



# Mapping the Trade in the Creative Industries

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*"The culture sector, encompassing cultural heritage, creative or cultural industries, cultural tourism and cultural infrastructure, generates substantial economic benefits, including job creation" - UN General Assembly, Culture and Development A/66/187/2011*

The role of creative or culture industries has been recognized as factor of economic growth by the international community. Creative industries have exhibited a dynamic pattern of growth despite the current economic crisis as exemplified by the global spending on entertainment and media (E&M) which rose at 4.9 percent in 2011 (Price Water House Coopers, 2012).

At the heart of the creative economy lie the cultural or creative industries which are quite important in the Caribbean region. Tourism is a key contributor to the economy in the region for which culture is a key driver as reflected by the numerous festivals such as CARIFESTA or the Trinidad and Tobago carnival. Nevertheless, this fact is not reflected in the data collected which are still scarce or not detailed enough. Few if any surveys of cultural activities are carried out in the region. An important path towards the enhancement of cultural statistics is raising awareness on this issue and developing a framework for evidence-based regional and national cultural policies.

One of the roles of the UNESCO Institute of Statistics (UIS) is advocacy among member states for improving cultural statistics as well as providing technical support. To this end, the UIS published the 2009 UNESCO Framework for Cultural Statistics (FCS) that establishes a conceptual model for defining culture for statistical purposes. The UNESCO FCS is a tool for organizing cultural statistics internationally and nationally. In 2009 in Jamaica, UIS organized the first regional training workshop on the 2009 UNESCO FCS in order to provide capacity building to Member States to support the development of cultural statistics for the Caribbean region. One of the issues highlighted during this workshop was the need to be able to measure the economic value of cultural industries and the contribution of culture to development and convey the results to governments and policymakers. Another objective was to create synergies within the country to enhance collaboration between different institution such as ministries of culture and national statistical offices to produce cultural statistics. Key cultural policy areas in the Caribbean region were identified such as intangible cultural heritage, festivals and cultural diversity.

This issue was reflected into policy as a result of the COTED meeting in April 2011, where it was agreed that the region needs to improve the availability of statistics from the creative economy in the Caribbean. In this context, the WTO Secretariat organized at the request of CARICOM, a workshop on Statistics of International Trade in Services with a special focus on Creative Industries in Barbados, in March 2012 (see following article by A. Maurer, J. Magdeleine). This workshop was organised in partnership with other organisations such as UIS, the UN Statistical Division and the World Intellectual Property Organization (WIPO).

## **International trade in services: key component of the creative economy**

Statistics on international trade in cultural or creative products is a key component to assess the creative economy. Statistics in international trade are comprised of two components -- trade in goods and trade in services. The situation of each in the region differs, however. On the one hand, trade in goods statistics has usually been available for most countries for some time. On the other hand, cultural services statistics are scarce in the region and need to be developed.

Trade in goods data is mandatory via administrative data collection through customs statistics. Nevertheless, trade in goods data cannot capture fully the range of cultural flows due to several limitations of these statistics since cultural goods encompass artistic, aesthetic, symbolic and spiritual values and thus differ from other products by their system of valorisation, including an irreproducible characteristic, linked to its appreciation or pleasure. Most of these goods and services are subject to copyright. In the Harmonized Commodity Description and Coding System (HS), goods are classified by their observable physical characteristics and not according to the status of national content, cultural value or other similar criteria. Customs data do not capture the symbolic value of cultural goods and only consider goods that physically enter or leave the country. The actual market value of cultural goods is often considered far more important than the declared value at customs.

The limitations of trade in goods statistics are also due to the changing characteristics of cultural flows due to advances in technologies such as new forms of cultural products via the Internet like music downloads. The digitization process is at the heart of the transformations in the Entertainment and Media industry which contributes significantly to the creative economy of the region. The shift in cultural consumption is reflected with the rise of spending on digital media which continues to drive growth in this sector.

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The 2012 PricewaterhouseCoopers study anticipated that “during the next five years, digital spending will increase at a 12.1 percent compared with just 2.8 percent for non-digital spending. 67 percent of total Entertainment and Media spending growth to 2016 will be generated by digital (Price Water House Coopers, 2012)”. Music has been deeply affected by these shifts in consumption and production processes. Global music revenues from digital trade increased by 8% from 2010 to 2011 and represented 5.2% billion US\$ revenues (IFPI, 2012).

Services statistics are therefore needed to capture the new digital flows despite some limitations. International trade in creative services is mostly collected via the Balance of Payments data (BOP). Nevertheless, there are still some data gaps and inconsistencies in BOP data for the region. Only 25% of the countries in the region are currently reporting at the level of detail necessary to obtain culture data from the BOP.

These limitations emphasize the need to use complementary data sources which could help determining the revenues of musicians or performers in the region. These statistics are collected by the Copyright collective agencies. Global royalty collections reached 7.545 billion € in total domestic collections of the 232 CISAC member societies in 2010. Caribbean region accounted for 5,004 thousands euros representing almost exclusively music royalties’ collection with 4,984 thousands euros in 2010 (CISAC, 2012).

Another component of services statistics are Foreign Affiliates statistics (FATS), which could help in assessing the activities of affiliates of foreign companies in the creative economy. To this end, these statistics need to be developed in the region.

#### **Use of international instruments with some regional adaptations**

Two key elements are crucial for the development of statistics on the creative economy for the region: a consistent definition of the sector and the existence of appropriate classification tools.

The different international organizations such as WTO and UIS have put in place several instruments to support the development of these statistics. The 2009 UNESCO FCS provides guidance for a better definition in culture that has been recognized as a reference for the region at both the UIS 2009 and WTO 2012 workshops. Another key element for improving these statistics is the development of relevant classifications. Trade in services statistics are based upon the new Extended Balance of Payment classification which was updated in 2010 in the Manual on Statistics of International Trade in Services (MSITS) for which WTO was a major contributor. Cultural services are better characterized in this new classification. It is hoped that when the data collection will start more accurate data will be collected. However, this classification may need to be adapted to better fit the regional perspective.

The UNESCO Institute for Statistics with the WTO Secretariat has written a proposal to CARICOM for adapting the EBOPS classification to the Caribbean region. The proposal introduces new subcategories on three items of the services MSITS 2010 namely; travel, charges for the use of intellectual property and personal, cultural and recreational services. The proposal could serve to better evaluate key components of the creative economy in the region such as the number of musicians who are producing their albums abroad or the cultural activities undertaken by the travelers in the Caribbean region. This proposal shall serve to initiate discussions on this topic to generate accurate international trade in services statistics in the region.

In order to measure the importance of the creative economy in the region, efforts will be required to improve the coverage and the availability of cultural statistics. One of the efforts is to obtain better synergies on the different source of data and on data collection instruments. These initiatives such as the ones described above and new ones involving regional cooperation with CARICOM among different national stakeholders, with the support of international and regional organizations and political support may provide elements for the improvement of cultural statistics in the coming years ■

#### **References**

*CAGR: Compound Annual Growth Rate.*

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