that creative industries have played a crucial role in a nation's economic development, Venturelli (2006) suggests that "the challenge for every nation is not how to prescribe an environment of protection for a received body of art and tradition, but how to construct one of creative explosion and innovation in all areas of the arts and sciences. Nations that fail to meet this challenge will simply become passive consumers of ideas emanating from societies that are in fact creatively dynamic and able to commercially exploit the new creative forms" (p.396).

## **2.6. The World Animation Industry**

Animation literally means "to give life to" (Longman Dictionary, 1995). Prior to the use of modern technology animation production needed a big number of artists drawing every single part of the animated film. The cinematic definition of animation by that time was "a film made by hand frame-by-frame, providing an illusion of movement which has not been directly recorded in the conventional photographic sense. With the coming of technology, however, animation production has changed dramatically. The previous definition of animation then is not representative to today's situation. Norman McLaren's definition in this context is worth considering. He defines animation as "animation is not the art of drawings that move, but rather the art of movements that are drawn. What happens between each frame is more important than what happens on each frame" (Solomon in Wells, 1998, p.10).

Despite the popularity of American animation, historically France had made experiments with animation earlier than the USA. It was in 1892 when Charles-Emile Reynaud made a simple form of animation in Paris. In 1908 Emile Cohl (1857-1938) created the first animated film *Fantasmagorie* using illuminated glass plates to create movements. Vladislav Starevich, a Russian entomologist who was interested in photography made the first popular Russian animation film in 1910 using stop motion

a technique for which he became famous. Another Frenchman, Georges Méliès also attempted to develop a special effect which was also known as stop-motion animation. One of his first animated films was *A trip to the Moon* based upon the Jules Vernes novel. Through his contribution to the development of French animation during the early 20th century he is recognized as being among the first pioneers in the history of French animation (Michelson, 2009, p.4).

In America, James Stuart Blackton, a newspaper cartoonist, was the first “American to use the stop-motion technique which was developed earlier as well as hand-drawn animation. His most important work was *Humorous Phases of Funny Faces* in 1906 using the single frame method which he developed. He also became the co-founder of the first film studios in America, the Vitagraph Company” (*ibid*). Another important American figure was cartoonist Winsor McCay who carried out much experimental work with animation techniques and, using these, he made several important animated films such as *Little Nemo* (1911), *The Story of a Mosquito* (1912), *Gertie the Dinosaur* (1914), *The Sinking of the Lusitania* (1918), *The Centaurs* (1918-1921), *Flip’s Circus* (1918-1921) and *Gertie on Tour* (1918-1921). Although he created some of the most important early animated films, he never achieved great success in terms of either fame or wealth. He believed that cartoons should be regarded as an art form not as commodities but, possibly because cartoons did become commodities, he disengaged himself from animation production in 1921 (Cohen, 2000, p. 23).

Many figures have contributed to the development of the animation industry. Perhaps the most famous figure in the history of the animation industry, however, was Walter Elias Disney whose cartoon characters have become American icons. Low, a British cartoonist, regarded him as “the most significant figure in the art graphics since Leonardo” (Perry, 1999, p. 49). Disney’s ambition to create excellent animation led him to become one of the most successful businessmen in the global animation industry. In 2001, the Walt Disney Company which covered four main businesses: media networks, studio entertainment, parks and resorts, and consumer products. Disney was ranked as the second largest media and entertainment conglomerate in the world after Warner Bros (Disney Analysis of the Walt Disney Company, 2001, p. 2).. In terms of distribution, Scott (2002) claims that “distribution is the segment of the industry where oligopoly is most evident” (p.969).

There are two important factors of the advancement of the global animation industry, as claimed by Westcott (2010): “the growth of cable and satellite, and the vertical integration of the major studio groups since the 1990s – have changed the map of American children’s entertainment sector. The global children’s entertainment production has been controlled by three main conglomerates: Disney, Cartoon Network (owned by Time Warner), and Nickelodeon (Viacom)”. This has become a hinderance for the animation industry from the periphery to break into and participate in the global animation market.

### **2.6.1. The Rise of the Asian Animation Industry**

Lent (2010) points out that the animation industry in Asia first was introduced by the outsourcing industry serving either American or Japanese animation studios. The Asian countries have gained at least two advantages in this interaction: “first, they are able to capitalize on low labour costs to be competitive. Second, they offer qualified animators who can perform their jobs efficiently” (p.1). As soon as they have some experience, they manage to start producing their own animation. South Korea, China, and India, are the cases in point. They have been able to develop their animation industries, changing their status from subcontractors to animation producers.

Japan has shown remarkable growth in the comic and animation industries, known in Japan as *anime*, since the 1980s, challenging the American animation industry. Despite the fact that today Japanese animation has become very popular at the international level, it started its animation industry by doing outsourced work from the American animation studios in the 1960s. In the meanwhile it also attempted to create its own animation style which was called *anime*. Although some historians claimed that Japanese animation started in 1963 when Osamu Tezuka’s *Testsuwan Atomu* (Astroboy) was introduced to American audiences, the fact is that the first *anime* was a 5-minute short, *The Doorman*, made by Mazuko Imoka in 1917. *Anime*, however was not popular until another animated film *Hakujaden (The Great White Snake)* was created in 1958 (Leonard, 2004, p.9).

In the 1960s there was a proliferation of *anime*; one of those, *Testsuwan Atomu* (Astro Boy), was widely accepted by the US market. In 1963 alone, for example, more than 1,000 TV animations were produced. The figure shows that Japan had already been

nurturing its *anime* industry for some time, making it a significant part of Japanese creative industries. The Internal Affairs and Communications Ministry claims that animation accounted for 90% of all Japanese TV exports (Suzuki in Cooper-Chan, 2012, p. 44).

However, there were challenges for the *anime* industry. Redmond argues that the *anime* industry lacked technical resources and marketing strategies. Thus soundtrack and editing techniques of early *anime* were of low standards (Redmond, 2007, p.183). Nowadays, however, the situation has changed as *anime* has received international acknowledgement. In 1997, Shohei Imamura's *Unagi* (The Eel) received the Palm d'Or in the 50th Cannes Festival; the following year, *Kawase Moe no Suzaku* (The Phoenix ) was awarded the Camera d'Or, and Takeshi Kitano's *Hana-bi* (the Fireworks) won the Golden Lion at the 54th Venice Film Festival (Nakamura, 2003). Director Mamoru Oshii's animated film *Innocence* was nominated for an award at the 57th Cannes film festival in 2004. In addition the *anime Innocence* which was the sequel to *Ghost in the Shell* (1995) ranked number one on Billboard's video chart in the US. Hayao Miyazaki's *Spirited Away* (2001) won the feature length animation Oscar at the 75th Academy Award in 2003, and the previous year it received the Golden Bear at the 2002 Berlin Film Festival. These facts show that Japan has produced world-class animation (Industrial Report, 2005, p.1).

The popularity of *anime* in the USA is an interesting phenomenon. The *anime* lovers formed an organisation called the Cartoon/Fantasy Organisation (C/FO) in 1977. They held regular meetings and exchanged copies of *anime* videos amongst themselves. This was because every state aired different *anime* and they wanted to get the *anime* they hadn't watched. Another organisation named Gamelan Embassy was established by the fans of science fiction animation (Leonard, 2004: p. 14-15). The second kind of *anime* fandom to be initiated in America was funsubbing which was founded in 1989. The members "translated, subtitled and distributed the *anime*. Technological achievement such as the Commodore Amiga and Apple Macintosh computer had made it possible to carry out these activities. A group of fansubbers usually consisted of at least one or more translators, editors, typesetters, timers and first-tier distributors. Fansubbing is also considered to be video piracy, a recent controversial" (*ibid*). English translations of *anime* fulfil the high demand for *anime*, a demand that cannot be met through distribution due to the high costs (Meehan,

2011). In other words, fansubbing has become mediator between the industry and the consumers. Although the *anime* industry considers this phenomenon as piracy, they don't take any serious action to combat it because it is considered that fansubbing has become an important element in *anime* fandom, indirectly popularizing *anime* in the US (Leonard, 2004: p.14-15). As a matter of fact, a number of fansubbers are serious observers and critics of the *anime* industry (Meehan, 2011).

Japanese animation and comics (*manga*) have flooded most of the Asian market since the 1980s. Most Asian TV stations offer *anime* programming on a daily basis. It is clear, therefore, that Asian comics and animation are greatly influenced by this Japanese style (Ng, 2002:p.1). It is not surprising either that every Asian country has its own version of *manga*. The acceptance of Japanese animation by Asian countries is to some extent surprising given the fact that Japan was a colonizer of several Asian countries. South Korea did in fact; ban the importation of Japanese popular culture for almost 50 years for political reasons. The ban was removed in 1998 and, following the lifting of the ban, thousands of *anime* fan clubs appeared in South Korea showing the enthusiasm with which Japanese pop culture was consumed. Although the older generation still view Japan as the wicked nation, the younger generation feel no bitterness. Interestingly, although the ban was only lifted in 1998, South Korea had become the main destination for *anime* outsourcing since the 1980s. It is obvious that in this context the South Korean government has applied a double standard policy. Seeing the high potential of the animation industry, the South Korean government initiated to support its local animation industry in 1995 (Ahn, 2002). Similarly, Taiwan as an ex-colonized country also welcomes *anime* because of the local market demand.

Other countries, too, have embraced *anime*. A survey conducted by Ge (2009) showed that 70% of the Chinese respondents consumed Japanese *anime*, and a report made by Hao and Teh (2004) showed that 30% of Singaporeans consumed Japanese popular culture. Logically the Singaporeans also enjoyed *anime* with the assumption that *anime* and *manga* are the most popular forms of Japanese popular culture (Ng, 2002:p.1). It is obvious that language barriers and the Japanese notorious history could not stop the wave of Japanese popular culture expansion in Asia.

The 1990s were also an important era for the Japanese animation industry especially with the popularization of video games such as *Pokemon*, *DragonBall Z*, and *Sailorman* (Nakamura, 2003). Of these video games, the most notable *anime* example was *Pokemon*. Created first as a game for Nintendo's Game Boy, *Pokemon* soon transformed into a global multimedia phenomenon of comic books, animated television shows, films and videos, trading card games, collectibles, and toys. This phenomenon shows how the network of media products has supported each other to increase the product selling points (Ahn, 2002).

The early 21st century showed that animation has become an important element in Japanese society. On April 7, 2003, Japanese society celebrated the birthday of *Astro Boy*, a humanoid robot having the combination of the strength of the robot and with human characteristics, which was born on that date. The celebration included ceremonies, a parade, exhibits and a new TV series and the events were widely exposed by the Japanese media. The popularity of the *anime* which was based on a comic with the same title had created *Astro Boy* effects. It is reported Japanese robotics engineers who enjoyed the *anime* during their childhood had been much inspired by the story. Indeed, this phenomenon can be interpreted as the cultural engineering that is a conscious attempt of manipulating and modifying pre-existing culture (Ito, 2007, p. 17).

As the production of animation was increasing, Japan decided to outsource some processes including animating, colouring, and other simple operations to other countries such as China, South Korea, the Philippines, and other Asian countries. In order to have enough overseas staff, Toei Animation for example, employed around 130 staff at its studio in the Philippines while Ghibli chose Korean companies as subcontractors for the animation *Spirited Away*. Some important process such as planning, directing, and other processes requiring advanced expertise have remained in Japan. One of the serious problems faced by Japan is that Japan lacks human resources with basic animation skills which in the long run will cause Japan's dependency on overseas subcontractors (Industrial Report, 2005:p.3).

In terms of ownership, *anime* was controlled by independent small to medium scale business from its early development. The government did not concern itself with the new trend of business (Redmond, 183-184). Even during the early years of its

development *anime* was regarded as an embarrassment of Japanese culture (Cooper-Chan, p. 45). Today the government pays serious attention to the animation industry as it has given a great contribution to the Japanese economy. The government supported the idea of “Cool Japan” by endorsing the animation and game industry in 2004. The famous character *Doraemon*, for example, had been promoted as a cultural ambassador in 2008 by the Ministry of Foreign Affairs. The following year three women whose physical appearance resembled those anime characters were appointed as cute ambassadors (Cooper-Chan, 2012, p. 45).

Another important animation industry in the region is the South Korean animation industry. The South Koreans have built a culture around animation in recent years after serving as the world’s largest subcontractor; at one time, on the strength of its overseas work, South Korea was the third largest animation production on the globe. Since 1994, with much government support, South Korean animation has become an art form around which museums, festival and extravaganzas, libraries, a cartoon network, hundreds of studios, and about 150 training institutions revolve. Many TV series and feature films have been produced.

Historically, the animation industry in South Korea started since the Japanese colonialization. Under Japanese occupation, animation had been used as propaganda by the Japanese government. In doing so, Japan appointed Seitaro Kitayama to make an animated film for educational use, *Yubin-no Tabi (Postal Travel)*, which was finished by Sanae Yamamoto in 1924. After South Korea got its independence from Japan in 1945, South Korea began developed its own animation industry (Kim, 2006).

No wonder that the South Korean animation is much influenced by Japanese animation in terms of drawing, style and technique (Ng, 2002, p.3). Today, however, Korea has become one of the most important players in this industry. There are about 300 animation companies employing 10,000 people. Yet they belong to small or medium-sized companies. The government was aware that the animation industry is one of the most profitable industries among other creative industries and it was imperative to become the producer rather than the service provider. To that end the government had “invested into the animation sector”. In 2000 the government

established the Korean Culture & Content Agency (KOCCA) aiming at supporting the Korean animation industry to prosper (UK trade & Investment, 2009).

There have been two important Asian animation industries namely Japanese and South Korean ones. Japan has begun nurturing its *anime* since 1917 as small or medium scale businesses without the government support in the early years of its development. With the introduction of *Astro Boy* to the American audiences in 1963, Japan started expanding its *anime* market all over the world. The government finally supported the sector due to its potential future prosperity. The popularity of *anime* in the US has created *anime* fandom such as C/FO, Gamelan Embassy, and funsubbing. The three fan clubs show the love and interest in *anime*, though they have been accused of committing piracy. In the case of the South Korean animation industry, the government has shown its serious commitment in nurturing this sector by investing heavily in the sector. There is one thing in common between the two – both were run as small or medium scale businesses.

By regulating the distribution of foreign cultural products by a quota system in the field of cinema and broadcasting, the South Korean government attempted to lessen the impact of globalization on Korean cultural identity and domestic cultural industries. The government has continued to impose a screen quota system since 1966. Consequently cinemas were required to show local movies. Thus film theatres have to show domestic cultural industries for a minimum of 106 days /year. In terms of animation, the government required that local animation should comprise at least 30-50% of the total animation broadcasting (Ministry of Culture and Tourism, 2000b as quoted in Yim, 2011, p. 45).

In Asia, the acceptance of *anime* is unique due to Japanese notorious history during the era of Japanese colonization. Some ex-colonized countries like South Korea, Taiwan, China, and Singapore had originally banned *anime* for political reasons. However, they could not retain the ban due to the wave of Japanese popular culture which occurred on a global scale.

## **2.7. Conclusion**

The theoretical framework shows in terms of neoliberalism, all the four countries have voluntarily enforced it in their political and economic systems. Like other



neoliberal states, the four have made economic deregulations and full privatization of public enterprises among others which ended up in severe economic crisis. The new phenomenon however does not help the countries resolve their economic crisis; it has, on the contrary, made the economic condition even worse. Similarly to what occurred in Chile and Iraq, the IMF and the WB could not help solve the economic crisis in the region. Ironically, even the IMF itself admitted that they had given the wrong direction to the development of Southeast Asian countries' economies.

With regard to the creative industries are relatively new sectors in Southeast Asia, and the governments started to give serious attention to them on the grounds that they have potential to generate incomes. All the four countries in this study have adopted the term 'The Creative Industries' from the UK Creative Industries model with various modifications. Singapore and Malaysia with strong economic bases have been able to invest in the sector intensively enabling them to nurture their animation industry well. Meanwhile, Indonesia and the Philippines with less established economic conditions have not invested heavily in the sectors. As a result their animation industries are still in the infancy stage.

There are two important notes inferred from the practice of runaway production and coproduction in the film industry. First, in outsourcing the relationship between TNCs and host countries is less balanced. The host countries try to offer the lowest possible service prices; hence, there is a competition among them in order to get the job from foreign companies. This will bring about a phenomenon called "a race to the bottom" which is harmful to their economy. In addition, TNCs still receive tax breaks and incentives from host countries. They get double benefits from this business. Second, in coproduction, the relationship between the two is more mutually beneficial. TNCs obtain additional funds from business partners, while the business partners will benefit from the transfer of knowledge. It can be assumed that the relationship between the center and the periphery is still more favorable to the center.

# **CHAPTER III**

## **UNDERSTANDING CULTURAL POLICY OF THE CREATIVE INDUSTRIES IN SOUTHEAST ASIA**

### **3.0 Introduction**

Following the success of the British creative industries, governments in East Asia have recently become interested in the economic potential of pop culture and in cultivating new, lucrative export enterprises, not only for its cultural importance to the country or to reinforce nation-building, but to protect local traditions and culture against foreign influence. As commodifying and exporting cultures continue to gain momentum, governments have been reconsidering their policies towards commodified culture and now view the cultural industries as a way to imitate strategies taken by the Japanese and South Korean governments. Southeast Asian governments need to actively intervene in order to foster the growth of this sector within the national economies and they are now developing their own export-oriented cultural industries (Otmazgin, 2011, p.308).

The chapter discusses how the four Southeast Asian countries have responded to the issue of cultural policy which today gains more attention from governments all over the world. It will be my argument that the cultural policy in Southeast Asia has different trajectories from that of East Asia more particularly Japan and South Korea. The discussion of cultural policy in this chapter is of importance on the grounds that it is necessary to understand how the sectors have been regulated by the governments in the region before further discussing outsourcing, co-production, local animation production, and distribution in the animation industries. In order to understand the concept of cultural policy first I present a number of theories underlying the making of cultural policy. The next section examines how each country has managed to cope with the making of cultural policy of the creative industries. In this sense I explore historically how each government has viewed the issues of culture and the arts and implemented them in their national policy. The last part of this chapter is the conclusion where I sum up the discussion of the issue.

### **3.1 Cultural Policy: A Brief Overview**

The first thing to consider, writes Bell and Oakley (2014) when talking about cultural policy is “what forms of culture fall within the remit of policy and why”. The main problem here is that whether culture will be understood in broader or narrower senses. As Miller and Yudice wrote “cultural policy covers two registers: aesthetic and anthropological. In the aesthetic register, artistic output emerges from creative people and is judged by aesthetic criteria, as framed by the interests and practices of cultural criticism and history. The anthropological register, on the other hand, takes culture as a marker of how we live our lives, the senses of place and person that make us human – neither individual or entirely universal, but grounded by language, religion, custom, time, and space” (Miller and Yudice, 2002).

Another concept of cultural policy was proposed by Thomas Dye (2005) who notes that “cultural policy is the branch of public policy concerned with the administration of culture”. The author further states that “public policy is what governments choose to do or not to do. So cultural policy is what government at various scales choose to do or not to do in relation to culture. But what is it that they are choosing to (or not to) do when they are choosing to do something in relation to culture” (Dye, 2005). Basically he further states cultural policy covers two areas: the regulation and the promotion of culture. Censorship and protection of the press fall into the first category. While patronage and state funding for culture belong to the second category. However, in practice much cultural policy includes elements of both regulation and promotion (Dye as quoted in Bell and Oakley, 2015, p.48).

There has been a trend change in cultural policy, as Throsby (2010) argues. In the early 1970’s the trend was that “it was mostly dealing with the creative arts - how they contribute to a civilized society, how more people could be introduced to the benefits of artistic consumption, and how the arts content of education systems and the media could be improved. Another issue that is cultural heritage was one of the most important ones among developing countries” (p. 1). The 21st century, however, witnessed a significant change in the cultural policy discourse. The main reason for this was that economics is integrated in more aspects of life; therefore, gradually cultural policy was turned out to be an arm of economic policy. This new trend, to some point, however, is not an unusual one considering that a number of countries

including the UK and Australia in the course of the 1980s promoted the importance of the cultural sectors as a means of defending public funding. Nowadays, nevertheless, the cultural policy has been connected to the idea of the creative economy – the concept proposing that a creative sector can be identified within the larger macro-economy which is a particular source of economic dynamism in the new information age.

The four models of cultural policy were proposed by Chartrand and McCaughey (1989). The authors state that there are basically four main cultural policy models, namely:

- (1) “The Facilitator. The facilitator state funds the fine arts through foregone taxes – so-called tax expenditure-provided according to the wishes of individual and corporate donors; that is, donations are tax deductible.
- (2) The Patron. The patron state funds the fine arts through arm’s length arts councils. The government determines how much aggregate support to provide but not which organisations or artists should receive support. The council is composed of a board of trustees appointed by the government. Great Britain is the best known example of the patron state.
- (3) The Architect. The architect state funds the fine arts through a Ministry or Department of Culture: Grant decisions concerning artist and art organisations are generally made by bureaucrats.
- (4) The Engineer. The philosophical basis is that arts are supposed to glorify the political party in this context the ruling class. Therefore the state only offers funding for arts that meet the standards of excellence; it does not support the process of creativity. The best example of this is the former USSR” (p.6)

In practice, however, “although these roles are mutually exclusive in theory, in practice most nations combine some or all of them (*ibid*). The UK is a good example for this. Craik points out that Tony Blair involved public lotteries to support cultural funding despite the fact that the Art Council served as the main cultural funding body in the country. The reason for combining the model is that every model has its own strengths and weaknesses (Craik, 2007, p.2).

Another model for creative industry policy is proposed by Terry Flow. This model is worth discussing due to the fact that it still gives room for the discussion of the creative industries policy in developing countries and that of Asia, something that is missing from Chartrand and McCaughey’s model.

- (1) “A United States model, where there is a substantive divide in thinking and calculation towards arts and culture on the one hand and the entertainment /copyright industries on the other, and where the bulk of policy initiatives are

- highly localised and sub-national in their focus, as seen with the rise of the creative cities movement;
- (2) European model, which emphasis the cultural mission of these industries and strategies for common cultural benefit, and where terms such as ‘cultural industries’ or ‘cultural and creative industries’ are generally preferred;
  - (3) A diverse range of Asian approaches, which strongly emphasis the role of national, socio-cultural, and political circumstances, but still identify opportunities for export growth and successful branding of global city-regions in the highly competitive Asia-Pacific region, while at the same time challenging long-held orthodoxies about instrumentalist education and dominance of the ITC sectors in driving economic growth;
  - (4) Developing country models in South America, South Africa, the Caribbean, and elsewhere, where questions of cultural heritage maintenance, poverty alleviation, and provision of basic infrastructure have precluded overtly technocratic conceptions of creative industries being promoted uncritically as the inevitable fruits of the information society” (Flow, 2012,33-34).

This model will be useful to see further how the four countries have prepared their cultural policies. In this instance, Singapore and Malaysia will suit the Asian models, whilst the Philippines and Indonesia will follow the less developed country model. The choice for the cultural policy model would be of great significance considering that this will determine how the state makes the blue print for the creative industries. South East Asia as a new player in the sectors, too, has attempted to make their own cultural policies.

As the research is concerned with the cultural policy of the creative industry, more specifically in the animation industry, I borrow Bell and Oakley’s theory saying that “the cultural policies include elements of both regulation and promotion of the creative industries”. Hence, throughout this chapter I uncover how the governments in the region make regulations and promote the sectors and whether their cultural policies are neoliberal in nature.

### **3.2 ASEAN Socio-cultural Community Blueprint**

ASEAN was established in 1976 initiated by five countries: Indonesia, Malaysia, the Philippines, Singapore and Thailand. The number of its country members is increasing. Today there are eleven country members: The original five members and, Vietnam, Cambodia, Laos, Myanmar, Brunei Darussalam, and Papua New Guinea. ASEAN has made significant achievements over the past 45years since its establishment particularly in the areas of peace, security and stability. It also has

shown achievements in other areas such as human rights, economics, and socio-politics.

In 2008 it committed to create an ASEAN community under the theme “ASEAN: One Community, One Destiny” with the launch of the blueprint *Road Map for an ASEAN Community 2009-2015*. With this blueprint ASEAN aimed at creating political, economic and socio-cultural communities. As regards to cultural policy, we can find from the blueprint that ASEAN has made the commitment to promote cultural creativity and industry under the socio-cultural protocol. In point E3, it is mentioned that the strategic objective is to enhance ASEAN identity and togetherness through cultural creativity in the promotion and cooperation of cultural industry with the following actions:

- (1) “Promote the development of cultural industry resources by facilitating collaboration and networking between and among small and medium-sized cultural enterprises (SMCEs);
- (2) Promote and support the development of cultural industries through the exchange of knowledge and best practices by respecting branded national cultural industries;
- (3) Develop and support young people’s capacity for original ideas and action in the area of culture and arts;
- (4) Promote wider opportunities for cultural creativity among youth and all sectors of the population, including the ethnic groups;
- (5) Promote marketing and distribution of cultural products and services;
- (6) Improve capacity of national institutions to manage and develop cultural industry enhancing employment activities and commercialisation of local cultural products /services in domestic and international markets;
- (7) Encourage cooperation in culture industry and creative economy with the ASEAN partner countries;
- (8) Organise regular joint training programmes, seminars, and workshops for SMCEs; and
- (9) Enhance interactions between Government Sector and Private Sectors and Private Sector Institutions on SMCE’s Development by convening annual conferences” (Roadmap for an ASEAN Community 2009-2015 One Vision, One Identity, One Community, 2009, p.89).

This blueprint shows that ASEAN member countries have committed to create a single socio cultural community among others through the promotion of cultural industries in the region. Further it implies that the region would support the development of the sectors by involving the young people and ethnic groups. It also gave focus to the marketing and distribution of the cultural products.

The promotion of the cultural industries is supported by the ASEAN economic community aims at creating a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives; accelerating regional integration in the priority sectors, facilitating movement of business persons, skilled labour and talents; and strengthening the institutional mechanism of ASEAN. Establishment of a single market in the region will guarantee free flow of goods, services, investment, and skilled labour.

At the regional level ASEAN has been aware of the significance of the cultural industries for economic development. Hence we can observe here that the region is committed to nurture the sectors with a number of strategies. Exchange of knowledge, skilled labour, and investment are important factors in this circumstances. The blueprint has already outlined a clear direction to implement the development of the cultural industries. With the single market it will be easier to materialise it.

### **3.3 The Cultural Policy of the Creative Industries in Singapore**

Amongst Southeast Asian countries Singapore has become the fastest growing economy in the region. As of now, the country has gained a number of international achievements. It was ranked ninth by Human Development Report 2013 making it the first Asian country to be classified in the very high human development category. According BERI Report 2011, Singapore was placed as the first out of 50 major investment destinations. The city state was ranked the second most competitive based on the Global Competitiveness Report 2011-2012. Singaporean education is also excellent as it has been put in the first rank as the World's Number one for maths and science education by the Deloitte 2013 Global Manufacturing Competitiveness Index. Furthermore, in terms of Intellectual Property Protection, it has been put in second place after Finland. These achievements show how Singapore has made a rapid progress in almost all aspects of life.

**Table 1**  
**Singapore GDP 2006-2016**



Singapore, which got its independence from Malaysia in 1965, then quickly consolidated its power as a highly interventionist and entrepreneurial state whose coercive instruments were able to tame, co-opt and train a once militantly unionised labour force. The economic bureaucracy was able to accelerate the course of economic and industrial development mostly by luring protective foreign investors and Multinational Corporations (MNCs) with generous tax incentives, industrial infrastructure and political stability (Tan, 2013).

Although Singapore has experienced rapid economic development, arts and culture had not become a priority up until 1992. The reason for this is that the PAA as the ruling party focused on the economic sector in the early development of the state country. “Singapore’s ‘unexpected’ independence from Malaysia in 1965 – prompted the People’s Action Party (PAP) to hinge national survival on economic well-being with industrialization, foreign investment, and employment requiring immediate state attention.” To this end, Koh Tai Ann observes, “Material and social welfare, earning a living, and economic survival have always been Singapore’s mostly immigrant community’s primary concern and the arts have never been seen as a ‘basic need’ (Chong, 2005, p.555)”. Specifically, from independence until the late 1970s (and some would argue into the mid-1980s), a landscape of the arts were



conspicuous by their absence because the arts accorded low priority given the view that all scarce national resources should be diverted to develop Singapore's fledgling economy, reflecting the ideology of pragmatism and survival. It was only in 1978 that some attention began to be focused on culture and the arts with the establishment of the Cultural Affairs Division of the former Ministry of Culture and the Singapore Cultural Foundation (Kong & Yeoh, 2003). Lee Kuan Yew had praised France's high cultural achievements in the arts and literature, but went on to promptly proclaim that "Singapore can aspire to no such heights because we are a small young society struggling to achieve some measure of security in our basic needs" (The Straits Times, 6 April, 1985). This, Koh illustrates, the thinking that led to the insignificant support for the arts (including arts facilities) until then (Kong & Yeoh, 2003).

The idea of nurturing the creative industries has been initiated by the Singapore government since 1998 when the Advisory Council on Culture and Arts (ACCA) established the National Arts Council and National Heritage Board (NHB). The programs focused basically on the development of infrastructure which included among others: the building of the Singapore Arts Museum and the Asian Civilization Museum (ASM). The establishment of this council was a response to the global economic crisis which swept all parts of the globe including Singapore. In addition, the country established the Economic Review Committee (ERC) in 2001 in an attempt to sort out the negative impacts of the global economic recession. The main task of the ERC was to design the future economic strategies for Singapore. After working for about nine months, the committee published a report named *Creative Industries Development Strategy: Propelling Singapore's Creative Economy*. Basically the ERC recommended the urgency of developing the creative industries as an alternative to encourage the economic development (Hui, 2007).

Singapore has adopted the MCDS model of the creative industries. As such it has adopted the United Kingdom's definition of the creative industries which is "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of IPRs". Singapore then classified the creative industries into three main sections:

- (1) "Arts and culture include performing arts, visual arts, literary arts, photography, crafts, libraries, museums, galleries, archives, auctions,

impresarios, heritage sites, performing arts sites, festivals and arts supporting enterprises

- (2) Design includes advertising, architecture, web and software, graphics, industrial products, fashion, communications, interior and environmental
- (3) Media includes broadcast (including radio, television and cable), digital media (including software and computer services), film and video, and recorded music and publishing” (ERC, 2002, p.iii).

The vision was to develop a vibrant and sustainable creative cluster to propel the growth of Singapore’s creative economy. The initiatives’ target for 2012: Double the percentage of its GDP contribution to the creative cluster from an estimated 3% in 2000 to 6% in 2012. Establish a reputation for Singapore as a New Asia Creative Hub (*ibid*, p.v)

The initiatives were clearly ambitious, considering that Singapore, had little experience in the sectors. In terms of a cinema industry, for instance, Singapore is the only ASEAN member which had no film industry until 1970s (Wong and Matthews, 2007). As such the creative industries in Singapore could be said to be a new phenomenon. Despite the cultural sector neglect the situation did not hinder Singapore to start nurturing its creative industries.

In 2003, the Media Development Authority of Singapore launched the blueprint of *Media 21: transforming Singapore into a Global Media City*. This blueprint is important in Singapore cultural policy as it was established to champion the development of a vibrant media cluster in Singapore. “MDA aims to transform Singapore into a city that nurtures home grown media enterprises and attract direct foreign investments to our media industry with our competitive skill sets and infrastructure. This will in turn lead to the creation of new jobs and add vibrancy of the economy. The term of Media in this blueprint covers the full range of media industries, from print, broadcasting, film and publishing to new areas of convergent media such as digital and online media” (Media Development Authority of Singapore, 2003, p.1). “To attract the world’s best media companies, Singapore will provide media companies with an infrastructure, manpower pool and an operating environment that is unsurpassed, differentiated and desirable. This will be done through a number of initiatives” (*ibid*, p.5).

In January 2006, the National Research Foundation (NRF) identified the three most important issues in Singapore: environmental and water technology, biomedical science phase 2, and interactive and digital media. In terms of the animation industry, this sector falls into the interactive and digital media section. In the previous policy this sector was not clearly mentioned, but later on when the industry contributed significant economic revenue, the government started to make specific policy on it. The animation industry in Singapore started to develop from then onwards.

*Media Development Authority's Industry Highlights 2007*, reports that Singapore tried to establish itself as a Media Exchange.

“Singapore plays host to two major media markets annually, namely Broadcast Asia and Asia Media Festival, which attract buyers, sellers and investors from all over the world to Singapore to finance trade and distribute media content and services” (Media Development Authority, 2007).

In 2009, Singapore launched a new blueprint called *Singapore Media Fusion Plan* as the following step to the *Media 21 Blueprint*. The main agenda of this new blueprint was to support the country's transition to a creative economy by laying the directions to transform Singapore into a trusted global capital for New Asia Media. “More specifically SMFP sets out three strategies to propel the media sector forward. The first aims to provide the best environment for media business. The second leverages R&D to help the media sector exploit new opportunities in the digital media value chain. The final strategy calls for Singapore to remain connected to the world to enhance the international appeal of Singapore-made content, application and services. The government had to provide S\$230 million to realize the blueprint showing the increased funding of 40% from the *Media 21* blueprint” (Media Development Authority, 2009, p.1).

Education was considered an important issue in the animation industry. As we can notice in the blueprint of the SMFP, it includes education and training. A key plank of the SMF is talent development, with MDA embarking on a new programme called Media Training and Attachment (META) to give work exposure and training opportunities in Singapore and overseas, to local talents and media professionals. Through META, SingTel takes on the role of training partner to provide on-the-job training in broadcast engineering and technology. SingTel is currently working with

Ngee Ann Polytechnic to develop new broadcast engineering courses to offer students practical experience in live broadcasting environments in the BIC facilities for research and development purposes (Singapore Media Fusion Plan, 2009).

The government's seriousness to nurture the creative industries is evident for example in the case of the animation industry. The initiative was launched by the MDA and the Singapore Film Society. The initiative provides seed funding to the independent animation industry and encourages local animators to create short films of high quality that can be showcased during festivals and markets around the world. To date, three projects have been supported, enabling animation talents to hone their skills (The Digital Way Forward: An Animation Special, 2007/2008). Another initiative was "S\$70 million will be added to develop talent in the Infocomm industry over the next 5 years" (Today, 1 March, 2008). "The local world of electronic games, too, received a S\$1 billion as the government attempts to put Singapore on the other cyber map" (Today, 6 December, 2005). The MDA of Singapore will co-invest in all 3 productions as part of a MoU it signed with PBM in December, 2004 in its efforts to support local animation companies. MDA will contribute funds to the production of 7 PB animation projects over a 3-year period (Ball, 2005).

The discussion shows that Singapore has made a quick response to the trend in the cultural policy by adopting the term the creative industries from the MCDS model and developed the sectors. Even before the existence of the MCDS it has already managed to nurture the cultural sectors as a response to the economic crisis occurred in the early 1980s. As a country with highly developed economic growth Singapore has been able to invest heavily in the sectors, hence the infrastructure, human resources, and IT have propelled the sectors to flourish. Neoliberalism can be seen clearly in two aspects: First as it is clearly mentioned in *Media 21* that the government intentionally invited foreign investors by preparing the infrastructure, manpower pool, and an operating environment accepted by them. And second, the government also offers incentives and tax breaks for foreign investment. These are all the characteristics of neoliberalism in the creative industries.

### 3.4 The Cultural Policy of the Creative Industries in Malaysia

Malaysia has had a long history of colonization. In 1511 Portuguese occupied the Sultanate of Malacca for about one century until the Netherlands defeated the Portuguese in 1641. However it was Britain which dominated Malaysia since 1786 until Japan occupied the region in 1941-1945. After the Japanese occupation, Malaysia was undertaken again by British colonialization. It got its independence from the British in 1957.

With its strategic geographical situation Malaysian culture has been influenced by the Chinese, Middle Eastern, and Indian culture making it a country rich in variety. Hinduism, Buddhism, and Islam have also significantly influenced the Malay civilization. Islam, which was first introduced in the twelfth century, had, by the height of the Melaka sultanate in the fifteenth century, become a dominant force in the culture of *Tanah Melayu*, the land of Malaysia. It was the British who brought in Chinese and Indians in such significant numbers which then changed the Malay society in the future. When Malaysia got independence in 1957, cultural issues had not been included in the Constitution, despite the fact that language and religion were stated in the Constitution (Roland, 2014).

Although plurality was a key characteristic of the newly formed Malaysia nation, state attempts to construct a national identity via the formulation of cultural policy began only in direct response to the communal riots of 1969. A National Culture Congress was held in 1969, with the aim of formulating a cultural policy to unify the multi-ethnic nation. The National Cultural Policy (NCP) was launched, with three principles.

- (1) To strengthen national unity through culture,
- (2) To foster and preserve national identity created through national culture,  
and
- (3) To enrich and enhance the quality of human life in equilibrium with social-economic development (National Culture Policy, 1971)

For a country with a multi-racial society like Malaysia, the process of national culture development requires careful and detailed planning in cultivating the Malaysian way of life. This cultural planning outlines the good and noble values vital in strengthening the national identity as the Malaysian race. Some have argued that this

policy is part of the politics of ambiguity typically employed in Malaysia as a form of conflict regulation. However, it has primarily been interpreted as representing a core culture based on Malay culture and Islam while accepting aspects of Chinese and Indian culture as long as they didn't contradict the Malay culture. The role of the various aboriginal groups in this arrangement is not clear (Van der Heide, 2002, p.95).

With a total population of 29.5 million, Malaysia has become a nation with strong economic growth. The GDP reaches \$498.5 billion with a relatively low inflation rate: 1.7 %. Malaysia has experienced rapid economic development recently as can be seen from its rank in the Index. The unemployment is relatively low at 3%.

**Table 2**  
**Malaysia GDP 2006-2016**



Prior to the introduction of the concept of creative industries, Malaysia had already developed the concept Multimedia Super Corridor (MSC) in 1996. It is the reason why they name the creative industries as creative multimedia industry as it had conceptualized the concept of the multimedia industry which was launched in 2006. It is interesting that the country already has a good vision of the future.

Malaysian Communications and Multimedia Content Code:

- (1) "Promote a civil society where information based services will provide the basis of continuing enhancements to quality of work and life.
- (2) Regulate the long-term benefit of the user.

- (3) Promote a high level consumer confidence.
- (4) Grow and nurture local information and resources and cultural representations that facilitate the national identity and global diversity.
- (5) Establish Malaysia as a global centre and hub for communications and information content and services” (The Malaysian Communication and Multimedia Content Code Version 6, p.5).

The strategies show that Malaysia tries to promote local cultural representations that facilitate the national identity and global diversity.

Like Singapore, Malaysia has the concept of top-down development, that is, the initiative comes from the government. The country also adopted the concept of the creative industry from the MCDS model. The animation industry for example had received serious attention from the government. In this sense the government had played a very important role in the development and promotion of local animated cartoons by providing moral, material, and financial support. Among other reasons for the promotion of local animated cartoons is the belief that foreign cartoons, especially from the West, are not suitable for local viewers for they show negative values that do not conform to the local culture. This has been stressed by officials from the Information Department in many official functions related to art and animation. For instance Fauzi Abdul Rahman, the Parliamentary Secretary of the Information Ministry, was quoted as saying that “the Ministry of Information will create a Malaysian cartoon animation industry which can promote the culture and the positive values of this country through several programmes and films which will be shown on television or in theatres.” He further added, “Western animation is considered negative because it projects brutality, propaganda, and a culture which is contradictory with the values of our eastern society” (Mahamood, 2001, p.135). In terms of censorship, Malaysia can be classified as one of the strictest countries in applying censorship as it is stated by BBC “The government is keen to insulate the largely-Moslem population from what it considers harmful foreign influence. News is subject to censorship, entertainment shows and music videos regularly fall out of the censors, and scenes featuring swearing and kissing are routinely removed” (The Uncontested Rise of Social Media in Asia, 2010). This is logical as Islam is considered an important pillar of the country. In addition, local values are also crucial in judging the values of culture.

The Prime Minister Mahathir Mohamad was well aware of the importance of technology to push the development of the creative industries in Malaysia. Therefore, when he came into power in 1981 he immediately pushed the use of digital technology, which gradually opened the doors to the involvement of more people in animation. What had once been the domain of a handful of people was now open to anyone who was familiar with animation software. The long-form animation industry came into being with the Government's decision in 1994 to promote locally-made animated TV series. The aim was to cut down on foreign imports (with all its foreign values), as well as increase local content (Muthalib, 2007, p. 289).

The table shows that the government has already attempted to support the creative industries annually and it is clear that the amount of funding tends to increase year by year. Among the four sectors, animation has received the highest amount of funding. The phenomenon indicates that animation has been considered as a significant sector in the country. The success story of Malaysian animation has proved that indeed the sector is a promising industry in the future.

The government also paid serious attention to infrastructure for nurturing the sectors. In the film industry, for example, it has managed to build a world class integrated media production studio by the government's investment arm, Khazanah National Bhd, in the economic region of Iskandar Malaysia. Khazanah committed an investment worth RM 400 million to build the region's biggest independently-owned studio facilities together with a renowned international film production company Pinewood Shepperton Plc. The studio offers international film makers and television producers one of the largest film and television facilities in the region and expects to attract international production projects with a total budget of RM 3.8 billion by 2020 (Bernama, 2013 ).

The government has planned to build a world class integrated media production studio which cost about RM 1.9 billion. In addition the government also provided RM 21 million to fund 15 creative enterprises (Tap into Creative Industry, 2014). The intention of the construction is to attract foreign investors, as stated in The Sun Daily: "PIMS aims to attract RM 1.9 billion in investment from international productions and creating 11,300 jobs from 2013 to 2020" (The Sun Daily, 2014). It is in line with Mirrlees statement saying that building a modern studio is one of the



strategies to attract foreign investors. In terms of education, the government has offered a number of scholarship schemes for its people. The potential student may earn their degrees in art/ creative arts both in Malaysia and abroad.

The discussion indicates that Malaysia has been aware of the existence of cultural policy since 1953 although in fact it was not until 1971 that it issued the formal cultural policy. Due the fact that the country comprises at least three main ethnic groups: the Malay, Chinese, and Indians, Islam has become the basic cultural pillar. As such, cultural products which do not suit Islamic values will be banned. In the case of the animation industry, for instance, the government blatantly stated that Western cartoons are dangerous for the local viewers. This has become the push factor for the government to develop its local animation industry. With a strong economic base the government is able to fund the sectors to flourish.

It is clear that the government is committed to develop the creative industry in ways other than the fact that it poured funding for the sector to develop. Not only has the industry received grants, but human resources too. The nation has so far attempted to develop its local content industry. Malaysia has tried to initiate the development of its creative industry since 1996. The government is committed to the development of the sector providing funding which propels the development. The government pays serious attention to the national identity, thus the industry is supposed to consider the local values. This is evident in the animation industry, for example TV animated series must positively depict the Malaysian society. The success of its animation industry, to some extent has been a result of the government support and oversight.

Just like Singapore's cultural policy, Malaysia's cultural policy is to some point also neoliberal in nature. It is evident that the development of infrastructure such as film studios is aimed at attracting foreign investors. In addition, the government also generously offers incentives and tax breaks for foreign investors. In this sense, the intention is again to invite foreign investors to come and invest their money in the country.

### **3.5 The Cultural Policy of the Creative Industries in the Philippines**

The Philippines was first colonised by Spain from 1521-1898 and then occupied by the USA from 1898 to 1946. The country comprises around 7,000 islands and about 300 ethnic groups making it rich in culture. Soon after its independence, the government began to pay attention to the issues of culture and arts. In the beginning of its development as a new nation, the government had issued three laws as the underlying concept of the cultural policy in the Philippines:

- (1) “Republic Act No 1370 (18 June 1955): AAN Act creating a Public Corporation for the Promotion of music and Appropriating the sum of One Hundred Thousand Pesos for Its Initial Expenses and Other Purposes.
- (2) Republic Act No 3042 (17 June 1961) An Act Appropriating Annually the Sum of Four Hundred Thousand Pesos as Aid to the Music Foundation and to Cultural Groups Engaged in the Study and in the Dissemination Abroad of Filipino Folk Arts, Music and Dances.
- (3) Republic Act No 4165 (4 August 1964): An Act Creating the National Commission on Culture and Providing Funds therefore” (UNESCO, 1973).

It is mentioned in the Philippine Cultural policy that Filipino culture shall be preserved and developed for national identity. Arts and letters shall be under the patronage of the State (p.11). The State will aid artists pursuant to article XV, 9 (2) and (3) of the New Constitution. Culture must not be treated as a bookish or museum commodity, for intellectual contemplation only, but as a living entity. It must not be confined to an elite but be accessible to every Filipino. In this sense, the State and all the schools and universities must be its propagation agents, fostering love of country, civic spirit, moral character, and personal discipline (UNESCO, 1973).

It is clearly mentioned that national identity is an important issue in the cultural policy. In addition, the government role is very crucial as the patron for culture and the arts. This can be seen in the following years, for example, in the case of the First Lady Imelda Marcos acting as the patron for cultural activities in the Philippines.

The New Society, President Marco’s New Social Order, pivoted on intergrating dissident groups into an official national culture. The national culture, Marcos averred, would foster collective forms of public subjectivity that would heal the rifts and traumas created by the First Quarter Storm. The ultimate goal was to create a

national family. To this end, Ferdinand and Imelda Marcos exploited the popular legend of *Malakas* (Strong) and *Maganda* (beautiful), the first Filipino man and woman, who as the legend had it, mythically emerged from a single bamboo stalk. She would be the patroness of culture and the arts; he would be the head of household “overseeing the political and economic life of the nation” (Espiritu, 2013).

Under the Marcos administration, the wife of the president, Madame Marcos had played an important role in the formation of the cultural policy in the country. As stated by Fernandez (2001) “in previous governments, matters of art and culture were usually left to the First Lady, implying that this was “woman’s work”, not weighty enough to bother the president with. In the Marcos government Imelda Marcos maintained a high profile as Patroness of the arts. Her concept of culture became obvious in such activities as: running the Cultural Centre of the Philippines through whim and memorandum, without a governing policy or direction (*ibid*).

The government has realised the significance of ICT for the Philippines’ development. Roberto R Romulo was published in the Philippines Star entitled *Philippine ICT after GMA*. In this article Romulo expresses his idea of the establishment of the Department of Information and Communication Technology (DICT). This was then materialised in the Senate bill dated on August 14, 2008, with Senator(s) Jinggoy P. Ejercito-Estrada, Loren B. Lagarda and Edgardo J Angara as author(s) per committee report no 93, endorsing its approval in substitution of SBNos. 320 and 920. Senate bill 2546 is an Act creating the Department of Information and Communications Technology (DICT), defining its powers and functions, appropriating funds therefore, and for other purposes. However, Benigno Aquino III, who was still running for presidency at that time, refused this proposal. In an article published in the Philippine Daily Inquirer (online) on February 2010, Aquino, the future president (as of June 2010) said that “a government agency that focuses on ICT only plays a supportive role”, and stated: “We think the government already has too many offices (and officers who are not actually doing something useful in the Philippines during the Aquino Administration” (Canizares, 2012).

As Tolentino points out, “Barring protectionism, local businesses have yet to rise above: the competition becoming lowly placed in the global division of capital and labor”. The Marcos administration, for example initiated to provide various incentive

schemes to foreign businesses, and interesting to note that he assures a strike free area. It was decided the former American Clark Airforce Base to be chosen for that purpose. There, two companies GM Mini Computer Exchange and Corulcal Digital Colour Animators enjoyed the safe zone to run their business (Tolentino, 2001, p.2).

Like Singapore and Malaysia, the Philippines also adopted the MCDS model. The creative industries were under the responsibility of The Creative Industries Development Council which was established in 2008. The Council was to be composed of the Secretary of the Department of Trade and Industry (DTI) as Chairman, the secretary of the Department of Science and Technology (DOTS) as Vice Chairman, and the following as members:

- (1) Director-General of the Intellectual Property Office
- (2) Undersecretary of the Department of Labour and Employment
- (3) Undersecretary of the Department of Education
- (4) Chairman of the Commission on Higher Education
- (5) Director-General of Technical Education and Skills and Development Authority (TESDA);
- (6) Commission of the National Heritage Commission
- (7) Director-General of Technology and Livelihood Research Centre
- (8) A representative from the Design Centre Philippines;
- (9) A representative of the Film Academy of the Philippines; and
- (10) A representative of Indie Films Association of the Philippines

The main task of the Council was to provide a clearly defined direction of setting an environment for sustainable growth of creative industries through the utmost utilization of the skills, talents and capabilities of the country's human resources. It aims at assisting the creative industries by helping them achieve their full economic potential.

Purposes and objectives of the Council:

- (1) To develop greater awareness and understanding of the creative industry and its contribution to the Philippine economy and to formulate strategies on how the government, business and private sectors may work together to help develop and promote the same;
- (2) To broaden knowledge and visibility of the products of creative industries by providing a showroom for them in a suitable and well-located environment;
- (3) To create more employment through the development of creative industries in the countryside;
- (4) To provide high quality training for skills and creative development; and
- (5) To enhance awareness of IPRs, thus, strengthen the foundation for successful creative industries (NCCA, 2009).

The formation of the National Commission for Culture and the Arts (NCCA) by President Corazon C Aquino was an important moment for the Philippines Cultural Policy. The body which was established on April 3, 1992 through Republic Act No 7356 was aimed to “formulate policies for the development of culture and the arts, implement these policies in coordination with affiliated cultural agencies, administer the National Endowment Fund for Culture and the Arts (NEFCA); encourage artistic creation within a climate of artistic freedom; develop and promote the Filipino National Culture and Arts; preserve Filipino Culture Heritage” (NCCA, 2009).

Unlike Singapore and Malaysia which enjoyed rapid development of their economies, the Philippines is still trying hard to struggle with its economy which can be seen from the following figure:

**Table 3**  
**Philippines GDP 2006-2016**



As the economic performance is not as strong as Singapore and Malaysia, the Philippine government cannot allocate huge investment in the sectors. This can be seen for example in the cry of the animation industry which badly needs the financial support from the government. As reported by Philippine Daily Inquirer, the Philippine animation industry is asking for an increased assistance from the government via incentives that will enable local players to capture a big share of the global animation and gaming market which is seen to grow to \$243 billion by next year. Juan Miguel de Rosario, president of the Animation Council of the Philippines

said: “Yes, we need new incentives. Although for now, we are asking the government to help us in promoting the Philippines as a preferred destination for animation services. We need to be present in global conventions because if we want to make the Philippines a go-to-destination, then they need to see us with our pavilions in the different animation events abroad” (Philippine Daily Inquirer, 2015).

Although the government has not extensively supported financially to the industry, it has managed to work together with a number of institutions as an attempt to nurture the industry. To date there have been a number of institutions working with the government. The first institution is ACPI. The two parties aim to strengthen the industry and increase its global competitiveness. The following agencies have worked with ACPI with various initiatives to help the industry achieve its goal in furthering the Philippines as an animation-outsourcing destination: Department of Foreign Affairs (DFA) and Department of Trade and Industry (DTI), Centre for International Trade Expositions and Missions (CITEM) and DTI (Bureau Exports and Trade Promotion /BETP) DTI, BOI, and Philippine Economic Zoning Authority (PEZA)

BOI DTI and PHILEXIM National Commission for Culture and Arts (NCCA) and Film Development Council of the Philippines. Education institutions such as Commission on Higher Education (CHED) and Department of Education (DepEd) support the development of the sector by preparing the curriculum and offering courses (Industry Profile: Animation, n.d.).

The cultural policy to some point is neoliberal considering that the government manages to attract the foreign investor by offering incentives and tax breaks. However, the sector is still in needs of government support. EXL Executive Vice-president Vikas Bhalla said “the Philippines needs incentives such as tax breaks as well as infrastructure to maintain its position as one of the major players in the business process outsourcing” (Micro Sourcing, 2012).

To sum up, the Philippines have paid serious attention to cultural policy since 1950s when the government issued Republic Act No 1370 (18 June 1955): AAN Act to support the funding for its traditional music. National identity has been an important issue in the Philippines cultural policy, like other Southeast Asian countries. Patronage in the cultural policy can be seen during the Ferdinand Marcos

administration. The First Lady, Imelda Marcos had engaged in the making of cultural policy which was considered as a feminine task. This is in line with the concept of the parents of nation Marcos proposed – that the President acted as the father and the First Lady as a mother for the nation. It is worthwhile noting that the First Lady had used the cultural policy for political purposes making it possible for the artists she supported to maintain the Marcos administration. The establishment of the NCCA in 2009 by President Aquino was an important starting point in the Philippine history as the body is responsible for making the cultural policy in the Philippines. Due to the weak economic bases, the government has not been able to financially support the creative industries including the animation industry. It is evident that unlike the Singapore and Malaysian governments which are generous in funding the sectors, the Philippines has not put the sector on the top of its economic agenda. In Schultz's words the creative industries in developing countries have not been a priority due to the fact that they still focus on issues like poverty alleviation, education, and public health (Schultz, 2008).

### **3.6 The Cultural Policy of the Creative Industries in Indonesia**

Indonesia, which got independence from the Dutch in 1945, had to struggle with difficult economic situations in the early years of its independence. The country comprises thousands of islands and hundreds of ethnic groups were united by the national language, Bahasa Indonesia which was proclaimed by the Youth Pledge in 1928 and used as a *lingua franca*. The Constitution, issued in the year of its independence had included the issues of culture and arts. The government, according to Article 32 clearly is responsible for the development of the national culture, “referred to as a culture which expresses the personality and vitality of the entire people of Indonesia” (Cultural Policy in Indonesia, UNESCO, 1973, p.9-10).

Unlike Malaysia and Singapore which have planned the blueprint for their creative industries earlier Indonesia has not shown its commitment to do so. Indonesia had not paid serious attention on the sectors up until 2008 when the Department of Trade and Commerce issued the “*Rencana Pengembangan Ekonomi Kreatif Indonesia 2009-2015*” or “*The Development Planning of Indonesian Creative Economy 2009-2015*”. This blueprint adopted the DCMS model, too, like Singapore and Malaysia. Indonesia then divided the creative industries into 14 subsectors: Advertising,

Architecture, Art market, Handicraft, Design, Fashion, Video, Film and Photography, Interactive games, Music, Performing arts, Publication, Computer service and software, Television and Radio, Research and Development. This is basically a copy of the British DCMS model. The creative industries are divided into 13 subsections in the DCMS model. Hence Indonesia in this matter adds one subsection namely Research and Development. So far however, the government has not done much with the blueprint including little about the development of the animation industry (Rencana Pengembangan Ekonomi Kreatif Indonesia 2009-2015, 2009).

**Table 4**  
**Indonesia GDP 2006-2016**



Under Bambang Susilo Yudono's administration (2004-2014), the idea to focus on the creative economy came into existence. In 2011 when he reshuffled the cabinet, he decided to form the Ministry of Tourism and the Creative Economy with Mari Elka Pangestu as the minister. The new ministry then was supposed to be the merger between the Ministry of Trade and Commerce and the Ministry of Tourism and Culture. The ministry was divided into two directorate generals: Tourism and Creative Economy. The second directorate general comprises three directorates: 1) Directorate Film Industry Development, 2) Directorate Performance Arts and Music Industry and 3) Directorate of Fine Arts Development.

Under the Directorate of Film Industry department, however, we cannot find a specific discussion of the animation industry as a priority in developing Indonesian



creative industries. Singapore and Malaysia, on the contrary have considered the sector as an important sector among their creative industries.

The sad thing about cultural policy of the creative industries as stated by Pangestu, the minister of Tourism and Creative Economy

Ekonomi Kreatif bisa terbilang baru dalam pemerintahan. Belum ada rencana jangka panjang, menengah, juga rencana strategis (renstra) dan belum masuk dalam BAPENAS. Ini semua agar pemerintah bisa kembangkan lebih jauh kedepan.

(Creative economy is relatively a new phenomenon in Indonesia. Therefore the government has not prepared the long term, medium, or strategic planning for the sector. Moreover, this has not been included in the BAPENAS / National Development Planning. Hope the government will study it further).

Her statement shows that even the concept of the creative economy had not been included in the government planning up until 2007 showing that the government has not paid serious attention on it. Even in 2014, the government has not prepared the strategic planning for its development. It is evident that it was not included in the BAPENAS (National Development Planning). It is not surprising that the creative industries in Indonesia have no clear direction due to the lack of coordination amongst the ministries and/or state bodies.

When Joko Widodo became the president in 2014, the government changed the structure of the ministry. Again, the creative economy falls under the Ministry of Industry. The changes seem to occur when a new administration starts ruling the country. Under this Ministry there are 15 subsections meaning one subsection is added. The Minister of Industry, Saleh Husin, states that there are three major important subsections of the creative industries recently: Culinary 32.5%, fashion 28.3% and handicraft 14.4 %. It is interesting to note here that animation has not been put in the top of the list of the creative industries (Menteri Perindustrian: Industri Kreatif Dunia Maya Sangat Berpotensi, 2015)

The problem of the cultural policy as claimed by the interviewees is that there is no clear trajectory in the cultural policy. The new administration, for example, will tend to make different policy of the cultural policy without basing it upon the previous ones. As a result, there is no clear blueprint for the cultural policy.

Another interviewee claims that it was not until 2015 that the government provided a facility and financial support for the animators. He further states that in 2015 the government founded a number of training centers in a number of cities such as: Jakarta Yogyakarta and Bali as an attempt to enhance the skills of animators. The program, for instance offers one month free training for local animators who are mostly young animators who just graduated from the vocational schools.

The animation industry still needs the government assistance in terms of funding and training. As an interviewee states the government should have supported the industry by holding seminars or workshops among others. In addition, they are supposed to provide a representative exhibition building so that independent animation studios have a chance to exhibit their works regularly. Due to lack of animation exhibition space, animation appreciation will not exist in society. In addition the government should apply the policy so that it is compulsory for TV channels to air local animation. This will encourage local animation studios to produce animation. He further says that the educational institution is also supposed to support the industry by providing ready-to-work graduates

As the animation industry is a new sector in Indonesia, an interviewee points out that all the concerned parties are still learning about it. The government, for instance is still busy with rigid programs, while the government employees do not understand well about the promising future of the graphic and animation industry. In the meanwhile, the industry lack of experience is mostly focusing on the outsourcing service. Unfortunately they haven't started creating their own IPRs.

The discussion shows that the cultural policy in Indonesia lacks continuity from administration to administration. Every administration has different policies and tries to change the cabinet, as a result, there is no clear direction for the sector to flourish. Singapore and Malaysia in this context during 1980s have planned the sector well and have made progressive development since then. Even they specifically mentioned the importance of the animation industry for their economic development. In the case of Indonesia, the government has not considered the animation industry as an important agenda in its economy.

Basically like other Asian countries Indonesia has potential to develop its creative industries due to its richness of cultural diversity. In practice, however, the creative industries have not been well regulated. The reason is clear because Indonesia, like the Philippines is a less developed country still having complicated issues to be resolved. The economic sector, for instance, has failed to strengthen its currency which resulted in the weak position in the international monetary system. Poverty, health, and education are among crucial matters that have to be put on the priority list. Cultural policy, then has not received serious attention from any government. This is in line with Schultz's statement saying that less developed countries have to focus on issues like: poverty, education and health which then hinder them to nurture their creative industries.

Although Indonesia to some respect has adopted neoliberalism in their political and economic system, the creative industries have not flourished as rapidly as those of Singapore and Malaysia. As a result, its influence in the creative industries cannot be clearly seen due to two reasons. Firstly, unlike Singapore and Malaysia, it has not developed infrastructure which is meant to invite foreign investors. Secondly, the incentives and tax breaks for foreign investors have not become a central issue in the economic agenda.

The government has not given significant attention to the animation industry, more specifically in terms of training and financial support. The industry finds its own trajectory, although it has the responsible institution *Badan Ekonomi Kreatif* (Creative Economic Bureau), but in fact it is like a wild hen, it searches for food itself, but when it lays eggs, the owner will take them.

### **3.7 Conclusion**

The four selected Southeast East Asian countries with different political, economic and cultural backgrounds have different approaches to plan their cultural policies. Politically, the ideology has affected the cultural policy. Singapore which is known as a pragmatic country, for example is not very strict in applying censorship for foreign cultural products, on the contrary, Malaysia which claims Islam and Malay values as the fundamental way of life, has one of the toughest censorship laws in the world. This however has become one of important drivers for the government to

nurture its creative industries with its local content which will suit the Malay audiences.

Economic factors have apparently influenced the cultural policy of the creative industries in the region. Singapore and Malaysia with strong economic forces have been generous in allocating funding for the sectors. As a result, the creative industries in the two countries have reached a mature stage to some degree. On the contrary, the Philippines and Indonesia with weak economic bases have not been able to invest in the sectors. Hence, the sectors are still left behind in comparison to other Southeast Asian countries.

Neoliberalism in this context can be seen in the development of infrastructure as an attempt to invite foreign investors. Another characteristic of neoliberalism is the offering of incentives and tax breaks to foreign investors. In the cases of Singapore and Malaysia for example, the two countries have managed to build sophisticated film studios to attract foreign film investors to their shores. Meanwhile, the Philippines and Indonesia have not done the same due to the lack of funding. In terms of incentives and tax breaks, Singapore and Malaysia have actively offered them. In the case of the Philippines, the animation industry for example is complaining that the government needs to offer bigger incentives and tax breaks in order to be able to survive in the outsourcing industry.

As part of the neoliberalism regime, outsourcing aims to obtain the greatest profit for the corporation. For workers in America, for example, this is a bitter pill as they have they have lost their jobs. For countries that receive jobs from foreign studios, giving tax breaks and incentives is not something that is profitable. In this context, it is the multination corporation that ultimately gains the advantage. In addition, the existence of competition among Southeast Asian countries in terms of offering cheaper service prices will trigger the "race to the bottom" phenomenon which will also harm the countries that receive outsourcing jobs. While large corporations gain in this matter. Again, this is still a big corporation benefit.

## **CHAPTER IV**

### **OUTSOURCING IN THE ANIMATION INDUSTRY IN SOUTHEAST ASIA: A RACE TO THE BOTTOM?**

#### **4.0 Introduction**

The last two decades have witnessed a new trend in the global economic system called “outsourcing,” which is defined as “a long-term, results-oriented business relationship with a special services provider. The service contracted for (including manufacturing services) may encompass a single activity, a set of activities, or an entire end-to-end business process” (IAOP, 2010, p. 4). In an attempt to maximise the profits amid a very competitive business situation, TNCs have searched for alternative locations for their business operations. In the 1980s, for example, manufacturing companies started to move from expensive urban areas to rural areas offering relatively cheaper land, tax incentives, and skilled labour at lower wages. The main objective of outsourcing is to “deliver the greatest value to all the stakeholders and to achieve and sustain the highest degree of productivity for an organisation” (Ghodeswar & Vaidyanathan, 2008, p. 24).

Despite several problems with outsourcing such as contractual provisions, privacy laws and regulations, taxation issues, expert control regulation, and the local laws of countries implicated in the transaction, the business of the outsourcing industry, is however, significantly increasing as was predicted by both the Kennedy Information Research Group and McKensey. There have been two different opinions concerning this increase. The first camp believed that it would grow from US\$4.8 billion in 2005 to US\$75 billion in 2009, while the second predicted that the sector would attain US\$500 billion by 2008 (Halvey & Melby, 2007, p. xv).

There are five top Business Process Outsourcing (BPO) international spots, as staed by Duening and Click:

1. India – engineering and technical
2. China – manufacturing and technical
3. Mexico – manufacturing
4. The US – analysis and creative
5. The Philippines – administrative (Duening & Click, 2005, p. 2)

Outsourcing in the animation industry has not received much attention from scholars so far. The literature on outsourcing deals with sectors such as finance and accounting, investment and asset management, human resources, procurement, logistics, and real estate management (Halvey & Melby, 2007: p. 2). This chapter therefore aims at exploring outsourcing in the animation industry in Southeast Asia from the perspective of neoliberalism. The first part of this section explores outsourcing in the Philippines, the country in Southeast Asia that is most actively accepting work from foreign studios. The next section addresses outsourcing in Malaysia and Singapore which do not focus on outsourcing and the last one discusses outsourcing in Indonesia which is not as advanced that of in the Philippines.

As mentioned in the previous chapter, Hollywood has outsourced part of their work to less developed countries in order to cut costs and increase profit. This chapter will talk about how outsourcing has occurred in Southeast Asia. In the light of NIDCL, I argue that outsourcing in the less developed countries will benefit the TNCs more as a result of the phenomenon of “A Race to the Bottom”, in which less developed countries compete by offering bigger incentives and tax breaks to foreign investors.

#### **4.1 Outsourcing in the Philippines Animation Industry**

When the Asian monetary crisis occurred in 1997, the manufacturing industry in the Philippines collapsed, but business process outsourcing saved the nation. Makati, as the business centre in Manila, was busy servicing foreign companies. Hence, this sector was expected to grow and bring revenue to the country. The Philippines expected BPO to bring in US\$3 billion in revenue in 2005 as stated by Socio-Economic Planning secretary Romulo Neri (Outsourcing Saves Philippines Property Market, 2007).

As mentioned previously, their animation industry has a long history of outsourcing which began when it started taking outsourced jobs about 30 years ago from both prominent Japanese and American animation studios. As a result, Filipino animators were behind some of the world’s best-loved cartoons and animated films such as: *Scooby Doo*, *Tom and Jerry*, *Addams Family*, *Dexter’s Laboratory*, *The Mask*, *Lilo & Stich*, *The Jetsons*, *Dragon Ball-Z*, *One Piece*, *Slam Dunk*, *Tarzan the TV Series*, *Mickey Mouse*, *Power Puff Girls*, *Digimon*, *Hoodwinked*, and *101 Dalmatians*, among others.

As a research conducted by New Zealand Trade and Enterprise in February 2012 reports, the value of the ICT market in the Philippines was estimated at \$37 billion USD. 30% of the total ICT sales came from Business Process Outsourcing (BPO) sales. Furthermore, the research lists the most common offshore outsourcing activities in the Philippines as:

1. contact or call centre outsourcing
2. software development outsourcing
3. web and graphic design outsourcing
4. animation outsourcing
5. game development outsourcing
6. online marketing SEO and SEM outsourcing
7. engineering design and architecture outsourcing
8. medical transcription outsourcing
9. legal transcription outsourcing
10. finance and accounting outsourcing
11. human resources administration outsourcing

Here we can observe that animation outsourcing has been an important factor in the Philippine BOP industry. From a historical perspective, the Philippines has engaged in the outsourcing business for decades. This is in line with an interviewee's opinion about outsourcing:

“For the longest time the animation industry of the Philippines has been reliant on outsourcing, meaning we receive projects from abroad.....so we are known as an outsourcing, doing animation service for other people“ (Participant 5, personal communication, June 17, 2013).

In the world of animation industry, the Philippines is well-known as a country that accepts jobs from foreign studios, both foreign studios from Japan, America and Europe.

There have been a number of foreign animation studios in the Philippines which established their animation studios or outsourced part of their work to the Philippines. In this chapter, however, the discussion covers three animation studios only: Burbank Animation, Fil Cartoons Animation and Toei Japan. The rationale underlining this choice is that the three studios have played a significant role in the history of the Philippine animation industry.

The first outsourcing in the Philippines was through the Burbank Animation Company, an Australian animation studio which established its studio in Manila in 1984. Despite the advantages granted from the Philippine government in the form of tax breaks it survived only a few years. The main reason was the existence of its competitor Fil Cartoons, an animation studio owned by Hanna-Barbera. Burbank Animation closed its doors in the late 1980s (Lent, 2004, 155). It was through Burbank Animation that animators were trained and introduced in the art of animation. A number of prominent animators such as Reggie Entienza, Danilo Milla, Dani Miles were the alumni of the Studio (Barrios, 2010).

The second studio was an American animation studio called Fil Cartoons Animation established in 1986. It became the home of about 1,200 animators and was considered the biggest animation studio at that time. It was a subsidiary of a number of big studios such as Hanna-Barbera, Warner, Disney, MGM, and Turner. The studio offered a much better salary to its employees, which was five to six times the minimum wage. The studio, however, only lasted 15 years and closed in 2001 due to internal problems. As a result, the employees were in limbo. Some decided to work overseas, while some preferred working with Walt Disney Australia until it also closed in 2006 (Barrios, 2010).

The third animation studio was Toei Animation (TA) which started its operation in the Philippines in 1986. Unsatisfied with the outsourced work done by South Korea, TA was in search of a new destination of outsourcing and chose the Philippines. The first step was giving training to the Filipinos before they handled the outsourced job for the company. In the early years, a number of Philippine artists were sent to Japan to enhance their skills and techniques in animation production. TA found that Philippine animators could meet the quality standards. As a result the company maintained its contract for more than 25 years (Animation Council of the Philippines, Inc, 2011, p. 3). Jetro Monthly Philippines IT Industry Report No. 1, reports that Toei Animation are “involved in the production of all TV animation programs which are aired 4-5 times weekly in Japan, produced by Toei. Aside from this, the company is also involved in production for the theatre, as well as video production” (JETRO Manila Center, 2005).



To meet the standards of the outsourcing companies, the TA studio gave specific training to the Filipino animators. In the early years a handful of animators were sent to Japan to learn the techniques they needed for the job. When the first generation completed the training the new generation was sent to continue the outsourcing process. After a couple of years, the outsourced animation studio had enough talented animators to do all the outsourced work. The difficulties occurred as the two nations speak different languages, thus the role of the interpreter was important in this phase. In this regard the Philippines were advantaged to some extent as there had been a transfer of knowledge which was very useful in their future animation industry. Toei Animation Studio, for example, outsourced track and paint to the Philippines from 1986-88. Two years later, Filipinos did in-betweening for 2D animated TV series and full length animations. India, too, did some outsourced jobs from America covering both full length animated films like *The Legend of Buddha*, *Gulliver's Travels*, *Tom and Oscar*, 40 episodes of a cartoon show called *Jakers*, *The Adventure of Piddley Winks* and *Pet Alison* on Cartoon Network (Thomas & Rayadurgam, 2005, p. 5).

The facts show the labour force in the animation industry greatly depends on the existence of the foreign animation studios. In the cases of Burbank Animation and Fil Cartoon Animation, the local animators suffered much from the closure of the foreign animation studios. As a result some of them had to leave the country and find jobs overseas. Interestingly, TA Studio survived, making it the longest existing outsourcing animation company in the Philippines, which has significantly contributed to the Philippine animation industry as a whole. This can be seen, for instance, in the animation style as reflected in the Philippines animations.

The good relationship between the two parties has lasted for more than 25 years. In his speech celebrating the 25<sup>th</sup> year of the Toei animation industry, the president of Toei Animation, Co, Ltd. stated that Japan Toei Animation was pleased with the Philippine animations work:

The work you produce with Key Animation, In-Betweening, Trace & Paint, background and Computer Graphics polished over 25 years; reveal your ambition, diligence, and energy in these shows (Animation Council of the Philippines Inc, 2011, p. 3).

The long relationship between Filipinos and Toei Animation studio in my opinion is due to Filipinos' loyalty to the company they work for. From the history it is clear

that Toei started the business from scratch with simple techniques and facilities. They rented a simple building with no telephone connection at the start. The workers received very low payment, but they remained with the company. Working for Toei animation to some degree has become an alternative for many Filipino animators in difficult economic times. This is the reason most of the animators decided to work for the Japanese animation studio.

Although the company encountered difficulties in the first few years, Toei had a commitment to ensure the steadiness of work by giving its animators training and work to do. These merits were not offered by other animation studios. Hence, the animators stayed despite its lower salary in comparison to that paid by other animation studios. In hard times, people tended to choose a company which provides job security. The volume of work sent to the Philippines is another factor that makes the employees stay. It is estimated that 80 percent of Toei Japan's work was sent to the Philippines, including layout key animation, background work, in-betweening, and digital ink and paint.

#### **4.1.1 The Contribution of the Outsourcing Animation Industry to the Philippine Economy**

The BPO industry is important for the Philippine economy as it supported the Philippine economy during the 1997 Asian financial crisis and has helped stimulate economic development (Daily News, 2007). In particular, the sector has helped to reduce unemployment which is a serious problem in the Philippines. When the financial crisis hit, jobs became increasingly difficult to find. This forced many Filipinos to seek jobs overseas. The rapidly growing BPO industry provided local opportunities to workers that would otherwise have had to leave their homeland. For these reasons, BPO firms have no trouble finding highly skilled people for their clients. This is in stark contrast to India, where finding candidates and keeping employees are serious problems. In the Philippines, the BPO industry has become one of the main revenue generators, which is why the government fully supports its endeavours. The country has set up special economic zones, established a Philippine Economic Zone Authority, and granted fiscal and non-fiscal incentives such as a 4-year and an 8-year income tax holiday to BPO players. Even Indian BPO service providers have established operations in the Philippines over the years (Micro Sourcing, 2006). For the past 25 years the Philippines has witnessed high

unemployment amidst low to moderate growth. Unemployment stood at 4.5% in the 1970s, but increased significantly after the economic crisis of the early 1980s, and peaked during the mid-1980s. According to the *Medium-Term Philippine Development Plan*, since 1980, the unemployment rate has hovered between 8% and 11%. The Philippines' weak capacity to create enough jobs for its growing labour force, despite some periods of moderate growth, has led to the lingering unemployment problem. In the (MTPDP), the Philippine government has openly acknowledged the need to address the country's unemployment problem and thus had a target of creating about 1.5 million jobs a year between 2004 and 2010, or a total of 10 million jobs by 2010. Early indications, however, point to the government's lack of success in achieving this goal (Magtibay et al, 2007, p.1).

As outsourcing had played an important role in the Philippine economy, the government established the Business Processing Association of the Philippines (BPAP) in 2004, which is supported by many stakeholders including the Philippine government, Philippine and foreign chambers of commerce, and allied industries such as property, telecommunications, and employee benefits. The mission of the organisation is to promote the competitive advantages and the growth potential of the Philippines in existing and new areas of outsourcing, support the industry in areas such as offshore marketing, education and training, security and privacy, legislation and public policy, among others and to make the Philippines the number one destination for voice and non-voice services worldwide.

Unlike other South East Asian countries which classify the animation industry as part of the creative industries, the Philippines puts the animation industry under the Business Process Outsourcing (BPO) industry together with among others call centres, medical transcription, and software development. The BPO has played a significant role in the economic development of the Philippines. By 2012, for example, the BPO reported that it generated more than US\$13 billion in revenue making it a significant contributor to economic growth. This fact is evidence that the government invested heavily to develop the sector. The launch of the *IT-BPO Road Map 2011-2016* in 2010 indicates government seriousness in regard to the sector. Unlike Singapore, which saw the disadvantages of the BPO industry from the early stages of its animation industry development, the Philippines seem to view it as a

promising sector (Philippine IT-BPO Road Map 2016: Driving to Global Leadership, 2010).

Although outsourcing has lasted more than three decades, the Philippines seems unwilling to free itself from the outsourcing. The government launched a blueprint for developing the outsourcing industry on the grounds that the sectors have shown significant growth from year to year. During five years, for instance, the sectors, have contributed 4-5% of annual GDP. In terms of employment they have provided 300,000 jobs directly and 0.7-1.0 million jobs indirectly. The figures indicate that they have significantly driven national economic growth (Philippine IT-BPO Road Map 2016: Driving to Global Leadership, 2010).

The *IT-BPO Road Map 2011-2016* shows that the government has put outsourcing and the animation industry on the top of the list in its economic agenda. The reason for this is that at the national level, it has helped the government create a job market and provided a significant increase in employment. With the launch of the *IT-BPO Road Map 2011-2016*, the government and the industry will focus more on how to develop the outsourcing industry. In the meantime, efforts to start developing the local animation industry will be of secondary concern.

For 20 years, various aspects of animation production have been outsourced by US movie companies – who first looked to Japan and then to the Philippines, Korea, Hong Kong, and Thailand. The sophisticated and lucrative preproduction, finishing and marketing of animated films, however, has always remained in America (Duncan, 2009).

In a phone interview, Lim told the *Inquirer*, “in 2011 alone the Philippine animation industry drew in a total revenue of US\$128 million which was generated by around 8,000 animation professionals, not just animators”. He explained that the bulk of the revenue came from animation studios and production agencies producing outsourced material for clients in the United States, Japan and Canada (Espinosa, 2013).

Outsourcing demonstrates how hegemony functions in the animation industry. The success of a blockbuster, for example, will make TNCs richer, while the cultural workers from less developed countries stay poor and relatively exploited. Most profit will go to TNCs which also hold the IPRs of the cultural products enabling them to

profit from the merchandise, theme parks, and related products. Meanwhile, the cultural workers from developing countries receive money for the job they have done but do not receive royalties if the work is a success. It should be noted here that it is not only developing countries like the Philippines that suffer from the practices of neoliberalism, but also local American companies like Rhythm and Hues – a visual effects company which ironically went bankrupt when it received a prestigious Oscar Award for Best Visual Effects in 2013 for *The Life of Pi*. In his opening remarks at the VES Awards, executive director Eric Roth said, “We need to face it that globalization is here and there are hard financial realities” A large amount of VFX work has already moved to cities and countries where producers receive tax credits and where labour is less expensive than in Los Angeles (Giiardina and Gardner, 2013, par 13-14). It is clear here that the practices of neoliberalism, including outsourcing, tend to benefit the TNCs whilst developing countries and local VFX American companies encounter uncertainties.

Due to the lack of capital needed for art production: economic, cultural, and symbolic capital, less developed countries serve as “below-the-line” cultural workers. The Philippine animators, for instance, lack the aforementioned forms of capital required in the animation industry. In terms of economic capital, they do not have enough funding and investment to establish their own businesses; hence, the only way to survive is by receiving outsourcing jobs from TNCs. The situation is worsened by the government’s inability to provide the industry with financial support either in the form of incentives or grants. As a result, they lacked access to the cultural production and lost the battle in the field. Although from the perspective of cultural capital, the Philippines has skilled human resources, they are still left behind compared to their counterparts. This can be seen in how TNCs always lead the IT development for animation making whilst most animators from less developed countries will then need to learn from them. In the case of the Philippines, Filipino animators had to be trained by the Japanese animators prior to commencing their job contracts. Another good example is Pixar which successfully developed innovations in animation techniques and then became the trendsetter in the global animation industry. It is obvious that the animation industry has been a good example for the field of struggle. In this context, TNCs have created hegemony in the animation industry. In an attempt to maximise profit, they outsource some aspects of jobs to countries offering skilled

and cheap labour. The less developed countries which lack economic, cultural and symbolic capital must either take the outsourcing jobs or stay jobless. Clearly, the benefits of growth in the industry have not been broadly shared among the population. Of the country's 17 regions, three account for close to two thirds of GDP. The incidence of poverty declined only marginally between 2009 and 2012, with about a quarter of the population considered income poor.

In 2015, the Philippines still focused on animation outsourcing. ACPI president Juan Miguel del Rosario, claims that "ACPI's aim is to promote the local animation industry globally with the intention of making the Philippines the preferred destination for outsourced animation services by large animation producers in North America and Europe, such as Disney TV, Universal Studios, Warner Bros, Rovio, Bento Box, and Teletoon, among others. Recently, the Philippine animation industry comprised 50 SME animation studios employing 10,000 artists and production specialists. With 90 percent of North American animation services outsourced in Asia, the animation sector of the Philippines information and communications technology (ITC) industry is set to grow robustly in the next three years (Dabu, 2015).

There has been competition amongst less developed countries to get jobs from the TNCs. They try to offer bigger incentives and tax breaks to the TNCs to become the favourite destination for their outsourced work – in what is referred to as a race to the bottom. The Philippines, for example, used to be the favoured country for the animation outsourcing industry. With talented English-speaking artists, the country has attracted both Japanese and American animation studios. The emergence of the new players in the sector, namely India and China, has encouraged the local animation studios to diversify. Some studios shifted to advertising services; others are creating original cartoons to earn a share of the royalties instead of merely obtaining a contract fee. During the early 1990s, a typical Philippine studio could charge US\$150,000 for a 22-minute show. Competition and new computer technology has meant the fee has reduced to US\$80,000. Yet in India and China the same animation costs as little as US\$40,000 because labour is less costly (Hookway, 2005).

India recently won the competition to take outsourced jobs due to its cheap labour. The cost of a 30 minute 3D animated program in India is US\$60,000 compared to US\$250,000 – 400,000 in the US and Canada. India also offers a cheaper price than the Philippines. As an illustration a monthly salary of an Indian animation professional is US\$600 while in the Philippines it is US\$1,000 - 1,200. The TNCs now have more options to choose from when seeking to outsource their work (Thomas & Rayadurgam, 2005). India and China can minimize their labour costs due to new computer technology. During the 1990s, for instance, most Philippine animation studios would charge US\$150,000 for a 22 minute show, but new technology lowered the cost of production to US\$80,000. However, India and China offered US\$40,000 lower than the mentioned price. We see here that technology has affected the outsourcing industry. With new technology, jobs can be performed more efficiently; hence, reducing wages. Another important factor is the willingness of the labour force to take lower paying jobs. This situation is not profitable for less developed countries. In this instance they will survive through regular jobs from the TNCs; however, they will get lower wages. In difficult economic times, there is no choice for less developed countries but to take this option.

As Rundra (2008) has pointed out earlier, globalization hurts the developing countries (LDCs). The reasoning is fairly simple; developing countries participate in highly competitive global markets (Rundra, 2008). Governments must cater to domestic and international capital interests by cutting wages and benefits. In the above discussion, one can see that LDCs will suffer in this context. To get the major studios' contracts they must offer the cheapest fee. In addition, they also offer tax concessions and other incentives for the big studios. The LDCs in this circumstances will experience a double suffering: from the TNCs and from the cultural policy which offers tax cuts and incentives. While conversely, the TNCs will enjoy double profits: having cheap labour and receiving tax benefits and incentives. As a result, the TNCs will increase their profits, while the LDCs will not benefit from the outsourcing industry.

#### **4.1.2 Disney and Japanese Tastes as Seen in the Local Full Length Animated Film *Urduja* (2008)**

The relationships established through neoliberal practices and labour market conditions are also manifested in animation texts. As has been mentioned earlier, the

Philippine animators have been trained by both American and Japanese animation studios in order to be able to meet the standards of the big studios. To this end, I will analyse *Urduja* (2008) to see to what extent outsourcing affects local animation production. The purpose of this narrative analysis is to illustrate how cultural policy, more specifically outsourcing in the Philippines, has influenced its cultural product, in this respect, the full length animated film.

*Urduja* (2008) is the first Philippine 2D full length animated film produced by a local animation studio. The film was produced by APT Entertainment in association with 7Toon Animation Studio, Imaginary Friends Studio, and Road N Trip. It was directed by Reggie Entienza and produced by Antonio P. Tuviera. The animation story was written by Reggie Entienza and Michael Tuviera, and the screenplay was by Reggie Entienza. The song themes of the film were composed by Ogie Alcasid and Joe De Leon. Importantly, *Urduja* is the first Tagalog full length animated film (ICC Faculty Gains International Animation Perspective, 2012).

The story is set in the land of Taliwisi somewhere on Pangasinan Island in Luzon, the Philippines. The story is controversial, as some believe that it is merely a fictional story whilst others believe that it is based on a true story from the thirteenth century on Pangasinan Island. Another opinion is based on the historical writings of Middle Eastern traveller, Ibnu Battuta, who travelled to a number of Islamic kingdoms including the kingdoms that preceded the Philippines. It is mentioned in the history that the princess of Taliwisi is a brave warrior who leads her male and female troops into war. Whether fiction or non-fiction, the legend is still popular with local people in Pangasinan. The story tells of a princess who is supposed to marry a native male named Simakwel, but unfortunately for him, the princess falls in love with a Chinese pirate, Limhang, who is stranded in her territory. Their liaison upsets Simakwel and he plots to do everything in his power to try to expel his rival from the island in the hope that he will win the princess' heart. The princess who is deeply in love with Limhang finally chooses Limhang rather than Simakwel and they live happily ever after.

The use of the national language of Tagalog indicates a gesture to reinstate national pride and identity which has all but been forgotten. In addition, the film is based on a local legend – the story reflects its cultural values in terms of its social and place



settings. The film also promotes national cultural values perhaps in an attempt to neutralise foreign influences that have dominated Philippine pop culture for so long. *Urduja* (2008), is an alternative to mainstream entertainment, and is an example which in the long run may help to strengthen Filipino national identity.

In what follows I look at some aspects of the visual style as well as the politics of the text. I argue that *Urduja*'s plot is similar to that of *Pocahontas* (1995) - both of them are about the daughter of a chieftain who falls in love with a foreigner who is considered a villain by their tribe. At the end of the story both female protagonists get married and live happily ever after with their ideal partner – a typical Cinderella story. In both films there is an absence of a mother figure. Although *Urduja* is believed to be a brave warrior, in the film she is not involved in war. She is described as a brave fighter who is able to defend herself from attack, but a big part of the film actually presents her daily life as a princess. This is in contrast to what has been described in Ibnu Battuta's log which states that Urduja was a brave female warrior and leader. This adaptation is probably intended to follow the formula of the full length animated film *Pocahontas*.

The formula usually requires that the female character be beautiful, be waiting for a powerful and handsome prince to come, and at the end of the story to rescue her such that finally the couple lives happily ever after. Although Urduja is supposed to be a local heroine, she was depicted as another Pocahontas, which can be seen in her characters similar figure and body shape. This is in line with the popular culture formula put forward by Nord (2006) in which a risk theory of formula lies between two extremes. On the one hand, the audience has its own level of expectation, whilst on the other; the producer has to produce a single uniform cultural product. So the formula is the compromise between the two. In this context, the producers manage to minimise the failure, thus the formula is what the audience accepts (p. 24).

To illustrate this I would like to present a number of similarities that can be found in the two full length animated films in terms of animation style. The two female characters: Pocahontas and Urduja have a number of similarities in their physical appearance as can be seen from the following pictures:



Figure 1 The female character Urduja

Source: <http://app.emaze.com>



Figure 2 The female character Pocahontas of Pocahontas

Source: <http://www.themarysue.com>

Both the female characters have long hair and a slim figure, a standard of beauty which is found in almost all Disney full length animated films. Like Pocahontas, Urduja also wears a similar necklace. The setting of place where the female characters meet their lovers for the first time is both on water. Pocahontas meets Captain Smith at a waterfall, whilst Urduja meets Limhang at the river. Like *Pocahontas*, *Urduja*, too, has its own theme songs which to some degree are similar to those of Pocahontas, showing that *Urduja* also uses theme songs to illustrate the love story.

The imitation of Disney style manifests itself in two aspects: both the Philippine's working experience as an outsourcing country and the Philippine historical background of American occupation, have contributed to the imitation of Disney's style in their local animation production. First, the Philippines have been working for American animation studios for about 30 years. The animators have been much influenced by American style in terms of animation style, theme, plot, theme song

and characterisation. It is not surprising that *Urduja*, too, has been influenced by Disney's *Pocahontas* in terms of its narrative. And the second factor is that after being occupied by the US for 48 years, American influences were still pervasive in the political, economic and cultural spheres (Fernandez, 1996, p. 1). The success of American hegemony, as Constantino (1966) states, was a consequence of the use of English as the instruction language in the Philippine education system. This has helped uproot the nation from its indigenous national identity. He further claims the use of English has led to the popularisation of American culture in the local schools. This has led to "a national inferiority complex that looks up to American standards and practices but looks down to their own" (Constantino, 1966, p. 4).

Lent (2007) states that the imitation is also caused by the dominant influence in animation in Asia by both Japanese and American animation. As a result their impacts on artistic styles, format and content are stark. China, South Korea and Taiwan have complained that their local animations are nothing but copies of *anime*. In addition, the influence of Disney and *anime* can be seen. Malaysia, too, has a similar experience (p. 106).

Although the Philippines have also handled outsourced work from Japanese animation companies, the influence of Disney is more dominant. The reason is that Disney is more popular than *anime*. It is understandable that Japanese animation studios produce more animation for TV rather than cinema; therefore, audiences are limited to watching animation on TV, while Disney produces more full length animated films which are globally distributed. In the case of *Urduja*, the animation studio preferred a Disney style rather than an *anime* style for economic reasons – the product will be more saleable.

Unlike Singapore which adopted Chinese legends that appeal to its ruling elite, the Philippines has explored its own local legends which depict its local culture. This choice has been considered very nationalist on the grounds that it promotes its local culture for a number of reasons. First, the film is in Tagalog, the Philippines national language which encourages Filipinos to value their own language. Another example is the exposition of traditional dance in the opening scene of the film which can be considered an effort to promote its national culture. The theme songs of the film also enriched the music industry in the country. The problem remains as to whether local

tastes will be able to compete with global tastes. It seems clear that less developed countries are faced with the dilemma of whether to adopt western tastes that will be globally accepted or promote their own local culturally imbued animation with the risk that the cultural product will not be able to compete with Disney and *anime*. In the case of the Philippine animation industry, the Philippines has taken the risk with its decision to promote its local content with a consequence that the cultural product will only be able to be consumed by local audiences.

#### **4.2 Outsourcing in the Animation Industry in Malaysia and Singapore**

As Lent (2007) notes in the previous chapter, it is a common practice that most Asian countries began their animation industries as subcontractors. Japan, for example, was chosen as the first subcontractor by US studios in the 1960s for two reasons: its cheap and skilled labour supplies and its good trade relationship with the US (p. 4). After the proliferation of the animation industry in Japan, however, Japanese animation studios began to outsource their work to other Asian countries such as China, India and the Philippines. Amongst the four countries of South East Asia, the Philippines has the largest animation outsourcing industry in the sector. The rest of this section focuses on outsourcing animation in Malaysia, Singapore and Indonesia.

Unlike the Philippines, Malaysia did not focus on outsourcing, although it did in the beginning. A number of animation studios, for example, Lensamation, carried out the outsourced jobs for overseas animation studios. In Malaysia, there are only a handful of animation studios which did outsourced work from Japan. Lensamation is a good example of this. It was founded in 1987 and got a contract from Toei Doga, Animation (TDA), and Japan. In the early stages six artists were selected to be trained under TDA. A year later, Lensa Film brought five animation experts from Japan to train more than 70 local animation artists within a period of two years. These individuals were given the chance to work while being trained and this has contributed to the development of the nation's animation industry. FilmArt and Lensamation became the first two privatized animation providers handling offshore work. Lensamation was contracted and trained by Toei of Japan to undertake animation work known as ink and paint and thereafter work on the process known as in-betweening. Malaysia then focused more on local production and co-production (Lent, 2007).

Similarly, Singapore, did not rely on outsourcing because it believed that outsourcing would trap them in the sector and would make it difficult for the country to develop its local animation. In a high profile panel on animation in Singapore in 2005, a panellist stated that: outsourcing is dangerous, because we can get stuck in outsourcing for a very long time and never get out of it. That's why I try not to do outsourcing jobs but stay focused and get investors to believe in us (The Straits Times, 22 March 2005, p. 23).

Another panellist, David Kwok, chairman of the Singapore Animators points out that,

“There was cheaper labour for animation jobs in India and the Philippines than Singapore, [...] No way can we compete on labour cost, like that factory-kind of outlets.” He further says that, “In the initial stage Singapore can take outsourcing jobs but it's not the way to go in the long term” (The Straits Times, 22 March 2005, p. 23).

As stated by a newspaper report, the panellists emphasised the importance of maintaining Singaporean content. Dr Chia added to do so Singapore needs to work hard to be able to sell Singapore content. There is no easy way to do it. On one hand, the MDA does not want to simply dole out financing, which could land in projects that fail. On the other hand, the authority is aware of difficulty budding entrepreneurs have in getting funding. Apart from financing, the MDA has two more areas to stimulate: production including talent and content, and sales which is about scaling Singapore-developed content so that it can sell overseas (ibid).

On another occasion, Kwok confirmed that Singapore would not place emphasise on the outsourcing service:

“Do to our cost we cannot establish ourself only on a service hub for production. Or else our situation will end up like the manufacturing sector, where work is moving on to cheaper places like India and China. We do not want to just manufacture sport cars. But we need to look into designing sport cars” (Ren, 2013).

Although in the early stages of development, Singapore received projects from foreign studios, it did not focus on this service-oriented job. Singapore puts more emphasis on creating a content industry.

### 4.3. Outsourcing in the Indonesian Animation Industry

Outsourcing in Indonesia has not been as vibrant as that of in the Philippines. A number of studios in Jakarta, Bali and Surabaya; however, have received works from American and Japanese animation studios. Infinte Frameworks (IFW) Studio, for instance has worked on projects from American animation studios, including *The Garfield Show*, *Leonard/Dr Contraptus*, *Lucky Luke* and *Franklin and Friends*. Meanwhile, an animation studio in Bali has worked on projects from Japan, including the miniseries *Doraemon*, *Doraemon the Movie*, *Sinchan*, *Chibi Maruko Chan*, and *The Prince of Tennis*.

As an interviewee claimed, to some degree outsourcing in Indonesia is not a vital industry because the animation studios mostly did the service in the years before the 2000s, after that; however, it can be said that only a few jobs went into Indonesia. He points out:

Outsourcing does exist in Indonesia, even though it is not a big project. It was only until the 2000s, after which it was quiet (Participant 1, personal communication, February 8, 2016).

On the basis of the interviews, this unsatisfactory condition was caused by several factors, including: lack of government support, lack of man power and lack of English mastery. In terms of government assistance, the concerned parties think that the government should seriously pay attention on the industry so that it can flourish properly. An interviewee stated that he had to compete with Chinese and Korean studios that offered lower prices. He states:

It's interesting to note that China and Korea offer cheaper service prices. I wonder why it can happen. It turns out that their government provide assistance, which included animation studios. Meanwhile here I have to pay all the production costs myself. That's why we can't give foreign studios a lower price (Participant 4, personal communication, February 20, 2016)

The statement indicates that the facilities provided by the Chinese and Korean governments can reduce service prices for outsourcing services. While studio owners in Indonesia have to incur higher production costs, as a result, it is difficult for them to offer lower prices.

Another challenge faced by outsourcing in the animation industry in Indonesia is lack of manpower. Unlike the Philippines, which has a number higher institutions offering animation majors, Indonesia does not yet have enough educational institutions to prepare workers in the animation industry. In Indonesia, however the situation is different, the manpower produced is not sufficient to fulfil the market demand. This problem was raised by one of the interviewees:

Often we are unable to meet the demands of foreign studios in terms of the number of episodes produced each month - one episode is usually 24 minutes. We have only been able to finish an average of 2 episodes per month (Participant 1, personal communication, February 8, 2016).

The inability to meet the demands of foreign studios is certainly a serious problem. In this situation, the Philippines is better equipped to meet the demands of foreign studios given the fact that they have a sufficient number of manpower. Of course, foreign animation studios will prefer studios that can always meet their demands. Therefore, in comparison to Indonesia, the Philippines has become a more favourite destination for outsourcing. So far, the government has mostly built vocational high schools that have animation majors. To prepare human resources, while at the tertiary level, there are only a handful of higher education institutions offering animation majors such as: Universitas Malang, Politeknik Negeri Media Kreatif, SAE Institute Indonesia, and Universitas Bina Nusantara Jakarta.

The last problem is lack of English mastery. It goes without saying, English is one of the important factors in the animation industry because the studios that send work are mostly from English speaking countries. The workers are certainly expected to understand the instructions in working on animation so that they are expected to produce works that are in accordance with the wishes of foreign studios. Even at the managerial level, mastery of English is very important in facilitating communication between the two parties. Regarding the problem of the lack of mastery of English among the workforce, one of the interviewees conveyed:

Yes, that's right, we have also visited the country [ the Philippines]. One more factor may be the English language...err... our employees have poor command of English. This is definitely a serious problem for us (Participant 1, personal communication, February 8, 2016).

Seeing the facts above, it can be implied that in addition to mastering drawing techniques, mastery of English is also essential to consider. With smooth communication between the two parties, the work will be more easily completed. It is clear that foreign studios of English speaking countries will prefer employees who have good English skills as it facilitates the working mechanism.

In sum, there are three problems encountered by outsourcing in the animation industry in Indonesia, namely lack of government assistance, lack of human resources and lack of English language skills. Seeing the government's enthusiasm in opening vocational high schools (SMK) that offer animation majors, it seems that there is a tendency to open wider outsourcing opportunities.

#### **4.4 Conclusion**

There are a number of important points that can be inferred from the above discussion. First, among the four Southeast Asian countries considered in this study, the Philippines is the country with the most active outsourcing. This is due to several factors, namely:

1. Availability of sufficient manpower.
2. Good English skills.
3. Government support for the world of outsourcing.

The availability of labor is due to the fact that the Philippines has a number of higher institutions offering animation courses. In other words, the Philippines can be said to have no serious problem with providing a competent workforce in the field of animation. In addition, mastery of English supports the industry. As a matter of fact, the Philippines is accepting outsourcing jobs from a number of countries including America. With good command of English, work relations between the two parties run smoothly. The economic recession has pushed the Philippines to save the economic conditions. Outsourcing work is an alternative in difficult economic conditions.

The unemployment problems faced by the Philippines after the monetary crisis in 1997 have shown the government's failure to provide jobs. BPO outsourcing to some point has helped the government solve the unemployment problems. As a result, the government has considered the sector important to its economic development. The BPO, too, helped the animation industry survive through the economic crisis by



receiving outsourced work both from Japanese and American animation studios. The serious problem faced by the Philippines is the phenomenon of a race to the bottom in which less developed countries offer bigger tax breaks and incentives and cheaper labour to the TNCs. India and China, have become competitors of the Philippines as they offer cheaper labour which has decreased the quantity of outsourced work sent to the Philippines. As a result, the TNCs have changed the destination for their outsourced work. A race to the bottom has benefited the TNCs, whilst less developed countries suffer from the practice.

Second, unlike the Philippines, Indonesia is not the favorite outsourcing destination for the top animation studios in the world. This is due to the following reasons:

1. Lack of facilities
2. Lack of manpower
3. Lack of mastery of English,
4. Lack of government support.

Unlike the Philippines, in Indonesia there are not many higher institutions that have opened animation majors. To date, Indonesia still focuses on managing vocational schools that offer animation majors, while at the tertiary level this has not been paid much attention. The lack of mastery of the English language is one of the obstacles to communication between American studios and Indonesian studios. In addition, lack of government support causes outsourcing to be less well developed. As discussed earlier, Singapore is committed not to focus on outsourcing. Like Singapore, Malaysia does not depend on outsourcing either.

In conclusion, each country has a different cultural policy regarding outsourcing. This is due to several factors, including economic conditions and cultural policies. Less developed countries still accept outsourced works in a way as an alternative to save their economic conditions this is evident in the case of the Philippines. So far the Philippines has become the favorite destination for outsourcing from various well-known studios due to the availability of skilled labour, good command of English, and the existence of government support. In Indonesia, outsourcing doesn't flourish well due to a number of factors such as lack of government assistance, lack of manpower and lack of mastery of English. Whereas countries with strong economic bases do not depend upon outsourced works, this is because they have

capital, therefore they tend to develop their own animation industry. This can be seen in the case of Singapore and Malaysia.

From the neoliberal perspective, outsourcing is more in favor of TNCs. This can be seen from the fact that they can choose the cheapest service price. In addition, they still receive tax breaks and incentives from the recipient country. Meanwhile, among the countries that do outsourcing, there is unfair competition where they offer lower prices in order to get a job. This will lead to “race to the bottom” which of course is not good for their economic development. This fact shows that outsourcing has benefited TNCs and harmed peripheral countries.

In addition, outsourcing to some degree has affected the local production of animation in the Philippines. The full length animated film *Urduja* (2008) is a case in point. As Filipino animators have worked for both American and Japanese animation studios, Disney and *anime* styles have influenced the narratives of the animation work they produce. The discussion shows that to some point *Urduja* is a copy of Disney’s Pocahontas which is evident in its similar narrative. Here it is clear that western domination occurs not only in political and economic arenas, but in the cultural arena as well.

## CHAPTER V

### CO-PRODUCTION IN SOUTHEAST ASIAN ANIMATION INDUSTRY: STRATEGIC ENGAGEMENT IN THE GLOBAL ANIMATION MARKET

#### 5.0 Introduction

Co-production in the film industry is defined by Finney as “any type of production that involves more than one producing party in the financing and production process – whether through official channels or unofficial which may be made through a partnership, a joint venture or through varying types of co-operation, the most common of which fall under official co-production” (Finney, 2010). Historically, co-production itself has been a long tradition in the cinema industry. International co-production started as early as the 1940s when France and Italy decided to collaborate in film production aimed at rebuilding their film industries after World War II. Since then the world has witnessed the emergence of co-production in the film industry including that of Asia and Africa. Due to the fact that film production is highly expensive, co-production, in a way has been considered as a way to reduce production cost. With Hollywood as the centre of the cinema industry, we have witnessed the proliferation of co-production in the global film industry (Mirrlees, 2013).

As Miller, *et al* (2001) state in their work, there are two kinds of co-production namely: treaty and equity. Treaty co-production is collaboration between non-American and Multi-National Corporations (MNCs) which operates under a treaty. They are formal affairs that fall in the realm of international relations. On the other hand, equity co-production “constitutes a strategic and temporary partnership between two or more companies, driven by the search for maximal profits and usually not eligible for treaty status” and they do not directly involve issues of cultural policy and national identity (Mirrlees, 2013, p.160). Besides economic advantages, co-productions also offer broader markets for MNCs. In addition, they also give an opportunity for the MNCs to learn technical knowledge from their collaborative corporations. In order to be able to participate in co-productions, however, the MNCs have to attract the TNCs by giving incentives and build infrastructure among others.

Unlike co-production in the film industry which has been widely discussed by scholars from various fields of studies, co-production in the animation industry, more specifically that of Southeast Asia has not received great attention. This chapter; therefore, examines co-production in the Southeast Asian animation industry which focuses on how the four countries studied engage in the global animation market under the neoliberal framework.

## **5.1 Co-production in the Singapore's Animation Industry**

This section first discusses treaty co-productions, followed by equity co-productions in the Singapore's animation industry. First I present the data on animation co-production between Singapore's animation studios and the TNCs. This, then is followed by the discussion sections which further analyse how each country has made strategies in engaging in animation co-production from the neoliberal perspective.

### **5.1.1 Treaty Co-production in the Singapore's Animation Industry**

As at the time of conducting this study, Singapore has signed Co-production Treaties with five countries: Australia, China, Canada New Zealand and Korea. In addition it has also signed six MOUs with other six countries. Australia has recently seen Singapore as an important co-production partner. In 2007 the two countries signed a co-production treaty and today they have co-produced five co-productions: one miniseries, two animated children miniseries (including one three way co-production with Canada) and one documentary with total budget more than \$45 million. The treaty with Australia was signed in 2007 and entered into force in October 2008; a very recent partnership compared with Singapore's Canadian treaty signed in 1998 (Partner Countries: Singapore: Profile, 2013).

The first Singapore animation studio which has engaged in treaty co-production is Tiny Island Production (TIP) which was established in 2002 and is one of the most prestigious Singapore animation studios. Today it is known as the pioneer in the stereoscopic animation in Singapore TIP did more equity co-productions than treaty ones. Only one treaty-coproduction has been completed so far, ie. *G-Fighters* (2014) - a 26 X 22 minute animated TV miniseries collaboration between Electric Circus, a South Korean animation production house. The miniseries is about the heroes who

attempt to save the planet from invaders. The collaborative work offers the combination of Electric Circus's strong and unique design and TIP's high value production capabilities. The miniseries has been aired in more than 60 countries (David Kwok, Kidscreen, 2014).

The second animation studio which has co-produced a number of animated miniseries is Scrawl Studios which was established in 2002. The first co-production was *Milly, Molly* (2006) which is a collaborative work between Scrawl Studios (an Australian Animation), Pacific and Beyond International, and the Singapore MDA. This is a 26 episode animated miniseries targeted for children up to eight years old. The miniseries is based on the internationally published children's books with the same title which tells about the everyday life of two little girls from different cultural backgrounds. The book written by New Zealand writer, Gel Pittar, has been 3.5 million copies worldwide whilst the miniseries has been translated into 26 languages. The second co-production is the *Adventures of Nanoboy* (2005), a 2D animated miniseries about a tiny superhero who fights microscopic villains. It has already secured distributors for Asia (Agogo, Intl. Limited) and English-speaking Europe (Village Productions). It took one and a half years to realize the concept into the real animation which originated as an A1 game for mobile platforms. The Singapore government has shown its commitment to support the co-production by granting the 12-minute pilot episode of the miniseries through the Media Development Authority's Digital Content development Scheme (Zahed, 2012). The third coproduction is *Zou* (2011) a 52 X 11 minute CG animated series for preschool kids based on a popular children's book by Michael Gay which tells about the relationship between a loveable Zebra child and his family members and friends. It has been globally aired in fifty countries including France5, TeleQuebec, and Disney EMEA (Arrant, 2011), and the last co-production is *Guess How Much I Love You, the Adventurers of Little Nutbrown Hare* (2012), a 52 X11 minute animated TV miniseries based on a bestselling children's book by Sam McBratney and illustrated by Anita Jeram. The book has sold 32 million copies worldwide making it a timeless classic. The miniseries is about the adventures of the nutbrown hare and his beloved ones (Zahed, 2012). The miniseries has been globally aired including the US, Europe, Australia and Asia. In addition it has won the top awards for the best 2D animated program at the 17<sup>th</sup> Asian Television Awards held in Singapore (*ibid*).

The third important local animation studio is Sparky Animation (SA) which was established in 2005 and recently employs about 110 staff. It produces 3D animation for home videos, TV series, digital games, mobiles, Internet content, and films for worldwide markets. It also develops original content and IPs as well as merchandises them globally through international licences. Its research department also develops CG production tools and systems that facilitate its production pipelines (Sparky Animation). SA has signed a co-production with Japan's Duckbill Entertainment, Buku Enterprise Inc and Bundai Visual Inc. Their co-production is based on the bestselling Japanese book series *One Stormy Night* (2005). In Japan the book has sold over 3.5 million copies and has been adapted into numerous formats including a musical and video games. Another animation *Fleabag Monkey Face* (2009) was the co-production of SA, Impossible Kids (the UK) and Walker Production (the UK). It is based on a series of famous book by British writers Knife and Packer. The miniseries *Fleabag Monkey Face* tells about an eponymous hero and his two creators Gene and Gerald (2014).

The fourth Singaporean animation studio is Peach Blossom Media (PBM). The first co-production is *Tomato Twins* (2002); a 52-episode animated TV series – a collaborative work between PBM and Omni Film Productions of Canada and it became Singapore's first international series when it was aired globally by Nickelodeon (*Tomato Twins*, 2002). PBM has collaborated with a South Korean animation studio Sunwoo to produce two animated miniseries *Growing Up Creepie* (2006) a preteen animated TV miniseries which portrays the school life of Creepie, a girl who was raised by bugs, and a 26 episode animated TV miniseries *I got a Rocket* (2006) about the life of a boy and his talking rocket. The miniseries has been aired in Germany and Australia (Ball, 2005). In collaboration with Submarine – a Dutch animation studio PBM co-produced *The Incredible Adventures Kika and Bob* (2008) – a 26 x 13 minute animated TV miniseries co-produced by Submarine of the Netherlands, a UK company Evergreen Entertainment and TIP. The miniseries was based on Dutch writer Annie M.G. Schmidts' children classic *Mineos* portraying the adventures of a smart little girl called Kika and a gentle but clumsy fireman called Bob (DeMott, 2005). Cookie Jar of Canada is also interested in collaborating with PBM to co-produce *Hurray for Huckle* (2007) a TV animated mini-series based on a famous children's book by Richard Scarry which has been sold 150 million books

worldwide. The miniseries is about seven characters that help others solve every day life's mysteries in a town called Busy Town. The miniseries has been globally broadcast including Italy, France, Germany, Sweden, Canada, Finland, Iceland, Denmark and Norway. And the last co-production is *Manon* (2008), a 52 x 7 minute preschool animated TV miniseries which was based on a popular French children's book by Gerard Moncomble and Nadine Rouviere telling about a cute little girl who lives with her adorable companions such as cats, dogs, birds, rabbits and ducks. The co-production was commissioned by French channel Tiji, Canada's Radio-Canada, SCN, TFO and Knowledge Network (2007).

The data presentation shows that Singapore's animation studios have made co-productions with Asian, European, Canadian, Australian and American animation studios. In Asia they have collaborated with Japanese, South Korean, Chinese, and Thai animation studios enabling them to have broader animation markets in Asia. In addition, they have made co-productions with European countries such as France, the UK and the Netherlands. As a result it has an access to European markets. Similarly the co-production with Australia, Canada, and American-based animation studios have enabled Singapore animation studios to reach wider markets in those areas.

As has been previously discussed the government has supported the co-productions by offering tax breaks and incentives. In the Singapore case, the government has actively sent the animation studios to participate in various animation festivals to attract foreign investors. This is part of neoliberalism practice in which TNCs have to offer subsidy to the MNCs. As a result, the TNCs will benefit more in this collaboration whilst MNCs will not gain maximum profits in the co-production. But for the MNCs this is the only way to get a partner to co-produce animation. Otherwise, the TNCs will not be interested to do business with the MNCs and are free to choose other MNCs offering tax breaks and incentives.

For the MNCs co-production will give an opportunity to learn new experience from their counterpart corporations. Scrawl Studios for example has learnt valuable lessons from its international collaborations: "it's given us an insight into the expectations of major international projects, and also how to better set-up our team to achieve the quality expected. It's been an opportunity to work with some of the biggest talents in Australia and I came away deeply impressed by the depth of the

talent pool there as well as their capabilities” as stated by Chong Meng Seng from Scrawl Studios (The Rise of Singapore, 2011).

### **5.1.2 Equity Co-production in the Singapore’s Animation Industry**

In comparison to the quantity of treaty co-productions, there has been less number of equity co-production in the Singapore’s animation industry. The first equity production is a collaborative work between TIP and the international distributor Classic Media and Thai-based production company Shellnut Entertainment on a CG animated series, *Shelldon* (2002) – a series which portrays the sea-creatures’ life and teaches parents and children how to save oceanic nature. The miniseries has reached the US and French audiences (Kidscreen, 2014) and won best 3D animation at the Asia Image Apollo Awards 2013 Presentation. The series has become a favourite in children’s programing in Thailand and was aired by Channel 3 Family, one of Thailand’s largest television networks (Shellnut and Tiny Island Production Bring Dream defender to Thailand Channel 3 Family, 2014). The second equity co-production is *Ruf Ruff Tweet and Dave* (2013) which was a collaboration between Collingwood O’Hare, Sparky Animation Studio, and US broadcaster Sprout & Bejuba! Entertainment. The miniseries is about early learning topics suitable for preschool kids in order to help them gain a better understanding of the world around him. The third equity co-production is *Ben 10 - Destroy All Aliens* (2011), a co-production between Cartoon Network Asia and TIP which achieved impressive ratings and received two awards. The last co-production is *Dream Defenders* (2011) – a collaborative work between Tiny Island and Classic Media. This has been the first stereoscopic animated series made in Singapore which got the Asia Image Apollo Award for the Best 3D Animation in 2013 and it has been considered a display of Singapore’s competence of conceptualization and production of animation ("Tiny Island Productions Puts Singapore Animation Dreams on the World Map, 2010").

To date there are two full length animated films co-produced by a US-based animation studio and a Singapore animation studio. The first is *Zodiac: the Race Begins* (2005), a 90 minute full length animated film which was co-produced by Cubix Picture and Kosmic Film. Toh, the Cubix Executive Director explains that Cubix Picture has played a significant role in distributing the film. It has been sold to twenty two countries including Taiwan, China, Thailand, Malaysia, Indonesia,



France and Eastern Europe (Wong, 2005). The second animated film is *Legend of the Sea* (2007), an 80 minute full length animated film co-produced by Cubix Picture, Kosmic Film Entertainment (US) and Zongnan Animation (China) with financial support from the MDA. The animated film which was directed by a Singaporean director Benjamin Toh was based on the Chinese legend - *Legend of the Eastern Sea*. The animated film has been sold to 12 countries (Ball, 2007). In terms of the market demand *Legend of the Sea* (2007) achieved less success than the previous one despite the fact that it has been sold online through Amazon.com which enables it to reach global customers. According to Common Sense Media, a non-profit organization, for instance, this film received one star based on the reviews of two reviewers (Common Sense Media.com).

The use of a famous American actor in the local Singapore animation production was seen as a guarantee to enter the global market. This is, however, not always true. At this raete, the quality of the full animated film is more important than the big name involved in it. Another important point here is that the producer seems too ambitious to recruit a famous film star from Hollywood.

Despite the failure to penetrate the global animation market, *Legend of the Sea* (2007) indicates that to some extent Singapore has attempted to develop its local animation. Unlike most animation studios which prefer co-producing animation with foreign content, Cubix, as stated by its executive director Benjamin Toh attempts to develop the local animation industry with Asian myths as content (Wong, 2005). What happened in the global market, however, is a bitter fact because both the full length animated films could not penetrate the global animation market. This is a challenge that the new players will encounter.

The discussion shows that Singapore tends to focus on treaty co-production rather than equity co-production. The reason for this is probably Singapore has not been considered as an important player in the animation industry by American-based animation studios. In this regard, American animation studios prefer co-producing with European and Canadian animation studios. Australia, however has seen Singapore as an important player in the sector, As a result it has made a treaty agreement with Singapore to further develop animation co-productions.

### **5.1.3 The TNCs and the Singapore Government Collaboration**

Cartoon Network, an American basic cable and television channel owned by Turner Broadcasting system has made a collaborative program with Singapore's MDA. Cartoon Network announced a joint agreement with Singapore's Media Development Authority to launch SNAPTOONS (Short New Asia Pacific Cartoons), an initiative that calls for creative pitches for original series from professional and budding animators. It aims to connect Cartoon Network with new creative talent from Singapore, with the end plan of investing and developing fresh animated ideas appealing to kids, reflecting the cartoon network's brand promise of fun, funny, surprising and fearless.

Mr Yeo Chun Cheng, director of Broadcast Animation, Film and Music, MDA said: "We are pleased to partner with Cartoon Network on SNAPTOONS. Our collaboration provides opportunities for Singapore content creators especially budding animators to create original and creative content for the international market. We look forward to receiving many interesting pitches and have some of the best ideas developed into shorts or even a full series (Arrant, 2011).

### **5.1.4 Illustrative Example of *Legend of Sea* (2007)**

The cartoon, *Legend of the Sea*, is based on a Chinese legend *Dragon King of the Eastern Sea* which has been a part of Chinese culture for thousands of years. The story began with the loss of the Luminous Pearl, the symbol of the kingdom and source of power of the Dragon King. The playful and rebellious young dragon Prince Draco stole the pearl and carelessly hid it near the secret tunnel. Later when Draco and his two friends were playing outside of the palace they got lost in this secret tunnel where the evil Ocho, Draco's father's arch enemy lived. Unfortunately the Prince Dragon and his two friends were captured by Ocho who was planning to take revenge on Draco's father. The King Dragon was, of course, angry and swore to save his son at any cost. With the help of his father, Draco and his friends were finally able to escape from the prison in the secret tunnel and, when his two friends were then recaptured, Draco managed to save them. Draco then remembered where he had put the pearl. He recovered it and when he was trying to give the pearl to his father, Ocho saw him and tried to kill him. Draco's father tried to protect his son. In so doing he was killed by Ocho. Before dying, however, Draco's father transferred his power

to Draco. These experiences made Draco realise that he had responsibilities towards his kingdom and his people. The story ended with the coronation of the young prince Draco as the new ruler of the Eastern Sea.

One of the traditional purposes of legends is to educate children so this cartoon offers moral teachings - the battle between good and evil. In addition, legends also describe magic power which enables the hero to win the battle over evil. The Luminous Pearl functions as the symbol of the kingdom and the source power of the King Dragon in this story. When King Dragon is dying he transferred his magic power to his son so the prince would be as powerful as his father and would be able to defeat his father's arch enemy.

*Legend of the Sea* (2007) was one of the first of Singapore's full length animations; it seems, though, that it was in fact a compilation of two famous animated films from America, *The Little Mermaid* (1989) and *Finding Nemo* (2003). It is also often normal for new players in the animation industry to imitate another studio's cartoon style. Another example of imitation is allegedly from the Korean animation industry; it launched the animation *Pororo* (2003) which was claimed by some critics to be the combination of Japanese and American animation styles (Krikke, 2006).

Some similarities can be found in *Legend of the Sea* (2007) and *The Little Mermaid* (1989). Both the main characters, for example, have to face their fathers' enemies who have planned to take revenge and use the children as prisoners of war. Another similarity is the evil which is represented by a wicked female octopus in each animation. The two stories have different endings, however. *The Little Mermaid* (1989) has a happy ending when the King lets his daughter marry a human being while *Legend of the Sea* (2007) has an unhappy ending as the King dies when trying to protect his son from Ocho's attack. In spite of the different ending, it is obvious that the *Legend of the Sea*'s plot basically is similar to that of *The Little Mermaid* (1989).

There are also some similarities between *Legend of the Sea* (2007) and *Finding Nemo* (2003) as the two offer adventure stories. First, Draco's long journey to free himself from Ocho in a way is similar to Nemo's journey to find his way home. Both the main characters have close friends who help them solve their problems during their adventure. In addition, there are other creatures like the shark and pelican that take

the main characters home safely. Second, both fathers in the two stories love their sons so much that they swear to save them at any cost. The third similarity can be vividly seen in the characters of *Legend of the Sea* (2007) which included crab, star fish, sea horse, and shark as *Finding Nemo* (2003) did. These similarities demonstrate clearly that *Legend of the Sea* (2007) in some respects imitates *Finding Nemo* (2003).

The full length animated film has unfortunately failed to enter the global market. As some critics suggested it has not met the international standard. One of the reviewers in Readerviews for instance states that “Even the visuals offer little in the way of distractions. Textures are jagged and flat, backgrounds are simple and lifeless. Never does one get the feeling that the film is taking place underwater. \$ 3.7 million dollars in 2007 should theoretically have resulted in something better than this! Perhaps a majority of budget went paying the vocal casts”. Another critic, Wei points out that “the graphics used in *Legend of the Sea* were disappointing. The marine creatures depicted were hardly life-like and the sea’s falling was in its bubbles which were highly unnatural” (Wei, 2007).

In conclusion, there is little doubt that *Legend of the Sea* (2007), one of the first Singaporean animations, embodied character and plot elements from two popular American animated films, *The Little Mermaid* (1989) and *Finding Nemo* (2003). Here it can be assumed that it is much influenced by Disney’s works and it seems that Singapore has not had enough experience in making length animated films. In terms of animation techniques, this film is judged not to be able to match sophisticated animation techniques by the reviewers.

## **5.2 Co-production in the Malaysian Animation Industry**

Like Singapore, Malaysia also has developed both treaty and equity co-productions with a number of countries. The government has shown its commitment to fully support co-production in the sector. As stated by the secretary general of Malaysia’s Ministry of Information, Communication and Culture, Dato Sri Kamaruddin Siaraf REF, “although Malaysian private sector financing is not as progressive as those of Hong Kong and Singapore, there are some deep pocketed players in the territory with international ambitions”. Further he states that “the government introduced two new funds to support the local content industry – the CGI fund for features and documentaries, which has a pot of \$43m for three years, and the Creative Industry

Development Fund, with \$33m for three years. These schemes aim at pushing the Malaysian creative industries, increasing exports and encouraging co-production with international partners.” This is reasonable because creative content is one of nine industries highlighted by Malaysia’s Economic Transformation Programme (ETP) and the government hopes to build it into a \$1 billion industry by 2020 (Shackleton, 2011). This statement shows that Malaysia is committed to financially supporting the local content industry.

### **5.2.1 Treaty Co-production in the Malaysian Animation Industry**

To date, there have been a number of animation productions in the Malaysian animation industry. The first treaty co-production was *Boo and Me* (2009) which was co-produced by a local animation studio Inspidea and a UK animation studio KidsCo in 2009. The miniseries is about how to be a green generation which tells about a baby elephant named Boo who then was educated by two kids. Paul Robinson, the KidsCo global CEO, points out that the film is interesting due to the fact that it attempts to introduce to kids about how to preserve the environment. He further states that the film is excellent as it is difficult to talk to kids about environment. Hence the film will teach them a difficult subject while they are watching an entertainment. *Boo and Me* (2009) has been aired in eighty countries and has been dubbed into sixteen languages. With the big name of KidsCo the animation is able to penetrate both European and Asian markets.

It is noteworthy here that KidsCo which has contributed the major portion of the funding has let Inspidea to hold the IP rights, although it is KidsCo that first developed the content. It seems here that KidsCo as a brand new channel gave privileges to the local animation studio in the hope that this will serve as a good start for further collaborative projects. This is understandable as KidsCo currently have started expanding its business in Asia by investing in a number of animation production houses. KidsCo’s decision to invest in Asia is very strategic as the region has been the home for emerging animation studios and it is a potential animation market as well due to the fact that it has big population. Andrew Ooi, the Managing Director of Inspidea, too, has found that Inspidea was excited to collaborate with KidsCo. He further admits that the collaboration was of great importance for Inspidea

as it has been an opportunity to learn valuable lesson about story telling from KidsCo (KidsCo, 2009).

The second treaty co-production is *Supa Strikas* (2009) a 26 x 22 minutes 2D Digital TV miniseries which was co-produced by Strika entertainment of South Africa and Anima Studio of Malaysia. The miniseries is about the life of a South African football player and his team mates who try to win the international competition. The miniseries is based on comic books which were published in South Africa in 2000 which are available in 15 countries including Europe, South America and Africa. The comic books have gained its popularity - the number of copies sold reached 1.4 million copies each month. Similarly, the miniseries has been very popular in the 16 countries. The success of the miniseries has encouraged Disney XD channel to buy the miniseries and made it globally aired. Richard Morgan-Grenville states that “Disney does not buy many shows as they have so much of their own content. We are super excited to be one of the few as the first South African show” (*Supa Strikas* Becomes only South African Animation to be aired in Western Europe, 2013). As a matter of fact, not only has *Supa Strikas* (2009) has become the first South African animation to be aired in Western Europe, it has also been broadcasted by seventy countries including Nickelodeon Asia, ESPN Star Sports.

*Supa Strikas* (2009) is unique to some degree due to its story that is sport. As a matter of fact animation themes are usually dealing with kid’s activities such as adventures, friendship, fun activities, and the like. But it tells about sport of football or soccer. In some countries football is a very popular sport and this gives an opportunity to be accepted by countries with big fans of football. Disney, in this matter can see the economic potential the animation has. Thus it has decided to air the animation on this TV channel.

The third co-production, *Saladdin* (2011) is a 13 part animated series, a co-production between MDeC and Aljazeera Children’s Channel, Qatar. The story is about a Moslem hero named Saladdin who was born into a Kurdish family. His contribution to the Islamic world is his effort to unite the Moslem world. Saladdin is the real life Moslem hero who succeeded in driving away the Christians from Jerusalem in the eleventh century. This film is aired by Aljazeera which is a prestigious TV company based in Qatar, the Middle East. This is currently being

shown in the Middle East, Asian and African countries including Bahrain, Morocco, Tunisia, Lebanon and United Arab Emirates, and there is demand from Indonesia, Thailand, Turkey, Croatia, and Serbia jointly. It has been nominated for the Emmy Awards for the children and young people category in 2011. This achievement, as Mr Qamil Othman, Vice President, and Creative Multimedia Divisionarues, has proved the film has been a world-class cultural product. *Saladdin* is made in two languages: English and Arabic. This will enable audiences from Moslem countries to enjoy the miniseries. It has achieved popularity globally as it has been distributed to many countries (MDeC-Al Jazeera's Channel project gets pick up for 2nd session). The story of *Saladdin* has attracted the attention of On-line Kids channel Toon Google which then signed an agreement with MDeC to distribute the miniseries in the US and Canada. Toon Google finds that Malaysia is a good partner that can give its best qualified animation product (Zahed, 2012).

The discussion shows that like Singapore, Malaysia also have made collaborations with Asian, European and South African animation studios enabling it to have broader access of distribution in those territories. Malaysia in this respect sees the Middle East as a new market; hence it has made collaboration with Al Jazeera to co-produce animation. Collaboration with an Islamic TV channel has the potential to develop a Moslem market, particularly given the population size of Moslem countries. To date the idea to produce entertainment for Moslem territories has not received much attention. As such what has been done by Malaysia is an innovative idea. If Malaysia can produce animation for Moslem countries, this will become a promising opportunity in the future. Middle East and Moslem majority countries are economically big markets, thus *Saladdin* (2009) can be assumed as a promising animation to be sold to these regions. It can become an alternative entertainment for the Moslem children all around the world due to the fact that so far most television slots for children programming have been dominated by Disney and Japanese animation.

Mirrlees (2013) states that one of the advantages of co-production is that the developing country will learn how to produce and distribute the entertainment product. Thus for Malaysia it is a great chance to learn the know-how from a prestigious TNCs like KidsCo. Commenting on the commission, it could be observed here how Inspidea has learnt from KidsCo. "We are very excited to work with a brand

new channel like KidsCo which has access to major markets around the world,” said Andrew Ooi, Managing Director of Inspidea Sdn Bhd. “We value this co-production effort because it expands our experience in storytelling. This is a great opportunity for us to tell cute and funny stories to kids while we discreetly embed the green cause in their brains. So while they are having fun watching cartoons, we start them young to be our future leaders of environmental protection” (Moody, 2009).

The Malaysian government has offered incentive and tax breaks for co-production to attract foreign animation studios to invest. Additionally it has also built a modern studio complex called Pinewood Iskandar Studios to appeal the TNCs to co-produce in Malaysia. These two strategies are parts of neoliberalism. In a way it can be said that the periphery supports the TNCs by offering tax break and incentive. Consequently the TNCs benefits most from this mechanism, whilst, the periphery will not get the maximum benefit. This will lead to a wider gap between the two.

### **5.2.2 Equity Co-production in the Malaysian Animation Industry**

It seems that Malaysia tends to focus on treaty co-production. From the data presentation we can find that there is only one equity co-production which has been produced by a Malaysian animation studio namely *Akis* (2012) a twelve episode animated TV miniseries which was commissioned by Nickelodeon making it the first one funded by Nickelodeon. The story was developed by Inspidea, one of Malaysia’s prominent animation studios. Andrew Ooi the Managing Director of Inspidea states “We feel very happy and honoured to be part of this production. Although the show is set in Malaysia, viewers everywhere will relate to *Akis* because of the similarities in their experiences such as her school life where she studies, plays games, makes friends and goes on outdoor trips. The show is very funny and suitable for children to watch and enjoy with their family so watch the show and be inspired by *Akis*,” (Nickelodeon to debut original animated miniseries *Akis* this September, 2012)

Nickelodeon now is interested in investing in Asia having seen the big potential market for the region. In addition the vibrant development of the animation industry in Southeast Asia including Malaysia has attracted it to invest specifically in Malaysia.



### 5.2.3 Illustrative example of *Boo and Me* (2009)

*Boo and Me* (2009) which is set in Malaysia depicts an orangutan and two Malaysian kids Aiman and Yasmin. The orangutan that is rescued from the poachers lives together with the kids in the orangutan sanctuary. The two kids teach him how to go green – not wasting water or electricity in the hope that they can make the world a better place to live. Basically the miniseries is a kind of educational program which teaches children how to love and respect nature.

“KidsCo, a UK animation studio provides a safe environment for children, offering a library of gently educational and age appropriate programming. KidsCo’s impressive catalogue includes animated and live-action television series and feature-length films which are selected from leading media companies including our shareholders – Cookie Jar group and Corus’ Nelvana – as well as other, pre-eminent, independent programming supplies including the BBC, Sesame Workshop, fireworks, Iconix, TV Loonland, Daro Film and Decode.”

In terms of animation style, it tends to use the *anime* style – people with big eyes for example. But the physical appearance of the two main characters is Malay. They both have brown skin and dark hair. The orangutan is a species that lives in certain parts of Southeast Asia including Malaysia showing that this is set in Malaysia. The teaching behind the story, however is universal that is preserving nature. This combination is a good strategy because the theme of the story is an important part of animation. With a universal theme, it is hoped that children from all over the world will enjoy the animation.

The miniseries has been aired in about 60 countries showing that it has gained popular success globally. The Malaysian government in this regard seriously supports the co-production not only by offering financial assistance but also by involving Malaysian Airlines to promote the miniseries. During the flight for instance the national flight company airs the miniseries (KidsCo launches *Boo & Me* in Malaysia, 2009).

### **5.3 Co-production in the Singapore and Malaysian Animation Industry: A Comparative Analysis**

The section discusses and contrasts between co-production in Singapore and Malaysia's animation industries. Hence I look at both the similarities and differences between practices of co-productions in the two countries. As mentioned in the previous chapter, animation production requires a big budget, therefore it can be said that this industry is at high risk. TNCs; therefore, manage to reduce risk by looking for partners so that funds can be shared between studios. In a way, this has minimized the risk that TNCs have to bare. Here we see that TNCs are looking for countries with strong economic conditions to share the funds. Apart from that, infrastructure is another consideration. Among the four Southeast Asian countries, Singapore and Malaysia are the ones that qualify for co-production.

On the basis of the above discussion, there are some interesting facts about the co-production proces in Singapore and Malaysia. First, both countries take advantage of co-production to reach a wider animation market. As indicated Singapore has collaborated with several Asian, European, Australian, Canadian and American animation studios. It is worth mentioning here that Singapore tends to cooperate with Asian countries that have the same cultural background, namely Chinese culture. The aim is clear - to reach a Chinese-language audience. Of course it is logical considering China itself is a huge market.

In Malaysia's case, the animation studios have made co-productions with Asian, European, Canadian, Australian, African, Middle Eastern, and American animation studios, and television stations. It is important to observe here that Malaysia is quite observant in seeing a great opportunity to create content that will sell well in countries with Moslem majority populations. Cooperation with Al Jazeera is a step for this country to reach a wider market. By co-producing with Al Jazaira an influential TV station in the Middle East to create the animation *Saladdin* - inspired by the greatest of Moslem heroes named Saladdin, Malaysia is able to enter the Middle East market successfully.

The two countries have different cultural backgrounds also have different target markets. Malaysia - a country with a strong Isalam base, has a target to expand its

market area to Moslem-majority countries in the Middle East. Meanwhile, Singapore which has strong Chinese traditions, tends to expand to Asian countries that have the cultural background such as Hong Kong and China. It can be said here that cultural factors influence decisions in determining the target market area.

Another thing that is important to note that co-production has resulted in a transfer of knowledge. Both Malaysia and Singapore have learned a lot from their partner countries, especially in animation-making techniques. As has been explained, TNCs generally have superior technology. The main reason is that in co-production the two parties have equal position in making a co-production. They share ideas and human resources as well. Hence, the share of knowledge can be clearly seen in co-production. Therefore, the TNCs will tend to collaborate with animation studios which have excellent track records. As such Malaysia and Singapore which have international class animation studios have been preferred destinations for the TNCs.

Third, co-production as one of the important forms of entertainment in the NIDCL has required the periphery to support the TNCs through tax breaks and incentives. The two governments have also offered both tax breaks and incentives as an attempt to appeal to foreign investors. In addition, they also build infrastructure, more specifically animation studios which would enable them to co-produce with foreign animation studios. In term of tax and incentive, the TNCs benefit more in the business. In contrast, the periphery will not gain maximum profit. This is one of the characteristics of neoliberalism that the rich are getting richer whilst the poor are getting poorer. As a result this will bring about a wider gap between the central and the periphery.

Fourth, most co-production activities in the two countries were concentrated in TV miniseries. There are three reasons for this. First, from the economic perspective, TV miniseries' cost production is cheaper than that of full length animated film. Hence it will reduce the risk for both parties. The second reason is that the two countries have experienced that full-length animated films have failed to go global, this more specifically happened in Singapore. Both *The Legend of the Sea* (2007) and *Zodiac: The Race Begins* (2006) could not penetrate the global market. As a result, Singapore prefers to co-produce TV miniseries. The third reason is that today, the slot for television is getting bigger, especially with the emergence of 24/7 hour TV channels

airing children's programming. Thus, co-producing TV miniseries will be more profitable than that of full length animated films.

Fifth, a number of TNCs tend to make co-production based on popular children's books. To some extent this imitates Disney's strategy in using popular children stories like Snow White, Cinderella, and Little Red Riding Hood among others as the reference of the narrative. One of the advantages of co-producing animation based on popular children's books is that it has more chances to gain popularity and economic successes as well because the audiences have been familiar with the content. In some way it is true as shown by in the previous discussion that the children's book-based TV miniseries have successfully penetrated the global market. As it is claimed by Mirrlees (2010) treaty co-production will involve issues of cultural policy and national identity. With regard to national identity, the two countries to a certain degree have to be realistic that the popular children's book-based TV animated show will be more appealing to the global audiences. As a result, to some degree the animation will tend culturally represent the TNCs.

Sixth, from the perspective of cultural policy, both governments have completely supported animation co-production considering that the sector will give a significant contribution to their economy. In the case of Malaysia, the involvement of government bodies like MDA and MDeC in a number of co-productions can be seen in the co-production practice. In addition, both Singaporean and Malaysian governments are very active in participating in important events like film festivals to promote their animation. As an attempt to make co-production deals, it proves that the events have become an effective way to increase the number of their collaborative projects.

#### **5.4 Co-production in the Philippines and Indonesia: An Initial Step**

Unlike Singapore and Malay which are already active in the world of co-production, the Philippines and Indonesia have not actively worked in collaboration with foreign parties. However, both countries have tried to engage in collaborative projects. In the Philippine, one of the results of the treaty coproduction is *Barangay 143* (2018). It is a collaboration between Synergy88 Philippines, August Media Holdings Singapore and Japanese network TV Asahi. It was first aired on GMA Network in 2018. An anime series revolves around a Korean basketball player who looks for his biological

father in the Philippines where in a new place he strengthens the local basketball team. What's interesting is that this film is aimed at teenagers, something that not many other local animation studios have done. The story of a basketball player is expected to attract the attention of teenagers in the Philippines who are fond of basketball.

*Barangay 143* (2018) went global in 2020 and showed its achievements when became the top ten “most watched titles” on Netflix Asia. By broadcasting it on the Netflix network it gets a wider audience. As it is intended for foreign consumers, this film is also made in an English version (Severo, 2020).

Its success can also be proven by the awards it has received so far. It won Asian Academy Creative Awards (Regional Award) in 2019 and 24th Asian Television Award in 2020. The success of *Barangay 143* was a pivotal moment for the Philippine animation industry. This will be an encouragement for animation studios to work in collaboration with other animation studios in the future so that they will achieve big success. The exciting development of this miniseries is that now people can enjoy the mobile game *Barangay 143* which is available on the Google Play Store for Android and the iOS App Store, comics and merchandise. This is certainly a great progress for the content industry in the Philippines.

Like the Philippines, Indonesia is also not yet fully active in coproduction. An example of a treaty coproduction is the full-length animated film *Sing to the Dawn* (2008) or *Meraih Mimpi* (2009) in Indonesian version. It cost S\$ 7.5 million to make. This film tells the story of a young woman who wants to break the tradition in her village. She feels happy when she gets a scholarship because she can realize his dream, but at the same time she has to save her village from the greed of the developers. This full-length animation is a collaboration between Animation Studios Infinite Frameworks, the Media Development Authority of Singapore, and MediaCorp Raintree Pictures. This film was released in Singapore in 2008. It is based on the novel of the same name, and it is a mandatory reading book in Singapore schools.

As it is a musical film - the audience can enjoy 5 beautiful songs in the film. In Indonesia, this film was shown in theatres in 2009. In Indonesian version it involves famous Indonesian artists, including famous child singer Gita Gutawa who plays the

voice of the main character. This film cost \$ US 5 million to produce. It was also screened in Malaysia, South Korea and Russia. Unfortunately, in terms of the number of viewers, it can be said that it is not encouraging, when it was screened in Singapore, for instance, it only attracted 300,000 spectators (Kristina687, 2016).

The brief discussion above shows both are treaty coproductions on the ground that both local animations work with Asian parties, especially Singapore and South Korea. The coproduction in the Philippines case is successful both domestically and abroad. This is because they have used Netflix to broadcast *Barangay 143* (2018) so that it is able to reach a wider market. While *Meraih Mimpi* (2008) has not yet used a more sophisticated platform so that it has not been able to reach a wider audience. The use of the new platform, Netflix, is a good breakthrough made by the producer of *Barangay 143* (2018).

## **5.5 Conclusion**

This chapter discusses how Southeast Asian countries have engaged in the practice of co-production. Singapore and Malaysia have managed to participate in co-production, more specifically how they made the strategies to be able to engage in co-production. First, the two have used co-production to have a broader access to distribution. In this regard, Singapore animation studios have been networking with Asian animation studios like Japan, China, Hong Kong, and South Korea in order to have a broader access into Asia. In addition they also made collaborations with European countries such as the UK, Germany, the Dutch, and France. Canada and Australia have also been included in the circle of their co-production. The US-based animation studios have also made a few numbers of co-productions with Singapore. Similarly Malaysian animation studios have made co-production with Asian, European, Australian, Canadian and American-based animation studios enabling them to have wider accesses to Asia, Europe, Australia, Canada, and the USA.

Second, co-production has brought about transfer of knowledge of the animation industry. Both Singaporean and Malaysian animation studios have learnt new skills from their counterpart animation studios. This is in line with Mirrlees' theory stating that co-production will allow the MNCs to acquire new knowledge from the TNCs.

Third, as part of neoliberalism, both Singapore and Malaysia have offered incentives and tax breaks to attract foreign companies to invest in their animation industry.

Additionally, they have also built infrastructure including building sophisticated studios to do so. This is in line with Mirrlees' theory stating that partner countries have to offer incentives and tax breaks to appeal to foreign animation.

Coproduction in the Philippines and Indonesia is not as advanced as in Malaysia and Singapore. For the Philippines, the co-production of *Barangay 143* (2018) is a new initiative; however, its success brings hope for the development of co-production in the future. Meanwhile, for Indonesia, the coproduction is a project. Although *Meraih Mimpi* (2008) has not been as successful as *Barangay 143* (2018), this is the first step for the animation industry to build a wider network. Both countries carry out treaty co-production, in this regard, they have made collaboration with foreign parties, more specifically with governments and animation studios in the Asian region.

From the neoliberal perspective, in the case of co-production, the relationship between the two parties is more cooperative. The TNCs are looking for partners in an effort to help ease the capital burden they have to bear so that it can be seen that partners are countries that already have a strong economy base. In addition they are supposed to have a reliable workforce and good infrastructure as well. The requirements above are very supportive of coproduction. Meanwhile on the partner side, co-production is also beneficial considering that in the process there is a transfer of knowledge and managerial as well which is very beneficial for partner countries. Most importantly, partner countries have access to a wider market.

## **CHAPTER VI**

### **LOCAL ANIMATION PRODUCTION IN THE SOUTHEAST ASIAN ANIMATION INDUSTRY**

#### **6.0 Introduction**

Lent (2004) views the animation industry in Southeast Asia within the last decade as a ‘sleeper’. In the recent two decades however, they have made progressive development similar to that in other Asian countries. The International Animation Consulting Group (IACG), reports that the Asian animation industry has flourished well in the last two decades. While it has marked the end of an era for some, others have taken advantage of the same opportunities that the studios and networks have found in animation production in Asia. Now Asia is not only producing animation for regional consumption but it is also producing for an international audience. Asian studios have grown at a very rapid speed as production facilities in each country compete with production facilities in other countries to secure production work from the West. There are three main reasons why the Asian animation industry continues to grow: the lower cost of production, increasing levels of education and experience, and government support (Lunn, 2012).

This chapter discusses local animation production in Malaysia, the Philippines, Singapore and Indonesia, with a focus on how they have nurtured their local animation industries amidst the proliferation of Japanese and American animation. This chapter argues that the success of local animation industries is influenced by economic growth and cultural policies. With a strong economic basis and full support from the government, the animation industry is likely to be the new driver of economic growth. In this sense, the sector needs huge investment to boost business. Hence, a country with a strong economic base will have more chance to participate in the sector. Additionally, the level of government commitment to supporting the industry is of importance.

#### **6.1 Local Animation Production in Malaysia**

The history of the Malaysian animation industry, as Mohamood (2001) claims, is to some extent still young and it was not until the 1990s that the Malaysian animation industry started to develop. Since its early independence animation was used mostly



by the government and private corporations in cinema and on TV as commercials and propaganda. From the very beginning the government had been very critical to the negative effects of foreign animation. They strongly believed that foreign animation miniseries embodied negative values that were not suitable for the Malaysian people. Hence, the government fully supported the development of local animation production to minimise the negative effect of the foreign values. It was evident in 1988 when a region in Batu Pahat made a campaign called “Watch Less Cartoons on TV”. The government concerns about the negative effects of foreign animation become the push factors for the development of local animation production. It is evident that the Malaysian government has invested heavily in the sector since then.

The philosophical foundation of governmental support for the development of the industry has been to protect national interests. In the past, Malaysian audiences enjoyed mostly imported animation on television and therefore generally idolised American and Japanese animation. Nowadays, however, the situation is changing; Malaysian children watch more local animation products than previous generations (Jacob, 2014).

Historically, the foundation of The National Film Agency (NFA) in the 1970s contributed to the development of early local animation production. In 1978, it produced a 13-minute story based on a Malay folk story, *Hikayat Sang Kancil* (Muthalib, 2007), for television. In the following years, the NFA produced more folklore-based animated miniseries. The reason for using local folklores is that they embody moral values prioritized by the government. The spirit of producing local values-based animation is in line with Malaysian cultural policy (1971) which promotes cultural programs that enhance national identity, promote national integration and unity, and maintain racial harmony. Malaysia, like many newly independent countries in Southeast Asia, regulated the guidelines for the entertainment industry as early as 1971 in order to assist the development of a national film industry (Barker, Adrian, Lin, & Elween, 2015). It is not surprising that all animated films produced by Film Negara (Malaysian National Film Agency) were based on local folk tales and animal fables (Mahammod, 2001). The three local Malaysian animated miniseries, *Usop Sontorian* (1995), *Silat Legenda* (1998) and

*Upin dan Ipin* (2007), demonstrate changes to the industry and animation styles (Muhammad Usamah Zaid bin Yasin Resume, 2007).

The Malaysian animation industry started to grow in the 1990s, as claimed by Mahamood (2001). There are a number of reasons for this: the promising local and international markets for animation, the growing interest in cartoons in general, the emergence of more animation companies, as well as the confidence instilled by the government's support for new projects (Mahamood, 2001, p. 131-132).

In comparison to other Southeast Asian countries, Malaysia is one of the largest producers of locally consumed animation. Malaysian animation studios have made a number of miniseries and full length animated films. Muthalib (2010) mentions that Malaysia's rapid growth in animation production is demonstrated by the number of full length animated films and TV miniseries produced in the last decade. There are a number of full length animated films which have been produced such as *Silat Legenda* (1998), *Putih* (2001), *Budak Lapok* (2007), *Mann Spider and the Princess of Melaka* (2001), *Nien Resurrection* (2000), and *Gang: the Adventure Begins* (2009) (Muthalib, 2010: p. 23). Malaysian animation studios also have made a number of successful miniseries such as *Bola Kampung* (2007), *Upin dan Ipin* (2007) and *BoBoiBoy* (2011) which were warmly welcomed by local audiences. *Upin dan Ipin* (2007) gained popularity in the regional market, more specifically in Indonesia, a country that shares similar language and cultural values. In what follows, I address the success of the Malaysian animation industry.

*Usop Sontorian* (1995), the first Malaysian animated TV miniseries was directed by Kamn Ismail. The miniseries depicts the life a boy named Usop living in the village of Parit Sontoria, near Ayer Hitam, in Johor, Malaysia. Usop lives with his parents and two siblings, Kak Kiah and his jobless older brother, Abang Budin. As a village boy he enjoys his childhood happily playing with his friends Abu, Dol, Ah Kim, Vellu, and Singh, who represent the major ethnic groups in Malaysia: Malay, Chinese and Indian, which are depicted as living in harmony. Just like other local animations, it uses the Malay language as a means of communication. Here it is obvious that it represents Malaysian local settings such as the places, the people, and the culture. The issue of racial harmony is an interesting theme in this respect, considering that in practice there has been tension amongst the three major ethnic groups.

The 30 minute miniseries was aired on the state-owned television station, RTM 1 from 1996-1998 across 49 episodes. It was warmly welcomed by Malaysian children despite its low quality. Mahammod suggests that *Usop Sontorian* (1996) took Malaysian animation in new directions due to its use of computer technology. However, some technical flaws remained, especially the synchronisation of voices with the movement of the characters. A survey by Survey and Research Malaysia in 1996 showed that the series was among the top 10 popular children's programmes on Malaysian television, with *Doraemon* (1973), the Japanese animated cartoon, occupying top spot (Mahammod, 2001).

The second animation is *Silat Legenda* (1998) directed by Hassan Abdul Muthalib under the production of Peninsula Pictures. The story revolves around five school boys who accidentally find a magical weapon from the 15<sup>th</sup> century Malaccan kingdom which when activated turns into five deadly weapons. With the weapons, the boys are able to transform themselves into super heroes who boldly fight injustice. The setting of place and time vividly portrays Malaysian culture and more importantly the use of the Malay language in the film. It is clear that it promotes Malaysian culture, more specifically, its local self-defence practice of *silat*. As has been pointed out, to some extent it is similar to *Power Rangers* (1993), a very popular American television series in that every hero wears a suit of a certain colour and has a special weapon which enables him to transform himself into a powerful superhero, and together they defeat the villains.



Figure 3 Silat legenda

Source: <http://www.orangperak.com>



Figure 4 Power Rangers

Source: <http://merahputih.com>

## 6.2 The Success of the Malaysian Local Animation Industry

As mentioned in the previous chapter the success of this industry is widely supported by the government which has spent substantial funds to encourage the development of the industry. As for example disclosed by the minister of Communication and Multimedia Salleh Said Keruak:

The local animation sector shows encouraging growth with an export value of RM101 million last year, said Communications and Multimedia Minister Datuk Seri Dr Salleh Said Keruak. He said the local animation industry was gaining ground in the overseas market, showing an increase in export value of RM35 million from the RM66 million earned in 2014. However, domestic sales value of the industry dropped from RM137 million in 2014 to RM127 million last year, he said.

"As of Dec 31, 2015, there are 114 companies with MSC Malaysia status which are involved in the animation sub-sectors," he said in reply to a question from Senator Datuk Norliza Abdul Rahim on the prospects of the local animation industry and the government's plans to make animation films a product which could be promoted to generate revenue for the country.

Salleh said the ministry through its agencies such as the National Film Development Corporation (Finas), the Malaysia Digital Economy Corporation (MDEC) and the Communications and Multimedia Commission (SKMM) also gave emphasis on the programmes for the development of the local animation industry.

It had also drawn up a strategic plan for the development of the industry beginning 2010.

"The ministry through Finas has created the Digital Content Industry Fund to develop the creative industry, including the local animation industry. This fund will also assist local entrepreneurs produce animation products with commercial value which can generate income for the nation".

"In 2015, the government provided RM10.3 million under the fund for 10 animation projects to help the production of local animation films". Salleh said local animation films had also penetrated the international market and the quality of production had been acknowledged. (Local animation growth encouraging, 2016).

The success of the Malaysian local animations can be represented by the three TV miniseries, *Upin dan Ipin* (2007), *BoBoiBoy* (2011) and *Bola Kampung* (2007), which penetrated the regional market. *Upin dan Ipin* (2007) was produced by Les' Copaque, an animation studio established in 2005. The success of the miniseries was due to the foresight of the owners of Les' Copaque, Mr. Burhanuddin and his wife. After observing the trends in the animation industry and attending a number of prestigious animation festivals, they decided to make animations with local settings. They believed that to penetrate the global animation market was a very difficult challenge, and that the animation should be first accepted by the local market. As such, they decided to set the story in a village setting which was clearly representative of Malaysian society. To make the story more interesting the animation depicts adventures that highlight Malaysian traditional cultures (Ghani, 2015).

World International Property Organization (2014) reports the first film project of Les' Copaque was *Geng: Pengembaraan Bermula* (2009) which cost RM 5 million comprising RM 4 million (approximately US \$ 1.3 million) from Mr Burhanuddin and another RM 1 million (approximately US\$ 300,000) came from the government in the form of a grant from the Ministry of Science, Technology and Innovation of Malaysia. The film was expected to be completed in 2009. Meanwhile, in 2007 they decided to make *Upin dan Ipin* as a short TV version of the film to test the local market. The first season was released in conjunction with the Moslem fasting month of Ramadhan. The first seven episodes depicted Moslem daily life during the fasting month. To their surprise, local audiences warmly welcomed the miniseries and it

soon became very popular in Malaysia and Southeast Asia. Les' Copaque expanded its business by producing merchandise, running a restaurant selling fried chicken (the favourite food of the twins) and building a theme park (World International Property Organisation, 2014).

It is worthwhile noting here that Les' Copaque was aware of the importance of the IPRs to the creative industries. Their approach was a strategy to enter the local market first. Their product was accepted by the local market, granting them a greater chance to penetrate the regional market.

The second successful Malaysian local animation is *Bola Kampung* (2007) which was produced by Animasia studio. The film, set in a Malaysian kampong (village) depicts the life of local children who are fond of playing football. The creator, Wong Kuan Loong, was inspired by a popular anime, *Captain Tsubasa* (1981), about a group of Japanese children who like playing football. The miniseries was made using Computer Graphics Image (CGI) technology and improved storytelling to capture a wider audience. The MSC Malaysia-status company injected depth into the TV series and transformed it into film. It has been over a decade since *Bola Kampung* (2005) was introduced to local television audiences and its success has spread throughout the region and beyond. Today, it is viewed in more than 16 countries including Turkey, Vietnam, Philippines, Singapore and Thailand. The cartoon about football-crazy kampong boys has aired on Disney Channel Asia and cartoon Network Asia, two of the largest international cartoon broadcasters in the world (Top10 Malaysia: Making A Mark in The World of Animation, 2013).

Animasia Studio Sdn Bhd also teamed up with Young Jump Animation, Noisy Bunch Studio, and Imaginex to make *Bola Kampung, the Movie*. "With the release of *Bola Kampung, the Movie* (2005), we hope to elevate the standards of our local animation production, as well as to bring international interest and awareness to Malaysia, our culture and stories," said Edmund Chan, managing director of Animasia Sdn Bhd. He further states: "Producing and managing film was not an easy task. We don't have the budget of studios like Pixar or Dreamworks but we did it," added Chan. The RM 6 million project is supported by Bank Simpanan Nasional (BSN), Golden Screen Cinemas (GSC), FINAS and MDec. Chan hopes to make 10 RM million from the film; Animasia has plans to air the film in Indonesia, Thailand and the Philippines

after Malaysia. The film is expected to air during the year –end school holidays. The theme of the film is racial harmony which is in line with *Semangat 1 Malaysia*. The animation portrays children from different racial backgrounds working together to achieve the goal (Koh, 2012).

The third successful local animation is *BoBoiBoy* (2012) which was produced by Animosta Studio Sdn Bhd. It is important to observe here that a foreign bank was involved in the animation promotion. Kuwait Finance House (KFH) Malaysia, Berhad (KFH Malaysia), the first foreign Islamic bank in the country, launched its partnership with Animonsta Studio Sdn Bhd (Animonsta), an animation content developer, on the sponsorship of *BoBoiBoy* the series and the new public service announcement series *Apa Kata Yaya?* The bank also participated in the Media Prima Land ground-event together with *BoBoiBoy* at Pulau Duyong, Terengganu.

Commenting on the initiative, Dato Jamelah Jamaluddin, Chief Executive Officer, KFH Malaysia said,

The Bank's collaboration with Animonsta is part of our overall branding strategy to reach out to the retail and consumer market, in particular, the children and the 'young at heart' segment. We believe that these high quality animation series are a positive influence to our children with the *BoBoiBoy* character emphasizing strong values and commitment to excellence, and the Yaya character representing an inspiring young Muslimah (KFH Malaysia Collaborates with Animonsta Studios, 2012).

Encik Nizam Razak, managing Director of Animonsta, who was equally excited about the move said, "This collaboration with KFH Malaysia is the next big step for Animonsta and *BoBoiBoy* and the new public announcement series *Apa Kata Yaya?*, everyone; especially children and parents can be entertained by animation filled with virtuous values and positive messages" (KFH Malaysia Collaborates with Animonsta Studios, 2012).

Building on the success of its *Bolario Bear* programme last year, 7-Eleven Malaysia presented its 2015 loyalty initiative – locally created 3D animated character *BoBoiBoy and friends* in collaboration with the creators, Animonsta Studios. 7-Eleven Malaysia chief executive officer Gary Brown said,

We strive to meet our customers' demands by introducing regular innovative programmes and promotions. We are pleased to introduce

*BoBoiBoy and friends* as a follow-up to our runaway hit *Bolario Bear* programme last year. We believe these adorable superheroes will win many hearts as it has a play factor, being a 3-D puzzle figurine along with the fact that we are the first to introduce new *BoBoi* character element to the public. This is a mindset that we should get behind. It is time for us to believe that Malaysian products are on par with those of other countries and it is our duty to support our local animation industry. The success of *BoBoiBoy* animation has been recognised internationally and 7-Eleven Malaysia is doing our part to support the animation industry with our loyalty programme that gives a chance for *BoBoiBoy* fans to collect these limited edition 3D figurines only available at our stores (Staying Loyal to Local Animation, 2015).

From the success story it is clear that there are a number of factors which have propelled the growth of the local animation industry. First is the strong economic growth that Malaysia has achieved recently. As the costs of production of animation are high, animation studios need huge investment to start a business. In an economic climate of strong growth, the government would likely have funding to nurture the sector. Hence, the government has capital to help local animation studios to produce locally consumed animation. In this regard, the government can provide animation studios with incentives or start-ups to make local animation production happen. From the examples above, government investment in local animation production has proven beneficial. The involvement of a private bank is an interesting fact, because this happened in Malaysia only.

Secondly, the cultural policy based on Islamic values to some extent views Western animation as having a negative impact on Malaysian children. As previously discussed, the government banned a number of foreign animations because they were considered harmful to Malaysian children. As such, from the very beginning the government has encouraged local animation studios to produce animations suitable for Malaysian children. In this regard, the cultural policy has encouraged home grown animation studios to produce more animations for the local audiences.

Despite rapid growth in the local animation industry in Malaysia, there are several problems encountered by the local animation industry. First, it has no quota system for children's programming on television, as Yang found, unlike South Korea which requires that 80% of animation aired by national TV stations should be produced locally. As she suggests, Malaysia should apply the quota system as South Korea does (Chin, 2015). By applying a quota system, the South Korean animation industry



has developed rapidly in recent years (Does Malaysia's Animation Industry have a Future? Penang Monthly, 2015).

Second, according to Juhaidah Joemin, co-founder and managing director of Giggle Garage Sdn Bhd, an animation production house focused on producing TV content for families and children, Malaysia lacks a TV channel that caters primarily to children. She believes that "teaching and sending positive messages to young audiences is the most effective way of shaping the individual. With a channel dedicated to children, we would need the right people to manage it and make sure the contents are suitable. More specifically for a culturally diverse country like Malaysia, messages on respect and racial harmony can be incorporated more effectively with such a channel". She adds that "Korea has a channel especially for preschool children and it is one of the best money making channels in the country. A dedicated children's channel would open up a new platform for our local animation as well" (Chin, 2015). (Does Malaysia's Animation Industry have a Future? Penang Monthly, 2015).

The third problem is lack of storytelling techniques. Hassan Abdul Muthalib, also known as the father of Malaysian animation, stated that

To some extent, we mastered the hardware and software, and many creative young talents became world-class. However our storytelling aspects have not been mastered. There was too much emphasis on story making – techniques – rather than storytelling. Ideas, concepts, characterisations and narrative suffered as such. As most lecturers were not trained in animation but came from the architecture and graphics disciplines, they tended to emphasise the mastering of the software. They didn't know that a fundamental understanding of film grammar and film language was essential for visual storytelling," says Hassan. "They thought storyboarding was about drawing and not about how the camera tells the story visually through placing of the camera, shot size, camera angles, lighting, camera movements and production design. The storyboard also needs to have an understanding of acting, cinematography and sound." (Koay, 2016)

Another problem is the lack of IP. Yang Mee Ing mentions that a senior executive who has been with MDeC for 15 years, of the many animation works that have been produced in the country, only a handful such as *Upin & Ipin* (2007), *BoBoiBoy* (2012) and *Bola Kampung* (2007) have made it. There are others which Yang feels were really good but cannot even be sold to our local TV, let alone international ones. "When you cannot sell your IP in your own country and you try to go overseas, the

first question they will ask you is, ‘Have you sold in Malaysia and what is your rating?’ For you to be able to succeed and monetise your IP, you need to have a market, and that market begins with the children in your country” (Chin, 2015).

Despite the capability to produce local animation, the studios still depend on the TNCs to distribute television miniseries. As a consequent, the miniseries have been distributed by a large TNC, Disney Channel Asia, enabling it to penetrate the regional animation market. With its strong distribution network, Disney Asia has become the most important distributor for animation in South East Asia. Clearly, the TNCs have a very strong bargaining position in animation distribution. The success of South East Asian local animation, including Malaysian animations, will depend on the TNCs.

### **6.3 Local Animation Production in the Philippines**

It was only during the post war and independence era that the Philippine animation industry took a serious turn. Prior to 1953, Philippine animation was mostly cartoons for print and television commercials. In 1953, however, *komiks* cartoonist Larry Alcala, made the first black and white animation showing kids playing together. In 1955, *Juan Tamad* a six minute animation depicting a local folklore tale was made. In 1979 Nonoy Marcelo made a 60-minute feature animation based on a local epic hero *Annie Batungbakal* (1974). Special effects started to be applied in animation production such as *Ibong Adhara (The Adharna Bird)*, and *Ang Pandai (The Blacksmith)* (Tolentino, 1983). In the Philippines, the animation was characterized by outsourcing which has lasted for about three decades. Among the Southeast Asian counterparts, the Philippines has become the most favourite outsourcing destination for both the USA and Japanese animation studios. There are a number of factors why this is so, according to Tolentino: 1) their pleasing personalities, 2) command of English language, 3) high skills, 4) Western disposition, and 5) their acceptance of lower salaries than their counterparts in the West (Tolentino, 2001, p.1). There a number of important local TV animated series and full length animated films which have been produced by local animation studios; however, they fail to enter even the local animation market.

As previously discussed, the Philippines have a long history of animation. Initially, most animation was intended for TV commercials. In 1953, for instance, a cartoonist, Larry Alcala produced an 8 mm black and white cartoon depicting a girl jumping

rope and a boy playing a yoyo as a kind of experiment. Another prominent figure in the sector is Nonoy Marcelo who did a number of animation works for commercial, political and educational purposes. During the Marcos administration, for instance, he did animation for TV depicting the heroic life of the young president Marcos for propaganda purposes. The production of local animation for commercial purposes, however, did not begin until the 1990s when *Ibong Adarna* (1997) was shown in local cinemas (Tolentino, 2001).

Although the Philippine animation industry focuses more on outsourcing, a number of animation studios started to produce local animations during the 1980s and 1990s. There are a number of animated miniseries, while the two most important and successful ones in the Philippines are *Ang Panday* (1987) and *Tutubi Patrol* (2002) which were aired on local television cable stations. The two TV animated series used hand-animated style 2D animation techniques. The stories are based on local content and use the Tagalog language. *Ang Panday* (1997) was based on a local comic book written by Carlo J. Caparas and illustrated by Steve Gan in 1976. It is about a blacksmith named Flavio who finds a meteor one night and forges it into a dagger which becomes magic. With his magic dagger, he is able to transform himself into a hero who fights injustice. Despite the local setting used, the story is the adaptation of similar Western super heroes' stories like *Superman* (1996), *Spiderman* (1967), *Batman* (1992), and the like, in which the protagonists use their extraordinary strength to fight evil and protect the innocent. *Tutubi Patrol* (2002) was based on a local children's book with the same title which was written in 1994 by Patrol Team. It is about two dragon flies who manage to solve the daily life problems faced by animals and plants living in the forest. In 2003, Gecko Animation made it into an animated TV series which was aired on ABC 5 (now TV 5) on Saturday evenings. The story is about a bee that is busy receiving calls from plants and animals having daily problems. The bee helps them overcome their troubles, and at the end of the story the moral teaching is clearly stated to the viewer.

It only animated television series but also animated films. There have been a number of the local full length animated films such as *Ibong Adarna* (1997), *Urduja* (2008), *Dayo* (2008), and *RGP Metanoia* (2011). Like the TV animated miniseries, the full length animated films were based on local folklores and used the national language,

Tagalog. *Ibong Adarna* (1997) was based on local folklore about a mythical bird. Geirry Garcia wrote the story and directed *Ibong Adarna* (1997) under FLT Production and Guiding Light Productions. This animated film was considered an important achievement as it was the first local full length animated film. The Metro Manila Film Festival in 1997 honoured it as the first animated film in Philippine cinema. In 1998, it was also included in the Asian Collection of Japan's 7th Hiroshima Animation Festival.

Although *Ibong Adarna* (1997) was based on the local folklore, as has been demonstrated, it was influenced by Disney style. The picture shows that the characters' physical appearances are more similar to those of Westerners than to Filipinos. The female character for instance has blonde hair and fair skin. Similarly, the male character also resembles a Western person – having red hair and fair skin. Filipino animators as previously discussed were trained by American animators with the result that the influence of the Disney style can be clearly seen in its local animation product.

*Urduja* (2007) too was based on a local folklore about a female warrior who falls in love with a Chinese villain. As has been discussed in Chapter IV, *Urduja* (2007) can be said to be a copy of the Disney full length animation, *Pocahontas*.

*Dayo* (2008), which follows its predecessor was also made based on a local folktale and uses the national language. It was produced by Cutting Edge Productions and depicts a friendship between a boy and a mythical creature girl. The two manage to save the boy's abducted grandparents in the land of a mythical world (Cruz, 2008). The script was written by Temi Abad and Eric Cabahung. The executive producer, Jessie Lasaten, states that Cutting Edge spent around US\$1.3 million to produce the animated film.



Figure 5 Dayo

Source: [pasing-celebtitygossips.com](http://pasing-celebtitygossips.com)

Unlike *Ibong Adarna*'s characters that physically resemble Western characters, *Dayo*'s characters have an Asian physical appearance with dark skin and straight dark hair. In addition, it also portrays the local mythical world which comes from ancient Philippine mythology which some people still believe in. Despite the fact that it was based on a local myth, the animation was much influenced by Japanese *anime* style (as can be seen from the characters' big eyes and the drawing style).

In contrast to the other three full length animated films, *RPG Metanoia* (Luis Suarez, 2010) portrays the modern life of Filipino kids who really like playing online games. Nico, the main character of the animated film is a shy gamer who spends his summer playing online games with his neighbourhood friends. The boys work together to fight the viruses that attack online games and the world. Despite their differences, they defeat their foe in the end. The film is directed by Luis Suarez as a collaborative project between three animation studios: Ambient Media, Thaumatrope Animation and ABS-CBN Film Production (Star Cinema). This is the first Philippine CG animated film which took four years to complete.

Although *RPG Metanoia* (2011) vividly portrays the life of modern Filipino children, the animation is in Pixar style. The depictions of the boys, in particular Nico, are reminiscent of Pixar's baby in *Ice Age*. It is a science fiction animation which depicts

how human beings are able to penetrate the machine world much like the American science fiction TV series *The Time Tunnel* (1966).

The full length-animated film has made the Filipinos proud of their local animation industry as it is the first 3D full-length animated film which has shown the quality of Filipino work. An IMDB review stated:

At its very heart, *Metanoia* is still a fantasy adventure movie, yet it explores its overarching themes with almost child-like wonder and a wistful touch of nostalgia of summer days spent playing outside on the street under the searing heat of summer sun with neighbourhood friends...I who have never been a big fan of Filipino films, went into the theatre expecting to be disappointed, but I exited the theatre a proud Filipino. This movie is a work of achievement that not only rivals, but far surpasses most of the multi-million dollar budgeted Hollywood animated movies (2014).

This and other positive reviews indicate that *RPG Metanoia* has been considered the first world-class local animation. The audiences found that the film is different from the rest in term of the techniques used and the content. The positive responses to them indicate that the film to some point has been able to fulfil market demand. However, it did not hit the box office, and the animation studio lost money.

The Philippine animation industry is asking for an increased assistance from the government via incentives that will enable local players to capture a bigger share of the global animation and gaming market, which is seen to grow to \$ 243 billion by next year.

Juan Miguel del Rosario, president of the Animation Council of the Philippines, said the government's help – through fiscal and non fiscal incentive will give the industry a much needed boost to tap the growing opportunities abroad (Local Animation Industry cries for help, 2015). He further admitted that the local industry unfortunately, remained a “tiny speck in the scheme of things” We are still looking at a relatively modest growth of 10 to 12 percent over the next several years. We're mainly a service industry and we need to break out of that mold and go into developing content – that's where we will shine. In 2014, the Philippine animation industry reported only \$142 million in revenues. At present, the Philippine animation industry is composed of 50 small and medium sized animation studios, employing some 10,000 artists and production specialists (Remo, 2015).

Dimaranan admits that the support for content-making is still limited. The seed money they get from various institutions such as the National Commission for Culture and the Arts and the Film Development Council of the Philippines is just enough to create a trailer. “It’s not enough to make a film that you can market; one film is worth P3 million,” she says. It’s a different scenario in other countries. “In Malaysia, for example, they have a certain agency that provides funds for the creation of such animated films. What you need to do is present a concept and they will fund it,” she shares.

She is hopeful that the same process will take place here. “*Tingin kasi nila [authorities] risky ang content-creation,*” she reveals. “Producing one content is a long process. For example, one episode usually costs P3 million, if you have to produce 26 episodes, that would amount to P78 million. So *magtataka ka, bakit sila [foreigners] gagastos nang ganun* (you’d wonder why would they spend that amount)? Then I found out, if you create one series of animation, for example, a studio can market it to other countries and just dub the language, say English or Spanish. Since they have ads, you will earn. Then after a few years, they will show it again and you will earn again. They will show it as long as there are children viewers,” she says (Sustaining the Philippine Animation Industry).

This discussion shows that local animations are based on local folklores and children’s stories, and use the local language. The animation styles used are much influenced by Disney and *anime* styles. To some extent, this is the result of the decades of outsourcing carried out by Filipino animators who then worked for local animation companies. The use of Tagalog, not English, too, has proven that they consider that Tagalog should be promoted to the Filipinos as a way to strengthen national identity. Further, local animated films could not penetrate the local animation market despite their unique and novel approaches. For example, *Ibong Adarna* (1997), failed to attract the curiosity of the movie-going public. As a result; the producers at FLT Films and GLR were not able to recover their investment. Similarly, *Urduja* (2008) failed to gain economic success, even though Eat Bulaga helped promote the animated film (Socorro, 2009).

There are some positive aspects of the animation industry in the Philippines, namely in terms of cooperation between the government, associations, and universities as it was stated by an interviewee:

Well...for the education factor because we are also working with TESDA if you are familiar with TESDA , Technical Education Development Authority and they offer scholarship vouchers so those scholarship vouchers are actually useful for our members because they get to train people using these vouchers.. So it is safe them the cost and you know we can train more people .....so in term of the government and education part tesda is one of the major supporters... work with Commision on Higher Education with the same thing they are working for that curriculum for the animation ... errr it is called errr I forget exactly.. EMC Entertainment and Media Computing yes ... major in animationand and game development... two majors ....so that is something that we are working on still and the other one is with ICTO ...under the DOST ... ICTO is an office under the DOST...and right now we are working on another scholarship program with them..... we are also working in partnership with University of Makati which is a state university so that's how the tripartid relationship... working on scholarship program to train ...err more students in animation so those are all that how we work with them through scholarship programs... to help train more people (Participant 5, personal communication, June 17, 2013).

It is worth noticing here that there has been a good relationship between the animation associations cooperates, TESDA and the university. This kind of collaboration is very good for developing the animation industry considering that each party does not work alone. Associations, for example, can work together with TESDA where TESDA provides scholarships for association members. In addition, TESDA also helped prepare the curriculum for the gaming program and animation majors. This cooperation is also strengthened by the involvement of universities in developing the animation industry.

Based on the discussion above, there are several problems faced by local animation production in the Philippines. IPOPHL made public the result of a four-year study on the overall economic contributions of the CBIs to the country which showed that by 2014 CBIs have become significant economic drivers with a 7.3 percent contribution to Gross Domestic Product (GDP), equivalent to P661.23 billion, up from 4.82 percent shown in a 2006 study. The study showed CBI's contributions to the labour force grew to 14.4 percent, or an estimated 560,665 jobs created for the Filipinos,



from 11 percent or 317,000 employment opportunities in 2006 (Taking a look at the creative industries, 2014).

As Michael Kho Lim the president of ACPI noted making full-length animated features is expensive. The Philippines' first all digital full-length animated film *Dayo: sa Mundo ng Elementalia* cost production was around P100 million. Unfortunately it was not profitable when it is shown in the 2008 MMFT. During its run it earned just over P5.6 million (Espinosa, 2013).

There are a number of serious problems encountered by the Philippine animation industry, namely lack of government support, lack of talent for above-the-line-labour, and lack of IT. Lack of government support has been experienced by local animation studios in the Philippines since the early development of its animation industry, in particular due to the high costs of production. Hence, the animation studios need partners to finance the production as the government was not been able to invest money in the sector. In the late 1970s, for example, Antonio "Tony" Tuviera was going to make animated TV series for local audiences. He involved a number of Filipino animators in his project, but found that although they had the human resources, they had no funding to run the business (Life is an Animation, 2008).

A similar problem persisted in the industry in 2014 as stated the director general of the Intellectual Property Office of the Philippines (IPOPHL), lawyer, Ricardo Blancaflor who points out that despite the fact that the country is on top, along with Mexico, in terms of employment, it ranks low in terms of labour productivity in the Copyright Based Industries (CBIs). This contradictory phenomenon happens, in his view, because the Philippines is not high-tech enough to be productive and competitive. As Blancaflor mentions, the reason for this is that the industries do not have sufficient capital support from the national government. He further states that, "the government should appreciate that the creative industry is a valuable industry." Entertainer Moitch Valdez stated "Given enough financial push, the industry could make bigger money for the country. We have been banging on the doors and the corridors of government, but our cries fell on deaf ears", she lamented. Blancaflor and the people in the creative industries have good reasons to complain that government support is wanting (Valderama, 2014).

Juan Miguel del Rosario, president of the Animation Council of the Philippines, said the government's help — through fiscal and non-fiscal incentive will give the industry a much-needed boost to tap the growing opportunities abroad.

Yes, we need new incentives. Although for now, we are asking the government to help us in promoting the Philippines as a preferred destination for animation services. We need to be present in global conventions because if we want to make the Philippines a go-to-destination, then they need to see us with our pavilions in the different animation events abroad (Remo, 2015).

He said that the government agencies like the Board of Investments and the Department of Trade and Industry (DTI) should facilitate the industry's presence in major markets such as Europe and the United States. "We are mainly a service industry, and we need to break out that mold and go into developing content, that's where we will shine, said Juan Del Rosario – president of the Animation Council of the Philippines" (Remo, 2015).

According the the World Bank Report, "The Philippines is one of the most dynamic economies in the East Asia region, with sound economic fundamentals and a globally recognised competitive workforce. Growth in the Philippines has averaged above 5% in the past decade, significantly higher than in the previous decade" (World Bank, 2013). The GDP per capita has increased during the four years from 2,371.9 in 2011 to 2,872.5 in 2014. The Philippines, however, has serious problems in terms of poverty, education, primary health care, and other basic social services. It has achieved only modest reductions in poverty at the national level since the economic and political collapse of the mid-1980s. In addition, severe regional disparities remain. The Philippines' performance on poverty reduction has been disappointing compared with the rest of East Asia, as it has not been able to sustain growth long enough to reduce its incidence of poverty to the levels attained by its neighbours. GDP growth averaged only 1.15 per annum in the 1980s (Philippines: A Strategy to Fight Poverty). The problems arose when the budget became the obstacle to the prosperity of the animation industry. The cost of production was not competitive compared to imported animations. Alcala, who introduced animation courses at the University of Philippines in the 1970s, claimed that the local industry could not afford the high cost of animation production; it would be cheaper to import animation from the USA (Lent, 1998).

It is in line with an interviewee statement about the problems in producing a full length animation:

Producing a full length animation is expensive, it is difficult, even though the festival is there and we encourage the producers to create more original content, but you know we have consider a lot of factors (Participant 5, personal communication, June 17, 2013).

Based on the statement above, it can be said that to produce full length animation is not an easy matter. In this situation, we all know that a strong infrastructure is needed. In addition, large funds are also an important factor.

Furthermore, the interviewee stated that the Philippines has indeed produced animation, but mostly short, not full length animation.

Yes we have produced a lot original content ... but not really in term of full length but in term of...short we have a lot, if we are talking about shorts we have a lot by now so you know I think through the years the festival has generated maybe about two or so ... full length in terms of category, so that's really very few (Participant 5, personal communication, June 17, 2013).

The above statement shows that so far the Philippines has produced more short animations than full length animations. Here we also see the important role of animation festivals where producers are encouraged to produce animation.

In the case of the Philippines, it is evident that in terms of skills the country does not have a labour force with adequate skills in above-the-line-positions. Due to long term involvement in the outsourcing industry, the country has focused on below-the-line labour. Despite the number of local animators, they lack directors, script writers, and producers. As has been discussed, it is clear that the sector demands qualified above-as well below-the-line positions. This will directly influence the content which to some degree will influence the success of animation. This, too, will influence the production and post-production stages. Marketing and distribution are also significant stages which require high professionalism.

Even if the local animation studios can produce qualified animations, they have no experience in marketing and distributing their products in the regional or global animation market. As has been discussed earlier, the technology transfer in the outsourcing animation industry has not fully occurred. This is in line with Harvey's

statement that neoliberalism has hindered technology transfer on the ground that this might cost a lot for the periphery (Harvey, 2007). It is clear that the overseas animation studios trained local animators in an attempt to fulfil their need for cheap labour which is part of neoliberalism agenda - to gain maximum profits. It is true that the owner of the means production as stated by Marx will become the dominant class because, 'they rule as a class and determine the extent and compass for an epoch, they do this in its whole range, hence among other things they also regulate the production and distribution of the ideas of their age: thus their ideas are the ruling ideas of the epoch' (Marx and Engels, 1974, pp. 64-65).

The Philippines' first all-digital full-length animated film, '*Dayo: Sa Mundo ng Elementalia*', was shown at the 2008 MMFF. During its run, it earned just over P5.6 million versus the production cost of P58 million. As Lim noted, "making full-length animated features is expensive, which is why we need to make it known here and abroad that our artists are on par with Hollywood's in making animated feature films. Expanding the work for local animators to an international market would then pave the way for significantly higher revenues" (Espinosa, 2013).

Although, to some degree, the animation studios have attempted to show their nationalism by adopting local content in animation production, local animation can be said to have failed to penetrate either the regional or global animation market. In the case of Malaysia, although its local animations were set in Malaysia and used the Malay language, the TNCs like Disney Asia and Cartoon Network aired them for regional and international audiences making them popular both in regional and international markets. This indicates that to a certain degree, Malaysian animations are of world-class quality and the TNCs are willing to buy them.

The discussion shows that the Philippine animation industry has not made significant progress in comparison to those of Malaysia and Singapore. The reasons for this include: firstly, lack of government support. The government has not injected huge investment into the sector; hence, many local animation studios find it difficult to run their own businesses. With weak economic performance, the government has to focus on more important social welfare issues. As a result, animation has not become a priority sector for the government. The second reason is that the Philippines has not applied the quota system for children's programming which is supposed to encourage

the growth of the local animation industry. The third factor is that the Philippines does not have a special channel for children which would boost local animation production.

#### **6.4 Local Animation Production in Singapore**

The animation industry in Singapore came into existence as part of the government effort to attract foreign investment into the country. It cannot be separated from the film industry which falls into the media industry which then had been prepared to become the hub in the region. From the early years the government had shown its seriousness in nurturing the sector to flourish. The Singapore government therefore prepared the infrastructure, IT, human resources, and education. In 1989, for instance, Ngee Ann Polytechnic offered a Mass Communication course including journalism, broadcasting, and Public Relations. In 1993, the polytechnic broadened its scope of study areas by offering Film, Sound and Video courses. It was Temasek Polytechnic which first introduced animation courses in Singapore. This was made possible by the support of The London Institute (Lent, 2007).

Local animation production had started in 1990 when Suba animation studio produced animation for commercial and educational materials. It further co-produced a 24-minute animation for children's education presenting an important topic namely the environment. An American distributor was so impressed with this short film that it decided to distribute it for the American market in 2001. In Singapore, the Economic Development Board (EDB), a government statutory body, lent a hand in furthering animation by helping set animation training programs, combining local companies with international counterparts to co-produce and distribute for the overseas market, and enticing a number of foreign firms to set up studios in Singapore (Lent, 2007).

It is noteworthy that Singapore started to engage in the animation industry in the 1990s. The industry was still in the infant stage by then. There were very few animation studios back then such as Animata, 25 Frames, Animasia, ID Imaging, and Garman Animation. The first full animated feature was produced by Animata entitled *The Life of Buddha* (1995). Another Animata project was the TV miniseries *The Adventures of Hardy Driftwood* (1996) which tells about how to save nature. It took two years to complete the project which was sponsored by the Hong Kong and

Shanghai Bank. This miniseries was aired by the local TV cables and merchandise was produced.

Unlike Malaysia, Singapore does not actively engage in producing local animation, rather it focuses more on making co-productions. This can be seen from its few local animation products. The first reason for this is that Singapore, with only 5.54 million inhabitants, has a small local animation market. The second reason for this is that Singapore animation studios prefer co-production as a strategy to get a broader access to the animation market. This phenomenon is in line with the pragmatic philosophical approach to life of the Singaporeans. If co-productions in the animation industry are more profitable, they will focus on them and not on local animation production.

The local animated miniseries *Tao Shu: The Warrior Boy* (2002) was produced by Peach Blossom Media in conjunction with the MDA of Singapore in 2002. *Tao Shu* (2002) achieved economic success and popularity. It was broadcast by Nickelodeon Asia in November 2004 and won the US-based iParenting Media Award under the “2007 Greatest Products” category. It was also distributed by a Malaysian animation studio on the grounds that it had good moral values. The story is set in an ancient Chinese village. The miniseries was very popular in Singapore and was made into a series of children’s books and merchandise (The Digital Way Forward, 2007/2008).



Figure 6: *Tao Shu: The Warrior Boy*

Source: <http://www.displayerdndvd.com>

Another example of Singapore local animation is *Heartland Hubby* (2014) – a 10-episode series portraying Singaporean family life. Ervin Han, managing director of the miniseries states that his passion to create it was to do something local. He believes that adult audiences will enjoy the miniseries. The heart of the show as Han states, is the relationship between the family members and their neighbourhoods and friends, and how the lines between these three groups can and should be quite blurred (Today, 2016).

Singapore has been able successfully to attract foreign animation studios to operate in the country. The existence of Lucasfilm, one of the animation studios in Hollywood in Singapore is an interesting phenomenon. To some degree it was supposed to help the local animation studios to prosper as claimed by Kathleen Kennedy, the president of Lucasfilm:

“By investing in local talent we have been able to significantly grow our Singapore studio into a world-class digital production facility. As part of the Walt Disney Company, we are happy to bring our business segments together under one roof with the Walt Disney Company ( Southeast Asia) and ESPN Asia Pacific also occupying space in Sandcrawler, furthering our commitment to Singapore and the region” (Lucasfilm’s Sandcrawler Building Opens in Singapore, 2014).

As a matter of fact, Kennedy points out when Lucasfilm Studio first operated in Singapore in 2005 the local animation studios were still small ventures, and only a small number of talent was involved in the subsector. In addition they had not done visual effect work. With the assistance of the Economic Development Board, and to some part Lucasfilm the industry has now prospered.

On the other hand, the existence of the big studio in Singapore, to some part has caused troubles for local animation studios. One of the most prominent local animation studios, Peach Blossom Media, is a case in point. Today the animation studio does not operate anymore. There are two reason for this, as Sung Lin Gun, the CEO of the company claims. The first and foremost is the global financial crisis which led to the loss of buyers. The second reason is the existence of the Lucasfilm in Singapore. Further Mr Sung states that it was contradictory that at the same time we were building the local animation industry, EDB brought in Lucasfilm to Singapore. In terms of funding, the government has extensively poured funds to this giant company “the funding pumped into Lucasfilm was said to dwarf the funding

that local companies were getting. As a result, you have this fully-grown giant suddenly transplanted into the local ecosystem, competing for the same resources with the nascent local startups. We didn't have a chance to grow to a big-enough size to compete on a level playing field" (Singapore's animation industry: Why have home grown studios fallen by the wayside, 2017).

The existence of Lucasfilm in Singapore to some extent indicates that Singapore has shown that it is the right place for the main studio to open its headquarters. As the EDB reports, the move:

"...was to transfer technical know-how to local studios. Lucasfilm has also emphasised that its Singapore studio, which today employs about 350 staff in its "Sandcrawler" regional headquarters here, was not set up as an assembly line to do simpler work at lower cost". In response to this statement Mr Sung argues that "the real value added work, the design and creative work, is generally done back in the US headquarters. The Intellectual (IP) trademarks, know-how, et cetera are kept at home" (2020).

Creating original content – one's own intellectual property is much riskier than doing service work for clients, points out Ms Parmanand, but service work is a price-erosion game which can soon become unsustainable. "Creating your own IP takes a long time - up to three years just to get the story right. It is a long process and it's expensive, but you get a lot of creative freedom within your team, and the major difference (compared to service work) is that if you do it well, you own that IP. All of a sudden, it becomes, an opportunity" (Business Time, 2017).

The discussion shows that Singapore has been interested more in co-production than local animation production due to its small local animation market. As the previous discussion has shown, co-production has granted Singapore broader access to the animation market. Therefore, the government has focused more on co-production rather than on local animation production.

## **6.5 Local Animation Production in Indonesia**

Historically, Indonesia has started making a cartoon film since 1955. At that time, the first president of the Republic of Indonesia, Soekarno, was impressed by Walt Disney's cartoons which inspired him to use them as political propaganda. He then asked Dukut Hendranoto to make a cartoon film as propaganda for the Indonesian people to participate in Indonesia's first general election held in 1955 (Rofiq, 2013).



Animation, then develops along with the need for commercials on television. During 1970s and 1980s TV viewers were able to see the use of animation for making commercials on TVRI (a state-owned TV station).

Indonesian viewers enjoyed the first cartoon film entitled *Si Huma* (1983) which was produced by Produksi Film Negara (PFN) or State Film Production and was supported by the UNICEF. It was aired on TVRI – the only TV station in Indonesia by then. The quality of this cartoon is still low when compared to the Disney cartoons that were very popular at that time. TVRI became the only TV station existed in Indonesia until the late 1990s when private TV stations started operated in Indonesia. TVRI aired foreign animation to fill the children's programming slot by then.

Despite the fact that the Indonesian animation industry is in its infancy in comparison to those of its counterparts in Southeast Asia, there have been a number of local animated miniseries which were aired on private local TV stations and a handful of full length animations produced which were screened in the local theatres. The first part of this section will discuss the local production of TV miniseries and the second part explores that of full-length animation.

Indonesian people began to enjoy private TV broadcasts in 1988 when the RCTI studio started broadcasting. Other private TV stations followed and it was these private TV stations that brought about the emergence of local animation in children's programming. In terms of short animate film, there are a number of shorts that have been produced by Indonesian animation studios. In 1996, for instance, there were two animated miniseries produced, *Satria Nusantara* (1996) and *Hela Heli Helo* (1996), which were aired by TPI. *Satria Nusantara* (1960) was produced by ProAnimasindo is about an Indonesian hero who combats evil. It has 23 episodes all together. Similarly, *Hela Heli Helo* (1996) portrays how three helicopters which combat crimes. This D3 miniseries was produced by PT Index. Unfortunately the studio produced 15 episodes only.

In 2000, Red Rocket animation studio collaborated with the food company Dancow, to produce the animated miniseries *Dongeng untuk Aku dan Kau* (2000) based on Indonesian folk tales such as *Kilip dan Putri Rembulan*, *Si Kurus dan Si Harimau Loreng*, and *Mengapa Domba Bertanduk dan Berbuntut Pendek. Kancil dan Kerbau, Keong Kecil dan Rumahnya*, and the like. The miniseries was aired by Indosiar.

Similarly in 2003, Micro Animation Studio and the milk company, Indomilk worked in collaboration to produce the miniseries *Rahasia Cerdas Indomilk* (2003), an edutainment animation, which was aired by Trans TV. This collaboration is certainly beneficial for both parties. From the animation studio side, this certainly reduces the capital that must be borne in producing animation. Collaboration in producing animation is one of the breakthroughs for animation studios to ease the budget that must be spent. The problem is that it is not easy to find partners who are willing to cooperate. This is understandable considering that animation is something speculative, it is difficult to predict whether it will sell well in the market.

Examples of animation studios that work with partners to produce animated miniseries are Dreamtoon Studio and Dreamlight World Media Animation. The animated miniseries *Nina Sahabatku* (2013) which was an edutainment miniseries is a collaboration between Dreamtoon Studio and Sony Music Entertainment Indonesia. Sony Music Indonesia is involved in the production of this animation because this film presents many Indonesian children's songs including children's songs created by Ibu Sud a famous Indonesian song writer. In a way, this film re-popularizes Indonesian children's songs amid concerns about lack of children's songs that are suitable for children's souls. The film *Dufan the Defender* (2012) is a collaboration between PT Pembangunan Jaya Ancol as the holder of the Ancol and Dufan brands, Dreamlight World Media Animation Studio and Sony Music Entertainment Indonesia. Eko Nugroho, President Director of Dreamlight World Media points that Sony Music helps in creating the sound track to beautify this film. In addition, Sony Music Entertainment Indonesia will act as a distributor for this film. He further explains that the production cost of this film is expensive since it uses HD technology and involves an orchestra. The production costs reached IDR 5M (Kevin 2012).

In 2009, Castle Production made TV 3D miniseries based on the local story *Si Kabayan dan Liplap* (2009) depicts the life of Kabayan, a famous local character from West Java who travels around Indonesia. He is accompanied by his best friend, a firefly, and brings his traditional musical instrument. During his journey he meets and befriends children from other parts of Indonesia. His mission is saving Indonesian cultures from extinction. This miniseries had over a hundred episodes and was aired by Global TV and Indosiar. Unfortunately, not all episodes were aired as stated by Redian. The reason for this, in his view, is that Indonesian children prefer to watch overseas animations like *Sponge Bob* or *Angry Birds* rather than local ones. He further states that not many Indonesian TV stations are willing to air local

animations despite the fact that they are of good quality. Hence, he strongly believes if local TV stations air more local animation, Indonesian children will love their own local animation in the end (Film Animasi “Kabayan & LipLap” Diminati di Belanda & Amerika, 2012).

Another miniseries that presents regional figures is *Si Entong* (2013). The miniseries was made based on the *sinetron* with the same name. It features a poor Betawi boy who lives with his mother. He is a kind hearted boy who is much loved by his neighbours; however, he has friends who are against him. The animation also features characters from other parts of Indonesia. It could be stated that it describes the diversity of Indonesian culture. It has a high rating and has beaten the rating of *Upin & Ipin* (2007). Yunita claims that this film is MNCTV's flagship program . The miniseries was accepted by the viewers because of the light packaging with a thick Betawi accent. In addition it also teaches how to live independently and not hold grudges (2015).

The miniseries *Keluarga Somat* (2013) was produced by by Dreamtoon Animation Studio. It tells about the life a factory worker named Somat and his family. The family has two children who have quite different characters. The conflict within a family and its neighbors is the central theme of this animation. This is probably one of the longest TV miniseries in Indonesia as it has reached more than 100 episodes to date. The miniseries, aired daily on Indosiar, was very popular, rating higher than *Upin and Ipin* (2007). To celebrate the success, the TV station made an event called ‘*Keluarga Somat Fever*’ in a number of Indonesian cities (Wardhani, 2014). The fact to some extent shows that local animation in Indonesia has the potential to develop in the future. The success of the miniseries *Keluarga Somat* (2013) is certainly an achievement in itself considering that Indonesian audiences started to welcome local animation production in the midst of the proliferation of foreign animation.

In 2013 MD Animation produced the miniseries *Adit & Sopo Jarwo* (2013) and was aired by private TV stations. The animation depicts the life of Indonesian children, Adit and his friends. Adit, the main character of the miniseries is portrayed as a good boy who lives peacefully with his neighbours and friends. However, Sopo and Jarwo are trouble makers who often create conflict among the children. Another character, a wise man living in the community, always solves the problems. The miniseries

gained popularity in the local market due to the moral teachings it conveys. It is worth mentioning that it uses free software. Dody Animation, Hizkia Subiantoro, a prominent figure in the Indonesian open source community, states that there are a number of animation studios which have used the free software. He founded [blenderindonesia.org](http://blenderindonesia.org) – a forum for Indonesians to learn to make animation using 3D Blender-based software. This community has developed well and enabled animators to work in a number of animation studios in Indonesia and produce qualified animation. The question is whether the free software is of comparably good quality to paid software. As Subiantoro claims, this depends on the user: if the animator has a good concept, pre-production, and producer, if the client's tastes are in accordance with the market, and the timeline is realistic, the animators are able to maximise their utilisation of the software, which can challenge the paid ones (Wawancara dengan Hiza Ro, 2012).



*Figure 7: Adit, & Sapo Jarwo (2013)*

*Source: <http://www.mncupdate.com>*

The idea of using open source software is a very creative step showing that some people do not always blame the government's passive role in the animation industry. Instead, they manage to find alternatives to produce animation through free software.

As has been mentioned earlier, the cost of animation production is quite high considering that it requires expensive and sophisticated facilities. This represents a complicated problem in the animation industry in Indonesia. As an interviewee points out the cost production of one mini-series in Indonesia is expensive:

Buying broadcast rights of miniseries from foreign studios is cheaper than producing it...Yes... two or three animated series have been

aired on national television stations such as MNC, Indosiar. The problem is that it is cheaper to buy an animated series from outside....it costs US \$ 2,000 for 1 episode, while if you produce one episode you will spend around US \$ 75,000 per episode (Participant 1, personal communication, February 8, 2016)

With the high cost of animation production, the studio does not want to speculate on producing animation. The problem is that after producing it, the animation studio still requires high promotional costs. Due to high cost of animation production, Indonesian TV stations prefer to buy broadcast rights of foreign animations because buying them is cheaper than producing them. If they produce animated films at high costs, television stations will not buy their products. This will discourage them to produce animation. This is a serious problem for local animation studios in Indonesia. If TV stations don't buy their products, it will be difficult for them to survive.

To date, there have been a handful of length animated films produced by Indonesian animation studios. *Janus Prajurit Terakhir* (2003), *Homeland* (2004) and *Battle of Surabaya* (2014) are the examples for this. *Janus Prajurit Terakhir* (2003) a 3D full-length directed by Candra Endraputro. Aprianti points out that the production cost was IDR 1.6 M. Unfortunately, it only lasted one week in theatres and it lost money. The 3D full length *Homeland* (2004) was produced by Kasat Mata Studio and was directed by Gangsar Waskito. The full-length animated film, however experienced problems in screening because the producer had to guarantee IDR 3.5 M in order to be able to screen in theatres (2014). The third is 2D full length *Battle of Surabaya* (2014) which was produced by MSV Picture. It received a number of international awards among others: Gold Remi Award, 2016 International Film Festival in India, the 20<sup>th</sup> Seoul International Cartoon and Animation Festival (2016), and 2013 International Movie Trailer festival (KMTF). It was screened in the local theatres in August 2015. The film was set in Surabaya during the Indonesian Independence War. As for the animated film *Battle of Surabaya*, the production cost reached IDR 16 B. However, the number of audience was not met the target and sadly it lost, as stated by Agung:

According to the records, the audience for *Battle of Surabaya* in Indonesian cinemas since its release on August 20 last year has only reached 70,000 viewers. This number is far from the target set by 1 million viewers (Alfi, 2016)

Further, he states that the failure was due to lack of promotion. The film company has not been maximal in doing promotions because some promotions are still carried out online. With the large amount of funding for full length production and the loss of the company, this is a bad indication for the Indonesian animation industry (ibid). This will make producers have to consider carefully before making full length animation.

Seeing the condition of animated films that have not been encouraging, there are several problems the animation industry faces. The first is the issue of funds. From the cases that have been discussed, it can be viewed that the production cost for full length animation can be noticed to be high. In addition to high production costs, cinemas also require a high deposit if the film is to be screened. This becomes an additional financial burden for producers. The problem is that most of them lost money due to the fact that the number of audience was under the target.

The second problem is lack government support. To some point the industry needs government support in order to be able to flourish well. With the weak economic condition, it is reasonable that the government focuses more on the basic and secondary needs such as: food, shelter, clothes, education, and health care. Supporting the animation industry financially is hard as it requires large funds; as such, this sector has not received full attention from the government so far. The issue of lack of government support is conveyed by an interviewee:

So, for example, what we see most often is the government only supports the animation industry through holding seminars or competitions. That's what the government does most often. But there is no clear follow up...If the government has to support, especially in addition to holding seminars or workshops, they have to support and provide a possible place for exhibitions in Surabaya. If we make films, especially independent ones, we are confused about where to screen them....because you know the animation needs appreciation (Participant 2, personal communication, May 12, 2015)

The above statement shows that animators need government support to be able to develop the animation industry. Thus, they need a place to exhibit their works, especially if they are making indie films. Here we can observe that the government's role is needed in supporting the development of the animation industry. However, if we look at the government's focus, it can be argued that the construction of an art building, for example, has not been included in the priority.

The next serious problem faced by the Indonesian animation industry is lack of human resources. As has been previously discussed the existence of higher education offering animation majors is still very rare in Indonesia. This sort of condition is stated by an interviewee:

Departments that specialize in animation are still rare, if any, they are part of the VCD (Visual Communication Design) meaning that animation courses are only part of a department, not a separate major. Currently the government is starting to establish a vocational school for animation majors (Participant 2, personal communication, May 12, 2015).

Similarly another interviewee stated that

“Basically in Indonesia higher institution which over special progeam to study animation is still rare.” (Participant 1, personal communication, February 8, 2016).

Such conditions are certainly not favourable for the animation industry. As discussed in the previous chapter, Indonesian studios cannot meet the demands of foreign studios. If Indonesia has more manpower, it would be likely that animation studios can pursue targets set by foreign studios. To meet industry needs, it is necessary to establish educational institutions that prepare workers in the field of animation. Indonesia’s President Joko Widodo states that we need to develop vocational high schools that link and match with industry. Furthermore, he instructs that vocational high schools with a major in animation be established to meet industry demands (Afrianto, 2017).

The fourth problem is lack of creativity. Creativity is indeed needed in the content industry. Foreign animated films that are famous throughout the world have an interesting story telling. In Indonesia, storytelling has become a serious problem as explained by Yudhi Soerjoatmodjo the director and producer curator Dapoer Dongeng Nusantara. He further claims that the creativity of Indonesian animators is able to compete in terms of visual and digital competence, but the competence of storytelling is still left behind (Dunia Animasi Dinilai Miskin diatara Kekayaan Cerita Lokal, 2020). The problem of lack of ability to make storytelling was expressed by an interviewee:

To promote local content is not easy because there must be readiness in terms of narrative or character building. In this case we are not ready (Participant 3, personal communication, June 12, 2015).

In other words, in the content industry, narrative is of importance. Let's see how, for example, the story of *Mulan* from China can become famous after being produced by Disney. There is a special talent to turn a traditional story into an interesting spectacle. This is certainly a challenge for the Indonesian animation industry.

The story telling problem can be seen in the case of the film *Battle of Surabaya* (2015). Initially there was an initiation to request Disney to become the distributor of this film, but after a while of waiting, finally Disney was not willing to become a distributor. The reason for this is that the narrative of the film is not in line with Disney policy. The representative of the film company, Agung states:

MSV Pictures failed to penetrate Walt Disney Pictures Asia Pacific.  
"Because the content of the story does not match their [market] criteria (Alfi, 2016).

The efforts to enter the global market was not an easy thing. It is evident that Disney considers that the stories offered cannot be accepted because they do not meet their standards. This case indicates that story telling plays an important role in the animation industry. If the story telling attracts the global community then it is likely that the film will be successful in the market.

The fifth problem that the Indonesia animation industry faces is the infringement of IPRs. It is known that until 2016 Indonesia was a country that still frequently violated copy rights so that Indonesia was included in a country that was supervised by international agencies for intellectual rights. In 2016 Indonesia was ranked 33rd out of 38 countries surveyed by the Global IPRs (BP Lawyers, 2018). Violation of IPRs will cause art workers reluctant to create art works. This is because they don't get a decent profit due to piracy. An interviewee states that he has to change the strategy:

I don't sell animation, because we once tried to sell this animation on CD, it didn't sell well because piracy here is very difficult to control. So what we strengthen is character branding. Some of these characters are very snooped on by their fans. Eventually, the Suroboyo character has fans, from there we can have a market, finally we sell merchandise such as t-shirts or key chains. Until we finally make a game. Android games, because now is the era of smart phones, so we approach it



through games ( Participant 2, personal communication, May 12, 2015).

If the government does not regulate the implementation of IPRs properly, the animation industry will not grow well. Producers will lose money because buyers choose to buy fake CDs at a lower price; as a result, the original CDs do not sell. In this matter, the government must be more firm in enforcing the law so that art workers can get their rights properly. If an atmospheric condition is formed, this will encourage them to work with more enthusiasm.

Another problem is that there is no continuity in the cultural policy. The new ministry, according to an interviewee will not make policy based on that of the previous ministry. Hence, there is no clear direction in nurturing the animation industry. As it is claimed by an interviewee:

The government does not yet have a clear policy. This can be seen from the change in policy for each administration; as a result, they are busy with mapping in every administration (Participant 2, personal communication, May 12, 2015).

With the discontinuity of policies, it is clear that the animation industry will find it difficult to flourish properly. On the other hand, if the policy is well planned, then all the programs that have been determined can run as expected.

Although the local animation industry has big potential, it has not given significant economic contribution to the national economy. Considering that Indonesia has a high population, it is a promising market for the animation industry. However, if we look at the condition of the industry it is obvious that the industry has not been able to provide a significant contribution to the country's economy. It can be mentioned that not all animated films made are profitable. In terms of miniseries, for example, not all animation studios produce animated miniseries consistently, most of them still make a limited number of episodes. As for the full length animation, it can be observed that they have not fully captured the audience's interest, so the producers will suffer losses in the end.

To conclude, there have been a number of existing efforts to advance the animation industry in Indonesia so far. In the case of miniseries films, for example, there are already a number of animation studios that create interesting miniseries which have

high ratings. In term of quantity; however, they have not been able to fulfil the slot for the children's programming. Only a few are already making large quantity of episodes. Although technically the Indonesian animators are good, in terms of narrative, they still need to be improved. Another problem is the tendency of TV stations to buy broadcast rights from foreign animation studios, due to the fact that it is cheaper than having to buy from local animation studios at lower prices. With regard to full length animation, the cost factor is important considering that full length animation requires a large capital investment. Not only that, the large promotional costs are also an obstacle. In addition, the deposit requirements for screening films in theatres are quite high, adding to the burden of funds that must be spent. The problem is that the high costs that must be incurred are not proportional to lack of audience interest. In the end this will cause a loss. It could be argued that there are still many things that need to be addressed in the Indonesian animation industry, such as improving human resources, one of which is improving the education system, the role of the private sector in supporting this industry financially, and the role of the government in supporting this industry, and the like.

With the emergence of animation studios that produce animations that fall into the short category, it could mentioned that there are signs of a revival of the animation industry in Indonesia. Although there are only a small number of studios that regularly produce animation, this condition shows the growth of this sector. Dreamtoon studio, for example, has produced a number of miniseries, including the *Keluarga Somat* (2013), *Nina Sahabatku* (2013), *Pendekar Lalat Samunfly* (2013), and *Dufan the Defender* (2012). *Keluarga Somat* has a fantastic number of episodes that is more than 100. Looking at the fact that there are so many episodes of miniseries, it can be inferred that this animation studio is very productive.

## **6.6 Local Animation Production in Southeast Asia: A Competition with the TNCs**

As the above analysis demonstrates, the four countries have nurtured their local animation industries to different stages. National level economic performance and cultural policy are the two important institutional drivers in this regard. With strong economic bases, the Singapore and Malaysian governments have enough funding to support local animation studios to produce local animation content. On the contrary, the Philippines and Indonesia with weaker economic bases have not nurtured their

local animations well. The two governments have not invested in the sector due to the need to prioritise social problems.

Regarding cultural policy, the Malaysian government strongly believes that local values are important to build the moral character of Malaysian children. Therefore, the government finances animation studios that produce animation embodying local values. As a result, animation industry in Malaysia can develop rapidly.

Singapore is not very active in making local animations because it focuses more on co- production. The Philippines, on the other hand, has focused on outsourcing for more than three decades making it difficult for the local animators to develop the industry. As has been discussed in the previous chapter, the government failed to provide jobs; thus, to some extent outsourcing became an alternative to reduce unemployment.

In the case of Malaysia, the first Islamic bank in the country, Kuwait Finance House (KFH), launched its partnership with Animonsta Studio Sdn Bhd (Animonsta), an animation content developer, on the sponsorship of *BoBoiBoy* the series and the new public service announcement series, *Apa Kata Yaya* (KFH Malaysia, 2012). Becoming involved in the local production of *BoBoiBoy* (2011) the Moslem bank, in this regard, supported the production of local animations with good moral teachings, with *Yaya* representing the good *Muslimah* (Moslem female). This is an important starting point for the involvement of private sectors in local animation promotion.

With regard to the IPs, Singapore and Malaysia have further developed their IPs. In Singapore, for example, *Tao Shu: The Warrior Boy* (2002) has been made into children's story books and merchandise as well. The miniseries *Upin dan Ipin* (2006), for instance, has been made into merchandise and a theme park. This shows that both countries have gone further in developing the content industry.

Although some are pessimistic about the difficulties in challenging the domination of Hollywood in the entertainment industry, Martinez (2005), believes that local production has a good chance of becoming successful. The success of Latin America *telenovela* (a medium length miniseries or TV novel) is the best example of this. In the 1980s, *telenovela* were able to attract big audiences in many parts of the world. The recipe for its great achievement is in its narrative, which depicts the hard life of

poor people. As Martinez (2005) points out, this kind of narrative has attracted audiences from countries with similar backgrounds and can be considered an example of reverse cultural imperialism or Montezuma's Revenge (*ibid*). Another example of the emergence of local entertainment production is the phenomenon of Nollywood in Africa. The proliferation of the local video film industry in Nigeria has been seen as "a coup against the colonial domination of film, enacted outside the state's control, and in such a way as to undermine the authority of filmmakers and critics whose tastes reflect colonial or Western castes of mind" (Hofmann, 2012). That the local film industry has produced and distributed their films is seen as a spectacular phenomenon amidst the domination of Hollywood in the entertainment industry. The success stories of both Latin American *telenovelas* and Nollywood have given room for local entertainment products to be able to compete with the major players in the industry. Similarly, local animation production in Southeast Asia over time will have a chance to gain popularity and economic success.

Despite the success story of the Southeast Asian animation industry, there is a serious threat in the sector. The proliferation of Western and Japanese animation cannot be avoided in the global era. DreamWorks Animation, for instance, will launch a TV channel in Asia. The Asian channel will leverage more than 2,000 hours of existing DreamWorks TV content in addition to more than 1,200 half hours of original animation that the company has in production. Programs will include the upcoming series based upon DreamWorks' most popular characters such as *All Hail King Julien*, *The Adventures of Puss in Boots*, and all-new sessions of *How to Train Your Dragon*. "The DW channel will bring out premiere shows – great humour and stories, imaginative worlds and of course, the highest quality animation – to audiences across Asia through a new DW branded platform", said Eric Ellenbogen, co-head of DW International TV (Vevvier, 2014).

Local animation productions still have to struggle to be accepted by local audiences amidst the rise of the proliferation of foreign animation. Southeast Asia is potentially a big market for local animation. The success of *Upin dan Ipin* (2007), *Bola Kampung* (2007) and *BoBoiBoy* (2011) in the regional market has shown that local animation has the potential to be successful in the regional market in the future.

## 6.7. Conclusion

The discussion of local animation production in Southeast Asia shows that economic performance is a significant factor in the success of the local animation industry. Singapore and Malaysia with strong economic bases have achieved success in nurturing their local animation sectors. The Philippines and Indonesia, however, with weaker economic performances have not been able to do so. In Cunningham's words, "creative industries in developing countries are at a competitive disadvantage due to a more pressing need for financial aids to be directed at problems of education, poverty alleviation, and institution building' (Cunningham, 2008, p. 65). Given the situation, the animation industry has not received serious attention from the two governments.

Second, cultural policy is another important factor in the local animation industry. Singapore and Malaysia have prepared a mature blueprint, so that this will make it easier for the two countries to more smoothly develop their animation industry. Malaysia, as a country with a strong Islamic foundation, argues that Western animation is not suitable for local culture. Therefore, the government is very supportive of local animation production. It is hoped that local animations with local themes are in line with Malaysian culture. Therefore, the government is very supportive of this and has prepared an international standard animation studio to facilitate local animation production. Meanwhile, the Philippines and Indonesia have not yet developed the local animation industry due to the absence of a clear blueprint. Therefore, these two countries have not yet been able to develop their local animation industry.

Third, in terms of IPRs, Singapore and Malaysia have been able to create IPs from their local animations. They have been aware that the content industry is of great importance. Both have developed their animation into books, merchandise, and theme parks. The Philippines and Indonesia, on the other hand, have not achieved that level. They are still struggling to start nurturing their local animation industry. In other words, their animation industries are still in the infancy stages.

Fourth, in the case of Malaysia, as has been discussed earlier, there has been active involvement of the private sectors. The Islamic Bank and a retail business, for instance, have supported the promotion of local animation *BoBoiBoy* (2011). This

indicates that the private sectors have realised the significance of the animation industry. To some degree this has helped the development of the local animation industry in Malaysia.

To some extent, full length animation is not yet a profitable business in the four Southeast Asian countries considering that most are still at a loss. This is due to the high cost of production. In the meanwhile, the local audience's interest in local full length animation is still low. While some short animations or animated miniseries can survive, if they are able to produce interesting miniseries which can be broadcast on local TV stations. The problem is that, there is a tendency for TV stations to buy broadcasting rights from foreign countries due to lower prices. This is a serious problem for animation studios to be able to sell their products, as such it is difficult for them to continue to exist.

An example of a success story for an animated miniseries is *Upin dan Ipin* (2007), a Malaysian local production. This miniseries was able to penetrate the Indonesian market and had become a favorite miniseries for many years. The popularity of this miniseries has created a merchandise business which is certainly very profitable for IPRs owners. This indicates Malaysia's success in developing the content industry.

The success of *Upin dan Ipin* (2007) in penetrating foreign markets cannot be separated from the role of TNCs. In the case of Malaysia for instance, a number of its local animated TV miniseries, including *Upin dan Ipin* (2007), have been distributed by the TNCs so that they have broader access. It can be inferred that TNCs has an important role in distributing local films to a wider market. TNCs will determine animated films that have the potential to be distributed to a broad market that is expected to be profitable.

## **CHAPTER VII**

### **DISTRIBUTION IN THE SOUTH EAST ASIAN ANIMATION INDUSTRY**

#### **7.0 Introduction**

Distribution is where transnational companies (TNCs) exert economic power due to their control over access to regional markets. Chow (2011), an international media consultant, argues that despite the proliferation of Japanese and Korean content, Asian content has not been widely distributed, and so he recommends the establishment of an Asia Digital Distribution Centre (Report of the 3rd Asia Content Business Summit, 2011). Balhetchet, in advocating for collaborations, on the other hand, states that,

“The production quality and storytelling abilities of Southeast Asian producers has garnered internationally, therefore, their region is still a fragmented market and lacks a strong distribution network. This is why there is a need to foster greater collaborations between producers of Southeast Asia and with the rest of the world” (Singapore’s Hub Media & Silver Media Ink Co-Financing Deal, from Business Insider, 2014).

This chapter examines the impetus and efforts to enter regional and international animation markets particularly through state support for distribution efforts. The previous chapters have discussed outsourcing, co-production and local animation production in Southeast Asia. The purpose of the last section of this thesis is to examine regional animation distribution. I argue that distribution, which requires huge investment, is a barrier for animators in countries with small or UN (der) developed economies. In countries with strong economic bases and supportive cultural policies distribution is easier. Therefore, co-production has been seen by the periphery as a strategy to gain broader access to the global animation market. Hence, amongst the four Southeast Asian countries, Singapore and Malaysia have actively engaged in co-producing with foreign animation studios while the Philippines and Indonesia have not tapped into co-production. For this reason, the chapter focuses on animation distribution in Malaysia and Singapore.

#### **7.1 Distribution in the Malaysian Animation Industry**

As the previous chapter argues, in comparison to other Southeast Asian countries, Malaysia has taken a leap forward. Muthalib (2007), for example, stated that

Malaysia has shown growth in its animation industry as between 1995 and 2008 it produced 60 animated TV series' and four feature films. Most of the series were televised locally, but some animation studios have international distribution into other parts of Asia, Europe and the Middle East. Some have also embraced the internet, using several forms of digital media and YouTube to reach a wider global audience (Jacob, 2014). However, in general, animation distribution has not been seriously taken into account – it still heavily depends on the TNCs and other prominent animation studios. To date, there are only a handful of local animation distributors.

The domination of the TNCs in the Southeast Asian animation market is widely acknowledged (Lent, 2007). DreamWorks Animation, for instance, has over 2,000 hours of content in its original series and films. It is not surprising that Asia is the first market target for its animated miniseries and films. "The 19 countries that were first to view the channel were: Taiwan, Macao, South Korea, Laos, Burma, Thailand, Hong Kong, Vietnam, Cambodia, Malaysia, Singapore, Indonesia, Brunei, Burma, Sri Lanka, Nepal, Mongolia, Palau and Tahiti. India is not currently included. China and Japan will not initially see the DreamWorks Channel due to regulatory constraints (DreamWorks Animation looks at acquiring local content for its channel in Asia). All the animations will be dubbed into the local languages of the 19 countries (Chakrapani, 2015). The quantity of the shows prepared by DreamWorks will flood Southeast Asian TV slots and theatres. While China and Japan have restricted the import of foreign children's programming, Southeast Asian countries do not limit the influx of foreign animation.

Despite the TNCs' domination, Malaysian animation studios have constantly aimed to penetrate regional and global markets. Two crucial factors have assisted in the success of Malaysian companies in this sector. First, the government supports their involvement in animation distribution by sending delegations to important events such as film festivals and exhibitions both at the regional and international levels. Second, animation studios have been active in their efforts to network with overseas animation studios and distributors.

With regard to strategically and effectively promoting Malaysian content to its fragmented target audience, government policy will be to align all its plans to help



the local industry create a greater presence in the local and international broadcast market. It has a focus on global IP development through formalization of international co-production deals and partnerships with international distributors (USD\$ 70 Mil, worth of deals announced in the world's largest content market – MIPCOM 2011). To realise this, MDeC for example is planning to showcase the trailer of *Saladdin* at the upcoming Seoul International Cartoon and Animation Festival (*Saladdin Weaving the Magic*, 2007).

The facts show that the government has been actively introducing its animation studios to regional and international markets where they can make distribution deals. It has sent delegates to a number of important events like TIFCOM (Japan), AFM (Santa Monica, CA, USA), Asia Television Forum (Singapore), and MIPCOM (France). Of these events, MIPCOM (International Market of Communications Programmes/The Marché Internationale de Programmes Communications) has become the most prestigious event. For that reason, the government has facilitated Malaysian companies, including its animation studios, to attend MIPCOM to showcase their products in the hope that they will have the opportunity to make potential co-production and distribution deals with corporations (Kidscreen, 2010).

Malaysia has actively participated at MIPCOM since 2008, and started making distribution deals in 2010 when Animasia studio established agreements with Neptuno and Agogo International. As Edmund Chan, Managing Director of Animasia Studio claims, *Kung Fu Chicken*, distributed by Neptuno and Agogo International, will open to the global market. Neptuno will introduce the miniseries to the Spanish speaking markets and to Europe; while Agogo International will distribute it to Chinese speaking markets (Malaysia's MDeC announces two new co-production deals and distribution agreement at MIPCOM, 2010). In 2011, "Malaysia sent 75 companies including animation studios to the event and made co-production and distribution deals with the US, Singapore, South Africa, Australia, New Zealand, the UK, Germany, France, Spain, China, Korea, India, and Lebanon" (Malaysian Companies Closed deals by USD 70 Million at Mipcom, 2011).

The year 2012 witnessed a strategic alliance between Malaysia and Singapore to co-produce animation in order to penetrate the global market (MIPCOM 2012: Malaysia and Singapore Join Forces, 2012). A distribution deal was made between MNC group

of Indonesia and Animasia Studio of Malaysia, giving MNC group the right to distribute Animasia's *Bola Kampung* series and *Bola Kampung the Movie* in Indonesia. In addition, Mirayi secured a distribution deal with Multicom Entertainment Group of the US in which Miyari would distribute the miniseries *Mask Master* for the Asian market, whilst Multicom Entertainment Group would distribute it to the rest of the world (M'sian Firms sign US \$30 mil worth at Cannes, 2012).

There were three important distribution deals during MIPCOM 2013. First, Animasia was to be in charge of production outsourcing and distribution for the Entertainment TV series *Supa Strikas*, more specifically for sessions 4, 5, and 6. Second, Infinite Motion of Malaysia and Dancing Digital Animation of China agreed to co-produce an animation and Dancing Digital Animation became the distributor of Malaysian content for the Chinese market. The final distribution deal was made between Giggle Garage of Malaysia and Bejuba! Entertainment of Canada which would distribute the Malaysian co-production *Origanimal* (MIPCOM: Malaysia Announces 13 Deals Worth over US \$50, 2013).

MIPCOM has played an important role in Malaysian animation distribution, making it an effective way to widen Malaysian distribution networks. The distribution deals have enabled Malaysia to enter important markets including in Spanish and Chinese speaking countries, and the Middle East. The success, to some extent, was supported by the quality of Malaysian animation demonstrated through the number of Malaysian animations that have received international awards (mentioned in chapter V). *Saladdin* and *Kampung Boy* are good examples. The animated film *Saladdin* was nominated for a Grammy Award (making it the first Malaysian animation to achieve such an international nomination), while *Kampung Boy* received the Best Animated TV Series Award at the Annecy International Film Festival (Nickelodeon Adopts *Kampung Boy*, 2004).

Nickelodeon has been interested in Asian content since 2004 when it picked up the Malaysian animated series *Kampung Boy* (1999), based on the comic strip by a famous local cartoonist Mohamed Khalid (known as Datuk Lat). As an attempt to expand its business, "Nickelodeon has been actively localising content in various languages for its audiences and it has taken this a step forward by developing content out of Asia" (Nickelodeon Asia Adopts *Kampung Boy*, 2004). Due to its worldwide

networking, *Kampung Boy* has been sold to 60 countries. Nickelodeon's decision to pick up this very Malaysian animation was based on the fact that it is a world-class animation; it was warmly welcomed by audiences in America and most Southeast Asian countries. In Japan, it was translated into Japanese and also became a very popular comic book. Additionally, in Malaysia, as has been explained in the previous chapter, Nickelodeon was involved in the production of Malaysian animated miniseries, *Akis* (2012), and it distributed it for regional audiences in September 2012. It was the first Malaysian animation production to be commissioned by Nickelodeon and was created and produced by the top digital animation production company in Malaysia, Inspedia. The miniseries which consists of 12 episodes is dubbed into English and Bahasa Malaysia enabling local audiences to enjoy it in their mother tongue. In 2012 Nickelodeon, too, debuted an original Malaysian production *Cingkus Blues* (2012) which was produced by Third Rock (Nickelodeon to debut original Malaysian animated series *Akis* this September, 2011).

Another TNC which has played a role in Malaysian distribution is Walt Disney. It has three important channels: Disney Channel, Disney Junior, and Disney XD. All three have dominated children's programming in the world including in Southeast Asia. The Walt Disney Company Southeast Asia together with Indovision launched Disney XD, a brand new children's channel in Indonesia on October 19, 2013. It will be the TV home of the new Marvel series featuring superheroes such as Spider-Man, The Avengers, and Iron Man. At the same time it launched a channel in Thailand. Like Nickelodeon, Disney also distributed Malaysian animated miniseries as part of its business expansion. The animated TV series *Upin dan Ipin* (Muhammad Usamah Zaid, 2007), for example has been sold in a number of countries such as Indonesia, Singapore, Turkey, Brunei Thailand, the Philippines, Vietnam, Cambodia, Hong Kong and South Korea. It is very popular in Indonesia due to the cultural and language similarities between the two countries. The second animated miniseries is *Supa Strikas* (2009), a co-production between Malaysia and South Africa which sold in 35 countries around the world, from France to Azerbaijan (*Supra Stikas* Becomes Only South African Animation to be aired in Western Europe, 2013). Unlike Nickelodeon, Disney does not commission local animation productions.

KidsCo is a third important studio based in the UK and launched in September 2007. KidsCo is a joint venture channel owned by leading media companies NBC

Universal, Corus Entertainment Inc. (Nelvana) and Cookie Jar Group. Like Nickelodeon, KidsCo sees the potential of the Asian market and is “committed to invest in Asian programming to further improve our quality program line up”. KidsCo and Inspidea have co-produced a local animation, *Boo and Me* (2009), KidsCo commissioned the miniseries, retaining the distribution rights: “the miniseries is a pay TV exclusive to the channel worldwide and will air on KidsCo throughout Europe, Russia, Middle East, Africa and Europe” (KidsCo Commissioning *Boo and Me*, 2009). Here we can see that KidsCo has seen Southeast Asia as a potential animation market, and has also seen the imperative in investing in the regional animation industry. As a new comer in the sector, KidsCo needs more creative content to produce and distribute and it seems clear that Malaysia has become one of the destinations through which it can further grow its business.

Al Jazeera - a global news channel based in Qatar is the biggest and most important news channel in the Middle East. It is apparent that Malaysia has been targeting the Middle East as its animation market. In 2011, as was mentioned previously, MDeC signed a MoU to co-produce *Saladdin*, a 13-episode animated TV series. Distributed by Al Jazeera, with its broad networking, it is not surprising that it is currently being shown in the Middle East, Asian, and African countries including Bahrain, Morocco, Tunisia, Lebanon and United Arab Emirates, and there is a demand from Indonesia, Thailand, Turkey, Croatia, and Serbia (Patrick, 2006). In view of this, Malaysia considered the Middle East a promising animation market for its products. Al Jazeera will be the key for Malaysia to step into the wider animation market.

Malaysia has also targeted the regional animation market in Asia. The regional distributor, Golden Network Asia Ltd, has signed multiple worldwide distribution deals worth over US \$2 million to distribute the animation feature *SeeFood* – a co-production between the Malaysian government and Al Jazeera Children’s Programming. The sales were reported during the Marche de Film in Cannes, France, at the Malaysian Pavilion – hosted by the National Film Development Corporation in association with the Malaysian External Trade Development Corporation and managed by the Global Creative and Media Agency (*SeeFood* Whets Appetites at Cannes). Again, Malaysia has broadened its animation market in Chinese speaking countries.

Despite the fact that local animation distributors have not participated actively in the sector, a handful of local distributors have played a serious part in the sector. *Silat Legenda* (Hasan Abd Muthalib, 1998), for example, which played in local theatres, was distributed by Peninsula Picture. Unfortunately, the film did not succeed in gaining popularity. Another distributor, Inspidea decided to distribute *Tao Shu: The Warrior Boy* (2011) – a Singapore animation. The main reason for this is that it depicts values regarded as beneficial to children. The third distributor is Media Prima Studios which distributes *BoBoiBoy the Movie* (2013).

Although oligopoly has brought about domination in animation distribution in the global market, Malaysia with its strong economy and governmental commitment has developed a strategic policy to penetrate the global market. Government involvement in animation industry distribution has stimulated the sector. Malaysia has been able to allocate funding for its animation industry. The government has strategically promoted Malaysian animations through attending and subsidising attendance at important events, enabling the animation studios to make both co-production and distribution deals. The strong networking with TNCs and other important studios have provided opportunities for Malaysian animations to be internationally distributed.

Another important point is that with a large population, promising economic performance, and a deregulated environment, TNCs have viewed Asia as a growing animation market. As such, they looked for potential partners to expand their corporations. Malaysian companies are well positioned and promoted as potential partners. With its promising economic situation, government commitment to foster the sector, and the quality of its animations, Malaysian animations studios are taken seriously as collaborative parties by foreign investors.

In conclusion, Malaysia has developed a strategic plan to support its animation industry under the domination of the TNCs. Through co-production, Malaysia has been able to broaden its animation distribution. Collaboration with the TNCs generated opportunities for Malaysian animation companies to distribute their animations to regional and global markets. Al Jazeera is a case in point. Additionally, Malaysia has collaborated with Chinese and Hong Kong distributors to distribute animations to Chinese speaking countries. Developing a presence at important events

like MIPCOM through government funding for attendance has been important for international distribution of Malaysian animations.

## **7.2 Distribution in the Singapore's Animation Industry**

Despite the fact that Singapore is a new player in the cinema industry in Southeast Asia, it has shown significant movement recently. As a hub of the media industry in the Southeast Asian region, Singaporean companies have distributed animation to both regional and global media markets. Two important points will be discussed in this section. First, I will discuss how the government has supported distribution in the sector, and second, I look at how the animation studios manage to tap into regional and global animation distribution.

To begin with it is important to trace the development of Singapore's media industry initiatives since the 1990s, and from 2003 the *Media 21* blueprint for media industry development. Its ambition to become a global media city was clearly outlined in the document:

*Media 21* envisions Singapore as a global media city, where media services and projects are created, developed, traded and distributed to the international market. The strategy to build the global distribution networking is by encouraging co-production with other countries which will give them access to foreign production expertise, financing and more importantly foreign distribution network and markets (Media 21, 2003).

It seems clear that the government has prepared a policy to nurture its media industry including the development, production and distribution of the digital content. From the previous discussion we it could inferred that in terms of production, Singapore has indicated a progressive development plan evidenced in the number of animations produced either as local productions or co-productions. With regard to co-production, it has networked worldwide which led to both regional and global distribution. This success to some extent is the result of government support for animation content distribution. The government is fully aware that despite the fact that Singapore has taken a further step in the production of animation, it has not actively engaged in animation distribution:

Singapore has a very good reputation in term of doing business in this industry. And we have a good IP production system. Many

companies see us a gateway to Asia and the trust level on Singapore companies is very high. Since we first started we had been focusing a lot in holding production skill which is essential. But moving on we should look at skills in business and production leadership, distribution, IP creation, licensing and merchandising to build the entire ecosystem (Ren, 2013).

Like the Malaysian government, the Singapore government, is very supportive of its animation studios' participation in important festivals so the animation studios have chances to reach co-production and distribution deals with foreign animation studios. This is in line with the statement of Dr Christopher Cia, the Chief Executive Officer of the Media Development Agency of Singapore:

As the government agency responsible for promoting Singapore media sector, MDA sees MIPCOM as an important market for our media companies to network and forge relationships with international partners, establish new co-production deals and distribute their content (The Road to MIPCOM: Q and A with Dr Christopher Cia, Joe Escalante, 2010).

In 2009 for example, three Singapore distributors, Bomanbridge Media, FCCE Asia Pacific and Scrawl Studio, attended MIPCOM with the aim of making distribution deals with foreign distributors. Scrawl Studios was the newest distributor amongst the three which set up a distribution and licensing arm to focus on Asian territory and target Asian broadcasters and partners (Singapore Distributors Head to MIPCOM to trade Asian made content). A delegation of about 10 companies participated at MIPCOM in 2010 with the target markets for the distribution in Europe and North America. In 2011, a new deal between Drawiz Japan and Sparky Animation has been made to make the co-production *Tocory the Ghost*, hence, through business matching activities at MIPCOM these companies hope to seek more co-production investment and even distribution partners to further develop these properties (Singapore Participation in MIPCOM, 2011). In 2012, August Right, August Media and Holdings newly launched distributor arm was responsible for the international sales for *Ella Bella Bingo*, a co-production with Kool Production of Norway, while, Kool Production was responsible for the distribution in the Scandinavian region (Ong, 2012).

Like the Malaysian government, the Singapore government has facilitated Singaporean animation studios to showcase their animation content at a number of

events including MIPCOM in order to make co-production and distribution deals. Singapore has started to engage in the animation distribution in the regional and global markets. It is important to observe here that the local studio animation, Scrawl Studio, established a distribution arm with the Asian region as the target market. August Media and Holdings, on the other hand, has become an international distributor in the sector.

As discussed in the previous chapter, co-production too has become a way to reach regional and global distributors. To broaden its animation distribution, Singapore has attracted the TNCs and other big animation studios to participate in the distribution arena. To date, a number of TNCs and big studios have become involved in the Singapore's animation industry. The first TNC involved in distribution was Nickelodeon. In 2002 Nickelodeon picked up *Tomato Twins* (2002) making it the first Asian animation to be aired on Nickelodeon. Two years later local Singapore TV miniseries, *Tao Shu: The Warrior Boy* (2004) was picked up by Nickelodeon Asia.

The second TNC is Cartoon Network Asia. In 2012 it distributed *Ben 10: Destroy All Aliens* (Victor Cook and Silas Hackey, 2011) a co-production between Tiny Island, Turner International Asia Pacific Limited, Turner Broadcasting System, and Cartoon Network of Hong Kong. Worldwide networking through Cartoon Network Asia enabled the animation to attain international distribution success. DreamWorks Classic has also participated in the distribution of animation content. A tripartite production between Sellnut Animation Studio, Tiny Island Studio, and DreamWorks Classic, *Sheldon* has gone global due to the worldwide distribution of DreamWorks Classic. Jirayuth, Executive Producer and Director at Shellnut Entertainment claims that the animated miniseries has been sold to 109 countries, including the US and France (Thailand to Take Advantage of Asian Animation Boom). Discovery Channel is another TNC participating in animation distribution in Singapore. A co-production between Sunwoo of South Korea, Mike Young Production of Singapore, and Discovery Kid was aired on NBC in the US (Animation Magazine, 2007).

Other big studios have also contributed to the distribution. *Zodiac: The Race Begins* (Edward Fu, 2006), a local animated film produced by Cubix International was distributed by local distributor, Shaw Organisation. *Legend of the Sea* (2007) a co-



production between Kubix Picture of Singapore, Kosmic Film Entertainment, and Zongan Animation of China, which is also supported by the MDA, has been distributed by Kubix and Kosmic Film Entertainment. A local animated miniseries, *Dream Defender* (2012), was aired in the US by Sony Discovery and IMAX.

The quality of Singapore's animation productions is an important consideration in the TNCs' decision to distribute for them. This quality is evident in the number of awards received by animation productions from Singapore: *Tao Shu: The Warrior Boy* (2004), received the award for iParenting Award TV series; *Ask Lara* (2012) produced by August Media Holding was a 2013 Emmy nominee for "The Best Kids Animation Series"; and, *Ben 10: Destroy All Aliens* (2011) by Tiny Island Production won the Best 3D animated Program. With international recognition, Singapore animation content has ensured the TNCs put them at the top of their property list.

Singapore's achievements cannot be separated from its economic status. According to the Human Index Development (2013), Singapore ranked 9<sup>th</sup> on 'very high human developments', making it the highest ranking Asian country in this category. In the same year, Singapore was considered a high-income economy with a Gross National Income of \$54,040 per capita as reported by the World Bank. The country provides the world's most business friendly regulatory environment for local entrepreneurs and is ranked among the world's most competitive economies (The World Bank Overview, 2013). With its strong economic position, Singapore has been able to develop the infrastructure, human resources, IT, and education – the four factors requisite to development in the animation industry.

The discussion shows that the TNCs and other big studios have dominant roles in global animation distribution. Singapore, in this context however, has taken the right step to counter the shortcomings. Through co-production, Singapore has been able to penetrate both regional and global animation distribution. Meanwhile, it prepares its animation studios to engage in animation distribution. August Media Company and Scrawl Animation are the best examples. They have both established their own animation distribution networks. In terms of target markets, it seems that Singapore has different target markets from Malaysia. Singapore in this respect focuses its intended market on Europe and North America.

### 7.3 Conclusion

The discussion shows that, firstly, both Malaysia and Singapore have developed strategic steps in animation distribution despite the TNCs' domination in the sector. Co-production, to some extent, has been a strategy to broaden the distribution of their animation content to the global animation market. By involving prominent animation studios which have worldwide distribution arms, they have been able to sell their co-productions to the global market whilst preparing their animation studios to be able to distribute their animation content. In the case of Singapore, August Media has extended its distribution arms enabling it to have wider distribution networks.

With regard to target markets, the two countries have different policies. Malaysia has chosen Chinese speaking countries and the Middle East region as its main targets, while Singapore has focused on Europe and North America. Second, the economic performances of the two countries have contributed to some extent to the progressive development of their animation industries. With excellent economic status, the Singapore government has fostered the distribution of its animation contents to the wider animation market. Similarly, Malaysia, as an upper – middle income country, has been able to broaden its distribution networks in the regional and global animation markets. However, both the Singapore and Malaysian governments are active in funding local animation companies to attend distribution events, like MIPCOM, as they realise the importance of these events to securing market access, generally through TNCs. Third, nowadays a number of TNCs have been interested in Southeast Asian animation content. As a result they have started to commission, co-produce and distribute the two countries' animations. With vibrant animation industry development, Southeast Asia is considered the new distribution hub in Asia.

In conclusion, although the Southeast Asian animation industry has shown vibrant development in terms of local production and co-production, it still does not have a strong distribution network. Co-production, which also can be seen as a short cut for global distribution, is not the best outcome or solution. In Ulin's words, "in return for financing production and distribution the studio typically acquires all copyright and underlying into the property, as well as worldwide distribution rights in all media and property" (Ulin, 2010, p. 82). The TNCs, through their control of distribution, control access to markets for Southeast Asian animators, although the large number

of TNCs and proliferation of distribution networks is creating a regional animation market that is reasonably open to high quality, albeit conventional, Southeast Asian animation.

## **CHAPTER VIII**

### **CONCLUSION**

This thesis has discussed how the animation industries in four Southeast Asian countries: Singapore, Malaysia, the Philippines and Indonesia, have responded to the domination of Western and Japanese animation from a political economy perspective. More specifically, it examined the effects of neoliberalism and national level cultural policy on the organisation and products of the animation industry in Southeast Asia through analysis of the New International Division of Cultural Labour (NIDCL). This thesis argues that the NIDCL has shaped animation industry in the region. To this end, it has explored the practices of outsourcing, co-production, and local animation production and distribution in the Southeast Asian animation industry and how the state and transnational corporations (TNCs) have influenced its development. Importantly, it examines the influence of outsourcing and the proliferation of Western and Japanese animation on the content of Southeast Asian animation.

Cultural policy has been an important factor in the development of the animation industry at the national level in each country. As Chapter II showed, each country has different strategies in their cultural policies for developing animation. However, these four countries have one thing in common: they all have adopted the UK Department of Culture Media and Sport (DCMS) model with various modifications. Singapore, which has engaged in the cultural sector since the early 1980s, quickly incorporated the concept of the creative industries. The Singaporean government's efforts to prepare a blueprint for developing the sector have supported the Singaporean animation industry's development. Malaysia, from the beginning of its animation development, has focused more on local animation production. This focus is partly due to its cultural policy in which Islam is one of the fundamental pillars, and a perception of Western culture as a threat to Malaysian cultural values. Consequently, the government strongly encouraged animation studios to produce animation which promoted Islamic and Malay values. Unlike the Singapore and Malaysian governments, which have paid serious attention to the sector, the Philippines government has not seriously nurtured the sector due to its weak economic condition. It was only in 2007 that the government officially regulated the

creative industries. In the case of Indonesia, the cultural policy of the creative industries did not come into existence until 2008 – the year Singapore and Malaysia started nurturing their animation industries.

Economic factors have influenced the cultural policies of the creative industries in the region. The strength of the Singapore and Malaysian economies has enabled these countries to allocate funding to develop their local industries. As a result, the animation industries in the two countries have reached a more mature stage than those in Indonesia and the Philippines which due to their weaker economies have not invested in their animation sectors.

Although neoliberalism is seldom used in political discourses in Southeast Asia, the four countries have in effect applied neoliberalism in their political and economic systems. This has influenced their cultural policies. There are two significant characteristics of neoliberalism in this cultural policy: first, the offering of tax breaks and incentives for foreign investors; and second, the building of infrastructure, more specifically, sophisticated animation studios to attract foreign investors. Neoliberalism in this context can be seen in the development of infrastructure to attract foreign investors, and through co-production and outsourcing. Singapore and Malaysia, for example, have managed to build sophisticated film studios to attract foreign film investors. In addition, they have also offered incentives and tax breaks to attract foreign investors. The Philippines and Indonesia have not done the same due to the lack of funding. In the case of the Philippines, the animation industry complains that the government needs to offer bigger incentives and tax breaks to ensure viability and competitiveness in the outsourcing industry.

It is worthwhile noting here that all the four countries have followed the British Creative Industry Model in developing their creative industries. Unlike neoliberalism which minimizes government intervention, the governments of the four countries actively interfere with the animation industry. It is clear that the phenomenon is contradictory to the principles of neoliberalism. This indicates that neoliberalism has been differently interpreted by the four countries due to different political and economic systems.

As a part of NIDCL, runaway production has been seen as a strategy to garner a bigger margin of profit by the TNCs. Runaway production, which can be paralleled

to outsourcing in the animation industry, has become a preliminary phase that each country has experienced in the infancy of their animation industry development. Chapter III indicates that of the four countries, the Philippines has become the most active – doing jobs outsourced by American and Japanese animation studios. The Philippines has become the most favoured destination for outsourcing in the region due to a number of reasons: it is an English-speaking country, it has cheap and skilled labour, and American culture is embedded within Philippine culture (iSupport Worldwide, 2016). Singapore and Malaysia have not seriously focused on outsourcing; but rather focus on preparing to nurture their local animation production and co-productions. Singapore believes that outsourcing will trap the country in the outsourcing sector; therefore, while engaging in outsourced work from foreign animation studios, it began to produce its own animations. The Malaysian government, too, has focused more on local animation production. Indonesia has not become a favoured outsourcing destination as it has not had the advantages the Philippines has had.

As the Philippines faced growing unemployment, outsourcing to some point helped the government provide jobs. Therefore, the government has made the BPO an important sector in the country's economy. The problem arises when the Philippines has to struggle to survive because other less developed countries offer bigger tax breaks and incentives in the race to the bottom. This has worsened the economic situations of the lesser developed countries, as they gain a smaller proportion of the profit from the business while the TNCs gain more.

Indeed, one of the significant contributions of this thesis is the identification of how outsourcing can result in the phenomenon of a race to the bottom – where less developed countries compete with each other by offering bigger tax breaks and incentives in order to make their animation industry competitive for work with TNCs. This is, of course, not a conducive atmosphere for less developed countries as they benefit less from the collaborative business transaction. Again, it is TNCs that benefit most from outsourcing.

Co-production in the animation industry requires heavy investment, therefore, not all four countries have actively engaged in co-production. Chapter IV showed that Singapore and Malaysia have actively engaged in co-production, whilst the

Philippines and Indonesia have not tapped into co-production. Singapore, with a strong economy and a supportive cultural policy has made a number of co-productions at the regional and international levels. It has made an effort to broaden its distribution in North America and to Chinese speaking countries. Malaysia, too, has been aware of the importance of co-production. It has also co-produced with foreign animation studios from North America, Asia, and the Middle East. Malaysia is keen to create a new animation market in the Middle East targeting Moslem countries throughout the world.

Singapore has created animation markets for Chinese speaking countries, and Malaysia for Moslem countries. It is important to note here that both have produced alternative entertainment media for specific regions and audiences. The phenomenon of local content becoming globally received is evident in the entertainment industry. The popularity of *telenovela* is a case in point. As Martinez (2005) points out, there is still room for local content to achieve global recognition. In the Malaysian case, *Kampong Boy* (1997) and *Saladdin* (2010) are the best examples of this. *Kampong Boy* (1997) which depicts Malaysian rural life has gained popularity in Europe and Asia. Similarly, *Saladdin* (2010) has been very popular in the Middle East and Asia. Miller's point that one of the objectives of treaty co-production is to challenge Hollywood's domination describes the situation in Singapore and Malaysia as both countries have worked hard to contest the domination of Hollywood by creating alternative markets.

Animation co-production brings a much greater transfer of knowledge than does outsourcing. Singapore and Malaysia have learnt how to make and tell a good story by working with the big studios which will be beneficial for the development of local animation production in the future. Transfer of knowledge in co-production occurs in the higher levels of the job division. This is in line with Mirrlees (2013, p. 162) statement that "[t]reaty co-productions represent a learning opportunity for the above-the-line and the below-the-line workers involved".

An important driver in co-production is the fact that TNCs have become more interested in Asia. Nickelodeon Asia, KidsCo and Disney Asia, for example, are searching for Asian animation studios to create co-productions with. Southeast Asia in this sense is seen as a region with progressive advancement in the animation

industry. In addition, the region indicates significant economic growth, and more importantly, it is seen as a potential market due to its population size. Nickelodeon Asia and KidsCo have even funded animation co-productions in Singapore and Malaysia. Disney Asia, however, does not fund co-productions in the region. Rather, it has become the network that airs Asian animation through its Disney Asia channel, enabling local animation production to reach the regional animation market.

Local animation production has different stages of development in Southeast Asia. Chapter V showed Singapore has not focused on local animation production for two reasons. First, it has a small market, and second it focuses more on co-production, which has enabled it to have broader access to the global market. If co-production generates more profit, the government will invest more in co-production rather than in local animation production. In the case of Malaysia, the government has strongly encouraged the nurturing of its local animation industry partly as an attempt to protect local values. Therefore, Malaysia has actively engaged in local animation production. It is important to note here that the private sector in Malaysia has participated in promoting local animation. The Philippines, has also managed to nurture its local animation industry albeit to a significantly lesser degree. The government however, has not prioritized the sector due to economic constraints. Indonesia has similar problems to the Philippines. Animation studios in Indonesia, however, have created an alternative to solve the problem. The production of the animated TV miniseries *Adit, Sapo, Jarwo* (2013), for instance, used free software. The result was surprising as the miniseries gained national popularity. This has shown how an Indonesian animation production has managed to cope with hardship imposed due to lack of funding. From an economic perspective, less developed countries are more likely to face greater hindrances in local animation production. As Cunningham reminds us, “creative industries in developing countries are at a competitive disadvantage due to a more pressing need for financial aids to be directed at problems of education, poverty alleviation, and institution building’ (Cunningham, 2008, p. 65).

With regard to IPRs, Singapore and Malaysia have been aware of the significance of creating the IPs in the next step in animation development. In the case of Singapore, it has actively promoted the creation of IPRs from its local animation and co-production. *Tao Shu: the Warrior Boy* (2002), for example, was made into a series of children’s books and merchandise. In the case of Malaysia, the characters of *Upin*



*and Ipin* (2007) have become enormously popular and the animation studio has licensed the characters. It has, for example, merchandising arms, and networks with the private sector. The two countries so far have enforced the IPRs which has encouraged a creative and supportive atmosphere for the development of the animation industry. The Philippines and Indonesia, however, have not been as progressive as Singapore and Malaysia in enforcing the IPRs. Hence, the two countries have not engaged in the creation of the IPRs. Indonesia, for instance, is still under Priority Watch, based on the 2015 Special 301 Report, showing that the IPRs have not been firmly enforced. Creation of the IPRs in the sector has become a serious problem.

In the development of their local animation industries, it is important that Southeast Asian countries learn good practice from South Korea. The South Korean government applies a quota system for animation to ensure that local animations are aired on national TV stations. In addition, the government produces a children's television channel which enables local animation studios to produce animation for local audiences. Through these strategies, South Korean animation has been able to survive amidst the proliferation of Western and Japanese animation on the global market.

A number of local Singaporean and Malaysian animated miniseries have been aired by TNCs enabling them to penetrate both regional and international markets. Singapore's *Tao Shu: the Warrior Boy* (2002) and Malaysia's *Upin dan Ipin* (2007), *Bola Kampung* (2007) and *BoBoiBoy* (2011) are the best examples of this. Clearly, the TNCs have also played an important role in the distribution of local animation in the region. In a way, this also indicates the domination of the TNCs in the distribution of animation in the region. It is only through the TNCs that Southeast Asian locally produced animation can penetrate the regional market.

Distribution in the animation industry in Southeast Asia has long been dominated by the TNCs. Chapter VI revealed that co-productions have become a strategy by which Asian animation studios enter regional and international animation markets. In addition, the existence of the Disney Asia Channel and the Nickelodeon Channel in the region shows how the TNCs have dominated animation distribution in the region. Co-productions with TNCs and distribution of locally or co-produced animations

through TNCs in the region has enabled local animation products to gain access to the regional and global markets. Despite the fact that Southeast Asian countries have committed to create a regional economic community stated in the *Roadmap for the ASEAN Community 2009-2015*, the commitment has not materialised.

Regarding the content of animation, the analysis in this thesis shows that the content of the four countries has been heavily influenced by *anime* and Disney styles. There are a number of reasons for this. The first is the influence of cultural policy which encompasses the content of animation allowed to be produced in a given country. The second is outsourcing, which is the initial phase in the development of the animation industry in most countries in the region, which also contributes to the animation content. Co-production, as the strategy to access a broader market, too, has affected the content of animation products.

Cultural policy has played an important role in animation content. In the case of Malaysia, as has been discussed earlier the first 7 episodes of the miniseries of *Upin and Ipin* (2007) tell about Ramadhan, the fasting month in Islam. It is intended to teach children about the fasting month in the Islamic tradition. The cultural policy in Malaysia clearly emphasizes Islamic and Malay values. In the beginning of its animation development, the Malaysian government strongly believed that local audiences should be protected from the negative effects of Western values implicit in American animation.

As the Philippines has engaged in the outsourcing of animation services, the influence of Disney is evident in their local animation. *Urduja* (2008) is the best example of this. The animation is based on a local story; however visually it is nothing but a copy of *Pocahontas* (1995). The similarities between the two female characters are obvious, as are aspects of the narrative, and the theme song. This indicates that outsourcing has strongly influenced local animation content. To be accepted by audiences, *Urduja* (2008) incorporates a local storyline and language into a Disney animation formula.

Co-production also influences the content of animation. In the case of Malaysia, for example, we can see that in the co-production of *Boo and Me* (2009), KidsCo gave the opportunity to Malaysian animation company, Inspedia, to do the animation. In line with KidsCo's vision to educate children, the main idea of the animation is

“green” education. It is interesting that KidsCo agreed to use a Malaysian setting for the animation. Importantly, the content of the animation was negotiated between the two involved parties in an attempt to accommodate their different interests.

To some degree, the animation industry in Southeast Asia has been influenced by economic and political factors at the national level within each country in the region. As the four countries discussed here embraced neoliberalism, their cultural policies were also to some extent influenced by it. On the other hand, countries with weak economic forces and weak cultural policies face difficulties in developing the sector. However, the strategic choices about how to engage with TNCs also been an influence on the long term development of the animation sector. The organisation of the NIDCL, through outsourcing, co-production, local animation production and distribution, has been the driver of differences within the region and to a large extent the access that each of the national industries has achieved in regional and international markets. However, cultural policies that have encouraged local content have been influential. It is evident that the content of Southeast Asian animation has been strongly influenced by both Disney and *anime* styles as a result of outsourcing and the proliferation of Western and Japanese animation. While the TNCs do not dominate the Southeast Asian animation industry, the strength of the TNCs and their control over access to markets is a structural force that has shaped the differences in the region, both in terms of the organisation of the industry and the national characteristics of Southeast Asian animation.

From a neoliberal perspective, outsourcing shows an unequal relationship between the center and the periphery. Here we see that TNCs benefit because they can choose countries that offer lower prices. In addition, the periphery countries also still provides tax breaks and incentives to TNCs. While amongst them, they are competing to offer lower prices leaaading to a phonemon called race to the bottom which harmful to their economy. It can be inferred that the competition in this field is very tight. Meanwhile, the relationship between TNCs and partner countries is more cooperative. Given the high cost of animation, TNCs are looking for opportunities to find partners who can reduce the amount of capital required. Partner countries have the advantage that they can learn in terms of animation-making techniques and managerial issues. Here we see that both parties benefit equally. However, overal, the centre benefits greatly from outsourcing and collaboration.

Although neoliberalism tries to minimize government interference in the economy, Singapore and Malaysia clearly interfere in developing the animation industry. Both governments for example, prepare cultural policies and disburse funds for this industry. Meanwhile, Indonesia and the Philippines have not maximally supported the development of this industry due to their economic condition. Both countries still have to focus on more important issues such as unemployment, housing, health care, education and the like. However, the industry side demands the government to support the development of the sector. It is clear that there is a top down model in the development of this industry. It can be implied that neoliberalism which grow in a different soil will produce different fruits.

In terms of content, the animation of the four countries is much influenced by anime and Disney. The previous discussion indicates that the Southeast Asian animation imitate anime and Disney narrative and visual. This is because Southeast Asian animation TV stations have been dominated by anime and Disney. The four countries have to be able to compete with anime and Disney in terms of narrative and visual. This is indeed a tough challenge for them.

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## **APPENDICES**

### **APENDIX A**

#### **DAFTAR PERTANYAAN UNTUK WAWANCARA**

1. Dapatkah Bapak/Ibu memperkenalkan diri secara singkat?
2. Secara umum dapatkah Bapak/Ibu jelaskan sejauh mana perkembangan industri animasi di Indonesia?
3. Dapatkah Bapak/Ibu jelaskan mengenai kebijakan pemerintah untuk industri animasi di Indonesia?
4. Bagaimana dengan peran institusi pendidikan dalam mendukung perkembangan industri animasi di Indonesia?
5. Sejauh ini bagaimana peran pihak industri (studio animasi) dalam ikut mendukung perkembangan industri animasi Indonesia?
6. Menurut Bapak/Ibu apakah sudah ada hubungan yang sinergis antara pemerintah, institusi pendidikan dan industri (dalam hal ini studio animasi) dalam mendukung perkembangan industri animasi di Indonesia?
7. Sebagaimana kita ketahui sebagian besar negara Asia memulai industri animasi dengan outsourcing. Dapatkah Bapak/Ibu jelaskan mengenai outsourcing dalam industri animasi di Indonesia?
8. Untuk kerjasama dengan pihak asing (co-production), sejauh mana studio-studio animasi di Indonesia telah melakukan kerjasama dengan pihak asing untuk membuat film animasi?
9. Menurut pendapat Bapak/Ibu bagaimana kualitas film animasi yang dihasilkan oleh studio-studio animasi Indonesia?
10. Dari segi content, apakah perlu membuat film animasi dengan tema ataupun karakter lokal? Dapatkah Bapak/Ibu jelaskan lebih jauh?
11. Mengingat distribusi memiliki peran yang penting dalam industri animasi, dapatkah Bapak/Ibu jelaskan mengenai distribusi dalam industri animasi di Indonesia?
12. Bagaimana prospek industri animasi Indonesia di masa yang akan datang, menurut pendapat Bapak/Ibu?