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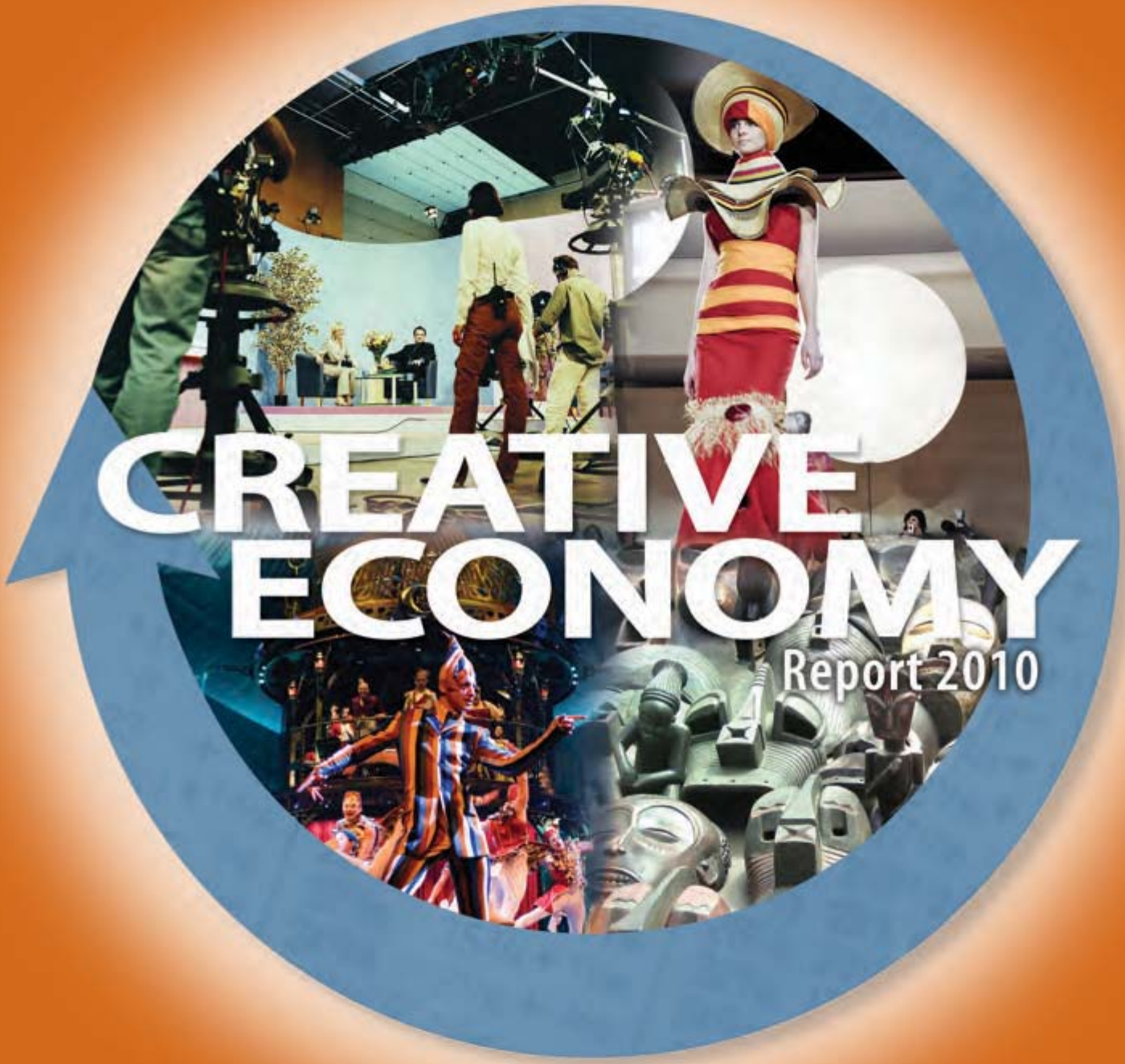

CREATIVE ECONOMY

Report 2010

Creative Economy:
A Feasible Development Option

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CREATIVE ECONOMY

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Foreword

The United Nations published its first Creative Economy Report in early 2008, at a time when the world economy had been undergoing a period of expansion. The report concluded that the creative industries were among the most dynamic sectors of the world economy and offered new, high growth opportunities for developing countries. The report has been widely used by policy makers, development practitioners, and researchers alike.

Since the report was written, the world economy has been through turbulent times. Virtually all regions and countries were affected by the global recession and progress towards the Millennium Development Goals was put at risk. Even now, the global economy is fragile.

This report builds on the earlier analysis of its predecessor, with new and improved data, showing how creativity, knowledge, culture, and technology can be drivers of job creation, innovation, and social inclusion. It suggests that world trade in creative goods and services remained relatively robust at a time when overall levels of international trade fell. It analyzes the rapid growth in the creative economy sectors across the South and the growing share of creative sector trade which is coming from the South. By exploring the factors behind this growth and the potential for further expansion of the sector the report provides useful input into the ongoing policy debate on feasible development options.

Times of crisis offer opportunities to look at new options, approaches, and strategic directions. This report argues that while the creative economy's growth is not in itself a panacea, it does potentially offer more resilient, inclusive, and environmentally viable paths to recovery. Even if there is no one-size-fits-all prescription, the report outlines how governments can play a catalytic role by putting in place the policies, regulations, and institutions needed to strengthen their creative economies.

Overall, the creative economy sectors can contribute a lot to growth and prosperity, especially for developing countries seeking to diversify their economies and build resilience to future economic crisis. We commend this report to all who are looking for innovative and sustainable development strategies.

Supachai Panitchpakdi
Secretary-General
United Nations Conference
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The *Creative Economy Reports* present the United Nations system-wide perspective on this innovative topic, as an example of multi-agency cooperation working as "One UN" and with one voice. In preparing the 2010 edition, UNCTAD built upon previous contributions made for the *Creative Economy Report 2008* by five relevant United Nations bodies: the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) Special Unit for South-South Cooperation, the United Nations Educational Scientific and Cultural Organization (UNESCO), the World Intellectual Property Organization (WIPO) and the International Trade Centre (ITC).

The research and policy-oriented analysis presented in the two issues of the Creative Economy Report were carried out under the overall guidance of Edna dos Santos-Duisenberg, the main co-writer of these reports. *The Creative Economy Report 2010* was prepared by a small but extremely devoted team of the UNCTAD Creative Economy Programme, composed of Sudip Ranjan Basu, Cheng Shang Li (consultant), Sharon Khan (consultant), Carolina Quintana and Julia Costa Souto (intern). Our special thanks go to the Head of the Development Statistics and Information Branch, Henri Laurencin, and his team, composed of David Cristallo, Yumiko Mochizuki, Sanja Blazevi, Yoann Chaine, Ildephose Mbabazizimana and Sonia Blachier. Comments were received from Mina Mashayekhi and Victor Ognivtsev, colleagues within the UNCTAD Division on International Trade. Our gratitude to Prof. Andrew C. Pratt for his academic reflections.

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The *Creative Economy Report 2008* and the *Creative Economy Report 2010* were both financed by the UNDP Special Unit for South-South Cooperation.

Scope of this report

The Creative Economy Report 2010 — Creative economy: A feasible development option is the second policy-oriented report to present the United Nations perspective on this innovative topic. The creative economy has become a topical issue of the international economic and development agenda during this decade, calling for informed policy responses in both developed and developing countries. Adequately nurtured, creativity fuels culture, infuses a human-centred development and constitutes the key ingredient for job creation, innovation and trade while contributing to social inclusion, cultural diversity and environmental sustainability.

This report builds upon the findings and recommendations put forward by the first *Creative Economy Report 2008 — The challenge of assessing the creative economy: Towards informed policy-making,* but goes a step further by deepening the analysis and bringing new insights on the impact of recent developments on the creative economy. Evidence from this report confirms an important lesson from the economic crisis, namely that the market, contrary to conventional wisdom, does not have a near-miraculous capacity to address socio-economic imbalances. Thus, policies and actions to foster development should be rooted in a balanced role for policy interventions and the market. In this context, the debate around the development dimension of the creative economy gained momentum in search of a new development model better adapted to the new realities of the contemporary society. The *Creative Economy Report 2010* attempts to respond to this call by identifying trends, strengths and weaknesses as well as challenges and opportunities to be addressed, bearing in mind that it is important to reconcile national strategies with global international processes.

The first *Creative Economy Report* continues to attract growing interest on the part of governments, researchers and practitioners. It has helped harmonize views, stimulate more research and policy debate and refine the concept and its application. The popularity of the publication was also due to the fact that it is publicly accessible via the Internet at no cost (www.unctad.org/creative-economy and http://ssc.undp.org/creative_economy). Today, the *Creative Economy Report 2008* tops a Google search on this subject. As of the end of July 2010, the report has been consulted more than 52,000 times via the Internet, and has been linked to from 1,080 websites all over the world. Indications are that the report has had a positive impact on creative industries professionals, artists and public opinion; the last two years has seen a worldwide increase in the amount of research and the number of conferences and publications on the topic of the creative economy. The *Creative Economy Report 2008* has been the subject of debates by networks of academic and educational circles, has been adopted by a number of universities as a major reference for graduate-level courses, stimulating the revision of academic curricula for higher education in fields related to the arts and the creative economy.[1] Moreover, an increasing number of governments, in developing and developed countries alike, are identifying the creative industries as a priority sector in their national development strategies.

[1] *The Creative Economy Report 2008 revisited: The Dutch being unnoticed,* by the Research Group Arts and Economics, Utrecht School of Arts, Utrecht University, Netherlands, June 2009.

These have been the key motivations guiding this new publication.

Obviously, there is a need for better understanding of the dynamics of the creative economy in our globalized world. A more holistic approach to development is needed. It is time to take a step back from the global and look more deeply at the local, identifying specificities and identities of countries and recognizing their cultural and economical differences in order to capture their real needs and surrounding environment. It seems crucial to explore the linkages between creative capacities, trade, investment and technology, and see how this can translate into a vibrant creative economy able to contribute to economic prosperity and poverty reduction.

The *Creative Economy Report 2010* incorporates new reflections, additional research and more in-depth analysis of the key issues. It captures economic, cultural, social and technological developments that took place at global level over the last two years, in particular the consequences of the financial crisis and environmental degradation. Throughout the report, the analysis, charts and tables have been updated with more recent statistics and information, including more timely trade analysis showing the growing share of creative industries products in world markets during the period 2002-2008, and the state of play up to 2010.

In fact, there are a number of novelties in the *Creative Economy Report 2010,* reflecting new realities. The most important is that the world economy faced the most severe recession in 70 years in 2008-2009, which seriously undermined growth, employment and quality of life. The crisis pointed to the limitations of mainstream economic policies, giving clear signs of the need for profound economic and financial reforms, new approaches to development strategies and better balance between the roles of the market and government. New development paths are needed to reorient policies towards more equitable, sustainable and inclusive growth strategies able to accelerate socio-economic growth, create jobs and raise living standards. Against this background, the creative economy is a feasible development option.

The world has changed. The crisis provoked a reality check calling for a more effective global governance system in which emerging countries are no longer outsiders. As global demand sharply contracted in the most advanced countries, the fast-growing developing nations performed relatively better, surviving the crisis with less damage. South-South regional trade and investments have been vital to mitigating the effects of the global recession. While the traditional manufacturing industries were seriously hit, the more knowledge-based creative sectors were more resilient to external shocks. In 2008, despite the 12 per cent decline in global trade, world trade of creative goods and services continued its expansion, reaching $592 billion and reflecting an annual growth rate of 14 per cent during the period 2002-2008. This reconfirms that the creative industries have been one of the most dynamic sectors of the world economy throughout this decade.

The current economic recovery remains fragile, despite the mitigating policies. Recovery cannot depend solely on increasing demand in industrialized nations. Developing countries should continue enhancing their creative capacities and progressively look for new market opportunities in the South, where demand is growing. The *Creative Economy Report 2010* provides evidence that South-South trade in creative products and South-South investments in digital technologies are gradually increasing but have the potential to expand even faster if supported by enhanced South-South cooperation. Developing countries are therefore encouraged to include creative goods in their lists of products as they conduct their negotiations under the Global System of Trade Preferences.

Chapter 1 explores evolving concepts such as creative ecology, creative commons, collaborative creation, experience economy and soft innovation and expands the analysis of the major drivers and multiple dimensions of the creative economy. Chapter 2 introduces a thoughtful reflection on the linkages between the creative economy and the green economy, capturing ongoing policy debates on the implications of losses in biodiversity and how creativity and biodiversity are a win-win solution to promote sustainable development and economic recovery. Moreover, it presents an overview of recent developments related to the creative economy in developing countries and economies in transition. Chapter 3 analyses the organizational structure of the creative economy, highlighting the power of social networks and their influence in the distribution of digitized creative content through more flexible business models. Chapter 4 features a comprehensive comparative analysis of current methodologies to collect, analyse and disseminate economic indicators and statistics for the creative industries, taking into account new models for cultural statistics and ongoing work carried out by international organizations and individual countries in this regard. It also presents a refined methodology developed by UNCTAD proposing better tools to gradually improve the comparability and reliability of trade statistics for the creative industries; it is a work in progress aimed at improving market transparency.

Chapter 5 deals with the international trade of creative goods and services. It shows a recent picture of global trends for world and regional trade flows of creative products covering the period 2002-2008. An in-depth trade analysis is presented for the North-South and South-South trade of creative products, with a special focus on the potential for further expansion of South-South trade, and how the demand for creative products has been contributing to economic recovery. Advances were made in the UNCTAD methodology to process and analyse trade statistics, enabling countries to generate their own country profiles on the trade performance of their creative industries, as is illustrated in the statistical annex.[2] Chapter 6 reflects ongoing work undertaken by WIPO at the secretariat and at the intergovernmental levels. It also analyses sensitive areas related to the current controversial debates about the pros and cons of protection or the sharing of copyrights, and the new trend towards public domain and new open sources for the distribution of intellectual property rights, including a section on the evolution of creative commons.

In chapter 7 the focus is on the growing role of technology and connectivity in the creative economy. It starts by examining the impact of the economic crisis on digital technologies, and presenting a fresh view on how the diffusion of information and communication technology (ICT), and in particular the mobile revolution, is bringing progress for developing countries. The report presents evidence that digital technologies and ICT-enabled services are stimulating the creation and marketing of digitized creative products through new business models, and that this convergence and digitization is helping creative products from developing countries to reach global markets. Chapter 8 emphasizes the importance of tailor-made national policies for strengthening the creative economy for development gains. The report proposes policy directions for the provision of financing and investment for the creative industries, recalling that most governments have public deficits and new financing options should be explored. As illustration, the concepts of a solidarity-based economy and the use of alternative currencies for transactions in the creative economy are presented as alternative ways to promote creative entrepreneurship, particularly in the post-crisis period. The

[2] Accordingly, the UNCTAD Global Database on the Creative Economy has also been updated and can be accessed at www.unctad.org/creative-programme.

report reviews how networking and collaboration has made creative individuals and groups more proactive in shaping solutions for reinvigorating the creative economy. It points out that appropriate institutional mechanisms and regulatory frameworks should be in place as a prerequisite for the optimal functioning of the "creative nexus" which aims to attract investors and creative business, stimulate the use of new technologies and articulate trade promotion strategies for both the domestic and global markets. Clustering and the creative nexus are essential to fostering creative innovation.

Chapter 9 presents an overview of current developments in global processes and their impact for the formulation of multilateral, regional and national policies in areas of relevance for the creative economy. The report observes that the adverse effects of the financial and economic crisis will make it nearly impossible for the poorest countries to achieve the Millennium Development Goals, in particular the target of halving extreme poverty by 2015. The report sheds light on the state of intergovernmental debates and multilateral negotiations and their repercussions for the creative economy up to 2010. It analyses, for example, the causes of the prolonged stalemate in the negotiations of the WTO Doha Round in the aftermath of the 2008-2009 crisis. A section on market access and tariff barriers presents a pioneering analysis demonstrating that trade expansion for creative goods has been hampered by the high level of tariffs, an issue developing countries may wish to address through negotiations under the Global System of Trade Preferences. The chapter also gives a brief review of progress made up to 2010 under the implementation of the UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expressions and its implications for the creative economy in developing countries. Finally, it reviews new moves and steps taken by the international community in the context of the implementation of the WIPO Development Agenda.

In conclusion, chapter 10 highlights the lessons learned and proposes specific policy options for enhancing the creative economy in the light of current developments. It notes how policymaking at the level of communities and municipalities seems to be increasingly effective in articulating results as compared to national strategies, due to the complexity of integrating inter-ministerial and cross-cutting policy actions. Moreover, it observes how the growing impact of digital convergence and the power of social networks has brought a new dynamic to the creative process locally and globally, remixing the traditional with contemporary cultural and creative expressions.

The ten key messages of this policy-oriented study are highlighted. The *Creative Economy Report 2010* brings evidence that the creative economy is indeed a feasible option to advance development in line with the far-reaching transformation of our society. The time has come to promote creativity and innovation and shape a more holistic development strategy able to foster an inclusive and sustainable economic recovery.

Ten key messages

This policy-oriented report examines a number of issues relating to the creative economy and its development dimension. Instead of presenting an overview of the full report, a summary of the 10 key messages is presented at the initial part of the report to provide a synthesis of the main findings and policy recommendations. The intention is to present a quick glance at the key issues, and facilitate informed, results-oriented policymaking.

I. In 2008, the eruption of the world financial and economic crisis provoked a drop in global demand and a contraction of 12 per cent in international trade. However, world exports of creative goods and services continued to grow, reaching $592 billion in 2008 — more than double their 2002 level, indicating an annual growth rate of 14 per cent over six consecutive years. This is a confirmation that the creative industries hold great potential for developing countries that seek to diversify their economies and leapfrog into one of the most dynamic sectors of the world economy.

II. The world economy has been receiving a boost from the increase in South-South trade. The South's exports of creative goods to the world reached $176 billion in 2008, accounting for 43 per cent of total creative industries trade with an annual growth rate of 13.5 per cent during the 2002-2008 period. This indicates a robust dynamism and developing countries' fast-growing market share in world markets for creative industries. South-South trade of creative goods amounted to nearly $60 billion, an astonishing growth rate of 20 per cent over the period. The trend is also confirmed in the case of creative services, whose share of South-South trade grew to $21 billion in 2008 from $7.8 billion in 2002. In the light of this positive evolution, developing countries are highly encouraged to include creative goods in their list of products and to conclude negotiations under the Global System of Trade Preferences in order to give even more impetus to the expansion of South-South trade in this promising area.

III. A right mix of public policies and strategic choices are essential for harnessing the socio-economic potential of the creative economy for development gains. For developing countries, the starting point is to enhance creative capacities and identify creative sectors with greater potential through articulated cross-cutting policies. Efforts should be oriented towards the functioning of a "creative nexus" able to attract investors, build creative entrepreneurial capacities, offer better access and infrastructure to modern ICT technologies in order to benefit from global digital convergence, and optimize the trade potential of their creative products in both domestic and international markets. A positive spillover effect will certainly be reflected in higher levels of employment generation, increased opportunities for strengthening innovation capabilities and a high quality of cultural and social life in those countries.

IV. Policy strategies to foster the development of the creative economy must recognize its multidisciplinary nature — its economic, social, cultural, technological and environmental linkages. Key elements in any package to shape a long-term strategy for the creative economy should involve concerted inter-ministerial actions to ensure that national institutions, a regulatory framework and financing mechanisms are in place to support

the strengthening of the creative and related industries.

V. A major challenge for shaping policies for the creative economy is related to intellectual property rights: how to measure the value of intellectual property, how to redistribute profits and how to regulate these activities. The evolution of multimedia created an open market for the distribution and sharing of digitized creative content, and the debate about the protection or sharing of IPRs became highly complex, involving governments, artists, creators and business. The time has come for governments to review the limitations of current IPR regimes and adapt them to new realities by ensuring a competitive environment in the context of multilateral discourse.

VI. The creative economy cuts across the arts, business and connectivity, driving innovation and new business models. The digital era unlocked marketing and distribution channels for music, digital animation, films, news, advertising, etc., thereby expanding the economic benefits of the creative economy. The mobile revolution is changing the lives of millions of people in the developing world. In 2009 over 4 billion mobile phones were in use, 75 per cent of them in the South. In 2008 more than one-fifth of the world's population used the Internet, and the number of users in the South grew five times faster than in the North. However, developing countries are lagging in terms of broadband connectivity. For the creative industries, this is a constraint because many applications to stimulate creative production and e-business do not run without sufficient bandwidth. Therefore, national and regional investment efforts should be guided, in collaboration with international agencies, towards better infrastructure for broadband in the South.

VII. The creative economy is both fragmented and society-inclusive. It functions through interlocking and flexible networks of production and service systems spanning the entire value chain. Today it is strongly influenced by the growing role of social networks. These new tools, such as blogs, forums and wikis, facilitate connectivity and collaboration among creative people, products and places. Pragmatic policymaking requires a better understanding of who the stakeholders are in the creative economy, how they relate to one another and how the creative sector relates to other sectors of the economy. Policies and initiatives should be specific rather than generic, and preferably not top-down or bottom-up but allowing for ownership and for partnerships involving stakeholders from the public and private sector, artists and civil society. Schemes that are more inclusive and flexible will facilitate effective and innovative measures to revitalize the creative economy.

VIII. Policies for the creative economy have to respond not only to economic needs but also to special demands from local communities related to education, cultural identity, social inequalities and environmental concerns. An increasing number of municipalities all over the world are using the concept of creative cities to formulate urban development strategies for reinvigorating growth with a focus on culture and creative activities. The main principles can be adapted for rural areas and disadvantaged communities as a tool to generate jobs, particularly for youth, empower creative women and promote social inclusion in line with the achievement of the Millennium Development Goals. Municipalities are therefore acting faster and more astutely than the spheres of federal government, which can be more constrained by power issues and bureaucracy. Ideally, target plans of action for the creative economy should be shaped at all levels, from the community to the municipality to the national level, independent of order. It is important, however, to reconcile cultural and social objectives with instruments of trade, technology and tourism.

IX. In the aftermath of the crisis, the firmness of the market for creative products is a sign that many people in the world are eager for culture, social events, entertainment and leisure. They are devoting a higher share of their income to memorable life experiences that are associated with status, style, brands and differentiation; this phenomenon, a symbol of the way of life in much of contemporary society, is rooted in the creative economy. Evidence suggests that even during the global recession people continued to go to cinemas and museums, listen to music, watch videos and TV shows, play video games, etc. Even in times of crisis, creative products continue to thrive as an integral part of our lives. This explains why some creative sectors appear more resilient to economic downturns and can contribute to a more sustainable and inclusive economic recovery.

X. Each country is different, each market is special and each creative product has its specific touch and splendour. Nonetheless, every country might be able to identify key creative industries that have not yet been exploited to their full potential so as to reap developmental benefits. There is no one-size-fits-all prescription; each country should formulate a feasible strategy to foster its creative economy, based on its own strengths, weakness and realities. The time for action is now.

Abbreviations and acronyms

ACP	African, Caribbean and Pacific
ANCOM	Andean Common Market
APEC	Asia-Pacific Economic Cooperation
APTA	Asia-Pacific Trade Agreement (former Bangkok Agreement)
ASEAN	Association of Southeast Asian Nations
BOP	Balance of payments
BSEC	Black Sea Economic Cooperation Organization
CACM	Central American Common Market
CAFTA	Central American-Dominican Republic Free Trade Agreement
CARICOM	Caribbean Community
CD	Compact disc
c.i.f.	Cost, insurance and freight
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa (formerly PTA)
COMTRADE	Commodity Trade Statistics Database
CSA	Cultural Satellite Account
DAC	Development Assistance Committee (of OECD)
DCMS	Department of Culture, Media and Sport
DVD	Digital versatile disc (formerly digital videodisc)
EBOPS	Extended Balance of Payments Services Classification
ECCAS	Economic Community of Central African States
ECE	Economic Commission for Europe
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
EUROSTAT	Statistical Office of the European Communities
excl.	Excluding
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
f.o.b.	Free on board
FOSS	Free and open-source software
FTA	Free trade area
FTAA	Free Trade Area of the Americas
G-77	Group of 77
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade

GCC	Gulf Cooperation Council
GDP	Gross domestic product
GNP	Gross national product
GVA	Gross value added
HIPCs	Heavily indebted poor countries
IFPI	International Federation of the Phonographic Industry
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IPR	Intellectual property right
ITC	International Trade Centre
ITU	International Telecommunication Union
LAIA	Latin American Integration Association
LDC	Least developed country
MDG	Millennium Development Goal
MERCOSUR	Common Market of the South
MFN	Most-favoured nation
MSITS	*Manual on Statistics of International Trade in Services*
NAFTA	North American Free Trade Agreement
n.e.s.	Not elsewhere specified
NGO	Non-governmental organization
n.i.e.	Not included elsewhere
NPISHs	Non-profit institutions serving households
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
PRSP	Poverty Reduction Strategy Paper
R&D	Research and development
RMB	Renminbi
RTA	Regional trade agreement
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SAM	Social accounting matrix
SAR	Special Administrative Region
SIDS	Small island developing State
SITC	Standard Industrial Trade Classification
SMEs	Small and medium-sized enterprises
SNA	System of National Accounts
TFYR	The former Yugoslav Republic of Macedonia
TNC	Transnational corporation
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UEMOA	West African Economic and Monetary Union
UIS	UNESCO Institute for Statistics
UMA	Arab Maghreb Union
UN/DESA/SD	United Nations Department of Economic and Social Affairs, Statistics Division
UNAIDS	Joint United Nations Programme on HIV/AIDS

UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organization
USSR	Union of Soviet Socialist Republics
VCR	Video cassette recorder
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WSIS	World Summit on the Information Society
WTO	World Trade Organization

PART

1

The Creative Economy

CHAPTER 1 Concept and context of the creative economy

1.1 Evolving concepts and definitions

Fundamental to an understanding of the creative economy — what it comprises and how it functions in the economies of both developed and developing countries — are the concepts of "cultural industries" and "creative industries". Much debate surrounds these terms. This chapter provides an overview of the development of the concepts of "creativity" throughout this decade leading to what became known as the "creative economy". Our intention is not to reach a final consensus about concepts, but to understand its evolution. It also considers the emergence of the associated concepts of "creative class", "creative cities", "creative clusters", as well as the most recent innovative notions relating to the "experience economy" "creative commons" and "creative ecology". The major drivers of the growth of the creative economy and its multiple dimensions are examined in the light of recent developments including the world economic crisis. This chapter also provides evidence on the economic contribution of the creative industries to the economies of various advanced countries.

1.1.1 | Creativity

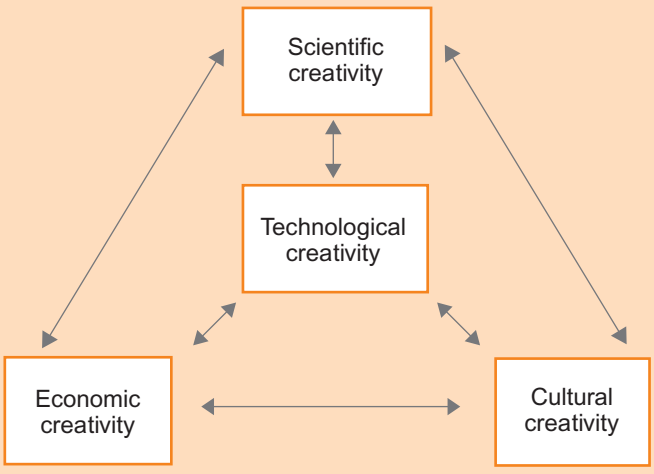
There is no simple definition of "creativity" that encompasses all the various dimensions of this phenomenon. Indeed, in the field of psychology, where individual creativity has been most widely studied, there is no agreement as to whether creativity is an attribute of people or a process by which original ideas are generated. Nevertheless, the characteristics of creativity in different areas of human endeavour can at least be articulated. For example, it can be suggested that:

- artistic creativity involves imagination and a capacity to generate original ideas and novel ways of interpreting the world, expressed in text, sound and image;
- scientific creativity involves curiosity and a willingness to experiment and make new connections in problem-solving; and
- economic creativity is a dynamic process leading towards innovation in technology, business practices, marketing, etc., and is closely linked to gaining competitive advantages in the economy.

All of the above involve technological creativity to greater or lesser extent and are interrelated, as shown in figure 1.1. Regardless of the way in which creativity is interpreted, there is no doubt that, by definition, it is a key element in defining the scope of the creative industries and the creative economy.

Another approach is to consider creativity as a measurable social process. From the economic point of view, however, a relationship between creativity and socio-economic development is not apparent, particularly the

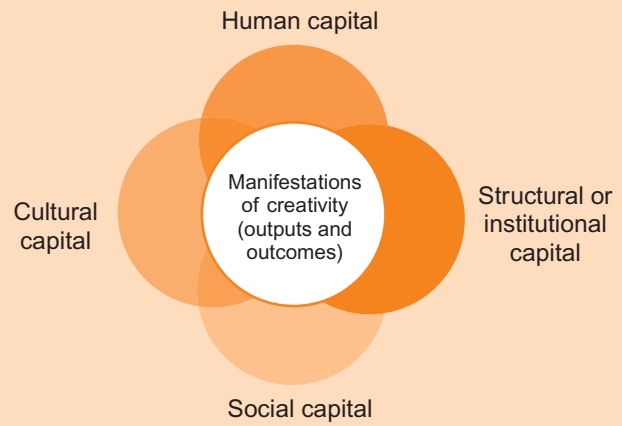
Figure 1.1 Creativity in today's economy



Source: KEA European Affairs (2006:42).

extent to which creativity contributes to economic growth. In this case, it is important to measure not only economic outcomes of creativity but also the cycle of creative activity through the interplay of four forms of capital — social cultural, human, and structural or institutional — as the determinants of the growth of creativity: the creative capital. The accumulated effects of these determinants are the "outcomes of creativity". This is the framework of the creativity index, also known as the 5 Cs model.[1] There are debates about a possible establishment of a European Creativity Index to be applied to the countries of the European Union; the proposal builds upon existing indices and suggests a model with 32 culture-related indicators grouped in five pillars of creativity: human capital, technology, the institutional environment, the social environment, openness and diversity. The goal of such an index would be to highlight the potential of including culture-based indicators in existing frameworks related to creativity, innovation and socio-economic development with a view to assessing the creative performance of EU member states and facilitating policymaking.

Figure 1.2 **Interplay of the 5Cs: Outcomes of creativity + 4 capitals**



Source: A Study on Creativity Index, 2005.

Creativity can also be defined as the process by which ideas are generated, connected and transformed into things that are valued.[2] In other words, creativity is the use of ideas to produce new ideas. In this conceptual debate it should be pointed out that creativity is not the same as innovation. Originality means creating something from nothing or reworking something that already exists. Nowadays the concept of innovation has been enlarged beyond a functional, scientific or technological nature to also reflect aesthetic or artistic changes. Recent studies point to the distinction between "soft" and technological innovation but recognize that they are interrelated.[3] There are high rates of soft innovation in the creative industries, particularly in music, books, arts, fashion, film and video games. The focus is mainly on new products or services rather than processes.

1.1.2 | Creative goods and services

The scope of the creative economy is determined by the extent of the creative industries. Defining "creative industries", however, is a matter of considerable inconsistency and disagreement in the academic literature and in policy-making circles, especially in relation to the parallel concept of "cultural industries". Sometimes a distinction is made between the creative and the cultural industries; sometimes the two terms are used interchangeably. A sensible way to proceed is to begin by defining the goods and services that these industries produce.

The concept of "cultural products" can be articulated if the notion of "culture" is accepted whether in its anthropological or its functional sense. It might be argued, for example, that cultural goods and services such as artwork, musical performances, literature, film and television programmes, and video games share the following characteristics:

- their production requires some input of human creativity;
- they are vehicles for symbolic messages to those who consume them, i.e., they are more than simply utilitarian insofar as they additionally serve some larger, communicative purpose; and
- they contain, at least potentially, some intellectual property that is attributable to the individual or group producing the good or service.

An alternative or additional definition of "cultural goods and services" derives from a consideration of the type of value that they embody or generate. That is, it can be suggested that these goods and services have cultural value in

[1] This model was developed by a research team at the Centre for Cultural Policy Research, University of Hong Kong, led by Prof. Desmond Hui. See *A Study on Creativity Index* (2005). http://www.hab.gov.hk/en/publications_and_press_releases/reports.htm.
[2] BRA/Research, "Boston's Creative Economy". Available from http://unitus.org/FULL/BostonCreativeEconomy.pdf.
[3] Stoneman (2010).

addition to whatever commercial value they may possess and that this cultural value may not be fully measurable in monetary terms. In other words, cultural activities of various sorts and the goods and services that they produce are valued — both by those who make them and by those who consume them — for social and cultural reasons that are likely to complement or transcend a purely economic valuation. These reasons might include aesthetic considerations or the contribution of the activities to community understanding of cultural identity. If such cultural value can be identified, it may serve as an observable characteristic by which to distinguish cultural goods and services as compared with different types of commodities.

Defined in either or both of these ways, "cultural goods and services" can be seen as a subset of a wider category that can be called "creative goods and services", whose production requires some reasonably significant level of creativity. Thus the "creative" category extends beyond cultural goods and services as defined above to include products such as fashion and software. These latter can be seen as essentially commercial products, but their production does involve some level of creativity. This distinction provides a basis for differentiating between cultural and creative industries, as is discussed in the following sections.

1.1.3 | Cultural industries

The term "culture industry" appeared in the post-war period as a radical critique of mass entertainment by members of the Frankfurt school led by Theodor Adorno and Max Horkheimer, followed subsequently by writers such as Herbert Marcuse.[4] At that time, "culture industry" was a concept intended to shock; culture and industry were argued to be opposites and the term was used in polemics against the limitations of modern cultural life. It continued to be used as an expression of contempt for the popular newspapers, movies, magazines and music that distracted the masses.[5]

In the present day, there remain different interpretations of culture as an industry. For some, the notion of "cultural industries" evokes dichotomies such as elite versus mass culture, high versus popular culture, and fine arts versus commercial entertainment. More generally, however, the proposition that the cultural industries are simply those industries that produce cultural goods and services, typically defined along the lines outlined above, has gained greater acceptance.

In UNESCO, for example, the cultural industries are regarded as those industries that "combine the creation, production and commercialization of contents which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services". An important aspect of the cultural industries, according to UNESCO, is that they are "central in promoting and maintaining cultural diversity and in ensuring democratic access to culture".[6] This two-fold nature — combining the cultural and the economic — gives the cultural industries a distinctive profile.

Similarly, in France, the "cultural industries" have recently been defined as a set of economic activities that combine the functions of conception, creation and production of culture with more industrial functions in the large-scale manufacture and commercialization of cultural products.[7] Such a definition seems to initiate a process leading towards a broader interpretation of the cultural industries than that implied by traditional notions of the "cultural sector".

1.1.4 | Cultural economics

Many politicians and academics, particularly in Europe and Latin America, use the concept of "cultural economics" or the term "economy of culture" when dealing with the economic aspects of cultural policy. Moreover, many artists and intellectuals feel uncomfortable with the emphasis given to market aspects in the debate on the creative industries and hence the creative economy. "Cultural economics" is the application of economic analysis to all of the creative and performing arts, the heritage and cultural industries, whether publicly or privately owned. It is concerned with the economic organization of the cultural sector and with the behaviour of producers, consumers and governments in this sector. The subject includes a range of approaches, mainstream and radical, neoclassical, welfare economics, public policy and institutional economics.[8] While the theoretical and economic analysis in this report

[4] Adorno and Horkheimer (1947), Marcuse (1991).
[5] Carey (1992).
[6] See http://portal.unesco.org/culture/en/ev.php-URL_ID=34603&URL_DO=DO_TOPIC&URL_SECTION=201.html
[7] Département des études, de la prospective et des statistiques (2006:7).
[8] According to the definition by the *Journal of Cultural Economics*, an academic quarterly periodical published in cooperation with the Association of Cultural Economics International.

takes into account the principles of cultural economics as a discipline, the purpose is to better understand the dynamics of creativity and its overall interactions with the world economy, including its multidisciplinary dimension in which cultural policies interact with technological and trade policies.

1.1.5 | Creative industries

Usage of the term "creative industries" varies among countries. It is of relatively recent origin, emerging in Australia in 1994 with the launching of the report, *Creative Nation*. It gained wider exposure in 1997, when policymakers at the United Kingdom's Department of Culture, Media and Sport set up the Creative Industries Task Force. It is noteworthy that the designation "creative industries" that has developed since then has broadened the scope of cultural industries beyond the arts and has marked a shift in approach to potential commercial activities that until recently were regarded purely or predominantly in non-economic terms.[9]

A number of different models have been put forward in recent years as a means of providing a systematic understanding of the structural characteristics of the creative industries. The following paragraphs review four of these models, highlighting the different classification systems that they imply for the creative economy. Each model has a particular rationale, depending on underlying assumptions about the purpose and mode of operation of the industries. Each one leads to a somewhat different basis for classification into "core" and "peripheral" industries within the creative economy, emphasizing once again the difficulties in defining the "creative sector" that were discussed earlier. The four models are as follows:

- *UK DCMS model.* This model derives from the impetus in the late 1990s in the United Kingdom to reposition the British economy as an economy driven by creativity and innovation in a globally competitive world. "Creative industries" are defined as those requiring creativity, skill and talent, with potential for wealth and job creation through the exploitation of their intellectual property (DCMS, 2001). Virtually all of the 13 industries included in the DCMS classification could be seen as "cultural" in the terms defined earlier; however, the Government of the United Kingdom has preferred to use the term "creative" industries to describe this grouping, apparently to sidestep possible high-culture connotations of the word "cultural".
- *Symbolic texts model.* This model is typical of the approach to the cultural industries arising from the critical-cultural-studies tradition as it exists in Europe and especially the United Kingdom (Hesmondhalgh, 2002). This approach sees the "high" or "serious" arts as the province of the social and political establishment and therefore focuses attention instead on popular culture. The processes by which the culture of a society is formed and transmitted are portrayed in this model via the industrial production, dissemination and consumption of symbolic texts or messages, which are conveyed by means of various media such as film, broadcasting and the press.
- *Concentric circles model.* This model is based on the proposition that it is the cultural value of cultural goods that gives these industries their most distinguishing characteristic. Thus the more pronounced the cultural content of a particular good or service, the stronger is the claim for inclusion of the industry producing it (Throsby, 2001). The model asserts that creative ideas originate in the core creative arts in the form of sound, text and image and that these ideas and influences diffuse outwards through a series of layers or "concentric circles", with the proportion of cultural to commercial content decreasing as one moves further outwards from the centre. This model has been the basis for classifying the creative industries in Europe in the recent study prepared for the European Commission (KEA European Affairs, 2006).
- *WIPO copyright model.* This model is based on industries involved directly or indirectly in the creation, manufacture, production, broadcast and distribution of copyrighted works (World Intellectual Property Organization, 2003). The focus is thus on intellectual property as the embodiment of the creativity that has gone into the making of the goods and services included in the classification. A distinction is made between industries that actually produce the intellectual property and those that are necessary to convey the goods and services to the consumer. A further group of "partial" copyright industries comprises those where intellectual property is only a minor part of their operation (see chapter 6).

Table 1.1 summarizes the industries included in each model. The UK DCMS model makes no distinction between the industries included, but the other three designate a group of "core" industries, i.e., those whose inclusion is central to the definition adopted in each case. It is apparent that the contents of the core differ markedly among these three models; for example, the creative arts, which are the epicentre of

[9] UNCTAD, *Creative Industries and Development* (document TD(XI)/BP/13, June 2004).

Table 1.1 Classification systems for the creative industries derived from different models

1. UK DCMS model	2. Symbolic texts model	3. Concentric circles model	4. WIPO copyright model
Advertising	**Core cultural industries**	**Core creative arts**	**Core copyright industries**
Architecture	Advertising	Literature	Advertising
Art and antiques market	Film	Music	Collecting societies
Crafts	Internet	Performing arts	Film and video
Design	Music	Visual arts	Music
Fashion	Publishing		Performing arts
Film and video	Television and radio	**Other core cultural industries**	Publishing
Music	Video and computer games	Film	Software
Performing arts		Museums and libraries	Television and radio
Publishing	**Peripheral cultural industries**		Visual and graphic art
Software	Creative arts	**Wider cultural industries**	
Television and radio		Heritage services	**Interdependent copyright industries**
Video and computer games	**Borderline cultural industries**	Publishing	Blank recording material
	Consumer electronics	Sound recording	Consumer electronics
	Fashion	Television and radio	Musical instruments
	Software	Video and computer games	Paper
	Sport		Photocopiers, photographic equipment
		Related industries	
		Advertising	**Partial copyright industries**
		Architecture	Architecture
		Design	Clothing, footwear
		Fashion	Design
			Fashion
			Household goods
			Toys

the concentric circles model, are regarded as peripheral in the symbolic texts construction.

There is no "right" or "wrong" model of the creative industries, simply different ways of interpreting the structural characteristics of creative production. The attractiveness of the various models may therefore be different, depending on the analytical purpose. From the viewpoint of statistical data collection, however, a standardized set of definitions and a common classification system are needed as a basis for designing a workable framework for dealing with the creative industries within the larger standard industrial classification systems that apply across the whole economy.

1.1.6 | The UNCTAD classification of the creative industries

A significant landmark in embracing the concept of the "creative industries" was the UNCTAD XI Ministerial Conference in 2004. At this conference, the topic of creative industries was introduced into the international economic and development agenda, drawing upon recommendations made by a High-level Panel on Creative Industries and Development. This topic is further elaborated in chapter 9.

The UNCTAD approach to the creative industries relies on enlarging the concept of "creativity" from activities having a strong artistic component to "any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible"[10] (UNCTAD, 2004). UNCTAD makes a distinction between "upstream activities" (traditional cultural activities such as performing arts or visual arts) and "downstream activities" (much closer to the market, such as advertising, publishing or media-related activities) and argues that the second group derives its commercial value from low reproduction costs and easy transfer to other economic domains. From this perspective, cultural industries make up a subset of the creative industries.

Creative industries are vast in scope, dealing with the interplay of various sectors. These creative sectors range from activities rooted in traditional knowledge and cultural heritage such as art crafts, and cultural festivities, to more technology and services-oriented subgroups such as audiovisuals and the new media. The UNCTAD classification of creative industries is divided into four broad groups: heritage, arts, media and functional creations. These groups are in turn divided into nine subgroups, as presented in figure 1.3.

The rationale behind this classification is the fact that most countries and institutions include various industries under the heading "creative industries", but very few try to

[10] Ibid.

classify these industries in domains, groups or categories. Yet doing so would facilitate an understanding of the cross-sectoral interactions as well as of the broad picture. This classification could also be used to provide consistency in quantitative and qualitative analysis. It should be noted that all trade statistics presented in this report are based on this classification. According to this classification, the creative industries comprise four large groups, taking into account their distinct characteristics. These groups, which are heritage, arts, media and functional creations, are described in figure 1.3.

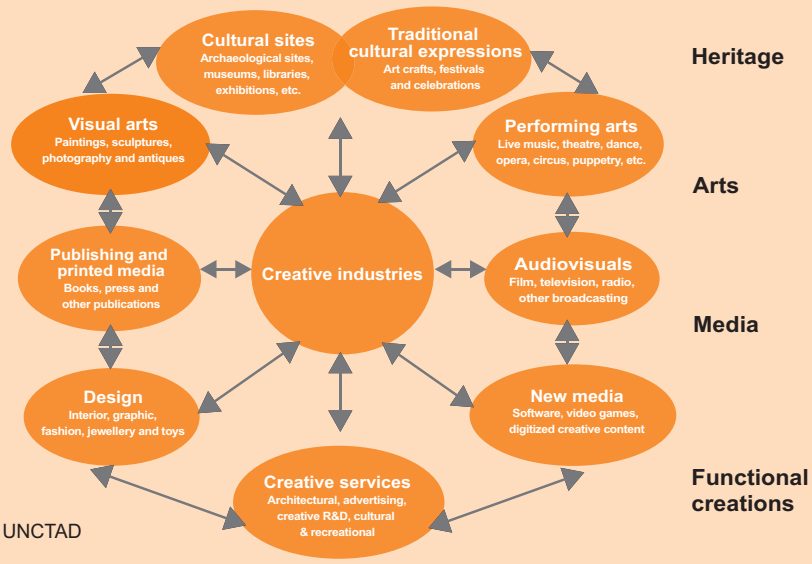
UNCTAD definition of the creative industries

The creative industries:

- *are the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs;*
- *constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights;*
- *comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives;*
- *stand at the crossroads of the artisan, services and industrial sectors; and*
- *constitute a new dynamic sector in world trade.*

- *Heritage.* Cultural heritage is identified as the origin of all forms of arts and the soul of cultural and creative industries. It is the starting point of this classification. It is heritage that brings together cultural aspects from the historical, anthropological, ethnic, aesthetic and societal viewpoints, influences creativity and is the origin of a number of heritage goods and services as well as cultural activities. This group is therefore divided into two subgroups:
  - *Traditional cultural expressions:* art crafts, festivals and celebrations; and
  - *Cultural sites:* archaeological sites, museums, libraries, exhibitions, etc.
- *Arts.* This group includes creative industries based purely on art and culture. Artwork is inspired by heritage, identity values and symbolic meaning. This group is divided into two large subgroups:
  - *Visual arts:* painting, sculpture, photography and antiques; and
  - *Performing arts:* live music, theatre, dance, opera, circus, puppetry, etc.
- *Media.* This group covers two subgroups of media that produce creative content with the purpose of communicating with large audiences ("new media" is classified separately):
  - *Publishing and printed media:* books, press and other publications; and
  - *Audiovisuals:* film, television, radio and other broadcasting.
- *Functional creations.* This group comprises more demand-driven and services-oriented industries creating goods and services with functional purposes. It is divided into the following subgroups:
  - *Design:* interior, graphic, fashion, jewellery, toys;
  - *New media:* architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services.

Figure 1.3 UNCTAD classification of creative industries



Source: UNCTAD

– *Creative services:* architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services.

There is an ongoing debate about whether science and R&D are components of the creative economy, and whether creative experimentation activities can be considered R&D. Recent empirical research has begun to analyse the interactions between research, science and the dynamics of the creative economy. In UNCTAD's approach, creativity and knowledge are embedded in scientific creations in the same way as in artistic creations. In order to nurture the creative economy, it recommends that governments regularly assess the conditions for technology acquisition and upgrading and implement and review their science, technology and innovation policies, including information and communications technologies (ICTs) and their implications for development. Lately, the term Science 2.0 and Expansion of Science (S2ES) has been used with different meanings. It is usually related to Web 2.0-enabled scientific activities, but it has also been related to the expansion of science by means of new concepts and theories, or new modes of producing knowledge.[11]

UNESCO approached this matter in the context of increased cooperation between science and industry as well as between the public and private sectors in the promotion of scientific research for long-term goals, prior to the discourse about the creative economy, in the context of the World Conference on Science in 1999. As pointed out in the Declaration, the two sectors should work in close collaboration and in a complementary manner. However, from reviewing follow-up activities, it seems that scientists from the public and private sectors have not yet articulated this cooperation even if the private sector is a direct beneficiary of scientific innovation and science education and an increasing proportion of funds for creative-industry-related scientific research are financed by the private sector.

Sport and its role in the creative economy are also debatable. Some classifications of creative industries include sport. In most cases, this is because ministries of culture are also in charge of sport matters. This is also justified by the fact that sport is an important source of revenue and generates positive externalities in various other sectors of the economy. Another practical and methodological reason is that in national accounts, sport is aggregated with recreational services. From the conceptual viewpoint adopted by the present report, sport is associated more with training, rules and competition rather than with creativity. Therefore, sport is not included in the UNCTAD classification of "creative industries".

1.1.7 | The creative economy

Regardless of how the creative industries are defined and classified, there is no disagreement that they lay at the centre of what can be labelled in broader terms the "creative economy". The term "creative economy" appeared in 2001 in John Howkins' book about the relationship between creativity and economics.[12] For Howkins, "creativity is not new and neither is economics, but what is new is the nature and the extent of the relationship between them and how they combine to create extraordinary value and wealth". Howkins' use of the term "creative economy" is broad, covering 15 creative industries extending from arts to the wider fields of science and technology. According to his estimates, in the year 2000, the creative economy was worth $2.2 trillion worldwide, and it was growing at 5 per cent annually. For Howkins, there are two kinds of creativity: the kind that relates to people's fulfilment as individuals and the kind that generates a product. The first one is a universal characteristic of humanity and is found in all societies and cultures. The second is stronger in industrial societies, which put a higher value on novelty, on science and technological innovation, and on intellectual property rights.

There is no unique definition of the "creative economy". It is a subjective concept that has been shaped throughout this decade. There is, however, growing convergence on a core group of creative industries and their overall interactions both in individual countries and at the international level. This report adopts the UNCTAD definition of the "creative economy", which is summarized in the following box.[13]

For countries in the developing world, recognition of the development dimension of the creative industries and hence of

[11] The World Multiconference on Systemics, Cybernetics and Informatics, held in July 2010 in Orlando, Florida (United States of America), addressed issues related to the second-order cybernetics and the systems approach.
[12] Howkins (2001).
[13] Reference made to the definition by the UNCTAD Creative Economy and Industries Programme, 2006.

UNCTAD definition of the creative economy

The "creative economy" is an evolving concept based on creative assets potentially generating economic growth and development.

- *It can foster income generation, job creation and export earnings while promoting social inclusion, cultural diversity and human development.*
- *It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.*
- *It is a set of knowledge-based economic activities with a development dimension and cross-cutting linkages at macro and micro levels to the overall economy.*
- *It is a feasible development option calling for innovative, multi-disciplinary policy responses and interministerial action.*
- *At the heart of the creative economy are the creative industries.*

the creative economy has been more recent. The São Paulo Consensus arising from UNCTAD XI was a decisive step in this regard. Subsequently, UNCTAD enlarged the focus of its policy-oriented analysis, emphasizing four key objectives in its approach to the creative economy:

- To reconcile national cultural objectives with technological and international trade policies;
- To analyse and deal with the asymmetries inhibiting the growth of creative industries in developing countries;
- To reinforce the so-called "creative nexus" between investment, technology, entrepreneurship and trade; and
- To identify innovative policy responses for enhancing the creative economy for development gains.

Other initiatives that have furthered the role of the creative economy in development include a symposium held in Nagaur, India, in 2005, organized by UNESCO. The symposium focused on the role of cultural industries in development, with particular emphasis on the importance of local artistic and cultural activity as a means for economic empowerment and poverty alleviation. The recommendations of this event, known as the Jodhpur Initiatives, put forward a series of strategies for data collection and industry development for implementation in various Asian countries.

At the same time at UNESCO headquarters, work was proceeding on the preparation of a cultural diversity convention whose provisions would specifically recognize the contribution that cultural industries make to economic and cultural development in both industrialized and developing countries. The resulting Convention on the Protection and Promotion of the Diversity of Cultural Expressions was adopted by the General Conference of UNESCO in October 2005 and entered into force in March 2007 (see chapter 9).[14]

Thus it can be seen that the concept of the "creative economy" has evolved along several paths over the last ten years. It has emerged as a means of focusing attention on the role of creativity as a force in contemporary economic life, embodying the proposition that economic and cultural development are not separate or unrelated phenomena but part of a larger process of sustainable development in which both economic and cultural growth can occur hand in hand. In particular, the idea of the creative economy in the developing world draws attention to the significant creative assets and rich cultural resources that exist in all developing countries. The creative industries that use these resources not only enable countries to tell their own stories and to project their own unique cultural identities to themselves and to the world but they also provide these countries with a source of economic growth, employment creation and increased participation in the global economy. At the same time, the creative economy promotes social inclusion, cultural diversity and human development.

1.1.8 | The creative class and creative entrepreneurs

A broad interpretation of creativity also underlies Richard Florida's descriptions of the emerging "creative class" in society, a cohort of professional, scientific and artistic workers whose presence generates economic, social and cultural dynamism, especially in urban areas.[15] More specifically, the creative class includes people in science and engineering, architecture and design, education, arts, music and entertainment whose economic function is to create new

[14] See also chapter 8.
[15] Florida (2002).

ideas, new technology or new creative content. According to Florida: "Creativity is not intelligence. Creativity involves the ability to synthesize. It is a matter of sifting through data, perceptions and materials to come up with something new and useful". In his approach, the creative class also includes a broader group of creative professionals in business, finance and law. Whether they are artists or engineers, musicians or computer scientists, writers or entrepreneurs, these workers share a common creative ethos that values creativity, individuality, difference and merit. In sum, they are people who add economic value through creativity. The values of the creative class are individuality, meritocracy, diversity and openness.

Florida estimated that at the beginning of the 21st century, the creative class represented almost one-third of the workforce in the United States of America and that the creative sector accounted for nearly half of all wage and salary income in this country, about $1.7 trillion, as much as the manufacturing and service sectors combined.[16] In his second book,[17] Florida points out that we are entering the creative age, as the rise of creativity is the prime factor of our economy. He presents his "3 Ts theory" for economic growth: technology, talent and tolerance. His theory differs from conventional theory since he argues that talent drives growth, and he goes a step further by adding the third T, tolerance, which is needed to attract human capital. Criticisms have been raised about Florida's work, including that the range of occupational categories to define the creative class is too broad. Nevertheless, it is recognized that he has contributed to advancing a public discourse about the emerging creative economy.

Along these lines, the notion of "creative entrepreneurs" is also gaining ground to characterize successful and talented, entrepreneurial people who are able to transform ideas into creative products or services for society (see box 1.1). The terminology is actually derived from the concept of "cultural entrepreneurship" as it deals with strategy formation, organizational design and leadership in a cultural context. Entrepreneurship in this sense is described as a new way of thinking, a new attitude: looking for opportunities within the environment of a cultural organization, regarding the cultural mission as the starting point. According to Haggort,[18] after the rise and development of arts management, cultural entrepreneurship became a leading organizational philosophy for the 21st century. Creative businesses are also more active in promoting innovations.

Box 1.1 A creative entrepreneur: Transforming ideas into successful business

In the last 20 years, intellectual property has become increasingly important to businesses, and personal computers started appearing on every desktop, employees morphed into knowledge workers, companies began to focus on knowledge management and key information was stored in knowledge bases connected – in theory – via knowledge networks. The result was the knowledge economy, a phenomenon that has transformed the business of business and helped entire emerging economies to compete globally.

In this context, however, most of the "knowledge" on which the knowledge economy is built is actually just information – data, facts and basic business intelligence. As management guru Tom Davenport once said, "Knowledge is information combined with experience, context, interpretation, and reflection". It is the knowledge derived from information that gives you a competitive edge. Many of us now live in an "information democracy" – if you have access to a personal computer (PC) and the Internet, you can tap into almost all the information that is publicly available worldwide. Advanced software and Web services can help trace, slice and dice the information in ways that were impossible a decade ago.

The emergence of low-cost PCs gave rise to a powerful network that has transformed opportunities for learning and communicating. The magical thing about this network is not just that it collapses distance and makes everyone your neighbour. It also dramatically increases the number of brilliant minds we can have working together – and this scales up the rate of innovation to a staggering degree.

As more and more of the world's information, commerce and communications moves to digital form, it will open the door to a new world of connected experiences that link our interests and our communities into a seamless whole that extends across home, work, school and play. Already, a new generation of technology is transforming expectations for how we will conduct business, communicate, access entertainment and much more. Increasingly, people envision a world of anywhere access – a world in which the information, the communities and the content that they value are available instantly and easily no matter where they are.

[16] Florida (2004).
[17] Florida (2005), *The Flight of the Creative Class.*
[18] Hagoort (2007).

Box 1.1 continued **A creative entrepreneur: Transforming ideas into successful business**

William (Bill) H. Gates is chairman of Microsoft Corporation, one of the biggest companies in software services and business solutions in the world. When Microsoft began in 1975, Mr. Gates and Paul Allen, co-founder of Microsoft, immediately recognized the implications of the microprocessor and its potential to revolutionize the information and communication technology. In 1981, I.B.M. selected the fledgling company to be the main supplier of operating systems for its first PC – Microsoft's first big step towards defining the software standards of the PC industry. Its Windows operating systems and Office productivity programmes are the dominant PC software. Microsoft had revenues of $51.12 billion for the fiscal year ending June 2007 and employs more than 78,000 people in 105 countries and regions.

In addition, Mr. Gates founded Corbis, which is developing one of the world's largest resources of visual arts information – a comprehensive digital archive of art and photography from public and private collections around the globe. He and his wife, Melinda, have endowed a foundation to support philanthropic initiatives in the areas of global health and education.

Sources: **http://www.microsoft.com/presspass/exec/billg/books/default.mspx**
http://www.gatesfoundation.org/MediaCenter/Speeches/Co-ChairSpeeches/BillgSpeeches/BGSpeechHarvard-070607.htm
http://topics.nytimes.com/top/reference/timestopics/people/g/bill_gates/index.html?inline=nyt-per

By Carolina Quintana, UNCTAD secretariat.

1.1.9 | Creative cities

The idea of a creative economy has also been applied specifically to the economy of cities, leading to the emergence of the concept of a "creative city". This term describes an urban complex where cultural activities of various sorts are an integral component of the city's economic and social functioning. Such cities tend to be built upon a strong social and cultural infrastructure, to have relatively high concentrations of creative employment, and to be attractive to inward investment because of their well-established cultural facilities. Charles Landry, in his seminal work on the concept of the creative city, argues that cities have one crucial resource: their people. Creativity is replacing location, natural resources and market access as a principal key to urban dynamism. Landry points out that, "Today many of the world's cities face periods of transition largely brought about by the vigour of renewed globalization. These transitions vary from region to region. In areas such as Asia, cities are growing while in others, such as Europe, old industries are disappearing and the value added in cities is created less through what is manufactured and more through intellectual capital applied to products, processes and services".[19]

Creative cities use their creative potential in various ways. Some function as nodes for generating cultural experiences for inhabitants and visitors through the presentation of their cultural heritage assets or through their cultural activities in the performing and visual arts. Some, such as Bayreuth, Edinburgh or Salzburg, use festivals that shape the identity of the whole city. Others look to broader cultural and media industries to provide employment and incomes and to act as centres for urban and regional growth. In other cases, a more pervasive role for culture in the creative city rests on the capacity of the arts and culture to foster urban liveability, social cohesion and cultural identity. The contribution of the creative sector to the economic vitality of cities can be measured in terms of the direct contribution of the sector to output, value added, incomes and employment and further through the indirect and induced effects caused, for example, by the expenditures of tourists visiting the city to experience its cultural attractions. In addition, cities with an active cultural life can attract inward investment in other industries seeking to locate in centres that will provide an enjoyable, stimulating environment for employees.

[19] Landry (2000: xiii).

Box 1.2 The creative city

The notion of "creativity" has moved centre-stage given the dramatic shifts in global terms of trade, the operating dynamics of the economy, the rise of the talent agenda and the repositioning of cities worldwide. Everyone is now in the creativity game. Creativity has become a mantra of our age, endowed almost exclusively with positive virtues. At my last count, over 60 cities worldwide called themselves "creative city" from Creative Manchester to Bristol and, of course, Creative London in Britain. And ditto Canada: Toronto with its Culture Plan for the Creative City; Vancouver and the Creative City Task Force and Ottawa's plan to be a creative city. In Australia we find the Brisbane Creative City strategy; there is Creative Auckland. In the United States, there is creative Cincinnati, creative Tampa Bay and the welter of creative regions such as creative New England. Partners for Livable Communities in Washington, D.C., launched a Creative Cities Initiative in 2001; Osaka set up a Graduate School for Creative Cities in 2003 and launched a Japanese Creative Cities Network in 2005; and since 2004, there has been Yokohama: Creative City. Even UNESCO, through its Global Alliance for Cultural Diversity, launched its Creative Cities Network in 2004, crowning Edinburgh as the first member for its literary creativity, and since then, over a dozen have followed. To simplify, there are four ways in which the term "creative city" has been used.

The creative city as arts and cultural infrastructure

Indeed, on closer examination, most of the strategies and plans are in fact concerned with strengthening the arts and cultural fabric, such as support for the arts and artists and the institutional infrastructure to match.

The creative city as the creative economy

Increasingly, there is a focus on fostering the creative industries or creative economy, which is seen as a platform for developing the economy and even the city. At its core there are three main domains: the arts and cultural heritage, the media and entertainment industries, and the creative business-to-business services. The latter sphere is perhaps the most important since it can add value to every product or service. Design, advertising and entertainment in particular act as drivers of innovation in the broader economy and shape the so-called "experience economy".

The creative city as synonymous with a strong creative class

Richard Florida, who introduced the term "creative class", makes an important conceptual shift by focusing on the creative role of people in the "creative age". He argues that the economy is moving from a corporate-centred system to a people-driven one and companies now move to people and not people to jobs, and cities need a people climate as well as a business climate.

Florida develops indicators to measure the attributes of places that attract and retain the creative class, which in turn attracts companies. Artists constitute one group at the core of this class, as are creative economy people and importantly, scientists, so the city with a strong creative class is broader than the first two definitions. Cities are locked in competition to attract, keep or grow their own creative classes, and the factors that contribute to this, such as good air connections, research capacity, venture capital investment, and clusters of producers, are all well known in the widely copied "Silicon Somewhere" model.

The cities that are succeeding in the new economy are also the most diverse, tolerant and bohemian places. Cities that are investing heavily in high technology futures but that also are not providing a broad mix of cultural experiences will fall behind in the longer term. The central concern raises in *The Rise of the Creative Class*[1] is the "quality of place", captured by inquiring: What's there? Who's there? and What's going on?

The creative city as a place that fosters a culture of creativity

The three definitions described above are helpful, but this is not what the "creative city" is exclusively concerned with. The "creative city" notion is broader than that of the "creative economy" and "creative class". It sees the city is an integrated system of multiple organizations and an amalgam of cultures in the public, private and community sectors. It claims that in a period of dramatic change, the disparate bodies in a city need to each become more inventive and work together to address the challenges; otherwise, they will go backwards.

The Creative City[2] argues that "Cities have one crucial resource – their people. Human cleverness, desires, motivations, imagination and creativity are replacing location, natural resources and market access as urban resources. The creativity of those who live in and run cities will determine future success. As cities became large and complex enough to present problems of urban management so they became laboratories that developed the solutions – technological, conceptual and social – to the problems of growth".

The idea of the "creative city" emerged in the late 1980s. It was a response to the fact that globally, cities had been struggling and restructuring as global terms of trade shifted to the East and elsewhere. When the "creative city" notion was more publicly introduced in the early 1990s, the philosophy was that there is always more potential in any place than any of us would think at first sight, even though very few cities, perhaps London, Tokyo, New York or Amsterdam, are comprehensively creative. It posits that conditions need to be created for people to think, plan and act with imagination in harnessing opportunities ranging from addressing homelessness to creating wealth or getting artists to unsettle conventional attitudes. The concept is that ordinary people can make the extraordinary happen and that if everyone were just 5 per cent more imaginative about what they did, the impact would be dramatic.

Box 1.2 continued **The creative city**

In the "creative city", it is not only artists and those involved in the creative economy who are creative. Creativity can come from anyone who addresses issues in an inventive way, be it a social worker, a business person, an engineer, a scientist or a public servant. In the urban context, interestingly, it is combined teams that, with different insights, generate the most interesting ideas and projects. This implies that the "creative city" is a place that is imaginative comprehensively. It has a creative bureaucracy, creative individuals, organizations, schools, universities and much more. By encouraging creativity and legitimizing the use of imagination within the public, private and community spheres, the idea bank of possibilities and potential solutions to any urban problem will be broadened.

The "creative city" requires infrastructures beyond the hardware – buildings, roads or sewage. Creative infrastructure is a combination of the hard and the soft, including, too, the mental infrastructure, the way a city approaches opportunities and problems, the atmosphere and the enabling devices that it fosters through its incentives and regulatory structures. The soft infrastructure needs to include: a highly skilled and flexible labour force; dynamic thinkers, creators and implementers; being able to give maverick personalities space; strong communication linkages internally and with the external world; and an overall culture of entrepreneurship whether this is applied to social or economic ends. This establishes a creative rub as the imaginative city stands on the cusp of a dynamic and tense equilibrium.

Being creative as an individual or organization is relatively easy, yet to be creative as a city is a different proposition, given the amalgam of cultures and interests involved. This usually implies taking measured risks, widespread leadership, a sense of going somewhere, being determined but not deterministic and, crucially, being strategically principled and tactically flexible. To maximize this requires a change in mindset, perception, ambition and will, and an understanding of the city's networking capacity and its cultural depth and richness. This transformation has a strong impact on organizational culture. It requires thousands of changes in mindset, creating the conditions for people to become agents of change rather than victims of change, seeing transformation as a lived experience, not a one-off event. It requires bureaucracies that are themselves creative.

The built environment – the stage, the setting, the container – is crucial for establishing a milieu. Essentially, the city is seen as a complex adaptive system where a more holistic approach creates "systemic creativity" and where creativity is leveraged in the entire community. This milieu creates the mood of the city, the atmosphere and its culture.

[1] Florida (2002).
[2] Landry (2000).

By Charles Landry, who wrote *The Creative City: A Toolkit for Urban Innovators* in 2000 and more recently *The Art of City-Making* in 2006.

A good example of a creative city is London; the creative industries comprise the second biggest sector in the London economy. Between 1995 and 2001, London's creative industries grew faster than any other major industry except financial and business services and accounted for between 20 and 25 per cent of job growth in the city over this period.[20] Table 1.2 provides some indicators regarding the creative workforce in some major creative cities in recent years.

Table 1.2 **Estimates of culture employment in selected creative cities**

City	Reference year	City population (000s)	City population as % of national population	City culture employment (000s)	City culture employment as % of national culture employment
London	2002	7,371	12.4	525	23.8
Montreal	2003	2,371	7.4	98	16.4
New York	2002	8,107	2.8	309	8.9
Paris (Ile-de-France)	2003	11,130	18.5	113	45.4

Source: John C. Gordon and Helen Beilby-Orrin, *International Measurement of the Economic and Social Importance of Culture,* Organisation for Economic Co-operation and Development (OECD), 2007.

[20] Data from GLA Economics, quoted in The Work Foundation (2007:48).

Established in 2004, the UNESCO Creative Cities Network reflects a changing perception of culture and its role in society and as part of the economy. The idea for the network was based on the observation that while many cities around the world realize that the creative industries are beginning to play a much greater role in their local economic and social development schemes, they do not see clearly how to harness this potential or how to engage the appropriate actors in this development.

The main objective of the network is, therefore, to facilitate the development of cultural clusters around the world to exchange know-how, experiences and best practices as a means of promoting local economic and social development through creative industries. In order to better target the development needs of specific sub-sectors within the cultural industries, the Creative Cities Network devised seven thematic networks, and cities can choose one field on which to focus their efforts. Cities with established creative pedigrees in the fields of literature, cinema, music, folk art, design, information technology/media arts or gastronomy can apply to join the network. Cities are encouraged to consider their candidature in fields that have the greatest potential for economic and social development.

In the current post-industrial era, there is an increasing economic role for cities and towns in the formulation of local development strategies. Over the last few years, a growing number of cities in all parts of the world have been using the "creative cities" concept to revitalize socio-economic growth by encouraging creative capacities and attracting creative workers. The Creative Cities Network allows for synergy and a comprehensive exchange of ideas with a view to meeting the needs of creative stakeholders across public, private and civil society sectors. This platform helps cities take stock of their cultural industry strengths and needs in a collaborative context that promotes greater communication and cohesion on a local level. The network is open to all cities that meet the requirements set by UNESCO and particularly encourages cities that are not capitals, but that have historic and cultural resources and a link to one of the thematic networks.[21]

Montreal is a case study for design-integrated processes and the kind of development of cultural districts that can also be found in other parts of the world. The notion of "design" is fully integrated as part of the city's urban planning strategy. In Montreal, design is not only about generating wealth but also about improving the quality of people's lives. The Canadian authorities invited designers and architects to redefine a new aesthetic/functionality of open spaces and to reinvent and redevelop neglected parts of Montreal in order to make these more attractive to the citizens. The "Design Commerce Montreal" project invited designers and architects to work on the look and feel of shopping areas by redesigning numerous shops and restaurants.

The city of Popayan, Colombia, was appointed as the first UNESCO City of Gastronomy and it provides quite a different model for development. It has made extraordinary strides in formalizing its informal gastronomy industry. By facilitating access to space and other facilities, imposing mandatory hygiene regulations and publishing widely circulated restaurant and food surveys that include even the smallest food stands, Popayan has invigorated its economy and provided jobs and income to many people. This conscious support of the creative industries is giving individuals, families and communities in Popayan the opportunity to celebrate their distinctive recipes, rituals and ingredients together in an international context — and in the process, discover a new openness to the world.

The Creative Cities Network started out by focusing on the fine arts and core cultural industries such as literature, music and folk art and on the need to build on a proven track record within one of the cultural themes or disciplines. However, the difficulties in demonstrating measurable economic results may have led to a more economics-based interpretation of this requirement. As a result, the focus has shifted from fine arts and tradition and their upgrading or adornment effect on a city to a more innovative (design) and market-driven (gastronomy) approach of developing creative industries within the cityscape (see table 1.3).

[21] Further information about the application process is available from http://www.unesco.org/culture/en/creativecities.

Table 1.3 Creative Cities Network

UNESCO Creative Cities Network

City	Country	Theme
Edinburgh	United Kingdom	UNESCO City of Literature
Iowa City	United States	UNESCO City of Literature
Melbourne	Australia	UNESCO City of Literature
Bologna	Italy	UNESCO City of Music
Ghent	Belgium	UNESCO City of Music
Glasgow	United Kingdom	UNESCO City of Music
Seville	Spain	UNESCO City of Music
Berlin	Germany	UNESCO City of Design
Buenos Aires	Argentina	UNESCO City of Design
Kobe	Japan	UNESCO City of Design
Montreal	Canada	UNESCO City of Design
Nagoya	Japan	UNESCO City of Design
Shenzhen	China	UNESCO City of Design
Shanghai	China	UNESCO City of Design
Aswan	Egypt	UNESCO City of Crafts and Folk Art
Kanazawa	Japan	UNESCO City of Crafts and Folk Art
Santa Fe	United States	UNESCO City of Crafts and Folk Art
Chengdu	China	UNESCO City of Gastronomy
Popayan	Colombia	UNESCO City of Gastronomy
Lyon	France	UNESCO City of Media Arts
Bradford	United Kingdom	UNESCO City of Film

Source: UNESCO Secretariat, June 2010

1.1.10 | Creative clusters, networks and districts

The growth of creative production within an urban context derives partly from the existence of agglomeration externalities, the beneficial spillovers that accrue to firms from proximity to one another. It is not only in cities that such effects can be realized. In principle, groups of creative businesses might grow up in any location if the conditions for development of a creative cluster exist. The tendency of firms involved in music, film, visual arts, fashion and design to converge in distinctive clusters reflects the economic, social and cultural interactions that develop between firms and that become essential to their survival and growth. As Allen Scott argues (Scott, 2005), "By clustering together, firms are able to economize on their spatial inter-linkages, to reap the multiple advantages of spatially concentrated labour markets, to tap into the abundant information flows and innovative potentials that are present wherever many different specialized but complementary producers are congregated, and so on."

As Michael Porter has argued (Porter, 1990), the production of creative goods and services under these circumstances can be shown to enhance efficiency and productivity growth and promote sustainable development.[22] In an urban context, this has been observed in traditional centres of cultural production and creative activity such as London, Los Angeles, New York and Paris and, more recently, in the metropolitan surroundings of Bombay, Hong Kong, Mexico City, Seoul and Shanghai.

It is not only in the major centres that such cultural districts arise, however. In many parts of the world, similar processes are resulting in local concentrations of cultural production that both provide economic empowerment for the community and reflect the traditional knowledge, skills and cultural traditions of the people. Some examples of such production drawn from the developing world are cited by Santagata (2006):

- In Sigchos, Ecuador, a number of artisans produce pottery, woven goods and clothing reproducing old forms, designs and traditional colours.
- In Aleppo, Syrian Arab Republic, micro- and small firms gathered in small areas of the town produce green olive soap according to a 3,000-year-old tradition. The technology employed is ancient, the product highly standardized.

Santagata argues that cultural districts such as these may be able to establish collective intellectual property rights over the distinctive qualities of their particular output. Such rights, which may, for example, be exercised in the form of trademarks, can act as a safeguard against illegal copying as well as a stimulus to new business investment and the maintenance of quality standards (see chapter 6).

[22] Further discussion of the Porter model of creative clusters is in chapter 3.

Box 1.3 Cultural and creative clusters in China

The importance of the creative economy in East Asia and particularly in the Hong Kong Special Administrative Region (SAR) of China and mainland China is reflected in the mushrooming of creative hubs and clusters in the region. In most cases, these are conversions of run-down and vacant factories that used to house activities of the manufacturing industries that either died off or have been relocated to another district or city. The majority of these conversions are initiated by the government, implemented either wholly by the government or in some form of public-private partnership. We will examine here the situations in Hong Kong SAR and Beijing.

As a policy directive, the Hong Kong SAR Government first employed the term "creative industries" in its Policy Address of 2003. A mapping exercise was carried out, resulting in the report, Baseline Study of Hong Kong's Creative Industries (Central Policy Unit and the Centre for Cultural Policy Research (CCPR) of the University of Hong Kong, 2003). Subsequent annual Policy Addresses reinforced this initial interest with concrete measures until January 2005, when it was elaborated as the priority work of the then Chief Executive, Tung Chee Wah, for his remaining term of office.[1] The Home Affairs Bureau (HAB) of the Hong Kong SAR Government also produced a creativity index in the same year (HAB & CCPR, 2005).

■ Jockey Club Creative Arts Centre – Hong Kong SAR

The Jockey Club Creative Arts Centre project is the first of its kind initiated by the Government and supported by a few institutions, including a seed donation of HK$70 million from the Jockey Club for the renovation of a vacant factory building into a creative arts centre.[2] The seven-storey factory, with a gross floor area of about 8,000 sq m, is located in a very old district of public housing called Shek Kip Mei. The designer is to consider how to convert and transform the factory spaces into studios and other communal spaces for the tenants, who would be artists and entrepreneurs in the creative industries. The Creative Arts Centre represents on a very small scale the ambitions of what the Government would like to do in a much bigger urban context: the West Kowloon Cultural District, 40 hectares of reclaimed land on the west side of Kowloon Peninsula facing Victoria Harbour.[3]

■ West Kowloon Cultural District – Hong Kong SAR

The West Kowloon Cultural District project was conceived at the end of the 1990s. An international idea competition was held in 2001 and the scheme of United Kingdom architect Norman Foster to cover the majority of the site with a glass canopy was chosen as the winner. Based on this concept, a design brief was drawn up as an Invitation for Proposals from developers in 2003. The basic requirements were: (a) the plot ratio of development should be about 1.8, giving about 700,000 sq m of gross floor area (but most submissions in the end exceeded this guideline, some even by as much as two times); (b) 30 per cent of the site should be used for art and cultural facilities, including four museums, four concert and performing venues, an outdoor grand theatre with other art and gallery spaces; (c) the remaining area could be developed into retail, office and residential units; and (d) the developer would have to build and operate this project for a period of 30 years before handing it back to the Government. In addition, there were two binding requirements: the project had to include the canopy and it was to be awarded in a single tender.

Despite all the criticisms of the West Kowloon Cultural District project, it did bring about a brief renaissance of arts and culture in Hong Kong: developers suddenly became very interested in organizing art and cultural events such as sponsoring the Pavarotti concert and the musical, "Phantom of the Opera". World-class cultural institutions such as the Pompidou Centre and the Guggenheim Museum were both eager to have their branch museums in the West Kowloon Cultural District. Arts and culture became useful tools even for branding of other real estate projects.

■ Daishanzi Art District (Factory 798) – Beijing

Since 2002, the Daishanzi Art District has been developed from the old Bauhaus-style Factory 798 (which produced electronic equipment for the military) designed by East German architects in the 1950s.[4] The complex occupied a huge area of about 500,000 sq m but became obsolete under the economic reform at the end of the 1980s. In the early 1990s, while most of the sub-factories were vacant with 60 per cent of the total work force laid off, avant-garde artists began renting spaces in the complex, which gradually attracted a clustering of art and publishing companies as anchor tenants. With successful exhibitions and events such as the First Beijing Biennale in 2003 and the Daishanzi International Art Festival in 2004, the artists and community managed to persuade the authority to keep the district as an artistic and creative hub.

■ Dahuan (Great Circle) – Beijing

The 40 hectares of land for the development of the West Kowloon Cultural District is tiny compared with the plan to develop a cultural and creative industry park on the outskirts of Beijing near the Daishanzi area. The project is within the biggest and also the richest administrative district of the city, Chaoyang District, which commissioned the author to do a strategic study for cultural and creative industries.[5] The project is located in an area called Dahuan (or the Great Circle), which has been developed into a great cultural district, including the Chinese Film Museum, which opened in early 2006.

[1] http://www.rthk.org.hk/special/ce_policy2005/.
[2] http://net3.hkbu.edu.hk/~jccac/.
[3] http://www.hab.gov.hk/wkcd/.
[4] See http://en.wikipedia.org/wiki/798_Art_Zone.
[5] See Desmond Hui (2006), "From cultural to creative industries: Strategies for Chaoyang District, Beijing", *International Journal of Cultural Studies*, 9:317-331.

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1.1.11 | Cultural and creative commons

There are a multiplicity of applications of the Commons theory, and despite the lack of agreement on a definition, the concept has been increasingly used on values that relate to culture. A cultural commons is found when a group of people share an identity, as in the case of language, customs and styles as well as rites and traditions. It is located in time and space, either physical or virtual, and shared by a socially cohesive community.[23] As a system of intellectual resources available in a geographical or virtual area, a cultural commons is the evolution of the more traditional cultural district or cluster. Whether an image of a city, a local language or an artistic movement, a cultural commons is recognized in living cultures as the oral and intangible heritage of humanity. Living cultures are constantly changing. However, those who work against the local culture, particularly in pursuit of financial enrichment, can pose a challenge to the concept of cultural commons, and in certain cases become an economic and a socio-political threat to the status quo. Such is the case in some African rural areas that are remote from the centre of political and economic power and thus cut off from the main market opportunities.[24] This suggests a need to further explore the relationship between cultural commons and cultural districts on both the theoretical and practical levels.

In the digital world, the concept of creative commons continues to gain ground with the growing importance of mobile phones, emails, blogs and highly collaborative Web applications. Social networks and communities of users interact on virtual platforms, opening up new frontiers in information sharing, property rights and other fields related to the globalization of virtual networks and processes. From the economic and legal point of view, the debate over regulating these new value creation channels, points to a need to revisit issues related to the distribution of rights and responsibilities. It is likely to require a shift of focus from a traditional property rights approach to a long-term perspective in which benefits are generated by collective action and by creativity sharing.[25] This issue is further examined in chapter 6.

The recent trend towards "creativity in collaboration" rests on the notion that creativity is essentially a social process, not only involving individuals, but also a specific socio-cultural domain of knowledge and a field. As per Csikszentmihalyi's systems model of creativity, the domain is a constituent factor in creativity,[26] although it is important to keep in mind that domains change. Thus, collaboration with others seems to be the rule in creative process, since every creative idea builds on previous ideas of others. In this context, it could be argued that important developments in the arts are possible because of intensive cooperation or co-creation, as is the case in theatre, film, ballet, jazz improvisation and new media.[27] In chapter 6, issues related to creative collaboration is further elaborated.

1.1.12 | Experience economy

The term "the experience economy" appeared in 1999 in the title of a book by B. Joseph Pine II and James H. Gilmore.[28] A similar idea was explored in another 1999 book entitled *The Dream Society*, by Rolf Jensen from the Copenhagen Institute for Futures Studies in Denmark. The concept builds on the idea that in the near future, people would be willing to allocate high percentages of their salaries in order to have amazing life experiences. Their desire for emotional experiences would be linked to the consumption of creative products and services that should be highly specified and differentiated, as compared to a simple commodity business. Having gotten its start in the Scandinavian countries, the concept is gradually being more widely assimilated, as evidenced by the growing sense that creative businesses must orchestrate memorable events for their customers. The enriching experience would in turn be associated with a customized lifestyle, status and the use of certain brands. This approach recognizes the difference between the pleasure and experience of going to an opera hall for a performance versus listening to an opera CD at home. It appreciates and capitalizes on the fact that when people go to a restaurant, they go not just for the food, but for the multifaceted experience of enjoying an evening in a charming atmosphere, with good wine, company, conversation, music, etc.

From the economic perspective, the experience economy could be seen as a natural progression in the value-added

[23] Several research papers were debated at the first international workshop on cultural commons, organized by the Silvia Santagata Research Centre in collaboration with the University of Turin, Italy, in January 2010.
[24] Bocchino and Murpheree (2010).
[25] Carbone and Trimarchi (2010).
[26] Csikszentmihalyi (1999).
[27] Oostwoud Wijdenes (2009).
[28] Pine and Gilmore (1999).

chain of the creative economy. Much of the "luxury industry" fashion, cosmetics, spa care, etc. could also be categorized as "an experience business" in that it charges customers for the feeling they get by engaging in it, or for the benefits they receive from spending time in an activity. The experience economy is one in which businesses can make fine differentiations according to cultural diversity, aesthetics, memories and imagination. This also applies to tourism, arts and culture, including music, the performing arts, cultural festivals among other activities related to the creative economy. The potential of the experience economy can be seen in the growth of new media and social networking, in which producers and consumers not only interact but co-create by experiencing and exchanging knowledge, know-how and skills.

1.1.13 | Creative ecology

A fresh approach known as creative ecology reflects the ongoing thinking of creativity-led concepts. It aims to stimulate creativity by exploring the local environment, promoting ecological literacy and greater awareness on the role of the arts within society, while contributing to the development of more sustainable communities.[29] In his 2009 book entitled *Creative Ecologies*, J. Howkins[30] examines the relationship between organisms and their environment. Observing that several different species live together in an ecosystem, he emphasizes that creativity depends on a mix of four ecological conditions: diversity, change, learning and adaptation. He describes the right place and the right habitat for hatching ideas and asserts that the best way to learn is to work with people who are better and wiser than oneself. The argument draws on new ecological principles to show why some ideas prosper, or result in a new ecology of ideas, and others fall by the wayside. In Howkins' view, creative ecology is a niche where diverse individuals express themselves in a systemic and adaptive way, using ideas to produce ideas; others support this endeavour even if they don't understand it.

1.2 Major drivers of the creative economy worldwide

The major drivers responsible for the extraordinary growth in the creative industries worldwide can be found in both technology and economics. The technological transformations in communications brought about by the digital revolution and the economic environment within which this revolution has taken place have combined to create the conditions for this growth. Some of the most significant drivers of growth in the creative economy are considered in more detail in sections 1.2.1 to 1.2.3.

1.2.1 | Technology

Many new knowledge chains lead from high science to high tech, as fundamental research is translated through several steps into marketable products and services. This kind of technological product and process innovation is a constant in the creative economy, where research and development methods are diverse and differ from those used in science, in both scale and time. Despite the fact that academic and creative research can be conducted to mutual benefit, current government mechanisms do not necessarily support creative research practices and collaborative projects. Fortunately, a growing number of countries are building platforms to stimulate innovative projects that involve science and creativity and incorporate open-source technology. Many use meetings, websites, training and awards to create a strong community, and involve collaborations between knowledge institutions, creative organizations in the application domain and civil society. For instance, in the Netherlands an ICT innovation platform[31] supported by the Ministry of Economic Affairs and the Ministry of Education, Culture and Science has been working with the information, communication and media industry to implement a strategic research agenda for the creative industries. Initiatives such as the Dutch "Living Labs" simulates creative outcomes in which technology, interactivity and communication help to make creativity visible and test concepts in real-life settings.

The convergence of multimedia and telecommunication

[29] Reference made to a creative ecology project developed to encourage learning by J. Aldridge, a visual artist involved in arts education.
[30] Howkins (2009).
[31] IIP/Create is a Dutch foundation that brings together knowledge institutes, companies, non-profit institutions, creatives, platforms, sponsors and users. More information is available from http://iipcreate.com.

technologies has led to an integration of the means by which creative content is produced, distributed and consumed. This in turn has fostered new forms of artistic and creative expression. At the same time, the deregulation of media and telecommunication industries and the privatization of state-owned enterprises in these spheres have opened the way for massive growth in private-sector investment, with consequent effects on output and employment across the board. A number of countries have seized the opportunities provided by these developments. To illustrate, the Republic of Korea has ridden a wave of growth driven by its harnessing of content creation to the new technologies in video games, animation and other audiovisual services. As a result, Korean television programming exports, for example, tripled in value (from $12.7 million to $37.5 million) from 1999 to 2003.[32]

Digital technology has brought about enormous growth in the range of media through which creative content is conveyed to consumers, such as video-on-demand, music podcasting, streaming, computer games and the provision of television services via cable, satellite and the Internet. Overall, the number of distribution channels and platforms has continued to grow, generating an increasing demand for creative content. It is the task of the creative industries, wherever they are located, to supply this content in a way that is culturally expressive and economically profitable.

Underlying these developments has been a more general trend in economic policymaking towards a broadening of the concept of "innovation" from one concerned only with science and technology into a more wide-reaching appreciation of the role of creativity in the economy. Opening up the idea of creativity as a driving force in the knowledge economy pushes the creative industries into the spotlight as a primary source of the skilled workforce that can produce creative ideas and make innovation happen across a wide range of activities from business entrepreneurship to imaginative new social programmes.

More recently, research published by the National Endowment for Science, Technology and the Arts in the United Kingdom has found that current policy distorts the economy by supporting innovation of a technological and functional nature, and neglecting "soft innovation".[33] According to Paul Stoneman, soft innovation reflects changes of an aesthetic nature and product differentiation, such as new books, films, plays and video games in markets that exhibit regular novelty. Such innovations can also encompass a new line of clothing, the design of furniture or a new advertising campaign. This broadens the OECD definition of innovation, which emphasizes technological product and process innovation.[34] The point is that markets rely on changes in aesthetics more than on changes in technology. In the creative industries, there are very high rates of soft innovation. In the United Kingdom, for example, about half of the titles in the Top 40 album chart change each month, and bestselling video games spend on average less than three weeks at the No. 1 position. Book publishing is worth almost £2.8 billion. Each year the British economy sees the release of some 200,000 book titles, 33,000 music albums and around 830 new video games, the latter worth £1.5 billion. Given the commercial benefit of soft innovation to the overall economy, it seems logical to extend policies such as tax incentives, public finance and labour market interventions to stimulate the creative economy.

1.2.2 | Demand

An increase in the demand for creative products has also been a significant driver of the creative economy's growth. Several factors lie behind this demand push. First, rising real incomes in industrialized countries have boosted demand for income-elastic products, including creative goods and services. Moreover, the real prices of some of these products, as well as the prices of the means for their mediated consumption, have fallen as technology advances, leading to further upward pressure on demand. Maintaining the demand for video games, for example, requires not only a steady stream of new titles, but also newer and cheaper versions of gaming consoles. Other examples of demand-side interactions between soft and functional innovations include DVD and MP3 players, which in part depend on the quality of films and music.

Changing patterns of cultural consumption also drive the growth of the creative economy. Again it is the spread of new communication technologies that lies behind the transformation. New generations of consumers on all continents are using the Internet, mobile telephones and digital media in ways that not only expand their range of cultural experiences but also transform them from passive recipients of cultural messages into co-creators of cultural content. The sense of empowerment brought about by these developments and the process of redefining cultural identities are likely to continue as significant influences on the growth of the creative industries in the future.

[32] Shim (2006:28).
[33] Stoneman (2009).
[34] OECD (2006), *Oslo Manual.*

The emergence of consumers as creators or co-creators of creative products has stimulated an enormous amount of cultural interaction and interchange. Examples of firms that have been able to involve consumers in the co-production of their good or service are those in the fields of open-source software and peer-produced information (see chapter 7).

Demographics is another element positively influencing the demand for creative goods and services. According to the United Nations, world population in 2005 was estimated at around 6.5 billion people and is expected to grow to more than 9 billion by 2050.[35] What's more, an increase in life expectancy worldwide has resulted in an aging population, many of whom are retirees with more leisure time and the means to consume cultural activities, creative products and tourism. In summary, the demand profile of consumers of creative goods and services grows each year by assimilating new groups of users, from the youngest to the oldest generations.

1.2.3 | Tourism

Worldwide growth in tourism continues, fueling the growth of industries selling creative goods and cultural services in the tourist market. Globally, tourism is a $3-billion-a-day business from which countries at all levels of development can potentially benefit. It is the main source of foreign exchange for one-third of developing countries and one-half of least developed countries, where it accounts for up to 40 per cent of GDP.[36] In 2008, international tourist arrivals reached 922 million, with tourism receipts rising to $944 billion. According to the World Tourism Organization, in 2009 the level of tourism fell to 880 million arrivals due to the world financial crisis, but the tourism sector returned to growth in the last quarter of 2009 due to fiscal, monetary and marketing support measures implemented in some 70 countries to stimulate the economy and restore growth. The recovery is expected to continue in 2010 and endure over the longer term with 4 per cent annual growth in international arrivals projected through 2020, when it should reach 1.6 billion people.[37]

A vibrant national tourism sector can serve to diversify the economy and generate social and environmental benefits, but this does not happen automatically. In many developing countries with a sizeable tourism industry, large-scale mass tourism poses a growing threat to the preservation of cultural and environmental resources. Effective policies and actions should be in place to maximize the beneficial development impact of tourism and its deep linkages with the creative economy.

Tourists are main consumers of recreational and cultural services as well as a variety of creative products such as crafts and music. Concerted inter-ministerial policies are essential for building linkages to ensure that the creative industries are able to capture a greater share of tourists' expenditures in the country. The country should also have a strong base of creative businesses that are able to supply goods and services of good quality and sufficient quantity in order to respond positively to the demand from the tourism sector.

The cultural sector contributes to tourism through the demand for visits to cultural heritage sites, festivals, museums and galleries as well as music, dance, theatre, opera performances, etc. More generally, the cultural ambience and traditions of different locations can be an attraction for tourists, especially for those classified as "cultural tourists" who are more discriminating and culturally aware than the so-called mass tourists.

Cultural tourism centred on heritage sites has become a rapidly growing industry in many countries over the last several decades, supported among other things by the UNESCO World Heritage List. The list currently includes 890 properties of cultural and natural heritage that the World Heritage Committee considers as having outstanding universal value. These include 689 cultural, 176 natural and 25 mixed properties in 141 States. As of June 2010, 187 State Parties had ratified the World Heritage Convention.[38] A visit to any of the major heritage sites in Asia clearly demonstrates the increasing number of visitors from China, Japan, Malaysia and the Republic of Korea. It is predicted that there will be over 200 million middle-class

[35] United Nations Department of Economic and Social Affairs (2007).
[36] UNCTAD (2010), "The contribution of tourism to trade and development".
[37] United Nations World Tourism Organization (2009).
[38] More information available from http://whc.unesco.org/en/list.

Chinese within five years, and many will join the ranks of international tourism. The wealthy middle class in India is equally mobile, regarding travel as a source of education and recreation, even as religious tourism and pilgrimage travel are major sources of activity. Discount airline travel in all parts of the world is now a reality and an additional factor in the continuous expansion of tourism in the next few years. This points to a growing world market for creative industries products.

In recent years, however, there has been a shift in the approach to cultural tourism. UNESCO is urging governments to better balance tourism with protection, fearful that some of the most beautiful and important cultural and natural sites are being harmed by throngs of visitors. International organizations such as the United Nations World Tourism Organization and UNCTAD have been actively promoting a shift in the attitude of governments towards the formulation of tourism policy, focusing on the concept that tourism policy should be both culturally and environmentally friendly and benefit local people.

Box 1.4 Petra: A cultural trip

A visit to Petra can be more than simply a tour of a dazzling archeological site. It may turn into a full dive into the 2,000-year-old culture of the ancient Jordanian tribes and a trip to times when the region was an important junction for the trade routes that linked China, India and southern Arabia with Egypt, the Syrian Arab Republic, Greece and Rome.

Though it was "rediscovered" by Western eyes in 1812, the grand debut of Petra on the global-tourism stage took place in 1985 when it was declared a UNESCO World Heritage site. The giant carved red mountains and vast mausoleums provide an awe-inspiring experience. The environment is enriched by the presence of artisans from the town of Wadi Musa and a nearby Bedouin settlement who sell handicrafts and jewellery inspired by local tastes. Evening activities include a candlelight visit to the entrance of Petra, when old stories are told while tea is served beneath the moon. Alternatively, a gastronomy class where tourists learn by cooking and then dining on local delicacies offers another inspiring cultural experience.

Things could be rosier, though. The UNESCO report, Cultural Landscapes: the Challenges of Conservation, stated, in 2002, that in order to arrest the crumbling of the stone, ancient techniques would have to be reintroduced. Petra required the reconstruction of the entire ecosystem that existed when the city was built, comprising a system of canals, terraced overhangs and cultivated gardens in an area close to Petra, the wadi Al Mataha. The most immediate threat to be addressed, however, was presented by the increasing flow of tourists, with all the potential pernicious consequences to the already fragile infrastructure and the local traditions.

The Petra Regional Planning Council, a cross-sectoral entity chaired by the Minister of Tourism and Antiquities and comprising governmental and non-governmental representatives, was set up in 1995 by the Jordanian authorities, funded by 25 per cent of the revenues from the Petra entrance fee. In 1997, a project executed by the Ministry of Tourism and Antiquities and supported by a $44 million loan from the World Bank was taken forward. Under the project, the need for physical upgrading and management capacities at the archeological sites was addressed and roads and urban infrastructures in their vicinity were improved. In addition, services were provided to communities living next to the tourist attractions.

The Jordan National Tourism Strategy 2004-2010 estimates that tourism receipts in the country will skyrocket from around $807 million in 2003 to $1,840 million in 2010 and the number of tourism-supported jobs will more than double in the same period. Part of this increase has roots in festival and cultural events, photography and film productions. The importance of the latter led to the creation, in 2003, of the Royal Film Commission of Jordan, since it was recognized that films can "produce a huge positive impact on the tourism industry by helping to position and market the country". In the past, the stunning Jordanian natural landscapes, of which Petra is paramount, were the stage for a number of films, such as "Lawrence of Arabia" (1962) and "Indiana Jones and the Last Crusade" (1989).

Indeed, the touristic potential of Jordan is still to be explored. According to the United Nations World Tourism Organization, the country received nearly 3 billion visitors in 2005, representing a growth of 4.7 per cent over that of the previous year but no more than a 7.6 per cent market share in the Middle East. The forecasts are matched by those of the International Monetary Fund (IMF) issues paper, Jordan: Selected Issues and Statistical Appendix (IMF Country Report No. 04/121, May 2004), which projects an average of 8 per cent annual growth in tourism in the whole of Jordan between 2007 and 2009.

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1.3 The multiple dimensions of the creative economy

The creative economy is not monolithic, but it has a multitude of dimensions and it contributes to economic, social, cultural and for a sustainable development in a number of ways.

1.3.1 | Economic aspects

The creative economy is deeply rooted in national economies. By producing economic and employment benefits in related services and manufacturing sectors, it promotes economic diversification, revenues, trade and innovation. It also helps to revive declining urban areas, to open up and develop remote rural areas, and to promote the conservation of countries' environmental endowments and cultural heritages.

From the economic perspective, the creative economy has been growing at a faster pace than the rest of the economy in a number of countries. Although roughly estimated to account for nearly 8 per cent of the annual turnover of the global economy in 2000,[39] the contribution of the creative economy to the global economy is still difficult to accurately assess in 2010. There are a number of different approaches and classifications to delimit the creative sector, as well as its direct and indirect spin-offs at country and world levels. The typical way to measure an industry's contribution to the national economy is to measure its value added, including its share of labour and capital. The sum of the value added of all industries is equal to the gross domestic product, the standard measure of the size of national economies. However, the value added by individual creative industries is not generally available from government sources. This lack of standard classifications and official data makes it difficult to estimate the creative economy's contribution to world output.

For this reason, despite certain gaps, international trade remains the only key indicator to measure the economic impact of the creative economy at a universal level. According to UNCTAD, world trade in creative industries products continues to increase, even during the financial crisis of 2008 which led to a 2 per cent decline in world economic growth (GDP) in 2009. Virtually all regions and countries were affected by the economic downturn including the emerging developing countries that had enjoyed robust growth in the period 2000-2007. Fortunately, the global recession has not turned into a prolonged depression as initially feared. However, the poverty gap within and between countries increased and global unemployment reached 212 million in 2009.

In the years leading up to the economic downturn, namely 2002-2008, trade in goods and services from the creative industries grew on average 14 per cent annually, even after taking into account the sharp contraction of world demand and international trade in the final months of 2008.[40] There are indications that world trade has bottomed out in 2009 and some rebound is under way in 2010. As the decline in international trade involved all economic sectors, it is still premature to draw a definite picture regarding its adverse impact on the creative economy. For instance, world exports of visual arts doubled in six years, reaching $29.7 billion in 2008. The same trend was noticed for exports of audiovisual services, which amounted to $13.7 billion in 2002 and reached $26.4 billion in 2008 (see chapter 5), although much of the trade in audiovisual products occurs in the form of rights transactions as the means for buying and selling creative content, for which data is unavailable.

These impressive figures are still highly underestimated and cannot capture the more vibrant reality of the global markets of creative industries, especially in the case of Southern countries, due to limitations in statistical data and methodologies[41] that obscure the revenues from the trade of copyrights[42] and for some key services sectors. Indeed, these represent the lion's share of key creative industries such as the music and film industries, TV and radio broadcasting, performing arts, and trade in digitized creative content. Just to give an idea of the magnitude of the creative economy and its overall economic impact, a recent study[43] forecast that the global entertainment and media industry alone will be injecting around $2.2 trillion in the world economy in 2012.

[39] Howkins (2001).
[40] UNCTAD (2010), *Successful trade and development strategies for mitigating the impact of the global economic and financial crises.*
[41] An analysis of the current statistical methodologies and its deficiencies is presented in chapter 4.
[42] For more details on the analysis of intellectual property issues, see chapters 4 and 6.
[43] PricewaterhouseCoopers (2008).

1.3.2 | Social aspects

A major social impact of the creative industries is their contribution to employment. Creative industries are both knowledge intensive, requiring specific skills and high-level qualifications of their workforce, and labour intensive, especially those with a high concentration of creative inputs, as occurs, for example, in theatre or film production. The contribution of the creative industries to employment is usually significant; typically, they account for around 2 to 8 per cent of the workforce in the economy, again depending on the scope of the sector. The job-creation potential of these industries can be important in policy terms. For example, strategies aimed at redeveloping depressed industrial regions in a number of countries have looked to the establishment of creative industries as an effective way to boost employment. Furthermore, it is sometimes noted that the quality of jobs generated by the creative economy may provide greater levels of employee satisfaction than more routine occupations because of the commitment and sense of cultural involvement engendered among participants in a creative endeavour.

In the United States, for example, the creative industries accounted for about 2.5 per cent of total employment in 2003, with numbers being spread across the whole range of industries. By 2007, according to a recent study,[44] the creative industries defined as core copyright industries employed 5.5 million workers representing 4 per cent of total U.S employment. The largest concentration of creative workers occurred among independent artists, writers and performers and in the publishing industry. Details are given in table 1.4.

Another important social aspect of the creative industries relates to their role in fostering social inclusion. At the grassroots level, the creative economy includes cultural activities that can be important in linking social groups in communities and contributing to social cohesion. Communities that are plagued by social tensions and conflicts of various sorts can often be brought together through shared participation in cultural rituals. Initiatives such as community arts programmes build social capital by boosting the ability and motivation of people to become engaged in community life and inculcating skills that can be usefully employed in local creative industries. Furthermore, creative activity can be shown to be important for individual health and psychological well-being.

Table 1.4 Workers in creative industries in the United States, 2003

Creative industries	No. of workers (000)	Proportion of workforce (%)
Advertising	429	0.3
Applied design	428	0.3
Architecture	296	0.2
Broadcasting	320	0.2
Film and video	142	0.1
Music production	41	0.0
Performing arts	159	0.1
Publishing	700	0.5
Visual arts	122	0.1
Other (a)	611	0.5
Total – creative industries	**3,250**	**2.5**
Total – all industries	**132,047**	**100.0**

Note: (a) Includes independent artists, writers and performers in creative industries.
Source: United States Census Bureau, quoted in the OECD study (2007:46).

As many women work in the production of art crafts, fashion-related areas and the organization of cultural activities, the creative economy can also play a catalytic role in promoting gender balance in the creative workforce, particularly in developing countries. It can also facilitate greater absorption into the formal national economies of some categories of generally marginalized talented workers involved in creative activities who are usually relegated to the informal sector of the economy.

In addition, the creative economy has important relationships with the educational systems in both developed and developing countries. In schools, the role of the arts in forming children's social attitudes and behaviours is well recognized. In adult education, many possibilities exist for using education in culture and the arts to enhance understanding of society and its functions. There is a two-way relationship between the education system and the creative industries. On the one hand, education and training institutions are responsible for turning out individuals with the skills and motivation to join the creative workforce. On the other hand, the creative industries provide the necessary artistic and cultural inputs into the education system to facilitate students' education in the society in which they live and, in the longer term, to build a more culturally aware population.

[44] Siwek (2009).

Box 1.5 **Cirque du Soleil: A very simple dream**

Cirque du Soleil is an international company from Quebec dedicated to the creation, production and distribution of artistic works. Founded by Guy Laliberté in 1984, it began with a group of 73 young artists and creative entrepreneurs with a shared spirit of offering its creators the freedom to dream the wildest dreams and make them come true. Today, the business has over 3,800 employees worldwide, including close to 1,000 artists, represents over 40 nationalities, and speaks 25 different languages. Cirque du Soleil's touring shows have made nearly 250 stops in over 100 cities around the world and more than 70 million spectators have seen a Cirque du Soleil show since 1984.

Cirque du Soleil is primarily a creative content provider for a wide variety of unique projects. The organization's mission is to invoke the imagination, provoke the senses and evoke the emotions of people throughout the world. Cirque du Soleil is a generator of new experiences, a laboratory and platform for creators. It is constantly researching new artistic avenues and innovating within the organization. In 2007, Cirque du Soleil presented 15 different shows around the world. The heart of its activity remains creating live shows and presenting them under big tops, in theatres or in arenas. Since 1984, close to 200 creators from the four corners of the globe have contributed their talents to this end.

Cirque du Soleil wants above all to take its place in society as a good citizen, with all the duties and responsibilities that go with citizenship. Since 1989, it has elected to give 1 per cent of its annual turnover to social and cultural programmes as a concrete expression of citizenship that goes beyond its business markets. Circus arts also offer young people the chance to open up, express themselves and use their marginalized status as a tool to make new links with a society that often excludes them. This is how Cirque du Soleil has developed its international expertise and leadership in social circus. Cirque du Monde is one of the greatest sources of pride for Cirque du Soleil. Set in motion in 1995, this programme is now operating in association with partners in social and cultural action such as Oxfam International and Jeunesse du Monde to assist young people in more than 80 communities in more than 20 countries throughout the world.

Cirque du Soleil also remains an active member of the artistic community. It supports artists and artistic institutions in various ways and is involved in many cultural organizations. The company offers financial support to innovative projects created by emerging artists and artistic companies.

By Charles Beraud, Office of the Senior Vice President of Marketing, Cirque du Soleil.

1.3.3 | Cultural aspects

Whether the term "culture" is interpreted in an anthropological sense to mean the shared values and traditions that identify a community or a nation and bind it together, or in a more functional sense to mean the practice of the arts, the creative economy clearly has profound cultural implications. Perhaps these effects are best summarized by the proposition that cultural activities give rise to both economic and cultural value; it is the latter that provides the distinctive contribution that these products make to individuals, to the economy and to society. From a policy perspective, the generation of cultural value alongside economic value from the operation of the creative industries is relevant because it serves the cultural objectives of society, which stand alongside the economic objectives of a government and are reflected in the broad reach of its cultural policy. The cultural value of identity is especially important, whether understood at the level of a nation, region, city, town or community.

Diversity is a cultural dimension of the creative economy that became more prominent in recent years. As processes of globalization continue, the value of cultural diversity has been more sharply defined and the role of the creative industries in promoting it has been more clearly understood. The Universal Declaration on Cultural Diversity adopted by UNESCO in 2001 sees diversity as being embodied in the "uniqueness and plurality" of the identities of various societies and groups, a common heritage of humankind. Since culture itself is intrinsic to the realization of human aspirations, it is argued that cultural diversity will be an important factor in promoting economic, social and cultural development. These sentiments were in turn given substance in the Convention on the Protection and Promotion of the Diversity of Cultural Expressions which specifically identifies the cultural industries as essential to the achievement of the benefits of cultural diversity in developed and developing countries alike.

In 2009, the UNESCO World Report "Investing in Cultural Diversity and Intercultural Dialogue"[45] analysed the nature and manifestation of cultural diversity in relation to globalization, intercultural dialogue, human rights and

[45] More information available from http://www.unesco.org/en/world-reports/cultural-diversity.

democratic governance. The report emphasizes that cultural diversity is a key dimension for sustainable development and peace, and examines four areas that significantly influences the evolution of cultural diversity: languages, education, communication and cultural content, as well as creativity and the marketplace. The objective was to propose a coherent vision of cultural diversity by clarifying how it can become beneficial to the action of the international community.

1.3.4 | Sustainable development

The creative industries also contribute to sustainable development. It is becoming increasingly recognized that the concept of "sustainability" has a larger scope beyond simply its application to the environment. The tangible and intangible cultural capital of a community, a nation or a region of the world is something that must be preserved for future generations just as natural resources and ecosystems need to be safeguarded to ensure continuation of human life on the planet.

Cultural sustainability implies a development process that maintains all types of cultural assets, from minority languages and traditional rituals to artworks, artefacts and heritage buildings and sites. It is the creative industries jointly coordinated with cultural policies that provide the strategies to get hold of the investments to develop and promote the cultural industry in a sustainable way. The creative industries participate directly into sustainable development. The notion of "cultural sustainable development" implies some concepts.[46]

- *intergenerational equity:* development must take a long-term view and not compromise the capacities of future generations to access cultural resources and meet their cultural needs; this requires particular concern for protecting and enhancing a nation's tangible and intangible cultural capital.
- *intragenerational equity:* development must provide equity in access to cultural production, participation and enjoyment to all members of the community on a fair and non-discriminatory basis; in particular, attention must be paid to the poorest members of society to ensure that development is consistent with the objectives of poverty alleviation.
- *importance of diversity:* just as sustainable development requires the protection of biodiversity, so also should account be taken of the value of cultural diversity to the processes of economic, social and cultural development.
- *precautionary principle:* when facing decisions with irreversible consequences, such as the destruction of cultural heritage or extinction of valued cultural practices, a risk-averse position must be adopted.
- *Interconnectedness:* economic, social, cultural and environmental systems should not be seen in isolation; rather, a holistic approach is required, i.e. one that recognizes interconnectedness, particularly between economic and cultural development.

The contributions that artistic and cultural production, dissemination and participation make to economic empowerment, cultural enrichment and social cohesion in the community, in order to promote major social progress, are the main reasons to support the principles of cultural sustainable development.

The primary input for creative activities is creativity, a natural resource in abundance in the world. The creative industries production is usually less dependent on heavy industrial infrastructure and can be easily compatible with rules and objectives that aim at environmental protection and preservation.

For ethical trade to be sustainable, producers are advised to focus on innovation, and not only to seek out low-cost solutions. More support is needed for sustainability-related finance, scaling up social entrepreneurship.[47] The creative industries offer a vast platform to this ethical business.

There is a recent trend towards ethical consumerism. Both producers and consumers of creative products increasingly question the true cultural, economic and environmental value of what they create, buy and sell. In this spirit, UNCTAD has been spreading the message that creativity and biodiversity are well matched and should be seen as a win-win solution to promote responsible use of the world's biodiversity, while promoting the development dimension of the creative economy.[48] This topic is further elaborated in chapter 2.

[46] Throsby (2008).
[47] International Trade Centre (2009).
[48] UNCTAD (April 2010), Creative Economy E-newsletter.

1.4 The cross-cutting nature of creative industries

1.4.1 | Need for concerted inter-ministerial policies

The creative economy extends into a wide range of areas of political responsibility and government administration. Although many governments have set up specific ministries, departments or specialized units to deal with the creative industries, almost all areas of government policy have some sort of interaction with these industries, including in the following fields:

- *economic development:* creative industries can be a significant contributor to national economic growth, making them a focus of interest on the part of treasuries, ministries of finance and planning departments.
- *trade:* creative goods and services comprise an important element in the international trade of most countries and thus come under the policy surveillance of ministries of trade, foreign affairs and international relations.
- *regional growth:* the creative sector may be a specific target for development strategies in the context of regional economic planning.
- *labour:* the employment effects of the creative industries are significant, making them an area of interest in labour-market policy.
- *domestic and foreign investment:* private investment in creative industries may be encouraged or channeled in certain directions by specific fiscal or regulatory measures.
- *technology and communications:* given the importance of new communication technologies to the growth of the creative

Box 1.6 Economics of the museum district of Paris

The economic spin-offs from museums are important. They are even more significant in the big cities, such as Paris.

In 1998, nearly 12 million tourists came to Paris for various reasons: cultural, business, and recreational, among others. "Museum tourists" were defined within this group as those visiting at least three museums or similar institutions. Given the difficulty of identifying these visits when admission is sometimes free, two hypotheses were constructed: a low hypothesis, according to which 2.98 million tourists had visited the museums of the Louvre, Versailles and La Villette or Orsay, and a high hypothesis, according to which 4.2 million tourists had visited the Eiffel Tower, the Louvre and Versailles (Greffe, 1999).

These tourists behaved differently depending on whether they were French or foreign. They did not spend the same number of nights in Paris.[1] In addition, their daily spending patterns were not the same: a French tourist was assumed to spend on average €121 a day for accommodation, transportation and entrance fees while a foreign tourist would spend around €151, with substantial differences from one person to the next.[2] From this, we derived overall spending of €1.17 billion under the low hypothesis and €1.62 billion under the high hypothesis.

We then had to apply a multiplier coefficient to take account of the effect of this spending on the incomes of hotel, museum and transportation workers since these incomes would be spent and passed on through other economic sectors successively. For this purpose, we selected Myerscough's multiplier coefficient for London (1.4) as one of the most plausible. Total spending, then, was €1.64 billion under the low hypothesis and €2.26 billion under the high hypothesis.

It was then necessary to add in the spending on souvenirs or luxury goods that, because they are not generally produced in Paris, would not have a multiplier effect on the immediate territory but might contribute to creating jobs elsewhere in the country. Based on the same surveys, we assumed average souvenir spending of €45.45 for a French tourist and €75.75 for a foreign tourist. This resulted in total spending of €1.84 billion under the low hypothesis and €2.64 billion under the high hypothesis. If the cost of creating one job in the services sector is around €40,000, this amount represents a total of 43,000 jobs created or maintained. If we take a lower figure (€30,000) as the cost for creating a service job, the figure for employment created or maintained is 86,000. The first figure seems considerably more plausible since we must first deduct from this total spending the amount spent on materials.

The bottom line from this type of analysis, which relies on many hypotheses, each of which reduces the reliability of the final outcome, is that the amount of this spending and the number of jobs created are very significant.[3]

[1] On average, two nights for the first group and three nights for the second. The amount of their daily spending varied with their country of origin. The French/foreign split among tourists was 30 per cent/70 per cent: under the low hypothesis, there were 6.3 million foreign-tourist overnights and 1.8 million French-tourist overnights, and under the high hypothesis, the respective figures were 8.6 million and 2.6 million.
[2] Higher spending by Americans and Japanese offset by far the lower spending of tourists from developing countries.
[3] In this particular case and for the particular year in question, this amount was higher than total government spending on heritage throughout France, and the number of jobs was nearly double that in the publicly assisted hospitals of Paris.

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sector, the regulation (or deregulation) of telephone services, the Internet, broadband, satellite communications, etc., all have important implications for the creative industries.

- *culture:* the core functions of the creative arts are frequently supported by governments in pursuit of both economic and cultural objectives.
- *tourism:* in a number of countries, there is a close association between the creative industries — particularly the performing and visual arts and the provision of heritage services — and the contribution of tourism to the economic viability of towns, cities and regions.
- *social affairs:* policies dealing with poverty alleviation, social tensions among minorities, youth and gender issues can be tackled through the creative economy.
- *education:* vocational training for the workforce of the creative industries is a matter of increasing interest as the industries expand and evolve. The more general aspects of arts in education are also relevant, as discussed earlier.

1.4.2 | Need for dialogue with multiple stakeholders

In addition to the cross-cutting nature of political and administrative responsibilities, there is also a similar multiplicity of levels of involvement if one looks at the various sectors of the economy with which the creative industries are engaged. Individuals and organizations involved in cultural activities and active in the creative economy operate in the following areas:

- the public sector (public cultural institutions such as museums, galleries, public service broadcasting organizations, etc.);
- the for-profit private sector (a wide range of commercial operations in all fields of culture and creative production and distribution);
- the non-profit sector (theatre and dance companies, festivals, orchestras and other music ensembles, craft cooperatives, etc., some of which may receive government financial incentives); and
- civil society (advocacy non-governmental organizations (NGOs), foundations, academia, artistic and creator's professional associations, sectoral organizations, etc.).

1.4.3 | Need for institutional mechanisms

The multidimensionality and cross-cutting nature of the creative industries mean that there is an inevitable tendency for policy strategies to become fragmented. If this leads to the application of piecemeal measures, there may be a danger that the policy strategies are contradictory in their impact. It is clear that an integrated approach towards enhancing the creative industries and hence the creative economy is needed in policymaking. This approach requires effective institutional mechanisms for coordination of policies across the various agencies with responsibilities in this area. This topic is further analysed in chapter 8.

1.5 The creative economy in the developed world

There is no doubt that, whether viewed from a global or a national perspective, the creative economy — however it is defined — is growing, and growing rapidly. Data for the broadest conceptualization of the creative economy show that in OECD countries it has been growing at an annual rate more than twice that of the service industries overall and more than four times that of manufacturing.[49] For the creative sector more narrowly defined, statistics on output growth in a number of countries over the past 5, 10 or 15 years show a similar pattern.

In many advanced economies, the creative economy is now recognized as a leading sector in generating economic growth, employment and trade. In Europe, the creative economy generated a turnover of €654 billion in 2003, increasing 12 per cent faster than the overall economy, as shown in table 1.5.[50] Employment in the European cultural sector generally grows faster than elsewhere in the economy. At present, it is estimated that the cultural and creative industries contribute to around 2.6 per cent of the total GDP of the European Union, providing quality jobs to around 5

[49] Howkins (2001:xvi).
[50] KEA (2006).

Table 1.5 Contribution of the European cultural and creative sector to the European national economies

	Turnover, 2003 (all sectors included) (€ million)	Value added to national GDP (all sectors included) (%)
Austria	14,603	1.80
Belgium	22,174	2.60
Cyprus	318	0.80
Czech Republic	5,577	2.30
Denmark	10,111	3.10
Estonia	612	2.40
Finland	10,677	3.10
France	79,424	3.40
Germany	126,060	2.50
Greece	6,875	1.00
Hungary	4,066	1.20
Ireland	6,922	1.70
Italy	84,359	2.30
Latvia	508	1.80
Lithuania	759	1.70
Luxembourg	673	0.60
Malta	23	0.20
Netherlands	33,372	2.70
Poland	6,235	1.20
Portugal	6,358	1.40
Slovakia	2,498	2.00
Slovenia	1,771	2.20
Spain	61,333	2.30
Sweden	18,155	2.40
United Kingdom	132,682	3.00
Bulgaria	884	1.20
Romania	2,205	1.40
Norway	14,841	3.20
Iceland	212	0.70
Total European Union (25 countries)	**636,146**	
Total 30 countries*	**654,288**	

* The countries covered by the statistical analysis include the 25 Member States of the European Union plus the two countries that joined in January 2007 (Bulgaria and Romania) plus the three European Economic Area countries of Iceland, Norway and Liechtenstein.
Source: Eurostat and AMADEUS/Data elaborated by Media Group.

million people across the 27 EU member States.[51] The creative economy became a priority and strategic sector for the European 2020 Agenda.

In the United Kingdom in 2007 the creative industries accounted for 6.2 per cent of the economy, measured as value added; during the period 1997-2007 creative output grew at 5 per cent annually as compared to 3 per cent growth for the rest of the UK economy, and its exports of services by the creative industries represented 4.5 per cent of all goods and services exported.[52] Employment also grew substantially; total creative employment increased from 1.6 million in 1997 to nearly 2 million in 2008, with an average growth of 2 per cent compared to 1 per cent for the whole of the economy. In 2008, there were an estimated 157,400 business enterprises in the UK creative industries (DCMS, 2010). In Germany in 2008, total turnover of the culture and creative industries was estimated at €132 billion, contributing €63 billion towards value added, representing 2.5 per cent of national turnover and of the gross domestic product (GDP). There are about 238,000 enterprises in the sector, accounting for 7.4 per cent of all German enterprises, and about one million people worked in culture and creative industries, representing 3.3 per cent of overall employment in the country.[53] In Spain, the evolution of cultural activities has been characterized by sustained growth; the sector contributed to €31 million to the overall economy in 2007, which equates to an annual

[51] European Commission (2010).
[52] DCMS (2010).
[53] Ministry of Economics and Technology, Germany (2009).

growth of 6.7 per cent. The creation and production phases represents 55 per cent of total cultural activities.[54]

For Italy, as stated by the President of the Italian Republic, "one of the strengths of our country [is] the culture of creativity. And in this new expression of Italian creativity we find the resurgent vigour of a tradition, heritage and sensibility to which we must devote much more attention".[55] The cultural and creative industries accounted for over 9 per cent of the Italian GDP and employed over 2.5 million people in 2004.[56] Denmark is another example where the creative economy accounted for 5.3 per cent of GDP, providing 12 per cent of total jobs and 16 per cent of exports, and in Sweden, in the early 2000s the cultural sector accounted for 9 per cent of value added and 10 per cent of total employment, as show in table 1.7.[57] For the Netherlands, the creative sector is characterised by an increasing number of small enterprises and freelancers; in the city of Amsterdam during the period 2006-2009, the number of people working in the creative industries increased 6.6 per cent.[58]

The creative industries contribute to output, value added, income and the balance of payments. Typically, these industries have contributed somewhere between 2 and 6 per cent of GDP, depending on the definitions used. In 2007, the creative industries accounted for 6.4 per cent of the U.S. economy, generating foreign sales and exports in the order of $125.6 billion, one of the larger exporting sectors in the American economy.[59] In Canada, the cultural sector provided 3.5 per cent of GDP and almost 6 per cent of the growth in value added (GVA). In Australia, the growth in the creative economy has been strong for nearly two decades, with an annual average growth of 5.8 per cent. In 2007-2008 the Australian creative economy was worth $31 billion (Australian dollars), making a real contribution to the nation's economic performance and flexibility, employing about 5 per cent of the workforce, and generating about 7 per cent of national earnings.[60]

This chapter has been concerned primarily with the evolution of concepts involved in any consideration of the creative economy. This final section turns from concepts to practice and considers some more detailed empirical evidence for some of the propositions discussed earlier.

Some representative data are shown in tables 1.6 to 1.8. Table 1.6 shows the contribution of the cultural industries to GDP or GVA for five countries in various years. Table 1.7 indicates the contribution of the cultural sectors of eight European countries to the economy. It should be noted that in four of the eight countries shown, the creative industries contributed more than 5 per cent of GVA, and in two countries, they contributed 10 per cent or more of employment. Comparisons with other sectors of the economies of developed countries are shown in table 1.8 and table 1.9.

Table 1.6 Contribution of the cultural industries (a) to GDP or GVA for five countries, various years (b)

Country	Reference year	Currency	Aggregate measured	Contribution of cultural industries	
				Value (millions)	% of GDP/GVA
Australia	1998–99	$A	GDP	17,053	3.1
Canada	2002	$Can	GDP	37,465	3.5
France	2003	€	GVA	39,899	2.8
United Kingdom	2003	£	GVA	42,180	5.8
United States	2002	$US	GVA	341,139	3.3

Notes: (a) Industries included: Advertising; architecture; video, film, photography; music, visual arts, performing arts; publishing, print media; broadcast media; art and antiques trade; design, including fashion design.
(b) For qualifications to the interpretation of these data, refer to source.
Source: Gordon and Beilby-Orrin, *International Measurement of the Economic and Social Importance of Culture, OECD* (2007:54).

[54] Ministry of Culture of Spain (2009).
[55] Giorgio Napolitano, 31 December 2007, quoted in Santagata (2009).
[56] Santagata (2009).
[57] On the basis of Eurostat and AMADEUS databank, as reported by KEA, European Affairs in 2006.
[58] Monitor Creative Industries (2008).
[59] Siwek (2009).
[60] ARC Centre of Excellence for Creative Industries and Innovation (2010).

Table 1.7 Contribution of the cultural sector to the national economies of eight European countries, various years (a)

Country	Reference year	Contribution of the cultural sector to: Turnover € billions	Turnover %	Value added € billions	Value added %	Employment millions	Employment %
Denmark	2000–2001	23.4	7.3	8.3	5.3	0.170	12.0
Finland	2004–2005	12.6	n.a.	4.3	3.8	0.086	3.2
Latvia	2004	0.8	n.a.	0.3	4.0	0.041	4.4
Lithuania	2002	0.6	n.a.	0.04	0.2	0.057	4.0
Netherlands	2004	8.4	n.a.	n.a.	n.a.	0.240	3.2
Poland	2002	8.7	n.a.	17.3	5.2	n.a.	n.a.
Sweden	2000–2001	n.a.	n.a.	17.1	9.0	0.400	10.0
United Kingdom	2001	165.4	n.a.	85.0	6.8	1.300	4.3

Note: (a) Industries included differ significantly among countries. For further details and qualifications to the interpretation of these data, refer to source.
Source: KEA, European Affairs (2006:33-34).

Table 1.8 Comparison of contribution of creative/cultural sector with contributions of other sectors for eight European countries (% of GDP) (a)

Country	Proportion of GDP contributed by: Cultural and creative sector	Manufacture of food, beverages, tobacco	Real estate activities	Computer and related activities
Denmark	2.6	2.1	1.0	1.2
Finland	3.1	2.6	5.1	1.5
Latvia	3.1	1.5	1.8	1.5
Lithuania	3.4	1.9	1.8	1.3
Netherlands	2.5	1.6	2.6	1.4
Poland	2.7	2.2	2.3	1.4
Sweden	3.2	1.7	2.7	1.3
United Kingdom	3.0	1.9	2.1	2.7

Note: (a) Industries included in cultural/creative sector vary among countries. For qualifications to the interpretation of these data, refer to source.
Source: Eurostat and AMADEUS, quoted by KEA, European Affairs (2006:68).

Table 1.9 Estimates of the contribution of creative industries to GDP for five OECD countries

Creative industries	Australia 1998-1999		Canada 2002		France 2003		United Kingdom 2003		United States 2002	
	A$ millions	% GDP	C$ millions	% GDP	€ millions	% GVA	£ millions	% GVA	US$ millions	% GVA
Advertising	2,464*	0.50	2,856*	0.30	11,858*	0.80	5,000	0.70	20,835*	0.20
Architecture	788*	0.10	1,084*	0.10	2,524*	0.20	4,000	0.50	19,111*	0.20
Video, film and photography	2,397*	0.40	3,909*	0.40	5,155*	0.40	2,200	0.30	39,076*	0.40
Music & the visual & performing arts	952*	0.20	2,576*	0.20	3,425*	0.20	3,700	0.50	30,294*	0.30
Publishing/written media	6,590*	1.20	19,427*	1.80	11,283*	0.80	14,950	2.10	116,451*	1.10
of which: printing	5,640*	1.00	na	na	4,851*	0.30	6,350	0.90	45,662*	0.40
Radio and TV (broadcasting)	3,474*	0.60	5,305*	0.50	4,878*	0.30	6,200	0.90	101,713*	1.00
Art and antiques trade	74*	0.00	1,082*	0.10	413*	0.00	500	0.10	195*	0.00
Design (including designer fashion)	313*	0.10	1,226*	0.10	363*	0.00	5,630	0.70	13,463*	0.10
Crafts	na*	na	na	na	na	na	na	na	na	na
Total	**17,053***	**3.10**	**37,465***	**3.50**	**39,899***	**2.80**	**42,180***	**5.80**	**341,139***	**3.30**
Total economy (GDP or GVA)	**542,831**	**100.00**	**1,069,703**	**100.00**	**1,434,812**	**100.00**	**732,395**	**100.00**	**10,469,601**	**100.00**
Libraries (includes archives)	792.2	…	1,236*	0.10	na	na	na	na	1,112*	0.00
Museums	716.4	…	550*	0.10	148*	0.00	na	na	3,294*	0.00
Heritage sites	na	na	672*	0.10	na	na	na	na	508*	0.00
Electronic games	na	na	na	na	8,169*	0.60	20,700	2.80	129,636*	1.20

* = OECD estimate
# = income data

Caveat: These data are initial estimates and should be interpreted with extreme caution, bearing in mind that (a) they are based on national cultural industry typologies; (b) the contents of individual headings are different from one country to another; and (c) treatment of taxes such as the value added tax is not consistent across countries. In order to maintain consistency between the numerator and the denominator when calculating the percentages, the total GVA or GDP has been used as appropriate.
Australia: Data are OECD estimates derived from output by product and by industry data presented in the Australian Bureau of Statistics (ABS), *Arts and Culture in Australia: A Statistical Overview.* Ratios of value added to output were derived from various ABS Service Industries Surveys available on the ABS website.
Canada: Statistics Canada estimates at www.statcan.ca/english/freepub/87-008-GIE/them/economiccont.htm. These are updates to the tables presented in Statistics Canada, *Economic Contribution of Culture in Canada*, December 2004 (Catalogue no. 81-595-MIE – no. 023) also available on the Statistics Canada website. The category "Support activities" used in the Canadian framework has been distributed proportionally across the other sectors.
France: Data are OECD estimates. They were derived from National Institute for Statistics and Economic Studies (INSEE) turnover data, supplied by the French Ministry of Culture and Communications, by applying value added to turnover ratios taken from INSEE and OECD data. Total GVA has been taken from INSEE national accounts data.
United Kingdom: UK DCMS estimates are based on United Kingdom Office for National Statistics data taken from the DCMS *Creative Industries Economic Estimates Statistical Bulletin*, October 2005 - Revised Version at www.culture.gov.uk/global/research/statistics_outputs/creative_industries_eco_est.htm. The table departs from the equivalent DCMS table in that the activities of the printing industry have been added to "Publishing" and the "Total of above". This has been done to enhance cross-country comparability.
United States of America: Data are OECD estimates. They were derived from Bureau of Economic Analysis and United States Bureau of the Census data. These estimates should be used with particular caution given the number of assumptions applied in their preparation.

Source: Gordon and Beilby-Orrin, *International Measurement of the Economic and Social Importance of Culture,* OECD (2007).

CHAPTER 2 The development dimension

Most of the attention in the debate about the creative economy around the world has been paid to developed economies, where creative industries are well established and where participation in global markets for creative products is strong. In developing economies, however, the situation is more nuanced. Asian countries, led by China, are experiencing rapid growth in creative capacities and in recent years have been benefiting from the competitiveness of their creative products in world markets. In other areas of the developing world, national strategies to enhance the creative economy are gradually being put in place but more time is needed for the poorest countries to reinforce their policy and institutional frameworks in order to take best advantage of their creative talents to foster socio-economic development. It is more widely recognized that developing countries have a vast deposit of intangible cultural heritage and traditional cultural expressions that could be better nurtured. This chapter reviews the development dimensions of the creative economy, looking at the economic and cultural linkages, social interactions and environmental considerations. Policy implications in the light of impact of the world economic downturn and its impact for poverty reduction and sustainable development are discussed. The chapter also presents an overview of recent developments regarding the creative economy in regions of the developing world.

The analysis is presented in the context of the Millennium Development Goals (MDGs) since they represent the international policy environment within which national strategies for advancing the creative economy in developing countries are being implemented. Chapter 9 will further elaborate on the multilateral processes and ongoing policy action under implementation by United Nations bodies and the international community pursuant to the Millennium Declaration.

2.1 Policy implications: The Millennium Development Goals

The MDGs express the international community's commitment to the global development agenda. There are eight goals with specific targets to be reached by 2015, namely to: (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria and other diseases; (7) ensure environmental sustainability; and (8) develop a global partnership for development.

For a number of developing countries progress in attaining the MDGs has been slow and was further aggravated by the devastating impact of the 2008 world financial crisis on the global economy. The crisis was especially devastating in least developed countries (LDCs) that were already affected by the food crisis and are less able to absorb external shocks. By 2010, although many developing countries had made some progress in reducing poverty, the poorest countries are likely to fail to eradicate extreme poverty and hunger within the next five years without a significant improvement in their economic situation and more targeted development policies that are supported by international cooperation. As the majority of developing countries, in particular the LDCs, have a large proportion of youth and women who need better access to education and jobs, the creative economy should be seen as a workable means to poverty alleviation and environmental sustainability.

The MDGs address development challenges as an inherent part of the global economy and the life of soci-

eties. The goals encompass the holistic approach to development echoed in concepts such as the "human development index", "liveable societies" and "gross national happiness". The full realization of these goals necessitates innovative and cross-sectoral approaches to development that incorporate cultural, social and environmental aspects.

The creative sectors of developing economies have significant potential to contribute towards the achievement of at least the following six specific components of the MDGs:

- *Poverty eradication and reduction of inequality.* The manifestations of a people's culture — customs, rituals, artefacts, music and so on — permeate the daily lives of men, women and children and constitute a significant element in providing for their happiness and well-being. Any strategy that uses culture as a means of economic development and empowerment has the capacity to reach out to all members of a community and to affect their lives in some way regardless of their socio-economic status. It follows that sustainable development of the creative industries at the local level, especially if it targets the arts, creative activities and the growth of small business, will be capable of making an important contribution to poverty eradication and the reduction of inequality.

  Contrary to more traditional, larger-scale industrial development, the business unit in the creative-industries sector is typically quite small, often comprising family businesses. This means that the product originates in many diverse units while the production is mostly on a small scale. In this respect, the creative industries are particularly suited to help community regeneration and the sustainability of traditional societies. The creative industries not only offer the possibility of income generation but they also provide opportunities for employment that are easier to reconcile with family and community obligations. The smaller business unit is also more closely affiliated to the informal economy and to the private-sector investment potential that are found in the poorer segments of the economy. It will therefore provide a more effective vehicle for targeted economic development initiatives whose focus is poverty eradication.

- *Gender equality.* The creative process provides many opportunities for women to participate in creative activity that yields both economic and cultural rewards. Therefore, development strategies should include pro-poor projects for enhancing creative capacities, particularly in areas such as handicrafts (basket weavers, potters, wood carvers, etc.) and fashion (leather workers, clothing, jewellers, jute and silk weavers, embroiderers, etc). This can benefit a large number of female artisans by helping them take charge of their lives and generate income for their families and communities, particularly in rural areas. A successful case in this regard is the Aarong Project in Bangladesh, which was developed by the Bangladesh Rural Advancement Committee in association with Oxfam, the non-governmental organization. The project provides tens of thousands of people, particularly rural women, with a livelihood in the creative industries.[1]

- *Sustainable development strategies.* In order to ensure a sustainable and inclusive development path for developing countries, culture and environment must be mainstreamed in development policies. Cultural erosion is a big concern. Many modes of life, languages and forms of cultural expression are gradually being lost in different parts of the world. Biodiversity is also being lost at accelerating rates, due to the widespread overexploitation of biological resources, which carry a tremendous cost to our economic, social and cultural livelihoods. Today, millions of people depend on biodiversity for food, medicines, income, jobs, fuels and cloths, as well as for cultural and spiritual needs. Biodiversity is not only essential for agriculture and pharmaceuticals but also for the creative industries, in particular art crafts, fashion, accessories and interior design creative products.[2] In recent years, a positive trend towards ethical consumerism has been emerging and should be further promoted. Awareness should be raised, and policies should be in place to promote the right balance between the sustainable use and the conservation of biodiversity, while nurturing the creative economy in the developing world. One of the main attributes of the creative economy is that it can generate substantial economic rewards, yielding large cultural, ecosystem and biodiversity payoffs. It stimulates creativity and civic environmental engagement, thus promoting the benefits of both cultural diversity and biodiversity.

- *Global partnerships for development.* International cooperation is a key component in assisting developing countries to meet

[1] Rogers (2009).
[2] UNCTAD (April 2010).
[3] Statement made by UNCTAD, Chief of Creative Economy Programme, at UNESCO First Session of the Conference of Parties to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Paris, June 2007.

the MDG targets, and the creative economy can be a tool to forge all kinds of partnerships. The international community should respond to the efforts of Southern countries to enhance their local creative capacities and preserve their cultural diversity. Effective mechanisms should be put in place to help those countries improve the competitiveness of their cultural products and activities so they can benefit from market opportunities and accelerate socio-economic growth. Initiatives to facilitate cultural exchanges as well as better access to global markets are greatly needed. Global partnerships could improve developing countries' cultural production and trade prospects through concrete initiatives to: (a) facilitate wider access to the global market of cultural activities and creative goods and services; (b) facilitate the mobility of artists from the developing world into the major markets, allowing artists, performers and cultural professionals preferential treatment; (c) promote capacity-building programmes to improve business skills, cultural entrepreneurship and better understanding of intellectual property rights; (d) facilitate the transfer of new information and communication technologies and other tools for the creation and distribution of digitalized creative content; (e) facilitate access to financing and attract investors, including schemes for co-productions, joint ventures and investment agreements.[3] North-South and South-South partnerships should prioritize national reforms to support the creative industries in the Southern countries through technical cooperation projects. Special attention should be given to building capacity in such areas as upgrading creative talent and skills, streamlining supply chains and promoting trade opportunities, particularly in the least developed countries, which are the world's 50 poorest nations.[4]

- *Strategies for the social inclusion of youth.* The arts and other cultural activities have proven to be successful means of engaging in productive work young people who might otherwise be unemployed and perhaps at risk of antisocial conduct. Creative work can provide a sense of purpose in otherwise seemingly futile lives, and engagement in artistic production of various sorts can raise self-esteem and social awareness. In this respect, fostering locally based creative industries may provide income-generation opportunities for young people from rural areas and help to discourage the drift to the cities that so often contributes to the problem of marginalized youth. Recently, creative economy strategies have been used successfully by local authorities and NGOs to provide education and job opportunities to thousands of teenagers who are economically and socially excluded and therefore exposed to delinquency. A remarkable example is in Medellin, Colombia, where creative centres and libraries were constructed to provide youth in the most vulnerable parts of the city space for cultural education and socio-cultural activities. These efforts to help youth discover and develop their creative talents have resulted in a significant drop in criminality, homicides and drug traffic. (Box 2.1 describes another successful case.)
- *Spreading access to new communications.* The development of the creative economy is strongly associated with new information and communication technologies (ICTs). As the creative industries expand, there are greater capabilities for using ICT tools not just to communicate but also more widely to promote creativity, networking and access to the real and virtual worlds. Fostering the creative industries is consistent with the MDG target of making the benefits of new technologies, especially ICTs, more generally available in the developing world.

An example of how development strategies can contribute to the achievement of MDGs is provided by the Creative Industry Development Framework in the Gauteng province of South Africa. This framework makes explicit the contribution of the creative industries to social development goals such as community participation in cultural activities; regional integration across Africa; poverty alleviation, particularly in previously disadvantaged communities and among the youth; and public-private partnerships in community-based cultural programmes such as indigenous dance and music, carnivals and festivals.

[4] Fifty countries are designated by the United Nations as least developed countries (LDCs). These are the poorest countries in the world in terms of income, human assets and economic vulnerability. There are 32 LDCs in Africa, 8 in Asia and 11 islands. For further information see UNCTAD's "The Least Developed Countries Report – 2009" (UNCTAD/LDC/2009).

Box 2.1 South-South sharing of creative experiences

At the 2006 Pan-African Dance Festival held in Kigali, Rwanda, the UNDP Special Unit for South-South Cooperation sponsored the International Conference on Creative Economy for Development. The objective was "to promote the effective use of creativity as a source of wealth, a means of generating employment and a significant factor in poverty reduction".

During the conference, two African NGOs, Maison des Jeunes de Kimisagara (MJK) from Rwanda and the Lake Victoria and Nyansa Creative Arts Association (LAVINCA) from Kisumu, Kenya, were invited to participate in a partnership with a Brazilian NGO, Ação Comunitária do Brasil do Rio de Janeiro (ACB/RJ). Its purpose was to develop a pilot initiative based on the creative-economy principle of sharing experiences in order to influence practice.

Three artists from the National Ballet of Rwanda and two artists from LAVINCA in Kenya spent 15 days in Rio de Janeiro with Ação Comunitária do Brasil sharing experiences in the areas of dance, music, fashion and style. In November 2006 the three groups organized an art exhibit at the World Cultural Forum and the International Conference on Creative Economy for Development in Rio de Janeiro. It showcased some of the more than 300 creative items that the Kenyans and Brazilian artists had produced in collaboration using tie-dye, batik and silk screening techniques. They also shared their pilot experience at the World Social Forum in Nairobi in January 2007.

In 2009, building on the success of these initial experiences, the UNDP Special Unit for South-South Cooperation, together with ACB/RJ and LAVINCA, created a project called "Creative Start-up Businesses for Kenya's Youth". It consisted of:

- A design and marketing workshop to provide creative economy practitioners with feedback on the design, marketability, functionality and sales potential of their creations.
- A curatorship exercise in which participants selected a range of works by young artists and artisans in Kisumu, Kenya, for inclusion in a marketing catalogue.
- The sharing of experiences between experts from LAVINCA and ACB/RJ, including a training on ACB/RJ's methods to improve the livelihoods of talented youth and adults from underprivileged backgrounds by developing creative enterprises.

The visually striking catalogue showcases the talent of young Kenyan artists and artisans with the aim of connecting them to local, national and international markets. The catalogue also illustrates how South-South cooperation can be a powerful tool for scaling up ideas and practices that lead to alternative ways of generating income and promoting social justice. Having deepened its technical expertise in partnership with ACB/RJ, LAVINCA continues its work to empower talented individuals to develop better livelihoods in Kisumu, Kenya. The catalogue, "Creative Start-up Businesses for Kenya's Youth", can be downloaded at: www.acb.acbrj.org.br.

By: Marilia Pastuk, Sociologist, Principal Executive of ACB/RJ.

2.2 The creative economy: Linkages and development implications

The approach advocated in this report differs from, yet complements that of "culture and development". The creative economy perspective stresses the direct economic impact of cultural and creative production for markets and social life, not simply its indirect effects on, for example, tourism. In view of this broader emphasis, care is needed when dealing with policy objectives and evaluation. It must be recognized that policies involving culture and the creative economy may have different types of outcomes; some may even include competing priorities. Thus, it is important that policy objectives be clear and not overly ambitious in their claims so that they can be fairly evaluated.

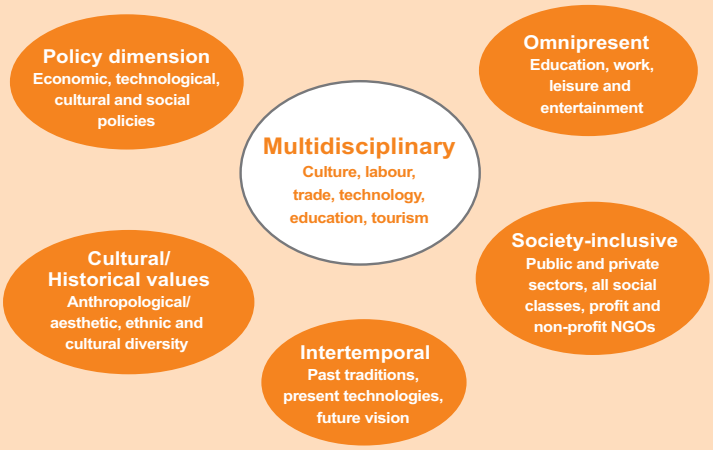
Economic imbalances and social inequalities remain formidable challenges in a globalizing world despite the technological advances and the prosperity that characterized world economic growth from 2000 to 2007. A number of developing economies have grown, but not fast enough to narrow the absolute per capita income gap. Poverty remains the main issue to be tackled not only in the least developed countries but also in many middle-income countries and economies in transition. How can these long-lasting challenges be overcome effectively?

Development models strictly based on conventional economic theories have failed to redress these asymmetries. The time has come to go beyond economics and look for a holistic approach that takes into account the realities and

specificities of countries, recognizing their cultural differences, identities and real needs. Development theory and practice needs to adapt to new circumstances by bringing issues relating to culture and technology into the mainstream. Development strategies must be updated to cope with far-reaching cultural, economic, social and technological shifts that are rapidly transforming our society. Policy coherence must be reinforced by introducing concerted multidisciplinary and multicultural policies.

In the aftermath of the 2008 global financial crisis and its adverse economic and social consequences — particularly the domino effect with which the quality of life deteriorated for millions of people — it is even more vital that neo-liberal approaches be revisited. The world needs a fundamental reorientation of economic models to foster structural changes in modes of production and consumption. It needs better global governance, not only in financial and monetary policies, but also in trade, technology and environmental policies. It is imperative to bring back ethics into economics, build on lessons learned and introduce fresh approaches. These steps will help restore the confidence of investors and consumers, ensure greater coherence in the globalized processes and reinstate a sustainable path for economic growth.[5]

Figure 2.1 Development dimension of the creative economy



Source: UNCTAD (Dos Santos, 2006).

2.2.1 | Multifaceted aspects of the creative economy

The development dimension of the creative economy has complex interactions, as depicted in figure 2.1. A number of concepts are embedded in the dynamics of the creative economy. Furthermore, the policy framework of the creative economy is multidisciplinary in nature, ideally calling for integrated cross-cutting public policies requiring inter-ministerial actions. Institutional mechanisms and a well-run regulatory framework are needed to facilitate synchronized and mutually supportive economic, social, cultural and technological policies.

Certainly governments alone cannot find solutions for all the issues. The creative economy is dynamic, proactive, fragmented, and flexible. Creative practice functions through participatory processes, interactions, collaboration, clustering and networks. Thus, in the creative economy, organizational and new business models should not be top-down or bottom-up. Rather they should be inclusive and open processes that welcome the participation of civil society in order to be effective and stimulate knowledge and innovation.

2.2.2 | Cultural and technological linkages

The creative economy is omnipresent in our daily life, whether through education or work or in moments of leisure and entertainment. In a contemporary society dominated by images, sounds, texts and symbols, connectivity is influencing our attitudes and is an integral part of our lifestyles. From an anthropological viewpoint, cultural and historical values are intertwined, forging the essence of cultural diversity, a subject of much current debate. Moreover, owing to its inter-temporal nature, the creative economy is able to assimilate traditional knowledge from the past as well as current technologies. It requires a forward-looking vision capable of reacting to the rapid economic, cultural and technological shifts that are taking place in our society but sometimes are not always immediately perceived.

Emphasizing that human development requires more than health and education, but also a decent standard of living and political freedom, the 2004 UNDP Human Development Report makes a case for respecting diversity and building more inclusive societies by adopting policies that explicitly recognize cultural differences and multicultural perspectives. The Creative Economy Reports are aligned with this perspective.

[5] Dos Santos-Duisenberg (2009).

2.2.3 | Social interactions

In formulating policies to foster local creative economies, there are many ways to promote social inclusion and cohesion while maximizing employment and other opportunities. In developing countries, particularly in the least developed countries, the creative economy can be a tool to attenuate social tensions. Creative activities, especially those associated with arts and cultural festivities, are conducive to the inclusion of usually excluded minorities. Moreover, creative economy policies can facilitate greater absorption of marginalized youth, in part made easier by the fact that many are already involved in creative activities in the informal sector of the economy.

Today youth are highly attracted by unconventional cultural and creative expressions such as street-art graffiti, cartoons and graphic art, hip-hop dance and video games. Some even work for free producing creative content on the Internet or on mobile phones to entertain others. This motivation is worth noting — as societal values change, economic growth relies on new ideas, skills and an ability to excel and seize new opportunities. Especially for the new generation, creative work is often interactive, taking place in the context of social networks. For this reason young people are used to working and living with more autonomy in an informal and flexible setting.

The creative economy can help address serious social problems such as delinquency, prostitution and drugs by engaging civil society and local communities in the search for common solutions. As mentioned earlier, an example best practice is the project under way in Medellin, Colombia, where the creation of cultural centres and creative clusters has succeeded in stimulating young talent that otherwise might have been lost to the illegal drug trade. In this case, the socio-economic impact was impressive, leading to a sharp reduction in the level of criminality in the poorest and more vulnerable areas of the city. This strategy also has positive effects on gender balance, providing opportunities in the creative industries for teenage girls who might otherwise be trapped by prostitution or early pregnancy.

The creative economy is society-inclusive: people from all social classes participate in this economy, sometimes as producers but always as consumers of different creative products or cultural activities on different occasions. This made it possible to bring together several segments of society, including stakeholders from the public and private sectors and individuals or institutions with distinct interests — those in profit-making firms and non-profit organizations such as NGOs, foundations and academia. The creative economy can serve as part of a more results-oriented development strategy adaptable to all countries, if appropriate concerted public policies are in place.

2.3 Traditional knowledge, culture and the creative economy

The foundation of the creative industries in any country is the traditional knowledge that underlies that country's distinctive forms of creative expression: the songs, dances, poetry, stories, images and symbols that are the unique heritage of the land and its people. This knowledge is kept alive by written, oral and pictorial transmission of cultural traditions from one generation to the next. Like any kind of knowledge, it does not stand still but is constantly reinterpreted and adapted to new formats. It is accessed by people in many different ways, serving as a rich cultural resource from which a wide variety of creative expressions can be derived. Some of these are routine and everyday in nature, such as traditional styles and patterns of clothing; other cultural expressions are created and interpreted by artists using both traditional and modern skills to produce music, folk art, works of visual arts, literature, performances, films, crafts, and so on.

Thus the transformation of traditional knowledge into creative goods and services reflects the cultural values of a country and its people. At the same time, these products also have economic potential; they may be in demand by local consumers or they may enter international marketing channels to satisfy demand from consumers in other countries. The essential feature of the creative industries, which link the traditional knowledge at one end of the value chain with the ultimate consumer at the other end, is their capacity to serve both cultural and economic objectives in the development process. Chapter 6 will present a broader analysis of matters relating to intellectual property, including the protection of traditional cultural expressions.

The linkages between traditional knowledge, culture, art and the economy can be illustrated with cases of cultural festivals and traditional celebrations that occur regularly in many developing countries. In Latin America and the Caribbean, the carnival industries of Brazil, Colombia, Cuba, and Trinidad and Tobago, for example, contribute significantly to the cultural and economic life of these countries. The carnivals provide for a concentration of live and recorded performance activity in music and dance that has considerable cultural significance for both domestic and international audiences. The festivals generate cultural value for local people who can enjoy their country's traditional costumes, music, dance and rituals in an engaging communal context, and they project the cultural identities of the countries onto the international stage. The carnival industries also have a significant impact on the economies of these countries through the direct marketable output in live and recorded performances that they produce for sale to local people and tourists and through the indirect effects of expenditures of tourists whose visits have been stimulated by the presence of the carnival. There are further economic spin-offs, for example in the development of skills of local artists and in the inculcation of business skills among the festival entrepreneurs, as described in box 2.2. A new study of the value chain associated with carnival festivities in Rio de Janeiro, Brazil reveals that this famous celebration makes a significant contribution to socio-economic growth in the whole state. With an annual turnover estimated at $600 million, it provides job opportunities for nearly half a million people, thus having a huge direct and indirect impact on the economy not just for the city but for the whole state of Rio de Janeiro, and consequently on the balance of payments of the country.[6]

Box 2.2 Brazilian carnivals

The simple mention of carnival takes us to Brazil. But, as the poet and Bahian essayist Antonio Risério affirms,[1] Brazil is not the "country of carnival" that is celebrated in the title of Jorge Amado`s famous novel, *O País do Carnaval*. Rather, it is a country of "many carnivals", as described in Caetano Veloso's song. This is because, beyond pervasive commonalities, the Brazilian carnival has multiple dimensions and distinctive manifestations in different cities. Thus, we must abandon the inexact idea of one "Brazilian carnival" and speak about the carioca carnival in Rio de Janeiro, the carnivals of Recife and Olinda in Pernambuco, and the Salvador carnival in Bahia, among others.

The carioca carnival, for example, is characterized by its appeal as a spectacle and its strong links to the tourism economy. Carnival in Pernambuco is strongly linked to traditional forms of popular expression. Distinctively, the Bahian festival is a large-scale, popular event characterized by cultural hybridizations, tradition and innovations. It has established itself since the late 1980s as the catalyst and backbone of a multifaceted economy. Therefore it provides an interesting case study that hints, on the one hand, of the economic dimension of culture as a stimulant of cultural production and dissemination and as an enabler of the development and establishment of artists. On the other hand, it delves into the cultural dimension of the economy as a catalyst for innovation, job creation and growth.

Bahia has always occupied a key place in the Brazilian cultural scene. The carnival frolics, with their *blocos*,[2] *afoxés*[3] and *trios elétricos*,[4] constitute an exuberant market of symbolic cultural goods and services that in the last 25 years has come to characterize Salvador. In the contemporary configuration of the Bahian carnival, mercantile practices co-exist with cultural expression in a creative economy that combines celebration with economic production.

Three important developments emerged in carnival frolics in the last fifty years, culturally distinct and distant from one another in time. The first one is the birth of the *trio elétrico* in 1950. Inaugurating the popular participation that since then has characterized the carnival of Bahia, the *trio elétrico*, also an excellent vehicle for advertising, became the first carnival enterprise. The second one is the 1970s resurgence of *afoxés*, particularly the emergence of *blocos afro*,[5] a new form of participation in the celebrations by the organized Afro-Brazilian youth that combines culture, politics and commerce, contributing to the exaltation of ethnic pride particularly within the Afro-Brazilian communities. The third phenomenon is the 1980s emergence of *blocos de trio*.[6] Placing ropes around the *bloco* privatized the *trio elétrico* since people pay to parade within the confines of the ropes dressed in the *abadás*.[7] This reintroduced a social hierarchy into the occupation of the public space, thus inverting the movement registered in 1950 when this same hierarchy was disarticulated by the emergence of the *trio elétrico*. On the basis of the repertoire created by the *blocos afro*, the *blocos de trio* favoured the birth of axé music, a musical style born at the Bahian carnivals that established itself throughout Brazil. When the *blocos de trio* organized themselves as enterprises and attained economies of scale, they transformed the Bahian carnival into a product with a reach further than the party and the city they animated. They exported the Bahian carnival model to dozens of Brazilian cities, notably stimulating a market around carnival.

Other elements contributed to the transformation of carnival into a great business. The various actions of private enterprises in the creative industries (recorders, publishing companies, radio stations, etc.), technological advances (of the *trio elétrico*, recording studios, etc.), an aggressive marketing campaign to promote tourism, and improvements in infrastructure are all elements that contributed to the growth of the Bahian carnival, its products and markets. Carnival showed enormous capacity to generate multiple products, including music, artists, organizations and the *trio elétrico*, which, in conjunction with the cultural industry, the leisure and tourism industry and the service economy of the city, developed immense and diversified business possibilities for job and income creation. The Bahian carnival transformed itself into a mega event, surpassing by far and in all aspects any other popular event in Brazil. A quick look at the statistics of the 2006 and 2007 carnivals presented in the following table illustrates this point.

[6] Prestes Filho, L.C. (2009).

Box 2.2 continued **Brazilian carnivals**

Indicators of the Bahian carnival, 2007

Indicator	Statistic
Duration	6 days
Estimated audience	900,000 people
Occupied urban space	25 km of streets/squares, 30,000 sq m of other spaces
Number of carnival groups	227 groups
Artists involved	11,750 people
Casual employment	131,000 jobs (97,000 from the private sector and 34,000 from the public sector)
Number of tourists	360,307 people (national); 96,401 (foreign)
Hotel occupancy	100%
Accredited press	2,531 professionals
Income generated by tourists	$94 million
Income turnover	$168 million
Public income from taxation	$3.2 million
Private income	$95 million
Public expenses	$27 million

Source: Emtursa, Relatório, 2006; Infocultura 2007.

As the magnitude of the figures above suggests, carnival demands led to a radical change in the way the Government and the private sector plan, manage, support infrastructure and equipment, and supply services to ensure carnival's success. Re-conceived as a strategic business by various public and private actors, the reconfigured Bahian carnival acquired great social and economic importance, expanding business opportunities for an array of productive agents.

In effect, the transformation of carnival into an economic phenomenon engendered many lucrative activities. The *blocos de carnival*, the biggest symbol of the carnival business, have evolved from simple playful clubs to profitable companies by capitalizing on the organizational and technological innovations acquired during the last 25 years of carnival celebrations. Today there are over 200 *blocos*, the largest employing as many as 2,000 people as musicians, dancers, waiters, drivers, security, electricians, carpenters, etc. and contracting third-party services for the construction of *trios elétricos*, the making of *abadás*, production of instruments, etc. The business portfolio of *blocos* includes countless activities linked to the production and commercialization of symbolic cultural products, such as the sale of *abadás*; sponsorships for the parade and other year-round, nation-wide shows; commercialization of food and drinks during the parade; business partnerships with singers and bands;[8] and franchises of the *bloco's* trademark.

The activities of the tourism economy (accommodation, transport, tour operation, gourmet, etc.) and of the cultural and leisure industry (show business, phonographic arts, publishing, radio broadcasting, etc.) benefit from the economic dimension of carnival. Street commerce is also invigorated. The *baianas de acarajé*, street vendors of all kinds of products, collectors of recyclable materials, car security guards, all thrive under the carnival economy, with seasonal workers in such categories numbering around 25,000 people in 2006.[9]

More could be elaborated on how the boom of the creative economy of carnival unleashed opportunities for people to escape poverty and on its diverse impacts, particularly on Salvador's social fabric. In the Bahian context of high levels of inequity and social exclusion, a regulatory role remains to be played in the multiplication and social distribution of the opportunities arising from the commercialization of carnival, particularly since carnival is, in essence, a cultural phenomenon. This poses a twofold challenge: safeguarding the symbolic, cultural meaning of this party for the soul of the city and its people so as to ensure the participatory, popular spirit of the Bahian carnival while at the same time unleashing, leveraging and capitalizing on the business that it represents.

[1] Risério, Antônio, Carnaval: As cores da mudança. Afro-Ásia, Salvador, Centro de Estudos Afro-Orientais da Universidade Federal da Bahia, no.16, pp.90-106, September 1995.
[2] The *blocos* are the groups of people who parade while singing and dancing. The origin of the *blocos* precedes the emergence of the carnival itself. Their probable ancestors were the groups of masked performers known as *cucumbis*, formed by black slaves who participated in the festivities of the *entrudo* in colonial society. Such groups paraded singing and dancing to the sound of their musical instruments, mainly satirizing the dominant white society.
[3] The *afoxés* are old carnival groups of the Afro-Brazilian communities explicitly linked with candomblé, an Afro-Brazilian religion.
[4] The *trio elétrico*, created by Bahians Dodô and Osmar in the 1950 carnival, is a platform, mounted on a truck equipped with giant speakers, on which musicians perform; people follow the trucks singing and dancing.
[5] The *blocos afro* that parade to the sound of great bands mainly composed of percussion instruments have been a symbol of the Bahian carnival since the 1970s. Among the most famous is the internationally known Olodum.
[6] The *blocos de trio*, a creation of the Bahian middle class, are characterized by their use of a *trio elétrico* inside the roped-off area.
[7] The *abadá* is a fancy costume used by the participants in the blocos.
[8] Intricately associated with the growth of the *blocos* is the artistic success achieved by the singers and musical groups who now occupy a leading place in the mercantile space of the carnival. Many simple *bloco* singers have entered the market with their own *blocos*, or have become co-owners of already existing *blocos*, or have set up their *trios elétricos*. Many have become great stars, creating their own producers, recording studios and publishing companies for the distribution of hundreds of thousands of records, and take part in the so-called "extemporaneous" carnivals, that is, festivities that are not organized exactly forty days before Easter as the Christian calendar requires but at any and all times during the year.
[9] Emtursa, ibid.

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2.4 The creative economy in the developing world and transition economies

This section provides an overview of recent developments with impact on the creative economy in developing countries and economies in transition, on the basis of available information at the UNCTAD secretariat. It highlights market trends, relevant events at national and regional levels, and some policy interventions adopted to enhance the creative economy.

2.4.1 | Africa

The creative industries in Africa are generally fragmented. As a consequence, the cycle of production, marketing and distribution is not coherent. Despite the profusion of talent on the continent as well as the richness of cultural tradition and heritage, there has been limited commercialization of African cultural and artistic creations in both the domestic and foreign markets.

This situation is problematic as it could lead to the gradual impoverishment of the cultural heritage of African countries. In the absence of a secured decent income, it is not surprising that talented people are less attracted by a career as an artist, musician, filmmaker or craft worker and that the leakage of talent from developing economies is severe. Without development of the industries that support this talent in these economies, there is every reason to assume that this trend will continue. The International Labour Organization (ILO) study on crafts and visual arts described how visual artists see themselves, with international recognition being the ultimate mark of success. Artists from southern Africa are keen to work abroad and "do not validate their own context as much as their perceived idea of working conditions abroad".[7]

In the poorest countries, the majority of cultural production takes place in the informal economy and can typically be the only form of income-generation for entire communities.[8] Even in more sophisticated markets, it is difficult to break out of the informality into the established industry. The value chain is not yet sophisticated (primary inputs combined to produce outputs sold directly to consumers); however, this does not translate into an industry where all aspects of the value chain are present.

At the same time, it must be noted that established music industries in the developed world are facing a high level of uncertainty. The existing value chain model based on income generation through Intellectual Property Rights (IPR) is under intense pressure. The impact of social media networking and digital downloads on IPR is not yet fully understood and business models are still evolving. There are plenty of opportunities for developing countries to formulate new approaches that recognize, and capitalize on, the value that is being created through the existing local music industries that are currently operating informally. One such approach is outlined in the Tecnobrega case in box 3.1.

In many African countries, for instance Nigeria, music plays an important part in daily life, rituals and commemorations, but the formal production and circulation of recorded music products is extremely limited. Not all economic hubs have strong, economically viable, legal production and consumption of cultural products. While Dakar, Senegal, Cairo, Egypt and areas of South Africa such as Gauteng province or the cities of Cape Town and Durban, are hubs for production and consumption of a range of cultural goods and services, other strong economic hubs such as Botswana have a dearth of cultural production. Yet countries such as Mali, Mozambique, Rwanda or Zambia have significant production and consumption of cultural products such as music, dance, crafts and visual arts.

In regard to the music industry specifically, the focus is largely on live performance rather than on either recordings or the protection of content through well-functioning IPR systems. Unfortunately, in these circumstances, creative talent often gets attracted overseas. It is not only that there is often little recognition locally compared to the international star status that some African artists receive (for example, the internationally renowned Mozambican artist, Malangatana, the South African contemporary dancer, Robyn Orlin, or Youssou N'Dour of Senegal). Also, artists

[7] ILO (2003).

[8] Refers to a comment made by the Zambian Director of Cultural Services (housed in the Department of Social Development) about a community in the south of the country that used the straw to produce brooms, baskets for shopping and display, Lusaka, 2001.

Box 2.3 Africa Remix: Africa speaking loudly, brightly and colourfully

"Africa Remix: Contemporary Art of a Continent" is the first exhibition to provide a comprehensive overview of present-day artistic activities on the African continent and in the diaspora. It features artists from countries across the African continent, from Algeria to South Africa, as well as from African artists now living in Europe and North America. All the work has been created within the last 10 years and includes painting, sculpture, installation, photography, film, drawing, design and video. The exhibition provides an entry point into modern African creativity, dispelling oft-held perceptions of a continent focused on the past, stuck in ritual and tradition, and engulfed by poverty, disease and war.

Curated by Cameroon-born, Paris-based curator, writer and critic Simon Njami, the exhibition was launched in 2004 at the museum kunst palast in Dusseldorf, Germany, where it was considered to be the largest exhibition of contemporary African visual art ever held in Europe. It subsequently travelled to the Hayward Gallery in London, the Pompidou Centre in Paris, the Mori Art Museum in Tokyo and the Moderna Museet in Stockholm and, more recently, the Johannesburg Art Gallery in Gauteng, South Africa.

Njami's intention with the exhibition is to address the historical imbalances and inaccurate portrayal of the image of Africa that have been so prevalent in the past and to present an exhibition focusing exclusively on Africa by an African curator and now, most recently, to present it to African audiences. The artists represent themselves rather than their countries.

Africa Remix explores important contemporary themes relevant to Africa's heritage and cultural diversity: of city and land (the contrasting experiences of urban and rural life), identity and history (including issues of tradition and modernity and the relationship of the individual to the community) and body and soul (encompassing religion, spirituality, emotion and sexuality). It powerfully acknowledges the vastness and diversity that are Africa and the wealth of her stories. Current global relationships, however, dictate that many of the interactions of each African country with the continent are brokered by Northern centres of global influence. The current showing of the exhibition in the economic engine room of South Africa is set against the backdrop of a changing reality as the population of continental Africans in Gauteng grows rapidly. New connections are being made as communications and banking groups set up intercontinental partnerships and students move between academic institutions for research and study purposes. Foodstuffs are imported daily from West Africa into our urban markets.

The exhibition is not without its critics, however, particularly its emphasis on contemporary art rather than heritage and folk art. As Jonathan Jones of *The Guardian*[1] says, Africa Remix "uses 'contemporary art' in the way it is generally used, to mean art aware of modernism and its aftermath. But who defines 'contemporary art', and why should it matter more than, say, 'tribal' or popular art from Africa? And why should African art have to fit a sterile and middle-class western idea of the culturally pertinent?"

Perhaps this is precisely the point. Africa Remix represents an Africa that is vibrant, urban and modern, not only rural, voiceless and technologically backward. It is indeed a ground-breaking exhibition offering audiences not only a visual explosion of African imagery but also an opportunity to engage with its meanings and theory through sponsored seminars, guided walkabouts and a catalogue showcasing festivals, journals, institutions and movements that have shaped culture on the continent.

[1] Jonathan Jones, "Africa Calling", *The Guardian*, Wednesday, 9 February 2005. Available at: http://remixtheory.net/?p=116 .

By Avril Joffe, Director, CAJ (Culture, Arts and Jobs).

predominately rely on income from performances rather than copyrights, and there is a dearth of venues with the capacity to support an artist's growth beyond their immediate communities. Without a stronger framework to support a local music industry, artists will continue to seek opportunities in developed markets. One of the policies available to developing countries that would result in strengthened local markets is the promotion of better use of public spaces for performances.

In an attempt to classify the music industry within African countries, research prepared for the UNESCO Global Alliance for Cultural Diversity developed a taxonomy based on stages of development of the music industry from "countries with emerging or previously established music industries" to "countries with embryonic music industries" and "countries where music production and consumption are undertaken on a craft-like scale". An established industry is one firmly based on a value chain comprising a recording industry with players at each stage. A live-performance industry with a vibrant live-music culture has performing artists, managers and agents, promoters, roadies, sound and lighting engineers, equipment rental and management as well as suitable venues. These two parts of the industry are served by an effective and supportive regulatory environment.

The study as presented in table 2.1 indicates that only seven countries in Africa have established performance industries and only two have an established recording industry. Most of the rest are embryonic, and in 30 per cent of all countries in sub-Saharan Africa, there is little evidence of a formal music industry. The table reveals that it is the live performance of music that is driving the music industry in

sub-Saharan African countries. More importantly, in more than 35 per cent of these countries, there is a music industry; however, only two are classified in the "established recording industry" category: South Africa and Zimbabwe.[9]

Table 2.1 Features of the African music industry

	Established industry	Emerging/ previously established industry	Embryonic industry	Craft-like scale	Unclear evidence of industry
Performance industry	Congo Democratic Republic of the Congo Kenya Mali Senegal South Africa United Republic of Tanzania	Botswana Burkina Faso Cameroon Equatorial Guinea Gambia Guinea Bissau Ivory Coast Madagascar Zambia Zimbabwe	Benin Cape Verde Central African Republic Ghana Mauritius Mozambique Namibia Uganda	Angola Gabon Malawi Niger Seychelles Swaziland Togo	Burundi Chad Djibouti Eritrea Ethiopia Lesotho Liberia Mauritania Rwanda Sierra Leone Somalia Sudan
Total	**16%**	**24%**	**17%**	**16%**	**27%**
Recording industry	South Africa Zimbabwe	Cameroon Cape Verde Ivory Coast Kenya Madagascar Mali Mauritius Senegal United Republic of Tanzania Zambia	Benin Botswana Burkina Faso Central African Republic Congo Democratic Republic of the Congo Equatorial Guinea Ghana Guinea Bissau Malawi Mozambique Namibia Uganda	Gabon Gambia Niger Seychelles Togo	Angola Burundi Chad Djibouti Eritrea Ethiopia Lesotho Liberia Mauritania Rwanda Sierra Leone Somalia Sudan Swaziland
Total	**3%**	**26%**	**27%**	**11%**	**32%**
Average	**9%**	**26%**	**22%**	**14%**	**30%**

The past ten years have seen the development of cultural policy around the continent and the inclusion of cultural issues in continental and regional forums such as the Southern African Development Community (SADC). Many countries lack an explicit cultural policy as well as the institutions or infrastructure to deliver on policy objectives. In addition, there is a disparity in the location of culture as a portfolio within government. Policy focus is primarily on heritage and preservation in response to historical factors and national identity while there is limited attention to contemporary culture, which tends to be left up to arts councils, with little attention paid to creative industries at a policy level. Indeed, these are common problems in most developing countries.

Nevertheless, certain countries in Africa have begun to recognize the potential of the cultural sector and the creative economy to alleviate poverty and create jobs and are becoming more committed to supporting these sectors. At a Ministerial Conference held in Mozambique in 2000 on the role and place of culture on the regional integration agenda, Member States of SADC agreed to "take decisive steps toward the promotion of cultural industries as a way of exploiting their capabilities to alleviate poverty, generate employment and contribute to economic growth".[10]

There is as yet no integrated coordinated framework for African cultural policy; as a consequence, the potential of the cultural market in Africa is not realized. To do so would

[9] UNESCO (2004).
[10] Sithole (2000).

require coherent multidisciplinary policies, determination in their implementation, financial and human resources devoted to the creative industries and an environment conducive to information and communication technologies (ICTs) and intellectual property rights. The African Cultural Common Market is intended to be the framework for the reorganization and restructuring of the African cultural spaces and market. The African Union established the Economic, Social and Cultural Council in March 2005, with full establishment of the African Economic Community expected to take place in 2025, aiming at strengthening the linkages between cultural, economic and social policies.

On the other hand, the cultural sector and the creative industries are gradually becoming an instrument for the achievement of broader development goals and are able to receive funding. Four African countries — Ghana, Mali, Nigeria and Senegal — integrated culture into their Poverty Reduction Strategy Papers (PRSPs) as "major axes",[11] highlighting the contribution that the cultural sector can make to poverty reduction.

In the case of Ghana, at the first PRSP emphasis was placed on the development and promotion of the music and film industries. More recently in 2009-2010 the creative community has been proactively working on its successor, the Ghana Poverty Reduction Strategy II, putting emphasis on the creative industries as potential sources for employment generation, wealth creation and skill development. The government is committed to promoting research into existing policies, and reviewing the legal framework for the cultural sector with the aim of expanding opportunities for specialists in the creative industries to acquire entrepreneurial knowledge and resources. Creative industries became one of the indicators for production and employment in the GPRS-II, focusing on creating opportunities for distribution, exhibitions of creative products (visual arts, crafts, fashion, etc.) and the promotion of live performances nationally and internationally. This policy development has encouraged the private sector and other stakeholders to initiate target programs. Progress made so far indicates that the cultural sector attracted substantial donor support in 2008 for various activities identified under the GPRS-II. Since 2007, UNCTAD has been interacting with the government, the creative community and the local World Bank office to strengthen the creative economy in Ghana as a feasible development option.

The PRSP for Mali links culture with religion, social harmony and security as a major focus for the country's poverty reduction efforts. This is in recognition of the potential of Malian culture in promoting traditional and religious values with a view to creating a climate of social harmony and security. In recognition of the tremendous potential of Nollywood, the home video film industry of Nigeria (see box 9.4), the Nigerian PRSP identifies culture as a priority poverty reduction strategy. Senegal also recognized the potential value of crafts to the national economy and included it as one of its principal poverty reduction strategies.

In 2006, the Second Meeting of the African, Caribbean and Pacific (ACP) Ministers of Culture gathered ministers from 79 States from the ACP regions, and sent a clear political message reflected in the adopted resolutions emphasizing that cultural policies are essential components for the development strategies of ACP States and that cultural diversity is a factor of social cohesion and stability at the national and international levels. The ministers reaffirmed the relevance of the Dakar Declaration for the promotion of ACP cultures and their cultural industries. In this regard, a multi-agency project proposal for "Strengthening the Creative Industries in Five Selected ACP Countries through Employment and Trade" was approved in 2007. The project is under implementation by ILO, UNCTAD and UNESCO with funds from the European Commission and institutional support from the ACP secretariat. The beneficiary countries for this pilot project are: Fiji, Mozambique, Senegal, Trinidad and Tobago, and Zambia.[12] In 2009, the European Commission convened a policy-oriented international colloquium "Culture and creativity as vectors of development" in the context of the EU-ACP policy. About 800 participants gathered in Brussels, including not only government officials but also members of the creative and artistic community with the aim of advancing cooperation on culture and creative industries, including through negotiations for Economic Partnerships Agreements.[13]

In April 2008, UNCTAD launched its Creative Africa Initiative during its Ministerial Conference UNCTAD XII held in Accra, Ghana, with the objective to promote African creative industries through partnerships, ownership and international cooperation. Some African governments, especially Ghana and Nigeria, committed to move ahead the Creative Africa concept and to put in place a strategy for enhancing

[11] Sagnia (2006).
[12] UNCTAD (December 2006).
[13] UNCTAD (June 2009).

their creative economies. Some recent developments taking place in Africa in the area of creative economy include:

Egypt: In June 2010, the Cairo Forum on Cultural Heritage and Economic Development was convened by the government in association with the Union for the Mediterranean and other partners, with a focus on handicrafts as a tool for sustainability. The event debated the impact of cultural heritage, art crafts to promote jobs and economic sustainability, and was concluded by the signing of the Cairo Document in which the signatories committed to elaborate policies for the promotion of, investment in and development of crafts in the Mediterranean area. Participating countries engaged to allocate resources to facilitate the documentation, protection, development, education, training and international marketing for traditional art crafts. Issues relating to protection of intellectual property and related rights, and more generally enhancement and implementation of international standard-setting instruments and legal tools, were also addressed.

Ghana: Artists and stakeholders have come together to form the Foundation for Creative Industries with the aim to promote the economic viability of cultural institutions and practitioners. The foundation is helping to revive traditions, develop local creative capacities, and gain access to global markets while supporting government efforts to reduce poverty through job creation within the creative industries. The Ministry of Trade is considering the establishment of an Accra Creative Industries Centre, as recommended by UNCTAD, as an outlet for small and medium-sized creative industries. A national forum is envisaged to provide for a dialogue between government and artists on a possible strategy to speed up the development of Ghana's creative industries. The Foundation for the Creative Industries,[13] is also collaborating with the mayor of Accra to showcase and sensitize local and international stakeholders and potential founders about Ghana's creative industry, through the Accra Cultural Capital / African Creative Cities project. The purpose is to expand local and international audiences for cultural activities and art events, form partnerships to improve and promote creativity and innovation and assist in developing the careers and talents of art professionals in the city.

Morocco: The Ali Zaoua Foundation is a recent initiative that aims to offer concrete and direct job opportunities for young people through the creation of a school for careers in the cinema and audiovisual sector for young children in a poor neighbourhood of Casablanca. On the same site as the school, there will be facilities for constructing scenery and shooting movies, documentaries, sitcoms and other shows. Actors of the movies will be the children of the neighbourhood. *Images pour tous* (images for everybody) is another project to create cinemas for people living in poor neighbourhoods at the periphery of Casablanca. In those areas a large number of people are illiterate; for them images constitute one of the only means of learning. There is a great demand for movies in those areas and no (or very poor) cinemas. The price of the tickets will be adapted to the purchasing power of the population. (See also the section on the film industry in chapter 5.)

Mozambique: A High-level Policy Dialogue on Creative Industries held in Maputo, Mozambique, in June 2009 discussed and validated the final draft of the policy-oriented study prepared by UNCTAD, "Strengthening the creative industries for development in Mozambique",[15] as one of its main contributions to the multi-agency pilot project. The report identifies needs and priorities and recommends a plan of action to foster employment, creative capacities, trade and the linkages between culture and development. The study presents a policy review of the situation of the creative industries in Mozambique, and makes recommendations for concrete initiatives and policy interventions including a mechanism to facilitate inter-ministerial actions and a concerted strategy to nurture the creative economy.

The EU-Africa Campus on Cultural Cooperation was held in June 2009 in Maputo, Mozambique, as an important initiative supported by the Spanish Agency for International Cooperation for Development, the Ministry of Culture of Mozambique and the City of Maputo. The event was jointly organized by the InterArts Foundation and the Observatory of Cultural Policies for Africa, and provided a forum where cultural agents from Africa and Europe reflected, shared knowledge and experiences and explored ways for cultural cooperation. UNCTAD coordinated and chaired two workshops on sharing experiences in the area of the creative economy, presenting successful stories and proposing

[14] For further details, contact Associate Director, Institute for Music and Development at www.imdghanaonline.org and www.ghanaculturalfunds.org.
[15] This study will be available from UNCTAD's portal: http://www.unctad.org/creative-programme. Reference UNCTAD/DITC/TAB/2009/1 (series 2, 2010).
[16] InterArts foundation was created in 1995 in Barcelona, as a private agency with international projection, with the goal of providing advice on the design of cultural policies, and contributing to the processes of development through the cultural sector. More information is available from http://www.interarts.net/en/.

concrete initiatives for greater cooperation between Europeans and Africans, particularly in the area of cultural education and the use of new digital and environmental-related technologies in the area of design.

Nigeria: The Vice President of Nigeria launched the Nigerian Chapter of Creative Africa in Abuja in November 2008. Creative Africa brought a new momentum to sensitize governments and the international community about the potential of the creative economy to accelerate development in the continent. Gradually, other African countries are articulating policies to realize the potential of their creative economies. Moreover, the Second Session of the African Union Conference of Ministers of Culture held in Algiers in October 2008 took steps towards the effective implementation of the African Cultural Policy Framework. There is a growing recognition in Africa of the importance of the cultural sector and the creative industries as the new complementary avenues for promoting social and economic development.

Senegal: UNCTAD has been interacting mainly with the Ministry of Youth with the purpose to support the creation of a Creative Economy Centre as a platform to provide technical assistance and capacity-building activities for young talents and facilitate networking and partnerships to enhancing the creative industries. UNCTAD is also collaborating with a project to archive ethnographic music recordings and promote the export potential of Senegalese music — both traditional and modern — in global markets through online sales of digitized music. Cooperation with the Dakar Biennale of Arts and the École des Sables are also part of a plan of action to further promote African contemporary visual arts and dance, areas in which Senegal has competence and competitive advantages and deserves international support to reach out global markets.

South Africa: The fourth World Summit on Arts and Culture was held in South Africa in September 2009 under the theme Meeting of Cultures: Making meaning through the Arts. The event provided for a range of international networking initiatives to support arts practice in Africa and internationally. The Summit, co-hosted by the National Arts Council of South Africa and the International Federation of Arts Councils and Culture Agencies, attracted 450 delegates from 70 countries, including 31 African countries. The Summit strongly reinforced the value of international networking between leaders in arts and cultural policymaking, funding and networking.[17] The Fifth World Summit on Arts and Culture will be hosted by the Australian Council in 2011. In July 2009, UNCTAD was invited by the African Arts Institute, the National Arts Council of South Africa and the ARTerial Network to address a seminar held in Johannesburg by presenting the findings of the Creative Economy Report 2008, and share views on the prospects for the creative economy to advance development in South Africa.

Zambia: A High-level Policy Dialogue on Creative Industries was held in Lusaka, Zambia, in July 2009. This multi-stakeholder meeting was convened to present and validate the final draft of the national study prepared by UNCTAD entitled "Strengthening the creative industries for development in Zambia", which proposes a strategy to boost the socio-economic potential of the creative economy in the country.[18] In the scope of the project, UNCTAD is focusing on the economic aspects offering policy advice, technical assistance and capacity-building activities intended to enhance public policies, creative capacities, trade and investment in the creative industries. ILO is working to promote employment, decent work and entrepreneurship in the creative sector. UNESCO is setting standards with a view to reinforcing the linkages between culture and development.

Zimbabwe: At the 2010 Harare International Festival of the Arts, the Commonwealth Foundation[19] and Arterial Network[20] announced a strategic alliance to work together to help develop African cultural policy. The two organizations are joining forces to assist African governments and civil society networks in developing, monitoring and evaluating national cultural policies and their implementation. The lack of strong and supportive policy environments for culture has been identified as a challenge in many Commonwealth countries, 19 of which are in Africa.[21] Over the next six months, the Cultural Policy Task Group will develop a generic cultural policy, and then Arterial Network will dialogue with policymakers on the implementation of the policy proposals in different African countries. The policy development process will be complemented by regular seminars throughout the continent on key

[17] More information is available from http://www.ifacca.org/announcements/2009/09/25/4th-world-summit-arts-and-culture-concludes-today/.
[18] This study will be available from UNCTAD's portal: http://www.unctad.org/creative-programme. Reference UNCTAD/DITC/TAB/2009/1 (series 1, 2010).
[19] More than two billion people in 54 countries across six continents from Antigua to Zambia can count themselves as citizens of the Commonwealth. More information is available from http://www.commonwealthfoundation.com.
[20] The Arterial Network is a civil society organization that uses the arts to advance development, eradicate poverty and strengthen democracy in Africa. More information is available from http://www.arterialnetwork.org.
[21] More information is available from http://www.zimbojam.com/culture/388-african-cultural-policy-pact-announced-in-harare.html.

cultural themes in order to inform the public and mobilize the arts community around these themes.

2.4.2 | The Asia-Pacific region

In the Asia-Pacific region, the creative industries have been an important element in the development of mature economies such as Japan and the Republic of Korea, as well as of fast-growing economies such as Singapore and Malaysia. Many city authorities in China, Japan, the Republic of Korea and Singapore have formulated economic investment policies based on creativity and creative enterprise as a strategy for economic growth and competitive advantage. In most Asian countries the concept of creative economy associated with cultural industries gradually is being absorbed and reflected in national economic development strategies. Many countries in the region started to analyse the potential of their creative industries for job creation, revenue and trade.

While both the crafts industries and cultural tourism centred on heritage sites attracted some attention and are better recognized for their potential for income-generation, they remain isolated activities. In general, these industries are the focus of individual projects driven either by entrepreneurs or as part of development projects funded by the government, external international assistance or NGOs. Over the years, projects have been designed, for example, on the basis of the potential of harnessing the craft industries as a motor for economic development among the poorer segments of the population. Often, however, these economic activities fail to maintain the economic growth foreseen in the projects as soon as external support stops either because of constraints in terms of infrastructure or inadequate funding. It is gradually being understood, therefore, that a comprehensive development strategy is needed to realize the potential of these industries for economic development and poverty alleviation in Asia. This is the motivation behind such programmes as the Jodhpur and the Paro Initiatives promoted by UNESCO.

Regionally, one can divide the Asia-Pacific region into different groups according to how importantly the concept and activities of creative industries figure in the economy. Several major Asia-Pacific economies, including China, India, Indonesia, Malaysia, Philippines, Republic of Korea, Singapore, Thailand and Viet Nam have much activity related to the creative economy as well as a strategic interest in creative-industry development, though it may not be expressed in these terms.

China: The "cultural creative industries" started booming in China during this decade. As indicated in chapter 5, China became a leading player in the world market for creative goods throughout the period from 2000 to 2008, due to the richness of its cultural diversity and its ability to produce a good mix of traditional and high-tech creative products. A clear sign of the government's intent to fully explore the potential of China's cultural creative industries as a development strategy was its inclusion in the 11th Five-Year Plan. Moreover, China has had the fastest economic growth in the world for more than 30 years, and technology has been paramount in its "catching-up" strategy.[22] Obviously, these conditions, particularly the combination of investment, technology and creativity, have been conducive to harnessing the creative economy in the country.

Another important feature of China's modernization drive and the success of its creative industries results from multidisciplinary policies in which ministers of commerce, culture, science and technology, information and education work in a concerted manner. The creative industries have been identified as one of the pillars of China's future economic development.[23] Structural reforms recognizing the growing role of culture and creativity for economic development have been articulated with a view to enhancing creative industries, particularly those generating high-growth, value-added goods and services. In this respect, China is a concrete example of how cross-cutting policies should be integrated in order to enhance the overall impact of the creative economy for development gains. Recently, innovative financing arrangements, including new private partnership, have been an engine for the dynamism of its technology-intensive creative industries.[24] An important shift in policy orientation from "made in China" towards "created in China" is already noticeable.

China was able to mitigate the impact of the economic crisis of 2008-2009 with a fiscal stimulus and other measures to accelerate economic restructuring towards a more balanced, sustainable and environmentally friendly growth model. Substantial investments were mobilized for deeper structural

[22] Keynote address by E. Dos Santos (Chief, Creative Economy and Industries Programme, UNCTAD), on the interface between technology and culture at the Tenth China International High-Tech Expo (CHITEC), Beijing, May 2007.
[23] Opening speech by the Minister of Culture of China, First China Beijing International Cultural and Creative Industry Forum & Expo, Beijing, December 2006.
[24] Address by E. Dos Santos, UNCTAD, at the Creative Industry Development Forum, Beijing, May 2007.

reforms, in particular to support SMEs and employment assistance. Investment, technology, enterprise and trade continue to be paramount to the good performance of China's creative economy and the competitiveness of its creative products. This "creative nexus" has been in place to stimulate the continuous fast growth of the creative industries since 2003. In July 2009, the government published a plan to "Revitalize the Cultural Industries" and asked the central and local governments to take a multidimensional approach to develop the creative industries. Apparently, the financial crisis had a minor impact on the Chinese creative economy, but most creative enterprises, especially SMEs, find it difficult to obtain credit. In this context, the UNDP Special Unit for South-South Cooperation in collaboration with the Chinese authorities launched in September 2009 a platform at the Shanghai United Assets and Equity Exchanges for transactions of equity, technology and financing options for SMEs from Southern countries. This includes tools for project bidding and partner matching, which can also be used for the creative industries.[25] In April 2010 the Ministry of Culture convened a meeting with financial institutions to encourage financial support for China's emerging cultural creative industries. The idea is to develop financial products suitable to expand financing for the creative industries; credit is expected to be extended to viable and profitable companies in order to finance supply chains and promote mergers. The government is building a public service platform to boost investment in the creative industries, and a new database will contain details of investment projects. A strategic partnership was set up involving the Bank of China and the Export-Import Bank to finance projects. Special funds will support animation, movies, TV and publishing.[26]

Box 2.4 Experience of the Shanghai Creative Industry Center

An illustration of the application of a creative-industry development policy in an urban setting is provided by Shanghai, where the Shanghai Municipal Government has clearly stated that the development of creative industries would be one of key industries in economic transition and city development during the 12th Five-Year Plan period (2010-2015). According to the Shanghai Creative Industry Center, 6,110 companies from 30 countries had entered one of the 80 creative industry parks (2.5 million square meters) around the city, creating job opportunities for more than 80,000 people. In 2009, the creative industries of Shanghai realized an increase of 114.9 billion yuan in turnover, nearly 17.6 per cent higher than that of the previous year. In 2009, the total turnover of the creative industries accounted for 7.7 per cent of the GDP of the city (see table below).

Contribution of creative industries to the City of Shanghai

	Output (in billions of RMB)		Added value (in billions of RMB)	
	2005	2009	2005	2009
Total	**197.57**	**390.06**	**54.94**	**114.90**
R&D/design	89.28	206.90	22.09	56.70
Architectural design	37.16	46.34	9.87	15.77
Arts and media	12.84	12.97	4.94	5.46
Consulting and planning	41.03	94.23	13.68	29.07
Fashion consumption	17.26	29.62	2.36	7.91

Shanghai's cultural industry authority issued a series of policies and guidelines to encourage non-public investments. The further opening of the cultural market has driven up the enthusiasm of private investors. By the end of last year, 186 institutions owned business licenses for broadcasting and TV program production, with 159 privately-owned; 85 business arts performance troupes, with 43 privately owned; and 157 performance agencies, with 78 per cent privately-run. The private-based economy has played a major role in entertainment sites such as net-cafés and other Internet services.

The establishment of a public cultural system has played an important role in boosting the city's cultural industry, which has been enhanced by government sourcing to the development of the industry. The acceleration of the establishment of community cultural activity centres, cultural information stations, museums and libraries has created more jobs and has driven up the demand for books, audio products, movies and Internet services. According to a Shanghai Municipal Government Press Conference Memo of 20 September 2006, the public-welfare cultural protection and equipment services, cultural activities of the public, cultural research and community services registered revenues of 2.35 billion Yuan, with the added value of 1.24 billion Yuan, covering four per cent of the whole cultural service sector.

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[25] UNCTAD (September 2009).
[26] More information is available from www.cnci.gov.cn, China's official website for cultural creative industries.

India: The country has a remarkable cultural diversity and strategies focus on the services-oriented and technology-intensive creative industries such as digital and software services and audiovisual services, in particular the film industry. Apparently, the concept of the creative economy is not yet well integrated into national strategies. India is the world's largest film producer, and the film industry provides employment to some 5 million people. India's support to the film industry rests on the action of three institutes at the federal level, and some states have also developed support measures with an emphasis on training in film directing.[27] Moreover, the National Film Development Corporation supports small-budget productions as well as loans for the construction of cinemas. However, fiscal measures are the main mechanism of state intervention, while tax exemptions to lower production costs, cuts in customs duties on film equipment, and an export incentive system are the main instruments of public policies.

Bollywood, the colloquial term for Hindi movies made in Mumbai, dominates the Indian national market, but regional film-producing states have their own growing markets. The film industry is fragmented but has been restructuring. Filmmaking, distribution and exhibition are now increasingly controlled by a smaller number of companies merging to form bigger companies.[28] Traditionally, Indian films have been produced mainly for domestic markets national films comprise 90 per cent of the Indian market. Thanks to the Indian diaspora, Indian films are gaining greater penetration in world markets, particularly as video-films for home and TV audiences in developing countries, especially in Africa. For the Indian film industry, 2008 was a difficult year due to rising production costs resulting from higher pay packages for the films' stars, and lower revenues from box offices.

Indonesia: The creative industries contributed 4.7 per cent of the national GDP in 2006 and grew by 7.3 per cent in 2008, able to absorb 3.7 million workers, equal to 4.7 per cent of the total workforce, despite the fact that these industries are still not yet properly mapped out. The focus on creative industries was spurred by the President, who instructed the Trade Ministry to boost the creative industries. Indonesia's fashion industry has grown by 30 per cent, handicrafts by 23 per cent and advertising by 18 per cent. Music is also a growing industry, until now limited to the domestic market, but in the near future will become the basis for exports. The Trade Ministry is in the process of mapping these creative industries and has already has complete data on furniture and handicrafts.[29]

Malaysia: The contribution of the creative industry to the national economy is still low compared to other industries like the tourism and other services. However the Government of Malaysia is embarking in creative industries strategies through five main areas: the provision of infrastructure facilities, minimizing bureaucracy, developing the creative industry through the Ministry of Culture, Art and Heritage, supporting local producers in order to expand TV and radio production, and efforts to reduce tax rates, ensure copyrights of their producers and combat piracy.[30]

Republic of Korea: The creative industries have been performing well, particularly those in technology-oriented areas such as audiovisuals and new media (mainly films, animation and video games). Public policies on audiovisuals have been instrumental not only in enhancing the creative sector domestically but also in guiding international trade policies in the context of World Trade Organization negotiations. The Korean Broadcasting Commission plays an important role in strengthening domestic production of works for television. In addition, domestic demand is stimulated by the country's higher-than-average rate of ownership of audiovisual appliances such as videocassette recorders and DVDs.

Singapore: Singapore has been putting much effort into strengthening the intellectual property right laws and educating consumers. Besides updating the laws and enforcement mechanisms, efforts have been made in the area of public awareness. The HIP Alliance (HIP stands for Honour IP) is a collaborative effort between government and industry that encourages consumers to respect creativity and creation by personally saying no to piracy. In 2006, it organized the Singapore Biennale, the largest international contemporary visual arts exhibition, which has served to promote Singapore as an international centre for contemporary visual arts. Following the success of the second exhibition in 2008, which attracted over 500,000 visitors, the National Arts Council has appointed the Singapore Art Museum to organize the third one in March 2011.[31]

[27] Cocq (2006).
[28] Rao (2006).
[29] Sunario.
[30] Presentation by Mohammed Bin Daud, Deputy Secretary General, Ministry of Culture, Arts and Heritage, Malaysia.
[31] More information is available from http://singaporebiennale.org/.

Thailand: The government has established a roadmap for the development of Thailand's creative economy. In March 2009, UNCTAD assisted the Thai government to convene a Policy Dialogue on the Creative Economy held in Bangkok. In August 2009 the Creative Thailand policy was launched and the National Creative Economy Committee established. Later in the year the creative economy became a priority sector at the Tenth National Economic and Social Development Plan, emphasizing the importance of creativity and innovation as the main element to bring about economic stability on a sustainable basis.[32] Thailand defined two main objectives of its strategy: first, to develop Thailand into a creative industries hub of ASEAN, and second, to increase the contribution of the creative industries from 12 to 20 per cent of GDP by 2012. Moreover, the government is prepared to set up the National Creative Economy Agency, a new organization under the Prime Minister's Office, to handle the mobilization of the creative economy on a full-cycle basis.[33] The Ministry of Trade is organizing an important international forum to be held in November 2010 with a focus on the prospects for the creative economy for ASEAN countries. UNCTAD was invited to be a co-organizer of the event.

Another group of Asian countries with less emphasis on creative-industry development, but where craft industries, furniture making and handloom industries have traditionally been widespread secondary employment activities, includes, Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal and Pakistan. Despite the differences between the countries in this group, their creative economies have certain common features, including the fact that the majority of economic activities relating to the creative industries are in the large urban centres.

Finally, there are countries where the creative industries are practically unnoticed as part of the economy, especially in the Pacific Islands. In these countries, creative industries exist mostly in terms of more traditional cultural activities of community life. Throughout the Asia and Pacific region, however, the cultural sphere is an area for the search of identity. This search is a real need for many people of the region who experience the onslaught of social change and increasing economic insecurity. This is coupled with the different values presented by cultural goods and services that incorporate old and new, traditional and contemporary, global and local aspects. In 2009, under the ACP-EU cooperation program, UNCTAD, ILO and UNESCO launched a pilot project to provide technical assistance aimed at enhancing the contribution of the creative industries to employment and trade in Fiji. A stakeholders meeting brought together about 30 participants from the government, cultural institutions, artists and creative entrepreneurs, resulting in a lively debate about the expected impact of the project on national policies; a plan of action is under consideration to be implemented in collaboration with the government, the Fiji Arts Council and other relevant institutions.

The Asia Cultural Co-operation Forum is an important annual event in Hong Kong. The forum is attended by Ministers of Culture from Asia and creative entrepreneurs from the Asian region with the purpose to enhance regional connections through cultural cooperation and to exchange views on recent developments. One such forum on the concept of branding concluded that a successful cultural brand will not only contribute to the long-term sales of products and services, but can also improve a country's overall image. The Asian Cultural Ministers referred to collective efforts to develop stronger government-to-government links across the region to enhance the creative economy.

2.4.3 | Central Asia and the Middle East

Certain countries of Central Asia, such as Mongolia, are still adapting to the transition to a market economy, and within this scenario the concept of "creative industries" is not one that figures very prominently. This has partly to do with the different traditions concerning intellectual property rights and weak institutional support. While the cultural and artistic traditions are very rich and diverse in the region and hold considerable potential for commercial development, the core cultural and handicraft industries in these countries are in general part of the informal economy and are not yet positioned as part of any creative economy. The nomadic tradition in all of these countries is a particular aspect of the potential development of creative industries. Nevertheless, while there are big differences among the distinct parts of the region, there are also some similarities inside certain groups of countries, as presented below.

[32] For further information see UNCTAD Creative Economy e-News, No. 9, June 2009.
[33] Thai News Service, "Thailand Attaches Greater Importance to Creative Economy", May 2010.

Abu Dhabi: For the United Arab Emirates, the creative economy became a key sector to diversify the overall economy. According to the Abu Dhabi Economic Vision 2030,[34] the government intends to make quality media production in Arabic-language content a vector for economic growth. Large investments are being made particularly for the development of new media. As part of the strategy to develop a favourable environment for the creative industries, a governmental organization was set up in 2008 to cater to the film, broadcast, digital, gaming, publishing and music industries. Moreover, Abu Dhabi is seeking to become a cultural centre within the Middle East region, its $27 billion Saadiyat Island project designed to house the Louvre Abu Dhabi and the Guggenheim museum project, meant to preserve Gulf culture while also embracing the arts and culture of the West.

Dubai: The new media city complex in Dubai has turned the United Arab Emirates into a centre for broadcasting and publishing. Deeper into the desert, the massive production city is growing into a sprawling movie and television production zone, seeking to do for Dubai what Hollywood did for Los Angeles. An innovation campus opened in 2009 with the support of the Dubai Culture and Arts centre aims to support small businesses in the creative industries and promote dialogue among creative entrepreneurs. Creativity is everywhere, from ergonomic flexible workspaces to such facilities as a cinema/auditorium for lectures and screenings, a library housing over a thousand books on cultural and creative topics, a small shop offering design objects, a brasserie offering affordable and healthful food and a garden for much needed breaks from work.[35] A secure operational environment and incomparable logistical advantages have made Dubai and the United Arab Emirates a preferred destination for pre- and post-production activities of global television and film companies. In addition, Dubai Studio City, a film and broadcast industry cluster is attracting interest among global filmmakers. The cluster is an all-encompassing destination offering facilities for design, visual effects and music composition in addition to pre-built studios, sound stages, training academies and a business centre. The state-of-the-art infrastructure will eventually feature 14 fully equipped sound stages, a 3.5 million square feet backlot for outdoor shooting, commercial offices and post-production studios.[36] Another sign that creative industries are receiving growing consideration in the region was the fact that Christie's, the international auction house, held the first contemporary art auction in the Middle East in Dubai few years ago. Contemporary Arab, Iranian, Indian and Western art drew collectors from all over the world, and the auction exceeded expectations with $9.4 million in sales. From Arabic calligraphy to American icon Andy Warhol, 190 works of contemporary art went under the hammer in Dubai, the commercial hub that had previously been better known for its glass skyscrapers than its arts scene.

Iran: In the Islamic Republic of Iran, creative industries such as publishing and film production have a long tradition. Iranian films exhibit a strong cultural identity and audiences have been increasing worldwide. Carpets remain one of the most appreciated items of the Iranian culture in global markets. UNCTAD figures show the Islamic Republic of Iran as the third-largest carpet-exporting country, accounting for nearly 15 per cent of world market share.

Lebanon: There is significant creative industry activity, especially in Beirut. The city used to be a broadcasting centre for the Arab world, with a pan-Arab market of some 280 million people. It is the production (and post-production) centre for television, as well as for films, and has regional advantages in terms of film locations, creative writers, actors, directors, and a continuing influx of technical graduates from Lebanese universities as well as a comparative advantage in translators, with many creative people in Beirut fluent in at least three languages. Important film festivals are organized in Beirut. Seven Lebanese universities offer courses in film production or audiovisual arts. Lebanon itself has seven active "licensed" TV channels, as well as a small number of unlicensed ones. Most of these are entertainment channels. Lebanon has around 12 production houses, producing commercials, music videos, and corporate films as well as TV programmes, and several post-production companies, including state-of the art animation facilities. The average Lebanese household has two television sets, with 65 per cent of Lebanese adults watching TV for 2 to 4 hours per day, and 82 per cent watching television news on a daily basis. Almost 80 per cent of Lebanese households have access to cable television.[37]

[34] The Abu Dhabi Economic Vision 2030 aims to achieve effective economic transformation of Abu Dhabi Emirate's economic base for the next two decades; it is a roadmap for economic development of the emirate.
[35] Smith, Lisa, "The Shelter: A Campus for Creative Industries in Dubai," *Core 77*, 17 November 2009. http://www.core77.com/blog/business/the_shelter_a_campus_for_the_creative_industries_in_dubai_15201.asp.
[36] Business Intelligence Middle East. "Dubai looks to add 'creative' factor as destination for film production and broadcast industries," May 24, 2009.
[37] Hill, Stephen, "Creative Lebanon: A Framework for Future Prosperity," British Council, March 2008. http://www.britishcouncil.org/lebanon-creative-lebanon-full-report.pdf.

Turkey: Istanbul, the capital, is especially well known as a rapidly developing metropolis that plays an important role as a bridge between Europe and Asia. Government authorities in Turkey are moving towards enhancing the socio-economic impact of cultural life while enhancing creative industries not only in the capital but also throughout the country. This decision is also motivated by the fact that Istanbul has been selected to be the Cultural Capital of Europe in 2010.[38] A series of arts events and cultural festivals have been taking place during this special year, and an important symposium, Creative Cities and Industries in the 21st Century, is scheduled for November 2010. UNCTAD is one of the co-organizers of the event, which will be hosted by the Faculty of Arts and Design at Istanbul University. The symposium will be a stepping stone in setting up an institution to become an International Centre on Creative Cities and Industries in Istanbul.

A WIPO study from 2004, *Creative Industries in Arab Countries*,[39] describes and explains the economic performance of four key copyright-based industries — book publishing, music sound recording, film production and software — in five Arab States: Egypt, Jordan, Lebanon, Morocco and Tunisia. The overall results of the study suggest that copyright-based industries in Arab States are substantially underdeveloped and that there remains a great potential that should be systematically mobilized. A more recent global study[40] forecasts that the market for new digital media in the Middle East will grow at double-digit rates per year over the next five years. The region's growth is expected to far outstrip the rest of the world, which is expecting an average expansion rate of 6.6 per cent.[41] The demography of the Arab population, with 60 per cent of the population below 25 years old, means a strong interest for new digital media, making it a profitable industry in the future.

2.4.4 | Latin America

The engagement of Latin American countries in a creative economy agenda varies considerably on account of the substantial differences in the supply and export capabilities of the creative industries across countries and sectors in the region. The number of governments in the region that are recognizing the socio-economic potential of the creative industries to foster development has increased considerably over the last couple of years. The widespread dissemination of the *UN Creative Economy Report 2008*, the implementation of the UNESCO Convention on Cultural Diversity and the increasing number of conferences and publications prepared by national and regional institutions such as the Organization of American States and MERCOSUR have helped deepen the policy debate and attract the interest of public opinion and civil society around the creative economy in Latin America.

The analysis of the creative economy in Latin America is acquiring significance within regional cultural policies and visibility in economic and social development strategies. A series of studies that constitute a basis for the region's development of a creative economy received the encouragement of international and regional organizations such as the Convenio Andrés Bello, the Organization of American States, the Organization of Ibero-American States for Education, Science and Culture, as well as UNESCO, UNCTAD and UNDP. The debate around the creative industries is evolving throughout the region; the concept and terminology of "cultural industries" and "cultural economy" prevails in Latin America, although there is better understanding that cultural policies are a key element for enhancing the creative economy. Several countries are adapting the UNCTAD classification of creative industries and its methodology to shape policy interventions. Countries with higher economic development such as Argentina, Brazil, Chile, Colombia, Mexico and Uruguay and some Central American countries are concentrating more efforts in this area. Awareness of the socio-economic importance of the creative economy is gradually spreading in the region. It is interesting to observe that policies are being shaped more actively by cities and municipal authorities rather than at the federal level.

MERCOSUR Cultural, a regional network of some 400 individuals and institutions, continues to work on strengthening cultural information systems in Argentina,

[38] In June 2007, the Istanbul Metropolitan Municipality hosted an international conference to discuss strategies for the "cultural cities" and their creative industries (see UNCTAD, Creative Economy and Industries Newsletter, No. 6, September 2007).
[39] This study by Najib Harabi incorporates five national case studies, giving a comparative account of the performance of the four copyright-based industries in these Arab States. Using the Porter diamond model, the survey was conducted in the years 2002-2003.
[40] PricewaterhouseCoopers, "Global Entertainment and Media Outlook Report, 2008-2012".
[41] MENAFN-Oxford Business Group, "Abu Dhabi: Creating Culture", 28 March 2009.

Brazil, Chile, Colombia, Peru, Uruguay and Venezuela. Argentina assumed the responsibility of centralizing and processing the cultural information of each country, which served as a basis for the 2009 publication, *Nosotros y los Otros: el comercio exterior de bienes culturales en América del Sur.* The study focuses on the international trade of cultural products in South America, bringing together contributions from the Ministries of Culture of the associated countries. The purpose was to collect and analyse statistical data about the cultural sector in the region, in order to facilitate the formulation of cultural policies to support government efforts towards regional integration. The study recognizes that it is necessary to synchronize the political discourse with concrete actions. It concluded that the trade balance of cultural products in South America has a big deficit in the order of $3.7 billion; total imports are practically double exports. According to the study, among the seven countries, only Brazil has a positive trade balance on cultural products.[42] This conclusion confirms the trade analysis of the Creative Economy Reports.

Other studies measuring the impact of the creative industries in Latin America reflect two factors: the gradual availability of statistics and primary information and the growing political will of governments to promote these initiatives. Statistical availability accounts for a two-way influence on the development of different methodologies for measuring the activities of the cultural industries. Thus, when more statistical information becomes available, more complex methodologies can be designed, enabling a better diagnosis of the cultural sector of the economy. Also, the countries that started preparing for reporting under the satellite account on culture have recognized culture as a full-fledged economic sector, as happened with respect to tourism some time ago. The range of the economic contribution of Latin American cultural and creative industries varies considerably, reflecting the cultural wealth of each country as well as the varying availability of statistics and methodologies employed. Again, efforts should be made to harmonize approaches to data collection with a view to making the most efficient use of scarce resources.

As regards concrete policy actions, in Latin America, cultural production and activities have been predominantly considered from the cultural rather than the economic perspective. The economics of culture, the terminology most used by Ministries of Culture in the region, lies somewhere between the public institutions in charge of culture and those dealing with development issues, but joint efforts are uncommon. The conceptual debate about the creative economy in Latin America is progressing fast, influenced in part by the *Creative Economy Report 2008*, which prompted policy and research debates and drew the attention of other Ministries, in particular Economic Development, Trade, Labour and Planning in several countries.

Recently, the success of creative economy programmes of developed countries, in particular the creative cities approach, has been attracting the attention of policymakers and cultural researchers, although there is some resistance to the concept of the "creative economy" due to its emphasis on intellectual property rights (IPRs). Arguments are twofold. First, the suitability of IPRs for traditional and communitarian knowledge is contested, and concerns arise regarding known cases of bio-piracy and fears that a similar wave of foreign appropriation of cultural knowledge may happen. Second, a wide range of cultural goods, services and expressions, such as traditional festivals, where IPRs are not applicable, produce a huge socio-economic impact and sustain cultural diversity in the region. Latin American countries exhibit different levels of maturity and awareness of the potential of the creative economy to foster development, and differences occur within individual countries. Several initiatives are being articulated at the municipal level in a growing number of countries. Time seems ripe to move from studies and debates towards more concrete policy actions.

Argentina: Cultural industries have for many years been the focus of many studies and growing interest in the country. A newly issued study[43] concluded that the contribution of culture to the national economy increased from 2.3 per cent in 2004 to 3.5 per cent in 2009. The Third National Congress of Culture was held in September 2010 in San Juan, with nearly 5 thousand participants in attendance, including government authorities, cultural promoters and artists. A key outcome of the event was a call for the creation and implementation of a Federal Law for Culture and the upgrading of the Secretary of Culture to the rank of a

[42] The publication is available from http://sinca.cultura.gov.ar/sic/comercio/comercio_exterior_sm.pdf.
[43] Hacer la cuenta, (2010) by Secreataria de Cultura dela Presidencia de la Nacion.

Ministry. In 2008, three important policy actions and legislative decisions were taken: the law on intellectual property for actors was revised, debates were initiated to modify the radio broadcasting law, and the Federal Council of Public Television was created.

In 2009 the Observatory of Cultural Industries of Buenos Aires was renamed as the Creative Industries Observatory[44] with a broader orientation towards the creative industries. The *Creative Economy Report 2008* has been a reference for the work of the Observatory. According to its 2008 yearbook, the creative industries contributed to 9 per cent to the city's GDP, responsible for 9.5 per cent of jobs, including more than 60,000 new jobs in the period 2003-2007. The creative industries generated about $4.3 billion in value added for Buenos Aires, comprising one of the city's major economic activities. In 2008, 46 films were made in Argentina and 6 out 10 films and 8 out 10 advertising productions were filmed in Buenos Aires, which has about 250 audiovisual producers (film, television and advertising). In the publishing industry, the annual growth of the sector in 2008 was nearly 5 per cent. About 70 per cent of the titles were printed in Buenos Aires, which has the highest concentration of bookstores in the country and probably of Latin America, and was elected by UNESCO as the World Book Capital for 2011. Buenos Aires, long considered a special case in the Latin American design industry, was appointed the first UNESCO City of Design. The contribution of design to national GDP and to the foreign trade of Argentina is indisputable; between 2005 and 2007 the sector grew by 12 per cent annually and generated export earnings of $700 million. The clothing, leather and footwear industries generated in 2007 a turnover of around $2.6 billion, accounting for 3 per cent of the overall economy and 2.5 per cent of total employment in the Argentinean capital. The Metropolitan Design Centre of Buenos Aires, a public institution that supports and promotes design-related creative industries, seeks to encourage competitiveness in national and international markets.[45] UNCTAD has been collaborating with the government, in particular with the Ministry of Economic Development and the State Secretary of Culture, to further promote the creative economy in the country. Other cities in the country are also actively promoting their creative economies. Rosario has included on the city's calendar the "Rosario Active," an annual event that is part of a strategy to stimulate creativity and creative entrepreneurship in order to accelerate urban development.

Box 2.5 A passion for Tango

Tango has regained its vitality in the city of Buenos Aires with a considerable economic impact; it has tripled its income as a sector in the first years of this century. It generates a direct income of about $135 million annually and an estimated three times that amount indirectly. It represents 4 per cent of the total revenue generated by cultural industries in Buenos Aires.[46] Direct activities include the organization of performances, CDs, classes and other events or activities directly related to tango. The indirect activities are those related to support services. There is also increased demand by international tourists for dinner shows and tango courses. In September 2009, UNESCO declared tango as an intangible cultural patrimony of humanity which "personifies and encourages cultural diversity and dialogue".[47]

An example of a successful creative business is "Señor Tango" a famous Argentinian tango spectacle that distils the magic and splendour of prestigious musicians and dancers under the direction of Fernando Soler. The show gathers 40 artists for a performance in a large antique house in Buenos Aires. The orchestra is directed by the maestro Ernesto Franco, who was Juan D'Arienzo's first bandeonist during the golden age of Argentine tango. The spectacle employs professionals to set up lights, sound and special effects as well as choreographers and costume professionals. A well-known chef and team hosts, on average, 1,500 people per show. Since its inauguration in 1996, both the house and Mr. Soler have received several awards. The place was declared of parliamentary interest by the honourable Chamber of Deputies of Argentina, of tourist interest by the Secretary of Tourism and of cultural interest by the Legislative of the City of Buenos Aires. Señor Tango received the Bizz Award 2005 by the World Confederation of Businesses in the city of Houston as the best Tango Musical, and Fernando Soler as creative entrepreneur. In 2008, Señor Tango was the host for the Latin Academy of Recording Arts & Sciences, which gives out the Latin Grammy awards.

Source: Interview with Dr. Antonio B. Lucchese, Administrador Academia Nacional del Tango, and Ms. Carolina Mufolini, Institutional Relations, Senor Tañgo, November 2009, Buenos Aires, Argentina. See http://www.senortango.com.ar/es/show.asp

[44] Industrias Creativas de la Ciudad de Buenos Aires, Anuario 2008, Observatorio de Industrias Creativas, Gobierno de la Ciudad de Buenos Aires, Argentina.
[45] See UNCTAD Creative Economy E-news N° 11, December 2009.
[46] El Tango en la Economía de la Ciudad de Buenos Aires, Multimedia, Observatorio de Industrias Culturales de la Ciudad de Buenos Aires.
[47] BBC Mundo, El Tango Patrimonio de la Humanidad.

Brazil: During this decade it has been widely recognized that culture not only is an integral part of the country's development strategy, but also generates income, employment and export earnings. In 2004 the Ministry of Culture requested a nationwide mapping exercise to identify the size of the cultural sector in the country; the initial survey collected data from more than 320,000 cultural enterprises, concluding that the cultural industries were responsible for 1.6 million jobs, accounting for 5.7 per cent of the total enterprises and 4 per cent of the country's workforce during 2003-2005.[48] However, the lack of national indicators about the supply, demand and access to cultural goods and services was a constraint for the formulation of target cultural policies at national and municipal levels. Therefore, more comprehensive studies about the cultural profile of 5,500 municipalities were carried out in 2006-2007. Another study about the value chain of the creative industries in Brazil published in 2008 revealed that the core 12 creative industries plus the related industries and the supporting activities, account for 21 per cent (representing 7.6 million people) of the total formal workers in the country, contributing to 16 per cent of national GDP. For the State of Rio de Janeiro the concentration of creative workers is even greater accounting for 23 per cent of the workforce, with higher salaries as compared with the national average.[49] More recently complementary studies to identify parameters for a "Price index for culture" are being undertaken with a view to rethink and more appropriate public policies to support culture and the creative economy.

In 2008, the Ministry of Culture set up the General Coordination for the Economy of Culture (GCEC), with the purpose to articulate concerted multi-disciplinary policies with other Ministries and relevant institutions at federal, state and municipal levels. Several initiatives for enhancing the creative economy emerged, such as the Brazilian Music Fair, which was held in 2007 and 2009 and promoted more than 35 shows and thousands of businesses involving about 250,000 people. In the area of visual arts, the government in association with the Foundation Biennale of São Paulo and the Brazilian Agency for the Promotion of Exports and Investments put in place the programme "Brazil Contemporary Art" to stimulate the participation of Brazilian plastic artists in national and international contemporary arts events. The GCEC also formulates policies in the areas of design, architecture, fashion, photography and art crafts. In association with the Brazilian agency Service for Supporting Enterprises (SEBRAE) a project is in the pipeline to provide capacity building for creative entrepreneurs and support business to improve the competitiveness of Brazilian creative products in national and global markets. Another initiative was the creation of the "Network of Public Agents of the Creative Economy" bringing together representatives from the secretaries of culture from 18 Brazilian States to design and implement integrated policies to foster the creative economy. The GCEC is associated with public universities and research centres to support empirical and applied research in the area of cultural economics; this work resulted in a Programme for Urban Culture and Creative Cities, for which a pilot study is under implementation in Acre, with a view to identify the most dynamic creative industries in the cities, possibilities to develop creative clusters with local cultural identity and to implement a long-term strategy for enhancing local creative economies. An Observatory for the Creative Economy as a digital platform to facilitate debates, sharing of experiences and access to information and documents about the creative economy is being created. A number of other initiatives are being shaped throughout the country promoted by authorities at state and municipal levels. The State of Rio de Janeiro is articulating the Programme Creative Rio to put in place a plan of action to enhancing the creative economy. The city of Sao Paulo is also shaping a strategy to improve the socio-economic potential of the creative industries, that will have a positive impact on other states and cities throughout the country. Since 2003 UNCTAD has been collaborating with the Brazilian government to assist on efforts to foster a robust creative economy to accelerate development.

Chile: Chile has in place a system for annual assessments of the impact of culture in the national economy, as the basis for the implementation of the cultural satellite account. The sixth annual Report of Culture and Leisure[50] presents comprehensive data and analysis of the cultural sector. The report covers five dimensions: creation, heritage, recreation, communication media and transversal indicators. In 2008, the cultural sector in Chile contributed 1.3 per cent of GDP and employed about 65,000 people in the areas of

[48] Brazilian Institute of Geography and Statistics, "The Numbers of Culture in Brazil", System of Cultural Information and Indicators, 2006.
[49] From "The value chain of the creative industries in Brazil", the Federation of Industries of the State of Rio de Janeiro, 2 November 2008.
[50] Cultura y Tiempo Libre 2008, the National Council for Culture and Arts and the National Statistics Institute, Santiago, 2009.

visual arts, art crafts, cinema and theatre, editorial, music, communication media, heritage and sports. The yearbook is a tool to assist in policy formulation which can be used for a strategy for the creative economy. In June 2010, the National Council for Culture and Arts convened an international seminar around the topic "Creative Cities: The impact of culture in the urban economy". The aim was to engage in a dialogue with all stakeholders from the public and private sector and reflect on the role of cultural activities and artistic expressions for the economic development of the cities, including the reconstruction process of cities and regions dramatically affected by the 2010 earthquake. Efforts are being made to shape a development plan around the creative economy to function in harmony with the transformations that are experiencing urban cities. UNCTAD was invited to present the United Nations perspective on this subject, and national and international experts shared views on interesting experiences which are taking place in cities such as Buenos Aires and Mexico City.

Colombia: Since launching of its Economy and Culture project, few years ago, Colombia took the first step in developing a cultural satellite account by providing an analytical approach to the economic impact of cultural industries and activities in the country.[51] Though cultural heritage and the film industry have been the subject of economic studies and target policies in Colombia, the role of creative industries in the country gained important recognition in 2005 when Popayan was named the first UNESCO City of Gastronomy. More recently Colombia has been looking into effective creative economy policies with positive impact on poverty reduction and social inclusion. As mentioned earlier, the experience of the city of Medellin has been remarkable. Another initiative of the Minister of Culture was to host an international seminar in 2009 to debate the challenges, opportunities and possible responses that culture and the creative economy could bring to the economic crisis. The aim was to position the creative economy in long-term strategies for sustainable development. UNCTAD recalled that the economic crisis undermined jobs, economic growth and social well-being, and the creative industries could be a tool to facilitate economic recovery if appropriate mechanisms are in place to attract investors, find alternative private funding and stimulate creative entrepreneurship and trade. The government also is harmonizing creative industries policies for economic development with biodiversity protection objectives.

Mexico: Several economic studies on specific cultural sectors, cultural infrastructure and cultural industries were prepared in Mexico, but they are not issued on a continuous basis. The National Council for Culture and the Arts presents a series of statistics — heritage, funding lines, festivals, cultural consumption and production etc. — as part of the Cultural Information System. The Cultural Infrastructure Atlas provides information for the formulation of cultural policies and programmes.[52] Mexico's ProMexico agency, which stimulates investment and trade in the country, rated the creative industries as its fifth strategic industry after aerospace, agriculture, food and automotive. Fashion and decoration are listed on the sixth position. Mexico has a large number of companies dedicated to providing cultural, audiovisual and entertainment services. In 2006, the market for television content distribution had a turnover of $167 billion, and it is estimated that in 2011 it will reach $251 billion. Advertising is also an important market worth $479 billion in 2008, with a large proportion for television. The jewellery industry has great potential; Mexico is the world's third silver producer and its exports in silver jewellery in 2007 amounted to $100 million, and there are approximately 12,000 gift and jewellery companies in the country. In the case of the leather and footwear industries, exports surpass $500 million. In 2008 about $3.7 billion were exported in articles for decoration and furniture.[53] Mexican cinema is embarking on a good phase; during 2007-2008 tax incentives supported 77 movie projects, meaning that 70 movies were filmed in 2008, the highest number in 17 years. Over the past two years, over 30,000 direct jobs have been created in film production alone.[54] More recently, the government announced the creation of a fund of $20 million to support the cinema and audiovisual industry in Mexico. The digital industry will drive the creativity and competitiveness of the country's productive sector as it moves from an economy with scarce use of information technologies, to one where the use of ICTs will be generalized in all economic, cultural and social activities.[55] Also impressive is also been the plan to rehabilitate and revive the historical and cultural centre of Mexico City.

[51] A list of surveys and assessments of studies on cultural and creative industries in Latin America and the Caribbean is provided in the references.
[52] Consejo Nacional para la Cultura y las Artes, Atlas de Infraestructura Cultural, 2003.
[53] ProMexico Investment and Trade, http://www.promexico.gob.mx/wb/Promexico/creative_industries.
[54] Federal Government of Mexico, "Mexico to Promote Cooperation for Development of Latin American Cinema". Available from http://www.presidencia.gob.mx/index.php?DNA=88&Contenido=39081&page=1&C=1.
[55] Portal e-Mexico, e-economy, http://www.emexico.gob.mx/wb2/eMex/eMex_Conoce_eMexico.

Venezuela: The creation of the Ministry of Culture in 2005 was a sign of political will to consolidate a new cultural institutional framework in the country. As a result, a platform for strengthening the impact of culture on Venezuela's socio-economic development is taking shape. The study emanating from the Project Economy & Culture CONAC–CAB under the theme "The dynamic of culture in Venezuela and its contribution to the PIB"[56] provides a systematic understanding of the cultural industries in Venezuela analysing its productive impact and trends in each cultural sector, its interrelations and the challenges posed by the information and knowledge society. A conceptual framework of the economic and cultural equation to promote the culture and the cultural industries is being examined for implementation.

The creative economy also plays an important role for the development of other countries in the region including in Central America. Studies have been carried out in El Salvador and Guatemala to identify the potential of the creative industries and cultural activities to accelerate development.

Box 2.6 **Guatemala: The economic contribution of culture**[1]

In recent years, research in the field of cultural economics has progressed so much that, today, there is little doubt about the importance of the economic contribution generated by the economic agents or firms that are a part of it. Obviously, not all countries have realized it. Most notably, those countries lacking economic resources to conduct these types of research have fallen behind in their analyses of cultural and creative industries. Such is the case for countries in Central America which, until now, have not counted on such kinds of studies. It is striking and worrisome at the same time that none of the Central American countries have national analyses of their cultural industries.

Recently, however, these countries have started to think of their cultural sector as a productive one with the ability to produce economic growth and economic development at the same time. The first study developed in Central America was in Guatemala, where the economic contribution of the cultural industries reached 7.6 per cent of GDP. The annual average growth was 7.3 per cent for the years 2001-2005, a higher rate than that registered in the majority of other sectors of the Guatemalan economy. The shadow economy (which includes illegal and informal activities) in Guatemala represented almost half of the national economic activities. When the contribution of the shadow economy is included, cultural industries were responsible for 9.02 per cent of GDP in 2005.

The study also found that the cultural sector employed 7.14 per cent of the labour force. When compared with the economic contribution (7.26 per cent), we can conclude that the jobs created by the cultural industries were, on average, slightly more productive than the average jobs in the whole economy. This may also be interpreted as indicating that the cultural industries were important contributors to the improvement of competitiveness of the Guatemalan economy and its labour force.

Regarding international trade of goods and services, imports of cultural goods were higher than exports in 2004 (3.36 per cent and 2.12 per cent, respectively), resulting in a trade deficit of 1.24 per cent for that year.

It is now clear that culture and creativity contribute to the economic growth and development of a country in addition to having intrinsic social and aesthetic values. This is demonstrated by the relatively high contribution of cultural industries to GDP and the productivity of their workers. In other words, cultural activities constitute their very own sector of economic activity.

The cultural industries add economic and social value to countries and individuals. They constitute a type of knowledge that translates into jobs and abundance, consolidating creativity – their "raw material" – to promote innovation in production and sales processes. At the same time, they are central to the promotion and maintenance of cultural diversity as well as in assuring democratic and cultural access.

Moreover, as noted earlier, cultural industries have the dual capacity to simultaneously generate economic growth and economic development. Countries must take full advantage of the economic potential for growth and development provided by the comparative advantages of their cultural-economic activities while respecting cultural identities and diversity.

[1] Analysis by Ernesto Piedras Feria for the Ministry of Culture and Sports, Government of Guatemala, with funding from the Inter-American Development Bank, Guatemala, 2007.

By Ernesto Piedras Feria, economist, Instituto Tecnológico Autónomo de México (Mexico Autonomous Institute of Technology), and CEO, The Competitive Intelligence Unit.

[56] La dinámica de la cultura en Venezuela y su contribución al PIB, Ministerio de Educación, Cultura y Deportes de Venezuela, CONAC, y Convenio Andrés Bello. Carlos Guzmán Cárdenas, Yesenia Medina y Yolanda Quintero Aguilar, Edición del Convenio Andrés Bello, 2005.

2.4.5 | The Caribbean

Growing the creative industries was the theme of the second annual development conference of the Organization of the Eastern Caribbean States (OECS), held in 2008. Nine OECS countries have experience with the creation and distribution of music and film on the world stage. Hallmark examples include the singer Bob Marley, whose "One Love" has long being an anthem of compelling international appeal, and more recently, Rihanna, the first Barbadian to win a Grammy. Attention should be devoted to finding mechanisms to marshal the considerable creative talents and energies of the region's young people, in a structured and comprehensive approach to growing these industries.[57] Sustainable heritage tourism generates important revenue for local communities and also provides opportunities for creative expression and social integration of culturally and ethnically diverse communities of the Caribbean countries. Heritage tourists are one of the highest-yield tourism groups; they stay longer and spend 38 per cent more per day than traditional tourists.[58] Therefore, efficient heritage tourism policies and infrastructure at regional level can be an important approach to attract international travellers with special interest in heritage and the arts of the Caribbean region. In the Eastern Caribbean States, the linkages between tourism and creative industries should be further reinforced. After a ministerial OECS conference in St. Lucia in early 2007, which addressed a long-term vision, UNCTAD and the OECS secretariat started exploring ways to collaborate on efforts to enhance creative capacities in the region, particularly in art crafts, visual arts and music festivals. At the political level, the 2005 Ministerial Conference of the Small Island Developing States in Mauritius also recognized the importance of culture to accelerate development through the implementation of the Mauritius Plan of Action. More recently, the economic partnership agreement negotiated with the European Union has the potential to open up more opportunities for the Caribbean export of services, including those from the creative industries (see chapter 9).

The Caribbean presents sharper contrasts on a country-by-country basis than other regions. Over the past ten years, Barbados, Jamaica, the Dominican Republic and Trinidad and Tobago have been working to put in place a creative-economy strategy and action plan, with a focus on music and cultural festivals, engaging either the private sector and the government. According to a recent study from the CARICOM Secretariat, *The Creative Sector in CARICOM: The Economic and Trade Policy Dimensions*, the creative industries have emerged as a key growth sector in the Caribbean economy through its contribution to GDP, exports and employment as well as through its impact on destination and intellectual property branding.[59] The report presents case studies, success stories, situational analysis and recommendations to support the creative sector, and concludes that trade in the creative sectors needs to move beyond the goods sector to incorporate trade in the services as well as in copyright and royalties. The Caribbean Copyright Link[60] is one of the success stories in the creative industries; it helped expand royalty collections from $1.2 million in 1999 to $2.6 million in 2005.[61] Salient recommendations include: (i) improve government-industry relations; (ii) establish benchmarks, targets and policy measures to promote employment generation, enterprise development, industrial upgrading and export expansion; (iii) increase local and regional content through legislation/regulation; (iv) develop cultural industry associations; (v) improve access to finance, credit and business support services; (vi) establish trade-export facilitation centres; (vii) establish national and regional rights management centres; (viii) expand linkages between creative industries, tourism and wider economy; and (ix) develop Internet readiness and e-commerce platforms.

Barbados: The National Task Force on Cultural Industries was one of the first to be established in the Caribbean in 2002, comprising nine ministers and a number of representatives from different sectors and institutions and focusing on culture and development. As a result, Barbados' Creative Economy: A Cultural Industries Development Strategy was prepared in 2004. Since then, increasing attention has been devoted to the potential of the creative economy as a development strategy for this small island developing state. The forum, Promoting Creative Industries: A Trade and Investment Strategy for the Caribbean, organized in 2006 by the Caribbean Regional Negotiating Machinery with the support of the European Union Proinvest Project, was a further step in this direction. In 2008, the Fourth Inter-American

[57] Second OECS Annual Development Conference, St. Vincent and the Grenadines, 3-4 April 2008.
[58] Dr. Keith Nurse, Director of the Centre Shridath Ramphal, University of the West Indies, Barbados.
[59] Nurse, Keith, "The Creative Sector in CARICOM: The Economic and Trade Policy Dimensions," University of the West Indies, Barbados. CARICOM Secretariat, Regional Symposium on Services, Antigua & Barbuda, July 2009.
[60] The Caribbean Copyright Link is a joint venture between four copyright management organizations: The Jamaica Association of Composers, Authors and Publishers Ltd. (JACAP); Copyright Music Organization of Trinidad and Tobago (COTT); Copyright Society of Composers, Authors and Publishers Inc. (COSCAP, Barbados); and Eastern Caribbean Copyright Organization for Music Rights Inc. (ECCO–St. Lucia).
[61] See chapter in Nurse (2006).

Meeting of Ministers of Culture of the Americas was hosted and chaired by the Minister of Culture of Barbados,[62] and the Ministerial session adopted a declaration committing all the 34 members of the Organization of American States to increase their efforts to promote and support cultural and creative industries activities as part of their national policies for the promotion of sustainable economic growth. UNCTAD was invited to present the findings of the *Creative Economy Report 2008* for the Ministerial segment.

Dominican Republic: Dominican Republic is recognized not only as a tourist destination but also as a cultural destination for its tangible and intangible patrimony, gastronomy, cultural industries and arts. The city of Santo Domingo was selected the 2010 American Capital of Culture, a designation created to promote inter-American integration in the cultural field and to promote respect for national and regional diversity. A noteworthy initiative of the Ministry of Culture of the Dominican Republic is the creation of a new penitentiary model with an educational centre that provides inmates with a Free School programme as well as classes in painting, theatre, dance and art crafts. The General Attorney and the Minister of Culture recently announced a strategic partnership to sustain and develop the arts and culture in other centres of the country.[63] The Ministry of Culture through the National Centre for Art Crafts created the National Registration System for Art Craft makers with the aim of identifying and supporting their works through initiatives across the country.

Jamaica: Since the 2002 release of a study commissioned by UNCTAD and WIPO[64] on the importance of music as an economic activity and source of income-generation and trade opportunities, the government has devoted more and more attention to the strategic role of the creative economy can play in fostering development in the country. A key message conveyed in that report, applicable in principle to the whole Caribbean region, was that the music industry developed with little government assistance. A turning point occurred when the National Industrial Policy recognized music and entertainment as two key elements of the national development strategy. This debate progressed further with the 2004 National Strategy and Action Plan to develop the Jamaican music industry, an effort that brought together the private sector, governments and international institutions.

Box 2.7 Brand Jamaica as the home of reggae

Creativity represents one of Jamaica's most distinguishable assets and competitive advantages as a country. Through its music, fashion, dance and cuisine Jamaican culture continues to influence and impact global pop culture as it has done since the introduction of Garveyism, Rastafari and reggae music. Jamaica's exploitation of this sector is vital if it is to realize development gains from international trade, as highlighted in the UNCTAD São Paulo Consensus.

The United Nations estimates that the creative industries are growing at a faster rate than the world economy in general. Yet there is still a critical lack of empirical statistics on the contribution of Jamaican music or creative industries to national GDP. This has resulted in repeated undervaluation of this sector in an array of studies, with estimates ranging from $1.5 billion to $1.7 billion in generated revenue.

Brand Jamaica is a business brand building campaign to expand the country's profile from a primarily leisure destination, celebrated for its cultural icons and athletes, to one where business plays an even greater role. Brand Jamaica has for the most part been an organic evolution driven by the country's creative entrepreneurs and their cultural products. A decade ago, the Government awakened to the potential of culture and creative industries as an important economic strategy for national growth, signalled with the inclusion of music and entertainment as a strategic cluster group in the National Industrial Policy in 1996. Responsibility for promotion of the sector was given to the country's trade and investment facilitation agency, Jamaica Promotions Corporation (JAMPRO). The agency, in partnership with the music industry, facilitated the development of the national Sounds of Jamaica™ brand campaign launched at the Marché international de l'édition musicale (MIDEM), the world's largest music industry trade fair, in 1997 in France. The initiative galvanized the Jamaican music industry in an unprecedented demonstration of strategic cooperation. However, after a vibrant period of active brand management and trade show participation between 1997 and 2000, the initiative lost momentum. Fragmentation of various aspects of Jamaica's creative industries across five ministries and at least six agencies without the benefit of a sector-driven master plan resulted in staggered duplication, inertia and ongoing loss of wealth-generating opportunities. Additionally, Jamaica has a "hustler" reputation internationally, which negatively affects market confidence in supply consistency, legal protection and business practices.

The global appeal and adoption of Jamaican music have spawned home-grown versions and artists within the genre from Germany's Gentleman to United States Grammy winner No Doubt, for example. The increasing availability of home-grown reggae and the rising cost of Jamaican versus home-grown

[62] For further information see UNCTAD Creative Economy Programme E-News No. 8, December 2008.
[63] Observatorio, Órgano difusor del Ministerio de Cultura, Santo Domingo, Republica Dominicana, N° 21, Enero-Abril, 2010.
[64] Witter (2002).

Box 2.7 continued **Brand Jamaica as the home of reggae**

talent have begun to impact the demand for authentic Jamaican reggae, with festivals in major markets such as Germany and Japan successfully producing reggae festivals without any Jamaican artists on the line-up. Product quality in terms of recorded and live music must be maintained at the level of excellence established for Jamaican music internationally by Bob Marley and others in order for Jamaica to grow its market share of the international Jamaican music industry.

Jamaica's music represents the country's most easily exportable creative-industry product and the one that has strengthened the brand internationally in traditional markets as the foundation of Brand Jamaica. Emerging markets for Jamaica's music, particularly in Asia and Latin America, hold great promise for a musical culture that has been embraced by a diverse range of cultural markets. Jamaica's musical success in these markets opens the door for the introduction of other creative products into the market. Jamaica and its culture are inextricably linked in the mind of the international market. Jamaica as the culturally authentic home of reggae music and culture has the opportunity to guarantee its competitive advantage in the cultural market space once it enables creative entrepreneurs to position themselves effectively in the international market with quality products.

Jamaica's creative products are diverse and include finished audio video tangibles that are exported physically and digitally as well as facilities and services consumed by foreigners visiting Jamaica to record in one of its state-of-the-art studios, collaborate with top artists, musicians and producers or shoot a new music video against the flavoured texture of the diverse Jamaican landscape. Given the broad scope of creative industries, the JAMPRO 1996-1997 Marketing Plan for Music and Entertainment estimated that 15,000 persons were directly and indirectly employed in this sector. The impact of this relatively small group on the Jamaican economy is, therefore, out of proportion to the group's size. The products and services generated by the sector contribute significantly to Jamaica's capital wealth, public image and goodwill. In keeping with global trends, this generation of youth is empowered creative mavericks developing their own labels, fashion brands and production houses and building a new creative economy for the future.

It is noteworthy that the creative sector has affected traditionally vulnerable groups as Jamaica's cultural richness has for the most part been produced by the poorer, marginalized class. The creative expression and folk heritage of the poor have evolved into a global phenomenon, with many examples of young people raising themselves out of poverty through their talents and despite their lack of business experience. From the earliest period of Jamaica's music history, it was young people who fuelled the growth of this industry as performers, producers, promoters and agents. Early pioneers and legends include labels Studio One and Treasure Isle and artists such as the Skatallites, Jimmy Cliff, Toots & the Maytals, Prince Buster, Alton Ellis, and Bob Marley & The Wailers. Today, young people continue to fuel the legacy of creative wealth and empower themselves through their creative capital to bring about individual and community growth. Traditionally, Jamaican music has been a very male-oriented industry with a few women performers such as Millie Small or Marcia Griffiths and an even smaller number as managers, promoters and producers such as Sonia Pottinger. Over the last five to ten years, however, women have become increasingly visible on the entertainment scene in Jamaica, with an unprecedented number of new female solo artists arriving on the scene, female managers and promoters as well as women in the areas of legal and financial services, engineering and video production.

Historically, the fragmented distribution of Jamaican music and limited appreciation of the publishing value resulted in a unique Jamaican music business model that relies heavily on revenue from live performances and special exclusive recordings called "dubplates" rather than depending on record sales and publishing like creators in developed music markets. Most international showcasing of talent or distribution of catalogues was made possible through artist deals or product licensing agreements with overseas distributors or labels and limited media exposure through a network of niche reggae programmes worldwide, particularly on independent and college radio stations in Europe and North America. Jamaican music was internationally established and has been maintained through this touring circuit strategy, making live performances the foundation of the Jamaican music business model. Live performances also are slowly evolving into this role in the international music business as the rise in illegal file sharing and declining CD sales are decreasing the industry's reliance on revenues from record sales and publishing. Consequently, the substantial divide that existed between the Jamaican and international business models is narrowing.

Overall, Jamaica's creativity has earned it a place in the global arena despite the small size and inexperienced management of its creative industries. In order for Jamaica and the Caribbean to survive in a globalized world, policymakers and stakeholders seeking economic growth and job creation must position the creative industries as the cornerstone of any serious development strategy. The inherent entrepreneurial talent of Jamaicans has developed and sustained the country's creative product brands over the past fifty years without a proactive public policy, institutional infrastructure or formalized venture funding. It is now time to unleash the full potential of Brand Jamaica by providing the creative industries with the required overarching support. If properly managed, Brand Jamaica could foster joint venture projects and macro branding opportunities that would maximize the global appeal of the country's lifestyle brand and national identity.

Jamaica's national brand identity has international consumer appeal and proven economic potential. The success of Jamaica in nationally and internationally marketing its cultural products demonstrates that Southern economies can expand into international markets by increasing brand awareness and packaging a diverse product line built on their cultural production.

By Andrea M. Davis, Jamaica Arts Holdings/International Reggae Day.

Debates further evolved, and in 2006, the Prime Minister announced that a new Cultural Industries Council would replace the existing Entertainment Advisory Board, recognizing that "cultural industries represent Jamaica's natural competitive advantage".[65] Today, creative industries accounts for 5.2 per cent of Jamaica's GDP, which is more than the country's traditional mining sector, and the film industry is also contributing to socio-economic development. According to Jamaica's Film Commission, Jamaica facilitates 150 film projects annually, with associated foreign exchange inflows of $14 million and direct employment for over 2,000 creative professionals.[66] This point is further elaborated in chapter 5.

Trinidad and Tobago: According to a recent UNDP publication,[67] the cultural products of Trinidad and Tobago have been present in the global marketplace for almost a century, and there are clear indications that the cultural goods and services have great economic potential. Earnings from the carnival industry alone accounted for about 5 per cent of GDP in 2007.[68] In December 2008, the ACP/EU financed a multiagency pilot project to strengthen the creative industries through employment and trade. It was launched in Trinidad and Tobago by UNCTAD, ILO and UNESCO with the aim of assisting the government in defining a strategy and implementing a plan of action for enhancing its creative economy. In Trinidad and Tobago, as well as across the Caribbean, the cultural sector has not lived up to its potential due to the lack of an overarching policy framework. As a result, the cultural industry's links with other developmental areas such as education, trade, urban growth, media and community empowerment have not been fully exploited. The UNDP program for the local music industry is aimed at developing projects that address six core goals: (i) developing better products, (ii) improving media reinforcement both locally and internationally, (iii) increasing the modes of music distribution, (iv) developing human capital, (v) promoting research as the basis for decision-making and (vi) building critical mass regarding the industry's potential for growth. A stakeholders meeting attended by over 40 participants including high-level officials from relevant ministries, as well as business and practitioners from the creative industries, initiated the process of consultations. Subsequently in April 2009, a plan of action was submitted for official validation proposing the establishment of a Creative Economy National Committee, a process that is under consideration.

For the Caribbean region, music remains the focus of creative-industry efforts, even if more recently, some Caribbean States became attractive locations for film production. Therefore, it is important to improve skills to provide film support services and to establish film commissions to promote the interest of nationals involved in the film industry. In this regard, the Caribbean Travelling Film School was launched with the financial support from the European Union (European Development Fund) and the assistance of the ACP Group of States, for a two-year comprehensive filmmaking training program in two territories of the Caribbean. About 40 participants in each of the two territories will undergo a 10-month series of intensive workshops in all aspects of filmmaking. The workshops comprise over 400 hours of training both in classroom and on set, taught by eminent visiting lecturers and the founding partners of the school. This project is not-for-profit venture, and was founded through a partnership between companies from Barbados and Trinidad and Tobago. Participation in the course is free for attendees, and the program began in Barbados in August 2009.[69]

2.4.6 | Eastern European economies in transition

It is difficult to generalize about the state of the creative economy in economies in transition because each country has its own particular economic and cultural circumstances. Moreover, some of those countries are now members of the European Union and are implementing new policy directives. Nevertheless, these countries do share the common problem of how to deal with cultural assets that were formerly state-owned and that are now in the domain of the private sector. This applies to tangible as well as intangible cultural heritage. Many historic buildings ranging from manor houses to urban apartments have been handed back to private owners who often have neither the resources nor the will to maintain them, let alone to renovate or restore them. Similarly, many cultural organizations — theatres, galleries, literary

[65] UNCTAD *Creative Economy E-news*, No. 2, March 2006.
[66] Price and Martin (2009).
[67] UNDP (2010).
[68] Jagroopsingh (2007) asserts that the Trinidad carnival complex generates approximately TT$1 billion, of which the music sector plays a significant part. The government estimates that it spent TT$120 million to stage the festival.
[69] See http://caribbeantravellingfilmschool.com/?page_id=2.

publishers, music ensembles, etc. — that were previously state-financed have been forced to make their way in the private marketplace, and many have not been able to survive the transition. Artists and professionals from the creative industries, who were used to being full-time employees, now have to compete and look for new but limited opportunities in the private sector.

Some municipalities in Eastern Europe are now looking to the cultural industries as an avenue to becoming "creative cities". An example is St. Petersburg in the Russian Federation. However, despite this city's attraction as the location of the Hermitage, one of the world's finest art museums, some problems remain. Over-reliance on a single organization to entice tourism has tended to mask the lack of an appropriate scheme for cultural activities in the city. The way forward could be to introduce creative industries in city planning by supporting small-scale cultural producers by setting-up creative clusters with suitable institutional support for the development of culture-related SMEs.[70] Lately, some Eastern European countries have taken a more proactive approach to enhancing culture and creative industries in their development strategies.

Latvia: A definition of the creative industries was included for the first time in the Guidelines for the State Cultural Policy of Latvia for 2006-2015,[71] and the study "Creative Industries of Latvia".[72] Economically, the most successful sectors are the publishing (literature and media) and polygraph industry (37 per cent of the total turnover of all creative industries in 2006) and advertising (27 per cent). However, the priority fields identified by the Ministry of Culture are design and audiovisual media because of their export potential. The study *Creative Industry Research, Update of Statistics* (2008) shows that the annual turnover of the industries and the number of employees in the creative industries are constantly growing, totalling about 63,500 people in 2006, two-thirds of whom work in the capital, Riga.[73] However, both the publishing and tourism industries anticipate large-scale bankruptcies[74] due to the dramatic decline in book sales during 2008-2009. The Ministry of Education and Science and its subordinate institutions are responsible for developing the creative industry, as is the Ministry of Culture's Policy Planning Department.

Moldova: Moldova's entertainment business lags far behind neighbouring countries, especially Russia and Romania, and it is influenced by their entertainment markets. The publicity market is developing fast, increasing each year by 25 to 40 per cent. In 2006 the advertising/publicity business accounted for more than $14 million in sales, with about 80 per cent of the funds brought into the country by foreign agencies. A non-governmental organization, OWH TV Studio, organizes workshops for young professionals in the cinema sector as well as international documentary film festivals and summer schools on film production with the participation of international experts.[75]

Poland: According to the National Strategy for the Development of Culture in 2004-2013, the value added by creative industries reached €17.3 billion, or 5.2 per cent of national GDP. The field of cinema took an important step forward with the 2005 Cinematography Act, which created the Polish Film Institute, which acts de facto as a non-departmental public body. The act provides support up to 50 per cent of the film budget — or up to 90 per cent in the case of low-budget or artistic films.[76] This brought a rapid increase in the number of films produced in Poland and enticed foreign filmmakers to engage in co-productions or utilize film services in Poland. As part of the process of reform of cultural policy, the Ministry of Culture and National Heritage organized the Congress of Polish Culture in Krakow in September 2009, involving artists, academics and politicians in a debate on the development of Polish culture. In preparation for the Congress, 15 research groups were commissioned to prepare reports on various fields of culture, from financing to promotion of Polish culture abroad. The Ministry of Culture and National Heritage is actively involved in the preparations for the European Capital of Culture 2016, several cities have declared their interest and the first stage of the contest is the evaluation of candidate cities on the national level, a process scheduled to be concluded in autumn 2010.

Romania: In recent years, Romania has become an attractive location for films, videos and advertising productions. However, the local film industry has been hurt by the dwindling number of cinemas in the country, from about

[70] See O'Connor (2005:244-258) and UNCTAD *Creative Economy and Industries Newsletter*, No. 5, April 2007.
[71] Cabinet Order No. 264, dated 18 April 2006.
[72] Ministry of Culture, Republic of Latvia, *Creative Industries in Latvia* (BICEPS, 2007). See http://www.km.gov.lv.
[73] Source: *Creative Industry Research.* Update of Statistics, 2008.
[74] Compendium: Cultural Policies and Trends in Europe. "Culture industries: policies and programmes". http://www.culturalpolicies.net/web/latvia.php?aid=426.
[75] See http://www.culturalpolicies.net/web/moldova.
[76] For more information see Polish Film Institute: http://www.pisf.pl/en.

4,600 in the 1990s to about 85 at present; as a result, national audience was 45 times lower in 2005 than in 1990. Despite this negative trend, Romania has seen increased production of long, medium and short films and TV serial films. According to the *European Cinema Yearbook*, in 2006 Romania had one screen for every 200,000 inhabitant. The nation's advertising market, however, is expanding. A national program implemented from 2006 to 2009 sought to stimulate crafts production, improve artisans' access to information, and promote products obtained by simple technologies, mainly manually manufactured using traditional technologies. It also sought to stimulate domestic demand for such products as well as to gain entry into new external markets, especially for traditional products, and to increase the number of jobs by attracting youth and women.[77]

Russia: The Russian government has been looking into the creative industries as part of its effort to develop and modernize the country. The city of Moscow is undergoing an impressive transformation, merging the old and the new and supporting creative clusters that bring together public and private investors. Emphasis is being given to the fields of design, architecture and new media. A number of buildings constructed in the nineteenth and twentieth centuries are being transformed into cultural centres, art galleries, artist studios or advertising agencies. Defunct factories are being renovated to house clusters of artists, architects and designers. A good example is the former Bakhmetevsky Bus Garage. Built in 1926, it has been fully renovated and reborn as the Garage Centre for Contemporary Culture, now one of Moscow's leading venues for contemporary art shows. To support such initiatives, the Strelka Institute for Media, Architecture and Design is launching a postgraduate program for specialists in the fields of design, architecture and new media.[78]

Box 2.8 The Bolshoi: A sublime gift to the world

The Bolshoi Theatre is one of the most famous cultural institutions not only in Russia but also around the world. However, this has not always been the case. Bolshoi's history goes back to March 1776 when the Russian Tsarina, Catherine the Great, granted Prince Urussov exclusive rights to organize performances and masquerades in Moscow. In four years – by 1780 – Petrovsky Theatre was built for the company on the exact spot where the historic building of the Bolshoi Theatre now stands, at the place that today we call Teatralnaya Square. Only after the big fire of 1805, when the building was ruined, and in order to preserve the company was the decision taken for it to come under the Emperor's theatres, which eventually included the Mariinsky (renamed the Kirov Theatre for part of the twentieth century), Aleksandrinsky and Maly Theatres in St. Petersburg and Maly Theatre in Moscow. With the Russian capital located in St. Petersburg, all major musical theatre events during the nineteenth century took place at the Mariinsky rather than at the Bolshoi.

After the October revolution of 1917, the capital was moved to Moscow and the situation drastically changed. All the best artists were invited to Moscow. Prior to that time, Anatoly Lunacharsky, who was the Cultural Minister of the new Soviet Republic, had to win a major battle in order to convince authorities that ballet and opera were not a mere bourgeois form of distraction but rather a truly great art that expresses the national glory of Russian people no less evidently than any economic, social or scientific achievements.

The importance of art as an ideological tool was understood quite rapidly by the communists and throughout the twentieth century, State support to the Bolshoi was outstanding even in the most difficult times. Stalin himself was often a guest in the official box of the Bolshoi Theatre. Galina Ulanova, Marina Semionova, Olga Lepeshinskaya, Maya Plisetskaya, Vladimir Vasiliev – these are only some of the names of legendary dancers who made the Bolshoi Ballet synonymous with the highest standards in classical ballet. From the first Bolshoi international tour in 1956, the Western world was confronted with a new face of Soviet Russia – talented, human, touching and expressive.

Today the Bolshoi Ballet Company comprises 220 dancers and is the largest classical ballet company in the world. It has faced some difficult times, however, particularly in the early 1990s after a decade of perestroika where the State for a while lost interest in the company; all former privileges were erased, all former relations were broken. The company had to find its place in the new country and it took several years to do so. The situation was aggravated owing to internal artistic crises. When Yury Grigorovich had to leave his post as chief choreographer after holding the post for 30 years, the Bolshoi Ballet Company was torn apart by different creative forces and no interesting projects materialized for years.

In 2000, Anatoly Iksanov was appointed General Director of the Bolshoi Theater and had to meet several challenges. One of the main ones was the renovation and reconstruction of the historic building of the company, which had been without any major renovation since 1856. The particular nature of the Bolshoi is that opera, ballet, orchestra and building all form an outstanding cultural institution known in the world as the Bolshoi. Hence during renovation, it was important not merely to reinforce basement and walls and to install new stage equipment but first of all to preserve a unique company.

[77] Associations such as Professional Association of Folk Art Producers (ROMARTIZANA) or the National Association of Crafts Co-operation (UCECOM).
[78] As reported by the Institute for Russia and Eastern Europe, in the context of its Creative Compass Project, whose aim is to enhance mutual understanding between European countries by promoting multilateral cultural cooperation between EU countries and Russia, Ukraine and Belarus. Available from http://www.rusin.fi.

Box 2.8 continued **The Bolshoi: A sublime gift to the world**

In order to do this, Bolshoi needed to have another place to perform and in 2002, the Bolshoi new stage opened. Finally, after years of discussions, the plan for Bolshoi renovation and reconstruction was approved and in the summer of 2005, the Bolshoi historic building was closed for repairs.

The top artistic goal was to enlarge the Bolshoi repertoire and to make the artistic life of the house interesting and dynamic as well as to open it more towards international artists. As a result, there was a great increase in the number of Bolshoi premieres. While the Bolshoi was operating on two stages, it produced an average of seven premieres per year. With the new stage only, the Bolshoi management decided to limit this activity to four major premieres per year: two operas and two ballets.

Many famous international artists came to work with the Bolshoi, among them choreographers such as Roland Petit, John Neumeier, Pierre Lacotte and Cristopher Wheeldon, and stage directors Francesca Sambello, Graham Vick, and Peter Konvichny. It goes without saying that the priority of the house is to stage works of Russian composers. Sixty per cent of the Bolshoi repertoire is made up of Russian music. The Bolshoi Ballet Company is the only ballet company that has all three Shostakovitch ballets; among recent premieres are Prokofiev's "Cinderella", "Go for Broke" staged to Stravinsky's score, and "Queen of Spades", created by Roland Petit to Tchaikovsky's Sixth symphony. Recent opera premieres include "Rake's Progress" (Stravinsky), "War and Peace" and "Fiery Angel" (Prokofiev), "Khovanschina" and "Boris Godunov" (Musorgsky), and "Evgeny Onegin" (Tchaikovsky). The need for dynamism also brought to the Bolshoi works of the younger generation of directors and choreographers among whom one should mention the artistic director of the Bolshoi Ballet Company, Alexei Ratmansky, and one of the most famous Russian contemporary opera directors, Dmitry Tcherniakov.

For such great artistic activity, the Bolshoi needed to reinforce its economic position. Confronted with this problem, Anatoly Iksanov invited McKinsey Company to examine ways to improve the Bolshoi's situation. Subsequently, Bolshoi management started to work in three directions. First, State donations to the Bolshoi have been dramatically increased. While in 2000 $12 million were allocated to the Bolshoi, the amount now surpasses $45 million. Special grants are given to major cultural institutions in Russia such as the Bolshoi and Mariinsky Theatres, the Philharmonic Orchestra in St. Petersburg and the Moscow and St. Petersburg Conservatories, which makes State recognition of these organizations quite tangible.

The second way to improve the Bolshoi was to increase its own income through ticket sales. The Bolshoi Box Office was the first in Russia to sell tickets well in advance through the Internet and to introduce eight ticket price ranges according to seat location. Owing to these changes, the Bolshoi annual cash flow grew from $2 million to $11 million. The $9 million difference is basically what the Bolshoi took away from scalpers. For students, however, the Bolshoi has a special programme that permits them to buy tickets at special prices, the equivalent of which is $1 to $2 per seat. A Board of Trustees was also organized, including leaders of Russian businesses such as Lukoil, Rusal and Severstal. It was important to Iksanov not only to obtain additional financial support but also to bring in Russian businessmen to share responsibility for the existence of a national treasure such as the Bolshoi.

Finally, the Bolshoi had to prove again its place as the world's leading musical theatre. In the past few years, the Bolshoi established very close connections with Covent Garden, La Scala and the Paris Opera. Seasons 231 and 232 exemplify Bolshoi's priorities and the geographical range of its tours: Berlin, London, Milan, Paris and Washington, DC. The best proof of the Bolshoi's success can be found in the response of the London press during the Bolshoi summer tour of 2007 (for example, Zoe Anderson, "The Bolshoi Ballet is back with a dynamic artistic director and exciting new productions", *The Independent*, 12 July 2007).

By Katerina Novikova, Bolshoi Ballet.

2.5 Creative economy and the green economy

Biodiversity[79] is being lost at accelerating rates, due to widespread overexploitation of biological resources, the introduction of alien species and the transformation of habitats. Biodiversity loss often destabilizes and reduces the productivity of ecosystems, weakening their ability to serve as a source of products and services as well as their capacity to deal with natural disasters and stress caused by environmental degradation and climate change. Sustaining biodiversity is thus fundamental to long-term sustainable development. Developing countries, which are often endowed with rich biodiversity, face the challenge of reconciling economic growth objectives with the protection of biodiversity. Trade of products and services

[79] Biological diversity, or biodiversity, refers to the variety of life on Earth, including the variety of plant and animal species, the genetic variability within each species, and the variety of different ecosystems.

derived from biodiversity, including those originating from the creative industries, could be part of the solution to this problem. Research shows that market interest and demand for biodiversity products and services is growing, giving countries rich in biodiversity a comparative advantage.[80]

The year 2010 is providing prime opportunities for the promotion of biodiversity. The United Nations General Assembly has declared 2010 as the International Year of Biodiversity with the objective to increase awareness of the importance of biodiversity by promoting actions at the local, regional and international levels. Moreover, increased interest in ethical consumerism has seen companies and consumers question the true value of what they buy and sell. Recent reports suggest that this trend is continuing, even during times of economic hardship. Those creative businesses able to place sustainable business practices at the centre of their business thinking will be better positioned to succeed in the long term enabling them to make a valuable contribution to the global challenges presented by poverty and environmental degradation. In this context, the creative economy and the so-called green economy can reinforce each other, since they share the objective of promoting development that is more sustainable and inclusive. Many creative industries are already offering solutions to the environmental, social and economic problems and are experiencing success. Examples include eco-friendly fashion, including jewellery and accessories, handicrafts and interior design products as well as biodiversity-driven sectors such as natural health, cosmetics and the ecotourism industries that work in harmony with nature. Because these industries profit from healthy natural resources and culture-based creativity, they have a stake in protecting ecosystems, biodiversity and traditional knowledge. Finally, many creative industry companies, including the digital industry, are leaders in terms of lower energy and water use.

Thanks in part to the power of the media, another creative industry, consumers are becoming more conscious of the environmental and social impact of their purchases. Businesses are realizing that their success depends on responsible behaviour towards the environment and communities. Governments are realizing that they need to support sustainable business in order to protect the natural and cultural capital on which their economies depend. Multilateral agencies currently have a significant focus on promoting green economies and equitable biodiversity-based business. International non-governmental organizations have readily stepped in to assist governments and businesses to achieve sustainability, biodiversity, poverty reduction and global security goals.

Much of the world's population depends on biodiverse natural resources for their livelihoods. By investing in creative industries governments can move more quickly towards achieving biodiversity targets, as well as sustainability and poverty reduction goals. International and national policy efforts must ensure support for the creative economy, where cultural, intellectual and artistic talents, as opposed to the unsustainable use of non-renewable natural resources, are the most valuable inputs to creative production. Attempts should be made to encourage policymakers, the business community and the civil society to embrace measures that safeguard biodiversity and forge a more sustainable and creative path for economic recovery.

Box 2.9 Thai life and tradition: Thai silk.

The people, kingdom and government of Thailand have capitalized on their culture, creativity and natural resources to nurture a silk yarn and woven fabric industry that supports a fashion industry worth 17 per cent of the country's GDP. With annual exports of more than $6 billion per year, textiles and garments rank as one of the nation's leading export industries. Thailand is among the largest garment exporters, with a 2 per cent share of the global export market. The Thai people have developed a type of silk that is considered one of the finest fabrics in the world, with a unique production method originating from traditional folk craft. Following ancestral methods, women in the northeast of Thailand reared silkworms fed on leaves of the mulberry tree, and spun and dyed the thread. Every piece of hand woven Thai silk is a timeless, unique work of textile art. Although Empress Si Ling Chi of China is credited with discovering silk, archaeologists have found silk 3,000 years old in the ruins of Baan Chiang, Thailand. Today, sustainability in the silk industry includes "peace silk", which allows the moth to emerge from the cocoon, and biodynamic farming that emphasizes the balance of soil, plants and animals as a self-nourishing system.

Source: Thailand-Life.com.

[80] Since 1996, UNCTAD, through its BioTrade Initiative, has been working to promote trade and investment in biological resources to further sustainable development in line with the objectives of the Convention on Biological Diversity.

2.5.1 | Creativity and biodiversity: A win-win solution

Creative industries built on cultural capital and heritage often have deep roots in the natural environment. The traditional knowledge that makes the creative industries so unique evolved over centuries through observation and use of the natural environment. From studying patterns in the natural world, ancient scholars gave us the science of mathematics, the foundation of information and communication technologies. From the study and use of plants came our first systems of medicine and the basis of the natural health and cosmetics industry. Indigenous knowledge of the natural environment has created lucrative markets for visual arts, eco-fashion and ecotourism.

In 2010, the International Year of Biodiversity, significant attention is being devoted to the achievement of the biodiversity conservation targets set in 2002, and the creative economy is well placed to help nations reach these goals in alignment with the MDGs. Our global economy and planet has suffered tremendous losses over the past two centuries from development that has over-used, polluted and destroyed many of our planet's valuable natural resources. In part thanks to the creative industries (including media and advertising), consumers, businesses and governments are now beginning to realize that working in harmony with nature results in more productive economies and better quality of life.

By using traditional production methods that capitalize on human creativity and skills, creative industries tend to have low environmental impacts, thus contributing to sustainability and biodiversity goals. Moreover, protecting the environment and culture is in these industries' interest since biodiversity and traditional knowledge are drivers of success in businesses such as natural health, cosmetics and eco-fashion, and ecotourism. Forward-thinking governments and industries are stepping up to this task, as illustrated by the example presented in box 2.10.

Box 2.10 Bio-trade in Colombia

With more than 45 per cent of its territory in forest reserves, Colombia hosts 10 per cent of the world's biodiversity[81] and has great potential for growth in biodiversity-based businesses. Colombian exports of natural ingredients doubled from 2002 to 2008. Colombia could become a world leader in a number of creative sectors by drawing on the richness of the country's biodiversity and culture. These include fashion, jewellery, cosmetics, personal care products, and health tourism. Colombia is making every effort to ensure that this growth is sustainable. Under the principles of the Convention on Biological Diversity, Colombia is revising its National Policy on Biodiversity and reformulating its National Biotrade Programme. Under its Productive Transformation Programme, Colombia is developing sectoral business plans, incorporating public-private partnerships, and combining community methods and enterprise with world class business. Development of a modern bio-prospecting company will assist in gathering information and managing contracts, giving foreign investors the information they need to make safe and sustainable business decisions, and enabling the fair sharing of benefits. At the same time, the government is articulating a strategic vision for enhancing the creative economy and to promote cultural diversity as an alternative development model.

Source: Extract from the statement of the Vice-minister of Economic Development of Colombia, at the UNCTAD International seminar on Redefining Sustainability in the International Agenda, Geneva, January 2010

Though there is much evidence to support the environmental and socio-economic benefits of the creative economy, it is impossible to accurately measure input prices. Very often the prices paid for these inputs do not reflect their full value. As supply chains are investigated for environmental, ethical and sustainability certification, collaborative efforts can be made to start collecting data that can help to determine the portion of product sales that could be reverted to creative individuals to support their communities and environments. Analysis of this data could assist with the critical effort to ensure fair sharing of benefits. This data could also help to understand the economic contributions of design and cultural influence in creative industries, and help to provide the economic incentive for improved intellectual property regimes. The creative economy is intrinsically associated with environmental protection and a growing number of creative industries have already put in place mechanisms and are adopting processes that are in harmony with environmental protection goals.

[81] Excluding marine organisms.

A. ECO-FASHION INDUSTRY

Eco-fashion, using textiles made of organic, natural and recycled fibres, has become a new trend. The textiles are hand loomed or made from rain-fed natural fibres such as organic cotton, silk, hemp, jute and bamboo. Production processes in the eco-fashion industry are non-polluting or less polluting, and often use very little energy other than human creativity, talent, and skills. In addition to using natural materials, eco-fashion highlights local identities and cultures, ethnically as well as ethically. The clothes come from fair trade, meaning that the people who make them are paid a fair price and have decent working conditions. Furthermore, eco-fashion products are bio-degradable or easy to recycle, critically desirable features given that a substantial portion of our landfills are composed of cheap, throwaway clothing. Under the eco-ethical fashion concept not only environmentally damaging production processes should be avoided but also the over-harvesting of wild species for their skins or natural fibres. It should be noted that various processes in textile, leather and other fashion-related manufacturing like jewellery, cosmetics and perfumes use toxic chemicals and produce effluents which can pollute air, water and soil. For instance, worldwide cotton now accounts for 11 per cent of pesticides and 25 per cent of all insecticides used each year, while organically grown cotton does not involve the use of chemicals that can cause species damage.[82] A success story of how the eco-fashion industry has helped improve lives and environment is presented in box 2.11.

Box 2.11 Eco-ethical fashion and natural fibres

In 2007, the World Conservation Society and Edun, an apparel company founded by Ali Hewson and her partner Bono, lead singer of the rock band U2, established the Conservation Cotton Initiative in order to improve the livelihoods of communities in Africa by investing in sustainably harvested cotton. The program promotes development of eco-friendly cotton farming around high biodiversity areas to enhance incomes and economic development, improve resource management and protect wildlife. Edun's ethical T-shirt brand, Edun Live, produces organic cotton T-shirts that are not only popular in retail outlets, but at U2 concerts worldwide where they are sold in partnership with Hard Rock International, creating mass public awareness and financial support for organic cotton farmers in Africa. In partnership with MADE-BY, a non-profit organisation whose mission is to improve environmental and social standards in the fashion industry, Edun, under its trademark Edun Live, produces "grow-to-sew" T-shirts in sub-Saharan Africa. MADE-BY has assisted Edun in achieving compliance with international standards for lawful, humane and ethical manufacturing, as well as in installing a wastewater treatment facility in its Ugandan plant.

Sources: Wildlife Conservation Society WCS and the Conservation Cotton Initiative, and Pesticide Action Network UK. Uganda Cottons On – A WearOrganic Newsletter special focus on Uganda's cotton trade

At the January 2010 UNCTAD international seminar on Redefining Sustainability in the International Agenda,[83] jointly organized by UNCTAD's BioTrade and Creative Economy Programmes in association with the NGO Green2Greener, a group of committed eco-fashion professionals, including the London Fashion Association, proposed an action plan to set the basis for a meaningful legislation to make sustainable fashion the norm by 2030. The proposed Green Action Plan calls for:

- Legislation to give the Fair Trade and Organic Marks credence and to give designers tools to create a sustainable industry and education programmes;
- A fund to support farmers and the textile industry in developing countries the means to create a system which honours and rewards the sustainable use of organic farming methods and maintenance of biodiversity from field to stitch;
- Goals for all natural fibres to be grown in an organic and sustainable manner by 2020;
- All polyester and synthetic production to be from sustainably managed and recycled sources by 2030;
- Reduced energy consumption within the textile and garment manufacturing industry by a minimum of 30 per cent, monitored by an energy plug. In addition to have energy outsourced from renewable energy sources such as

[82] UNCTAD (January 2010).

[83] In launching the celebrations for the United Nations 2010-International Year of Biodiversity, UNCTAD organized three related eco-oriented events, in January 2010 at the Palais des Nations in Geneva. An international seminar was attended by over 500 participants, the Eco-Chic Fashion Show featured more than 50 looks donated by 40 world-famous fashion designers and sustainable fashion labels, and exhibited by 30 top models. For two weeks the Eco-Chic Exhibition showcased products that provide eco-benefits and income for small communities in developing countries. The exhibition's world tour will culminate with the Eco-Chic Fashion Show and Exhibit at the UN Creative Economy Week to be held from 19-22 October 2010 in the context of the activities of the United Nations Pavilion at the Shanghai World Expo 2010.

solar roofing on factories to power back into the national grid; and

- Investment in infrastructure for renewable energy sources for the fashion-related industries to be enforceable within the next 10-15 years.

The eco-fashion industry provides an opportunity for developing countries to move up the economic ladder by using their creative talents in concord with the best use of the nature. Responsible business initiatives are needed by small and medium-sized enterprises and multinational companies as well as strategic alliances involving governments and local communities, but they are not without obstacles. The aim of this UNCTAD initiative was to inspire greater business and consumer engagement in biodiversity issues and create a platform to articulate strategies to transform this engagement into concrete sustainable actions.[84]

B. ECOTOURISM

There is a need to further strengthen the intersectoral linkages between the creative economy and the tourism sectors not only to foster socio-economic growth but also to reduce excessive revenue leakage from the South to the Northern countries, as mentioned in chapter 1. Concerted policies should be in place to bring together the ecotourism and the creative economy objectives to promote the conservation of environmental endowments and cultural heritages, while promoting creative and cultural activities to revive local communities, particularly in remote rural areas. Ecotourism involves environmentally responsible travel to relatively undisturbed natural areas to enjoy and appreciate nature and culture, including ethnic cuisines based on local natural ingredients. In 2006, the International Ecotourism Society reported that ecotourism/nature tourism was growing globally at a rate of 10-12 per cent per year, three times faster than the tourism industry as a whole. Ecotourism promotes conservation and provides for beneficially active socio-economic involvement of local populations. As a development tool, ecotourism can advance the three basic goals of the Convention on Biological Diversity: 1) the conservation of biological and cultural diversity; 2) the promotion of the sustainable use of biodiversity; and, 3) the equitable sharing of benefits with local communities and indigenous people.[85]

The eco-spa industry offers a very good illustration of the many benefits of ecotourism. Over the years, developing countries such as India, Sri Lanka, Thailand, Vietnam as well as Morocco and Tunisia have developed great expertise in the spa industry, drawing on traditional knowledge in the areas of medicine, health care and a healthy diet. Policies paid special attention to linking their spa industries with local gastronomy. The international Spa Industry Association reported in 2009 that the industry grew 18 per cent in 2008, to a value of $12.8 billion. The association's sustainability statement embraces the three pillars of sustainability: planet, people and prosperity, and vows to conduct business in a way that sustains the life of our planet and thus humanity.[86]

Intrinsic to eco-spas are natural health and beauty products. These traditional knowledge-based industries are well positioned to assist governments in their efforts to achieve sustainable development and biodiversity conservation goals. The Export-Import Bank of India reported that the global market for herbal products, which includes medi-

Box 2.12 The Moroccan spa culture

Based near North Africa's tallest peak, Mount Toubkal, the Kasbah du Toubkal hotel spa in Imlil, Morocco, has gained numerous awards from the environmental community including one for responsible tourism from the Moroccan government. Tourism is Morocco's second largest industry and managed to resist the global economic crisis that began in 2008. While tourism around the world declined on average by 4.3 per cent in 2009, Morocco's Ministry of Tourism and Handicraft reported that tourism increased by 6 per cent that same year.[87] Morocco's culture and environment remained a real attraction and value. For example, the Toubkal spa, surrounded by apple, cherry, and walnut groves, is run with the help of the local and eco-friendly Berber community. Mules carry luggage, local plants refresh visitors, and wood-burning fires and candles light the night. Notably, the hotel adds a five per cent per guest surcharge that has helped to fund a community hammam, irrigation systems, and a village telephone booth.

Source: Madhu Puri, World's best ecospas: 10 remote spas that combine nature and nurture.

[84] UNCTAD (January 20110).
[85] United Nations Environment Programme (2010).
[86] International Spa Association (2009).
[87] Tourism Review (2010).

cines, health supplements, and herbal beauty and toiletry products, was worth an estimated $62 billion.[88] Many countries rich in biodiversity are gold mines to this industry; national and international policies must ensure biodiversity conservation and equitable trade in natural products. Many businesses in this industry are supportive of such policies, as their profitability depends on community partnerships not only to produce but also to safeguard local natural ingredients. A growing number of companies under their socio-environmentally corporate responsibility schemes are committed to upholding the highest environmental standards throughout their supply chains by sourcing most of their raw and base materials worldwide from small and large farms, cooperatives and cultivation projects. Some are working with communities, universities, governments and non-governmental partners, to ensure the sustainable harvest and organic growth of its ingredients. Fair prices, long-term contracts, and educational, ecological and social support ensure successful business partnerships.

C. INFORMATION AND COMMUNICATION TECHNOLOGIES

Of critical importance to the global climate and economy are information and communication technologies (ICTs) that are proving to be net energy savers. In a report released in February 2008, the American Council for an Energy-Efficient Economy found that for every extra kilowatt-hour of electricity demanded by ICT, the U.S. economy increased its overall energy savings by a factor of about 10. The study emphasizes the growing role of ICT applications in enabling new high-tech products and services, as well as spurring new investment and new ways of delivering energy services. Smart energy policies at the national, state and local levels should maximize energy efficiency and promote the adoption of ICT applications that can reduce energy consumption and increase energy productivity in households, businesses and industry.[88]

Energy efficiency

In addition to the ICT industry, eco-fashion and eco-tourism,[90] other creative-related industries are also engaged in achieving energy and water efficiencies with business methods that capitalize on human creative work instead of electricity and through the use of green buildings and facilities. The natural health and cosmetics industry in particular realizes the impact of climate change on their business. For example, Natura Cosmeticos launched its Carbon Neutral project in 2007, adopting an energy reduction target of 33 per cent per kilogram of product. In December 2009 at the 15th Conference of the Parties of the United Nations Framework Convention on Climate Change, Natura Cosmeticos announced its participation in WWF's Climate Savers program, committing to reduce its operational emissions by 10 per cent by 2012, with 2008 as the baseline. Through a partnership between Natura Cosmeticos and WWF-Brazil, the WWF Climate Savers program is inaugurating its national branch in Brazil.[91]

D. THE POWER OF THE MEDIA

Over the past 10 years, there has been a real change towards more conscious behaviour, mainly due to the influence from the media, including social media and the Internet. From newspapers, magazines, and books to blockbuster movies, blogs, and You Tube, the message that our global environment is in peril because of abuse and destruction of our natural resources has come across loud and clear. Consumers are becoming better educated and seek out certified organic and environmentally sustainable products. Businesses of every size, including multinational corporations, are realizing more and more that their success depends on healthy environments and communities. Some companies have made protection of the environment, biodiversity and communities an integral part of their business models. Other multinational companies are working with international NGOs to help reduce their environmental impacts along the supply chain and support the local communities on which their business depends. Many other companies lend financial or in-kind support to environmental organizations and projects. All of them advertise their environmental credentials to persuade consumers to purchase their products. Advertising does not have to be at the end of a company's effort to earn support among environmentally conscious consumers; it can be the beginning. A concrete example of a creative media company that is turning advertising dollars into environmental benefits is described below.

[88] Export-Import Bank of India (2003).
[89] American Council for an Energy-Efficient Economy (2008).
[90] Air travel to eco-destinations remains a significant carbon emitter; however efforts to offset carbon emissions are increasing.
[91] WWF Brasil (2010).

Box 2.13 EcoMedia, moving to action

EcoMedia is an innovative media company based in New York that creates advertising and sponsorship opportunities that help fund critical environmental programs through collaboration with corporate sponsors, local governments, environmental agencies and advocacy groups. EcoMedia gained international recognition for its success in establishing effective public-private partnerships to create and initiate innovate ways to address urgent environmental challenges.

EcoMedia, which has recently become a CBS company, has given some of the world's most famous brands a way to meet their marketing and social responsibility objectives while making a real positive change to the environment. With proceeds from advertising through television, radio, new media, print, and outdoor signage, EcoMedia has raised funds for environmental projects in cities throughout the United States. For example, over $1 million have been raised for the City of Long Beach, California, which has helped to green Long Beach Airport with an innovative solar installation and has funded numerous environmental education, outreach and research projects. In another example, over $1 million have been raised for the City of Miami, funding tree planting, greening buildings including Miami City Hall, installation of storm water filters throughout the city, and removal of abandoned boats from the bay.

Source: EcoMedia, www.ecomediacbs.com

In summary, many creative industries and corporate business are embracing innovative approaches and responsible initiatives to preserve the environment. Incoherent policies, restrictive regulations and a lack of information can seriously hamper attempts to change the way business is done, by both SMEs and large multinational companies. In order to address these issues, the business community must be brought into the heart of policy debates. Strategic alliances with governments, academia, international institutions and civil society play an important role to move ahead this agenda through concrete initiatives.

PART 2

Assessing the Creative Economy: Analysis and Measurement

CHAPTER 3 Analysing the creative economy

3.1 The need for systematic analysis

The formulation of policy strategies to foster the development of the creative economy at the local, national or international level cannot proceed in a vacuum. Three requirements are critical to providing the sort of information and analysis upon which sound policy can be based. These are:

- a systematic understanding of the structure of the creative economy, who the stakeholders are, how they relate to one another, and how the creative sector relates to other sectors of the economy;
- sound methods to analyse the functioning of the creative economy and to assess the contribution it makes to economic, social and cultural life; and
- comprehensive statistics to quantify the analytical methods and to provide a systematic basis for evaluation of the contribution of the creative sector to output, employment, trade and economic growth.

An evidence base is needed to understand the nature of and potential impact for growth and change in the creative economy. Evidence comes in many forms, quantitative and qualitative. This report relies on the collection and analysis of quantitative data; in this sense, it echoes the work done by a number of national agencies to map their creative economy.[1] However, while the great value of these accounts lies in the fact that they present data within a normative framework that is directly comparable with other sectors of the economy, this is also a particular weakness. It is a weakness since it assumes, or at least presents the reader with the impression, that the creative economy is precisely the same as the rest of the economy. Likewise, the gross value added, or export and import structure, is the same, as is the nature of work. Given the ongoing debates and research being carried out on the "new business models" and their impact on the organizational forms and strategies of the creative industries, there is good evidence for questioning such an assumption.

There is no option but to present the same quantitative measures as are used for other industries; nevertheless, caution is urged in their interpretation. This chapter will highlight ways in which the creative industries seem to adopt or to occupy different organizational forms and business models. Accordingly, it is argued that this may have an impact on policy formulation. As such, it will be argued that quantitative data are necessary but insufficient for an analysis of a new and emergent sector such as the creative economy. Much more detailed work is required on the institutional forms and organizational particularities of the creative economy to engender confidence in policy prescriptions. In sum, this raises the question that researchers have been grappling with for a number of years, which is whether the creative economy is the same as the rest of the economy, if not why not, and in what ways is it different. Moreover, additional lines of inquiry are whether generic industrial policy is sufficient or a new formulation specific to the creative economy will be required. It is our view that a more nuanced understanding of the creative economy will be achieved with the collation of qualitative assessment and the analysis presented in this chapter. As a way of illustrating this point, this chapter will outline the particularities of the creative economy and their implications for the selection of tools for analysis and appropriate indicators for monitoring and evaluation.

This chapter is divided into three substantive parts. The first deals with the question of conceptualizing and describing the organization of the creative economy. The second part reviews tools of economic analysis that may be useful for the investigation of the creative economy. Finally, in part three, the value-chain model is used as a tool to facilitate analysis of the creative economy.

[1] See, for example, DCMS (1998).

3.2 Organization of the creative economy

A key question usually raised concerning the creative economy is whether it is substantively the same as the rest of the economy. There are two reasons for raising this issue. First, traditionally, matters relating to culture and arts have been dealt with as special cases, given their peculiar forms of production and the specific characteristics of their markets. Historically, cultural policy is considered as exceptional or a field with special needs based upon a welfare-economics conception of market failure balanced against cultural values. Second, many have argued that the creative economy is sufficiently different from the mainstream economy; therefore, specific rather than generic policymaking might be appropriate. This chapter develops this second line of argument. The starting point is to identify how and why the creative economy is different and in what ways it is necessary to do fine-tuning with generic analyses and policies.

Thus, this section is subdivided into three parts corresponding to identifiable dimensions of the creative economy that distinguish it as different or at least sufficiently unusual to merit the development or refinement of conservative analytical tools. Attention is drawn to three critical aspects of the creative economy for policymaking. Initially, the basic organizational structure of the creative economy is examined, then the characteristics of its day-to-day operations, and finally some of the locational consequences.

In general, the creative economy is dealt with as a single set of activities. Nevertheless, there are significant differences between individual creative industries associated with markets, products, technologies and distribution systems. In fact, the debate about "convergence" highlights this point, seeking innovative possibilities to deal with these interactions. For the purpose of this report, however, it is sufficient to begin with a set of policies and analysis of the creative economy in general. Clearly, there is scope for specific adaptation to particular industries and regulatory norms. The point to be stressed is that the creative economy is both internally coherent and sufficiently different from the "rest of the economy" to merit separate attention. In many ways, this conclusion is accepted since it retains the possibility of formulating creative economy policies that both attend to economic specificities while they may be open to incorporating special concerns that are critical to local and regional cultural identity.

3.2.1 | Organizational structures

The main characteristic of the creative economy is, in organizational terms, its "missing middle". This refers to the fact that there is a preponderance of a small number of very large firms working internationally, counterbalanced by a very large number of essentially local, micro enterprises, many of which are simply single persons. Despite the common image, the creative economy is not "one big machine" resonant of "Hollywood" in the early 20th century. There is very little classical vertical integration of the kind most commonly associated with transnational corporations in other sectors. There is strong integration, horizontal and vertical, of parts of the creative economy; however, this does not extend to the microenterprises and individual creative entrepreneurs.

While a research scientist may work for a big pharmaceutical laboratory, a musician is unlikely to be an employee of a large music corporation such as Sony or EMI. The contractual relationship will exist, but it will be associated with the distribution of the final product and a proportion of the intellectual property rights. Accordingly, there are a considerable number of artists working with large companies. A key role is played by a small number of separate intermediaries — usually referred to as agents — who broker deals between "creatives" and corporations. As will be further examined later in this chapter, the creative economy has evolved in this way in order to manage the large amount of risk involved in cultural business. This risk is not simply linked to the nature of the creative product and audience preparation, but it is also associated with the timing of reaching markets.

3.2.2 | Operational matters

In part, the organizational structure of the creative economy is a response to the possibilities of massive economies of scale through the mass production of creative products. The case of a music CD illustrates this point. Limited costs may be involved in the composition and recording of content; however, the potential to sell a million or more CDs within a short period can yield considerable returns for all concerned. Profits increase with each additional sale because, aside from marginal distribution and marketing costs, the initial investment is a one-off. Online

music sales carry even lower distribution costs, because there is no physical product to ship or store, and thus have the potential for increases unit sales, higher profit margins, or both.

The possibilities of this style of production and its repetition are the reason why the creative economy is organized predominantly around charts that rank top-selling artists. Charts seek both to signal to consumers to buy and to funnel consumption into a small range of alternatives (thereby reducing waste and stockholding). However, chart-driven markets are "winner takes all" in structure; profits are concentrated among a small set of winners, while others are lucky to cover their initial investment. Indeed, it is widely recognized that as many as 80 per cent of films will fall into this category; of course, it is the 20 per cent that make super profits and thus subsidize the losses. The nature of the creative economy is such that, as Richard Caves notes later in this chapter, nobody knows up front which products will be successful and which will not.

Again, the creative economy has organized itself to adapt to such circumstances. The risks can be offset if one has a large enough portfolio and a sufficient turnover in any one year so that losses can be borne until profits come through. However, this makes it extremely difficult for individual artists or smaller groups of artists to compete with such a model. The situation is exacerbated by the strong control of access to the market that a small number of distribution companies have. While the risk limitation of conventional distributors is understandable, it does have a limiting effect on the range of creative products that tend towards the norm and towards what worked before. With luck, a small producer may strike it rich, but this is unlikely to be a sustainable model.

It is noteworthy that this fast turnover of products requires continuous innovation to develop new products. It also means that each product (a CD, for example) has a limited life and that it must be on the market in precisely the right window that accords with local taste. This can mean that several million dollars of development that has taken a year or more to achieve by a hundred or more people may turn on whether it reaches the market at precisely the right time and whether the consumers like it. In computer games, the window can be as narrow as 14 days; if the game does not enter the chart within this time, it is withdrawn and a loss is taken. This is a punishing innovation cycle compared to that of most industries.

A further aspect of the rapid innovation cycle is the micro-organizational form adopted by many in the creative economy. The most popular form is not the classical firm but the project. A project team may be formed from personnel within a firm or with an informal network. Members will be selected to fit with the desired product. For a short time, they work as one in intensive development; after the product is completed, the project team disintegrates and participants reforms as new teams. Thus firm life can appear to be very short; however the resources and expertise are in the labour pool. Film-making is characterized by this format. While in some industries such as advertising project team members may be continuously employed by a "holding company", in many other industries, all of the participants may be freelance of self-employed. Thus close attention is needed in terms of local strategies, data collection and labour-market analysis in the creative economy in these unique characteristics are to be accurately captured and understood.

3.2.3 | Locational issues

The organization and operational peculiarities of the creative economy lead to a particular locational characteristic: clustering. Although clustering, or at least co-location, occurs in many industries, the particular nature of clustering is both important and a defining characteristic of the creative economy. Today, there are two prevalent perspectives on the types of creative clusters: (1) a traditional one that focuses on how creative companies and branches clusters together with the benefits from locating in the same place; and (2) an occupational perspective that focuses on how creative individuals benefit from choosing the same places to live and work.[2] The fact that creative clusters function as a unified whole calls for collaboration not only within the clusters but also across borders between creative industries. A survey[3] of employment patterns in 2006 found six cities with creative clusters of more than 300,000 employees: Barcelona, London, Los Angeles, Milan, New York and Paris. It is not surprising that these large cities developed a high degree of specialization in specific creative industries.

In principle, much of what happens in the creative economy can be transmitted in digital form. Hence, one might expect there would be little spatial pull of particular locations. However, as noted earlier, clustering is a solution

[2] Danish Enterprise and Construction Authority (2010).
[3] Monitor Group Cluster Database. More information available from http://www.compete.monitor.com.

that enables the benefits of labour pooling and re-employment of workers on new projects. Co-location and labour mobility provide a further benefit in that knowledge and expertise are constantly circulated and updated across firms and projects. In many cases, the location in a consumption centre also facilitates a short circuit of production and consumption, allowing new trends to be developed and tested. In these districts, there is considerable informal exchange of information and ideas among competitors, which serves them all by keeping them at the leading edge of their industry. Thus, a key characteristic of clusters is that they stimulate the innovation process. Conversely, producers who are isolated from such settings are at a considerable disadvantage as they may be slightly out of touch or behind the times. As noted earlier, in winner-takes-all markets, such failure is punished severely.

3.2.4 | The power of social networks

The functioning of the creative economy is increasingly influenced by the rapid expansion and growing importance of social networking tools. More than 200 social networking sites are active worldwide, oriented to various languages and countries. A social network might take the form of a chat room or a discussion forum or an e-shopping site with embedded functions for rating, recommending and commenting on specific products. The power of a social network grows with the number and nature of relationships and interactions, as individual members share information, ideas and influence. A social network may link groups of people or friends from the physical world, or new acquaintances from the virtual realm. It not only fosters peer-to-peer relationships among people, but also between an individual and a product or brand (as when a Facebook user "likes" a particular novel, movie or handbag designer), or even between several complementary products (as when Amazon recommends several books based on a user's previous purchases). Social networking services use computer software to build and verify online communities of people who share interests and activities, or who are interested in exploring the interests and activities of others.[4] Surprisingly, 91 per cent of the people who access the web from smartphones and other mobile devices visit social networking sites, compared to 79 per cent of those who access the Internet from a desktop computer (79 per cent). Apparently, mobile phones provide a better — or at least more convenient — platform for social networking than desktop computers.[5]

Globally, the three most popular social media tools are Facebook, YouTube and Wikipedia. Humans now spend more than 110 billion minutes each month on social networks and blog sites. This equates to 22 per cent of all time spent online, or one in every four and half minutes. The number of people visiting blogs and other social media sites increased by 24 per cent over last year, and for the first time ever, three-quarters of global consumers who go online now visit such sites. The average visitor spends 66 per cent more time on these sites than a year ago, almost 6 hours in April 2010 versus 3 hours, 31 minutes last year.[6] Brazil has the highest percentage (86 per cent) of Internet users visiting social networks. The popularity of social networking in Brazil is due to the Orkut phenomenon, which appeared there in 2004; one year later, half of the Brazilian Internet population visited the site to promote events or learn about them.

Social networking tools have been embraced by the film industry, where new releases increasingly entail creating a community in Orkut, posting the trailer on YouTube, creating a Twitter page and blogging about the film. Government agencies and political campaigns are also turning to social networking tools to update their constituencies and stay attuned to public opinion. Educators, too, are using social networks for learning and professional development.

In the physical world, a social group constructs knowledge for its members and over time establishes a culture of shared meaning. Similarly, online social networking empowers users to produce information and construct knowledge for peers by posting messages, blogging, sharing files and building websites. In these social and digital environments, with high connectivity and demand-driven learning, there is a need to rethink the vision of pedagogy so that learners are active participants or co-producers rather than passive consumers of content, and so that learning is a participatory, social process supporting personal life goals, needs and creativity.

[4] Social Network Services (2009).
[5] Ruder Finn, "Social Networking Now More Popular on Mobile than Desktop" (18 February 2010), available from http://www.readwriteweb.com/archives/social_networking_now_more_popular_on_mobile_than_desktop.php.
[6] Nielsen Wire (15 June 2010), available from http://blog.nielsen.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online.Nielsen Wire (15 June 2010), available from http://blog.nielsen.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online.

Many creative enterprises use social network services to offer their goods and services to wider audiences, in some cases reaching global markets. By connecting people at low cost, social networks can help creative entrepreneurs and small businesses expand their business contacts and clients as well as promote their brands. Indeed, brand networking is an increasingly popular way to capitalize on social trends as a marketing tool.[7] These networks often act as a customer relationship management tool for companies selling products and services. Companies can also use social networks for advertising in the form of banners and text ads. Since many businesses operate globally, social networks can make it easier to keep in touch with contacts around the world. Reciprocity, collaboration and transparency in communications are fundamental in the creative economy, and new platforms such as blogs, forums and wikis are useful tools for facilitating connectivity among creative people, products and places.

3.3 Economic analysis of the creative industries

The creative industries make a significant contribution to national economies and at the global level. However, the breadth of the concept and the varied perceptions about how to define and delimit the creative economy make it difficult to identify or agree upon reliable and comparable economic indicators that capture its economic, cultural, social and technological dimensions. A fresh look is needed to better grasp the overall dynamics of this sector, which values creativity, experience, autonomy, diversity, flexibility, self-motivation, collaboration and networking. Therefore, rather than apply the same quantitative macro-economic indicators used for traditional sectors, we need to invent more appropriate tools, as noted earlier in this report. In theory, four groups of economic indicators might eventually be applied, if data were available, to assess the impact of the creative industries on national economies:

- *primary economic impact:* measures direct contribution to the economy, using GDP and employment figures;
- *second economic impact:* measures indirect quantifiable contribution, as activities in the creative industries induce spin-offs in other sectors (multiplier effect);
- *tertiary economic impact:* measures direct yet less quantifiable contributions resulting from innovations in the creative industries that spill over into other sectors;
- *quaternary economic impact:* measures indirect, non-quantifiable contributions to quality of life, education and cultural identity.

A number of methodological approaches may be adopted in undertaking economic analysis of the creative industries. The most common of these are basic industrial organization analysis, value-chain analysis, inter-industry analysis, locational analysis, copyright and intellectual property, and contract theory.

3.3.1 | Industrial organization analysis

The most basic form of economic analysis is to measure the standard economic variables for which data are routinely collected for all industries by statistical agencies: gross value of production, value added, fixed capital formation, levels of employment of different categories of labour, business concentration and so on. This enables the structure, conduct and performance analyses to be carried out according to the traditional methods of industrial organization theory. Studies of the economic contribution of creative industries may be of value as a means of demonstrating, for example, that they are not some minor economic backwater but account for a larger proportion of GDP than the casual observer might have imagined.

3.3.2 | Value-chain analysis

One of the most straightforward and widely recognized methods for analysing the structure and function of the creative industries is value-chain analysis. In its simplest form, the analytical model of the creative production chain is one where the initial creative ideas are combined with other inputs to produce a creative good or service that may then pass through further value-adding stages until it enters mar-

[7] Frase & Dutra (2008).

keting and distribution channels and eventually reaches the final consumer. The strength of this approach is that it is sensitive to both individual action and context, especially institutions, networks and their governance.

For some creative goods, this apparently simple process can become more complex as the creative idea is transformed or reformatted at successive stages. For example, a musical idea might begin with a composer writing a song and passing it on to a publisher who puts it into tangible printed form. From there, the idea might be realized as a live performance before an audience, with the performance subsequently being recorded and marketed by a record company. The record will pass through a sequence of wholesale and retail value-adding until bought by a consumer or it may be uploaded onto the Internet and subsequently accessed by consumers who pay a price for online delivery. Thus the overall chain can become quite attenuated, one effect of which is to diminish the relative share of total revenue accruing to the creator of the original idea.

Figure 3.1 presents a generic creative-industry value chain[8] encompassing four different stages: (a) creation/conception — where the development of an idea or concept takes place; (b) production/reproduction — the stage at which an idea or concept is developed further and then packaged; (c) marketing and distribution; and (d) consumption. A single enterprise or individual may carry out one or more stages of the value chain, whose completion may require several different skill groups, depending on the product. Consequently, creative industries' value chains can differ widely in terms of degrees of complexity. The chain of the film industry is often quoted as being among the most complex because it embraces a multitude of interdependent stages and skills drawn from various sub-sectors of the creative industries, with each skill group required to execute key functions in an organized, networked fashion. In contrast, the commercialization of visual arts can entail a significantly shorter value chain that may well include only two participants, i.e., the artist and the gallery (if the artist does not sell directly to the public). In terms of competition analysis, each stage of the value chain can represent a distinct market and there may be differences in the degree or intensity of competition between the different stages.

An empirical estimate of the value added at each stage in a value chain is provided by a study undertaken for the creative industries in Canada in 2002.[9] The total value added was estimated as shown in table 3.1. It is apparent that the production stage of the value chain is the most significant in terms of value added, accounting for about half of the total cultural value added according to this analysis. A further illustration of the application of value-chain analysis is given in the next section.

In times of uncertainty and transformation, as we are experiencing today, artists and organizations actively adapt to new realities. Even the value chains are changing, as external influences surrounding the creative economy make it necessary for the creatives to explore new opportunities in order to cope with low budgets and job contractions. The example in box 3.1 describes some innovations amid the downturn in the conventional music market, as certain artists looked ahead, embraced eclecticism and remained flexible.

Figure 3.1 Creative-industry value chain

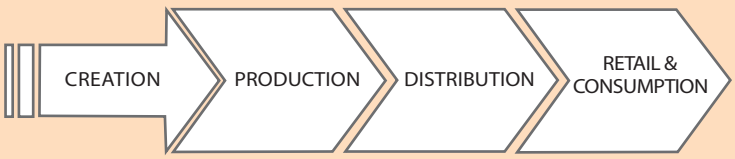


Table 3.1 Value chain in the cultural industries in Canada, 2002

	Total cultural value added (in millions of $Can)
Creation	5,713
Production	19,829
Support services	4,231
Manufacturing	7,285
Distribution	2,865
Total	**39,923**
Proportion of GDP (%)	3.46

Source: Statistics Canada.

[8] Pratt (2004), "Creative clusters: Towards the governance of the creative industries production system?" and "The New Economy, Creativity and Consumption".
[9] Gordon and Beilby-Orrin (2007:39).

Box 3.1 The Tecnobrega case

Tecnobrega, a music style that originated in the Pará State in northern Brazil, is revolutionizing the nation's music market. The Paraense brega music market is a dynamic sector of Belém's economy: it moves parties, sound systems, artists, studios, DJs, party planners, party and concert houses, promotion ventures and the sale of many related products. It provides livelihoods for a vast number of professionals and artists, as well as a source of revenue and taxation for the local public sector.

Participants in the tecnobrega business often play multiple roles. A studio DJ, for example, can also be a street vendor or a sound system DJ. A band singer might also be a producer or party planner. DJs and singers are also composers and CD producers, reporters or radio and television hosts. The relationship between actors is not just monetary, but also highly social.

The tecnobrega market has developed an alternative model for producing and distributing compact discs operates in parallel to the formal industry model. "The mapping of this business model allows us not only to understand this new structure, but mainly to think of the possibility of its replication," writes Lemos Ronaldo. "To this, four aspects merit consideration: the innovation with value, the 'technology cultivation', the promotion system based on the NARPs (Non-Authorized Re-Producers), and the absence of payment to the individual who is only the composer".

Copyrights are traded by how many times a song is played in radios within the city and also by the multiplication of CDs in the informal market. Making ownership rights more flexible may result in greater feedback, in terms of promotions and contacts, than if they followed the formal rules of intellectual property rights.

"Innovation is an important aspect of the bregueiro universe," Ronaldo writes. "It talks about not only the incorporation of new technological apparatus, but also the demonstration of the personal creativity of the artist." Competition among the actors involved is fundamental, as it motivates them to seek out new forms of action and problem solving.

Source: Lemos Ronaldo (2008). "The Tecnobrega Business Model Arising from Belém do Pará", International Development Research Centre, Rio de Janeiro.

By Simon Evans, a cultural entrepreneur and founder of Creative Clusters Ltd.

3.3.3 | Inter-industry analysis

One of the most long-standing techniques for studying inter-industry relations is input-output analysis. Its capacity to depict the ways in which output is produced and distributed in the economy, and to capture the direct, indirect and induced effects on industries, consumers and government of a range of external stimuli is well known. In regard to the usefulness of input-output as a tool for economic impact analysis in the arts and cultural industries, two considerations stand out. The first is that few input-output tables that have been constructed for whole economies or parts thereof have contained a sufficiently detailed breakdown of the arts and cultural industries. Often the arts will be included, if at all, under "recreation", "leisure", "other services", or some other categorization too broad to enable meaningful analysis of the cultural sector. The second problem is common to all input-output studies, namely, the stringent data requirements. Even input-output tables constructed at a relatively high level of aggregation can be estimated only after extensive data gathering, including the necessity of some data collection from primary sources. The combination of these two problems places a serious constraint on the extent to which input-output analysis can be used for studying economic impact in the creative sector.

Some close relatives of input-output analysis may be somewhat easier to apply. For example, social accounting matrices are not quite so demanding of data and yet enable a similar sort of analysis of the inter-industry effects of economic change. These matrices came into vogue during the 1970s and 1980s, especially at the World Bank, where they were exhaustively investigated as a workable tool for development planning. At that time, interest focused on the traditional sources of growth in developing countries — such as agriculture, secondary industries and infrastructure. Now, amid growing recognition of creative industries as a source of economic growth in developing countries, social accounting matrices may enjoy a revival of interest as a means towards more rigorous analysis of the economic functions of these industries — assuming that the necessary data can be found, which is not yet the case.

One aspect of inter-industry relationships that may not be fully picked up in the above-mentioned forms of analysis is the existence of beneficial spillovers from the creative sector to other parts of the economy. Generally it is very

difficult to capture these external effects without specific surveys and measurement tools. Nevertheless, such positive externalities might include:

- *knowledge spillovers,* where firms benefit from new ideas, discoveries or processes developed by other firms, e.g., through their R&D activities;
- *product spillovers,* where the demand for a firm's product increases as a result of the product development of another firm, such as when the demand for CD players rises as a result of the development of the CD;
- *network spillovers,* where firms gain benefits from other firms that are located nearby, such as in the clustering of film production services in particular areas;
- *training spillovers,* when labour that is trained on one industry moves to another, as when actors trained in the subsidized theatre move to commercial theatre or television;
- *artistic spillovers,* where the innovative work of an artist or a company advances an art form to the benefit of other artists or companies.

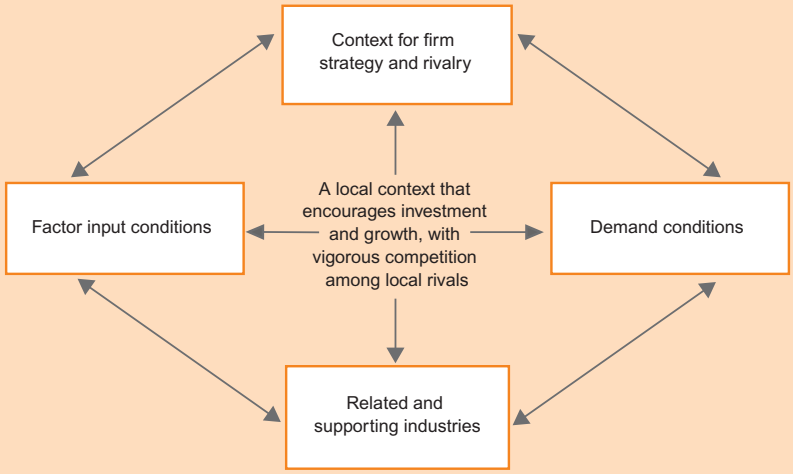
3.3.4 | Location analysis

The model of creative clusters articulated by Michael Porter provides an important approach to economic analysis of the creative sector. In his original work on the competitive advantage of nations (Porter, 1990), he put forward a micro-economic based theory of national, state and local competitiveness in the global economy in which clusters have a prominent role. Clusters are geographic concentrations of interconnected companies, service providers, etc., that compete but also cooperate.

Porter's model is often depicted in the form of a diamond, showing the sources of locational competitive advantage. A simplified version of the diamond appears in figure 3.2. This model is readily applicable to the creative industries, where the opportunities for creative clusters are evident in such subsectors as film production, fashion and design.

Although creative clusters may grow of their own accord when commercial businesses spontaneously sense the advantages from co-location with other firms, public policy may also play a role in starting the process. For example, start-up investments may be facilitated via government programmes to encourage firms to locate in a particular area, with a view to enabling the industry to become self-sustaining once a critical mass has been reached. Some researchers, however, have pointed to the relative weaknesses of the standard Porter model of business clusters in relation to international transfers and international organizations.[10]

Figure 3.2 Simplified diagram of Porter's model for clusters



Box 3.2 Creative clusters

A distinctive feature of creative enterprises is that they thrive only in one another's company. Whether they are artists in the East End of London, film makers in Bollywood, fashion designers in Milan or animators in Seoul, creative enterprises gather together in visible hot spots which, when fully established, become self-sustaining clusters of creative activity. This happens at every level, from the media centre in a small town to global centres such as Hollywood.

The purpose of the United Kingdom Creative Clusters Conference (www.creativeclusters.com) is to understand why the sector develops in this way and to examine the consequences for development policy. As we do this, it becomes apparent that the lessons learned have a wide application across other areas of social and economic development.

Why clusters?

Clustering is not confined to the creative sector. Specialist markets, neighbourhoods devoted to particular trades and region-based industries have always

[10] Pratt (2008).

Box 3.2 continued **Creative clusters**

existed. Clusters develop naturally, often linked historically to a natural advantage, and they persist as long as it is in the interests of new enterprises to join them. There is a substantial literature analysing clusters, from Alfred Marshall in 1920 to contemporary economists such as Michael Porter and Michael Enright. Broadly, they agree that clusters confer competitive advantage on their constituents because:

- proximity sharpens competition and drives up standards;
- proximity encourages collaboration and diffusion of good practice between firms;
- a sophisticated local market can develop around a cluster, stimulating innovation and improving marketing;
- clusters can develop place-based branding, benefiting all firms in the cluster;
- proximity enables small companies to band together into alliances and networks, giving them some of the advantages of larger ones – for example, by giving them better access to suppliers and resources;
- an infrastructure of specialized professional support services is encouraged to develop; and
- clusters become a focus and a magnet for outside investment.

Like coal and steel clusters, clusters of creative businesses may owe their original provenance to an accident of geography or climate: Hollywood, it is said, is there because of the sunshine. There are, however, some special reasons why clustering occurs in the creative sector and why it is found right down to the level of individual streets and buildings.

While creative people are highly mobile, the big producers and distribution companies on which they ultimately rely are not, so creative talent is drawn to the places where distributors are located. Creative businesses need this pool of specialist labour to scale up to cope with big projects such as films and games. In its turn, this talent pool of creative people and services encourages a discerning local market, which is essential for creative producers to understand new trends and fashions, the engine of innovation in this sector. A sophisticated local market is a key component of a creative cluster: creative clusters are clusters of both production and consumption.

Reputation is a critical and often overlooked factor. No matter how much intellectual property their past work has generated, the future prospects of a creative enterprise are determined by its reputation. The best place to build and manage reputation is at the centre of the action, among discerning peers and customers eager to spot new trends and talent. The reputation of the cluster itself is also important. Everyone associated with a successful cluster shares in its reputation so new arrivals receive a free gift, a small boost to their kudos, just for turning up and joining in. In addition, once a place has a reputation as being the centre for a particular specialism, it is hard for new places to displace it. A cluster's reputation is the key indicator of its sustainability.

These are the factors that explain the peculiar dominance of places such as Hollywood, London and Paris in their respective creative sectors.

Business engagement

Many cluster programmes find it hard to win the support of existing businesses. Local firms may discourage "incomers" and tend to prefer closed networks to open clusters. Larger firms may not take part at all or will use cluster programmes to consolidate their position. There may be a reluctance to commercialize cultural products, particularly from creative enterprises used to the non-profit sector.

The root of the problem is that creative enterprises are in business not for economic development but for their own mixed cultural and business purposes, so arguments couched in broad development terms will not win them round. Nevertheless, the engagement of creative people is essential to the success of any cluster programme, and a key task for the cluster manager is to find the programmes and the language that will make allies of them.

Creative clusters are hard to develop (and perhaps harder to define), but the characteristic features of successful clusters are widely agreed:

- connectivity to the world: creative entrepreneurship thrives where local and global cultural forces interconnect;
- cultural diversity, free trade and free expression: openness and a through-flow of new people, new ideas and new products;
- production and consumption: the beginning and end of the supply network (maybe not the middle); and
- more than business: art, education, culture and tourism.

Finally, some exciting "big-picture" insights from Creative Clusters Conferences begin to show how policies for the creative industries are relevant to all sectors of the global economy:

- places without strong creative clusters will lose their creative people and businesses to places that have them;
- locally rooted creative clusters are highly resilient to global competition;
- a key survival strategy for non-knowledge-based firms is to anchor themselves to local creative industries;
- building creative clusters requires that cultural and economic development come together and act in concert; and
- cultural diversity is an economic asset and a source of competitive advantage.

By Simon Evans, a cultural entrepreneur and founder of Creative Clusters Ltd.

3.3.5 | Environmental analysis

In addition to its socio-economic benefits, the creative economy also has an impact on environmental and biodiversity issues. It is difficult to measure the input prices of creativity and environment, which rarely reflect their full value. As supply chains as investigated for environmental, ethical and sustainability certification, collaborative efforts can be made to collect data to help determine the portion of product sales proceeds that go towards creative individuals and their supporting communities and environments. As noted in the previous chapter, analysis of this data could help to ensure fair sharing of benefits. This data could also help to build understanding of the economic contributions of design and cultural influence in creative industries, and help to provide the economic incentive for improved intellectual property regimes.

The *Creative Economy Report 2008* discussed significant efforts to obtain this kind of information. But trees grow from seeds, and initiatives like SEE Turtle's conservation pricing deserve attention as efforts are made to collect policy-relevant data in the ecotourism industry. Similar efforts can be envisaged for the creative economy.

Box 3.3 Turtles: Conservation tourism and pricing

SEE Turtles is a non-profit ecotourism project currently operating in Mexico, Costa Rica, and Trinidad and Tobago. Going beyond the ecotourism mantra of "leave only footprints", SEE Turtles suggests that tourists should make a positive impact through conservation tourism — defined as travel that supports efforts to protect endangered species through fees and donations and benefits local communities. It increases awareness and appreciation for environmental and ecological concerns while delivering a much-needed sustainable source of revenue for conservation efforts and a viable economic development alternative for local communities that have few other options for generating income.

SEE Turtles is the first to offer "conservation pricing", where each tour price lists how much of the cost goes to conservation and local communities. Conservation income pays for measures to protect nesting beaches, hire local residents, conduct scientific research, educate tourists and local residents, and recruit volunteers. Communities benefit from direct and indirect spending at locally owned businesses near sea turtle hots pots. This income helps residents value these creatures as an important resource to protect and inspires local support.

Source: UNCTAD adaptation from information available at www.seeturtles.org

3.3.6 | Copyright and intellectual property

The relatively new concerns with the creative economy have highlighted the fact that material goods may be separated from their symbolic, cultural or artistic values through cultural production processes, notably via digitization. This is not a new problem; it is one that intellectual property rights (IPRs) and copyrights seek to address. What is new is the balance of value divided between the material and the virtual, and the possibility of separating them. Previously, many IPRs were regulated de facto via the regulation of physical goods in which these rights were effectively locked up. Much of the commercialization of the creative industries has involved the innovation of new ways to lock up valuable IPRs in physical or virtual containers (encryption is an example). The recognition that the intellectual property is where a large share of values lies has been reflected in the shift by large corporations to include IPR and brand value on their balance sheets and to present them as a core component of company valuations.

The challenge for researchers and policymakers as well as those concerned directly with the creative economy is threefold: how to measure the value of intellectual property, how to redistribute profits, and how to regulate these activities. As will be further elaborated in chapter 4, the measurement of intellectual property is very difficult using tools that were developed mainly to capture the physical movement of goods. Regulation and redistribution remain interrelated and problematic. Poor or irregular distribution of earnings related to IPR due mainly to institutional inadequacies undermines the legitimacy of a legal regime based on IPR.

Moreover, there are some structural challenges to policy and practice associated with uneven development. The creative industries as a whole are characterized by first-mover advantage and a winner-takes-all form. Thus, the developed world is in a strategically very powerful position. Furthermore, the legal resources and techniques elaborated in the developed world do not mesh with more traditional methods of attributing cultural and economic values. This leads to the perfectly legal, but morally anomalous, position of a company from a developed country that can use an unregistered intellectual property in a developing country

and register it as its own in another country. The developing country then has no legal claim to what it may regard is its own intellectual property. It is for this reason that considerable assistance is needed to extend the logic of intellectual property in the developing world and to sustain a viable system for the collection and distribution of IPRs.

3.3.7 | Contract theory

Complex creative industries such as film and television production depend on the existence of contractual arrangements at all stages in the value chain. Richard Caves' book on the creative industries (2000) identifies the peculiarities of cultural production that cause contracts in the creative industries to be unlike those in other areas of the economy. Caves proposes that creative activities are characterized by several fundamental properties, beginning most importantly with the uncertainty of demand, epitomized in the well-known Hollywood aphorism, "nobody knows". This property means that at virtually no stage in the production sequence can the project's final outcome be predicted with any degree of assurance: sleepers inexplicably turn into smash hits, and sure-fire successes flop. Next comes what Caves labels the "art for art's sake" property, the fact that creative workers care passionately about the quality of their product and will therefore often behave in ways that are contrary to the predictions of rational market labour theory. Other characteristics of creative products that he suggests include their infinite variety, the fact that they require diverse and vertically differentiated skills, and their durability, which enables them to yield rents over a long period. These properties make it all but impossible to write a complete contract at any stage of the game. So, in response to the dual motivation of artistic and economic incentives, the creative industries have evolved a variety of means for organizing themselves and for doing deals that serve the interests of all participants as effectively as possible. Caves' analysis relates to the creative sector of the United States, but at present is also of relevance to most of the developing world. As the creative industries continue to expand and become more diversified in developing countries, the importance of an effective contractual basis for their operations is growing, as illustrated in boxes 3.4 and 3.5.

The general case for value-chain analysis can be considered compelling. However, work on the organization of creative production chains has pointed to the importance of audience feedback and critique as well as market research on the creative economy. Moreover, while value-chain approaches have sought to maximize economic value, production-chain approaches have sought to stress the nature of the cultural product as well as price. This is why we advocate production-chain approaches. More sustainable cultural production systems have well-developed critical feedback mechanisms, and less sustainable ones, little feedback. The development of this "critical culture" often rests on a longer-term investment in the funding of public arts and education as well as the promotion and sustenance of a viable civil society; these latter resources are commonly weaker in the developing world.

3.4 Structure of the creative industries

As a consequence of practice in the creative economy,[11] the profile of the creative industries is distinctive although, in a broad sense, the structure of the creative economy is much the same for industrialized and developing countries alike, comprising a productive sector, a distribution and marketing network, and a body of consumers who demand creative output in its various forms. However, there are likely to be differences between countries in the relative importance of the different components of the creative economy, depending particularly on countries' different stages of development.

3.4.1 | Predominance of small and medium-sized enterprises

Small and medium-sized enterprises (SMEs) — many of which are micro or sole trader businesses — predominantly populate the various stages of the supply chains of creative products in many countries. Information from available studies confirms that this market structure is evident across both developed and developing economies.[12] Micro and small enterprises are especially evident at the top of the supply

[11] There are also significant differences within the creative economy in different industries in terms of employment norms, training and ownership.
[12] See, for example, Kamara (2004); UK Trade & Investment (2005); KEA (2006); New Zealand Trade and Enterprise (2006); Higgs et al. (2007); and HKTDC (2002). Note that the size measurements are relative, as what is small in one context might be considered medium-sized or perhaps large in another.

chain (creation stage). The prevalence of individuals and SMEs is not unexpected given the reliance of creative industries on creativity. There is a chronic oversupply of talent. Indeed, UNCTAD (2004) states that creativity is deeply embedded in every country's cultural context so that all countries are assumed to have at their disposal an abundance of raw creative talent and as such, the potential to grow creative industries. At the level of the individual, talent is unique and results in monopolistic competition[13] based on a differentiated product (talent), which softens competition and lowers the barriers to entry.[14]

In some countries, creative SMEs exist alongside and compete against a few large vertically integrated firms, resulting in asymmetric competition. For example, in the United Kingdom, particularly in software and computer games industries and to a lesser extent in advertising and film, small firms compete against significantly larger multinational firms. Cutler & Company (2002) paints a similar picture for the interactive games and advertising industries of Australia. According to HKDC (2002), the Hong Kong Special Administrative Region of China is the advertising capital of Asia and the Asian hub from which many international advertising, architecture, design, and art and antiques agencies run their regional operations.

Creative industries are characterized by interlocking and flexible networks of production and service systems spanning the entire supply chain. Thus, notwithstanding the asymmetric competition between the small and larger creative firms, the available evidence suggests that smaller creative firms do gain from the presence of larger firms in the industry to the extent that these larger firms and multinationals are an important source of commissions and capital whether through subcontracting and outsourcing arrangements or joint ventures.

Strategies for developing domestic creative industries that are outward-looking and actively target FDI and export markets in addition to local markets for creative products appear to be a key feature of successful creative industries. In this context, East Asian countries stand out. For example, the Singapore strategy is aimed at establishing a reputation for Singapore as the new creative hub for Asia. Among the list of international creative industries, Singapore has succeeded in attracting international film financing company RGM Holdings and electronic games developer Koei from Japan. In addition, 53 foreign media companies have set up regional headquarters or hubs in the last four years. Similarly, the industries of Hong Kong Special Administrative Region are highly export-oriented given the small size of the local market and have benefited from their spatial and cultural proximity to the huge market of mainland China. Likewise, the creative industries of the United States, which are very competitive and have an established reputation, vigorously pursue opportunities in export markets.

The prevalence of SMEs in the creative sector underlines the need for policymakers to address size-related constraints. SMEs in creative industries are susceptible to the same constraints that afflict small enterprises in other areas of the economy. Chief among these constraints is access to finance to develop creative projects. The transformation of creative ideas into goods or services is usually capital-intensive and the cost of technological inputs or other professional services can be significant for these industries. In short, access to finance remains one of the key hurdles for creative entrepreneurs looking to realize their creative ideas. As already mentioned, larger enterprises are one source of finance to SMEs. Creative SMEs do better in economies where the financial sector is better adapted to financing them and where creative industries are officially recognized. In this context, SMEs in most developing countries are at a disadvantage, particularly since the concept of creative industries is still very new and financial institutions are traditionally risk-averse.

Other challenges facing these enterprises include a lack of business skills relating to marketing and financial management, information asymmetries and resource constraints affecting access to up-to-date technologies. In many developing countries, the support network of local industry participants providing complementary services is largely absent when compared to more developed countries. Consequently, the competitiveness and ability of developing countries to grow recognizable industries in the creative sector are compromised. For instance, in many developing countries, it is more common that the proprietor fulfils a number of organizational roles — producer, agent, marketer and retailer (see, for example, Ambert, 2003, and The Trinity Session, 2003). This is significant because the level of specialization or availability of local, specialized participants along the supply chain appears to be highly correlated with the competitiveness

[13] Competition among many sellers whereby no one seller can influence its rivals directly and competitors' products are differentiated even if by very small dissimilarities.
[14] The requirement for prior investments in formal education represents a constraint to entry for certain creative professions, although this is probably less applicable to the cultural subgroups of the creative industries.

of creative industries. On the whole, the supply chain of creative industries in many developing countries appears to exhibit a number of gaps and fragmentation. In particular, there is an absence of intermediaries who play an important role as gatekeepers.

Gatekeepers often perform a critical role in creative industries because there is a considerable amount of uncertainty about whether or not a creative idea will be commercially successful both at the early and later stages of the value chain. The gatekeeper effectively picks the winners from losers. For instance, galleries or art agents who interpret and promote visual arts are gatekeepers and the tour operator performs a comparable function where tourism[15] is concerned. Similarly in the audiovisual, book and computer games industries, various intermediaries such as talent scouts, agents, editors, recording studios and publishers function as gatekeepers and can be critical to enhancing the marketability of talent and creativity in addition to securing distribution deals.

For example, there are numerous cases in the music industry of South Africa where there remains a dearth of entertainment lawyers despite the fact that the music industry in this country is fairly well established. Consequently, artists often opt to sell all their rights in exchange for a one-time upfront payment.[16] Some commentators criticize this practice, which they interpret as a choice to forego a regular and steady flow of income in favour of a livelihood that is dependent on a punishing schedule and the prolific release of albums. An alternative interpretation is that this is, in fact, a pragmatic approach in light of the fact that individual artists are ill-equipped to manage their rights and doing so would in any case be extremely complex and costly. Indeed, the advice from WIPO would seem to support the latter interpretation.[17] Further support for the latter interpretation can be found in an oft-repeated complaint by the Caribbean music industry that collection societies in developed countries fail to capture airplay and live performance statistics for Caribbean music played overseas while the Caribbean collects and distributes significant royalty payments abroad. This perceived unfairness in treatment means that Caribbean artists receive very little by way of royalty payments from outside the Caribbean and it is further motivation for artists in developing countries to opt for one-off payment.

Many artists in developing countries, and most recently also in developed countries, are turning to live performances as the main source of their livelihood because this avenue allows them to capture revenues directly. Madonna is the most recent high-profile artist who has taken this route by swapping her record label for an event promotion company. Indeed, Legros (2006) states that creators may benefit from the distribution of illegal copies in that even if they cannot appropriate the monetary gains, they may be able to appropriate the reputation gains (e.g., positive effects for live-performance audience numbers) and as such tend to favour weaker copyright than would distributors. The move by the artist Prince to give away "free"[18] copies of his new album in collaboration with the London *Daily Mail* newspaper in the lead-up to what turned out to be a very successful series of live concerts is a case in point.

Notwithstanding the positive role played by gatekeepers in creative industries, the fact that the supply of talent typically far outstrips the number of gatekeepers in any one industry is of concern because it accords the gatekeepers market power that manifests as asymmetric bargaining power between individual creators and gatekeepers. It also creates points of congestion along the supply chain. This situation has a profound influence on contract terms and can result in low returns, particularly for creators who have not already established a reputation for themselves.

3.4.2 | Large-scale corporate enterprises

In the global economy, the largest producers of creative goods and services measured in terms of value of output are large commercial corporations, located particularly in the audiovisual and publishing industries. Within national economies, large corporate enterprises are found to a varying extent in the cultural subgroups, their size depending on the country's stage of development. Sometimes they arise through the growth of domestic firms producing creative goods, and sometimes they occur as subsidiaries or branches of larger transnational corporations. The business models in these sub-

[15] Tourism is an important vehicle through which many creative products reach consumers.

[16] High levels of piracy, in addition to general unfamiliarity with copyright systems and the considerable administrative workload and costs relating to administering copyright, provides an additional incentive to many creators in developing countries to sell their rights in exchange for an upfront, one-time payment.

[17] The WIPO guide on copyright and related rights for SMEs notes that one-off payments often add up to much greater profits for business than direct exploitation of copyright by the author, creator or copyright owner.

[18] The newspaper reportedly compensated him handsomely, so this case also exemplifies an alternative distribution system that bypasses mainstream distribution channels. There are many other examples of musicians, with both large and small followings, who are testing the boundaries of the current system. One emblematic example is the band Radiohead, which in 2007 offered its new album online for a voluntary contribution. This is clearly an important area for potential policy and institutional innovation.

groups of the creative economy are different from those applicable to the sorts of enterprises discussed earlier. For example, large-scale commercial operations have more complex value chains, more differentiated management structures, and a larger labour force than firms at the smaller and simpler end of the spectrum.

Large enterprises producing creative goods and services are often involved in areas using new communication technologies with digital applications and supplying mass consumer markets. Although the goods and services produced are classifiable as cultural products, the motivations of the firms are likely to be more profit-related than cultural in nature. Furthermore, if the enterprises are subsidiaries of larger corporations whose headquarters are located elsewhere, host countries may lose some or all of any surplus earned if profits are repatriated to the parent company.

In higher-income countries, the creative economy tends to be more technologically advanced and service-oriented and the creative industries tend to be dominated in financial terms by large conglomerates. In many cases, these enterprises have strong market power in important creative industries such as digital services and software, media and entertainment, and publishing and printing, which are dominated by global corporations. The four major companies in software are all United States-based, the largest being Microsoft with profits in 2005 exceeding $8 billion. The biggest media, music, entertainment and publishing companies on a world scale are based in France, Germany, Japan and the United States, the two largest being Time Warner and Walt Disney.[19]

3.4.3 | Public or quasi-public cultural institutions

A significant amount of the movable and immovable cultural capital of any country is held in public or quasi-public institutions such as museums, galleries, archives, monasteries, shrines, historic buildings, heritage sites, etc. In addition, these institutions are also often repositories of intangible cultural capital, as in the case of heritage locations, for example, which are inextricably bound up with their history and with the rituals and customs with which they are associated. These institutions contribute cultural output primarily in the form of services, consumed by both local people and visitors. With regard to the latter, the tourism potential of some of these institutions may be substantial. Hence, to the extent that they attract international tourists, they may be able to make a significant direct or indirect impact on the foreign exchange earnings of the country.

3.4.4 | Individual artists and producers

Creative workers of one sort or another — primarily creative artists such as actors, dancers, musicians, sculptors, painters and writers — are found at the originating end of the value chain. They supply the raw creative material that may be sold as finished product directly to consumers or, more often, as inputs to the next stage in a given production sequence. Whether in a developed or developing country, the artistic content is often drawn from cultural forms and practices belonging to the country or to the local community. Despite the high levels of skill that these practitioners typically have, their financial reward tends to be relatively low. Nevertheless, the practice of the arts is likely to yield substantial cultural value, and the non-market benefits that artists generate need to be recognized and promulgated in policy strategies towards the cultural sector.

What is the relative importance of these four groups of producers in the productive sectors of the creative economies of countries at different stages of development? In particular, how does large-scale commercial cultural production relate to the economies of countries in Africa and Latin America? If experience from the industrialized world were applied, it could be concluded that the large-scale, digitally oriented, mass-consumption industries could be seen as the agent for economic dynamism and structural transformation in the developing world as well. Certainly, this has been true for those developing countries already embarked on a rapid growth path such as the emerging economies of Asia; their development policy continues to provide a strong focus on promoting commercial creative industries. For the majority of the developing world, however, more widespread and more

[19] Data from the Fortune and Forbes rankings, quoted in Anheier and Isar (2007:448).

far-reaching gains are likely to be found by concentrating attention on fostering smaller-scale enterprise and encouraging a more locally oriented process of linking economic and cultural development.

Nevertheless, whatever the stage of development, in ideal terms, all four groups discussed above need to be accounted for in any creative-industry strategy. While it is important to recognize that community-based development may have better immediate prospects of achieving poverty alleviation and other economic and social goals at the local level than does a reliance on the "trickle-down" from larger-scale commercial development occurring primarily in urban centres, countries in a globalizing world cannot afford to remain outside the knowledge economy. They thus need to cultivate the creative industries that will facilitate access to the benefits of the information age within the limits imposed by their particular stage of development.

Box 3.4 Broadcasting creativity blooms in South Africa

Post-apartheid South Africa has seen television achieve its current state of unprecedented creativity in just over a decade through a series of contradictory influences that makes it unique. The country has shaken off the bonds of national culturally specific media, and the modern media, including television, are influenced by the pressures of diverse cultures and interests. They have given rise to highly creative and popular local content as well as a continuous output of material of questionable cultural value. Two Oscars awarded to South Africans have at the same time propelled ambitions to the global markets, seemingly unaware that international standards take time to develop.

Media seem divided between the commercially owned and profit-driven media, the public and government-owned media, and the community-owned media. There is no community television yet in South Africa, mainly as it is vehemently opposed by the interests within community radio and community print media.

At first glance, South African television consists of the polar opposites of public and commercial television. However, the situation is not as simple as that. The regulator, the Independent Communications Authority of South Africa (ICASA), dictates the percentages of local content, often specifying the genre and time slot. Local content in general costs ten times imported foreign content. The local soap opera, "Generations", costs about $24,650 for half an hour compared to $2,300 for the same duration on imported "Bold and the Beautiful", yet they both charge the same for a thirty-second spot ($8,300). On this basis, "The Bold" makes twice as much in clear profit as the local "Generations". Local content in this way needs to be cross-subsidized by low-cost fare that is important to both commercial and public television.

There are now three broadcasters: SABC with three channels and the lion's share of the market; one commercial free-to-air station, e.tv; and the satellite broadcaster DStv, which broadcasts over 60 channels (a few of them locally produced) by subscription only. There are 9 million households with television in South Africa. DStv has 1 million of them (at $63 a month). Its local channel, M-Net, combines with the local sport channel, SuperSport. Print media, television and radio remain the main sources of information, as the Internet is still accessible to only 10 per cent of the population.

Commercial television accepts these local content quotas (and the higher cost of content) as the price it must pay for the operating licence. It appeals to the creativity of writers, directors and producers to make local hit programmes that, despite their high cost, still make a profit, draw in large audiences and develop channel loyalty.

Commercial television is also behind the mass purchase of international formats such as "Weakest Link" and "Big Brother". Thus, while it encourages local creativity, it also stifles it with imported formulaic stagnant programmes that tend at the same time to enforce the mediocrity that comes with globalized creativity.

On the other hand, the public broadcaster (SABC) has innate contradictions of its own. It has a stringent public service mandate, a local content quota of 80 per cent, and a mandate to pay for itself through commercial programmes. Naturally, it, too, wants to make a profit that provides for further capital expenditure, so it rushes to buy the least expensive, imported hit programmes and also the sanitized formats that deliver higher income at lower risk. However, it will also try to leverage popular appeal and the resultant income from popular local programmes.

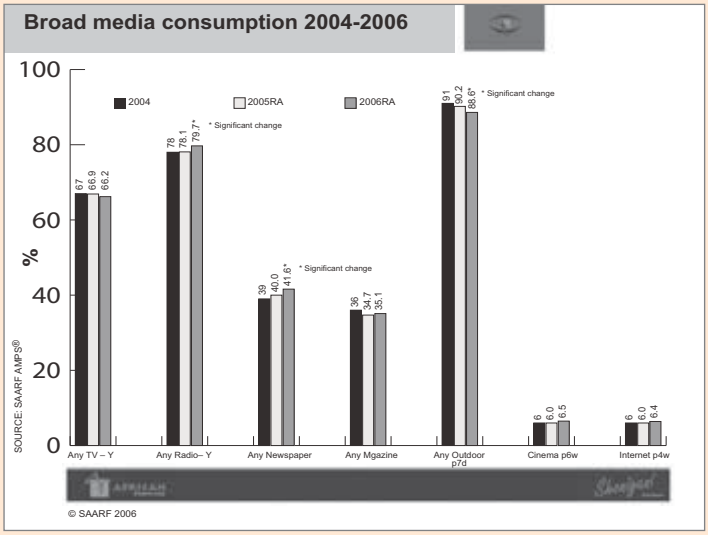
Profitable local content, however, is not always possible for a public broadcaster mandated to produce educational and public information programming (a programme on legal rights is hardly likely to attract the same revenue as a soap opera). The content of public television programmes has been largely orientated towards the provisions of government priorities and constitutional mandates. Hence programme themes are closely related to "nation-building" from HIV avoidance to gender equity and non-discrimination. Even local public soap operas have social intentions, and the global models for socially responsible drama are closely followed.

Box 3.4 continued Broadcasting creativity blooms in South Africa

The television sector has grown appreciably. The increase in ad revenue over the years 2000-2006 indicates growth far in excess of that of other national indices such that for television, ad revenue grew more than 259 per cent and for the cinema, it increased by 564 per cent in the same period (AC Nielsen).

This growth in income has largely had to pay for local product. Between 2000 and today, local content has grown by a factor of three, replacing the far more profitable imported product. Unfortunately, this has not had a significant impact on job creation. Less expensive equipment also leads to greater efficiency, with fewer people required to do more work. Perceptions are that busy people are working harder and do not have the time to train the new entrants, who then find it slow to gain experience. Despite the country's focus on outcome-based training, there has been slow growth in the number of outcome-based trainers.

South African content has made little global impact. There is a regular flow of soap operas into other African countries, but the latter pay very little for this content although where sales occur, such as in Jamaica, they receive much media hype. There has always been a steady flow of wildlife programming, but again these are largely commissions from the global channels. Sales are made into the Caribbean, and while South Africa buys Hollywood and Bollywood movies, there is no reciprocal flow. As such, the rest of the world is the serious competitor, and the first signs of South African cultural promotion may be apparent at the Soccer World Cup in 2010.



There is hardly any government support for television. SABC has receipt of the local television licences ($32 a year), but nearly half of households do not pay and SABC must pay for the cost of collection. It is hoped that, when SABC goes digital terrestrial, licence collection will increase to almost 99 per cent at a negligible cost of collection, but this will start only at the end of 2008, with analogue switch off at the end of 2011.

Yet South Africa has a major lesson to offer the world: if you are going to promote your television industry, promote it actively and forcefully. Lessons from many other countries show that deliberate and bold action over a sustained period makes an impact. The belief of the Government that the creative industries should pay their own way is largely the reason why the growth has been small and the global trade insignificant.

There also have been no formal or statistically acceptable skills, jobs, turnover or tax contribution audit. There is no national standard for film and television education and training.

In conclusion, the aggressive promotion of local content quotas has grown the South African industry and substantiates the worldwide phenomenon that people like local programming but it also shows that this is not enough. There must also be an aggressive, all-encompassing approach that covers the full extent of the value chain from idea development, through training and production, right up to distribution and marketing.

By Howard Thomas, Director, Busvannah Communications, and researcher and trainer in the broadcasting field in South Africa

3.5 Distribution and competition issues

Some segments of the value chain, notably marketing and distribution, are particularly prone to high levels of concentration. Small creative firms have traditionally had to collaborate with larger distributors in order to reach or expand the market for their products. This concentration to a large extent reflects the magnitude of the costs and the economies of scale associated with this segment. In this context, the global dominance of the music and film industry by the so-called majors is well known. Their smaller competitors are particularly affected by the majors' use of aggressive commercial practices and business models that can impose significant restraints on trade (see box 3.6). The ambiguity about whether or not the business practices of media conglomerates are welfare enhancing makes the application of competition policy very difficult and especially challenging given the global nature of these industries (Acheson and Maule, 2006). In most cases, domestic markets are too small (and in many cases culturally and linguistically fragmented) and undercapitalized for local industries to attain the requisite market size to be competitive. The natural market for this industry is thus transnational. The ability of the American audiovisual industry to amortize production costs on a large, dynamic, domestic market characterized by linguistic and cultural homogeneity is a major contributing factor to its competitiveness and global dominance. American producers are able to sell their audiovisual products around the globe at prices that local producers find difficult to match. Their efficient worldwide network of dominant brands reinforces their hegemony.

Creative products are subject to demand uncertainty because consumer valuation of a product is unknown beforehand. Consumer valuation is extremely difficult to predict because it is not based on subjective criteria; taste is acquired through consumption and is subject to a number of factors, including culture, fashion, self-image and lifestyle (the "nobody knows" property; see box 3.5). Distributors usually assume the role of promoting the final product to the consumer. The investments made in promotion and marketing campaigns can be considerable and well beyond the budgets of small firms at the top of the supply chain. The proliferations of creative products that are differentiated by quality, uniqueness and ranking (the infinite variety and A list/B list properties[20]) and the need to spread the risk across many creative products so that profitable products subsidize others that are not so profitable are additional features that are associated with economies of scale in distribution. Experienced distributors are in a relatively superior position in terms of assessing the commercial prospects of a creative project as reflected in their critical role in financing through advances the creative products for which they obtain distribution rights.[21]

Most of the distribution channels for creative products are governed by large multinationals. Nevertheless, even in this particular segment, there is room for a competitive fringe[22] of small distribution firms that often service niche markets although if their products are particularly successful, they run the risk of attracting the attention of the larger distributors. The relationships between the small distributors and their larger competitors is characterized by a mixture of tension (because of the asymmetric competition and bargaining power that results in the poaching of talent by larger distributors from small distributors) and mutually reinforcing interaction (because the smaller distributors are a rich source of new talent and creative products for the larger players and many of them enter into distribution agreements with larger distributors).

Securing a good distribution deal can make or break a creative entrepreneur. The market power that distributors possess can potentially be exploited to the detriment of creators through low returns. Creators must often cede their property rights to the distributors in exchange for distribution services. The fact that the lion's share of the economic returns from creative products are most often retained by those who control the distribution channels is something that many artists find hard to contend with, particularly when their creation proves successful and spawns other creative works (for example, the hardcover book that is subsequently released in paperback, then turned into a screenplay for a motion picture). Spin-offs from the motion picture might include the soundtrack score issued as a recording, a television series and characters from the motion picture

[20] Caves (2000).
[21] Acheson and Maule (2006).
[22] Defined as a large number of firms within an industry, each having negligible market shares. The combined market share of the competitive fringe is often substantially less than that of the dominant firm(s).

issued as toys. Where the author has assigned the copyright completely to the publisher for a one-time payment, his/her participation in the profits is excluded from its embodiment in the subsequent different forms. Moreover, rights to modify and adapt the creative work pass to the new right owner as does the right to not distribute the work. The bargaining power of artists early in their career is weak, whereas that of consistently successful ones is very high (the A list/B list property and winner-takes-all markets). Market intermediaries tend to favour known artists with a track record, and distribution firms, regardless of their nationality, distribute creative products that have commercial appeal; otherwise they could not stay in business.

Box 3.5 Properties of creative industries

Nobody knows: Demand uncertainty exists because consumer reactions to a product are neither known beforehand nor easily understood afterwards.

Art for art's sake: Workers care about originality, technical professional skill, harmony, etc., of creative goods and are willing to settle for lower wages than those offered by "humdrum" jobs.

Motley crew principle: For relatively complex creative products (e.g., films), the production requires diversely skilled inputs. Each skilled input must be present and perform at some minimum level to produce a valuable outcome.

Infinite variety: Products are horizontally differentiated by quality and by uniqueness: each product is a distinct combination of inputs leading to infinite variety options.

A list/B list: Skills are vertically differentiated. Artists are ranked on their skills, originality and proficiency in creative processes and/or products. Small differences in skills and talent can yield huge differences in (financial) success generating hit-based, winner-takes-all markets.

Time flies: When coordinating complex projects with diversely skilled inputs, time is of the essence.

Ars longa: creative products have durability aspects that invoke copyright protection, allowing a creator or performer to collect rents.

Source: Caves (2000).

The advent of digitization and the Internet has brought changes to the distribution landscape, perhaps the most significant being the introduction of new formats for product delivery to consumers. Whether or not these changes will alter the levels of concentration and dilute the power of distributors in favour of creators is not certain. The rise of the digital and Internet economy does not alter the challenges of transforming creative ideas into goods or services and introducing new genres into the world market for creative goods and services. These challenges mean that the complementary services provided by marketers and distributor are still necessary. What is more, new technologies have tended to inspire creative adaptation rather than destruction (Acheson and Maule, 2006). In their research into the impact of e-commerce on the structure of retail and similar industries, Emre et al. (2006) find that greater e-commerce activity in the book and travel industries is associated with losses for the smallest industry firms but no noticeable negative impact and perhaps even a positive impact for the largest firms. Overall, the current trend is towards greater concentration, including by way of vertical integration in distribution and retail as a response to increased competition. Box 3.6 illustrates the most common commercial practices for the marketing and distribution of audiovisual products.

The distributor's willingness to supply new Internet retailers is constrained by their reliance on traditional outlets. The distributors are hence not immune to pressure from their traditional retail partners (Gallaugher, 2002). For instance, it was widely reported in the United States in 2006 that Wal-Mart (the largest world retailer) and Target threatened retaliation against studios that offered movies on iTunes (Apple's online store) because they were worried about their own sales. It was said that Wal-Mart sent "cases and cases" of DVDs back to Disney after the production company announced that it would offer episodes of its hit shows, "Lost" and "Desperate Housewives", on iTunes. Wal-Mart denied these claims and subsequently opened its own video downloads store in 2007, essentially matching iTunes prices. Distributors are concerned not only about disappointing their traditional partners but also about the loss of revenues where online retailers practice deep discounting.

[23] See, for example, Fox News (2006), *Taipei Times* (2007) and *The New York Times* (2007).

Box 3.6 Commercial practices and business models particular to the audiovisual and music industries

The *"window"* distribution system, which enables the sequential release of films, videos and television programmes in a staged process (windows) so that the product can be resold to different markets over time at little additional cost. It facilitates price discrimination and the exploitation of secondary markets.

Price discrimination. Unequal competition in secondary markets for audiovisual services has sometimes been likened to dumping because the initial costs of production have largely been recovered in the home market and the price (or licence fee) charged in secondary markets bears little relation to actual production costs. The majors have been accused of greed and some see increased levels of piracy as a direct result of their pricing policies.

Parallel import restrictions on films, videos and television programmes intended to enforce distribution windows, which also underpins the financing structures of most television and film projects and the valuation of distribution rights.

Minimum exhibition period: requirements by distributors of minimum exhibition periods for films that may force smaller exhibitors to forego particular titles and thereby diminish their commercial viability.

Blind bidding, whereby a distributor requires an operator to order a film without prior viewing.

Block booking or bundling of films and television programmes by international distributors, whereby less popular products are tied to those that are sought after; serves as a barrier to the screening of competitors' content.

"No share" periods imposed by major distributors that prevent a cinema from showing different titles at different times of the day and/or week that are particularly onerous for small independent exhibitors and, if excessive, make it more difficult for independent distributors to compete.

Joint purchasing arrangements by cinema operators seeking to strengthen their bargaining power with distributors by pooling their demand for feature films.

Refusals to supply and exclusivity clauses in film contracts, whereby a distributor may refuse to supply first-run prints for potential blockbuster films to two competing cinemas unless the additional audience generated is sufficient to outweigh both the loss of rentals through shared receipts and the additional cost of the print. In such cases, independent distributors often lose out because, by the time they hire the film for exhibition, demand may have waned.

Payola, whereby record companies funnel promotional money (or ticket giveaways, concert promotions, vacation trips and other perks) to radio stations through independent promoters in exchange for airplay consideration, which excludes the majority of artists except the most heavily financed, serving to raise the costs of doing business for smaller distributors. This has a secondary effect on artists' income from royalties collected by collection societies on the basis of the number of times the work is aired.

Vertical integration of distributors into exhibition, pay-per-view services and broadcasting.

Duration and terms of contracts between artists and record companies.

Source: Caves (2000).

Online distribution offers viable alternatives to traditional distribution channels. It may favour the development of niche products and present a profitable outlet, especially for B-list creations that are excluded from mainstream distribution channels because the biggest firms usually aim for the hits (i.e., the A List). The example of Amazon.com, which makes its profit mainly through the sale of less popular books that are not carried by its off-line rivals, is often quoted as the typical example of the long-tail theory in practice. The long tail is believed to provide even the very smallest companies — and, by extension, individual creators — the necessary leverage to compete against dominant retail firms and distributors.[25] The recent move by many smaller music artists as well as major players such as Prince, Paul McCartney, Radiohead, Nine Inch Nails and Madonna to eschew the major record labels is leading some industry analysts to conclude that big-name artists have the possibility of being independent. However, most music-industry analysts stress that the bids for independence make sense particularly for the most popular acts or those with devout fans who fill concert seats, buy merchandise (or self-produced CDs) and seek out their favoured artist's music.

The technological revolution may yet lead to a revolution in the types of contracts prevalent in creative industries

[24] Not all online retailers represent new entries (or lower prices) because many of the existing players on the market are responding to the new competition by setting up their own online operations. Nevertheless, there is an increase in the intensity of competition, which can also result in enhanced consumer welfare and opportunities for business.

because individual creators are increasingly looking to capitalize on spin-offs from their original creations. On the other hand, it also has its downside. It raises a number of employment-related concerns. For example, in the publishing industry, technological developments have made it possible to do away with some of the "motley crew": whereas typography and page layout were tasks that only experts could carry out, today anyone with a computer can achieve a professional layout and desktop publish. Digitization has also heightened the risks of piracy and loss of revenues due to the ease of acquiring digital content without having paid for it.

3.5.1 | Changing consumption patterns

Naturally, the creative economy includes consumers, whose demands ultimately determine what is produced and how it is distributed. Changing demographics[25] and new consumption technologies are combining to cause significant shifts in patterns of cultural consumption around the world in developed and developing countries alike. As populations age, the elderly acquire more time and more accumulated income to spend on cultural consumption of various sorts. At the other end of the demographic scale, young people are significant players in the markets for creative goods and services. They tend to be the quickest group to take up new technologies for accessing audiovisual products, and their demands, channelled through innovative means of cultural consumption and participation, are influencing production patterns within the creative industries in a number of countries.

Consumers also influence the creative economy in other ways, for example indirectly through the fact that regulatory action may be taken on their behalf by governments. An illustration is provided by the film industries of countries where local content quotas are enforced in order to protect indigenous cultural expression. The rationale of such regulations is essentially qualitative in nature, relating to matters of cultural identity. Their economic effect is to channel resources into the local creative industries and to reduce expenditures on imported creative products.

Tourists are a particular group of consumers of interest to the creative economy. Tourism provides a significant source of demand for cultural output in many countries. Such demand comes in two forms: mass tourism characterized as high-volume and low-yield, where demand for creative products or cultural experiences tends to be uninformed and undiscriminating, and cultural tourism, which is low-volume, sometimes high-yield and generally better educated and more sensitive to local cultural values. International tourist demand for visitation to heritage sites can be especially important in earning foreign exchange. In such cases, revenue from entrance fees may be a primary source of funds for maintenance and restoration work, while the associated impact of tourist expenditures on the local economy can be substantial, measured in terms of incomes and employment.

3.5.2 | Creative industries and regulation

The incidence of creative industries in countries is influenced by national culture, taxation, education, industrial policies and level of ambition (as evidenced by the success of the East Asian nations). These factors have contributed to differing intra- and inter-country levels of maturity and market organization across various types of creative industries and across various segments of the national supply chains of creative industries. These factors have also meant that creative industries encompass a wide spectrum of commercial, subsidized and non-profit ventures. The issue of subsidies is potentially problematic as more domestic creative industries become commercialized and are traded internationally. The dispute over the venture of the British Broadcasting Corporation (BBC) is a case in point. Commercial publishers complained that by going online, the BBC had moved into areas already well served by the private sector. They felt constrained in their ability to compete by virtue of the BBC brand, which is associated with high standards of journalism, quality and range and depth of content coupled with its access to license fees that commercial providers could match through advertising income or venture capital. They argued that the support for the BBC free content provision on the Internet creates unfair competition, particularly for small suppliers in terms of news and the delivery of online education.[26] Similarly, most member states of the Southern African Development Community have built up delivery infrastructure (galleries and museums) for the crafts and visual arts industry (although rural artists are less well served) and have managed to organize the industry through

[25] Pratt (2007:166-190).

[26] This raises another issue with respect to the characteristics of the new information economy, where much information is available online. The new issue raised is the added value of commentary and the trust that audiences have in the carrier. The BBC may argue that it adds a particular value in both areas.

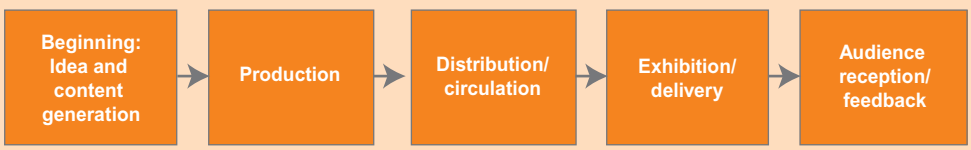
a combination of public policy initiatives and funding, and private outlets (Trinity Session, 2003). It is uncertain whether this kind of assistance will be possible for countries that are trying to grow their creative industries in the context of pressures on all countries to open up all sectors of their economies to international trade and investment.

Concern about cultural diversity has caused many governments in developed and developing countries to prioritize the development of domestic audiovisual content through national quotas and other types of preferential treatment, including subsidies, tax incentives, and tariffs and dubbing requirements applicable to the film and broadcasting industries. The heavy reliance of the audiovisual industry on public and donor funding in Africa, for instance, has resulted in financially fragile industries with limited creative freedom and poorly maintained or often obsolete production equipment where available. On the other hand, since many of the products of creative industries are entertainment goods and are often classified as luxury items, tariff structures can be unfavourable. For example, musical equipment in Zimbabwe is treated as a luxury good and carries a 25 per cent import tax. Similarly, the printing and publishing industry in the Caribbean is faced with inconsistencies in the regulatory and taxation policies affecting the sub-sector whereby books imported in hard copy do not attract duty whereas inputs for the industry and manuscripts imported in electronic form (CD-ROM) do. Eighty per cent of the paper used in the Moroccan printing and publishing industry is imported, and these imports are subject to customs duties of between 10 and 50 per cent (D'Almeida and Alleman, 2004).

3.6 An application of production-chain analysis: The music industry in sub-Saharan Africa

An overview of the music industry in sub-Saharan Africa, organized according to production-chain analysis, is summarized in figure 3.3.

Figure 3.3 Stages of a music production chain in sub-Saharan Africa



Details of the stages of this production chain in the African context are as follows:

Beginning: Idea and content generation

- Rich musical traditions, including Congolese rumba, Zaïroise Moderne, Afropop, gospel.
- New sounds now emerging from rapidly urbanized youth e.g., Kwaito (South Africa), Bongo Flava (United Republic of Tanzania).
- Political leadership important when music is used to support national identity, e.g., Democratic Republic of the Congo, United Republic of Tanzania.

Production

- Three main centres for music production: East Africa (Kenya, United Republic of Tanzania); West Africa (Ivory Coast, Mali, Nigeria, Senegal); Southern Africa (South Africa, Zimbabwe).
- Growth of recording industries reflects different colonial ties (English: weak; French: strong).
- Independent studios and labels set up by entrepreneurs and artists (Ivory Coast, Senegal, South Africa, Zimbabwe).
- Self-producing artists and State broadcasters (Mozambique, South Africa, United Republic of Tanzania, Zambia).
- Increasingly, artists are recording in other African countries (Kenya, South Africa) rather than travelling to Europe.

Distribution/circulation

- Most African music distributed locally, but a few artists have broken into International markets via distributors outside Africa (France, Germany, United Kingdom).

- Major record companies now active only in South Africa. Circulation limited by lack of reciprocal licensing and distribution deals between record companies in different territories.
- New trend of independents entering into contracts with major labels to produce music products under licence.

Exhibition/delivery

- Deregulation of broadcasting in Democratic Republic of the Congo, Malawi, United Republic of Tanzania has boosted demand for local music.
- Specialist music retail outlets exist in francophone Africa; other countries have music in supermarkets (e.g., Burkina Faso, Namibia), clothing stores (e.g., Zimbabwe), petrol stations (e.g., Senegal, Zambia).
- Informal retail networks exist where distributors sell to informal vendors (hawkers, small retail outlets); pirated material delivered via informal networks.
- Internet distribution is embryonic.

Audience reception/feedback

- Some music awards (e.g., Kora Awards, South African Music Awards, Zambian Ngoma Awards) to recognize local artists and music production.
- Awards are controversial, with criticism by musicians that record companies influence outcomes.
- Music journalism mostly about artists and performances, little on industry or development issues.

The financial aspects of this production chain in African music exemplify some of the problems and prospects of creative industries in a regional context. The beginning of the production chain in African creative industries represents a rich and vital heritage, but this is not where the money is made. The realization of value from the creative content of Africa is often in the hands of foreign distributors such that income leaves the countries where the content is created and produced. The artist makes money from sound-carrier sales by receiving a royalty on each sale; composers and authors (who can also be artists) receive royalties from the various uses made of their compositions such as mechanical royalties from recordings or performance royalties from live performance or broadcasting. In Africa, however, because the artists expect to receive little or no royalty from record sales partly owing to piracy and partly to the inadequate collection of copyrights, they negotiate a bigger share of an up-front payment that essentially signs away their rights to the music. Combined with this career-limiting decision is the poor understanding of the music business, which results in there being few professional producers or managers.

To overcome these constraints, it is important for all stakeholders in the value chain to work together if the music industry in Africa is going to be successful. As Seligman argues, "The challenge is working with local producers, local labels and local artists in Africa to try to establish a structure in which everyone, from record companies to artists, composers and authors receive due payment without stifling this enormously dynamic and very creative scene."

CHAPTER 4 Towards an evidence-based assessment of the creative economy

An assessment of the current status of the creative economy globally is a key requirement for countries of both the developing and developed world. As shown in previous chapters, progress towards such a goal has been slow and disjointed. At the same time, the creative economy is growing and developing rapidly as well as becoming more integrated internally and with other parts of the economy. This chapter proposes a practical way for measuring activity in the creative economy that can be extended to all United Nations Member States for the purpose of universal comparative analysis. At present, the only way to use a benchmark for a comparative analysis for measuring the contribution of the creative economy to the world economy is to use official trade data. Therefore, the focus of this chapter and the analysis in chapter 5 is on the international trade of creative industries products.

It is widely recognized that other measures (such as employment and occupation[1]) add considerable insights. Nevertheless, the measurement of trade flows is a first step toward developing a satisfactory set of analytical tools that use quantitative and qualitative indicators as the basis for a solid assessment of how the creative industries contribute to the world economy, as well as to national economies of both developing and developed countries.

The ideas and proposals put forward at this stage reflect ongoing empirical research, but further investigations are required. The purpose of the *Creative Economy Report 2008* was to start a process to move ahead the debate about the importance of mapping, and about how to measure the impact of the creative industries at the national and global levels. UNCTAD has since proposed a possible model applicable worldwide, which was tested and used for the UNCTAD global database of trade statistics for creative goods and services, without incremental cost for any country. The *Creative Economy Report 2010* takes this work a step further, with considerable improvements in the quality and coverage of the creative industries trade data presented in chapter 5 and in the annex.

In order to achieve this goal, UNCTAD makes a comparative analysis of current methodologies used for statistics for the creative industries, taking into account the new 2009 UNESCO framework for cultural statistics, as well as ongoing work by other international institutions and individual countries in this regard. As a result, this report proposes and presents complementary measures for improving the collection of world trade statistics for the creative industries. The creative economy is booming and governments from developing countries need some analytical tools and comparative analysis, to support their efforts to put in place the necessary national and international policies to embark on this new and promising terrain.

4.1 Why we need a new information base and why it doesn't already exist

For policymaking to be successful it must be seen as a legitimate action based on generally accepted relevant processes; this process has to be subject to scrutiny so that its success or failure can be evaluated in a transparent manner. In order to achieve both objectives, a sound base of empirical understanding of the processes is needed. Moreover, in order to propose changes, clear information is required to identify appropriate indicators. This is the meaning of the term "evidence-based policymaking".

[1] UNESCO (2009:39). "Cultural employment: Using the International Standard Classification of Occupations".

Historically, the cultural sphere has lacked a tradition of monitoring and evaluation, as well as the mechanisms to carry out these activities. The allocation of resources in this arena is seldom based on an analysis of cost-effectiveness owing to concerns about making political or cultural judgments as to the value of culture. Traditionally, cultural policy has been a realm shaped by the provenance of funds, driven by welfare-economics principles and advocacy, and seldom required to be evaluated in economic terms. Or, as mentioned earlier, culture was seen as a means of social development.

In recent years, there has been a tendency in most countries to consider the economic viability of cultural projects alongside other objectives. As public funds have been largely outsourced, contracted out or privatized, considerable attention has been paid to the potential economic impact of the creative economy. If culture is to be taken seriously within such a framework, its demand for funds needs to be presented in the same way as those of health or education and subject to monitoring to attest the efficiency in their use. In the absence of such an institutional legacy allowing for the economic valuation/cost-accounting in the field of culture, it is difficult for practitioners and policymakers to argue the case for resources.

Developing indicators in the field of culture and creativity is extremely problematic for a number of reasons. Beyond the central issue of the "valuation" of culture, another concern is the legitimation of public or private spending on culture. A requirement is to demonstrate that the resources are well managed and effectively used; certainly it is very difficult to devise a reliable metric to capture such issues. Second, the creative industries represent new forms of economic, social and cultural activity; as such they are in a constant process of change. It is therefore difficult to devise appropriate measures of activity, especially if the activity under investigation is itself novel and changing.

The use of new technologies and new business models for the distribution of products (e.g., music) has created huge problems for analysts in understanding what is being sold and where the value lies. In such a context, old evaluation and measurement techniques, developed with other industrial processes in mind, can misapprehend activities and outputs. This problem applies to all industries, but it is particularly acute in the creative industries. Furthermore, knowledge of the form and operation of the creative economy is relatively scarce compared to that for more established industries. It is often difficult to identify which variables are important, and it is very common that data on such variables will not have been collected previously.

Creative-economy researchers and policymakers are thus caught in a difficult position, asserting the importance of this activity but unable to prove or demonstrate it using conventional means. In order to demonstrate the importance of the creative economy and to legitimate expenditure, new data must be collected. However, this task is costly, and statistical bodies are not yet devoting resources to these new activities, particularly because they cannot be certain that it will be useful. A number of isolated studies have, in various ways, demonstrated that the creative economy exists, that it is growing quickly and that it generates income and jobs. The challenge to be faced is to develop a measure of, and an evidence base for, the creative economy that can be deployed in all countries and situations.

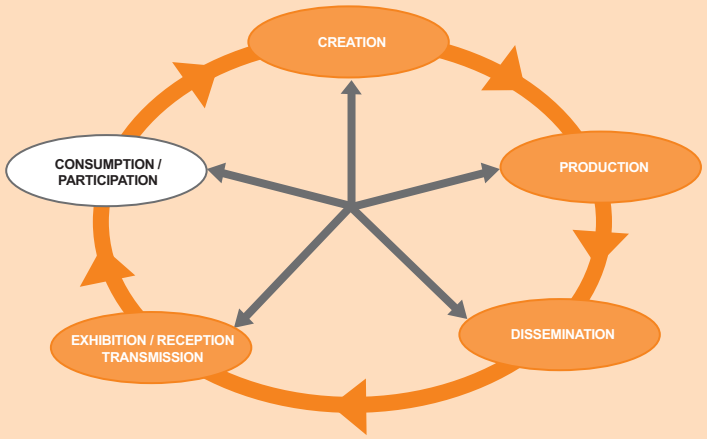
4.2 Towards a reliable benchmark for the creative economy

The challenge of the Creative Economy Reports is to develop an economic indicator for measuring the contribution of the creative economy to society and to the overall economy. Clearly, this is an ambitious aspiration. First, it is fully accepted that economic indicators are not appropriate for capturing all creative-economy outputs and that the creative economy has a profound impact both in other parts of the economy and more broadly in society. Examples include the impact on individual, local and national identity, the role of the creative economy in community empowerment, and the role of culture and creativity in social mobilization. Clearly, the measures that are developed in this analysis will be partial as well as a significant underestimation of the true impact in other areas. Hence, the intention is to stress the importance of an initial economic evaluation of the creative industries in world trade, even if it is not exhaustive. The real trade values in all terms is certainly much greater, but cannot be captured at the moment due to the current methodological limitations.

Initially, the purpose was to identify a reliable and comparable indicator to assess the economic impact of the creative economy; one that could be further elaborated as more data are generated and that will also act as a framework for, and a stimulus to, new data collection. The field is confusing due to the multiple measures and definitions already available, and the fact that most are nationally or culturally specific. Most of the indicators that have been used so far relate to employment or time spent on cultural activities. The focus in this report is to highlight the role of trade, with a view to shaping a schema for facilitating comparison across countries and allowing comparison of the contribution of the creative economy to that of other sectors.

This effort builds upon work carried out by the UNESCO Institute for Statistics in developing an international framework for cultural statistics. The institute's approach has two characteristics. First, it explores the sectoral breadth and the depth of the cultural domains. Breadth refers to the activities included, while depth deals with stages of a cultural cycle (see figure 4.1). The second characteristic of this model is the notion of a nested matrix covering different aspects related to culture, as illustrated in Figure 4.1. A set of activities is defined as necessary for international agreement although there are also a number of alternative data sets (from a predefined list) that can be developed by individual countries based on need and as resources become available. In the case of the UNCTAD model presented in the Creative Economy Reports, a core group of creative goods and services and trade indicators were identified as the core, and this minimal set of data can be gradually expanded and refined with more specific data sets tailored to the needs of different countries and the purpose of the analysis. This model is already running at the UNCTAD global database for trade in creative goods and services,[2] which is the source of all trade data presented in chapter 5 and the annex of this report. The UNESCO framework and the UNCTAD model are complementary and can run in parallel depending on the availability of official data.

Figure 4.1 Cultural cycle



Source: UNESCO (2009)

4.3 The challenge of building an operational model of the creative economy

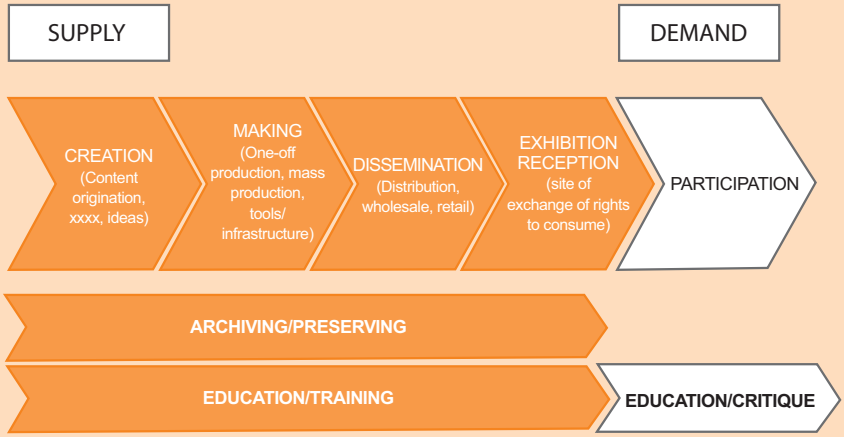
Establishing a benchmark to measure the creative industries is particularly problematic owing to a range of definitional problems — from the conceptual to the practical. At the conceptual level, the main challenge is to determine boundaries between arts, culture and industry. Traditionally this division was based on commercial factors, commonly associated with the provision of profitable or non-profitable funds (see figure 4.2). However, these boundaries are rapidly eroding. Indeed, the contemporary creative economy cuts across the arts, culture, industry, business and technology. It is a complex hybrid structure that conventional methodologies cannot easily capture and measure.

The case of art crafts illustrates the paradox of creative industries in the developing world. Art crafts goods may be mass-produced as part of a tourist strategy; however, their value lies in their local production or local identification for visitors. Mass production of art crafts goods for tourism may seem like a contradiction in terms,

[2] The "UNCTAD Global Database on the Creative Economy" can be easily publicly accessed at http://www.unctad.org/creative-economy.

but it is a reality for many communities and offers a way to sustain local creative skills and to artisans to earn a sustainable income. Art crafts goods lie at intersection of tourism, trade and development. Moreover, they are often produced and commercialized via the informal economy. If one uses traditional measures of economic activity (based on commercial outputs), art crafts activities may be underreported or not reported at all. Such reporting problems undermine efforts to implement policies to support, protect and benefit from the trade of crafts activities.

Figure 4.2 The creative value chain



Source: Burns Owens Partnership, Pratt, A.C., Taylor, C., 2006. A framework for the cultural sector: A report for UIS/UNESCO, Paris.

Building an effective operational model for the creative economy must consider the fact that all existing models have in-built assumptions. These assumptions are a combination of abstract concepts, objectives and outcomes. At least three assumptions merit special consideration: (i) the issue of public or private funding and legitimation of activities; (ii) the balance of formal and informal activities; and (iii) the relationship between the for-profit and the not-for-profit activities. Only recently, for example, have European countries begun to consider the for-profit creative economy and its relationship to, and potential governance relationship with, the not-for-profit and State-supported sectors.

Developed countries have pioneered analysis of the creative industries in the 1990s based on their own experiences and empirical evidence. However, other modes of production and organization are emerging. This may imply an eventual convergence of experiences in developing countries with that of the developed world. Empirically, many of the most economically important firms are located in developed countries, and regulations have been developed according to this pattern. Yet developing countries may take different trajectories in shaping their creative economies. A clear example is the role and importance of art crafts goods, that are seldom classified or measured as part of the creative economy in the North; however, they are commonly the core of an emergent creative economy in regions of the South. Moreover, these activities may transpire primarily in the informal economy and/or rely on a vibrant not-for-profit sector. This is not only a North-South issue; many differences also exist between East and West, both internationally and even within regions.

Again, it should be noted that even the best-resourced Northern economies have struggled to develop and maintain information frameworks that capture creative-industry activity. This reflects the fact that most industrial classifications and taxonomies were developed at times when the creative economy was insignificant. Thus, in many cases, the creative economy does not exist in statistical terms. Additionally, those countries of the North that have set about collecting such information have been surprised at the rate of change that they have seen, notably in the growth of the sector. This rate of change is unlikely to abate, as evidenced by the digitization of creative production (see chapter 7).

In summary, there is a limited set of measures of creative-economy outputs. These measures were not originally developed for the purpose of interrogating the creative industries; thus they are suboptimal. As will be further elaborated in the followings sections, it is possible to fine-tune these measures as a pragmatic solution to the challenge at hand. However, there is no substitute for root and branch restructuring if this task is to be done properly.

4.4 Measures: Their limitations and potential

There are four potential measures of activity in the creative industries: employment, time use, trade and value added, and copyright and intellectual property right. However, these means are unevenly and inadequately applied to benchmark the creative industries in either the developed or developing world. Identifying a comprehensive data set would be extremely costly and require organizational resources that are unrealistic. Hence, our approach is twofold: first, to try to identify at least one pragmatic measure that can be used for the sector; and second, to help stimulate further data collection and monitoring by public agencies worldwide. In part, this latter task will require the use of new survey instruments.

In this regard, the role of the relevant United Nations organizations is essential — in particular UNCTAD, UNESCO, WIPO and ILO, which are already working to ensure that official data are collected and analysed for all countries in the areas of their competence. It is important to ensure equivalence and coherence among various international and national efforts in this endeavour. Some of this new data can be collected by marginal extension of existing official census and survey instruments, and it is important that a clear, overarching aspiration be shared among various organizations locally.

4.4.1 | Employment

A recent method associated with the growth of the creative economy has focused on ways to measure employment generated. This approach is hampered by a lack of agreement of definitions of the sector. It is also hindered by the rate of development; either the industries are new, or just emerging, or they are unevenly concentrated in parts of the world and hence are not an issue for some countries at the moment. In some countries there is a separate labour market survey, while in others this information is collected as part of a general census. However, this broad category of "employment" is accepted and used in other areas of economic life; thus benchmarking is possible.

Occupation

Perhaps the most popular measures of creative activity have been derived from occupational analyses. Using classifications of occupation, people are categorized as creative workers. One problem with this sort of measurement is that people may have more than one job, the creative occupation may pay less, and the creative occupation is often undercounted. Second, occupational measures tend to underrepresent jobs relating to the creative sector. Creative work involves genuinely creative occupations as well as non-creative ones, so machine operators might be seen as creative workers if they are working a printing press but not a sheet metal press.

Industry/sector

Employment by industry has been used as an alternative to occupation in order to capture this interlinking of activities that comprise creative output. Again, put aside the conceptual definitions of creative activity, which attempt to distinguish between direct cultural output (a performer/performance), cultural facilitators (theatre ticket sales), and creators (script writer). Another problem with employment data concerns the length of time worked — whether the job is full time (according to national norms) or fractional. This is particularly problematic because contract or project employment is common in the creative economy. Finally, there is the problem of contract and self-employment. This can shade into informal work, or second jobs, or simply be missed in census reporting as many cultural workers are in micro enterprises or self-employed with a small turnover. Commonly, the turnover for such entities is below that on which data are collected. While it may legitimately be said that individually these are insignificant components of the economy, they are a significant part of the creative economy and, as this sector grows, a more significant part of the whole economy. Given the rate of growth, it is important to monitor these changes.

Co-location/cluster

Co-location has become a popular topic in discussions of local and regional economic development and regional competition. Measures of employment can give some sense of the degree of concentration of cultural employment; this is clearly an important distributional question. However, an important question with respect to all forms of clustering, especially that of the creative economy, is the degree of inter-

action among the various firms and activities in the cluster. Traditional analyses of industrial agglomeration seek to measure inter-firm trade, but because such data are seldom available physical co-location is often used as a proxy. In the case of the creative economy, a cluster may be a function of labour-market pooling and project work as well as a means for circulating vital knowledge between producers and consumers (see chapter 3). There is no reliable measure of these sorts of interrelationships, even in developed countries, yet these processes are clearly critical in economic growth and in the more general success of the creative economy. Research evidence suggests that this type of knowledge transfer and critique, as well as interaction with audiences and consumers, is disproportionately more important in the creative economy than in other areas of economic life.

4.4.2 | Time use

Perhaps the most established measure of creative activities is that provided by time-use surveys. Pioneered in Australia, these surveys try to capture both economic and non-economic activity by measuring the time that people spend on particular activities.[3] This has been a useful way of uncovering informal and not-for profit or simply community activity. However, such surveys are very labour intensive and exist in few locations. A related set of measures focuses on participation or attendance data. Traditionally, such data have been used to monitor attendance at events organized or managed by the public sector where entry is either free or heavily subsidized. In some cases, they are used as a measure of public service performance. In most cases, these data are not collected since public expenditure is not evaluated in this manner, particularly because participation is not measured for many informal events. Finally, commercial ventures may be more interested in the box office takings than in attendance numbers, and they may also be commercially sensitive. In recent years, as services are increasingly delivered by digital means, such monitoring has become easier, but it is still at a very early stage. A more sophisticated sort of survey will not only collect such data but also relate them to more general demographic data.

4.4.3 | Trade and value added

Physical trade

The measurement of trade in relation to the creative economy is problematic in practice, as addressed in chapter 5. The existing sources of data have been developed to capture the transfer of physical goods, whereas recent growth of the creative economy has been expanding increasing "dematerialization" of trade.[4] For historic reasons, parallel tools have been developed to capture both physical and financial trade flows; while far from perfect, they provide a significant insight into transfers. The case of the creative economy is not so clear. Much of the value in the creative economy inheres in the trade of physical products that hold relatively low value as materials but contain their real value in intellectual property. Conventional trade measures focus on the flow of material goods, registering either their weight or free-on-board (FOB) price. It is impossible to disentangle the IPR value from such data or even to recognize it. Moreover, digitization is increasingly facilitating the transfer and trade in IPRs online, a means not monitored. For these reasons trade in the creative economy is relatively invisible; we are left looking for traces or shadows of IPRs. Moreover, with rapid technological change, the relationships between goods and value shift week by week.

Another traditional measure used to evaluate economic activity is output, or turnover, usually represented as gross value added. This is an important measure when examining the performance of regional and local economies or evaluating the performance of particular linkages in a production or value chain. Constructing such an account requires a great deal of data, however, and there is some doubt as to whether such an account is reliable for the creative economy.

A significant proportion of the creative economy does not register in trade or economic statistics for two other reasons. First, much of the activity takes place in the informal economy. Arguably, this issue is more acute in the developing world, where art crafts and visual arts are produced under such conditions. This data problem is well known more generally, and there is no simple way to resolve it. Furthermore, in the case of the creative economy, many cultural activities are carried out on a voluntary or recreational basis but

[3] For example, the *2006 Australian Time Use Survey*, Australian Bureau of Statistics.
[4] Bhagwati (1984).

become a source of revenues as they support the formal and traded economy. Artists either migrate between the formal and informal economy, voluntary and employed, or they hold two or more jobs. While the non-cultural job may provide more income, the cultural one may be more important to them. Analyses of artists in Australia have identified this complex pattern, which has not been replicated in the developing world, but available evidence suggests that it might become more pronounced.

4.4.4 | Copyright and intellectual property rights issues

The WIPO secretariat has been developing a new methodology and data sets for measuring the impact of copyright-based creative industries on national economies in terms of employment and contribution to GDP. Surveys and studies have been carried out in a growing number of countries (see chapter 6). The WIPO methodology is based on industrial taxonomies (International Standard Industrial Classification, or ISIC) and thus is limited in scope. Its main drawback is being expensive, as it relies on a well-developed and sophisticated collection and analysis infrastructure, which rarely is available in developing countries. Moreover, it rests on the acceptance and implementation of the WTO rules on intellectual property, and in this sense, the WIPO model serves more as a regulatory and monitoring tool. To a certain extent, this objective limits its applicability in developing countries that lack the institutional, financial and human resources for managing and implementing an IPR regime.

It is important to emphasize that the data on trade of creative services and the WIPO data are essentially measuring different things; both should be read as an indication of a scale of magnitude and trends rather than as definitive figures. However, the creative economy is important for developed and developing countries, and extra efforts need to be made to develop a universal measurement system. A pre-condition for this system should be to offer real figures to be used for worldwide comparative analysis. It is essential that such a system be feasible and affordable to all South countries, including the least developed countries, as a reliable evidence-base prerequisite for sound policymaking and multilateral decisions.

4.4.5 | Public investment

Much cultural activity is funded by public resources or managed by not-for-profit agencies. Conventional market indicators are not so good at describing this activity. Moreover, there are many different reporting conventions for public and not-for-profit bodies such that data are not systematically classified and collated. The few attempts at simply collating public spending on arts and culture are helpful but potentially misleading. As Schuster notes in his critique,[5] simply knowing how much money is available in any given year does not tell how effective the spending is or what the outcome is. A more subtle analysis that is indicative of State institutions and their modes of operation is required to discern such an outcome.

4.5 Implementation of a Culture Satellite Account

The Culture Satellite Account (CSA) is a coherent and systematic accounting framework that presents economic information on culture and offers a base for public and private decision-making, policy design and evaluation, and general purposes of the economics of culture. The CSA is a satellite account to the System of National Accounts (SNA), which was created in 1993 by the United Nations in collaboration with such institutions as the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Statistical Office of the European Communities and the World Bank. It is currently adopted by most countries. This link between the CSA and the SNA is justified by the characteristics of the system: (a) it consists of an exhaustive accounting framework, useful for the economic measurement of the vast majority of cultural products and activities; (b) it is efficient and credible, as its concepts have been approved and successfully applied to many countries at lower costs once they refer to one methodological set; and (c) it avoids the use of concepts and definitions presenting incompatibilities across countries or sectors.

[5] Schuster (1985 1987) and Arts Council of England (1998).

The main objectives of the CSA are to:

- Select the practices and products of the cultural sectors and create definitions and classifications following the SNA concepts and framework;
- Define the mechanisms of generation and interchange of the cultural products and integrate this analysis into the existing macroeconomic frameworks with no prejudice to their specificities (e.g., not all cultural activities are registered in production processes holding economic value);
- Demarcate the international trade flows affecting cultural products, given their potential impact not only on the economy but also on the preservation of cultural identities;
- Delimit the total cultural expenses by object, nature, beneficiary: goods and services directly benefiting households; consumption of assets such as the original artworks used in production processes of cultural products; direct public expenses in cultural management, etc.;
- Explore the different funding processes of the cultural consumption. The public funding, for instance, can take place through subsidies or transfers to activities developed by the private sector; via the direct production of goods and services by government entities; by simply acquiring and donating cultural and creative assets for the good of the community, etc.;
- Offer pertinent information on the basic social characteristics relating to cultural production and its organization, following a producer-driven categorization by size, type, employment in the cultural field and its characteristics, etc.; and
- Provide information on the uses, consumption and indicators, enabling a categorization of offer and demand of cultural products (non-monetary quantities and classification by content), and relate them to the economic variables of this framework.

The CSA, besides providing monetary information on the generation and use of cultural products and services, can offer non-monetary data, such as the number of works produced or the number of people involved in a performance. It encompasses social dimensions, disaggregating data by social and educational levels. Indeed, the CSA does not offer an additional set of information but a coherent framework for the search for weaknesses and gaps in the existing information systems. Given that information normally comes from different sources and is presented in various ways, the CSA can reconcile data, relate them to other economic sectors and disaggregate them by geographic area. In short, the analysis of the CSA can also be of use to those conducting mapping exercises on the economic measurement of cultural activities since it presents a coherent set of concepts, definitions and categories and reconciles different sources of statistics.

This report acknowledges the quality work carried out by Convenio Andrés Bello,[6] which developed tools to assist its Latin American member countries to implement a CSA in the region, a process started in 2003. Colombia took the first steps to develop its satellite account, and the initial results were published in 2007. Brazil and Chile have also undertaken preliminary measurements. MERCOSUR Cultural initiated an exercise for a regional economic measurement for the generation of reliable, consistent and comparable information on issues relating to cultural economics and the creative economy. Convenio Andrés Bello published a methodological manual in 2008, which was made available to all countries in the region. The aim was to offer a methodology with a rigorous technical background that is applicable and serves as an instrument for cultural policies.

Nevertheless, despite of all this valuable work, worldwide adoption of the CSA may take a number of years since it is a long, expensive process. Many developing countries, particularly the least developed ones, will face enormous human and financial resource constraints as they seek to map their creative industries and then move on towards implementing a satellite account. It is precisely because of these constraints that the Creative Economy Reports have been putting forward the UNCTAD model with a focus on trade. The main advantage is that trade statistics are already nationally reported regularly worldwide, requiring only a marginal additional cost to improve their level of disaggregation as well as the quality and coverage of reporting procedures at the national level. At this stage, this seems a more feasible approach, even if the two processes — the CSA and our trade-based model — are mutually supportive and can move in parallel in countries able to afford them.

[6] Convenio Andrés Bello is an international intergovernmental organization comprising Bolivia, Colombia, Chile, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Spain and Venezuela. Its main objective is to integrate the educational, scientific and cultural fields in Latin America.

4.6 Data sources and assessment tools: Why the current data are inadequate

There are two interrelated problems with developing a trade-based model for evaluating the creative industries: definitions and data availability. The question of definition is challenging: what is, or are, the creative industries? The topic has generated much debate in recent years and notions of the "cultural industries", "creative industries", "experience economy" and "creative class" have been circulating. Undoubtedly, the United Kingdom definition of the "creative industries" was very influential. More recently, debates have evolved around the notion of a "value chain". Readers can refer to a rich semantic and ideological debate about the usability of the labels "cultural" and "creative" and whether it is "industry", "industries" or "sector". In this report, the terms "creative economy" and "creative industries" are adopted.

The essence of such a definition relates to that of the production chain. It challenges normative views on two counts. First, the notion of "individualism and elite exclusivity" that is commonly related to the romantic tradition of the artist or creator is operationalized by measurement of, or support for, lone artists and not collectives or support services (without which they could not function). Second is the idea that art or culture has an intrinsic and eternal meaning such that it is "pre-interpreted". Counter to this is the need for critique and debate and the interrelated development of artists, audiences and markets.

Contemporary definitions of the "creative economy" have come to express a whole sphere, or field, of production (and consumption) that includes not only artists but also manufacturers and exhibitors. Therefore, the definition is based on a concept of cultural production. In fact, such a concept underpins traditional manufacture. Thus, when it is operationalized as a measure of employment or trade, one includes raw materials manufacture, distribution and construction of finished articles. Traditional creative industries such as print and publishing share such a heritage. In standard industrial classifications or trade data, it is possible to find a great deal of information on the process of writing, production and circulation of books. As with all "new" processes, however, the creative sector suffers, whereas for new manufacturing activities that entail a new material, such as printed circuit boards, it is easy and straightforward to extend classifications on the basis of process or goods.

The service sector in general suffers from poor measurement and reporting because the understanding of the process and the definitions are inadequate. New services have generally been added as new "industries". Although mainstream economists have regarded services as dependent on manufacturing, less effort has been expended on their measurement and conceptualization. Accordingly, the industrial classifications provide less detail than is needed, which generates some problems. In many advanced economies, the services sector is larger and is growing at a faster rate than the manufacturing sector. However, classifications include a multitude of categories that are increasingly empty of data and a small number of categories that are only crudely described. This is a general problem. Arguably, the very notion of services separate from manufacture is an artefact of industrial organization in recent years rather than a substantial economic fact. The two are clearly interrelated and to a much greater extent than indicated in the classifications.

All of the issues facing the service sector can be repeated in the case of the creative industries. Thus, by definition, the numbers on the creative economy as measured by conventional means are small. When more detailed or more complex classifications have been used, researchers and politicians have been astonished to discover that the creative economy is not only a big player in the world economy but is one with very dynamic growth. In fact, it is bigger that many traditional industries. Even so, efforts to obtain convincing evidence have been slow and at times controversial.

Such a conceptual and scientific shift has yet to occur evenly across the globe. Arguably, this debate has been obscured by the rise of instrumental usages of culture. As noted in chapter 3, culture can be a way of leveraging other development through encouragement to participate and inclusion. In fact, as countries have become more used to the instrumental uses of culture, funding for idealist or aspirational forms has fallen off. This provoked a tension between publicly funded and privately funded culture as a result of concerns that monetary values are overriding cultural values. This report recognizes that both values are important. However, the key point is to examine what resources are required to develop and expand creative production (in its widest sense) in a particular situation. Thus, the notion of the "creative production chain" very broadly cuts across such distorting dualisms as market/State, production/consumption, formal/informal and services/manufacture.

4.7 The case for a trade model for the creative industries using a product classification methodology[7]

Thus far, the discussion of the creative industries and its definitions has focused on such measures as employment and value added or size and structure. What has not been systematically addressed is the question of trade flows. Trade presents a new level of difficulty, but it does make a useful starting point. In a sector that is international, such a dimension is important. Moreover, in terms of assessing the impact on development (positive or negative), it is important to know the balance of trade in creative-industry products. Finally, the development of new intellectual property regimes needs to be assessed against their potential impact on trade.

An approach taken by some governments has been to use data specially collected on the trade in "invisibles" — that is, pure services where remuneration is for a service rendered.[8] The problem is that these data are very poorly documented and disaggregated in national accounts. (The technical aspects of the construction of taxonomies and the collection of trade data with particular reference to culture and the creative industries are discussed later in this chapter.) Furthermore, as business involving these activities may or may not rely upon a dual flow of earnings derived from physical product and intellectual property, remuneration for services rendered or product leased is very difficult to capture. Finally, although useful in principle, the level of disaggregation of statistics such as those of the Extended Balance of Payments Services (EBOPS) classification is insufficient to produce the definition and precision required.

Thus, while there is little alternative to using a product classification, doing so has its limitations. For example, it is going to underreport the effort of the self-employed electronic artist, although it may capture the labour of self-employed artisans better. Essentially, the central product classification (CPC) does not focus on the shapers or designers of composite products (plays, music, writing, etc.).

The approach taken starts by defining the creative industries on the basis of final products (artists' paintings, hand-blown glass). Moreover, marginal or composite categories are excluded to avoid over counting. This might be particularly relevant in the computing sector. For example, one cannot include personal computer output in computer games since doing so would result in an overestimate of the dedicated-games usage; however, it will result in a significant undercounting of the impact of the trade in computer games.

One must add a caveat: in contradistinction to the normative approach of industrial or product classification, the creative economy may have some overlapping (and hence, in whole economy terms, double counting) elements with definitions that have different bases. This should not invalidate the adoption of a definition on the basis of the "final use" of goods or services; one must simply be careful with the use of elements of product classification to make sure that it is appropriate. A similar protocol is adopted in the case of satellite accounts.

Finally, it should be added that what many regard as the core of creative activity — the creation of intellectual property (rights) — is not directly measured for the simple reason that IPRs are increasingly disembedded from material products. In the past, IPRs were rolled up in the material products, but increasingly these elements can be separated and, in fact, duplicated. A design can be used on a mug or a tee shirt or a book, for example. Moreover, the system of collection of IPRs, royalties, is dependent upon a range of local particularities concerning collecting societies as well as national ratification of relevant conventions. This system also depends on where an artist has registered his/her rights and whether the artist's income flows from that place and is identified as such. This may seem a very individual and unique circumstance, but one of the characteristics of the creative economy is the extreme wealth that may be held in a few hands.[9]

It is important to recognize that there is a considerable gap in the availability of statistics relating to the creative economy. The objective of the Creative Economy Reports is to address this problem and take steps to solve it. Before describing the steps taken to collate the data presented in chapter 5, it is useful to discuss why there is such a gap.

[7] This section builds upon the empirical research towards a methodological basis to measure the economic impact of the creative economy carried out by Prof. Andrew C. Pratt and his valuable inputs to this report.
[8] International Financial Services (2007).
[9] For further discussion of these issues, see Burns Owens Partnership et al. (2006) and Roodhouse (2000).

The early development of industrial statistics and censuses of economic activity were undertaken in the early twentieth century. Not surprisingly, the classifications adopted by statisticians at that time reflected the dominant industrial structure in Northern Europe and North America and industrial production practices. This period preceded the time when extensive, mechanized mass production (Fordism) became widespread, and the taxonomies that were developed reflected the emphasis on primary resources and manufacture; little attention was paid to services. Effective statistical collection requires stability in taxonomies and categories used for collection and analysis. In addition, international correspondence tables have been developed for such classifications. Accordingly, change in classifications takes place very slowly and is resisted.

The nature and structure of most economies has changed over the last century. Some classifications detail areas of economic activity that now play only a minor part in contemporary society, while areas that are critical to current economic growth may be ignored. A general example is the service sector and, more specifically, the creative economy. Second, economic change has occurred quickly, particularly with respect to areas based on technological change. Again, the creative economy is in the vanguard. It is for these reasons that the creative economy is invisible when one looks at national statistical tables. For instance, industry output and sales data suggest that the computer games industry is now as important as the film industry, but if one looks for information in national statistics it will not appear. Changes are being made to taxonomies, and industrial classifications are being revised as quickly as possible. Nevertheless, owing to their historically low profile, these areas are considered a low priority.

This is not to suggest that no information is available. Clearly, older creative industries such as cinematography are better represented; however, the coverage is still partial. It is possible to collect and then classify survey information on participants in the creative economy. However, much creative economy activity is shifting to the virtual field of online transactions. This shift presents a substantial problem for trade data, as only physical goods enter the audit, so completely new methods of reporting and surveying will be required to capture this activity. Again, it is a problem shared with many service industries, but perhaps it is more critical for the creative economy.

In recent years, many agencies and governments have sought to collect data on the creative economy. Unfortunately, these approaches have been predominantly opportunistic in the sense that such measures reflect the structure of national databases rather than a systematic basis for comparison. In any case, they have played a significant role in promoting the case for, and the significance of, the creative economy. What is needed now is a more systematic approach. Some independent data are available on the creative economy, but much of the data does not fit the current purpose. The reasons are related to the previous formulation of cultural and creative economy policy, which was framed by public welfare economics and operated on a subsidy, or grant-in-aid, model. Under such systems there is little call for economic evaluation, as the emphasis is usually on the fulfilment of service criteria rather than economic output. Thus, there is neither a culture nor a tradition of collecting or using such data about the creative economy.

The Creative Economy Reports argue that it is possible to use existing taxonomies of trade to partially describe the dynamics of the creative economy. This by definition resulted in an underestimate of world trade of creative industries. Yet UNCTAD made a start in 2008 by creating the basis for a systematic collection and trade analysis of data on the creative economy, highlighting critical areas. Now, in 2010, a further step is being taken by revisiting and sharpening the list of creative goods, providing expanded data for creative services and deepening the trade analysis with a greater focus on its South-South dimension.

Recent debates and studies have yielded divergent views over terminology as well as greater convergence about the concept and definition of the "creative economy". In part, this is evidence of a political struggle that the cultural field has been experiencing, reflecting the desire of States to govern their economies in different ways. Shifts in modes of governance have placed economic evaluation of all activities and value for money at centre stage.

What then are the objectives of such an exercise? First, there is a need to organize data collection and collation along common lines with agreed core concepts. Even if this does not necessarily result in one single definition, the UNESCO Institute for Statistics suggests that a flexible definition or framework be adopted. This means that there is a core set of activities alongside an optional set defined but not required by all nations. In this way, data collection can be efficient,

related to need and comparable. Second, with the definition of a core framework, it is possible to identify not only existing information on a comparable basis but also common gaps. These gaps are useful for developing the case for, and agreement about, the collection of new information. Third, with such a framework, it is possible to immediately move towards a situation where comparable data can be benchmarked. Against this background, a foundation for data analysis, policy formulation and future evaluation is in place.

4.8 Comparative analysis of statistical methodologies for international trade of creative and cultural goods[10]

The next section of this chapter introduces case studies of four distinct methodologies for trade statistics for creative industries. It also offers a comparative analysis aimed at identifying divergences and convergences of definitions and sharpening the current UNCTAD methodology. Furthermore, it describes the basis of UNCTAD methodology and uses it to process existing trade data.

Since publication of the *Creative Economy Report 2008*, and advances in measuring trade data in the creative industries, a growing number of countries have begun using the UNCTAD classification and many governments have sought greater cooperation with UNCTAD to assist in classifying their creative industries. Because the current methodologies all have visible limitations, there is a need for regular revisions and updates in order to response to new requirements.

The current exercise of revising the UNCTAD model for creative industry trade statistics takes into account, and complements, the work carried out and adopted by relevant international organizations. For example, Eurostat published a pocketbook for cultural statistics in 2007[11]; Convenio Andrés Bello proposed a classification of cultural goods for MERCOSUR countries in 2008[12]; and UNESCO launched the new framework for culture statistics in 2009[13]. Besides these important references, UNCTAD has also contacted some countries' governmental statistics departments and collected feedback and comments. It is thus possible to obtain a clearer idea about the role of creative products in international trade.

UNCTAD is fully aware of that there is no single definition and classification of creative industries, or a single receipt that applies to all countries; there is a multiplicity of approaches and certainly there is no consensus model. In this context, international comparison remains highly problematic because of the limitation of methodologies and the gaps in the statistics tools for quantitative and qualitative analysis.

The intention, therefore, is to conduct an evidence-based comparative analysis of classifications for trade of creative and cultural goods in a global context. In doing so, we seek not only to refine the UNCTAD taxonomy of creative goods but also to present a pragmatic methodological tool for developing countries with varying capacities to organize their framework for cultural statistics. There are different types of cultural statistics, such as activities, occupation, trade goods and service, expenditure, and time use and participation. The UNCTAD model focuses on statistics methodologies for trade goods and services; hopefully in the near future it will also cover trade in digitized creative products.

4.8.1 | Trade statistics for creative and cultural goods: Selected methodologies

Four different approaches to the statistical classification of international trade in creative and cultural goods are examined below. The first three operate at the country or regional level, while the fourth is at the international level. These methodologies have influenced several countries in developing their creative/cultural industries; they are representative not only of different ways to classify culture statistics, but also of various policy approaches to creative/cultural industries.

The first statistical methodology comes from Eurostat and reflects the European practice of cultural policy with a

[10] This comparative analysis is part of the work in progress at the UNCTAD secretariat and greatly benefited from valuable contribution from Cheng Shang Li.
[11] Eurostat (2007).
[12] Convenio Andrés Bello (2008).
[13] UNESCO-UIS (2009).

focus on products for core cultural activities such as publishing. The second, from MERCOSUR, presents a South American perspective of cultural industries; it borrows from the European approach but goes a step further to distinguish cultural goods and related goods according to a product's function in the cycle of cultural production. It is the only one to incorporate a developing countries perspective. The third methodology reflects the United Kingdom's approach to creative industries and uses a broader definition of cultural industries. The fourth approach described below is UNESCO's latest framework for cultural statistics; it aims to cover all human cultural activities and builds on the most common international system for statistical classification. A table at the end of this section provides a brief comparison of these different methodologies.

European cultural industries methodology

European countries have long shown an interest in collecting data to measure the economic performance of cultural industries and in developing a framework for cultural statistics. France, in the 1980s, was one of the first countries to establish a solid cultural statistics framework. However, the lack of cultural statistics at the EU level spurred the establishment of the Leadership Group on Cultural Statistics (LEG-Culture) in 1997.

LEG-Culture identified eight related cultural and artistic domains (artistic and monumental heritage, archives, libraries, books and press, visual arts, architecture, performing arts and audiovisual/multimedia) that perform six functions: conservation, creation, production, dissemination, trade and training. In 2002, LEG-Culture built on the UNESCO Framework for Cultural Statistics by creating a European counterpart. The EU's approach to international trade of cultural goods builds on the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. In 2007, Eurostat published a 'pocketbook of cultural statistics' that identified seven principal categories of cultural goods traded in Europe[14]:

- Books
- Newspapers and periodicals
- CDs and DVDs
- Works of art
- Collectors' pieces
- Antiques
- Musical instruments

The guide incorporates the ComExt Nomenclature (2006) for trade statistics of cultural goods[15] at the country level. Most EU member countries have followed LEG-Culture's example and adopted a similar classification for trade statistics.[16] The ComExt Nomenclature accords with the Combined Nomenclature, one of the most generally accepted classifications among European countries for collecting trade data for cultural goods.

MERCOSUR's cultural industries methodology

The classification of cultural statistics is a new practice in South America. The methodology proposed by Convenio Andrés Bello provides countries there with a pragmatic tool to measure the flow of cultural goods. This classification distinguishes three types of goods, according to their place in the production cycle:

- *Characteristic goods* are those typical goods and services from the cultural field that manifest the creation, expression, interpretation, conservation and transmission of symbolic content (for example, a CD, film or book).
- *Related goods* are interdependent products that serve as inputs and capital for the production of characteristic products (for example, printing paper, video cassettes or microphones).
- *Auxiliary goods* include marketing, distribution and related products that enable end users to consume culture (for example, television sets, music players or video projectors).

Combining this classification with the three core cultural industries — phonograph, publishing and audiovisual — produces a new matrix[17] with nine categories of cultural goods:

1. Characteristic goods of audiovisual industry (e.g., film)
2. Auxiliary goods of audiovisual industry (e.g., television, cameras)
3. Characteristic goods of publishing industry of periodicals

[14] The full list of cultural goods defined by Eurostat is available in Eurostat (2007:175-176).
[15] ComExt nomenclature is the classification used in the ComExt database, which is a harmonized statistical database for trade in goods both between EU member states and outside the EU.
[16] Most European countries have broader scope of cultural goods for trade statistics compared with EU version. Besides the seven major cultural goods defined by Eurostat, the definition of 'cultural goods' also derives from the definition of cultural activities and varies among European countries. For example, Finland's classification includes traditional crafts such as handwoven tapestries and goldwork as well as audiovisual post-production and broadcasting equipment.
[17] MERCOSUR (2008).

(e.g., newspaper and periodicals)

4. Characteristic goods of publishing industry of books (e.g., books and other printing matters)
5. Auxiliary goods of recording industry (e.g., sound recording devices)
6. Related goods of phonographic industry (e.g., music player)
7. Characteristic goods of audiovisual and phonographic industry (e.g., CD, cassette tape)
8. Auxiliary goods of audiovisual and phonographic industry (e.g., microphone, sound recording media)
9. Related goods of audiovisual and phonographic industry (e.g., broadcasting and receiving equipments of radio and television)

This methodology clearly inherits from the DNA of European classification but with a narrower focus on the three core cultural industries, which are phonograph, publishing and audiovisual industries. The major difference is that Convenio Andrés Bello's version distinguishes cultural goods into three types according to their function in the cycle of cultural production. The description of codes applied to this classification lies in the Common Nomenclature of MERCOSUR, which corresponds completely with the Combined Nomenclature used by European countries.

United Kingdom's statistical methodology for creative industries

It is hard to say which countries first used the term 'creative industries', but the United Kingdom's classification, defined in the 1998 and 2001 mapping documents by the Department for Culture, Media and Sport (DCMS), absolutely influenced the majority of countries in developing their cultural statistics classification in the past decade. The first published classification describing the creative industries came from DCMS and identified the following 11 sub-industries:

- Video, Film and Photography
- Music and the Visual and Performing arts
- Architecture
- Publishing
- Computer games, software, electronic publishing
- Craft
- Radio and TV
- Advertising
- Design
- Designer fashion
- Art/antiques trade

Trade statistics for these 11 creative industries are collected using the United Kingdom Standard Industrial Classification (UK SIC). In 2004, DCMS produced a more comprehensive framework known as DCMS Evidence Toolkit (DET), and adopted UK SIC 2003 as the basis for this new framework. This classification was used to estimate the economic contribution of creative industries[18] and the statistical figures are reported annually in the Creative Industries Economic Estimates (CIEE) publication. Because the UK SIC is a classification of activities, and provides no official list of codes for creative goods, the CIEE only report the export value of 'services'.

One advantage of this methodology is that it is broader in scope[19] than the European cultural industries' approach. It includes some categories, such as advertising, designer fashion and computer games, that were not previously identified as cultural activities. This classification has also sparked controversy because it measures industrial activities, rather than trade flow, and much of the data reflects things other than creative activity. For example, UK SIC includes many clothing-manufacturing codes in the "designer fashion" category, but its current structure cannot separate these non-creative activities. To remedy this situation, and obtain more accurate data, the DCMS is working on a new set of standards for measuring the creative industries.

UNESCO framework for cultural statistics

UNESCO developed its first Framework for Cultural Statistics (FCS) in 1986, and has subsequently influenced many countries as they have developed strategies for collecting cultural statistics. Its original framework defined nine categories of cultural activities: cultural heritage, printed matter and literature, music, performing arts, audio media, audiovisual media, socio-cultural activities, sports and games, and environment and nature. The 1986 framework also described

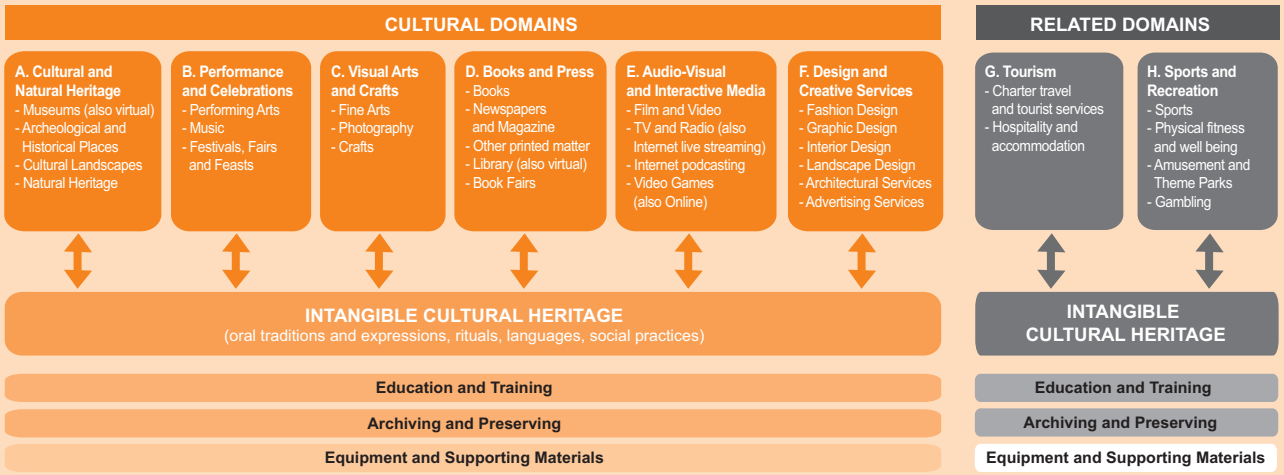
[18] The craft and design sectors are excluded because there is no official data. For details, see Annex B in CIEE 2010 technical notes, available from http://webarchive.nationalarchives.gov.uk/+/http://www.culture.gov.uk/reference_library/publications/6622.aspx.

[19] One of the broadest definitions of creative industries is from Italy and includes toys, furniture, marble works etc. A full list of Italian creative industries is available from http://ec.europa.eu/culture/our-policy-development/doc/it_white_paper_creativity2009.pdf.

five processes in cultural production: creation, production, distribution, consumption and preservation. The categories measure breadth, while the processes of production indicate depth, resulting in a matrix for users to collect data.

In 2009 UNESCO proposed an ambitious new framework for cultural statistics, which it hopes will become an international standard capable of recording all human cultural activities. The updated framework articulates five processes in the cultural cycle: creation, production, dissemination, exhibition/reception/transmission, and consumption/participation. Its definition of culture includes six domains and 12 subgroups, as shown in figure 4.3.

Figure 4.3 UNESCO 2009 Framework for Cultural Statistics Domains



Source: UNESCO (2009)

UNESCO's 2009 framework measures the international trade of cultural goods and services. The classification of cultural goods adopts the Harmonised Commodity Description and Coding System 2007 (HS 2007), while the classification of cultural services uses the Balance of Payments version six (BPM6) and Extended Balance of Payments (EBOPS). The new UNESCO framework correlates 85 of the codes in HS 2007 with cultural goods, categorized under six cultural domains. It defines another 84 codes in HS 2007 as equipment and supporting materials for cultural goods.[20]

The six domains include these product groups (followed by the number of codes in each product group):

A. Cultural and Natural Heritage: antiques (2 codes)

B. Performance and Celebration: musical instruments (13 codes); recorded media (6 codes)

C. Visual Arts and Crafts: paintings (3 codes), other visual arts (12 codes), craft (7 codes), jewellery (8 codes) and photography (2 codes)

D. Books and Press: books (3 codes), newspaper (2 codes), other printed matter (6 codes)

E. Audio-visual and Interactive Media: film and video (3 codes)

F. Design and Creative services: architecture and design (1 code)

Among the methodologies collected for this comparative analysis, UNESCO's 2009 framework is the only one that provides a full list for services. Defined by BPM6 and correspondent EBOPS codes, it proposed nine categories of cultural services.[21] Special attention goes to the new codes in EBOPS, such as 8.4.1 and 8.4.2, which represent the licenses to reproduce and/or distribute audio-visual products and other artistic products. These new codes have the potential to complement the missing value of IPRs for creative/cultural goods in trade statistics.

[20] The full list of UNESCO defined cultural goods and equipment and supporting materials of cultural goods can be accessed at UNESCO (2009:65-72).
[21] The full list of EBOPS codes defined as cultural services by UNESCO 2009 FCS and its explanation can be accessed at UNESCO (2009:39).

4.8.2 | Summary comparison of statistics methodologies for creative and cultural goods

Table 4.1 Comparative analysis of statistical methodologies for international trade of creative/cultural goods

Domains	Subgroup (1)	Selected methodologies and their definition of creative/cultural goods (2)						
		1. European cultural industries		2. MERCOSUR	3. Creative industries (3)		4. UNESCO	5. UNCTAD Creative Economy
	Product group	Eurostat	Finland		UK	Italy		
Heritage	**I. Art Crafts**	**- (4)**	**-**	**-**	**-**	**C**	**C**	**C**
	Carpets	-	-	-	-	C	-	C
	Celebration	-	-	-	-	-	C	C
	Paperware	-	-	-	-	-	-	C
	Yarn	-	C	-	C	C	C	C
Arts	**II. Performing Arts**	**C (5)**	**C**	**C**	**C**	**C**	**C**	**C, R(6)**
	Music (CD, Tape)	C	C	C	C	C	C	C
	Printed music	-	C	-	C	C	C	C
	Musical instrument	C	C	-	C	C	C	R
	III. Visual Arts	**C**	**C**	**-**	**C**	**C (7)**	**C, R**	**C, R**
	Antiques	C	C	-	C	-	C	C
	Painting	C	C	-	C	-	C	C, R
	Photography	-	C	-	C	-	C, R	C, R
	Sculpture	C	C	-	C	-	C	C
Media	**IV. Publishing**	**C**	**C**	**C**	**C**	**C**	**C, R**	**C, R**
	Books	C	C	C	C	C	C	C
	Newspaper	C	C	C	C	C	C	C
	Other printed matter	C	C	C	C	C	C	C
	Printing machinery	-	-	-	-	-	R	R
	V. Audio-visual	**-**	**C**	**C, R**	**C**	**C**	**C, R**	**C, R**
	Film	-	C	C	C	C	C	C
	Audio-visuals							
	Post-production equipment	-	C	R	C	C	R	R
	Broadcasting equipment	-	C	R	C	C	R	R
Functional creation	**VI. Design**	**-**	**-**	**-**	**C**	**C**	**C**	**C, R**
	Architecture	-	-	-	C	C	C	C, R
	Fashion	-	-	-	C	C	-	C, R
	Interior	-	-	-	-	C	-	C, R
	Glassware	-	-	-	C	C	C	C
	Jewellery	-	C	-	C	C	C	C, R
	Toys	-	-	-	-	C	-	C
	VII. New media	**C**	**C**	**R**	**C**	**C**	**C, R**	**C, R**
	Recorded media	C	C	R	C	C	C	C
	Video games	-	-	-	C	-	C	C
	Computer equipment	-	-	-	C	C	R	R

Notes:
1. Domain and subgroup definition is based on UNCTAD classification for creative and related goods; definition may vary in other classifications.
2. Nomenclatures of selected methodologies: Eurostat: ComExt Nomenclature; Finland: Combined Nomenclature (CN); MERCOSUR: Common Nomenclature of MERCOSUR (NCM); United Kingdom: UK Standard Industrial Classification (UK SIC); Italy: Classification of Economic Activity (ATECO); UNESCO: Harmonized System 2007 version (HS 2007); UNCTAD: Harmonized System 2002 version (HS 2002).
3. UK SIC and Italy's ATECO are classifications for economic activities, The corresponding products for these activities are listed here.
4. -: This sector/product group is identified neither creative goods nor related goods in the methodology.
5. C: This sector/product group is identified as creative/cultural goods in the methodology.
6. R: This sector/product group is identified as related goods/supporting equipments and materials in the methodology; only MERCOSUR, UNESCO and UNCTAD classifications identify categories for related goods.
7. Italy's ATECO classification lists art galleries and art auction activities in the category of 'Contemporary Art' but does not provide any specific codes in this category.

Source: UNCTAD

Table 4.1 provides a summary comparison of the definition of creative/cultural goods in the foregoing four statistical methodologies in relation to the UNCTAD methodology. It compares product groups instead of the most detailed codes, because many methodologies use different nomenclatures and translating codes from one to another is problematic. The differences in these methodologies highlight how various approaches to cultural policy have influenced the classification of creative/cultural goods.

This analysis reveals the intersection and divergence of the selected methodologies. As seen in table 4.1, several product groups are recognized as creative/cultural goods in all of the methodologies. These include music products (recorded media such as CDs and tapes as well as printed music and musical instruments), visual arts (antiques, paintings and sculpture), publishing (books, newspapers and periodicals) and audiovisual materials (films and videos). It is fair to suggest these products form a core set of creative/cultural goods, since they have been approved universally, and should therefore be included in the framework of trade statistics as the comparative base.

Another set of products was only recognized by some methodologies. These include art crafts, design and new media. They can be said to form an 'optional' set of creative/cultural goods, which provide flexibility as policy makers seek to define the most appropriate statistical framework for their countries.

As the most important two classifications for cultural statistics, the UNESCO and UNCTAD frameworks cover a broader range of product groups than the other methodologies because they aim to provide a universal reference; hence they include both the 'core' and 'optional' sets of creative/cultural goods. As shown in tables 4.2 and 4.3, the UNESCO 2009 FCS and UNCTAD share a similar philosophy in categorizing creative/cultural goods and related goods and equipments. Although these two frameworks apply different versions of HS codes, they embrace some common underlying principles for capturing the exclusive creative/cultural goods.

However, a more detailed comparison of the product compositions in each classification makes the differences between the UNESCO and UNCTAD frameworks more apparent. For example, if we separate the 'core' set of goods (arts and media products) from the 'optional' set (art craft, design and new media products), the ratio of core to optional goods in the UNESCO framework is 60/40, while in the UNCTAD classification it is 20/80. According to the data from UN CONTRADE database, the 'core' set of creative/cultural goods is dominated by developed economies, but the 'optional' set gives developing countries more export opportunities.[22] Combining these two observations, it could be argued that the UNESCO classification is better at capturing the experience of countries in the global North, while UNCTAD's better reflects opportunities for countries in the South.

Generally speaking, the UNESCO 2009 FCS provides a general framework and a conceptual list of trade statistic for cultural goods and services at a universal level. The UNESCO proposed new classification also sets an agenda for future taxonomic modification and has the potential to facilitate better measurement of the economic dimension in cultural goods and services in the future.

Comparatively, the UNCTAD classification emphasizes the undiscovered creativity of the global South by providing elements to identify potentialities. Therefore, the majority of products in the UNCTAD classification fall into the Design and Art crafts categories. Indeed, it was the *Creative Economy Report 2008* that first presented world trade statistics for these two categories on a universal basis, since these are the categories where developing countries have higher market shares and greater opportunities in international trade. The UNCTAD classification is pragmatic in the way it both analyses the evolution of statistical methodology while also reflecting the balance of trade data currently available.

[22] According to the UN COMTRADE database, the exports of arts and media (core sets) goods are dominated by developed economies, which command 80 to 90 per cent of the global market. Art crafts, design and new media (optional sets) goods from developing economies capture more than half of the global market. For more detailed analysis, see chart 5.4a and 5.4b in chapter 5.

The lists of creative/cultural services proposed by UNESCO and UNCTAD are also very similar, but UNESCO's includes some codes (such as information services and other royalties and license fees) that are not included in UNCTAD 2008 list or are not calculated together with other creative services (see table 4.4). These codes represent the activities that the current classification of trade statistics for services cannot capture (such as the trade of digital content) and have the capacity to compensate the value of creative/cultural goods' IPRs, which traditional trade statistics fail to catch. However, most countries do not report the value of these codes separately, so these figures cannot be calculated together with other creative/cultural services when using BPM5,[23] which is the only existing data resource. The EBOPS codes proposed in UNESCO 2009 FCS are based on the draft version,[24] and so far no data can be collected by these codes.

Table 4.2 Summary of comparative analysis of international trade of creative/cultural goods defined by UNCTAD/UNESCO with the Harmonized System (HS) codes

UNCTAD Creative Economy Report 2010				UNESCO Framework for Cultural Statistics 2009			
Domain	Creative Industries	HS version	2002	Domain	Cultural Domains	HS version	2007
Creative goods Groupings and Compositions				Cultural goods Groupings and Compositions			
A. Heritage	I. Art Crafts			A. Cultural and Natural Heritage			
	Carpets, Celebration, Paperware, Wickerware, Yarn and Other			Antiques			
B. Arts	II. Performing Arts			B. Performance and Celebration			
	Music (CD, Tapes), and Printed Music			Musical Instruments and Recorded Media (1)			
	III. Visual Arts			C. Visual Arts and Crafts			
	Painting, Photography, Sculpture and Antiques			Painting, Other Visual Arts, Craft, Jewellery and Photography			
C. Media	IV. Publishing			D. Books and Press			
	Books, Newspaper and Other Printed Matter			Books, Newspaper and Other Printed Matter			
	V. Audio-visual			E. Audio-visual and Interactive Media			
	Film			Film and Video (2)			
D. Functional Creations	VI. Design			F. Design and Creative Services			
	Architecture, Fashion, Interior, Glassware, Jewellery and Toys			Architecture and Design			
	VII. New Media			--- (3)			
	Recorded Media and Video Games			--- (3)			

Source: UNCTAD, UNESCO (2009: 65-69)

Notes:
1. Include 490400 printed music
2. Include 950410 video games
3. UNESCO 2009 framework for cultural statistics categorized recorded media and video games in other groupings.

[23] The details of data unavailability for these sectors will be further explained in the annex.
[24] The data of new EBOPS may become available after the finalizing of new MSITS in 2010.

Table 4.3 International trade of related goods/equipment and supporting materials of cultural goods defined by UNCTAD/UNESCO with the Harmonized System (HS) codes

UNCTAD Creative Economy Report 2010				UNESCO Framework for Cultural Statistics 2009			
Domain	Related Industries	HS version	2002	Domain	Cultural Domains	HS version	2007
Related Goods Groupings and Compositions				Equipment and Supporting Materials of Cultural Goods Groupings and Compositions			
A. Heritage	I. Art Crafts			A. Cultural and Natural Heritage			
	--- (1)			--- (2)			
B. Arts	II. Performing Arts			B. Performance and Celebration			
	Celebration and musical instrument			Celebration and Music (3)			
	III. Visual Arts			C. Visual Arts and Crafts			
	Painting and Photography			Photography			
C. Media	IV. Publishing			D. Books and Press			
	Books and Other printed matter			Other (4)			
	V. Audio-visual			E. Audio-visual and Interactive Media			
	Film, Equipment for broadcasting and sound production			Film and Video (2)			
D. Functional Creations	VI. Design			F. Design and Creative Services			
	Architecture, Fashion, Interior and Jewellery			--- (5)			
	VII. New Media			--- (3)			
	Computer equipment						

Source: UNCTAD, UNESCO (2009: 70-72)

Notes:
1. UNCTAD doesn't indicate any code for related goods in this group.
2. UNESCO framework for cultural statistics doesn't include any correspondent codes in this grouping.
3. Sound recording equipments include in this group.
4. There are four six-digit HS codes included in this grouping, which refer to printing machinery.
5. UNESCO framework for cultural statistics doesn't include any correspondent codes in this grouping.

Table 4.4 Creative services as defined by UNCTAD

UNESCO Framework for Cultural Statistics 2009			UNCTAD Creative Economy Report 2010		
BPM6	EBOPS	Labels	BPM5	EBOPS	Labels
1.A.b. Core cultural services			1. Creative services		
8.		**Charges for the use of intellectual property, n.i.e.**	8.		**Royalties and license fees[7]**
8.4		Licenses to reproduce and/or distribute audiovisual and related products		8.2	Other royalties and license fees
	8.4.1	Licenses to reproduce and/or distribute audio-visual products			
	8.4.2	Licenses to reproduce and/or distribute related products[1]			
9.		**Telecommunications, computer, and information services**	7.		**Computer and information services**
9.3.		Information services	7.2.		Information services (not include in CER08)
	9.3.1	News agency services[2]		7.2.1	News agency services
	9.3.2	Other information services[3]		7.2.2	Other information services
10.		**Other business services**	9.		**Other business services**
10.2		Professional and management consulting service	9.3		Miscellaneous business, professional, and technical services
10.3		Technical, trade-related and other business services		9.3.2	Advertising, market research and public opinion
	10.2.2	Advertising, market research and public opinion polling services		9.3.3	Research and development services
	10.3.1.1	Architectural services		9.3.4	Architectural, engineering and other technical

Table 4.4 continued Creative services as defined by UNCTAD

UNESCO Framework for Cultural Statistics 2009			UNCTAD Creative Economy Report 2010		
BPM6	EBOPS	Labels	BPM5	EBOPS	Labels
11.		**Personal, cultural, and recreational services**	10.		**Personal, cultural, and recreational services**
11.1		Audiovisual and related services	10.1		Audiovisual and related services
11.2		Other personal, cultural, and recreational services	10.2		Other personal, cultural, and recreational services
	11.1.1	Audio-visual services			
	11.1.2	Artistic related services[4]			
	11.2.3	Heritage and recreational services[5]			
2. Equipments and supporting materials			**2. Related industry and services**		
8.	8.3	Licenses to reproduce and/or distribute computer software	7.	7.1	Computer services (not included in CER08)
9.2	9.2.1	Computer services			
9.2	9.2.2	Other computer services			

Source: UNCTAD, UNESCO (2009:39)

Notes:
1. This category also includes other artistic and literary licenses, such as performing artists, authors, composers, sculptors, set designers, costume designers, lighting designers and others.
2. News agency services include the provision of news, photographs and feature articles to the media.
3. Includes library and archives services.
4. Includes other cultural services.
5. Recreational services are included in Code 11.2.3 (heritage and recreational services).
6. This category should include all cultural expenses made abroad for any type of travel (study, business or health).
7. This category was introduced in CER08 but did not aggregate in 'All creative services'.

4.8.3 | Lessons learned from the comparison study

In short, the result of this study as presented in table 4.1 provides an evidence-based comparative analysis for creative industries trade statistics. This analysis will be helpful for experts and policymakers updating current classification schemes or establishing new frameworks for trade statistics for creative goods and services. This exercise also shows that the classification of trade statistics for creative goods proposed by UNCTAD is aligned with other classifications gathered from key international organizations or individual countries. As a result of this work, UNCTAD refined its current classification by revisiting and reconstructing its list of creative goods. This refinement starts by identifying the intersection of 'core' and 'optional' sets of creative goods in other classifications and maintains all of the codes that are universally recognized. It adds some codes that do not exist in our list but have been included in other classifications. Lastly, it deletes some codes which lack specific description and not been defined by other classifications.

Another finding from the comparison is that a migration of trade statistics to the new classification is necessary. The reasons for migrating from the 1996 version of HS to the 2002 version are twofold: First, the earlier version cannot reflect the recent development in creative industries, and the newer version provides a better disaggregation of codes. However, the trade data for HS 2007 is only available after the year 2007, making it impossible to conduct a comparative analysis for the evolution of world trade in creative industries.

The second reason for suggesting this migration concerns data. UNCTAD needs to adopt a classification capable of capturing the largest amount of data. As shown in table 4.5, the data availability of HS 2007 is the weakest in the entire time series; data for 2008 is only available for 102 countries. On the contrary, although HS 1996 collected more data, the number of reporting countries decreased nearly 12 per cent, from 166 in 2005 to 147 in 2008. In this context, the 2002 version of HS codes seems to best fit our needs and has therefore been selected as the methodology for this report.

Table 4.5 Number of reporting countries using various versions of HS codes

Reporting Year		2008	2007	2006	2005	2004	2003	2002	2001	2000
Number of reporting countries	HS 2007	102	111	-	-	-	-	-	-	-
	HS 2002	138	144	144	142	129	110	92	-	-
	HS 1996	147	157	163	166	163	162	158	154	144

Source: UN COMTRADE database

UNCTAD model for creative economy trade statistics

By summarizing the findings of this comparison study, UNCTAD proposes its revised and more appropriated structure for creative economy trade statistics in table 4.6.

- The framework consists of two parts: (1) creative industries, which includes all creative goods and creative services, and (2) related industries, which includes all related goods, computer and information services and royalties and license fees.
- Data for international trade of creative goods and related goods were extracted from the UN-COMTRADE database using the Harmonized System (HS) classification, version 2002.
- Total codes of creative goods after refinement: all creative goods, 211 codes; art crafts, 60 codes; audiovisuals, 2 codes; design, 102 codes; new media, 8 codes; performing arts, 7 codes; publishing, 15 codes; visual arts, 17 codes.
- Total codes of related goods after refinement: all related goods, 170 codes; audiovisuals, 42 codes; design, 35 codes; new media, 5 codes; performing arts, 28 codes; publishing, 11 codes; visual arts, 49 codes.
- Data on creative services were extracted from the IMF Balance of Payments Statistics using BPM5 and EBOPS codes.
- The categories of services that will be included in all creative services are: advertising, market research and public opinion services, architectural, engineering and other technical services, research and development services and personal, cultural and recreational services. Audio visual services and other cultural and recreational services are sub-groups of personal, cultural and recreational services.

Table 4.6 UNCTAD model for creative economy trade statistics

1. Creative industries – all creative goods and creative services

Domain	Subgroup
Heritage	Art crafts goods
	Other personal, cultural and recreational services
Arts	Performing arts goods
	Visual arts goods
Media	Publishing goods
	Audio visual goods
	Audio visuals and related services
Functional creation	Design goods
	New media goods
	Advertising, market research and public opinion services
	Research and development services
	Architectural, engineering and other technical services
	Personal, cultural and recreational services

2. Related industries – all related goods and computer services

Domain	Subgroup
Arts	Related performing arts goods
	Related visual arts goods
Media	Related publishing goods
	Related audio visual goods
Functional creation	Related design goods
	Related new media goods
	Computer and information services
Royalties and license fees	

Source: UNCTAD

- Trade data for related creative goods are presented only as complementary information but are not included in the totals of creative goods. The related industries constitute a relevant tool for the analysis of current and future demand, since they are fully dependent on creative content for their own existence. However, these industries do not meet the definition criteria adopted by UNCTAD for creative goods.

- The same rationale applies to figures for royalties. Although they are shown, these figures are not included in the total for creative services, due to the inability to disaggregate the portion of the value related to creative industries.
- Due to shortcomings in the methodology and data unavailability, the other royalties and license fees and information services are presented in the annex as Part 3 for the purpose of market transparency. Table 4.7 summarizes the current situation of data availability for creative goods and services.

Table 4.7 Goods and services of creative industries

Domain	Subgroup	Creative goods (available data)	Creative services aggregated	Creative services (data currently unavailable)
Heritage	Traditional cultural expressions	Art crafts goods		
	Cultural sites		Other personal, cultural and recreational services	Cultural & recreational services
Arts	Visual arts	Antiques, painting, sculpture; photography, others: collages and similar decorative material		Photography services, Painting & sculpture: services of authors, composers, sculptors and other artists except performing artists.
	Performing arts			Performing arts services
	Music	Recorded laser discs and recorded magnetic tapes, and manuscript music		Music: Sound recording services; reproduction services of recorded media, on a fee or contract basis.
Media	Publishing and printed media	Books, newspapers and other printed matter		Publishing service and News agency services
	Audiovisuals	Cinematographic film: - 35mm or more in width - other widths	Audiovisual and related services	Film: includes production services; distribution services; post-production services; and other related services Radio & television: broadcasting services; audio post-production services; radio programme production services; audiovisual production support services;
Functional creations	New media	Recorded media for sound/image and video games.		Business and creative software, digitalized creative content.
	Design	Interior, fashion, toys, graphic and jewellery:		Interior: interior design services; other specific design services.
	Creative services		Advertising, market research and public opinion services; architectural, engineering and other technical services; research and development services; personal, cultural and recreational services	Advertising services: planning, creating services and trade fair and exhibition organization services Architectural services: architectural advisory pre-design and design, other architecture-related services

4.9 Methodological basis for a unified measure of international trade of creative goods

Against this background, chapter 5 presents in detail the information that can be collated on the trade of creative goods and services. It is important to caution end-users of this data that they do not provide a final figure on the value of global trade in creative industries goods due to the reasons elaborated above. Nevertheless, they give a good indication of the overall trends, the order of magnitude of the trade in creative goods and services and major trade flows.

Our approach was to use caution and err on the side of under-definition and exclusion rather than over-inclusion of variables. The analysis does not estimate the value of categories that are a mixture of creative and non-creative goods. In fact, where there is uncertainty about the robustness of a category in reporting only creative industries, it is omitted. It is necessary to proceed on the basis of verifiable facts (not estimates) obtained from official available national sources that are based on a sound methodology and figures that are reported to the United Nations by national sources. Therefore, the findings of this report are at the lower end of valuations; without doubt, the actual figures will be considerably higher.

In principle, the methodology deployed is simple and additive. Trade statistics were broken down in their classification to the smallest unit of analysis (usually referred to using four- or five-digit codes); then such units are included or excluded from a definitive list of creative industries. Clearly, some activities associated with creative production are not classified or described in data sources or they are described but carried out informally and have not actually been captured in any data collected. These data will continue to be invisible and go uncounted in the present schema.

Recognizing that intellectual property is often an important element of creative products, an attempt is made to find corresponding data. However, the only available data are on overall royalties, and they are collected using a different taxonomy. Ideally, some way of relating these data could be developed as the coverage of the work of WIPO increases. In addition, specific data on copyrights for the creative industries are not available. As a consequence, data on intellectual property data and on physical trade are not simply additive; it is certain that most intellectual property transactions have been missed owing to non-availability of data. Copyright data depend on a locally functioning system for the regulation, collection and distribution of IPRs. However, this system is not complete in the developed world and is partial at best in many areas of the developing world. Hence, the developing world is likely to be under-represented in these data.[25]

Trade information is fundamentally measured through the physical auditing of imports and exports of goods across national borders. These goods are measured either by weight, volume or value. The reporting of the services sector is carried out on a different basis. The most detailed data are collected with respect to financial, trade-related foreign exchange flows self-reported by central banks (but not disaggregated by product). Knowledge of the trade in services in general and creative goods in particular provides evidence that these figures tell only a little of what is needed to inform policy-oriented analysis. For example, the weight or number of CDs traded is an inferior indicator for policymaking because it does not inform the value of intellectual property associated with what is basically a small disc of plastic. Moreover, it is possible that one recording of a song could be exported (in a passenger's suitcase) and then reproduced in a second country under local licence or distributed as an MP3 file. No financial flows returning to the country of origin are either recorded or visible. Thus, the value of music to international trade is difficult to ascertain. For some products, the transfer of mass, volume and value can act as a proxy for value, but for most, it does not. Hence it is precisely because creative goods are worth more than their functional value that the anomaly is so serious. For example, how can two pieces of furniture — chairs, for instance — be fully accounted for when both contain similar volumes of material and are therefore the same weight of goods, but one is an exclusive "designer" chair which has considerable aesthetic and retail value, and the other is a mass-produced office chair?

The fundamental taxonomy of trade statistics is based on the type of materials used. This presents those interested

[25] For example, the International Federation of the Phonographic Industry, an international trade body for music companies (http://www.ifpi.org), does not collect data in many countries, as reliable data are not available.

in statistics for the creative economy with a problem. Only a small number of materials are "cultural or creative" by definition, that is, used exclusively for a cultural purpose. Diamonds, for example, can be used in jewellery and as a cutting edge for tools. Qualities of materials are unevenly captured in the current Harmonized System (HS) classification. This is largely a historical issue that refers more to the patterns of trade when such taxonomies were first devised, in short, when trade was dominated by manufactured goods and commodities (see HS 5206 for an example of the fine distinctions made between different yarns used in clothing). A classification based on the amount of plastic used in the production of a classical music and a pop music CD, for example, would inform us only of the raw materials incorporated into the products. Even a measure of the wholesale price of the CDs reveals nothing of the copyrights associated with the products.

Clearly, there is no way to express the "real" value of a song or a story. It might be suggested that one could track the royalty payments. However, this again is difficult. First, such tracking relies upon a sophisticated and well-functioning collecting society (the organization that acts as an intermediary between artist and users). Manufacturers and distributors return a particular percentage on sales of products (books and records, for example) to the collecting society, as do broadcasters, and any public users of music. Then royalty owners receive a proportion of returns. In theory, it would be possible to track such "micro-payments" in an online system. However, this is not a current reality.

The aim, therefore, is to develop a pragmatic way forward within the confines of the current data sets that would tell us something about the creative economy, summarized in table 4.8. Creative products are clearly a subset of all products. So, beyond this matrix lie all other products, where usage is wholly functional. Our proposal is that products could be subject to two criteria. The first criterion would be whether they are primarily the subject of artistic or artisanal production, or of mass production. In reality, products will lie on a continuum; however, for classificatory purposes, it is necessary to create a division. This criterion is indicative of the degree of creative labour content of each item produced. The assumption is that creative labour content is high in goods of higher creative content and significance.

The second criterion would be to represent the typical use of the product, ranging from an artistic decorative artefact or ornament, termed "aesthetic", through designer products, to those that are mainly functional (beyond this will lie all other products that are primarily functional). Again, this should be seen as a continuum with, in practice, usages being proportionately more one use or another. For example, a "designer" chair is functional but it is aesthetically valued as well. In such a case, the assumption is that the more aesthetic use is likely to represent more creative value.

In the absence of an ideal or precise taxonomy and database, it can be proposed the combination of these two criteria so as to offer some useful and pragmatic distinctions. The two extremes might be mass-produced functional usage (cell 4) and artisanal and aesthetic usage (cell 1). In between, it could be distinguished the art crafts designer goods from those that are mass-produced but with a premium on "design" (or creative input).

Attempts should be made to separate out the aesthetically specific goods from those that are more functional, and from those that are only functional (non-creative goods). However, there are a number of "grey areas" that are associated with shifting cultural practice. For instance, interior-design products comprise a very difficult category. However, some of these products might be distinguished from the more or less functional ones by the degree to which their value rests on aesthetics (cell 2).

The same sort of distinction is even more difficult to make with respect to clothing. Traditionally, high fashion/haute couture is distinguished from prêt-à-porter/ready to wear or even basic production. As indicated in the proposed classification below, there is a possibility of separating out designer one-offs and designer styled goods. However, in practice, in the case of clothing, only "luxury goods" such as fur, cashmere or silk as markers can be identified. To avoid distorting the data, at the initial stage, it is better to exclude textiles from the fashion category since they are too difficult to distinguish.

This is clearly not a perfect system of classification: it is offered as an indicator to simply under-representing the creative sector by including only items that fall into cell 1.[26] The benefit of the taxonomy presented in table 4.8 is that it offers a more indicative picture of the extent of the creative economy. Moreover, cells 2 through 4 are indicative of the site of discussion of future taxonomies and data collection, if they are to begin to represent the creative products accurately rather than what happens at present where the existing taxonomies effectively render the creative economy invisible.

[26] Any product or artefact, whether mass/artisanal or aesthetic/functional, can be commodified (sold or traded) or be considered as beyond such valuation. Where a particular product lies in this commodification domain is always an empirical fact that needs to be investigated, and it will change through time and place.

Table 4.8 Proposed categorization of creative goods

Dominant use of the product	Organisation of production of the product	
	Artisanal	Mass
Aesthetic	1	2
Functional	3	4

Cell examples

1 - A fine-art painting
2 - A newspaper or book
3 - A handmade ceramic vase
4 - Designed furniture (high design content, mass produced)

Cells 1 and 2 are most clearly dedicated to creative activities that are exclusive but can be artisanal or mass production. In some cases, it can be difficult to distinguish whether materials are dedicated to artisanal or mass production. For example, in the case of a fine-art item, it is possible to distinguish the trade in high-value goods from a more low-level (artistically speaking) reproduction market.

Cells 3 and 4 are for creative goods that have not only a creative content but also a functional nature, but the latter dominates. For example, a handmade ceramic vase is a decorative interior article but also has a utility value.

Source: UNCTAD in collaboration with A. Pratt

4.10 Main considerations

Obviously, there are challenges to understanding the scale and nature of international trade in creative goods, services and rights. This chapter argues that it is possible to develop a first-cut analysis from a combination of modified existing trade data. The resultant taxonomies and the data that populate them are neither ideal nor perfect. Caution is needed to draw taxonomies tightly but to develop them with intelligence such that they map — and make visible — the shifting dimensions of creative production.

The proposals put forward in the Creative Economy Reports seek to use raw data from verified public sources that are already reported internationally rather than rely upon samples or estimates from sources whose rigour in their data collection methods is not guaranteed, or to rely upon very costly and time-consuming primary data collection. Of course, the final objective of an accurate audit of the creative economy will be achievable only with the adoption of new taxonomies and with new data collection. Until that time, pragmatic solutions such as the one outlined in this report seems a way forward.

There is clearly a need for a better understanding as well as a measure of the organizational and institutional forms that have developed in the creative industries. If policy interventions are to be considered, a baseline is required to identify a starting point for evaluating impact and variables need to be matched with objectives. The creative industries commonly seek to achieve a number of contradictory outcomes: access and excellence, social inclusion and profitability, etc. For this reason considerable care is needed in the creation of indicators for comparative work, evaluation and policymaking.

The issue is to develop an information base that is robust, meaningful and flexible. While quantitative statistics have their use, there is also a place for qualitative information. Most statistical indicators focus on outputs; however, in the arts and culture process, indicators are also critical. Invariably, these describe such things as institutional form, density and competence as well as particular ways in which people are employed or carry out tasks.

In summary, this is a step forward of a work in progress to shape a possible approach by which otherwise invisible activities of the creative economy may be made visible. This scheme is intended to reconstruct a production-chain measure for physical goods. However, completing the picture for invisible or copyright transactions is still some way off. Considerable efforts are needed to expand and improve this visibility.

Box 4.1 Reality and numbers

There is a memorable remark, "The map is not reality", made by a Polish mathematician and philosopher named Alfred Korzybski. Although Korzybski was born in Warsaw in 1879 when it was occupied by Russia, I do not believe he was referring his homeland's confused status. Rather, he was making a pithy encapsulation of his belief that we should not confuse reality with our descriptions of reality. He distrusted humanity's tendency, faced with reality, to give it abstract qualities that were often unnecessary, illogical and in many cases simply wrong. He wrote in the great tradition of the Englishman William of Ockham, born over 800 years ago, who said we should not add anything that is not necessary. Both men were saying, keep it simple! So, leaping back to today, if I say that Matthew Carter, who designed the ubiquitous Verdana typeface now found on every computer, is a wonderful designer, I could be right, I could be wrong. The only certainty is that he designed a wonderful typeface.

I first heard about Korzybski when I was working at the International Institute of Communications in the 1980s and we were trying to understand the new communications ecology. We were working on a map of the global flows of television programming and a report to the Government of Norway on electronic information. The Swedish director, Eddi Ploman, used the quotation to warn us against generalizing wrongly from raw data.

His remark popped into my head again this year as I was considering the state of research into the creative economy. On the one hand, we know how we have ideas and how we develop and share them. We have a feel for how creativity works, or doesn't work, in our neighborhood, in our culture. On the other hand, data and maps seek to quantify the numbers, the scale, of what is happening. We need both, of course. We need the ground reality, and we need the numbers. But we must not confuse them.

In recent years, there has been an explosion of interest in collecting data on the creative industries, often called "mapping" after the United Kingdom's first mapping document in 1998. These show the creative industries to be larger and generating more wealth than was previously supposed. The data became powerful tools in persuading governments to promote the creative industries. Fast forward 10 years and mapping the creative industries is now widely accepted as the first step on the agenda of any government that wants to develop its country's creative economy.

These maps provide a quick and easy answer to the question, "What exactly are the creative industries?" They provide the information that politicians, industry and the media rely on. It is therefore important we get it right. Yet I believe that many maps offer shaky guidance for understanding the creative economy and therefore for choosing the right policies. My own business interests cover TV and film. I know the reality of film production and distribution. No map comes close to reality.

Here is one example. A frequently quoted survey says the United Kingdom exports more films than the United States. This, frankly, is nonsense. The survey makes the mistake of categorizing licence income as belonging to the licensee. So if a United States company licenses a film to another country, the revenue counts as local business. Perhaps the same mistake is the cause of the frequent statement that the video games industry is bigger than the film industry. The video industry is, in some countries, bigger than the cinema industry but the cinema industry makes up only one-third of the film industry. This kind of data is not only wrong in financial terms but also misrepresents the industries' structure and operations. As a result, any policymaker who used this data would be likely to have an incorrect idea of their strengths and weaknesses and propose policies that had little relation to reality.

The art market is also liable to misunderstanding. Art is often called a copyright industry. Strictly speaking, this is true. But the bulk of its revenues comes from the sales of manufactured objects, with copyright licences contributing only a few percentage points, most of which are earned by the estates of dead artists who put little back into the market. By and large, the art market distrusts copying, which is why even original prints rank behind one-off works and why reproductions are not considered to be art at all.

Why are we in this position? There are several factors. The first is that a lot of data is collected by organizations that have little knowledge, or even contact, with creative workers and businesses.

My own criteria for good data are twofold. Data that is collected under government supervision, where failure to supply accurate data is an offence, are usually reliable. Company reports and some employment data are good examples (but the latter can be misleading if many people are self-employed or part-time). But this is a small proportion of the total and, anyway, often fails the second test.

The second test is, Who is paying, and Why? The acid test of good data is data that are collected by an organization that has the right to check it and to challenge the provider and that are then sold (not given) back to the provider. This kind of data is common in America, Japan, most of Western Europe and most other OECD countries and virtually unavailable anywhere else. By this criterion, I trust data on box office admissions in these countries. I trust commercial companies that collect, organize, analyse and sell back industry data to the industry. Not much else can be trusted.

We know that all data give their own view of reality. Film companies collect information to make and sell films profitably. Governments collect information to levy taxes and to correct market failures through subsidies and tax breaks. Academics collect data to support their research. Every map has its own point of view.

In the film business, data on production finance and net income are virtually unobtainable by anyone outside the companies involved. We tell each other what we know. Nobody even attempts an official survey. There is one exception, which is that national subsidy schemes may oblige recipients to provide data, but this distorts the picture in favour of the subsidized sector. The commercial deals that represent the bulk of licensing revenues go unrecorded. The ideas, projects, scripts, screen tests, contracts and personal relationships that constitute the main assets and added values of film development are not caught by data mapping. The same is true for most creative work.

Box 4.1 continued **Reality and numbers**

The reliance on industry data itself is coming into question. There is increasing recognition that many creative workers do not work in creative industries. In Australia, the United Kingdom, the United states, the proportion of creative workers outside the creative industries is over 50 per cent. There is anyway increasing doubt whether "industry" is the right way to describe what is happening. The term captures what happens when big companies make lots of identical copies (music, film, High Street fashion, etc). But it does not capture people making one-off expressions of an individual aesthetic (art, architecture, craft, etc.).

There are other factors. Trade data are especially weak. Ideas flow easily across borders, especially with the Internet and inexpensive travel. Creative workers are nomads. Customs data do not begin to account for everything that is happening and may be so partial that they distort reality. Finally, most data, whether compiled by government or business, lag behind reality. Too often, the categories are out-of-date. This is especially true for business models that depend upon digital technology. Too many policymakers try to plan for the future by doing what Marshall McLuhan described as "driving ahead by looking in the rear-view mirror". What then, is the answer? We will always need maps, because we need to navigate. How do we get a better map?

A way forward

My research at ITR suggests a way forward. We need to rethink the reality of creativity and the creative economy. We need new coordinates and a new compass.

The new coordinates must take account of the environment in which people have ideas in their ordinary (or extraordinary) lives. I call this the "creative ecology". An effective ecology provides the habitat where an organism can live and flourish. A creative ecology is one where all people have the freedom to pursue their own ideas and where markets allow them to exchange ideas. Its main characteristics are soft infrastructure, social networks and social markets. We are developing parameters to measure this ecology.

Then, we need to relate this creative ecology to global economic developments since the 1950s, and especially since the Internet really took off in the mid-1990s. The rise of the creative economy is part of the restructuring and reshaping of the global economy. There is a tendency for work on the creative economy to be isolated from general economic analysis. We need to bring the two maps together.

It follows, I believe, that we need to give proper weight to both commercial and other activities. There is a tendency for policymakers and researchers to put most emphasis on activities that are not sustainable or not profitable, on the reasonable grounds that profitable businesses can look after themselves within the framework of competition policy. It may also be true that many policymakers in this area have more experience of the public arts sector than of the commercial world. There is a danger that the creative economy becomes biased towards non-profit work. This would be profoundly limiting.

We need maps not only to tell us the size of a creative industry but how creativity and innovation play a role in the wider economy. In my view, the United States and many European countries are now mass creative economies. By this I mean that any primary, manufacturing or service sector in these countries that is not creative is uncompetitive and unsustainable. The good news for all countries is that this requires a new approach to both culture and business. We need new theories and new practices, new ways of working.

For the past three years, I have been mapping the "creative divide" alongside the pioneering work by the International Telecommunication Union on the "digital divide". The creative divide shows why, say, a person in the South who is as creative as a person from the North is prevented from taking part in the global creative economy. In this, the United Nations surely has a major role to play. It can draw on the best of advice across a wide range of disciplines and agencies. It can set standards and share information. In the same way as UNCTAD strives to enable developing countries to join the international trading system, so we now need to ensure that developing countries can join in the global creative economy. This would be a natural and much welcome initiative.

By John Howkins, author of *Creative Economy* (London, 2001); Chairman, UNCTAD XI High-level Panel on Creative Industries and Development (São Paulo, 2004); Chairman, Tornado Productions Ltd, a London-based web casting company; and director of Equator Group plc, Television Investments Ltd, Everyldea Ltd and World Learning Network Ltd.

PART 3

International Trade in Creative Goods and Services

CHAPTER 5 International trade in creative goods and services: Global trends and features

5.1 Setting the scene

Global and regional trade flows of creative goods and services encompass trade transactions with complex interactions among culture, economics and technology. Likewise, trade is framed within the rules and practices of the world trading system. This framework includes the universally accepted multilateral rules governing trade among members of the WTO and other legal provisions for free trade agreements, custom unions and economic partnership agreements. Trade rules for the creative industry may also be influenced by other legal instruments, such as the UNESCO Convention on Cultural Diversity, at the regional level as well as by specific agreements dealing with cultural trade exchanges and intellectual property rights regimes.

With the emergence of the creative economy and its growing contribution to world trade, issues relating to the interface between international trade policies and national cultural objectives are gaining prominence in the economic development agenda. The current round of multilateral trade negotiations aimed at further trade liberalization remained inconclusive so far in 2010. The global financial and economic crisis has heightened tensions between trade and development policies, making it clear that the multilateral trading system needs careful reassessment bearing in mind the imperatives of the MDGs. Poorly coordinated trade, financial and monetary policies have made developing countries more vulnerable, often leading to protectionist measures on behalf of domestic markets and industries hit by the crisis. The Doha Round was expected to redress these imbalances, but the multilateral negotiations are shifting away from a development agenda.

Against this background, chapter 5 presents a picture of international trade flows of creative goods and services in global markets for the period 2002-2008. UNCTAD complemented and enriched this trade analysis with evidence showing the possible variation of tariffs escalation applied in major markets for international trade of creative goods, which are examined in chapter 9 in the section covering issues related to the multilateral trading system. The analysis can assist developing countries in formulating trade policies and negotiating tariff cuts for market access with their trade partners. In summary, the purpose of this chapter is to identify the main features inherent to each creative industry and to assist developing countries in assessing the actual and potential economic impact of their creative industries for trade and development gains.

The trade analysis presented here builds upon the first global comparative analysis in the *Creative Economy Report 2008*. Over the last two years, efforts have been made to improve the quality and coverage of the initial statistical data, and factual information on market developments for each creative industry has been expanded. Nevertheless, visible gaps remain due to the lack of a more appropriate methodology to collect and report the wide range of quantitative and qualitative data, as described in chapter 4. Attention is drawn not only to what the figures show, but also to what they are not yet able to capture. Although imperfect, the trade data give an indication of market trends and major trade flows, showing the key players for each category of creative industries. This work makes a contribution towards improving market transparency. However, much more needs to be done at the national and international levels to provide better tools to assist governments in policy formulation and provide a clear understanding of the dynamics of the creative products in world markets for the creative community.

A key issue in approaching trade features is to examine how creative industries generate value from cross-border trade and what the backward and forward linkages are in the value chain of each creative-industry subgroup so as to properly assess its impact for both the exporting and

importing countries. It is not yet possible to undertake more refined input and output analysis to evaluate forward and backward spillovers.

The creative industries have been generating increased revenue from the production, trade and distribution of their goods and services as well as from the collection of copyrights associated with their use. Trade and IPR flows originate from international transactions among two or more countries and from intra-firm transactions between transnational corporations, which are becoming a major driver of world trade linkages. Trade flows of creative products include the revenues of export and import operations for goods and services produced by the creative industries. The salient features and the global trade flows of creative goods and services are examined in the following sections.

5.2 Creative industries: A new dynamic sector in world trade

Table 5.1 World exports of all creative industry (goods and services), by subgroup, 2002 and 2008

Subgroup	Value (in millions of $)	As % of all creative industries	As % of total world export [2]	Value (in millions of $)	As % of all creative industries	As % of total world export [2]	Growth rate (%)
	2002 [1]			2008 [1]			2003-2008
All creative industries [3]	**267,175**	**100.00**	**-**	**592,079**	**100.00**	**-**	**14.4**
All creative goods [4]	204,948	76.71	3.52	406,992	68.74	2.73	11.5
All creative services [5]	62,227	23.29	3.79	185,087	31.26	4.80	17.1
Heritage	**25,007**	**9.36**	**-**	**43,629**	**7.37**	**-**	**-**
Art crafts goods	17,503	6.55	0.30	32,323	5.46	0.22	8.7
Other personal, cultural and recreational services	7,504	2.81	0.46	11,306	1.91	0.29	7.3
Arts	**25,109**	**9.40**	**-**	**55,867**	**9.44**	**-**	**-**
Visual arts goods	15,421	5.77	0.27	29,730	5.02	0.20	12.8
Performing arts goods	9,689	3.63	0.17	26,136	4.41	0.18	17.8
Media	**43,960**	**16.45**	**-**	**75,503**	**12.75**	**-**	**-**
Publishing goods	29,817	11.16	0.51	48,266	8.15	0.32	7.3
Audiovisual goods	462	0.17	0.01	811	0.14	0.01	7.2
Audiovisual and related services	13,681	5.12	0.83	26,426	4.46	0.69	11.0
Functional creations	**194,283**	**72.72**	**-**	**454,813**	**76.82**	**-**	**-**
Design goods	114,692	42.93	1.97	241,972	40.87	1.62	12.5
New media goods	17,365	6.50	0.30	27,754	4.69	0.19	8.9
Advertising and related services	8,914	3.34	0.54	27,999	4.73	0.73	18.4
Architecture and related services	18,746	7.02	1.14	85,157	14.38	2.21	20.9
Research and development services	12,639	4.73	0.77	31,111	5.25	0.81	14.8
Personal, cultural and recreational services	21,927	8.21	1.34	40,821	6.89	1.06	10.4

Notes: [1] Reported official figures for creative goods based on 92 reporting countries in 2002 and 138 countries in 2008; creative services based on 102 reporting countries in 2002 and 125 countries in 2008. [2] This column shows the percentage of creative goods in total world merchandise trade, and percentage of creative services in total world trade in services, respectively. [3] All Creative Industries is composed of All Creative Goods and All Creative Services. [4] All Creative Goods is composed of art crafts goods, visual arts goods, performing arts goods, publishing goods, audiovisual goods, new media goods, and design goods. [5] All Creative Services is composed of advertising, market research and public opinion polling services; architectural, engineering and other technical services; research and development services; and personal, cultural and recreational services. Audiovisual and related services and other cultural and recreational services are sub-items of personal, cultural and recreational services. For definitions, please refer to Chapter 4.

Source: UNCTAD Secretariat calculation based on official data in UN COMTRADE database

The global market for traded goods and services of the creative industries has enjoyed an unprecedented dynamism in recent years. The value of world exports of creative-industry goods and services reached $592 billion in 2008, up from $267 billion in 2002, according to UNCTAD. During this same period, the creative industries gained shares in global markets, growing at an annual rate of 14 per cent. This upward trend is likely to continue, given the positive prospects for global demand even in turbulent times.

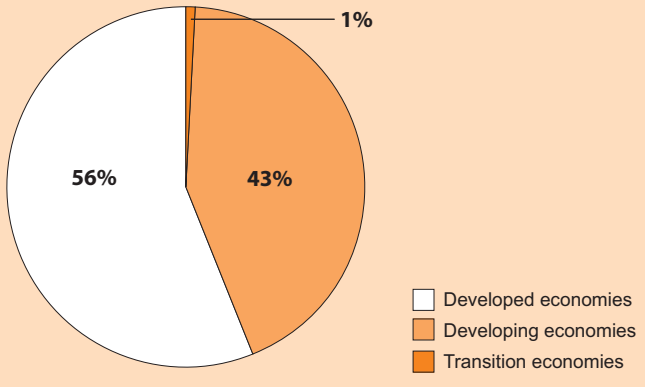
Exports of creative goods accounted for the vast majority of world trade of creative industries. By 2008 they reached $407 billion, nearly twice as high as the $205 billion in 2002 (see table 5.1) and representing an average annual growth rate 11.5 per cent. Exports of creative services increased by 17 per cent annually, rising from $62 billion in 2002 to $185 billion in 2008, although this also reflects the growing number of reporting countries, as explained earlier. In any case, trade in creative services grew faster than trade in creative goods (see explanatory notes in the annex).

The world trade figures for creative industries provide clear evidence that creative industries constitute a new dynamic sector in world trade. The magnitude and the potential of the global market for creative-industry products are vast and have only recently been recognized. The creative economy in general and the creative industries in particular are indeed opening up new opportunities for developing countries to leapfrog into high-growth sectors of the world economy and increase their participation in global trade. The creative industries are already driving trade and development gains in a growing number of countries, in both developed and developing countries, particularly in Asia.

While developed countries continue to lead both export and import flows, developing countries have increased their share in world markets for creative products year after year and their exports have risen faster than those from developed countries. Exports of creative goods from developing economies accounted for 37 per cent of world exports of creative goods in 2002 and reached 43 per cent in 2008. This significant growth reflects the remarkable increase in production and trade of creative goods in China, which remained as the world's leading exporting country of creative goods in 2008 with an impressive 20 per cent market share. Exports of creative services from developing countries account for 11 per cent, while developed countries exports reached 83 per cent of world exports of creative services in 2008 (see chart 5.1a and chart 5.1b).

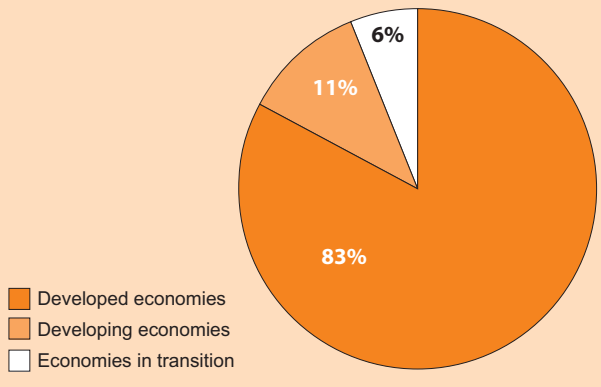
In 2008, the global economic downturn undermined opportunities in many countries for jobs, growth and economic and social well-being. With falling global import demand, world trade declined by 12 per cent. Export sectors continue to play important role in the development process through productivity growth, income and employment creation and technology diffusion. The contribution of exports to GDP in developing countries increased from 26 per cent in 1990 to 44 per cent in 2008, revealing the increasing openness of their economies.[1] During global economic upturns trade openness allows countries to secure gains from trade, but in global economic downturns negative external

Chart 5.1a **Creative industries: Exports of creative goods, by economic group, 2008**



Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.1b **Creative industries: Exports of creative services, by economic group, 2008**



Source: UNCTAD, based on IMF balance of payment statistics.

[1] UNCTAD (2009). *Evolution of the international trading system and of international trade from a development perspective: Impact of the crises.*

shocks are readily transmitted. Falling global import demand has severely affected those countries most successful in export-led growth, calling for a reassessment of export-led growth strategy. Unlike previous crises largely confined to particular countries/regions, the global contraction in demand has limited countries' ability to use trade to boost recovery. International trade may therefore take longer than previously expected to reach its pre-crisis level. Although signs of recovery are now visible in many countries, concerns remain about how robust and sustained the recovery will be.

By contrast, international trade in the creative industries has continued to grow despite the broader economic crisis. Over the past decade, creative industries emerged as one of the world's most dynamic sectors, offering vast opportunities for cultural, social and economic development. International trade of creative products grew at an annual rate of 14.4 per cent between 2002 and 2008. World trade of creative goods and services reached $592 billion in 2008. The sectors with best penetration in global markets are arts-related goods. Creative services grew even faster between 2002 and 2008, with an annual growth rate of 17.1 per cent, compared to 13.5 per cent for world services exports. This is evidence of the dynamism of the creative economy in the contemporary society.

5.3 Global trends in world trade of creative goods and services

5.3.1 | Global trends in world exports

In 2008, total exports of all creative-industry products reached $592 billion (see chart 5.2), with an annual growth rate of 14 per cent since 2002. Export earnings from creative industries cover the value of exports of all creative-industry products, comprising tangible goods and intangible services in each creative sector.[2]

The value of exports of creative goods grew at an annual rate of 11.5 per cent from 2002 to 2008, when the total value reached $407 billion. As a result, all regions and economic groups of countries benefited from higher export earnings. Exports of creative goods from developed countries predominated in world markets. At the same time, exports from developing economies more than doubled, from $76 billion to $176 billion, between 2002 and 2008 (see table 5.2).

The value of creative services exports rose from $62 billion to $185 billion, growing annually by 17 per cent during the period 2002-2008 — a faster rate than world exports of all creative products. On the basis of available statistics, creative services accounted for only 31 per cent of the total exports of creative industries in 2008. Obviously, this share is underestimated since most countries, both developing and developed, do not report data for all categories of creative services.

Table 5.2 Creative goods: Exports, by economic group, 2002 and 2008 (in millions of $)

	World		Developed economies		Developing economies		Transition economies	
	2002	2008	2002	2008	2002	2008	2002	2008
All Creative Industries	**204,948**	**406,992**	**127,903**	**227,103**	**75,835**	**176,211**	**1,210**	**3,678**
Art Crafts	17,503	32,323	8,256	11,443	9,202	20,715	45	164
Audiovisuals	462	811	425	726	35	75	3	10
Design	114,692	241,972	60,967	117,816	53,362	122,439	362	1,716
New Media	17,365	27,754	11,422	13,248	5,908	14,423	36	82
Performing Arts	9,689	26,136	8,947	22,539	698	3,323	43	274
Publishing	29,817	48,266	25,970	38,753	3,157	8,138	690	1,376
Visual Arts	15,421	29,730	11,916	22,578	3,474	7,097	31	56

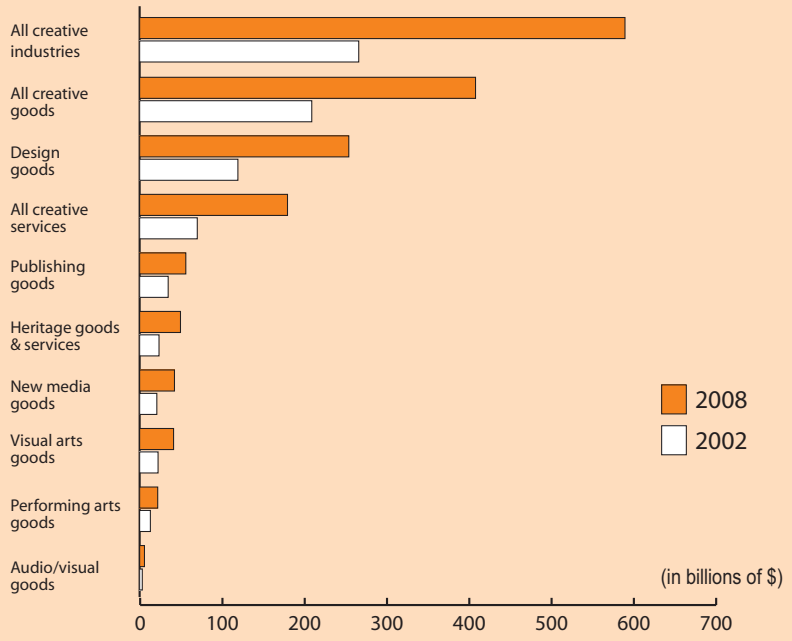
Source: UNCTAD, based on official data in UN COMTRADE database

[2] It should be noted that, owing to the gaps in the availability of data for creative services, figures for exports of creative goods were higher than those for creative services — a distortion of the reality.

The structure of exports of goods from creative industries, by economic group, is also presented in table 5.2 (chart 5.3a and chart 5.3b). The predominance of developed economies in world trade of creative goods is noticeable (chart 5.4a and chart 5.4b). In 2008, their share in total exports of creative goods was about 90 per cent for music and audiovisuals, around 80 per cent for publishing/printed media, 75 per cent for visual arts, and about 50 per cent for new media and design. This trend is highly relevant for market analysis. The trade data clearly show the importance of creative industries for both developed and developing economies. Furthermore, they mirror the fact that the high-growth sectors of creative industries with higher value added, such as audiovisuals and new media, are exported mainly by advanced economies.

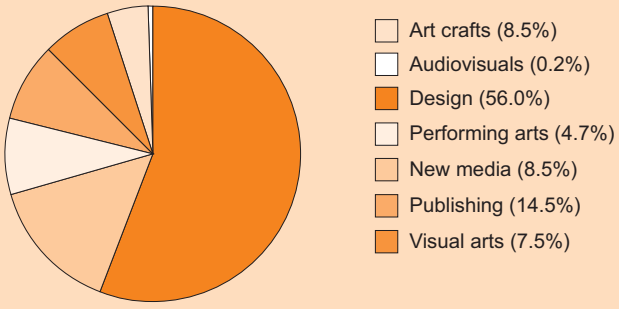
For developing economies, art crafts constitutes the most important group of creative products, accounting for 65 per cent of their share in the world market for creative-industry goods (see chart 5.4a and chart 5.4b). Design and new media also have great potential; exports from developing economies have been increasing and each of these sectors responded to more than 50 per cent of the demand from global markets in 2008. This upward trend in exports of creative goods from developing economies is due mainly to substantial increases in the design subgroup, where exports rose from $53.4 billion in 2002 to $122.4 billion in 2008, reflecting mainly the growth in China (see table 1.2a in the annex). The economies in transition play a marginal role in world markets of creative goods and services, accounting for less than 1 per cent of market share over the period under review, according to available figures (see table 5.3).

Chart 5.2 Evolution of world exports of creative goods and services, 2002 and 2008



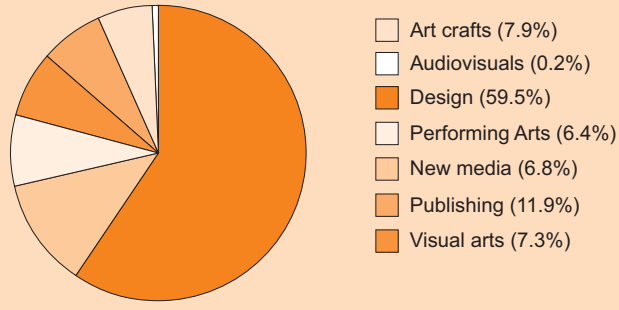
Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.3a Exports of creative goods, by group, 2002



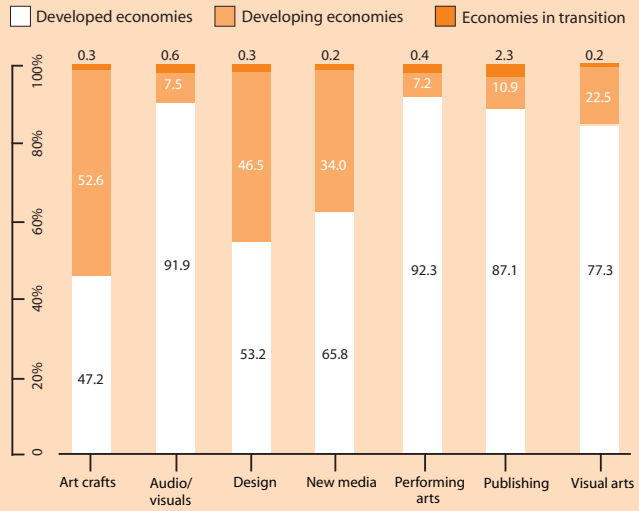
Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.3b Exports of creative goods, by group, 2008



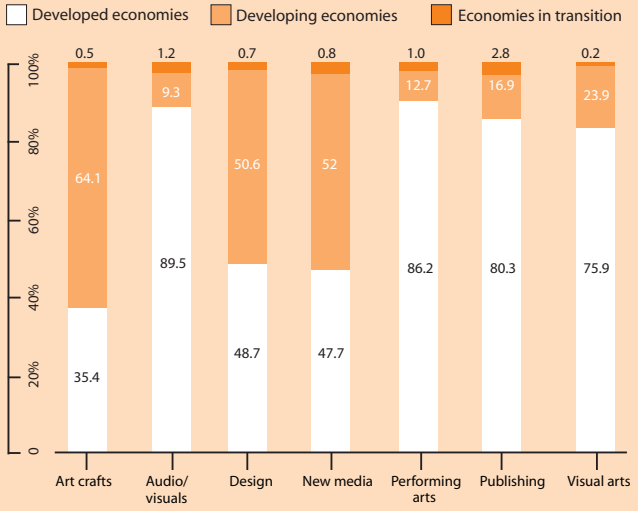
Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.4a Share of economic groups in world exports of creative goods, 2002 (%)



Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.4b Share of economic groups in world exports of creative goods, 2008 (%)



Source: UNCTAD, based on official data reported to UN COMTRADE database

Table 5.3 Creative goods: Exports, by economic group and region, 2002 and 2008

Economic group and region	Value (in millions of $) 2002	2008	Change (%) 2002-2008
World	**204,948**	**406,992**	**99**
Developed economies	**127,903**	**227,103**	**78**
Europe	94,514	174,018	84
United States of America	18,557	35,000	89
Japan	3,976	6,988	76
Canada	9,327	9,215	-1
Developing economies	**75,835**	**176,211**	**132**
Eastern and South-Eastern Asia	66,700	143,085	115
China	32,348	84,807	162
Western Asia	2,602	10,687	311
Latin America and Caribbean	5,536	9,030	63
Africa	740	2,220	200
LDCs	344	1,579	359
SIDS	61	135	120
Transition economies	**1,210**	**3,678**	**204**

Source: UNCTAD, based on official data in UN COMTRADE database

5.3.2 | Global trends in world imports

World imports of creative goods rose even higher than exports during the period 2002-2008, increasing from $226 billion to $421 billion (see table 5.4). The share of developed economies in world imports of creative goods declined from 83 per cent to 75 per cent. In 2008, developing countries imported 22 per cent of all creative goods, with a value of about $94 billion. For economies in transition, imports of creative goods represented about 2.4 per cent of the world total, amounting to $10 billion in 2008 (see table 1.2b in the annex).

As chart 5.5a illustrates, developed economies were the largest importers of creative goods during the period 2002-2008. Chart 5.5b, which illustrates imports of creative goods, shows that design accounts for the highest volume in world trade (59 per cent of total imports), followed by publications and printed media. This structure is the same in all three economic groups of countries, as shown in table 5.5. Developed countries accounted for more than 75 per cent of total imports of creative goods, with the world's top importers being Europe, followed by the United States, Japan and Canada. Among developing economies, Asia was the region with the highest level of imports of creative goods, which grew from $28 billion in 2002 to $68 billion in 2008 — a 58 per cent increase. In Latin America and the Caribbean, imports of creative goods nearly tripled during this period, growing from $6.3 billion to $16 billion. Imports of creative goods also increased sharply in Africa, where they grew from $1.6 million to $5.7 billion, and among world's least developed countries, where they rose from $344 million to $1.6 billion. This is clear evidence that despite the abundance of creative talents, developing countries are net importers of creative products (see more detailed analysis in section 5).

Table 5.4 Creative goods: Imports, by economic group, 2002 and 2008 (in millions of $)

	World		Developed economies		Developing economies		Transition economies	
	2002	2008	2002	2008	2002	2008	2002	2008
All Creative Industries	**225,590**	**420,783**	**187,170**	**317,058**	**36,692**	**93,721**	**1,728**	**10,003**
Art Crafts	20,341	29,272	15,336	20,836	4,858	7,641	147	795
Audio Visuals	411	699	326	483	83	181	2	34
Design	129,232	248,358	106,388	185,810	21,905	56,376	939	6,172
New Media	17,681	36,361	14,519	26,878	3,031	9,064	132	420
Performing Arts	11,134	28,022	9,651	22,241	1,421	5,322	61	458
Publishing	29,633	49,107	25,166	36,351	4,068	10,915	399	1,841
Visual Arts	17,158	28,964	15,784	24,460	1,327	4,222	48	282

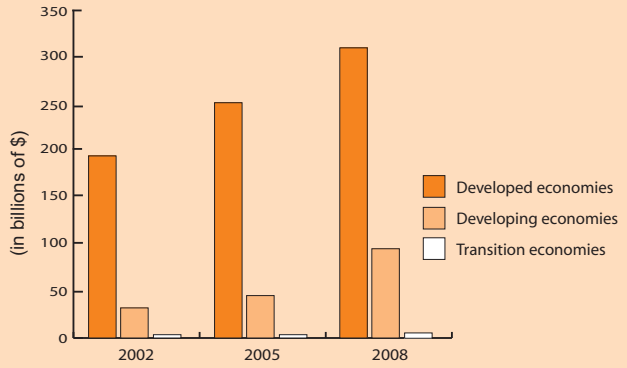
Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.5 Creative goods: Imports, by economic group and region, 2002 and 2008

	Value (in millions of $)		Change (%)
Economic group and region	2002	2008	2002-2008
World	**225,590**	**420,783**	**87**
Developed economies	**187,170**	**317,058**	**69**
Europe	93,458	184,353	97
United States of America	68,624	89,971	31
Japan	12,129	18,512	53
Canada	8,214	14,736	79
Developing economies	**36,692**	**93,721**	**155**
Eastern and South-Eastern Asia	26,048	53,400	105
China	2,941	6,078	107
Western Asia	2,420	14,953	518
Latin American and Caribbean	6,139	16,007	161
Africa	1,585	5,693	259
LDCs	344	1,579	359
SIDS	169	845	400
Transition economies	**1,728**	**10,003**	**479**

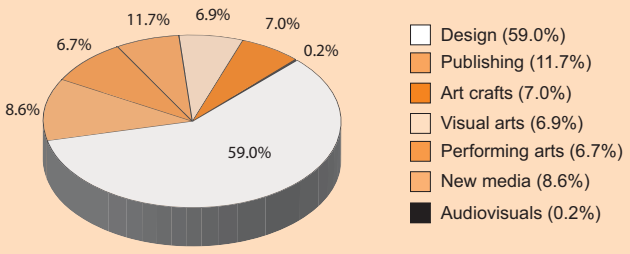
Source: UNCTAD, based on official data in UN COMTRADE database

Chart 5.5a Imports of creative goods, by economic group, 2002, 2005 and 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.5b Imports of creative goods, by group, 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

5.3.3 | Key players in the global market for creative goods

A list of the world's 20 leading exporters of creative goods in 2002 and 2008 is presented in table 5.6. China headed the list, while the United States, Germany, Italy, the United Kingdom, France and Netherlands remained near the top. India, Turkey, Mexico, Thailand and Singapore are the other developing economies that ranked among the top 20 in 2008. India showed the greatest growth in exports of creative goods during the period 2002-2008. More detailed data on trade flows by region and share of world total are provided in tables 1.2a and 1.2b of the annex.

Table 5.6 Creative goods: Top 20 exporters worldwide, 2002 and 2008

Rank		Value (in millions of $)		Rank	Market share %	Growth rate %
2008	Exporter	2008	2002	2002	2008	2003 - 2008
1	China	84,807	32,348	1	20.8	16.9
2	United States	35,000	18,557	3	8.6	13.3
3	Germany	34,408	15,213	6	8.5	14.7
4	China, Hong Kong SAR	33,254	23,667	2	8.2	6.3
5	Italy	27,792	16,517	4	6.8	9.7
6	United Kingdom	19,898	13,657	7	4.9	6.5
7	France	17,271	8,999	9	4.2	10.2
8	Netherlands	10,527	3,686	15	2.6	11.6
9	Switzerland	9,916	5,141	11	2.4	13.5
10	India	9,450	..	-	2.3	15.7
11	Belgium	9,220	5,387	10	2.3	6.7
12	Canada	9,215	9,327	8	2.3	-0.9
13	Japan	6,988	3,976	13	1.7	14.7
14	Austria	6,313	3,603	16	1.6	8.5
15	Spain	6,287	4,507	12	1.5	4.9
16	Turkey	5,369	2,154	23	1.3	15.0
17	Poland	5,250	1,983	24	1.3	14.9
18	Mexico	5,167	3,797	14	1.3	9.1
19	Thailand	5,077	2,899	18	1.2	10.3
20	Singapore	5,047	2,619	21	1.2	6.0

Source: UNCTAD, based on official data in UN COMTRADE database

Developed economies: Top 10 exporters

Exports of creative goods from the developed economies grew during the period 2002-2008, with export earnings rising from $128 billion to $227 billion. Design products made the highest contribution to the trade balances of these economies, followed by publishing. Exports of art crafts increased in value, but the developed economies lost market share to developing economies. Table 5.7 shows the top 10 developed economies in terms of exports of creative goods in 2008. The United States ranked first due to its competitive position in design, which includes, among other items, interior objects. The constant positioning of the same economies among the top 10 exporters in 2002 as well as in 2008 is also noteworthy.

Table 5.7 Creative goods: Top 10 exporters among developed economies, 2008

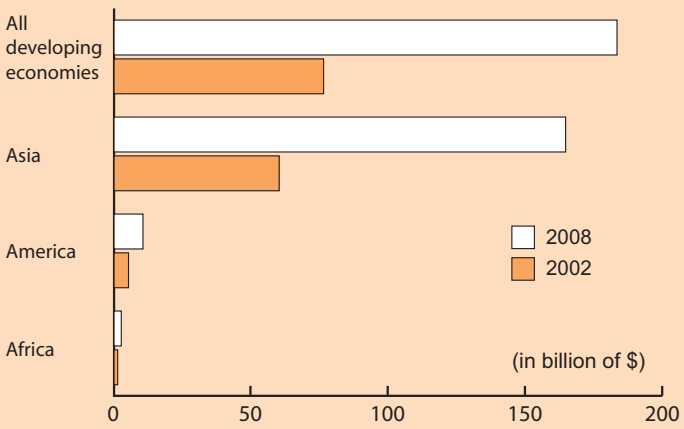
Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	United States	35,000	8.60	13.31
2	Germany	34,408	8.45	14.66
3	Italy	27,792	6.83	9.69
4	United Kingdom	19,898	4.89	6.47
5	France	17,271	4.24	10.16
6	Netherlands	10,527	2.59	11.59
7	Switzerland	9,916	2.44	13.54
8	Belgium	9,220	2.27	6.74
9	Canada	9,215	2.26	-0.94
10	Japan	6,988	1.72	14.74

Source: UNCTAD, based on official data in UN COMTRADE database

Developing economies: Top 10 exporters

The dynamism of exports of creative products by developing economies is a new element in the creative economy. The recent increase in exports from China was remarkable — from $32 billion in 2002 to $85 billion in 2008. During this period, exports of creative goods from developing countries grew from $76 billion to $176 billion. Asian economies accounted for more than three quarters of total exports of creative goods from economies of the South. This development is explained by major increases not only in China but also in Southeast Asia and Western Asia during the period 2002-2008 (see chart 5.6).

Chart 5.6 Creative goods: Exports from all developing economies, 2002 and 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

Table 5.8 Creative goods: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	84,807	20.84	16.92
2	China, Hong Kong SAR	33,254	8.17	6.33
3	India	9,450	2.32	15.70
4	Turkey	5,369	1.32	14.96
5	Mexico	5,167	1.27	9.13
6	Thailand	5,077	1.25	10.31
7	Singapore	5,047	1.24	5.99
8	United Arab Emirates	4,760	1.17	44.77
9	Korea, Republic of	4,272	1.05	1.05
10	Malaysia	3,524	0.87	12.86

Source: UNCTAD, based on official data in UN COMTRADE database

In Latin America and the Caribbean, exports of creative goods almost doubled, from approximately $5.5 billion to $9 billion, although the level of exports from the region remains comparatively low given the potential of its creative industries. Only Mexico figures among the top 20 exporters. The region's other major exporters are Brazil, Colombia and Argentina. In the Caribbean, total exports of all creative goods amounted to $57 million in 2008. The Dominican Republic was the largest exporter in the region, followed by Barbados and Trinidad and Tobago.

Africa contributed marginally (0.6 per cent in 2008) to world exports of creative goods even though African exports of creative goods increased from $740 million to $2.2 billion during the period 2002-2008. Egypt was the largest African exporter, followed by South Africa, Tunisia, Morocco and Mauritius. Egypt for the first time reported a considerable amount of exports of creative goods in 2008. Indeed, the weak presence of Africa in global markets reflects not only the limited supply capacity on the continent but also the fact that the great majority of creative and cultural production in Africa takes place in the informal sector, where statistics are hard to come by.

Very limited data are available for the world's least developed countries (LDCs). However, existing data from the few reporting LDCs demonstrate the overwhelming importance of creative industries in countries such as Cambodia, Mali, Senegal and the United Republic of Tanzania. The same observation is valid for the small island developing States (SIDS).

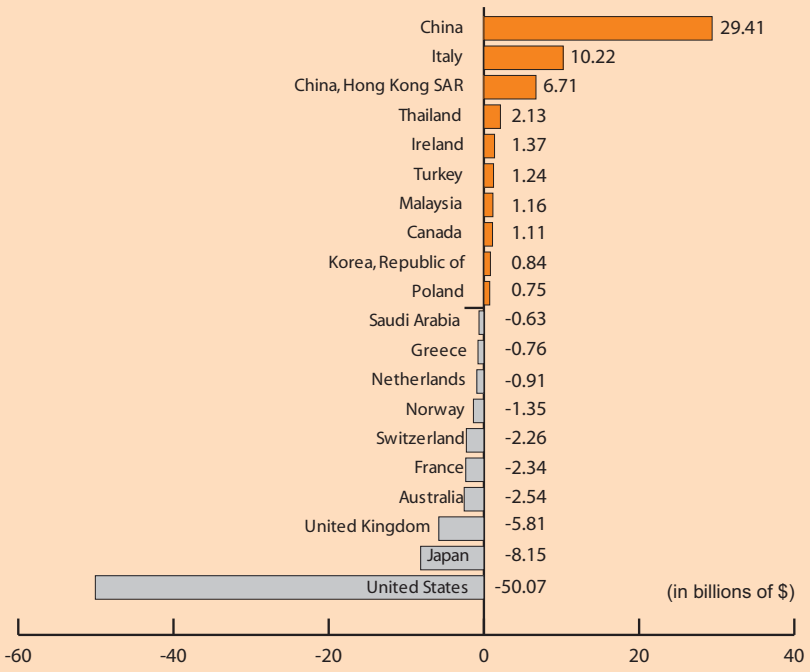
The list of major exporters from developing economies is led by China, also the world's leading exporting country. It should be noted, however, that 9 of the top 10 exporters of creative goods among developing economies are in Asia, as shown in table 5.8. Mexico is the only other nation to make the list, occupying fifth place. For the moment, African creative products are very under-represented in world markets despite the great potential of the creative economy for the continent.[3]

5.3.4 | Trade balance in creative goods

Comparing the export and import statistics for individual countries can indicate whether a country has trade surplus or deficit. For creative goods, China has posted highest trade surplus, which increased from $29 billion in 2002 to $79 billion in 2008 due to a dramatic surge in exports. The United States, conversely, registered a massive trade

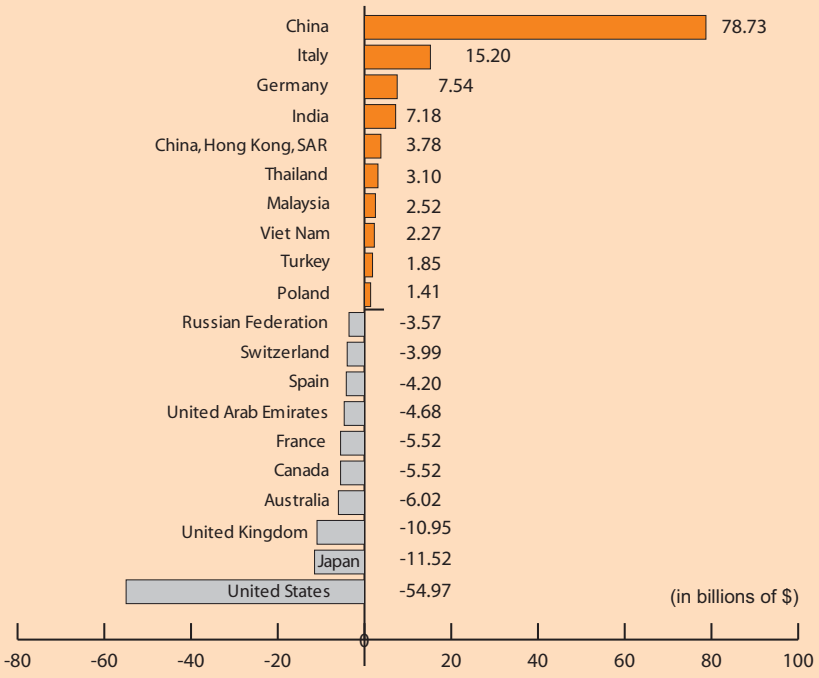
[3] The existing statistical records of some developing countries need substantial improvement; data collection needs to be systematic, and comparable nomenclatures and standard statistical codes need to be used. Otherwise, the difficulties in assessing the participation of developing countries in world trade of creative industry products will remain.

Chart 5.7a Creative goods: Top 10 trade surplus and deficit countries in 2002



Source: UNCTAD, based on official data reported to UN COMTRADE database

Chart 5.7b Creative goods: Top 10 trade surplus and deficit countries in 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

deficit of $55 billion in 2008. This result corresponds to the global discussion that China's share of trade deficit in the United States is the largest among all other group of economies.

By 2008 the number of Asian exporters in the top 10 surplus countries climbed from five to seven, with India and Viet Nam becoming important players in this industry. Among the developed countries, Italy had the second-largest surplus in creative goods, though its surplus was five times lower than China's in 2008. Germany, which ranked third, has also increased its share of exports in the world market, with $7.5 billion in 2008.

No countries in Latin America or Africa made the list of top 10 surplus countries. In summary, with the exception of Asia, where many countries are net exporters, other developing regions, in particular Africa, the Pacific, the Caribbean and Latin America, have been consuming more and more imported creative products (see chart 5.7a and chart 5.7b).

5.3.5 | Country profiles on the creative economy

An integral part of this report is its statistical annex, which provides a comprehensive picture of world trade data for creative goods and services. The annex derives from the UNCTAD Global Database on the Creative Economy, which provides analytical tools to enable individual countries to

profile their trade performance in the area of the creative industries. The database provides an opportunity for policy-makers and researchers to extract trade information to generate detailed product and country-level information for economic analysis.

As an illustration, the annex presents country profiles for two countries (Argentina and Turkey) from different geographical regions, showing their trade performance for both creative goods and services. These country profiles cover the period 2002-2008 and compare all creative sectors to better understand how their trade performance has evolved. The first part of each country profile summarizes trade balance and with a detailed disaggregation of product groups. The second part presents a comparative analysis of trade data for creative goods, positioning each country in its regional context.

5.4 Regional economic groups in world markets

Europe led exports of creative-industry products during the period 2002-2008. As shown in table 5.9, the 27-member European Union is the leading regional economic grouping in exports of creative goods, dominating the market with about 40 per cent of world exports. However, this increase also reflects the growing number of countries in the European Union. Conversely, fewer countries are now grouped as economies in transition, one of the reasons for their very low level of exports. European Union exports of both creative goods and creative services increased markedly during the period 2002-2008. Its exports of creative goods rose from $89 billion in 2002 to $163 billion in 2008. For data on trade flows by trade groups, see tables 1.3 in the annex.

Asia became the second largest exporting region in 2002, when the total value of its exports of creative goods surpassed the total exports of creative goods from North America, according to reported figures. As mentioned earlier, the main reason for this is the impressive growth of exports of creative goods from China, which reached $85 billion in 2008. Moreover, exports of creative goods from the 10 countries of the Association of Southeast Asian Nations (ASEAN) rose from $7.3 billion in 2002 to $17.3 billion in 2008. For the so-called ASEAN+3 (ASEAN plus China, Japan and the Republic of Korea), total exports of creative goods reached $113.4 billion in 2008 (see table 1.3 in the annex). In other regions in Asia, including Western and Eastern Asia, production and exports of creative products also increased sharply from 2002 to 2008.

In Latin America and the Caribbean, the performance of creative industries also improved but less rapidly. Exports of creative goods from the 34 countries that actively participate in the Free Trade Area of the Americas (FTAA) increased from $33 billion in 2002 to $53 billion in 2008. Of this latter amount, $49 billion represented the exports from the three countries that belong to the North American Free Trade Agreement (NAFTA): Canada, Mexico and the United States. On the other hand, the four MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) have a small share in the world trade of creative goods despite the gradual increases; together they exported $1.6 billion of creative goods in 2008. The other countries of the region have a very small share in world trade of creative-industry products.

In summary, the potential of creative industries in Latin America and the Caribbean has not yet been fully explored. The economies of the ACP Group — which encompasses the 79 countries of Africa, the Caribbean and the Pacific — are not yet benefiting from the huge potential of their creative industries. Despite their rich cultural assets, their share in world markets remains extremely small. Nevertheless, exports of creative goods increased from $446 million in 2002 to $1.6 billion in 2008. The same situation applies for the group of 49 LDCs (whose exports reached $1.6 billion in 2008) and the SIDS (whose exports reached $135 million in 2008). (Most of the LDCs and SIDS are also members of the ACP Group). Undoubtedly, further efforts should be made to enhance creative capacities for trade and development gains in all these countries.

Table 5.9 Creative goods: Exports, by regional economic group, 2002 and 2008

Regional economic group	Value (in millions of $) 2002	Value (in millions of $) 2008	Market share (%) 2008
America			
FTAA	33,419	53,231	17.6
NAFTA	31,681	49,382	13.72
MERCOSUR	973	1,593	1.87
Asia			
ASEAN (10)	7,369	17,379	5.56
ASEAN+3	46,936	113,445	23.21
Africa			
SADC	425	732	0.65
Europe			
EU (27)	89,051	163,650	38.87
International			
ACP	446	1,571	1.65
LDCs	344	1,579	0.31
SIDS	61	135	0.17

Source: UNCTAD, based on official data in UN COMTRADE database

5.5 Prospects for North-South and South-South trade in creative goods and services

South-South trade constitutes a vibrant avenue for future trade growth. The South's exports to the rest of the world have increased significantly, from $76 billion in 2002 to $176 billion in 2008, accounting for about 43 per cent of total creative industries trade. More importantly, exports of creative goods increased by 13.5 per cent annually, even faster than the world average during this period. This clearly indicates a growing dynamism and rising market share of developing countries.

In recent years, UNCTAD trade analysis has provided evidence of new market opportunities in the South. The region's emerging trading and economic dynamism has created a new set of relationships among North and South economies. Between 2002 and 2008, the South's exports of all goods to the world rose from $1.4 trillion dollars to $6.1 trillion dollars. South exports to the South, increased from $828 billion to $3 trillion during this period. Exports from South to South have increased faster than exports from South to North, revealing further opportunities for developing countries to engage in trading relationships with one another.

South-South trade of creative goods reached nearly $60 billion in 2008, tripling in six years. This represents an astonishing rate of 20 per cent annually, while South exports to the North has been growing at an impressive, but relatively slower, annual rate of 10.5 per cent.

Given its nature and duration, the current economic recession stands to influence global markets for creative industries in the long term, especially the dynamics of South-South trade. Early signs suggest that trade of creative goods and services is increasingly associated with our current lifestyle and is therefore more resilient in the crisis. As noted earlier, creative industries have been among the most dynamic sectors in world trade throughout this decade. Countries in the global South play an increasingly important role in the new trade of creative products.

Exports of creative goods from one developed economy to another showed a slight decline in market share from

82.5 per cent in 2002 to 77 per cent in 2008, while their share in developing economies increased to 18 per cent in 2008. In value terms, earnings from exports from developed to developing economies increased from $19 billion to $41 billion during this period.

The predominance of developed economies in the world trade of creative goods is noteworthy. In 2008, their share in total exports of creative goods was about 90 per cent for music and audiovisual products, about 80 per cent for publishing and printed media, 76 per cent for visual arts and about 50 per cent for new media and design. Design products accounted for the largest share of exports from developed to developing economies, followed by publishing and performing arts. The export value and market share of visual arts and new media from developed to developing economies increased during this period.

For developing countries, art crafts are the most important creative goods, accounting for 65 per cent of these countries' share in the world market for creative industries. Design and new media also have great potential; exports from developing economies have been growing and accounted for nearly 50 per cent of the world demand in 2008. This report stresses the need to improve market transparency, particularly in the area of audiovisuals and new media. It also examines opportunities to promote North-South as well as South-South trade.

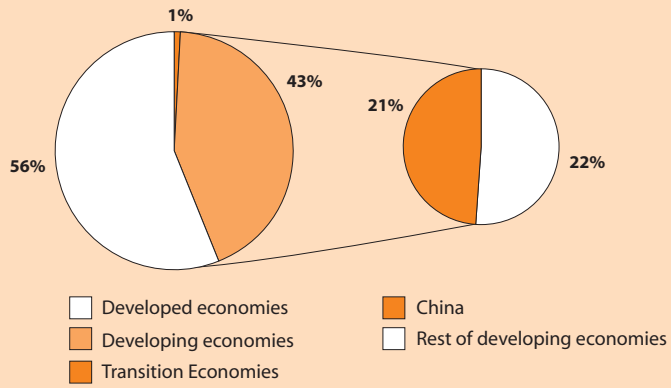
Developing countries accounted for 43 per cent of world trade of creative goods in 2008, but if China is excluded this share drops to 22 per cent (see chart 5.8). Exports of creative services grew significantly between 2002 and 2008, tripling from $62 billion to $185 billion. The most dynamic sectors were architecture and advertising services, while cultural and recreational services and audiovisuals grew by at an annual rate of 10 per cent. South-South trade of creative services reiterates this positive trend, growing from $7.8 billion to $21 billion.

In particular, the total exports of creative goods from South to the world grew from $76 billion to $176 billion during the 2002-2008 period. The disaggregated data indicate that the exports from South to South economies have increased markedly from $18 billion to $60 billion, while exports to Northern markets grew from $56 billion in 2005 to $110 billion in 2008. Design products account for about $40 billion of South-South trade, about 66 per cent of the total South-South trade in creative industries in 2008, followed by art crafts, new media and publishing. Developed economies are still the primary destination for developing economies' goods, with a share of more than 60 per cent in 2008. Design, new media and art crafts account for about 90 per cent in 2008. The trade links between developing and transition economies have not yet taken off substantially.

Within the regions of developing economies, Asia — and China in particular — is leading the growth of creative industry products. Asia contributed about 82 per cent of South-South exports of creative goods in 2008, followed by the Latin America with 11 per cent and Africa with about 7 per cent. Again, design products contributed much of this growth, followed by art crafts. Design also accounts for the largest share of Latin American and African exports of creative products. China continues to lead this process and remained the world's largest producer and exporter of creative goods in 2008. Efforts are being made to focus on a "created in China" strategy. Some developing countries, mainly in Asia, are benefiting from the dynamism of the global trade of creative products by tailoring policies to enhance their creative industries and the competitiveness of their products in world markets (table 5.10a).

This evidence strengthens the initial trade analysis presented in the *Creative Economy Report 2008*. The global market for creative industries is highly dynamic yet poorly understood, especially in the case of South economies due to limitations in statistical methodologies. Although the rapid growth of creative industries has been concentrated in Asia,

Chart 5.8 **Creative industries: Exports of creative goods, by economic group and China, 2008**



Source: UNCTAD based on official data reported to UN COMTRADE database

all developing regions have increased their participation in the world trade of creative goods (table 5.10b).

The dynamic trade in creative goods and services described in this section confirms the promising prospects for increased regional trade flows among countries in all regions. North-South trade is expanding in traditional creative areas as well as new areas related to digitalization, including new media. A study by UNESCO[4] on cultural exchanges confirms that regional trade agreements (RTAs), free trade agreements (FTAs) and economic unions are stimulating trade and investment in audiovisual products among their member countries.

In North-South trade, numerous bilateral agreements as well as the Central American Free Trade Agreement are reinforcing this trend. Such agreements help account for the sharp increase in imports of creative industry products, especially television and radio programmes, films, books and educational materials, including educational software. With the consolidation of FTAs and RTAs, new forms of coproduction are emerging in the field of film and television, including joint ventures in both the South-South and the North-South spheres. Creative services such as architectural services constitute one of the best examples of joint ventures.

Further grounds for trade liberalization can be found in the Economic Partnership Agreement between the European Union and the ACP States; the FTA with others countries, including the Euro-Mediterranean countries; and the European Union bilateral treaties with other countries. These agreements provide stronger grounds for trade liberalization than WTO agreements do through the application of Article XXIV of the General Agreement on Tariffs and

Table 5.10a Creative goods: Exports of South-South trade, by regional group and product group, 2002 and 2008

	Asia				America				Africa			
	Value (in millions of $)		Market share (%)		Value (in millions of $)		Market share (%)		Value (in millions of $)		Market share (%)	
	2002	2008	2002	2008	2002	2008	2002	2008	2002	2008	2002	2008
All Creative Industries	**14,665**	**48,851**	**81.22**	**81.45**	**2,332**	**6,731**	**12.91**	**11.22**	**990**	**4,265**	**5.48**	**7.11**
Art Crafts	2,322	6,809	77.91	73.89	366	1,173	12.27	12.72	252	1,224	8.44	13.28
Audio Visuals	7	30	26.78	50.91	18	18	72.53	29.70	0	11	0.67	19.17
Design	9,513	32,765	82.72	83.17	1,388	4,029	12.07	10.23	576	2,490	5.01	6.32
New Media	1,407	3,806	95.95	91.83	47	318	3.21	7.66	12	21	0.79	0.50
Performing Arts	219	1,653	83.11	86.82	41	184	15.44	9.64	4	66	1.40	3.48
Publishing	800	2,382	62.12	67.63	382	804	29.67	22.83	103	331	8.03	9.39
Visual Arts	397	1,405	74.71	80.95	90	207	17.01	11.90	43	122	8.16	7.05

Source: UNCTAD, based on official data reported to UN COMTRADE database

Table 5.10b Creative goods: all creative industries exports of South-South trade, by regional group and China, 2002 and 2008

	Asia				America				Africa			
	Value (in millions of $)		Market share (%)		Value (in millions of $)		Market share (%)		Value (in millions of $)		Market share (%)	
	2002	2008	2002	2008	2002	2008	2002	2008	2002	2008	2002	2008
All developing economies	**14,665**	**48,851**	**100.00**	**100.00**	**2,332**	**6731**	**100.00**	**100.00**	**990**	**4,265**	**100.00**	**100.00**
Africa	41	332	0.28	0.68	5	19	0.21	0.28	123	511	12.42	11.98
America	53	85	0.36	0.17	762	2,113	32.68	31.39	11	116	1.11	2.72
Asia	14,570	48,421	99.35	99.12	1,565	4,599	67.11	68.33	855	3,638	86.36	85.30
China	7,319	19,928	49.91	40.79	732	3,345	31.39	49.70	388	2,235	39.19	52.40

Source: UNCTAD, based on official data reported to UN COMTRADE database

[4] UNESCO (2006), *Trends in Audiovisual Markets: Regional Perspectives from the South.*

Trade (GATT) and Article V of the General Agreement on Trade in Services (GATS).

The growth in South-South trade of creative goods has tripled in just six years, now accounting for 15 per cent of world trade of creative goods. Developing countries would therefore do well to conclude their negotiations under the Global System of Trade Preferences to spur further expansion of South-South trade in this promising area. Despite this impressive gains already seen, particularly in Asia, the other developing regions are not achieving the full potential of their creative economies to foster development. A combination of domestic policy weaknesses and global systemic biases are the main obstacles.[5]

5.6 Global trends in international trade of creative industries, by sectors

The structure of world exports of creative goods and services by subgroup in 2002 and 2008 is presented in table 5.1. The components of this table will be referred to under each group to widen the scope of the overall analysis. The order of the groups follows the UNCTAD definition of creative industries as described in chapter 1, starting with the more traditional groups led by heritage and arts, followed by the more technology-intensive sectors of audiovisuals, publishing and design and then the services-oriented groups of new media and functional creations.

5.6.1 | Heritage

Features

Cultural heritage comprises the vestiges of our society. Heritage sites are relics of ancient civilizations, over the years considered as cultural patrimony of mankind and the heritage of nations. In addition to their cultural and historic value, such unique endowments contribute to reinforcing our identities and broadening our education. Heritage sites are the main attractions in cultural tourism all over the world. For some countries, these sites are major sources of revenue, albeit usually not reported as cultural services of the creative economy.

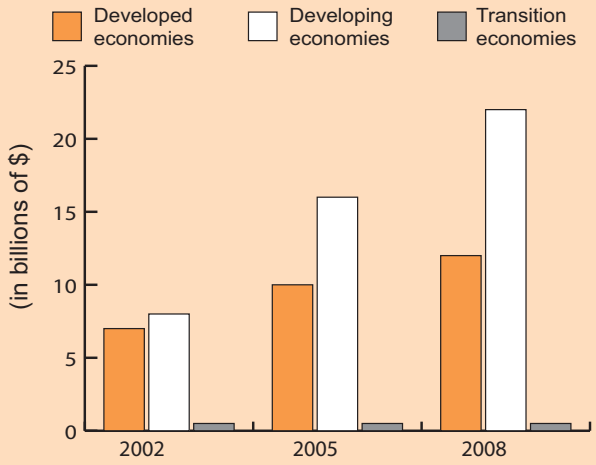
Heritage is also embedded in the traditional cultural expressions of human creativity, manifested in cultural celebrations, festivals and folklore. In different parts of the world, native peoples and communities are keeping alive, and sometimes reviving and rescuing, old traditions by reproducing ancient crafts, using their original designs. Through traditional knowledge, many indigenous communities are keeping alive remnants of ancient civilizations, such as the Mayas in Guatemala and the Incas in Bolivia and Peru. For these populations, the production and sale of handicrafts based on traditional designs and raw materials are sometimes the only source of revenue.

As shown in table 5.1, the heritage domain comprises tangible and intangible goods and services. A carpet is an example of heritage goods, while heritage services cover the cultural and recreational services that are associated with historical monuments, archaeological sites, museum, libraries and archives. Traditional cultural festivities are culturally important creative activities for developing countries, particularly when associated with tourism, even if data on these festivities are usually not collected worldwide.

The carnival in Brazil is a good illustration of the economic importance of traditional celebrations (see box 2.2 in chapter 2). The evolution of exports from the heritage goods and services is shown in chart 5.9. This is the only group of creative industries in which developing countries have a strong participation in world markets due to the importance of the production and trade of art crafts.

[5] The key creative industries are the music and film industries, TV and radio broadcasting, performing arts, and trade of digitalized creative content. For a sense of the magnitude of the creative economy and its overall economic impact, see PricewaterhouseCoopers (2008), which forecasts that the global entertainment and media industry alone will inject around $2.2 trillion in the world economy in 2012.

Chart 5.9 Heritage goods: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD Database, based on official data reported to UN COMTRADE database

Table 5.11 Art crafts: Exports, by economic group and region, 2002 and 2008

Economic group and region	Value (in millions of $) 2002	2008	Change (%) 2002-2008
World	**17,503**	**32,323**	**85**
Developed economies	**8,256**	**11,443**	**39**
Europe	6,206	9,220	49
United States of America	1,443	1,531	6
Japan	313	442	41
Canada	238	187	-21
Developing economies	**9,202**	**20,715**	**125**
Eastern and South-Eastern Asia	8,079	16,200	101
China	3,569	10,722	200
Western Asia	560	1,887	237
Latin America and Caribbean	430	671	56
Africa	91	515	468
LDCs	23	369	1,504
SIDS	7	9	23
Transition economies	**45**	**164**	**264**

Source: UNCTAD, based on official data in UN COMTRADE database

Defining and classifying art crafts is a complex exercise.[6] Art crafts have distinctive features and they can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic.[7] The value chain in art crafts production is intricate due to the lack of formalized policies and often informal workings; as a result, the classification of items is very subjective. There is seldom a clear distinction between artisan handmade work and machine-made production. Moreover, in some cases, it is difficult to identify significant differences between art crafts and visual arts or design. In this situation, this report is presenting first-hand figures for international trade in art crafts.

In our view, it would make little sense to analyse the creative economy from the development perspective without giving due attention to art crafts, which are among the most traditional expressions of creativity and certainly the most important creative industry for many developing countries. Our aim is to furnish some evidence of the importance of an essential economic activity that is often disregarded and disconnected from public policies. The art crafts constitute a genuine creative industry that should be supported and enhanced, particularly in the most disadvantaged communities. The production and international trade of art crafts are vectors for job creation and export earnings, and therefore are feasible tools for poverty alleviation, the promotion of cultural diversity and the transfer of community-based skills. These are initial steps in an area that requires further research, analysis and policy interventions.

International trade

Art crafts

International trade in art crafts totalled $32 billion in 2008. The global market for art crafts is expanding and clearly is not negligible; world exports increased 8.7 per cent, from $17.5 billion to $32 billion, during the period 2002-2008. Art crafts are the most important creative industry for export earnings in developing countries, and a major one for developed countries as well. Asia and Europe are the main exporting regions for art crafts.

Art crafts products with greatest penetration in world markets include carpets, celebration items, yarn products and wickerwork. It is noteworthy that among the ten leading exporting economies, there are only four developing economies. Worldwide, China is the leading exporter of artisan products, with a strong product diversification. The evo-

[6] Terminology adopted by ITC and UNESCO defines artisan products as those produced by artisans either completely by hand or with the help of hand tools or even mechanical means as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Artisan products can be classified in several categories, the six main ones being basket/wicker/vegetable fibre works; leather; metal; pottery; textiles; and wood.

[7] ILO (2003). *Promoting the Culture Sector through Job Creation and Small Enterprise Development in SADC Countries.*

Table 5.12a Art crafts: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	Belgium	2,092	6.47	4.07
2	United States	1,531	4.74	1.19
3	Germany	1,240	3.84	7.41
4	Italy	1,148	3.55	5.18
5	France	899	2.78	3.79
6	Netherlands	823	2.55	8.38
7	United Kingdom	480	1.49	-0.87
8	Spain	476	1.47	5.69
9	Austria	449	1.39	5.40
10	Japan	442	1.37	3.81

Table 5.12b Art crafts: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	10,722	33.17	20.47
2	China, Hong Kong SAR	2,212	6.84	-5.07
3	Turkey	1,715	5.31	24.05
4	Korea, Republic of	1,447	4.48	3.59
5	India	1,013	3.13	9.58
6	China, Taiwan Province of	780	2.41	-0.54
7	Thailand	399	1.24	10.18
8	Viet Nam	349	1.08	18.95
9	Egypt	326	1.01	..(1)
10	Pakistan	253	0.78	-6.22

Note: (1) Egypt only reports in 2008, not enough data for calculation growth rate.
Source: UNCTAD secretariat calculation based on official data in UN COMTRADE database

lution of exports of art crafts are shown by regional trade is presented in table 5.11. For further details about trade flows, see tables 1.2.A and 1.2.B in the annex.

In 2008, art crafts exported from developed economies totalled $11.4 billion. Yarn was the most important export, followed by carpet (see table 1.2.A in the annex). Belgium and the United States led the developed economies in exports of art crafts in 2008, as shown in table 5.12a. Data on economies in transition are very deficient with respect to all creative industries; in 2008, their exports totalled $3.5 billion, accounting for about 1 per cent of total exports of creative goods.

Key players from the developing world

Art crafts are the only creative industry in which developing countries hold a leading position in the global market. For this creative sector, developing-country exports more than doubled in six years, from $9 billion in 2002 to $21 billion in 2008. Tourism and the expansion of leisure and art markets will continue to contribute to the growth of art crafts in world trade. At the national level, efforts to enhance the production of art crafts in developing countries can help to preserve cultural identity and foster economic development. However, policies and incentives are required to promote cultural policy while exploring new trade opportunities. These two objectives are mutually supportive and can promote inclusive development at the grass-roots level.

China led in exports of art crafts in 2008, with a sizeable market share (33 per cent) compared with that of other developing countries (see table 5.12b). Asia dominated the art crafts market, as all ten major exporters of art crafts from developing countries were from Asia. Exports from India doubled over the period, reaching $1 billion in 2008.

World revenues from cultural and recreational services, which include museums, libraries, archives and historical sites, rose from $7 billion in 2002 to $11.3 billion in 2008. The level of participation of developing countries in this market is low. Turkey, Malaysia and India benefitted most from their cultural services in terms of export earnings, as per the available data. An overview of exports of other personal, cultural and recreational services is provided in table 2.5.2.A in the annex, while information on imports is presented in table 2.5.2.B in the annex.

5.6.2 | Performing Arts

The performing arts are an important creative industry, particularly owing to their interaction with other creative activities such as music, costumes and broadcasting. This subgroup covers all sorts of stage art, performed live by artists for an audience. The performing arts encompass such forms as theatre, opera, poetry, dance, ballet, concerts, the

circus and puppetry; they are usually presented for cultural, educational, entertainment and business purposes. The sector includes everything from solo performances by individual artists to large-scale theatrical productions by commercial, non-profit or hybrid organizations.

The world market for performing arts generates an estimated $40 billion in box office revenues.[8] The largest markets are the United States, the United Kingdom and France. In this report it is not possible to provide a comprehensive analysis of the economic impact of performing arts, owing to the lack of data for the commercial flows of performing services in domestic and global markets. Income from performing arts derives from box-office revenues, national and international touring, performance royalties and taxation, for which data are seldom collected or reported nationally; consequently, it is impossible to conduct a global comparative analysis. Performing arts are a special case, since their products are expressed as an intangible or immaterial service, unlike other creative industries where figures for tangible goods (such as a piece of sculpture in the case of visual arts) serve as the basis for a quantitative analysis. In developing countries, few countries collect national data on cultural performances and activities as part of the reporting for their satellite account for culture.

Performing arts generally reside within the non-profit sector, which relies heavily on subsidization of activities and operations. In most developed countries, the performing arts benefit from government grants or subsidies and funding from foundations, other non-profit organizations and corporations. For instance, the European Parliament allocated €1.5 million in 2007 for a project to facilitate the mobility of EU artists, following the European Year on Workers' Mobility in 2006.[9] Europe is increasingly producing regulations regarding the live performance sector. At the same time, performing arts organizations are focusing on their own concerns and challenges, in particular the financing of their artistic missions, extension of copyright term for performers and recordings, employment and social security as well as taxation.[10]

In developing countries, despite the high degree of artistic excellence and the activism of several professional organizations, the situation is completely different. When such funds exist they are very limited. Income for the performing arts sector is generated primarily through earned income since few mechanisms exist to fund operating or programming expenses through corporate, foundation or government grants or subsidies.[11] Therefore the focus in the case of the performing arts is on the artist as the provider of performing services, and there are critical issues relating to labour-market conditions and mobility that need to be addressed at both the national and international levels.

The employment conditions of artists are often precarious. Artists' contractual obligations usually are project-based, and periods of unemployment between engagements are a normal feature of their working lives. Most performing artists work on an irregular, part-time or self-employed basis, with limited coverage for medical and pension schemes, particularly in developing countries. This is an area requiring public policies at the national level. The ILO, in collaboration with UNESCO and other international organizations, is developing an international framework of all occupational categories of the cultural sector. The aim is to assist governments to have the necessary information about the labour aspects of their creative industries as a tool to facilitate policy formulation for improving employment conditions and job creation in the sector.

Internationally, the mobility of artists is an issue under negotiations at the WTO Doha Round in the context of the GATS agreement for liberalization of trade in services. Issues related to the "free movement of natural persons" and the policy debate about the four modes of supplying services are particularly relevant for artists, performers, choreographers, musicians, etc. (see chapter 9). The international community should find and agree upon solutions to provide opportunities to enable those working in performing arts to have greater access to international markets so that they will be able to offer and export their creative and cultural services worldwide.[12]

International touring of performing artists and groups has a dual role. From the cultural perspective, it helps to promote cultural exchange and cultural diversity. Economically, it not only generates revenue for the performers, which translates into foreign earnings for their countries, but it also induces positive spin-offs and financial benefits for the hosting cities. Thanks to the wider policy debate about the importance of the creative economy in revitalizing

[8] PricewaterhouseCoopers (2005).
[9] European Commission (2007).
[10] Performing Arts Employers Associations League Europe (2008).
[11] Nurse et al. (2007).
[12] Issues relating to WTO multilateral negotiations are further elaborated in chapter 9.

socio-economic growth, performing artists are becoming more eloquent in asserting their labour rights and demanding better employment conditions. On the other hand, governments seem more open for a dialogue and more willing to adopt policy instruments to improve the social and economic situation of creative professionals — both artists and technicians — working in the performing sector. Matters related to intellectual property, in particular the extension of copyright term for performers, tax regulations and permit application procedures are key issues that need to be effectively tackled. One of the success stories featured in chapter 1 (see box 1.5) concerns a performing arts organization that reinvented a traditional art form, the circus.

Music

Features

Music is one of the central creative industries, with great cultural and economic value in all societies. Everywhere in the world, music is the universal idiom to give expression to our feelings and aspirations. Sharing a musical experience, whether domestically or internationally, is an act that goes beyond established boundaries and transcends existing divides. For centuries, composers, singers and musicians have been carrying their local musical traditions across geographical borders, contributing to the fusion of music styles among many cultures even if the lyrics remain an expression of cultural diversity mirroring local realities. Music is an essential instrument of intercultural dialogue.

Today, thanks to technological advances, local music can reach global audiences almost instantaneously. Digital technologies are also changing the way music is created, produced, reproduced, commercialized and consumed in national and global markets. The trade in music has become very closely linked to the use of new digital tools such as Internet peer-to-peer networks, mobile telephones and MP3 players. As a consequence, the world market for music has adapted to changing business models emerging from new forms of production, marketing and distribution of music goods and services (see chapters 3 and 7).

Music is not only a form of cultural expression and a source of entertainment, but also a dynamic industry in global trade and big business in the world economy, responsible for millions of jobs and income-generation worldwide. Trade figures for physical goods alone, such as sales of CDs and tapes, cannot capture the huge contribution of the music industry to the economies of many countries. The value chain and the market structure of the music industry are very complex. The size of international markets eludes analysis because statistics and economic indicators are incomplete. The absence of figures for copyright revenues and the obscurity of intra-firm financial transactions of the large transnational conglomerates, usually vertically and horizontally integrated, which dominate the production, distribution and copyrights of music products, are missing links for any sound analysis of the world music industry.

Music is part of the performing arts subgroup of creative industries when considered in terms of live performances and concerts. However, it may also be included as part of the broader area of audiovisuals when dealing with the creation of sound records and compositions. Music can also be classified under the new-media subgroup when music goods and services are traded virtually as creative content in digitalized form. For these reasons, music is featured separately in this report for the purpose of trade and statistical analysis.

The music industry faces a difficult paradox: while more and more music is being consumed worldwide, particularly by youth, the earnings received by songwriters, producers and performers have been declining. This situation reflects two key issues: (a) the lacunae in the current regimes of IPRs, and (b) the need for songwriters and the singers to retain greater control over their music and make better use of all ICT tools for accessing global markets. The music industry faces a number of challenges in tackling these issues. The first is to call for the enforcement of development-oriented copyright legislation by governments and international treaties. The second is to develop a commercially viable and legitimate alternative to the illegal but free downloading of copyrighted content. Indeed, a piece of written music can be protected by copyright and related rights at each stage of its life, and the composition can be protected for the composer's lifetime plus seventy years. In practice, however, a publisher offers to buy the rights of a piece of music and seeks to exploit it by means of recordings.[13] As UNCTAD analysis has indicated, "Despite some early success in several for-pay music download portals, the creative and business power of the Internet will be greatly advanced when artists, industry and audiences master how to better commercialize peer-to-peer (P2P) file sharing" and online distribution.[14]

[13] This straightforward explanation is shared by Howkins (2001:100). This report further elaborates on issues relating to intellectual property rights in chapter 6.
[14] UNCTAD (2004:61-94), *E-Commerce and Development Report 2004*, contains a comprehensive analysis of this matter.

Against this picture, the trade figures shown in this chapter as well as in the annex of this report should be seen as indicative of market trends, not absolute values, since the real value of the international market for music is much higher. The issue is how to measure the full economic impact of the music industry in the absence of disaggregated and reliable data for trade, employment and copyrights as well as for marketing and distribution services. Political will at the national level, combined with a well-coordinated effort between relevant international and national organizations and the music industry, is needed to improve market transparency and deal with the asymmetries affecting the functioning of the music world market.

The recorded music market consists of consumer spending on albums, songs and music videos, whether distributed in physical and digital format. It does not include live performances or other merchandising revenues. Digital distribution includes music downloaded to mobile phones through wireless carriers or to computers over the Internet through licensed services.[15] The world production, marketing and distribution of recorded music has a complex market structure. On one hand, it is an oligopolistic market dominated by four major labels in the North (Sony/BMG, Universal Music, EMI and Warner Music) and their subsidiaries spread out all over the world. Together, they command more than 80 per cent of the world music market (see competition issues in chapter 3). On the other hand, the market is extremely fragmented with thousands of independent artists and bands that function as small companies or microenterprises. As a result, independent domestic music producers from the South have few opportunities to access the world market, even within their own countries. This also explains why revenues from copyrights are not available and are not reflected in the trade balance of developing countries.

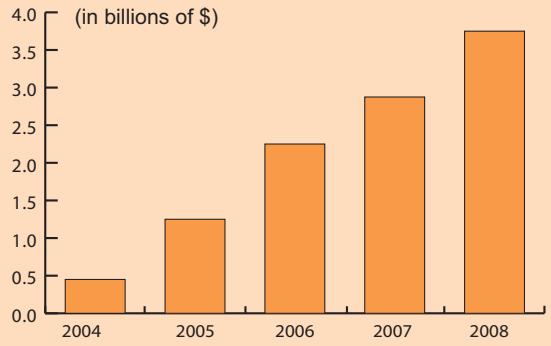
The UNCTAD global database for trade in creative industries, based on national figures reported to the United Nations, indicates that the international trade flows for recorded music (mainly exported as CDs) totalled $26 billion in 2008 (table 5.13). Meanwhile, global revenues for digital music grew from $400 million in 2004 to $3.7 billion in 2008, according to the International Federation of the Phonographic Industry (IFPI)[16] (chart 5.10). It should be noted, however, that the UNCTAD figures are for international trade based on world exports and imports, while the IFPI figures are for global music sales, including for domestic markets.

Digital music sales rose another 12 per cent from 2008 to 2009, when they reached $4.2 billion, ten times higher than in 2004.[17] Digital channels now account for around 25 per cent of all trade revenues to record companies. Single track downloads are driving the online market, with about 1.4 billion units downloaded globally in 2008. In 2009 some 1.7 billion tracks from over 500 legal online music services were identified by IFPI around the world. Music fans can now access and pay for music in diverse ways, and more than 6 million music tracks are available online. UNCTAD does not yet collect data for the online music trade.

A recent study published by the International Trade Centre (ITC)[18] emphasizes that the "long tail" (see chapter 3) of niche product distribution over the Internet and on cellular networks offers tremendous possibilities by enabling musicians, producers and record companies around the world to cater to small groups of consumers at much lower costs than in the physical world. For instance, newly digitized recordings of traditional music from Tajikistan could be made available to world music amateurs and ethnomusicologists.

The ITC study, which involved a survey of six developing countries (Brazil, India, Mali, Senegal, Serbia and

Chart 5.10 Digital music revenues, 2004 - 2008



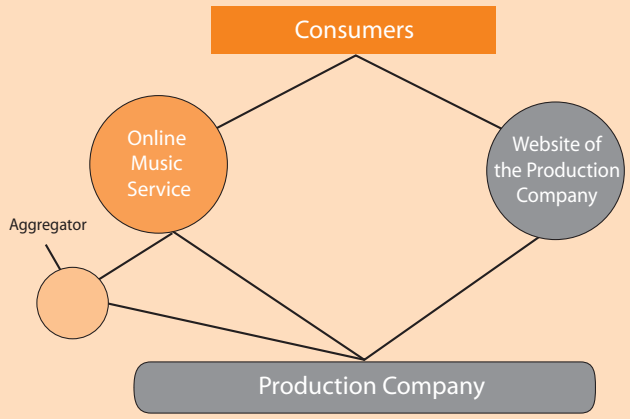
Source: IFPI, Digital music report 2009

[15] For further information consult PricewaterhouseCoopers (2008).
[16] IFPI publishes an annual report, Recording Industry in Numbers, with data from 1,450 member companies in 75 countries and affiliated industry associations in 49 countries. The IFPI figures are widely used as a reference for business in the world music market. Nevertheless, as many developing countries are not members of the federation, its data do not have a universal coverage and do not capture the interests of small firms or independent music composers, producers and performers from most countries in the South.
[17] IFPI (2009) and IFPI (2010).
[18] ITC/WIPO (2008). For further information consult www.intracen.org or ifcreg@intracen.org. ITC is the joint agency of UNCTAD and the World Trade Organization.

Tajikistan), underscores the promise that mobile technologies hold at both the national and regional levels. The study showcases best practices with an emphasis on support activities that can be undertaken by governments and trade-support institutions. The study confirms the potential of mobile distribution channels for the local music industry. The Internet provides an exceptional opportunity for producers of creative content, such as music and film productions, to offer their products to Internet users from all over the world in the form of digital files. It also emphasizes that whatever the technological options considered, with the support of organizations such as ITC, creative entrepreneurs from developing countries involved with the music industry have yet to establish a new marketing network, online and offline. There are three principal ways to distribute music to a large number of potential consumers on the Internet:

- contract with a digital distributor;
- sign a direct agreement with an online service; and
- create one's own downloading platform.

Figure 5.1 **A summarized version of the online music value-chain**



Source: ITC Digital content: Trade in Sounds

International trade

The available data show that world exports of recorded music tripled from $9.6 billion in 2002 to $26 billion in 2008. This spectacular increase — 17.8 per cent average annual growth — represents the fastest acceleration among all creative industries exports. Compact discs are the main physical good used for trade analysis of recorded music; they now represent more than 99 per cent of world music exports (see tables 1.2.A and 1.2.B in the annex).

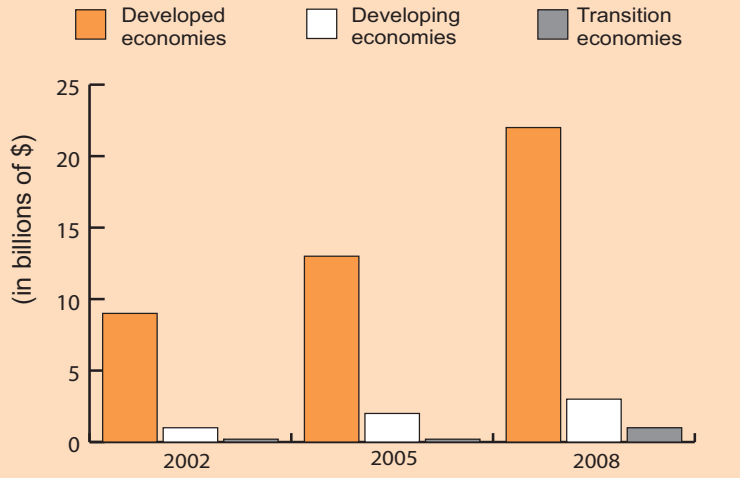
International trade in music continues to be dominated by developed economies. As a group, these economies accounted for about 90 per cent of total exports of recorded music (mainly CDs) over the period under review. Their exports increased sharply from $9 billion in 2002 to $22.5 billion in 2008. Similarly, imports by developed economies tripled, following the same trend, reaching $22 billion in 2008. Developed countries' exports and imports of music CDs accounted for about 80 to 90 per cent of world trade in music goods. Among the top 10 developed economies, the market share remained mostly unchanged since 2002 (table 5.14). This demonstrates that the majority of music created in the South is recorded, and exported, by recording companies in the North.

Key players in global markets

World trade in music is driven by developed economies. As shown in table 5.14 and chart 5.11, the five top exporters collectively command about 60 per cent of global markets. Germany predominates with a market share of 21 per cent, followed by the United States, the Netherlands, Austria, Ireland and United Kingdom. All of the top players benefited from market growth in the period 2002-2008, particularly Germany, which reinforced its lead with a growth rate of 23 per cent. What these figures do not show is the oligopolistic market structure of the world production and distribution of music. This structure is dominated by four vertically integrated conglomerates that together and through their subsidiaries retain nearly 80 per cent of the world market for recorded music. This situation inhibits music production by independent local producers in developing countries. However, downloading music from the Internet is gradually transforming this picture, as indicated earlier.

Despite the low level of participation of developing economies in the world trade of recorded music, their exports increased to $3.3 billion in 2008 from 2002 to 2008. Economies in transition had $274 million in exports of recorded music and $458 million in imports in 2008. Developing economies and economies in transition are both net importers of recorded music, primarily because the music is created, recorded and commercialized by transna-

Chart 5.11 Performing arts: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

Table 5.13 Performing arts: Exports, by economic group and region, 2002 and 2008

	Value (in millions of $)		Change (%)
Economic group and region	**2002**	**2008**	**2002-2008**
World	**9,689**	**26,136**	**170**
Developed economies	**8,947**	**22,539**	**152**
Europe	7,253	17,505	141
United States of America	1,102	3,642	230
Japan	178	940	429
Canada	270	302	12
Developing economies	**698**	**3,323**	**376**
Eastern and Southeastern Asia	492	2,746	459
China	168	723	330
Western Asia	13	46	265
Latin America and Caribbean	187	446	139
Africa	6	16	163
LDCs	1	20	1900
SIDS	-	-	17
Transition economies	**43**	**274**	**531**

Source: UNCTAD, based on official data in UN COMTRADE database

tional companies. As a result, developing countries import not only foreign music but also their own music.

Asia is the developing region with better, although small, penetration in global markets for music, reflecting increases in exports, particularly from China and India. India increased its exports from a very low level, reaching $69 million in exports of recorded music in 2008. Regulatory frameworks in China and India are less conducive for penetration by the major conglomerates, and therefore have independent domestic music production. Singapore and the Republic of Korea have improved their export performance between 2002 and 2008.

Surprisingly, Latin America and the Caribbean are practically absent from world markets for recorded music despite the great appeal of their music worldwide. Mexico is the region's leading exporter, while Argentina is a small player. Brazil is an important music producer, with a large domestic market but with a relative timid contribution of music exports on its trade balance, despite the fact that its famous music is played worldwide. This is a typical case of structural problems of marketing and distribution, similar to those that hamper foreign exchange earnings from reggae and calypso music in the Caribbean (table 5.15).

The case of Latin America and the Caribbean illustrates the difficulties that developing countries face in their efforts to benefit from the earnings of their own music. As stated earlier, the key factors are the market structure and the dominant position of the major conglomerates and their business practices. Three aspects stand out: (a) intra-firm trade between headquarters and subsidiaries, where transfer pricing may result in underestimation of trade figures; (b) the origin of the cultural or creative content (most of the music is recorded in studios abroad, where it is published and from where it will be distributed to world markets, the international sales of the final product are declared elsewhere); and (c) copyrights are collected by the publisher in the country where the music is produced. As a result, export earnings from world sales as well as revenues from royalties and copyrights are retained abroad instead of reverting to the homeland of the singer-songwriter in developing countries.

African countries are absent from table 5.15, partly because the big conglomerates have a weak presence on the continent. Music production in Africa is largely independent, informal, small in scale and domestically oriented,

except in South Africa. Recently steps have been taken to improve the structure of the music industry, mainly through private initiatives by African music stars such as Youssou N'Dour in Senegal and Salif Keita in Mali as well as by professional associations. Government intervention is needed to support these efforts, enact supportive fiscal regulations and mechanisms for microcredit for independent artists and reinforce IPR regimes in a more favourable manner.

Table 5.14 Performing arts: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	Germany	5,651	21.62	23.16
2	United States	3,642	13.93	23.17
3	Netherlands	2,138	8.18	17.29
4	Austria	1,600	6.12	4.34
5	Ireland	1,569	6.00	15.38
6	United Kingdom	1,562	5.98	6.36
7	Sweden	1,115	4.27	20.42
8	Japan	940	3.60	38.48
9	France	934	3.57	8.78
10	Czech Republic	670	2.56	58.81

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.15 Performing arts: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	Singapore	1,084	4.15	84.37
2	China	723	2.77	36.65
3	China, Hong Kong SAR	634	2.43	31.37
4	Mexico	361	1.38	1.10
5	China, Taiwan Province of	155	0.59	-14.04
6	Korea, Republic of	110	0.42	17.90
7	India	69	0.26	-0.75
8	Argentina	27	0.10	12.07
9	United Arab Emirates	24	0.09	-7.09
10	Turkey	21	0.08	13.87

Source: UNCTAD, based on official data in UN COMTRADE database

5.6.3 | Visual arts

Features

In the visual arts, value inheres in the exclusivity and originality of an artwork. The more rare it is, the more value it is likely to have. Sales are highly personalized, and products are created with a uniqueness that makes works of art hardly comparable. Consequently, each piece has its own value, which can vary over time, making each transaction a unique deal.

Art markets operate differently in developed and developing economies. Auction sales are predominant in developed economies and uncommon in the developing world. While most sales in major markets take place in galleries and museums, artwork in developing economies is typically traded informally in flea markets targeting tourists. Owing to the limited number of formalized structures, appropriate legislation and social safety nets, few artists from developing countries are able to survive as full-time artists. Awareness of artist's rights is usually limited. Moreover, most artists are vulnerable and unprepared for negotiating with curators, collectors, dealers and buyers.[19]

Contemporary art from developing economies is receiving increasing attention in world markets. There is also renewed interest in original art rooted in indigenous traditional knowledge. New Internet-based delivery networks offer new opportunities for international exposure of visual arts from the South. Furthermore, international expositions and trade fairs such as the biennales of Cairo, Dakar, Havana and São Paulo have become part of the international art calendar and are contributing to the promotion of artwork within regions and internationally.

The visual arts category of creative industries comprises antiques, painting, sculpture and photography as well as the "other visual arts", a loose category consisting of engravings, carvings, lithographs, collages and other ornaments. The categorization of the products in this subgroup is more precise, but due to tax regulations and trade secrets reported figures do not always correspond to final deals. Some exports of visual art and antiques are restricted or prohibited by governments to preserve cultural identity, national heritage or the environment, including wildlife, as in the case of the embargo in many countries of exports of artworks made of ivory.

In the field of visual arts, there are controversial issues regarding the application of intellectual property rights for

[19] ILO (2003). *Promoting the Culture Sector through Job Creation and Small Enterprise Development in SADC Countries.*

the resale of original art works in public auctions. Some argue that the Berne Convention for the Protection of Literary and Artistic Works should be reviewed, so that painters, sculptors and their heirs can draw royalties when their work is sold. Within the European Union a debate has arisen about whether EU directives on the resale rights of living or dead contemporary artists approved in 2001 should be amended — and if so, whether any new legislation should protect the interests of the artists and their heirs or those of commercial dealers and buyers.[20]

International trade

The real art market is a multi-billion dollar business characterized by lack of transparency, fierce competition and potential for tremendous commercial gain. The largest public marketplace are the auction houses, which rarely disclose terms of sales such as reserve prices or commission agreements and which routinely withhold the identities of some sellers and nearly all buyers. For instance, auctioneers' commissions can reach up to 20 per cent on each end of the winning bid, far greater than the standard fees for buying or selling stocks.[21] Transparency is even more rare at art galleries, where private sales rely heavily on insider information passed among dealers and favoured collectors. Gallery sales are seldom reported publicly, making it difficult to estimate a work's ultimate rate of return. Moreover, the art world is lightly regulated, and no licenses are required to open a gallery.

The largest markets for fine and contemporary arts are New York, London, Geneva/Basel, Berlin, Paris and Hong Kong. For the reasons stated above, the trade analysis presented in this report is partial and unable to entirely reflect the huge economic contribution of the global market of visual arts to the world economy. For instance, according to a study published in 2010 by Arts Economics, the British art market in 2009 directly supported about 60,000 jobs, and an additional 66,000 indirect jobs, generating $11.7 billion in art sales and substantial tax revenues. In developing countries, the visual arts sector is led by individual initiatives and entrepreneurship with minimal intervention of governments, unwritten rules and predominance of informal norms and business practices; in most cases the sector is unregulated and undocumented. Because most art sales take place in galleries, framing stores or even flea markets, these intermediaries tend to benefit more than the artists, whose income is unpredictable. Few contemporary artists from the South receive invitations from international biennales. The visual arts sector also suffers from a shortage of art galleries and insufficient economic and infrastructural support.

Global art markets have soared in recent years. World trade in visual arts jumped from $15 billion in 2002 to $30 billion in 2008, driven by sales of both contemporary art and antiques. This translates to an average annual growth rate of 12.8 per cent and accounts for 5 per cent of total exports of creative goods.

The export value of paintings increased from $6.3 billion in 2002 to $15 billion 2008. Second was sculpture, both traditional ornamental articles and three-dimensional works of contemporary art, whose exports reached $9 billion in 2008 — half of it originating in developing economies. The market for antiques grew from $2.2 billion in 2002 to $3.2 billion in 2008, when developed economies commanded 86 per cent of the global market. Photography exports climbed to $2.5 billion in 2008, with developing economies increasing their share from 8 per cent in 2002 to 17 per cent. These official data are certainly underestimated since they fail to capture the informal sales of paintings that take place in flea markets for tourists in developing countries. For detailed data on the trade flows of visual-arts products, see tables 1.2.A and 1.2.B of the annex.

Key players in global markets

Developed economies continued to dominate the market for visual arts, and their market share remained relatively stable at around 77 per cent during the period 2002-2008. Antiques were the main item exported and imported. With regard to paintings, developed economies were net importers of works from developing economies. The key players in the global market for arts were the United States and the United Kingdom, which together accounted for 47 per cent of international sales, as shown in table 5.16. London and New York are major hubs for artwork transactions, followed by Paris, Berlin, Geneva and Tokyo. These cities are typical examples of the spillovers of the creative economy, where cultural and trade objectives are intertwined to reinvigorate socio-economic growth. Moreover, they encompass the concept of "creative cities" as elaborated in chapter 1.

For developing economies, the situation is more nuanced. While their total exports of visual arts increased

[20] Betts (2010).
[21] Crow (2008).

from $3.5 billion in 2002 to $7 billion in 2008, representing a market share of 24 per cent, these numbers reflect only a partial reality since the increase took place entirely in Asia, and mainly in China. Other countries and regions of the developing world have negligible participation in global markets for visual arts. For instance, the world's 49 poorest, or least developed, countries collectively exported only $426 million in visual arts in 2008, up from $2 million in 2002. The SIDS exported about $6 million in 2008. Among the major exporters from the South are China, Korea, and Singapore. India demonstrated the greatest dynamism; its exports of visual arts are much higher than other countries during the period 2002-2008, as shown in table 5.17 (also see tables 1.2.A and 1.2.B in the annex).

5.6.4 | Audiovisuals

Features

Like many creative industries, the audiovisual field — which includes include motion picture, television, radio and other forms of broadcasting — lacks clear definitions. With the introduction of new ITC tools and the emergence of the new media and connectivity, definitions have become even more problematic. As cultural and creative content are mixed together, it is hard to say whether a digitized cartoon film represents an audiovisual product or a form of new media. Audiovisuals are one of the most complex, politically sensitive and underestimated subgroups among the creative industries, as well as one of the engines of the creative economy.

The audiovisual industry has important public policy ramifications and poses difficult challenges for governments, particularly in developing countries, due to its economic peculiarities, structural problems and low levels of investment. Many countries in the South need to establish or strengthen their regulatory frameworks to encourage high-quality audiovisual production. This may require incentives

Table 5.16 Visual arts: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	United States	8,558	28.78	23.41
2	United Kingdom	5,431	18.27	7.20
3	France	1,769	5.95	12.72
4	Switzerland	1,678	5.64	14.33
5	Germany	1,405	4.73	9.41
6	Japan	677	2.28	7.91
7	Italy	522	1.76	8.84
8	Canada	508	1.71	6.90
9	Netherlands	392	1.32	15.91
10	Belgium	365	1.23	7.60

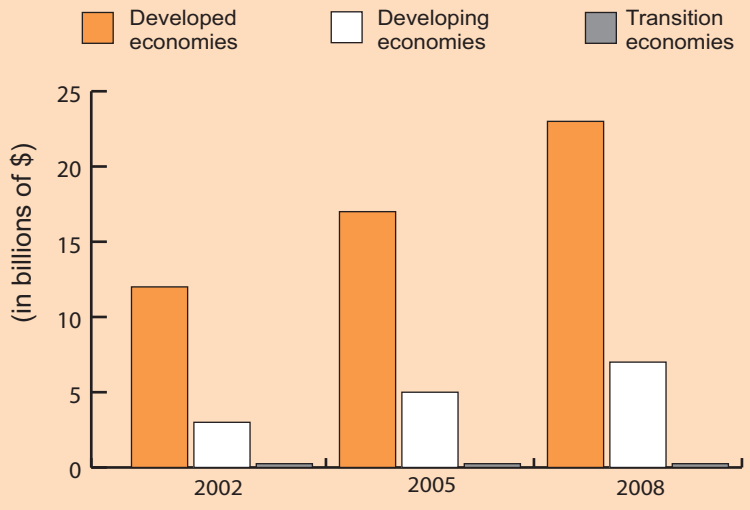
Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.17 Visual arts: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	3,715	12.50	8.70
2	Korea, Republic of	890	2.99	53.49
3	China, Hong Kong SAR	769	2.59	3.91
4	Singapore	399	1.34	45.84
5	India	343	1.15	0.70
6	China, Taiwan Province of	204	0.69	20.53
7	Thailand	95	0.32	1.28
8	South Africa	93	0.31	22.00
9	Dominican Republic	87	0.29	657.91
10	Viet Nam	81	0.27	34.02

Source: UNCTAD, based on official data in UN COMTRADE database

Chart 5.12 Visual arts: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD based on official data reported to UN COMTRADE database

and support mechanisms to compensate for the lack of domestic facilities and venture capital. For developing countries, the key issue is the limited supply capacity of audiovisuals and the difficulty of accessing global distribution channels.

Data for audiovisuals are scarce and do not show their real contribution to global trade and the world economy. Regulatory regimes, market structure, specificities of each audiovisual product, diversity of business operations, different forms of marketing and distribution, and market access are among the issues to be examined for a comprehensive analysis of market trends in audiovisuals.[22] This goes beyond our purpose in this study, which is to take stock of the current situation and propose possible action to improve the global picture.

Nevertheless, the figures shown in this report indicate some trends that are useful for the formulation of both cultural and international trade policy. It is hoped that the limitations in data for audiovisuals will point towards the need to improve the quality and coverage of statistics on trade in services for the sake of market transparency since they are an essential tool for policy formulation.

Film industry

In the absence of key global indicators, it is difficult to draw a complete picture of the economic impact of the world film industry. However, prevailing trends are evident in the production, distribution and box office admissions for certain regions or countries. Although fewer people are going to the cinema, increased sales of DVDs and growing interest in watching films on demand on TV and the Internet mean that more films are being seen. Revenue for the film industry derives from box-office sales domestically and abroad, as well as from music rights, television and satellite rights, video and Internet rights, merchandising, CD and DVD rentals, and copyrights for reproduction. Intellectual property right (IPR) issues are thus crucial for the earnings of the film industry. The making, distribution and exhibition of films continues to be dominated by a small number of vertically integrated groups, and about 80 per cent of all films shown worldwide are Hollywood productions.

This dominance inhibits the expansion of film industries in developing countries and limits their role in the global market. Some of these nations are trying to enact legislation and set incentives to stimulate national production, but they claim the need for policy space to act under the scope of the WTO rules.[23] Nevertheless, film production is increasing in developing countries, led by India, Nigeria and China. Multiplexes, cinemas with more than three screens, are now pushing aside smaller theatres in the South, except in Africa, where cheaper admission prices have led to a proliferation of "video theatres".[24]

Recent years have brought an increase in the production of digital films, which allows for economies of scale by making it easier to distribute films at global level without making physical copies. This yields savings for film producers, particularly in developing countries, but exhibition costs are higher because adapting conventional cinemas involves the costly acquisition and maintenance of digital projectors and other equipment and services. Digital distribution is independent from the equipment with which the film is made (super 16mm, 35 mm, mini DV, HD). What matters is that the master tapes are made in high resolution.[25] Digital films can be distributed in three ways: as removable discs, over specialized networks and by satellite. The number of digital screens is growing rapidly in developed countries, but more slowly in the South. In 2008 the United States had nearly 5,500 digital screens, representing about 65 per cent of world total, while there were about 1,000 digital screens in the European Union region, about 800 in China and 100 digital screens in Latin America.

The impact of the economic crisis on the world film industry varied from country to country. In the United States, according to a survey made by the National Association of Theatre Owners, cinema attendance grew by 5 per cent and box office receipts rose by nearly 9 per cent during the first quarter of 2009, when the crisis peaked. A similar trend was observed in five out of the last seven recessions in the American economy, suggesting that people go to the cinema for consolation during difficult times. However, the number of feature film releases dropped to 520. Even so, international box office receipts for American films reached a record high of $18.2 billion in 2008.[26] In Europe, the situation was more nuanced with box office receipts and DVD rentals varying from one country to another. Film production in the European Union increased to 1,145 feature films, and attendance reached 924 million in 2008. Moreover, some 240 video-on-demand services offered films inside the European Union.[27]

[22] For a comprehensive analysis, see *Trends in Audiovisual Markets: Regional Perspectives from the South.*
[23] Chapter 9 addresses issues relating to WTO multilateral negotiations.
[24] Analysis of UNESCO International Survey on Feature Film Statistics, based on data obtained from 101 countries for the years 2005-2006. UNESCO Institute for Statistics (April 2009).
[25] González (2008).
[26] According to reports from the Motion Pictures Association of America, available from http://www.mpaa.org.

India remains the world largest film producer, releasing about 1,100 films annually in more than 25 local languages, mainly for the domestic market. Film revenues there increased 12 per cent in 2008 due to the growth in multiplex screens.[28] China currently produces about 400 films annually but funding remains a bottleneck. 2008 marked the sixth consecutive year in which box office grew by more than 20 per cent. With more screens, more sophisticated marketing by local distributors and strict distribution regulations, Chinese films has 60 per cent market share at the national level. Co-productions involving mainland China and Hong Kong are also growing.[29] Another important film producer in developing Asia is the Republic of Korea, which produced 113 films in 2008 in response to both growing interest in Korean movies overseas and government policies that support film animation.

Latin America is experiencing a revival of film production, particularly in Argentina, Brazil and Mexico, but domestic films continue struggle for screen space. Domestic films rarely chart in the top 10, and their market share lags at the national and international levels. Nevertheless, encouraged by policy incentives, Argentina produced 85 films, Brazil 82 and Mexico 70 films in 2008, and more digital screens are gradually becoming operational in the region.[30] Greater regional integration through MERCOSUR, particularly around cultural policies in the region, is having a positive effect on the film industry. Independent production and distribution figures prominently in MERCOSUR's efforts to consolidate cultural, social and economic integration in Latin America.[31]

The Caribbean has become a more popular location for shooting American and European movies, creating supporting jobs, injecting foreign currency and helping to revitalize local economies. In the long run, however, this may inhibit productions by local film-makers, who have little access to financing and modern infrastructure and are unable to compete at home with foreign producers. Jamaica, for example, signed a treaty for film co-production with the United Kingdom in 2007.[32] In principle it is a win-win situation, with British film producers benefiting from tax breaks, funding and support, and the free movement of production equipment, and Jamaicans gaining opportunities for professional and technical training, possibilities for shooting and editing facilities, better understanding of distribution channels, and tax revenues from foreign film investment. However, a recent study[33] suggests that such treaties can undermine local film industries, in part by tying up resources in foreign productions. Co-production treaties therefore should not be seen as a substitute for comprehensive national policies to enhance local creative industries.

The struggle to preserve African roots, identities and languages are well captured in the relatively small but qualitatively rich iconography of African films.[34] At present, the film industry on the continent follows two distinct models. One, led by South Africa and Egypt, is structured along conventional film industry lines. Indeed, Egypt is the centre of film-making for the entire Arab world. It produces about 40 films a year and had an 85 per cent market share in its domestic market in 2008. The other model comes from Nigeria. Called Nollywood, it is a low-budget, high-volume industry supported by video sales. It is a creative response to satisfy the cultural needs of modern Africa (see box 9.4 in chapter 9). Nigeria produces more than 1,000 films annually, which are distributed on DVD, VHS and TV across all Africa. Ghana and Kenya are following the Nigerian model for their local productions, while Morocco is producing about 10 films per year and intends to become a centre for international and national productions by 2017.[35]

The Middle East is becoming a major player in the film industry. According to Screen Digest, the region's box office revenues from the film industry increased 13 per cent in 2008, with the strongest growth seen in the United Arab Emirates, mainly due to the growth of multiplex cinemas. In 2008 Abu Dhabi launched a multimedia park with a film production and post-production facilities, and the Dubai International Film Festival introduced a film market focusing on Arabic, Asian and African films. Dubai-based Gulf Film is the leading distributor and exhibitor in the region.

[27] European Audiovisual Observatory (2009).
[28] Sources: Screen Digest, Screenindia.
[29] Sources: CMM Intelligence, Screen Digest and Screen International.
[30] Sources: Fundación del Nuevo Cine Latinoamericano, ANCIN and Screen International.
[31] Maleiros (2007).
[32] UNCTAD (2007). Creative Economy e-News.
[33] Price and Martin (2009).
[34] Dos Santos-Duisenberg (2007)
[35] Sources: European Audiovisual Observatory, African Film and TV Yearbook and Directory, Egypt Film.

Other key cinema circuits include Kuwait National Cinema Company and Bahrain Qatar Cinema Company.[36]

One constraint developing countries face is that going to the cinema is a relatively costly form of leisure. Compared with GDP per capita, cinema admission costs are three times higher in China and Thailand than in Europe. Many residents are thus excluded from watching films and, combined with the low number of venues, this limits the industry's growth potential in developing countries.[37]

Television and radio

Television and radio broadcasting are among the most popular creative industries. Both are in a phase of technological shifts from the analogue to the digital system and from terrestrial to satellite and cable stations cable stations. This transformation has been taking place on a global scale, even in the LDCs. Furthermore, many developing countries under WTO obligations liberalized their telecommunications industry in the 1990s, opening the television market to fierce competition with foreign broadcasters and compromising the local production of creative content. Advances in digital technologies led to higher penetration rates of VCRs and DVD, although the situation varies inside countries and regions. Penetration of cable television throughout the developing world has brought challenges and opportunities. On the positive side, it expands choices for consumers, facilitating access to world news and stimulating local business activities. Conversely, it reduces the space for cultural diversity owing to foreign programming that emphasizes dominant societies in the North. In the long term this may adversely impact education and cultural life, particularly among small communities in remote areas of the developing world. The key issue regarding the shift towards digital TV concerns economic and cultural interests more than purely technological ones.

Copyrights, trademarks, advertising, subscriptions, sponsorships and viewer licenses are the sources of income for television and radio. In developing countries, advertising revenues remain the main source of television financing, representing on average 65 per cent of private resources. Over the last five years, however, resources from subscriptions increased, particularly in Asia. This trend reflects the growing importance of multi-channel pay television (via cable, satellite, or microwave distribution system) in the South, often to the detriment of local channels. Although the television market in many countries continues to be structured around dominant monopolies or duopolies (public, private or mixed), the free single channel television retains a high level of concentration and a clear presence of public sector involvement.[38]

Growing competition and increased trade in TV formats has created tensions and disputes regarding plagiarism and unauthorized copying of television formats, such as those used for game shows, reality shows and talent shows. Programmes using these formats are often reworked for different markets using local parties. To address these issues, the WIPO Arbitration and Mediation Centre began providing alternative dispute resolution and mediation services in 2010 to help format owners, producers and broadcasters resolve their disputes.[39]

The impact of the economic crisis on television and radio has been mixed. In some cases demand was stimulated, particularly for programming consumed at home, like television and radio broadcasting, music and video games. According to the European Audiovisual Observatory, which is affiliated with the 12 main European television groups, which in turn operate 534 television channels worldwide, private television channels weathered the crisis better in 2009 than in 2008. After net losses of €1.2 billion in 2008, net trade yielded a profit of €1.5 billion in 2009.[40] The diversification of activities certainly helped, as TV groups that were more dependent on advertising found themselves more vulnerable during the downturn.

Annual global television revenues were estimated at roughly $195 billion a few years ago.[41] As disaggregated data for television and radio services are not officially reported, it is impossible for UNCTAD to get trade data regarding this important market. Most developing countries are net importers of television creative content. There are, however, some success stories, such as Televisa in Mexico and TV Globo in Brazil, which are major exporters of television programmes — mainly soap operas — to world markets (see box 9.1 in chapter 9).

[36] Sources: European Audiovisual Observatory, Dubai International Film Festival, Screen Digest.
[37] UNESCO (2006). *The Audiovisual Markets in Developing Countries: Statistical assessment centred on 11 countries.*
[38] Ibid.
[39] WIPO (2010).
[40] European Commission (2010). "Private European television channels weathered the crisis better in 2009 than in 2008".
[41] Howkins (2001).

Radio

Despite recent changes in lifestyle, radio remains a major communication tool, mainly due to its extremely broad coverage, which can reach very remote geographical zones. In general radio has high rates of local production, and advertising is its main source of income. In most countries, radio laws require broadcasters to maintain a minimal domestic production to ensure that daily programmes covers local news and national music. Recently initiatives have sought to strengthen community radio stations and involve them in societal and civic processes, such as ethnic affirmation, gender equity and grass-roots advocacy for youth, particularly in Latin America. In most countries, audiovisuals law regulates the functioning of the radio industry; usually stations are granted authorization to operate for ten years, renewable automatically for the same period; holders must typically be national citizens, and participation of foreigners is often limited.[42]

In Africa, radio is by far the most developed form of media. The number of commercial and community stations continues to increase, despite such recurrent problems as lack of training, obsolete equipment, low level of domestic productions, high level of imported programmes, financial constraints linked to fiscal obligations and the absence of a clear legal framework. Moreover, despite the use of satellite broadcasting, in some cases the radio stations have limited geographic coverage.[43] To a certain extent, the shift towards digital radio poses similar problems as for television. Therefore, it is important to put in place a comprehensive plan for enhancing the creative economy, including the development of radio.

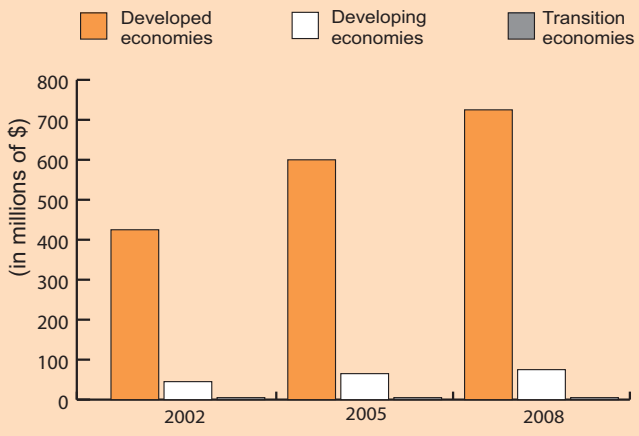
International trade

International trade in audiovisuals tripled during the period 2002-2008. Exports of audiovisual goods and services increased from $14.1 billion to $27.2 billion, growing on average by 9 per cent annually. However, audiovisuals accounted for just 4.6 per cent of total exports of creative-industry products in 2008. Most of this trade was for audiovisual services, which accounted for $26.4 billion, while audiovisual goods totalled only $811 million. Developed economies dominated the market, retaining nearly 90 per cent of world exports for audiovisuals. The United States was the leading exporter of audiovisual services in 2008, when its exports exceeded $13.6 billion. The United Kingdom, France and Canada were the other major players. Hungary emerged as the fifth major exporter of audiovisual services in 2008. On the other hand, developing economies lost market share in audiovisual exports during the period 2002-2008.

Exports of audiovisual services from developing economies totalled only $1.37 billion in 2008. Argentina was the main exporter, followed by China and the Republic of Korea. The Russian Federation was the largest exporter of these services from the economies in transition (tables 2.5.1.A and 2.5.1.B in the annex). This overall trend is indicative of the world market for audiovisuals, even if the magnitude of the reported data (amounting to $27 billion) does not reflect the real size of the global market. Audiovisuals constitute a large and dynamic subgroup that will remain one of the pillars of the creative economy.

The situation was similar for audiovisual goods, with exports nearly doubling, from $462 million in 2002 to $811 million in 2008 — an annual growth rate of 7.2 per cent (see chart 5.13). Developed countries had 89.5 per cent of the world market share, compared to 9.2 per cent for developing countries and 1.2 per cent for the economies in transition. Exports of audiovisual goods from developed countries totalled $706 million in 2008, while those from developing countries grew to $75 million.

Chart 5.13 **Audiovisuals: Exports, by economic group, 2002, 2005 and 2008**



Source: UNCTAD based on official data reported to UN COMTRADE database

[42] UNESCO (2006), *Trends in Audiovisual Markets: Regional Perspectives from the South.*
[43] Ibid.

Key players in the global market

For the reasons mentioned earlier, it is not helpful to present the list of the key players in the world market for audiovisuals since it would give an erroneous picture of the global market. The figures reported are few and relatively low, even from countries with advanced systems for collecting statistical data. (For details, see in particular tables 2.5.1.A and 2.5.1.B for audiovisual services as well as the tables for creative goods provided in the annex 1.2.A and 1.2.B).

India, Mexico, the Republic of Korea, Thailand and Argentina are the main exporters of audiovisual goods from the South. India has diversified both its products and the target markets, the same strategy adopted by Mexico, Argentina and Thailand, while the Republic of Korea aims to diversify its markets and Singapore is the most diversified in terms of export products.

5.6.5 | Publishing and printed media

Features

The intellectual assets and the creativity driving the publishing and printed media are broadly expressed in the form of literary production translated into all kinds of books (novels, poetry, educational, professional, etc.) and the printed media translated into all kinds of news circulated as newspapers, magazines, etc. Publishing and printed media still constitutes an important subgroup of the creative industries from both the cultural and the economic point of view.

Technologically, however, the publishing and media industries face new challenges due to the growing trend towards electronic publishing. The explosion of distributive media and the shrinking distance between the author and the consumer provides an opportunity for new market entrants. In the case of publishing, the introduction of 13-digit ISBN numbers several years ago made it possible to track products through each stage of the value chain. Efficient services now monitor the retail sale of books, making it easier to analyse market information for retailers, publishes and the media.[44] Regionally publishers and even authors conduct their own distribution by visiting the respective markets, with larger bookstores in most cases serving as national distributors.

Nevertheless, growing sales suggest that electronic and printed media can coexist. Retail bookshops are becoming more attractive to readers at the same time that they are better equipped for online sales. Most important is the fact that the annual number of new book titles is not decreasing. The newspaper industry is reacting in its own way in different parts of the world to the shifts in the printed media industry brought about by new technologies. In Europe, where news coverage is more global than local, and where affordable broadband Internet has the world's greatest penetration,[45] circulation of printed newspapers is declining. In developing economies, however, where news is more locally focused and Internet access is more costly, the circulation of printed daily newspapers does not appear to be affected as greatly by electronic publishing. Another important aspect is that print media are nourished by advertising revenues and these two creative industries are interdependent and mutually supportive. It is important to remember that the publishing and printed media industries are responsible for many jobs, including those of very influential writers, editors and journalists willing to help shape public opinion and adapt to this changing situation.

In this scenario, the analysis presented in this report is based on physical goods only. E-commerce or trade of digitalized creative content such as books, journals and newspapers is not captured in the figures shown owing to the unavailability of data.

International trade

The global market for internationally traded goods from the publishing and printed media industries totalled $48 billion in 2008, compared to $30 billion in 2002. These creative industries had an annual growth rate of 7.3 per cent during this period and accounted for 8.15 per cent of total trade of all creative goods in 2008. The most traded creative product from this group was books, whose exports increased from $11 billion in 2002 to $19 billion in 2008. Global sales of printed newspapers grew from $12.2 billion to $17.5 billion during this period. Finally, exports of "other printed materials" nearly doubled from $6 billion to $11 billion. This group includes catalogues, brochures, advertising material, posters, calendars, maps and greeting cards (tables 1.2.A and 1.2.B in the annex).

Developed economies dominated the world market for publishing and printed media exports, accounting for 80 per cent of world exports in 2008. European exports rose to $27.5 billion in this year. Eight of the top ten exporters were European countries. Germany and the United States ranked

[44] For further information visit http://www.bookscan.com.
[45] UNCTAD (2006). *Information Economy Report 2006: The Development Perspective.*

first and second, exporting nearly $11.5 billion of publishing and printed media materials annually; each country held a 24 per cent share of the world market for exports of creative goods (table 5.18 and chart 5.14).

Developing countries, despite their slight participation in world markets, showed great dynamism during the period 2002-2008. Their exports increased from $3.2 billion to $8.1 billion. As a result, their share in global markets reached nearly 17 per cent, owing mainly to the rise in exports from China. Books gained the greatest market share, increasing from $2.1 billion in 2002 to $5.1 billion in 2008. Similar positive trends were observed for other printed materials as well as for newspapers. Table 5.19 shows the 10 leading exporters among developing economies. Economies in transition exported $1.4 billion and imported $1.8 billion in publishing materials and printed media in 2008.

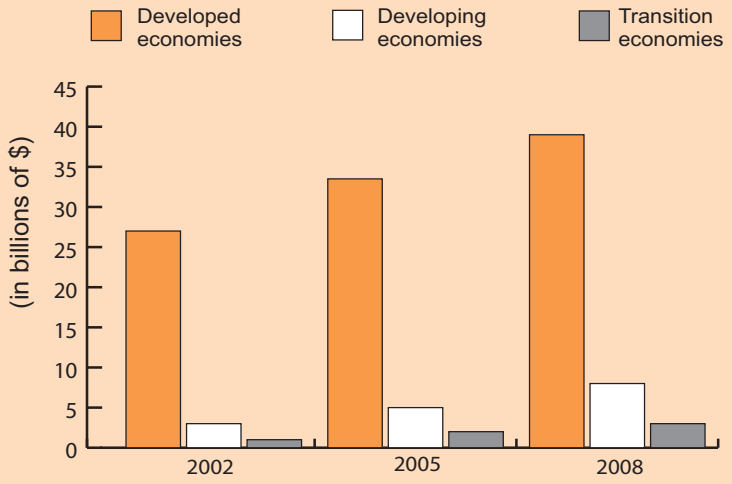
The rapid expansion of this creative industry in China over the period 2002-2008 was remarkable. With an annual growth rate of 8.7 per cent, Chinese exports of publishing material and printed media sharply increased from $535 million to $2.4 billion, although trade data cannot distinguish creative products "made" in China from those "created" in China. Positive developments also took place in most developing countries. Asia and Latin America had a presence in world markets. For trade flows, see tables 1.2.A and 1.2.B in the annex.

5.6.6 | Design

Features

Design deals with the creation of forms and the appearance of products. Creative design is expressed in several ways: through the creation of decorative luxury items such as jewellery, by the uniqueness of a functional service such as the architectural design of a building, or as utilitarian mass-produced goods such as an interior object. Design products are usually aesthetic functional creations based on concepts and specifications. Again, the definition of design

Chart 5.14 Publishing and printed media: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD based on official data reported to UN COMTRADE database

Table 5.18 Publishing and printed media: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	Germany	6,331	13.12	8.20
2	United States	5,293	10.97	6.18
3	Canada	4,898	10.15	-1.28
4	United Kingdom	4,245	8.79	3.48
5	France	2,655	5.50	5.56
6	Italy	2,044	4.24	6.38
7	Belgium	1,878	3.89	7.67
8	Sweden	1,554	3.22	5.52
9	Netherlands	1,511	3.13	9.62
10	Spain	1,450	3.00	4.06

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.19 Publishing and printed media: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	2,421	5.02	8.70
2	China, Hong Kong SAR	1,989	4.12	3.91
3	Singapore	713	1.48	45.84
4	Korea, Republic of	605	1.25	53.49
5	Mexico	433	0.90	-8.60
6	Malaysia	231	0.48	12.22
7	Colombia	224	0.46	-16.58
8	Nigeria	195	0.41	274.90
9	India	192	0.40	0.70
10	Chile	184	0.38	13.19

Source: UNCTAD, based on official data in UN COMTRADE database

enters into the debate of IPRs. For many, design is an input into all manufacturing processes and cannot be separated from any final physical product. Others, such as the Industrial Design Society of America, define "design" as "the creation and development of concepts and specifications that optimize the functions, and value the appearance of products and systems for the mutual benefit of users and manufacturers".[46]

Without arguing the merits of different approaches, design fits into the "functional creations" category of the UNCTAD definition of creative industries. It is the result of creativity expressed as a knowledge-based economic activity, which produces goods or services with creative content, cultural and economic value and market objectives. As such, the design industry is part of the creative economy given that it cuts across the artisan, manufacturing and services components of the value chain, interacting with technology and qualifying for IPRs (see chapter 1). As an artistic work, design is associated with copyrights and specifically with "design rights" although the delimitation between the artistic expression and the industrial manufacturing is not evident. Certainly, without design, most goods and services would not exist or would fail to be differentiated in the marketplace.

As the 2010 World Design Capital, Seoul, Korea, organized a summit in February 2010 where municipal leaders from a number of cities could demonstrate the impact of design on the competitiveness of cities in the 21st century, as well as the importance of design policies for urban development and business. More than 30 cities around the world signed the "Seoul Design Declaration", which recognizes design as a core competency and an asset to cities. Seoul also created a platform to showcase cities that have capitalized on design to reinvent the urban fabric of their cities.

Current statistical classifications[47] do not allow a clear identification of those functional products with higher creative content in the design value-added chain. Therefore, in carrying out the statistical analyses, an effort was made to select those products with a presumably high design input. At this stage, it is not possible to isolate the design input from the final product. Thus, the export figures reflect the total value of the final products, not the design content. To a certain extent, this explains the predominance of high figures under the design subgroup of creative industries.

Design products include goods only. The analysis contained in this report is based on trade data for architecture (original drawings for architectural plans), interior objects, jewellery, toys, glassware and fashion, as indicated in table I.2.A and tableI.2.B in the annex. Industrial design is not covered, and architectural services are treated under "functional creative services". All of the items included under "fashion" are accessories; clothing and footwear are not included owing to the impossibility of differentiating design creations from mass-production goods, as explained earlier. Furthermore, as for all creative industries, the lack of data for copyrights, trademarks, brands, etc. makes it difficult to assess the overall economic impact of each subgroup of creative industries on national economies.

Fashion is a creative industry deserving special attention, given its trade potential. The global fashion industry is expanding; it goes beyond "haute couture", which is distinct from the prêt-à-porter (ready to wear) and the trendy design wear. The fashion industry now includes a wide range of products, including perfume, jewellery and accessories such as scarves, purses and belts. A unique, handmade fashion creation is distinct from industrial-scale production. Therefore, fashion design products should be protected by copyrights or trademarks before entering into highly competitive domestic or international markets. Indeed it is the brand or label attesting to the creative content and novelty of products that ensures value added and higher revenues for the stylists. These and other intricacies of the global fashion industry need to be better understood in order for the fashion industry to be enhanced in developing countries.[48]

The originality of ethnic textiles, combined with the diversity of works by fashion designers from developing countries, is conquering world markets. The organization of fashion weeks in developing countries like Brazil, China, India, Jamaica and South Africa contributes to the promotion of the work of designers and stylists and to the circulation of fashion models from the South through the world. In this respect, developing economies are called upon to better explore trade opportunities in world markets in light of the liberalized markets for textiles and clothing that emerged following the expiration of the Multi-Fibre Agreement in 2005.[49]

[46] For further information, consult the websites of the Industrial Designers Association of America, the American Institute of Graphic Arts and the Design Council, London.
[47] he international statistical classification used for the trade data presented in this report is the *Harmonized System 2002*. For further explanation, see the explanatory notes in the annex.
[48] A comprehensive analysis of the fashion industry in the Caribbean is presented in Nurse (2006).
[49] International trade of fashion goods and services is ruled by multilateral and regional agreements. Issues relating to the removal of trade obstacles such as rules of origin, preferential treatment, safeguards and import quotas are negotiated within the WTO and are crucial instruments for access of products from developing countries to world markets.

The aim of this report is to sensitize policymakers to the positive economic and social spillovers of these usually neglected creative industries. In the absence of data for marketing and brands, and owing to the difficulty in distinguishing between a fashion creation and the more popular mass-production manufacturing, only trade data for accessories are included in the fashion subsector. The trade figures presented in this report for the design industry are based on a revised list of products made by UNCTAD. Therefore, figures are slightly different from those shown in the first report,[50] as we have sought to improve the accuracy and comparability of data for trade of creative design goods.

International trade

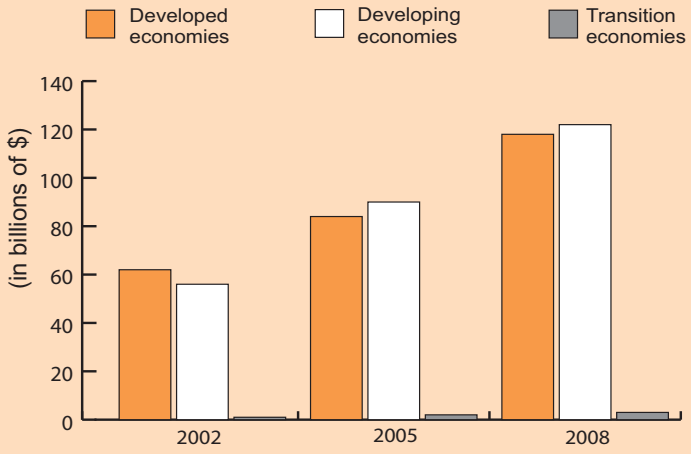
This assessment of global trade in design goods has shown impressive results. Design was found to be the leading subgroup in the world market for creative goods. World exports of design goods nearly doubled from $115 billion to $242 billion from 2002 to 2008, with an annual growth rate of 12.5 per cent (see chart 5.15 and table 5.20). The share of design products in total exports of creative goods remained stable at about 41 per cent in 2008. The inclusion of design as a creative industry has completely changed the position of key players in the world market for creative goods and services. China and Italy became leading exporters of creative-industry products thanks to their competitive position in the production and trade of design goods and services.

Design appears to be the largest contributor to trade of creative industries, partly because it is the sector with the best reported statistics. It encompasses six main groups of goods, including interior design, graphics, fashion accessories, jewellery and toys. For services, the main item is architectural services, which will be featured under "creative services".

Key players in global markets

During the years under review, exports of design products from developed economies and their share in world markets indicated contrasting trends. While the value of exports of design products increased from $61 billion in 2002 to $118 billion in 2008, the market penetration of their products decreased from 53.2 per cent to 48.7 per cent. Italy maintained its position as leading exporter, with 9.76 per cent of world market share thanks to its renowned role in the fields of interior design,

Chart 5.15 Design: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD based on official data reported to UN COMTRADE database

Table 5.20 Design: Exports, by economic group and region, 2002 and 2008

Economic group and region	Value (in millions of $) 2002	2008	Change (%) 2002-2008
World	**114,692**	**241,972**	**111**
Developed economies	**60,967**	**117,816**	**93**
Europe	49,221	98,164	99
United States of America	6,280	12,150	93
Japan	1,521	3,783	149
Canada	3,104	2,773	-11
Developing economies	**53,362**	**122,439**	**129**
Eastern and South-Eastern Asia	47,534	98,851	108
China	23,529	58,848	150
Western Asia	1,916	8,452	341
Latin America and Caribbean	3,292	5,007	52
Africa	422	1,140	170
LDCs	222	467	
SIDS	47	96	102
Transition economies	**362**	**1,716**	**374**

Source: UNCTAD, based on official data in UN COMTRADE database

[50] When UNCTAD revisited its list of selected creative goods, two elements were considered for the new selection of design goods. First, it adopted the statistical codes from the 2002 revision of the Harmonized System, instead of the 1996 version. Second, it undertook a comparative analysis with the list of codes used by other institutions and national sources. As a result, the number of selected design products was reduced from 139 in 2005 to 102 codes in 2008. Thus, the coverage of products shown in this report for the period 2002-2008 is different from the figures presented in the Creative Economy Report 2008 for the period 1996-2005.

fashion and architectural services. Germany, the United States and France followed, with all three economies capturing more than 16 per cent of the world market (see table 5.21).

Design is the third-largest creative subgroup for developing countries, after art crafts and new media. The total value of their exports of design products increased considerably, from $53 billion to $122 billion, as did their share in world markets. Exports of design goods from the economies in transition totalled $1.7 billion in 2008, representing less than 1 per cent of world exports of creative goods.

The leading exporter of design goods among developing economies is China, where the scale of production is very high. From the trade perspective, design is the most important creative industry for China. India also increased its exports of design products by 18.6 per cent, achieving 3.2 per cent of market share of design goods in 2008 (table 5.22).

Table 5.21 Design: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	Italy	23,618	9.76	10.35
2	Germany	16,129	6.67	16.71
3	United States	12,150	5.02	14.25
4	France	10,871	4.49	13.11
5	United Kingdom	7,448	3.08	10.93
6	Switzerland	6,938	2.87	16.09
7	Belgium	4,339	1.79	8.72
8	Poland	3,855	1.59	13.72
9	Japan	3,783	1.56	17.21
10	Netherlands	3,773	1.56	13.91

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.22 Design: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	58,848	24.32	15.45
2	China, Hong Kong SAR	23,874	9.87	5.01
3	India	7,759	3.21	18.57
4	Thailand	4,474	1.85	10.80
5	United Arab Emirates	4,464	1.84	49.80
6	Turkey	3,543	1.46	11.72
7	Malaysia	3,186	1.32	12.87
8	Viet Nam	2,687	1.11	23.44
9	Mexico	2,535	1.05	1.40
10	Singapore	2,392	0.99	16.21

Source: UNCTAD, based on official data in UN COMTRADE database

5.6.7 | New Media

New media is the newest group among the creative industries and the one that is expanding fastest. It results from the rapid advances in ICTs that started in the 1990s to shape a global information infrastructure and gave emergence to the so-called information society. Today, in the era of the creative economy, where real and virtual worlds co-exist, collaboration and networking are pointing to new ways of life; the new media has been pushing this novel chain of knowledge and innovation.

In the creative economy, the new media industry plays two complementary roles:

a) It is a creative product itself, expressed through digital forms of creative content such as software, cartoons and interactive products like video games.

b) It is an enabler of connectivity used as a tool for marketing and distribution of other creative products such as music, films, books and news, or creative services such as advertising and architectural services (see chapter 7).

People of all ages are spending more time online, consuming and co-creating content and new-media products. Clearly individual consumers are becoming more proactive. This behaviour stimulates creativity, while improving interactive digital skills through participation in online games and social networks. As a result, the new-media sector is booming in all parts of the world, opening up new venues for collaborative creations, particularly in the areas of multiplayer games, videos, cartoons and multimedia content.

It is not yet possible to capture the real dynamism of new media as a driving force of the creative economy. There are two reasons for this: first, the novelty embedded in the continuous updating of technologies used in producing and consuming creative content; and second, the lack of a universally agreed-upon system for collecting data on digital cre-

ative content. Issues relating to measurement of ICT tools, in particular how to collect accurate, useful and comparable ICT statistics, are addressed in chapter 7 of this report.[51]

Again, figures presented for new media are extremely underestimated for the reasons explained earlier. Still, they can contribute to a better understanding of current trends. In the UNCTAD classification of creative industries, new media includes a wide range of creative content such as software, video games, cartoons and other digital products. The figures shown clearly reveal shortcomings in the level of disaggregation of statistical classification codes since they cover only digital records and video games. Furthermore, the subgroup comprises several relatively new creative services, such as Web-related services, for which data are non-existent (see also the general explanatory notes in the annex).

As an enabler, the subgroup new media is the real expression of connectivity and as such is highly dependent on the accessibility of equipment such as computers, mobile telephones, digital televisions and MP3s, as discussed in chapter 7. The third part of the annex presents additional quantitative data on trade in related industries. Tables 3.1, 3.2 and 3.3 were prepared with the aim of providing empirical evidence of the magnitude of world trade of supporting equipment for the creative industries.

International trade

The global market for new-media goods grew very rapidly during the period 2002-2008, with an annual growth rate of 8.9 per cent. World exports increased from $17 billion to $28 billion (table 5.23 and chart 5.16). Video games were a very dynamic group, as exports more than tripled from $8 billion to $27 billion. (For details on exports by major countries, see tables 1.2.A and 1.2.B in the annex.)

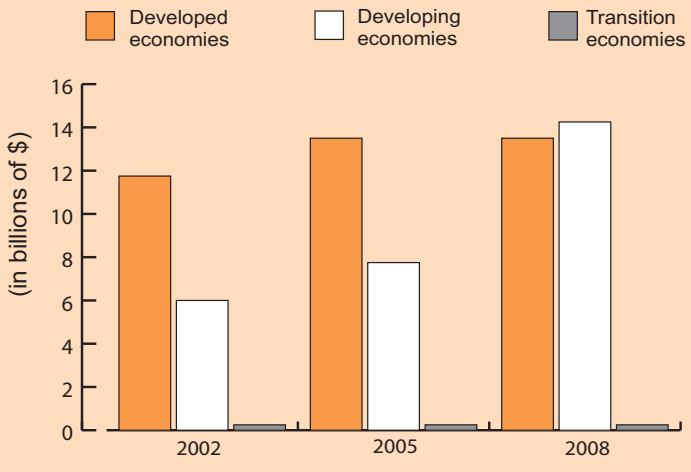
Key players in global markets

Developed economies led exports of new-media goods over the period 2002-2008. Their exports increased slightly, reaching $13 billion in 2008, but their share in world markets for these goods declined sharply, from 6.5 per cent to 4.7 per cent (see table 5.24). While their exports of digital recordings remained relatively unchanged, they faced growing competition from developing economies as regards video games. Europe supplied a third of global market demand, and its exports were more diversified in terms of target markets. The major exporter, however, was the United States. In Europe, the countries with greater participation in the global markets for new-media products were Germany, the Netherlands, Austria and the United Kingdom (see table 5.24).

In developing economies, there were contrasting trends in exports of new-media goods. Asia had a dominant position in the global market for these goods. Total exports from developing economies in 2008 reached $14 billion, up from about $6 billion in 2002. This resulted in a substantial increase in their share in world markets, from 34 per cent to 52 per cent. In the case of video games, the upturn was even more accentuated, rising from 45 per cent to 52 per cent. This development reflected the remarkable increase in Chinese exports. The exports of new media products from China reached $8.4 billion in 2008, or about 30 per cent of global demand. Video games constituted the most important exported and imported item in Asia.

Mexico is the only country not in Asia to make the top-ten list of exporters among developing economies. Other Latin American economies were very marginal exporters. Africa, the LDCs and the SIDS were not active participants in world markets. Economies in transition had a

Chart 5.16 New Media: Exports, by economic group, 2002, 2005 and 2008



Source: UNCTAD based on official data reported to UN COMTRADE database

[51] UNCTAD is a member of the Partnership on Measuring ICT for Development, together with 10 other international institutions. The partnership's key objective is to close the ICT data gap by collecting data and maintaining a database on the ICT sector and on business uses of ICTs. More information is available from http://measuring-ict.unctad.org.

Table 5.23 New media: Exports, by economic group and region, 2002 and 2008

Economic group and region	Value (in millions of $) 2002	2008	Change (%) 2002-2008
World	**17,365**	**27,754**	**60**
Developed economies	**11,422**	**13,248**	**16**
Europe	6,856	8,727	27
United States of America	3,028	3,786	25
Japan	1,206	345	-71
Canada	184	212	15
Developing economies	**5,908**	**14,423**	**144**
Eastern and South-Eastern Asia	5,060	12,817	153
China	2,378	8,377	252
Western Asia	7	39	500
Latin America and Caribbean	826	1,510	83
Africa	15	9	-36
LDCs	8	11	37
SIDS	1	1	63
Transition economies	**36**	**82**	**128**

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.24 New media: Top 10 exporters among developed economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	United States	3,786	13.64	5.43
2	Germany	3,640	13.11	13.15
3	Netherlands	1,889	6.81	-1.68
4	Austria	908	3.27	16.45
5	United Kingdom	686	2.47	-8.45
6	Japan	345	1.24	2.40
7	Czech Republic	325	1.17	39.43
8	Canada	212	0.76	-1.41
9	Spain	197	0.71	-6.40
10	Denmark	182	0.66	16.70

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.25 New media: Top 10 exporters among developing economies, 2008

Rank	Exporter	Value (in millions of $) 2008	Market share (%) 2008	Growth rate (%) 2003-2008
1	China	8,377	30.18	25.64
2	China, Hong Kong SAR	3,773	13.59	29.70
3	Mexico	1,496	5.39	99.09
4	Singapore	368	1.33	-31.59
5	China, Taiwan Province of	193	0.70	22.13
6	India	47	0.17	-7.85
7	China, Macao SAR	40	0.15	184.51
8	United Arab Emirates	37	0.13	-11.11
9	Malaysia	31	0.11	20.80
10	Korea, Republic of	26	0.09	-37.10

Source: UNCTAD, based on official data in UN COMTRADE database

very small participation in world trade, accounting for less than 1 per cent of total exports of new-media goods. It should be pointed out, however, that this dark picture is probably further aggravated by the lack of data from these developing regions (table 5.25).

5.6.8 | Creative Services

Features

The global economic crisis had serious implications for the service sectors. Services are a key component in the dynamics of the creative economy, playing a growing role in all creative industries sectors. Certain services regarded as necessities, such telecommunications and energy services, were less affected; however, income-sensitive sectors like tourism and cultural and recreational services have suffered from the global economic downturn. Developing countries are recovering faster, although there are significant inter-country differences.

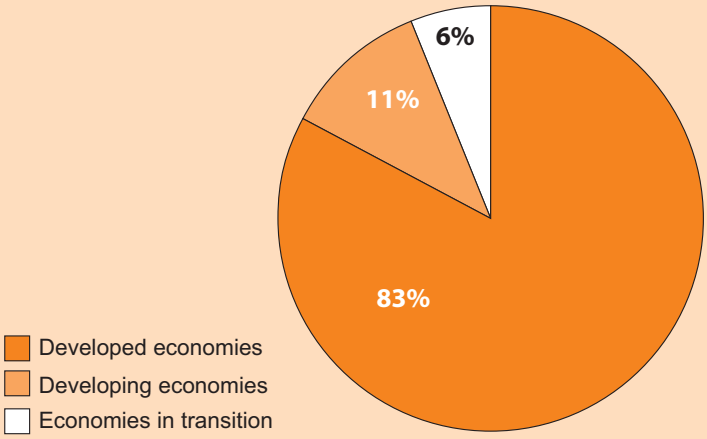
World services exports from 2000 to 2008 grew at an average annual rate of 13.5 per cent, reaching $3.9 trillion. Creative services are growing faster than more conventional sectors, and exports of creative services tripled in value from $62 billion in 2002 to $185 billion in 2008. The sectors with greatest dynamism were architecture and advertising services, while cultural and recreational services and audiovisuals grew by an annual rate of 10 per cent during this period. Meanwhile, South-South trade of creative services grew from 7.8 billion to $21 billion.

To facilitate analysis of certain demand-driven functional creations, UNCTAD introduced into its definition of creative industries the subgroup of "functional creative services", which covers services that intersect with more than one subgroup; advertising is a case in point. The inclusion of creative-oriented research and development services is another. These services fit into the broader scope of the creative economy and are closely associated with scientific creations and technological innova-

tions. The rationale for including these services is that the creative economy is rooted in the overall interactions between economics, culture and technology and, therefore, that the creative economy is centred on, but not restricted to, arts and culture.

Audiovisual services comprise motion picture projection services, motion picture and video production and distribution services, radio and television services and transmission services. This creative sector is sensitive and relevant owing to its social, economic and cultural influence as a vehicle of expression of cultural identities, especially the radio and television services. This importance is also reflected at the multilateral level; many countries feel compelled to protect the audiovisual sector and are reluctant to conduct negotiations or take on specific liberalization commitments within the framework of WTO.

Chart 5.17 **Creative industries: Exports of creative services, by economic group, 2008**



Source: UNCTAD, based on IMF balance of payment statistics.

International trade

Reported exports of creative services increased sharply, with an annual growth rate of 17.1 per cent from 2002 to 2008. Developed economies accounted for 83 per cent of total exports of creative services in 2008, while developing economies had an 11 per cent market share and the economies in transition had 6 per cent of the world total, as shown in chart 5.17. Among all creative services, architectural as well as personal, cultural and recreational services were the most traded creative services in world markets in 2008. Both had remarkable increases in exports from about $18.7 billion in 2002 to about $85.2 billion in 2008 for architectural services and $21.9 billion to $40.4 billion for personal, cultural and recreational services respectively (see table 5.26).

The United States maintained its position as leading exporter of personal, cultural and recreational services in 2008, followed by the United Kingdom, Canada, France and Spain; it accounted for 50 per cent of exports in 2008 (chart 5.18a). Among developing countries, Turkey, Malaysia and India are the top performers in 2008 (chart 5.18b).

Imports of creative services increased from $72.3 billion in 2002 to $168.7 billion in 2008. Architectural and design services ranked first, with imports increasing from $21.3 billion to $63.3 billion, representing 37.5 per cent of total imports of creative services. Imports of advertising and market-related services increased from $14.1 billion to $40.4 billion, or 24 per cent of imports of creative services in 2008.

Imports of personal, cultural and recreational services increased from $20 billion to $35 billion, accounting for nearly 20 per cent of total imports of these services in 2008. These were followed by research and development, whose import value rose from $16.9 billion to $29.9 billion, or 18 per cent of imports of creative services. Finally, audiovisual

Table 5.26 **Reported exports of creative services, 2002, 2005 and 2008 (in billions of $)**

	All creative services	Advertising and related	Architectural and related	Research & Development	Personal cultural and recreational	Audio Visual	Other cultural
2002	62.2	8.9	18.7	12.6	21.9	13.7	7.5
2005	99.2	17.1	33.0	19.5	29.5	19.3	8.4
2008	185.1	27.9	85.2	31.1	40.8	26.4	11.3

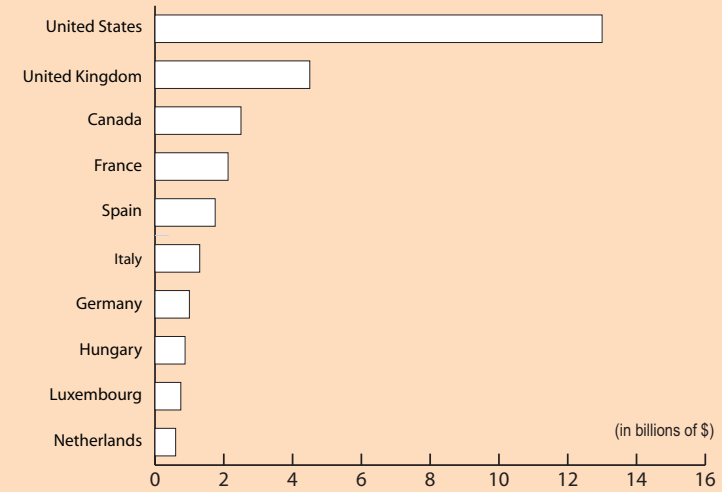
Source: UNCTAD based on IMF balance of payments statistics.

Table 5.27 Reported imports of creative services, 2002, 2005 and 2008 (in billions of $)

	All creative services	Advertising and related	Architectural and related	Research & Development	Personal cultural and recreational	Audio Visual	Other cultural
2002	72.3	14.1	21.3	16.9	20.0	12.3	6.5
2005	92.6	18.1	25.1	22.2	27.2	17.9	7.3
2008	168.7	40.4	63.3	29.9	35.0	21.9	10.0

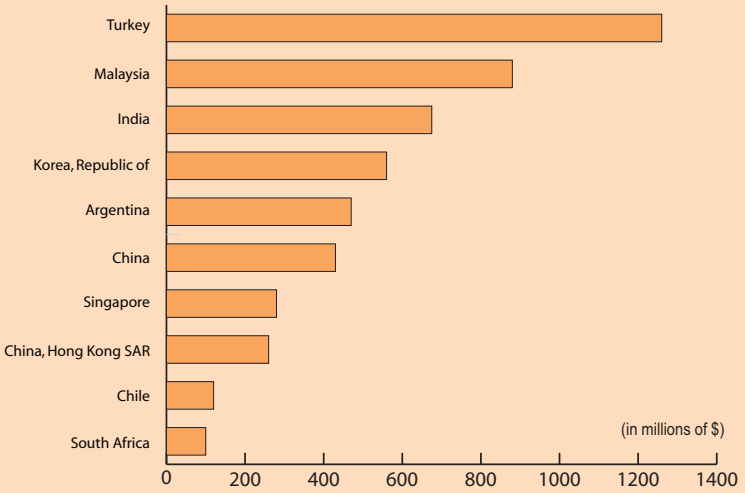
Source: UNCTAD based on IMF balance of payments statistics.

Chart 5.18a Creative services: Top 10 exporters of personal, cultural and recreational services among developed economies, 2008



Source: UNCTAD, based on IMF balance of payment

Chart 5.18b Creative services: Top 10 exporters of personal, cultural and recreational services among developing economies, 2008



Source: UNCTAD, based on IMF balance of payment

services increased from $12.3 billion to $21.9 billion, accounting for 13 per cent of total imports of creative services in 2008.

5.6.9. Royalties and licence fees

As addressed in other chapters, copyrights are the most important IPR instrument for the creative industries as they provide protection for authorship of paintings, sculptures, music, novels, architecture, etc. However, official figures for copyrights are not available.[52] According to WIPO, statistical limitations and deficiencies in data collection have made it impossible to date to compile universal data on copyrights from the creative industries.

Royalty payments and license fees are associated with the use of intellectual property for production and consumption of goods and services — for instance, licensing services for the right to use entertainment, computer software, or other non-financial intangible assets.

Despite data limitations mentioned earlier, this report includes world figures for royalties, which are shown in table 5.28 as well as in tables 3.3.A and 3.3.B in the annex. This is complementary information provided to complete the overall picture, based on available national data on creative industries at the world level. Our intention is to emphasize the need to start collecting data on copyright earnings. Since it is not possible to disaggregate the overall royalty figures by identifying and listing only the data relevant for the creative

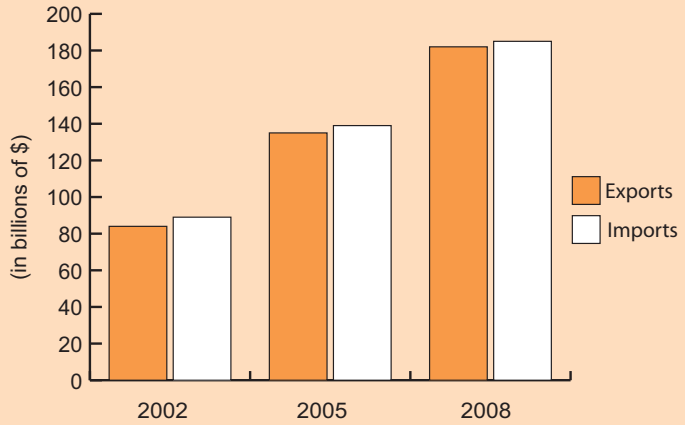
[52] The International Confederation of Societies of Authors and Composers (CISAC) compiles data for 210 management societies with which it is affiliated in 109 countries. Data cover only amounts raised by licensing activities of these societies in their national territories; thus income from international exchanges is not included.

Table 5.28 Royalties and licence fees: World exports and imports, 2002, 2005 and 2008

	Value (in billions of $)		
	2002	2005	2008
Exports	83.0	131.5	182.1
Imports	90.5	137.3	185.2

Source: UNCTAD based on IMF balance of payments statistics.

Chart 5.19 Royalties and licence fees: World exports and imports, 2002, 2005 and 2008



Source: UNCTAD, based on IMF balance of payment statistics.

industries, the data for royalties are, therefore, not included in the total of creative services. The purpose is to avoid any misinterpretations of overall revenues from creative services.

Another consideration in the analysis of the economic impact of creative industries is the direct relationship between the trade figures for the creative industries and trends in domestic and foreign investments in the creative sector. In this regard, the UNCTAD *World Investment Report 2006* emphasizes that creative activity-related ICT sectors were the most important destinations for FDI worldwide, including in the context of North-South and South-South trade.

Revenues associated with receipts of intellectual property rights (IPR) more than doubled between 2002 and 2008. Royalty revenues rose from $83 billion to $182 billion. A similar trend is shown for imports, which increased from $91 billion to $185 billion during this same period (chart 5.19).

5.6.10 | Related industries

There is no single definition of "creative industries", but there are different approaches to classifying them depending on the purpose of the analysis, as discussed in chapter 1. For WIPO,[53] the focus is on intellectual property, and thus creative industries are divided into four groups relating to intellectual property: "core", "interdependent", "partial" and "non-dedicated". For UNESCO, emphasis is placed on the cultural products, which are classified as "core" or "related" cultural products. In the case of UNCTAD, the approach is more trade-oriented, and the focus is on creative goods and creative services. Therefore, the related industries are treated apart, as an additional economic indicator that is driven by the creative industries.

There are two types of related industries: some serve as inputs in the creation process (e.g., paint for a painting), while others provide supporting equipment needed for the consumption or distribution of creative content (e.g., television sets for television broadcasting). As they are part of a much broader set of manufacturing, chemical and electronics sectors, they are not included in the totals of creative industries. Our concern is to avoid distortion and over-accounting in the trend analysis of creative goods and services. Trade of related industries is presented as an important indicator to identify trends in the future demand for creative goods and services.

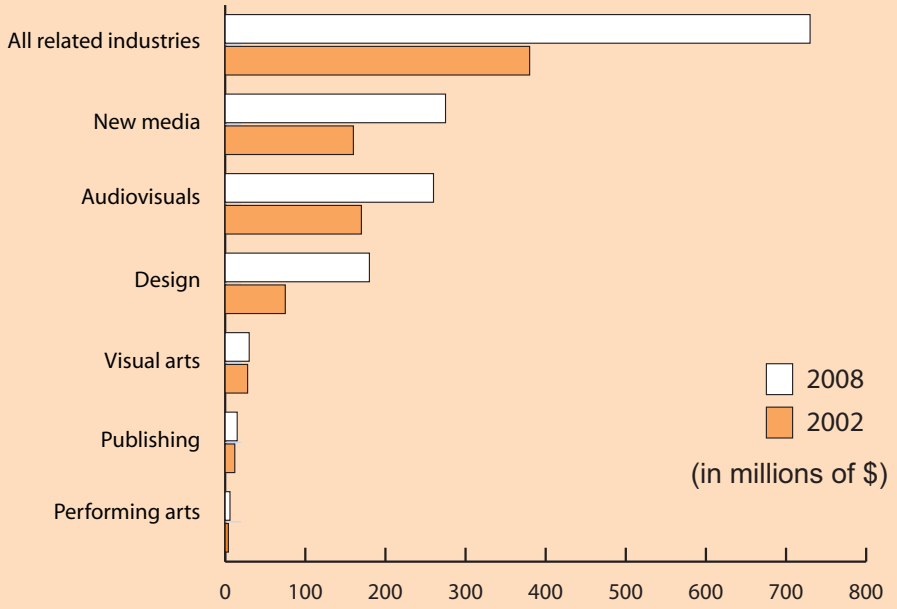
Following the path of the world market for creative industries,[54] trade in goods from the related industries also showed a remarkable annual growth rate of 10 per cent in the period 2002-2008. The greatest growth was in related industries linked to the field of new media, where exports jumped from $133 billion to $263 billion, and then audiovisuals, where exports grew from $141 billion to $249 billion during this period, reflecting technological advances (tables 3.2.A and 3.2.B in the annex).

World exports reached $727 billion in 2008, up from $376 billion in 2002 (table 5.29 and chart 5.20). The spectacular growth of exports from developing economies in this area — from $134 billion to $400 billion — is noteworthy. This means that developing economies have a slightly larger share than developed economies. Moreover, the fast growth

[53] The WIPO model of copyright-based creative industries identifies four categories: "core", "interdependent", "partial" and "non-dedicated" industries. The UNESCO approach to cultural industries includes "core cultural goods", "related cultural services" and "related cultural products".
[54] See also the general explanatory notes in the annex.

of exports from developing economies of goods of related industries was much more evenly distributed among all regions, including Africa and the Caribbean (tables 3.1, 3.2 A and 3.2.B in the annex for the trade flows). World imports reached $739 billion in 2008 as compared to $400 billion in 2002 (table 5.30). The greatest growth was in related industries linked to the field of new media, audiovisuals and design. However, developed economies import more than 65 per cent of global imports of related industries goods.

Chart 5.20 Related goods: Evolution of world exports, 2002 and 2008



Source: UNCTAD, based on official data reported to UN COMTRADE database

It is interesting to note that exports of related goods from the developing economies grew at an annual rate of 16 per cent, compared to 12 per cent for transition economies and 4.5 per cent for developed economies during the 2002-2008 period. This shows that goods of the related industries have a huge market.

This is also evidence of the catching-up strategies being pursued in a number of developing economies to increase their production and exports of value-added products. An even more positive conclusion is that the growth of the related industries, which includes supporting equipment such as computers, cameras, and television and broadcasting equipment, points to a continuous dynamic growth in demand for creative-industry goods and services — and therefore to the growing importance of the creative economy worldwide.

Table 5.29 Related goods: Exports, by economic group, 2002 and 2008 (in millions of $)

	World		Developed economies		Developing economies		Transition economies	
	2002	2008	2002	2008	2002	2008	2002	2008
All Related Industries	**375,845**	**727,116**	**239,820**	**324,272**	**134,982**	**399,588**	**1,043**	**3,256**
Audio Visuals	140,932	249,428	86,720	100,020	54,126	148,938	86	470
Design	65,793	169,521	53,508	103,056	11,394	63,951	891	2,513
New Media	133,287	263,302	71,482	86,498	61,767	176,608	37	196
Performing Arts	3,697	6,843	2,597	4,340	1,096	2,488	5	14
Publishing	10,025	14,903	9,194	13,346	821	1,539	9	18
Visual Arts	22,112	23,120	16,319	17,012	5,779	6,063	15	45

Source: UNCTAD, based on official data in UN COMTRADE database

Table 5.30 Related goods: Imports, by economic group, 2002 and 2008 (in millions of $)

	World		Developed economies		Developing economies		Transition economies	
	2002	2008	2002	2008	2002	2008	2002	2008
All Related Industries	**399,738**	**738,569**	**313,406**	**482,958**	**84,002**	**235,918**	**2,330**	**19,692**
Audio Visuals	136,363	269,455	100,124	171,999	35,142	87,706	1,097	9,750
Design	69,225	164,045	56,877	96,207	12,098	65,008	249	2,831
New Media	158,320	258,605	130,987	183,605	26,656	69,166	677	5,833
Performing Arts	4,345	7,537	3,632	5,856	691	1,506	21	175
Publishing	9,556	15,118	7,194	10,639	2,222	3,749	140	730
Visual Arts	21,929	23,809	14,592	14,652	7,191	8,784	146	372

Source: UNCTAD, based on official data in UN COMTRADE database

PART

4

The Role of Intellectual Property and Technology

CHAPTER 6 The role of intellectual property in the creative economy

6.1 Introduction

This chapter is concerned with intellectual property rights (IPRs) and the creative economy. This field clearly presents difficult challenges to governments, artists and creators as well as to analysts and agencies. There are sensitive areas and different approaches to addressing IPR issues. Most of the content and analysis presented in this chapter reflect the ongoing work and contributions of the World Intellectual Property Organization (WIPO) secretariat. Nevertheless, other perspectives have also been introduced to advance reflection on alternative ways to tackle contending IPR issues, taking due account of the perspective of developing countries.

It is widely recognized that any analysis of the creative economy must consider the role of intellectual property, which is a key ingredient for the development of the creative industries in all countries. Intellectual property law is a major policy tool and part of the regulatory framework around the creative industries. If properly managed, it can be a source of revenue for both developed and developing countries.

Common practice has been to measure and regulate the physical movement of goods; this is what trade flows are. Increasingly, other dimensions of products and ideas have also been traded in the form of licences, royalties and copyrights. This trade reflects a licence to use rather than have possession of an object. The notion of "intellectual rights" has a long history and an established regulatory system. In the past when such rights were embedded, locked into or in some way integral to the physical good, rights could be regulated as an adjunct to physical trade. Where it could not, special procedures were put in place: a licence to extract oil, a tax on volume of a material extracted, etc. However, with digitization, it is possible to totally separate the physical and intellectual rights. This led to a crisis with respect to both regulation and business models (see chapter 7).

The aim of this chapter is to analyse how IPRs are particularly important to the creative economy and the ways in which current modes of regulation and measurement are insufficient to allow a proper evaluation of the economic impact on IPRs on the trade balance of individual countries. Of course, the creative industries are not alone in this problematic. For some time, most economists have sought to measure the trade in "invisibles", but in general terms, these measures are better adapted to the first generation of the knowledge economy, associated with a trade in licenses linked to the physical goods. Arguably, we have already entered the creative-economy era associated with virtual goods and rights. Accordingly, the tools currently used for capturing income flows generated by the creative industries and translated into copyrights are partial or inadequate, and new ones need to be devised. In part, chapter 5 offers a pragmatic way forward that marries the trade in tangible goods and intangible services, but a key component — international flows of copyrights — is missing in order to present the real picture of the creative economy.

This chapter also reviews recent attempts made by WIPO to map the copyright-related industries in selected countries with a view to identifying broader economic and social indicators, in particular the share of creative sectors in national economies. However, little progress has been made in capturing international flows of copyrights and measuring the trade balance of countries in revenues from intellectual property. There is a significant challenge to be faced in measuring and understanding this important new flow of goods and services circulating in the creative economy, and it is not only statisticians and policymakers who are interested in this issue. The main challenge to be addressed is related to the new forms of property rights and the ways of trading them in current business models. Entirely new business forms are emerging as new entities

or entirely restructured structures. Thus the insight provided here will be useful to those hoping to enter the creative economy, as well as to those already participating in it. This analysis could help deepen the understanding of policymakers and regulators. See also chapters 5 and 7.

A number of international and United Nations organizations deal with intellectual property issues. Notably, WIPO, a specialized agency of the United Nations, is mandated to develop a balanced and accessible international intellectual property system throughout the world through cooperation among States and in collaboration with other international organizations. An important part of its mission is promoting the creation, dissemination, use and protection of works of the human mind for economic, cultural and social progress. The efforts of WIPO are inscribed in its mandate to create better conditions and opportunities for international trade, development and growth in the creative economy.

UNCTAD is implementing a transfer of technology and IPR work programme and pays particular attention to the interface among international policies in the area of technology transfer, intellectual property and investment. Through its research activities on information technology for development, UNCTAD has on several occasions addressed open-source and open-access issues. In the context of the WTO, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) indicates minimum standards for many forms of intellectual property regulation and introduces intellectual property issues into the international trading system.

6.2 What are intellectual property rights?

Intellectual property regimes are the legal rights that result from intellectual activity in the industrial, scientific, literary and artistic fields. They aim to safeguard creators and other producers of intellectual goods and services by granting them certain time-limited rights to control the use made of those productions. These rights do not apply to the physical object in which the creation may be embodied, but instead to the intellectual creation as such. IPRs can take the form of copyrights or geographical indications and appellations of origin, topics that will be elaborated later, but IPRs can also be applied as follows:

- *Patent:* an exclusive right granted for an invention that has an element of novelty and utility. In a practical sense, the existence of the patent system constitutes an important incentive for inventive, innovative and creative activity. Patent rights run for a limited length of time, generally up to 20 years, as long as the maintenance fees are paid;
- *Industrial design:* the appearance or aesthetic aspect of the whole or part of a product that may consist, in particular, of the lines, contours, colours, patterns, shape, surface, texture of materials of the product itself. To be protected, a design must appeal to the eye. Industrial designs are applied to products of industry and handicraft, such as jewellery, architectural structures or textile designs. The owner is assured an exclusive right against unauthorized copying or imitation usually up to a maximum of 15 to 25 years;
- *Trademark:* may be one or a combination of words, letters and numerals. It may consist of drawings, symbols, three-dimensional signs such as the shape and packaging of goods, music or vocal sounds, fragrances, or colours used as distinguishing features. A trademark ensures the exclusive right to use it to identify goods or services, or to authorize another to use it in return for payment. Trademarks must be distinctive, but nowadays almost anything can be a trademark.

The aim of the intellectual property system is to encourage the creative activity of local artists and businesses and support the transformation of this activity into products that reach the market, both local and global. Supporting domestic creators and entrepreneurs engaged in the creation, production, marketing, broadcast or distribution of creative works is a key step towards cultural vitality and economic prosperity. The role of intellectual property is affirmed not only in international property conventions but also in key instruments in other policy areas, such as the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which recognizes "the importance of intellectual property rights in sustaining those involved in cultural creativity".[1]

[1] Preamble to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005), available online at http://portal.unesco.org/en/ev.php-URL_ID=31038&URL_DO=DO_TOPIC&URL_SECTION=201.html#AUTHORITATIVE.

Box 6.1 **Design as a key ingredient for growth**

In his youth, Ingvar Kamprad began buying and selling a variety of items and reinvesting the profits. While he was still a teenager, he founded what would eventually become the multi-billion-dollar interior design company, IKEA, which has 104,000 employees worldwide. In 1947, his introduction of furniture into the company product line met with such success that in 1951, he dropped all other product lines and focused on furniture. The design process always starts with the price tag. Kamprad's vision "to create a better everyday life for many people" has guided the company, spurring creativity by forcing it to always strive towards new, ground-breaking design solutions. The aim is to produce well-designed yet functional products accessible to as many people as possible while encouraging innovation.

The company also has a long history of working with talented, internationally recognized designers. In the 1960s, for example, it was helped by famous designer, Taipo Wirkkala, a recognized glass artist whose works can be viewed at the Metropolitan Museum of Art in New York. The tradition of these collaborations has continued to give customers the chance to decorate their homes with something a little more special. At the same time, it helps artists to reach a wider audience through the remarkable influence and large target group of the company. The encouragement of design innovation has not only proved successful in terms of economic revenues but it has led to widespread recognition through several design awards, such as the Excellent Swedish Design Award and the internationally prestigious "red dot for highest design quality".

With a strong concept that is characterized by Swedish values, Scandinavian design, a healthy environment, cost-conciousness and informality, the company not only helps to put Sweden on the map but it also uses its origin as an engine to reach its own goals since it is not tailor-made policy programmes that explain the company's success but rather, general conditions that enabled the company to grow. Professor Richard Florida, author of *The Rise of the Creative Class*, places Sweden at the top of his list for a global creativity index.

By Tobias Nielsén -Lena Rune, QNB Volante.

6.3 Intellectual property and the creative industries

There are different approaches to identifying which are the creative industries, depending on the criteria chosen. The WIPO perspective stresses the relationship between creativity and intellectual property protection, most notably copyright. Creative industries are involved directly or indirectly in the commercial exploitation of intellectual property-based goods and services, i.e., mainly cultural, information and entertainment goods. Intangible capital and intellectual property protection play a fundamental role in these industries.

From the WIPO perspective, the creative industries may be divided into four groups according to the degree of use of copyright material.[2] The most important are "core industries", which are generally regarded as synonymous with copyright industries. The core is made up of industries that produce and distribute works that are protectable under copyright or related rights: film and video, music, performing arts, publishing, software and database, television and radio, advertising, copyright collecting societies, and visual and graphic art, including photography. The core industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of protected works.

A second group, the "interdependent industries", comprises those industries that are engaged in the production, manufacture and sale of equipment whose function is to facilitate the creation, production or use of works and other protected subject matter. The interdependent industries comprise such economic activities as manufacture, wholesale and retail of television sets, radios, CD players, DVD players, electronic games equipment, computers, musical instruments, blank recording material, paper, photocopiers, and photographic and cinematographic instruments. A further group, the "partial industries", includes those in which a portion of the activities is related to works and other protected subject matter. They comprise architecture, apparel, textiles and footwear, interior design, household goods, china and glass, furniture, jewellery and coins, crafts, wall coverings and carpets, toys and games, and museums. The last category comprises the "non-dedicated industries" in which a portion of the activities is related to facilitating

[2] WIPO (2003). *Guide on Surveying the Economic Contribution of the Copyright-Based Industries. See chapter 1 for the comparison of the models used in the WIPO report.*

broadcast, communication, distribution or sales of works and whose activities have not been included in the core industries. They include general wholesale and retailing, general transportation, and telephony and the Internet. In order to fully capture the multiple effects that are produced by copyright on the various economic activities, the WIPO approach includes all four of the above-mentioned groups in any comprehensive survey of the creative sector.

The creative industries encompass the narrower concept of the "cultural" industries, which are regarded as those that produce products that have culturally significant content that is reproduced on an industrial scale (a term often used in relation to mass media production). The creative industries broaden the field of the cultural industries to add all cultural or artistic production, whether live or produced as an individual unit and traditionally used in relation to live performances, cultural heritage and similar "high-art" activities. They also include, in addition to the "cultural" industries, all those industries that contribute indirectly to the production, sale, performance, distribution, etc. of protected work.

Creative industries have firmly established themselves as a vital component of our societies and they increasingly contribute to the development of national economies. Research has provided solid evidence of their growing importance, and national decision-makers and opinion leaders are more and more aware of the economic importance of these industries. While contributing to cultural diversity and the enhancement of social values, these industries are also generating wealth, creating jobs and promoting trade.[3]

While the term "intellectual property right" is widely used, as examined earlier, it should be pointed out that it is a general term for a number of rights: patents, industrial designs, trademarks, geographical indications and appellations of origin, and copyrights. It is the latter two that are of most relevance to the creative industries although all intellectual property concerns apply to the creative economy.

6.3.1 | Geographical indications and appellations of origin

A geographical indication is a sign used on goods that have a specific geographical origin (a village or town, a region or a country) and that possess qualities or a reputation that are due to that place of origin, including local human factors, such as specific manufacturing skills and traditions. For example, "Switzerland" or "Swiss" is perceived as a geographical indication in many countries for watches. "Bohemia Crystal" indicates that the product is made in Bohemia, Czech Republic, according to the region's artistic tradition. An appellation of origin is the geographical name of a country, region or locality used to designate a product that originates there and that has qualities and characteristics that are due exclusively or essentially to the geographical environment, including human factors.

The significance of geographical appellation is that it has a linkage to the cultural milieu of production and ways of life. First, geographical appellation does recognize and hence legitimate a significance of a cultural tradition and provide ways to protect it from misuse or simply copying. Second, it provides a means of branding products for sale as well as places for tourists to visit. The French region of Champagne is another good example. Therefore, geographical appellation is an area deserving greater attention from developing countries in their efforts to further promote and protect their traditional knowledge and expertise.

6.4 Copyright and the creative economy

Copyright is the area of intellectual property law that provides protection to original works of authorship, such as paintings, sculpture, music, novels, poems, plays, architecture, dance, instruction manuals, technical documentation and software. Copyright laws give statutory expression to the economic and moral rights of creators in their creations and the rights of the public in the access to those creations. They also aim to promote, as a deliberate act of government policy, creativity and the dissemination and application of its results and encourage fair trading as a means by which to contribute to economic and social development.

The concept of "copyright and related rights" is

[3] For data, see WIPO (2006), *National Studies on Assessing the Economic Contribution of the Copyright-Based Industries*, and the WIPO website: http://www.wipo.int/ip-development/en/creative_industry/economic_contribution.html.

defined in national legislation. The basic concepts in national law are, however, largely consistent with the provisions of international instruments. The most important of these is the Bern Convention for the Protection of Literary and Artistic Works; at the time of drafting this report, there were 163 contracting parties to the Convention.[4]

The economic necessity for copyright legislation arises from the need to provide an incentive and a reward for the commercial production and dissemination of creative works. Copyright supports creativity by giving individuals — and the creative industries in which they are involved — incentives to invest time, efforts and money in creating, producing and distributing works. In principle, copyright assures the ownership of a tradable right that can be used to secure a financial return on their investment.[5] Certain legal philosophies consider copyright law as originating from the ever-increasing need of society to consume products of creative industries and see copyright as the tool to bring the largest number of quality products to market where consumers will ultimately judge their merit. Others seek the legitimacy of copyright in order to gain respect for works of the human mind and rely on the moral principle that individuals should be rewarded for their creative labour and contribution to cultural diversity.

6.4.1 | Exclusive rights

Copyright consists of a system of rights given to creators in their literary and artistic works at the moment of creation provided they are not under contract that specifies otherwise.[6] These rights are tradable and may be sold to other individuals and firms. Creators and ultimately their heirs, or rights owners, hold the exclusive rights to use or license others to use the work on agreed terms. The holder of the copyright of a work can prohibit or authorize, for example:

- its reproductions in various forms, such as printed publication or a CD;
- its public performance, as in a play or musical work;
- its broadcasting, including by radio, television or satellite;
- its translation into other languages or its adaptation, such as the adaptation of a novel into a screenplay.

These economic rights have a time limit, according to the relevant WIPO treaties, of 50 years after the creator's death. National law may establish longer time limits.[7] This limit enables both creators and their heirs to benefit financially for a reasonable period. Once the copyright term has expired, works fall into the public domain.

Copyright provides exclusivity only over the form of expression of an idea but not to the idea itself. The creativity protected by copyright law is creativity in the choice and arrangement of words, musical notes, colours, shapes and so on. For example, it is the way in which an artisan has creatively executed the idea of creating a tea set or the way a photographer has taken a picture of a specific subject that is copyrightable, not the idea itself. Copyright law protects the owner of rights in artistic works against those who "copy", i.e., those who take and use the form in which the original work was expressed by the author. Ideas, processes, procedures, methods of operation and facts by themselves may be freely taken and applied or used, subject, of course, to other types of limitations.

6.4.2 | Moral rights

Copyright protection also includes moral rights, which involve the right to claim authorship of a work and the right to oppose changes to it that could harm the creator's reputation. Moral rights correspond to the interests of creators in being identified as the originators of a particular work, and the ability to control the conditions that surround its dis-

[4] According to the Bern Convention, literary and artistic works are protected without any formalities by the contracting parties. If a creator is a national or resident of a country party to that Convention (or a member of the WTO), or has published the work initially in one of the member countries, his/her copyright will be automatically protected in all the other countries that are party to the Convention. Other major legal instruments include the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (at the time of drafting this report, there were 86 parties to the Rome Convention, as it is commonly known), the Agreement on Trade-Related Aspects of Intellectual Property Rights (commonly known as the TRIPS Agreement; at drafting time, there were 151 WTO members, all of which are parties to the TRIPS Agreement), and the WIPO Copyright Treaty (WCT) of 1996 and the WIPO Performances and Phonograms Treaty (WPPT) of 1996 (at drafting time, there were 64 contracting parties to the WCT and 62 to the WPPT).

[5] For a thorough analysis of the economics of copyright, see Landes and Posner (1989:325, 325-333, 344-353).

[6] If a creative product is produced under a "work [made] for hire" contract — which is common in the music and publishing industries — the contractor or employer is considered the legal author. In this case, the creator of the work may or may not be publicly credited for the work (attribution) and this has no effect on the ownership status. For example, news journals may attribute news articles as written by their staff but will retain the ownership and, from a copyright perspective, the authorship of the articles. In such cases, even though the commercial component of the copyright is detached from the real creators, countries that are signatories of the Bern Convention recognize certain non-commercial moral rights that are inalienable under work-for-hire contracts.

[7] For example, in India, the term is 60 years after the creator's death; in the European Union and the United States, 70 years; and in Mexico, 100 years. Copyright laws of a wide range of countries can be consulted in the Collection of Laws for Electronic Access (CLEA) database of WIPO at http://www.wipo.int/clea/en/index.jsp.

Box 6.2 ***The Da Vinci Code* case**

A copyright infringement case was brought against the publishers of *The Da Vinci Code* by Michael Baigent and Richard Leigh, two of the authors of a 1982 non-fiction work, *The Holy Blood and The Holy Grail*. According to an article in the June 2006 issue of *WIPO Magazine,* "At the centre of the dispute was a 'hypothesis' presented in *The Holy Blood and The Holy Grail*" according to which "references to the Grail in early manuscripts were disguised references not to the chalice, but rather to holy blood or Sang real, i.e. to the bloodline of Jesus Christ, and to the belief that this bloodline … had continued and merged with the French Merovingian dynasty".

The plaintiffs "claimed copyright in the literary work and alleged that Dan Brown", author of *The Da Vinci Code*, "had copied the way in which they had made the sequence of connections of the facts of the merging of the bloodlines. Since there was little copying of the actual text of *The Holy Blood and The Holy Grail,* the claim was that there had been **non-literal copying of a substantial part** of their literary work".

The Holy Blood and The Holy Grail "is comprised largely of historical facts which are unprotectable ideas. Baigent and Leigh based their case, therefore, on the claim that Brown had taken a substantial part of the 'manner' in which they had expressed those ideas, as opposed to taking the ideas themselves".

"The court held that, while the evidence was clear that Dan Brown and his primary researcher (his wife) had drawn on *The Holy Blood and The Holy Grail* to a greater extent than Brown had acknowledged, this did not mean that he had infringed copyright in the book. Rather, they had used *The Holy Blood and The Holy Grail*, and other books, to provide general background material for the writing of *The Da Vinci Code*".

"The significance of the case for copyright law relates to the fact that the lawyers acting for Baigent and Leigh attempted to make – and lost – an argument that there can be non-literal copying of a work of literature. The non-literal argument has previously been successfully used, usually in the case of computer programs or recipes or knitting patterns."

Source: Dr. Uma Suthersanen, "Copyright in the Courts: The Da Vinci Code", *WIPO Magazine*, June 2006, available at: http://www.wipo.int/wipo_magazine/en/2006/03/article_0004.html. See *Michael Baigent and Richard Leigh v. The Random House Group Limited* Neutral Citation Number: [2006] EWHC 719 (Ch), available at: http://www.binarylaw.co.uk/2006/04/smithy_code.htm.

semination, be it from the very decision to go public to the safekeeping of authenticity, thus addressing both economic and cultural dimensions. Moral rights are inalienable from the authors and cannot be transferred to third parties under commercial contracts.[8]

6.4.3 | Related rights

Many creative works protected by copyright require mass distribution, communication and financial investment for their dissemination (for example, publications, sound recordings and films); hence, creators often sell or license the copyrights to their works to individuals or companies best able to market the works in return for payment. These payments are often made dependent on the actual use of the work and are then referred to as "royalties". In chapter 5 and the annex of this report, statistics related to trade of royalties are presented as an indication of the magnitude of the trade flows. The market of royalties has been expanding quickly, from $83 billion in 2002 to $182 billion in 2008. However, this data covers all royalties, of which creative industries are just a part. As the data is not disaggregated, it is not included in the world trade of creative industries. This is a crucial area that requires more work in order to measure and evaluate the full contribution of the creative industries to the world economy. WIPO is examining possibilities for improving its data collection system, so hopefully in the near future we will be able to discern a clearer picture of the earnings from royalties originating from the creative industries.

In principle, works of the mind are created in order to be disseminated to a wider audience. This generally cannot be done by an author alone, since it requires financial investment by intermediaries that have the necessary production and reproduction infrastructure, access to retailers and distribution networks and professional competencies — such as management, marketing and public relations — that the author may not possess. A play needs to be represented on stage; a song needs to be performed by artists, reproduced in the form of CDs or broadcast by means of radio facilities. All persons who make use of literary, artistic or scientific works in order to make them publicly accessible to others require their own protection against the unauthorized use of their contributions in the process of communicating the work to the public. The field of rights related to copyright

[8] While the Bern Convention is "moral rights" friendly, the United States does not recognize it.

has developed rapidly over the last 50 years. These related rights grew up around copyrighted works and provide similar rights, although often more limited and of shorter duration. From the WIPO perspective, they provide protection to those who assist intellectual creators to communicate their message and to disseminate their works to the public at large. Others argue that this is an unfair practice, since the real authors of the artistic creation are somehow compelled to sell their rights to publishers and distributors for insignificant amount, because they have no other choice.

Recent technological developments have dramatically transformed the way in which related rights operate. With regard to the rights of performers, the performance of actors or musicians, which a century ago ended with the play or concert in which they performed, may now be fixed on a variety of mechanisms, including radio, television, satellite transmission and the Internet. What earlier was a localized and immediate phase of a performance in a hall before a limited audience became an increasingly permanent manifestation capable of unlimited and repeated reproduction and use before an equally unlimited audience that went beyond national borders. The development of broadcasting and television had similar effects.

Likewise, the increasing technological development of phonograms, mainly through the rapid proliferation of digital and Internet-based media, has resulted in producers of phonograms and broadcasting organizations calling for better and greater protection for their produced content as well as against retransmission of their own programmes by other similar organizations. In response, there have been suggestions by both media industry insiders as well as consumer protection groups that the current business model of the recording, film and broadcast industries, which requires ever greater content control and legal remedy, is out of step with the realities of the nature and usage of Internet and digital technologies.

6.4.4 | Exceptions and limitations to copyright

Developing countries need to have access to products of creative industries as they seek to bring education to all, facilitate research, improve competitiveness, protect their cultural expressions and reduce poverty. There are two approaches to this problem. The first is to encourage access: certain acts normally restricted by copyright may, in circumstances specified in the law, be carried out without the authorization of the copyright owner, for the benefit of society. The second is that developing economies need to raise awareness of the existence and potential of content that, while not in the public domain, is copyrighted but made available under alternative and often less restrictive licences such as those proposed by the Creative Commons principles and the free and open-source technology communities.

Concerning the first proposition, exceptions and limitations embedded in the traditional copyright system are part of the delicate balancing process between the needs of creators and creative businesses, and the interest of their users, society and the public in access to information and knowledge. The challenge is to achieve the right balance between the incentive to copyright owners to commercialize the product and the copyright-based restrictions placed on the use of protected works.

There are two basic types of limitations: free uses and non-voluntary licences. Free uses are acts of exploitation of works that may be carried out without authorization and without an obligation to compensate the owner of rights for the use. For instance, under most national copyright laws, it is permissible to reproduce a work exclusively for the personal and private use of the person who makes the reproduction, provided that this person has already acquired a user licence by buying the media (a CD or DVD) or agreeing to terms and conditions when purchasing a content file from an online supplier, or to make quotations from a protected work, provided that the source of the quotation, including the name of the author, is mentioned and that the extent of the quotation is compatible with fair practice. Exceptions often include permission for private non-commercial use, quotation, parody, news reporting, and certain educational and research uses. Non-voluntary licences enable acts of exploitation to be carried out without authorization but with the obligation to compensate the owner of rights.

In most countries, national legislation codifies exceptions and limitations with great specificity. It generally designates a restrictive set of limitations, specific permitted uses identified and enumerated in detailed rules. Some countries, however, particularly in the common-law tradition, recognize more open-ended concepts of "fair use" and "fair dealing".

"Fair use" began as a judge-made exception to the rights of copyright owners in the United States and is applied by the courts on a case-by-case basis, based on guiding principles contained in the statute. By contrast, "fair dealing" is a term that groups together a number of limitations that are spelled out in more detail in the statute rather than a general standard to be applied by courts as is the case of "fair use" in the United States.

Concerning the second proposition on raising awareness about less restrictive copyright licences, there is an increasing quantity of creative products available that are often world-class products. The most obvious examples are the Wikipedia scheme, where the content is published mostly under some variant of Creative Commons or the GNU Free Documentation licenses[9] or the GNU Linux computer operating system which, while used in for-profit activities

Box 6.3 A collaborative approach to creativity and knowledge

Wikipedia is a multilingual, Web-based, free-content encyclopedia project. It is written collaboratively by volunteers from all around the world and its articles can be edited by anyone with access to the Internet. The name Wikipedia is a portmanteau word combining "wiki" (a type of technology that allows users to update a web page using their Web browser) and "encyclopedia". The mission of the Wikimedia Foundation, which, among other things, manages Wikipedia, is to empower world citizens to share in the sum of all human knowledge. This is done by engaging people worldwide to collect and develop educational content under a free-content licence or in the public domain and to disseminate it effectively and globally. Since its creation in 2001, Wikipedia has grown rapidly into one of the largest reference websites. According to Alexa Internet, Inc., a company providing information on Web traffic, it is one of the 10 most visited websites in the world.

In every article, links will guide the user to associated articles. Anyone is welcome to add information, cross references or citations as long as they do so within the Wikipedia editing policy and to an appropriate standard. The Wikipedia software, known as MediaWiki, is carefully designed to allow easy reversal of editorial mistakes.

Because Wikipedia is an ongoing work to which, in principle, anyone can contribute and articles are "living", it differs from a printed reference source in important ways. In particular, older articles tend to be more comprehensive and balanced, while newer articles may still contain misinformation, content that is not encyclopedic in nature, or vandalism. Users need to be aware of this so as to obtain valid information and avoid misinformation that has recently been added and not yet removed. Information that remains in Wikipedia needs to be sourced. As a result, most articles have several links to primary sources, which are listed at the bottom of each article. Unlike a printed reference source, Wikipedia is continually updated, with the creation or updating of articles on topical events within minutes or hours rather than months or years for printed encyclopedias.

Wikipedia is a registered trademark of the nonprofit Wikimedia Foundation, which has created an entire family of free-content projects. On all these projects, people around the world are welcome to be bold and edit articles, contributing knowledge as they see fit in a collaborative way.

Wikipedia was founded as an offshoot of Nupedia, a now-abandoned project to produce a free encyclopedia. During 2000, Jimmy Wales, founder of Nupedia, explored ways to make Nupedia a more open, complementary project. Eventually, he was introduced to the Wiki technology and Wikipedia was born. In 2003, Wales created the Wikimedia Foundation, a charity, essentially giving Wikipedia and its sister projects to the world. In March 2007, the word "wiki" became a newly recognized English word.

There are more than 75,000 active contributors working on some 700,000 articles in more than 253 languages. As of today, there are 2,096,561 articles in the English-language version; every day, hundreds of thousands of visitors from around the world make tens of thousands of edits and create thousands of new articles to enhance the knowledge held by the Wikipedia encyclopedia.

All of the text in Wikipedia and most of the images and other content are covered by a GNU Free Documentation Licence (GFDL). Contributions remain the property of their creators, while the GFDL licence ensures that the content is freely distributable and reproducible.

Many visitors come to the site to acquire knowledge, others to share knowledge. In fact, at this very instant, dozens of articles are being improved and new articles are being created. You can view changes as they happen. You can also view random articles. Over 1,708 articles have been designated by the Wikipedia community as "featured articles", exemplifying the best articles in Wikipedia. Another 2,500 articles are designated as "good articles". Wikipedia also has portals, which organize content according to topic areas.

By Sandy Ordonez, Wikimedia. Website: http://www.wikipedia.org/

[9] See http://creativecommons.org/ or http://www.gnu.org/copyleft/fdl.html.

and made commercially available by the likes of IBM or Novell, is available under the GNU General Public License.[10] National copyright legislation is obliged to enforce and respect the licence conditions as declared in these and other open public licenses, and recent cases have upheld the rights of the copyright owners distributing works under alternative free and/or open licences.[11]

6.4.5 | Enforcement of copyright

The acquisition of copyrights is of little economic value if these rights cannot be enforced effectively. The credibility of the system depends to a considerable extent on the enforceability of the rights it confers. Well-functioning enforcement mechanisms are the best means to limit the number of violations of copyrights and to ensure that rights holders and society as a whole can reap the benefits from the intellectual property system. However, this is another area in which more transparency is required. One of the main complaints from artists and creators in developing countries is the lack of data related to the real rights transactions. A number of questions have no simple answers: What are the values of rights transferred inside corporations from the consuming to the producing country? Who benefits from it? In most cases, the rights holders are not the authors. Thus it is imperative to ensure that creators really benefit from the earnings of their work. If the real problems could be solved, this would encourage better enforcement in developing countries. Therefore, the key issue is not only enforcement but also the ambiguities of the current IPR regime, which deserve to be carefully addressed by governments.

In considering the protection and enforcement of copyright and related rights, piracy appears as one of the central issues. All kinds of works are at risk of unauthorized use. Music, books, videos, DVDs and even craft design are copied illegally. WIPO argues that in developing economies, as a result of the flooding of markets with cheap "copyright-free" foreign products, domestic creators and producers lose their competitiveness, which in turn endangers cultural diversity and national identity. This is a huge challenge in many countries, and the argument is that countries where piracy is rampant may forego opportunities for growth and development on several levels, both tangible and intangible, since it destabilizes the local creative industries and undermines the efforts of creative entrepreneurs and businesses. Inadequate enforcement of copyright limits incentives to develop creative products, especially for small and medium-sized enterprises. Other critiques point to the need to review the current IPR legislation to address the root of the issue, not just the consequences.

6.5 The economics of copyright

Copyrighted works, like other intangible goods, suffer from what economists call the public goods problem: they are non-rivalries and non-excludable goods. This means that their use by one person does not reduce their usefulness for other persons; thus an unlimited number of people may consume the work without using it up. In addition, while the cost of creating copyright goods is often high, the cost of reproducing them is low. This leads to an economic disincentive to commercialize new works.

The limited monopoly granted by copyright laws provides copyright owners with the legal entitlement to exclude others from enjoying the copyrighted work. In the case of traditional copyright where the terms and conditions are not specified beyond the designation "Copyright [date]", "©" or eventually "All rights reserved", anyone else who wants to use the work needs to seek permission from the owner. Yet while these rights may be exclusive, they are not absolute and some national IPR legislation provides limitations and exceptions to help to keep the copyright system balanced to avoid the costs of an overly extensive set of rights. These so-called "fair-use" rights indicate a permissible degree of copying, in part or in full, within the family or household circle, for creating backups in the production of comic and satirical material, and for the purpose of study and academic research. Creative Commons licences refers to a set of liberal copyright licences, often referred to as "copyleft", that instruct the users of the work as to which conditions (none, some, any/all) govern copying, attribution and the

[10] http://www.gnu.org/copyleft/gpl.html.
[11] See http://gpl-violations.org/about.html.

creation of derivative works based on the original, as further elaborated below.

The overextension of traditional copyright restrictions is also kept in balance by market competition. If the original creator charges a sufficiently high price, other creators may find an incentive to invest producing a comparable alternative. The availability of such substitute goods for most works reduces market share and lessens the potential restrictive impact of monopoly situations. Wherever monopolistic or anti-competitive practices are detected, there is a role for competition policy, which should be perceived as complementary to the copyright system and an important counterbalance to the exclusive rights that it provides.

6.5.1 | Creative Commons licences: A fast-growing movement

The evolution of the Internet and digital technology has created an open market for the distribution and sharing of intellectual properties. But in the fast-paced digital age, how can those who work in the creative industries safeguard their intellectual property? The protection of intellectual property rights has become one of the most difficult challenges for creative industries, affecting governments, artists, creators, analysts and agencies alike. The most significant challenge is how legal and policy frameworks can keep up with the constant change. Technology evolves quickly and spawns new innovations that on the one hand help the creative industries, but on the other create social and legal barriers to the effective use and protection of their outputs.

The recent pace of technological change has created a mismatch between what is possible — often simply and inexpensively — and what is allowed. Sharing files? That's illegal according to international copyright law. Mixing or mashing music, text or video is also usually illegal. Posting excerpts from a website or blog is still illegal in most cases. Of course, these "infringements" are still happening, but it is difficult to build legitimate, sustainable practices or business models when every participant is potentially a criminal in the eyes of the law.

While copyright remains the fundamental guarantor of the rights of authorship, the Creative Commons movement is winning favour among artists, creators and educators looking to protect their intellectual property rights. Creative Commons (CC) is a non-profit corporation dedicated to making it easier to share creative works within the rules of copyright. Through free licences and other tools, CC provides a mechanism for creators to embrace the capacities of the Internet to collaborate virtually, and expand access to information and opportunities. CC licences are not an alternative to copyright but are a permissive tool for facilitating the release and waiver of rights, primarily for works of low immediate commercial value.[12]

CC licences were created in collaboration with intellectual property experts around the world to ensure that the licences work globally, and are composed of a combination of four basic choices. There are now more than 250 million CC-licensed items on the Internet, created by artists, authors, musicians, scientists, artisans, educators and others who seek to share their work, build their reputation and increase the impact of their efforts. Among the better-known institutions and groups using CC licences around the world are the Massachusetts Institute of Technology for its Open Course Ware Initiative, Al Jazeera for its Creative Commons video repository, Google for search and discovery, and even the White House in the United States for all public communications channels.

CREATIVE COMMONS: TYPES OF BASIC LICENCES

ATTRIBUTION

Allows others to copy, distribute, display, perform and remix copyrighted work, as long as they give credit in the way requested.

NON-COMMERCIAL

Allows others to copy, distribute, display, perform and remix work for non-commercial purposes only. If they want to use the work for commercial purposes, they must contact the creator for permission.

SHARE ALIKE

Allows others to create remixes and derivative works based on creative work, as long as they only distribute them under the same CC license as the original work was published.

[12] This section is based on an article by Ahrash Bissell, Executive Director, CCLearn, Creative Commons, published by International Trade Forum ITC, Issue 3/2009. For more information about Creative Commons visit www.creativecommons.org.

NO DERIVATIVE WORKS

Allows others to copy, distribute, display and perform only verbatim copies of the work — but not make derivative works based on it. If they want to alter, transform, build upon or remix the work, they must contact the creator for permission.

For educators, this legal infrastructure gives flexibility to the creator, protects users and makes collaboration easier, since they don't have to worry about copyright infringement as long as they abide by the terms of use. For learners, openly licensed materials provide access to a wealth of knowledge and opportunities to learn in new ways. CCLearn, the education division of Creative Commons, works to reduce or eliminate the legal, technical and social barriers to the growth of educational materials, generally referred to as open educational resources (OER). The impact of OER for intellectual exchange among faculty, improved educational access for students and opportunities for collaboration is already significant. For example, the OpenCourseWare Consortium consists of over 150 member institutions all over the world. Similarly, regional initiatives like the South African Siyavula Project are transforming the educational landscape at a local level. According to the Siyavula website, "Open licences enhance innovation and lighten the load on individual teachers and result in localised, content–specific materials that are immediately useful to teachers." The Open Database of Education Projects and Organizations has a partial list of projects and organizations involved with OER. This database is one of several community-engaged projects resident on the global open education community site, called OpenEd, hosted by CCLearn. The open education movement, like the use of CC licensing in many different domains and industries, is only just beginning.

The architecture of the Internet has flattened the information landscape and opened opportunities for innovation by anyone with access, especially in the developing world and in emerging markets. CC licences ensure that these new opportunities built on the open web enable broad, international participation without risk of legal complications, but allow creators to retain fundamental rights to their own work. Creative Commons has recently enabled new tools specifically geared to making the most of the Internet without compromising copyright including:

- *Search by Creative Commons:* A search website installed as a default directory on the Firefox browser that allows visitors to search for content that can be used for commercial purposes and that can be modified, adapted and built upon. Visit http://search.creativecommons.org.
- *Blip.tv:* A database of user-generated video content with a focus on content creators making "shows" or "serialized content". Blip.tv currently distributes 2.4 million episodes produced by more than 48,000 independently produced web shows to audiences of 22 million people. Visit http://blip.tv.
- *Owl Music Search:* Owl allows users to search for music by uploading sound files and searching the database for songs that are similar. Owl has indexed more than 98,980 songs from commercial and independent song catalogues. Visit www.owlmusicsearch.com.
- *SpinXpress:* A community site that encourages users to collaborate by sharing video and other large files. Visit http://spinxpress.com.

6.6 Contribution of the creative industries to the economy

A keen interest in measuring the contribution of the creative industries to national economies has been fuelled in recent years by the identification of creativity as a potential driver in the creative economy. Many studies were undertaken to evaluate and compare size, performance and competitiveness of the creative industries as well as to monitor trends and provide policy options based on solid quantifiable evidence. These studies were based on a variety of approaches, motivated by equally diverse policy objectives: social, economic or cultural. Difficulties emerged along the way, especially with regard to the capture of the non-economic returns of creativity. Clearly, a more transparent link to statistical reporting was needed to identify the multiple effects produced by the creative sector on society.

Developed by WIPO and a team of international experts in 2003, the *WIPO Guide on Surveying the Economic Contribution of the Copyright-Based Industries* outlined a methodology in economic terms. It provided the basis for undertaking a comparative analysis of the size of the creative sector in various countries that is built on reliable data and com-

mon methodologies. The guide summarized the existing experience and developed a step-by-step methodology to undertake measurement surveys. Based on a perspective on intellectual property and copyright, it presented new definitions of the copyright-based industries following the extent of use of copyright material (see also chapter 1).

Since its publication, a number of countries have used the guide to, among other things, help position the creative industries in the national economy and draw international and cross-sectoral comparisons. The contribution of the creative industries to the national economy in terms of value added, GDP, generation of employment and trade, are solid evidence of the importance of this sector. Table 6.1 provides the results from applying the WIPO guide in 17 countries. Noticeably, most of the creative economic activities are taking place within the core copyright-based industries group, followed by the inter-dependent group.[13] The contribution to employment is also substantial, and employment growth in the creative industries is often much stronger than in the overall economy. The dynamics in the creative industries as an employment generator are indicative of the development potential of the creative economy in social terms. In some countries, such as Mexico and the Philippines, the creative industries employed more people than many of the traditional sectors of the economy.

Chart 6.1 Contribution of the creative industries to GDP

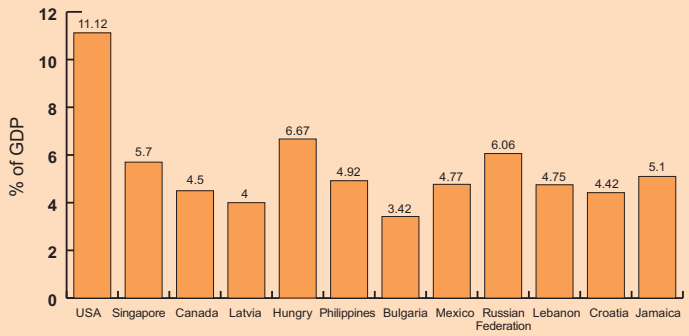


Table 6.1 Economic contribution of copyright-based industries using WIPO methodology

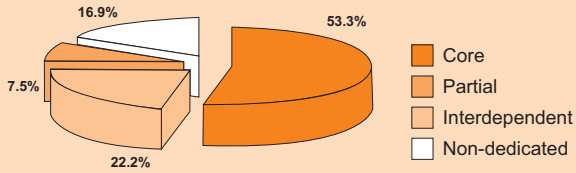
Country	Reference year of study	% Contribution of copyright industries to GDP					% Contribution of copyright industries to employment				
		Total share	Core	Inter-dependent	Partial	Non-dedicated	Total share	Core	Inter-dependent	Partial	Non-dedicated
Bulgaria	2005	2.81	1.57	0.62	0.09	0.52	4.30	2.29	0.73	0.27	1.0
Jamaica	2005	4.81	1.7	0.74	0.47	1.9	3.03	1.79	0.31	0.23	0.68
Lebanon	2005	4.75	2.53	0.71	0.62	0.89	4.49	2.11	0.73	0.70	0.95
Mexico	2003	4.77	1.55	1.69	0.85	0.68	11.01	3.41	3.65	2.53	1.41
Philippines	1999	4.82	3.50	0.96	0.04	0.29	11.10	8.81	1.4	0.2	0.6
Canada	2004	4.7	3.5	0.81	0.08	0.31	5.4	4.0	0.91	0.16	0.33
Hungary	2002	6.66	3.96	1.24	0.45	1.00	7.1	4.15	1.25	0.61	1.07
Latvia	2000	5.05	2.9	1.1	0.28	0.77	5.59	3.7	0.7	0.44	0.75
Singapore	2001	5.67	2.85	1.76	0.09	0.97	5.80	3.64	1.24	0.18	0.74
USA	2004	11.09	6.48	2.13	0.40	2.08	8.53	4.07	2.17	0.26	2.03
Australia	2007	10.30	7.30	2.0	0.40	0.70	8.0	4.97	1.81	0.57	0.65
Croatia	2004	4.27	2.99	0.88	0.32	0.07	4.64	3.22	0.93	0.41	0.08
Romania	2005	5.55	3.55	1.08	0.53	0.39	4.19	2.36	0.58	0.82	0.43
Colombia	2005	3.30	1.90	0.80	0.30	0.40	5.80	1.70	0.70	1.90	1.50
Russia	2004	6.06	2.39	0.76	0.27	2.64	7.30	4.29	0.75	0.56	1.69
Ukraine	2005	2.85	1.54	0.68	0.10	0.54	1.90	1.16	0.46	0.08	0.20
Netherlands	2005	5.9	4.0	0.4	0.9	0.6	8.8	6.2	0.6	1.1	1.0

Source: WIPO Secretariat, June 2010

[13] For better understanding of the WIPO model and the composition of the copyright-based industries, see table 1.1 in chapter 1.

In 2006, WIPO published *National Studies on Assessing the Economic Contribution of the Copyright-Based Industries*, which presented the results of the first national studies carried out on the basis of the methodology in the WIPO guide on *Surveying the Economic Contribution of the Copyright-Based Industries*. Interest in continuing this research has grown, and to date more than 24 surveys have been carried out. The practical experience derived from using the guide is employed to adjust its application to specific country situations. It also opens the door for policy interventions by providing robust data that are comparable across countries and sectors.

Chart 6.2 Contribution of groups of copyright-based industries to total of creative industries



6.7 Copyright, the creative industries and traditional cultural expressions

Traditional music, designs, performances, symbols and other creative expressions of traditional cultures communicate beliefs and values, embody skills and know-how, reflect the history of a community and define its cultural identity. These traditional cultural expressions are valuable cultural assets of the indigenous and local communities who maintain, practice and develop them. Traditional cultural expressions can also be economic assets: they are creations and innovations that can, if so desired, be traded or licensed for income generation and economic development. They may also serve as an inspiration to other creators and innovators, who can adapt the traditional expressions and derive new creations and innovations from them. Traditional cultural expressions and other elements of intangible cultural heritage is therefore a mainspring of creativity as they are in a permanent cumulative process of adaptation and re-creation.

Cultural products deeply rooted in the heritage of developing countries have often crossed borders and established significant market niches in industrialized countries but unfortunately they rarely benefit the countries of origin adequately. Developing countries should respond by leveraging their rich cultural heritage and creating and trading in new, distinctive and locally rooted cultural goods and services. Developing countries should put in place strategies and act to encourage and reward creativity by their own nationals, drawing from their traditional cultures and heritage.

Traditional cultural expressions are also cultural assets. However, cultural heritage is not only there to be leveraged as an economic resource. In this socially, culturally and technologically connected world, it is increasingly recognized that culture is not a mere commodity and that heritage as such is worthy of safeguarding and protecting. Intellectual property tools can help prevent misappropriation and misuse of creativity, including traditional creativity. The relationship between intellectual property and traditional cultural expressions, and the cognate area of "traditional knowledge", raises complex legal, cultural, political and conceptual issues.[14]

The conventional intellectual property system has been identified by some as not only inadequate to comprehensively and appropriately protect traditional cultural expressions but also as positively harmful in at least two directions. First, intellectual property rules exclude many traditional cultural expressions from protection, consigning them to an unprotected "public domain". Second, follow-on innovations and creations derived from traditional cultural expressions receive protection as "new" intellectual property, giving the holders of the IPRs the exclusive right to determine the conditions under which third parties (including the traditional cultural expression-holding communities themselves) may use and benefit from the intellectual property. As a result, many call for new, sui generis ("special") systems to protect traditional cultural expressions, and several countries have already put in place national sui generis laws and measures, such as Ghana, New Zealand, Panama and Peru.

[14] See, generally, WIPO, "Consolidated Analysis of the Legal Protection of Traditional Cultural Expressions/Expressions of Folklore", WIPO Publication No. 785.

The relationship between intellectual property and traditional cultural expressions is nuanced and complex. For instance, contemporary expressions of traditional cultures are protected by conventional copyright[15] and performances of traditional cultural expressions are protected.[16] Certification trademarks and labels of authenticity have been used successfully by indigenous communities in Canada, Fiji, New Zealand, Panama and Tonga to curb the sale of fake traditional creative arts. Further, some argue that the creative use by third parties of "public domain" traditional cultural expressions sustains creativity and revitalizes, preserves and promotes traditional cultures.

While there are diverse views on these questions, there is wide consensus that traditional cultural expressions embody innovation and creativity and should not be misappropriated and misused. The challenge, then, is to identify gaps in the protection offered by current systems and construct balanced and workable measures to fill these gaps in accordance with the aspirations of indigenous and local communities and the broader public interest. However, what precisely is a "traditional" cultural expression? When is use of a traditional cultural expression legitimate cross-cultural borrowing and when is it "misappropriation"? What are the appropriate role, contours and shape of the "public domain"? Who should benefit from the protection of traditional cultural expressions? Since much creativity is derivative, are many traditional cultural expressions not the result of centuries of cultural intermingling, making it difficult if not impossible to identify single community "owners"? For how long should any protection be granted? What public-policy goals are to be achieved through granting intellectual property-like protection to traditional cultural expressions?

6.7.1 | Indigenous communities and new technologies

Digital technologies and computer networks — especially the Internet — offer unprecedented opportunities for the promotion, preservation, revitalization and protection of intangible cultural heritage. Expressions of traditional creativity and innovation can serve as springboards for new cultural expression, especially in the digital world. Digitized traditional music, designs and art can reach new audiences in niche markets for distinctive, diverse and "local" cultural goods and services and, in so doing, promote community and rural economic and cultural development. However, the digitization and dissemination of traditional cultural expressions can lead to their misappropriation and misuse. In some cases, safeguarding efforts have unwittingly led to the unauthorized disclosure or commercial exploitation of culturally sensitive materials.

As a result, indigenous organizations, museums and archives, and researchers (such as ethnomusicologists) have called for guidance on which intellectual property issues and options arise during recording and digitization initiatives. In response, the WIPO Creative Heritage Project[17] is developing best practices and guidelines for managing intellectual property issues when recording, digitizing and disseminating intangible cultural heritage. These best practices and guidelines will assist communities and cultural institutions to manage intellectual property options so as to both preserve their cultural heritage and protect it against misappropriation and misuse. For example, copyright and related rights can provide protection for performances, recordings, compilations and contemporary interpretations of traditional cultural expressions. Trademarks and other forms of protection for distinctive signs and indications can also be useful.

Making traditional cultural expressions publicly available does not necessarily place them in the "public domain"; by creating and exercising IPRs in new digital recordings, protection of the cultural expressions can be enhanced. The decision as to whether or not to use new technologies and intellectual property tools to participate in the information economy is tied to the overall cultural and economic goals of the tradition-bearers themselves, on which only they can decide.

[15] WIPO (2003), *Minding Culture: Case Studies on Intellectual Property and Traditional Cultural Expressions.*
[16] By the WIPO Performances and Phonograms Treaty, 1996.
[17] See http://www.wipo.int/tk/en/folklore/culturalheritage/index.html.

Box 6.4 Jewellery: A magic marriage between tradition and contemporary design

Diamonds, emeralds, aquamarines, amethysts, topazes, tourmalines, rubies, sapphires and many more inspiring beauties are some of the hundreds of colourful precious and semi-precious stones abundant in countries such as Brazil, Ghana, India, the Lao People's Democratic Republic and South Africa. Exported for a long time simply as raw materials for top foreign designers. Now, however, developing countries are perceiving jewellery as a perfect match between tradition and high value-added activity.

The first facet of this market comprises traditional cultural expressions, defined by WIPO as "productions consisting of characteristic elements of the traditional artistic heritage developed and maintained by a community … or by individuals reflecting the traditional artistic expectations of such a community, in particular … tangible expressions, such as: …jewelry".[1] Indeed, jewels have always been intrinsic to the everyday life of traditional communities. Works of art with religious and other symbolic meanings, jewels play an important role in maintaining traditions. Andean jewellery, for instance, has its roots in pre-Hispanic times. In Africa, ornaments made of precious stones are believed to have a talismanic power. Indian jewellery is found in most traditional representations as sacred ornaments and takes on regional nuances.

Old gemstone markets are also a rich part of the cultural and economic life in a range of countries. A paramount example is the gem market in the heart of the old Thai city of Chantaburi, a paradise for ruby and sapphire trade since the middle of the nineteenth century and a magnet for tourists. The Ghanaian tradition in jewel-making, dating back to the fifth century BC, has been passed down through the generations to craftsmen and craftswomen using techniques such as granulation, lost wax casting, filigree and chasing and is now evident in the local industry of over 1,000 indigenous artisans based in cities such as Accra and Kumasi.

Over the centuries, precious stones were considered the proper ornaments for kings, queens and religious chiefs on all continents, with the power to protect and cure their holders. The multitude of meanings of jewellery has shaped civilizations down the ages, as reported by Pliny the Elder in the last chapter of his Natural History, written in 77AD. In describing their uses, he referred to famous artists and their creations and to Roman architectural styles and technology.

For thousands of years, traditional jewellery remained unchanged. Recently, however, producers of precious stones are approaching the jewellery market differently, expressing traditions through contemporary design. Trade and trends at a global level have favoured fashion as a fundamental sales driver, and jewellery manufacturers are rushing to adjust their product designs to cater to this segment while keeping a foot in their cultural roots. In Ghana, artisans combine traditional cultural influences such as traditional Ashanti and Fanti styles with contemporary design, turning old and rare glass beads along with brass, horn, gold and silver pieces into wearable jewellery.

The market potential has not remained unobserved by the business world or governments. Tanishq, India's largest jewellery brand and part of the gigantic Tata Group, announced in 2007 the opening of its new 3,500 sq ft store in Koramangala, Bangalore. Tanishq specializes in creating contemporary products inspired by India's rich heritage. The H. Stern Brazilian chain, created in the 1950s, nowadays employs 3,000 people and appears in the articles and photographs of the most respected fashion magazines in the world. Its creations are strongly based on design in a dialogue with architecture, fashion, music and the arts in general. The 42,000 sq ft headquarters in Rio de Janeiro is the largest space built for jewellery production and trade in the world. In Ghana, the industry is supported by training colleges and university courses such as the Jewellery College located at the Weija Industrial and Commercial Estates in Accra and the Metal Products Department of the Kwame Nkrumah University of Science and Technology, which graduates skilled artisans each year. The Government of Ghana has a number of programmes to boost investment and productivity in the jewellery sector through the Ministry of Trade and Industry, the Ghana Export Promotion Council and the Ghana Investment Promotion Centre. These activities have resulted in a significant rise in the domestic production and sale of jewellery in the country.

[1] Intellectual property and traditional cultural expressions/folklore, WIPO Booklet No. 1, p. 6. Available at: http://www.wipo.int/freepublications/en/tk/913/wipo_pub_913.pdf.

By Ana Carla Fonseca Reis, Garimpo de Solucoes, economia, cultura & desenvolvimento and Avril Joffe, Director, CAJ: culture, arts and jobs.

The WIPO Creative Heritage Project also provides associated information technology support for the recording, digitization and dissemination of cultural materials by indigenous communities if they so decide. The WIPO Creative Heritage Digital Gateway, an online portal on the WIPO website, provides samples of the recordings made by communities with WIPO assistance and facilitates access to websites established by them. WIPO has, for example, worked with an indigenous Maasai community in Laikipia, Kenya, to assist it in recording, digitizing and commercializing elements of its intangible heritage and managing IP rights in accordance with the community's overall goals and aspirations. This project also works directly with museums, archives and other cultural institutions in developing countries to assist them to digitize and disseminate their collections and manage IP issues while doing so. In particular, WIPO is developing resources for the strategic management of IP rights and interests by cultural institutions, so as to

both preserve and protect cultural heritage. Examples of such resources include surveys on practical experiences with IP in the archival practices of institutions and of indigenous and local communities;[18] a searchable database of codes, policies and practices;[19] and a draft publication on IP management for museums, archives and libraries, tentatively entitled "Intellectual Property and the Safeguarding of Traditional Cultures: Legal Issues and Practical Options for Museums, Libraries and Archives".[20]

In parallel to this capacity-building work, negotiations on the protection of traditional cultural expressions (TCE) are taking place internationally at WIPO within the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (the IGC).[21] Draft provisions for the sui generis protection of TCEs are currently in negotiation. The provisions seek, among other things, to respond to the needs of safeguarding and the specific IP aspects of registering and documenting TCEs. For example, the draft states that measures to protect TCEs would not apply to the making of recordings and other reproductions of TCEs for the purpose of their inclusion in an archive or inventory for non-commercial cultural heritage safeguarding purposes.

In September 2009, WIPO member states renewed the mandate of the IGC, adopting a clearly defined work plan and terms of reference to guide the Committee's work over the next two years. They agreed the IGC would undertake negotiations with the objective of reaching agreement on a text of an international legal instrument (or instruments) that would ensure the effective protection of genetic resources, traditional knowledge and cultural expressions. In July 2010, experts from WIPO member states reached an agreement on an international legal instrument to ensure the effective protection of traditional knowledge, traditional cultural expressions and genetic resources. Their work focused on what is considered to be the most mature of the three subjects, namely TCEs. This broke new ground in talks about traditional cultural expressions; although the experts have no mandate to take decisions or adopt any text, their work contributes to the evolution of the negotiations.[22] This topic is also addressed in chapter 9.

6.8 Copyrights and new technologies

The purpose of the two 1996 WIPO treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty[23]) was to update and supplement the major existing WIPO treaties on copyright and related rights primarily in order to respond to developments in technology and in the marketplace. Since the Bern and Rome Conventions were adopted or last revised more than a quarter century ago, new types of works, new markets and new methods of use and dissemination have evolved. Among other things, these two WIPO treaties each address the challenges posed by today's digital technologies, in particular the dissemination of protected material over digital networks such as the Internet. For this reason, they have sometimes been referred to as the "Internet treaties".

Both treaties provide the legal rationale for copyright owners to be adequately and effectively protected in the digital environment when their works and sound recordings are disseminated through new digital technologies and communication systems. They also create new online rights. For instance, Article 8 of the WIPO Copyright Treaty provides a right of communication to the public, "including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them". In addition, Article 6(1) of the Treaty provides an exclusive right to authorize the making available to the public of originals and copies of works through sale or other transfer of ownership, that is, an exclusive right of distribution. Such a right, surviv-

[18] Surveys are available at www.wipo.int/tk/en/folklore/culturalheritage/surveys.html.
[19] The database may be accessed at www.wipo.int/tk/en/folklore/creative_heritage/index.html.
[20] Forthcoming, 2010.
[21] For more information about the IGC see http://www.wipo.int/tk/en/igc.
[22] See: WIPO News & Events, "Experts Break New Ground in Traditional Cultural Expression Talks", PR/2010/652, July 2010.
[23] A number of countries have enacted the provisions of the two treaties in their national legislation. Copyright laws of a wide range of countries are accessible through WIPO's CLEA database, available at: http://www.wipo.int/clea/en/index.jsp.

ing at least until the first sale of copies, is a powerful tool in the fight against piracy because it makes it possible for the officials in charge of enforcement to seize illegal copies where they find them in the marketplace, in addition to having to track down the person responsible for the act of reproduction, who often will not be the person offering the copies for sale to the public.

To maintain a fair balance of interests between the owners of rights and the general public, the treaties further clarify that countries have reasonable flexibility in establishing exceptions or limitations to rights in the digital environment. Countries may, in appropriate circumstances, grant exceptions for uses deemed to be in the public interest, such as for non-profit educational and research purposes. There are some issues to be dealt with in the context of the WIPO Development Agenda.

According to the WIPO treaties, countries are required to provide not only the rights described above but also two types of technological adjuncts to the rights. These are intended to ensure that right owners can effectively use technology to protect their rights and to license their works online. The first, known as the "anti-circumvention" provision, tackles the problem of "hacking": it requires countries to provide adequate legal protection and effective remedies against the circumvention of technological measures (such as encryption). The second type of technological adjunct safeguards the reliability and integrity of the online marketplace by requiring countries to prohibit the deliberate alteration or deletion of electronic "rights management information", that is, information usually in the form of metadata that may accompany any protected digital material and that identifies the creator or other owner of the work, performers, rights, and the terms and conditions for its use.

From a policy perspective, "anti-circumvention" and "rights management" technologies pose an important problem: content distributors are free to provide public-domain content in media that have "anti-circumvention" and "rights management" technologies in order to improve or enhance revenue streams. However, if the underlying content is public domain, hacking these technologies to rightfully access the content (in order to reuse, create derivative works, redistribute, etc.) becomes a copyright offence. Thus they may be seen as tools to reintroduce public-domain content into the domain of proprietary copyright under traditional restrictive licence. Such an extension does absolutely nothing for new talent and provides no incentives to current or future creators.

Additional problems relate to the notion that "anti-circumvention" and "rights management" technologies can be used to decrease the scope of "fair use". Clearly, making private copies for use in one's own household, while being an "exception and limitation" to copyright as discussed in part 6.4.4, becomes an unauthorized activity if the content is protected with "anti-circumvention" and "rights management" technologies.

Critics of the current legislation argue that citizens' rights of fair use have been eroded. Another point is that many works of art are now produced collectively, particularly in the area of digital media. Because it is based on individuality, copyright cannot adequately address this new context. In analysing the pros and cons of the legal and economic perspective, another approach is that the power of disposal should be distributed more widely among the numerous cultural entrepreneurs, as a way to reduce the dominant force of conglomerates control too much of the market.[24]

At present there is considerable debate around the principles of public domain. Some assert that public domain plays a capital role in the fields of education, science, cultural heritage and public sector information. In this sense, it is understood as the massive flow of information that is free from the barriers to access or reuse usually associated with copyright protection, either because it is free from any copyright protection or because the right holders have decided to remove these barriers. Therefore, as this material is available and its reproduction costs are close to zero, it becomes the raw material from which new knowledge is derived and new cultural works are created.[25]

[24] Joost Smiers & Mariekevan Schijndel (2009), "Imagine there is no copyright and no cultural conglomerates too". Amsterdam, Institute of Network Cultures, Issue N° 4, 2009. Available from www.networkcultures.org.
[25] See The Public Domain Manifesto at www.communia-project.eu or www.publicdomainmanifesto.org.

Box 6.5 **Collective management of copyright**

"How is it possible to ensure that an individual musician is remunerated each time his song is played on the radio? Or a writer whenever his play is performed? How can the copyright and related rights of such creators be managed efficiently so as to enable them to concentrate on their creative activity while receiving the economic reward due to them?

"*From Artist to Audience*, a WIPO booklet produced in cooperation with the International Confederation of Societies of Authors [and Composers] (CISAC) and the International Federation of Reproduction Rights Organisations (IFRRO), aims to answer some of these questions by exploring one way in which the copyright and related rights system works, namely through the collective management of rights."

"From Artist to Audience (Publication No. 922) is available in PDF in English or French on the WIPO Free Publications website: www.wipo.int/freepublications/en/"

Source: Excerpt from "From Artist to Audience — Collective Management of Copyright", *WIPO Magazine*, January 2007. Available at: http://www.wipo.int/wipo_magazine/en/2007/01/article_0004.html .

6.9 Possible policy options

The analysis in this chapter underscores the idea that an efficient and fair international intellectual property system is in the interest of creators, creative industries and consumers in all countries, and the level of its implementation is often the subject of discussions in free trade agreements. IPRs are territorial, which means that they are protected only in the country or region where protection has been applied for and obtained. Protecting intellectual property in export markets is crucial if a creator is to enjoy the same benefits of protection abroad as are enjoyed in the domestic market.

From the WIPO perspective, adherence to international instruments allows developing countries to have equal access to the markets of other member nations, and to ensure that their local creators' works are protected abroad. It allows the creation of a domestic creative-industry infrastructure that competes with foreign products. This helps to establish credibility in the global community.

Intellectual property provides incentives to creators and entrepreneurs in the form of a tradable economic asset — a copyright — that is instrumental for investing in the development, production and distribution of goods and services, in a market economy, that are largely based on human creativity. This in turn helps increase access to, and enhances the enjoyment of, culture, knowledge and entertainment all over the world. Ideally, under this system of rights, rights owners are assured that their works can be disseminated without fear of unauthorized use of their creative and intellectual products. In practice, viable enforcement is often a more critical issue than legal acknowledgement. Increasing awareness of the contribution and potential of the creative sector for development is a major task. Protecting copyright is a public-policy goal of countries seeking sustained growth in the creative economy. The rich, intangible cultural heritage of many indigenous and local communities and developing countries is a source of creativity that should be tapped for the direct benefit of these communities and countries.

According to WIPO, the inefficiency of intellectual property legislation and enforcement systems imperils the economic growth to which the creative industries contribute. Enforcement is as important as the education and awareness. Countries that wish to see their creative industries prosper must take a strong stance for the promotion of the full spectrum of copyrights and their licences, for the best way to expand the creative economy is to implement a balanced copyright framework that realizes their development poten-

tial. The right balance should be found by providing a spectrum of choices for creators and entrepreneurs on the one hand while enabling access to creative and intellectual content and the socio-economic and cultural benefits that such access provides on the other.

Other views remind us that developing countries among themselves are quite diverse with respect to their social and economic environment and capabilities, and the impact of copyright varies according to their socio-economic circumstances. Therefore, a tailored approach could take into account the diverse needs and capacities of developing countries, particularly the least developed countries, and ensure that action is consistent with national objectives and development goals.

In theory, all countries shape laws to fit their needs. However, while most developed countries have, in the past, moulded their copyright regimes to suit their particular economic, social and technological situations, developing countries today have relatively less policy space available under the current international regime — although they should better explore the flexibilities of the TRIPS Agreement. Given this limitation and the concurrent need that intellectual property law must allow and even promote choice, and recognizing that there is no one-size-fits-all model, some alternatives should be considered, for instance, to develop and use copyrighted and other intellectual works that fall into the "some rights reserved" and "free/open" categories, in between the extremes of the "public domain" and "all rights reserved" works. This does not mean that traditional copyright works or the public domain should be disfavoured but that they may provide nuanced economic options to authors, innovators and entrepreneurs, be they individuals, organizations or firms.

In this sense, intellectual property can offer a range of tools that can address, in a complementary way, both economic and cultural concerns, reinforcing links between cultural values and cultural valuables. Using the full spectrum of rights options, the copyright system can serve to adequately balance the incentives and rewards to creators with the issue of access in a way that truly promotes creativity without entering into contradiction with international intellectual property conventions.

CHAPTER 7

Technology, connectivity and the creative economy

7.1 Introduction

The aim of this chapter is to examine issues relating to the interface between technology, culture and economics, highlighting the ways in which information and communication technologies (ICTs) have brought about profound lifestyle changes and invigorated the creative economy. In recent decades, ICTs have proven to be a tremendous accelerator of economic and social progress.

At this writing, it is still premature to draw definitive conclusions about the long-term implications of the global financial and economic crisis on the digital-related creative industries. Despite signs of economic recovery in some regions, uncertainties remain regarding the appropriate policy interventions needed to mitigate key structural problems at the international and national levels, and several countries need recapitalization. Some parts of the ICT industry have been affected by weak household expenditures, while trade in ICT-enabled services appears to be among the most resilient areas of the world economy. The mobile telephony sector in developing countries has a good chance of weathering the storm. For example, in 2009, subscriber growth remained strong in the two largest developing country mobile markets, China and India. Given the strong correlation between ICTs and the production and consumption of digital creative products, together the creative and digital sectors can help to support the path to recovery and promote better governance.

The speed at which connectivity has been diffused around the world in recent years has exceeded expectations. More than half of the world's people now have access to such technologies, especially to mobile telephones, which became much more than just tools for talking. The introduction of "triple play" services (telephone, Internet and television) over an Internet Protocol-based platform became a reality in a number of high-income countries. Meanwhile, some of the poorest countries are pioneering new forms of mobile usage for banking transactions.[1] Still, the digital divide remains a challenge, and wide gaps remain in ICT infrastructure and access to knowledge.

This chapter focuses on the implications of ICTs for the creative economy, and creative production in particular. The impact of ICTs on this part of the economy has grown recently as digitization and convergence have generated new opportunities for innovation and new business models. As distribution costs fall, the potential for increased demand comes into play. Certainly, the issue of copyright regimes remains a challenge in this context. In principle, digitization presents no problems for copyright; historically, rights have been regulated via the control of physical goods and, more recently, via various forms of encryption. "Pure" digitization requires the development of secure, solely digital control of copyright. Indeed, over the past ten years, this transition from physical to digital storage has been far from easy to manage for even the most technically, legally and electronically advanced countries and corporations in the world. Not surprisingly, it has proven very difficult for those in the developing world.

The essence of the challenge goes beyond the considerable problems of copyright; many creative-economy "products" are potentially digitized and thus subject to entirely new business models and need novel regulatory regimes. Even those that have their basis in a physical product, such as a craft object, may be subject to copying unless registered as intellectual property. Likewise, in the case of music, dance or theatre, these products can be

[1] UNCTAD (2009). Information Economy Report 2009 – Trends and Outlook in Turbulent Times.

recorded and copied. In both cases, this potentially creates vulnerabilities for developing economies and the class of goods and services known as "traditional cultural expressions". In essence, most creative-economy practitioners make their living from trading in ideas; intellectual property rights (IPRs) offer a possibility for them to earn "rent" on the use of these ideas. An unevenly developed, operated or governed intellectual property system carries with it many issues to all producers, and notably cultural producers, and especially those in the developing world, of not receiving adequate reward for their intellectual and labour investment in creative goods and services. Second, a regulatory regime that only recognizes IPRs and a single business model is unlikely to be either successful or effective in our times.

7.2 Connectivity and its wider impact

One of the targets set by the world leaders at the World Summit on the Information Society (WSIS) in 2003 — more than half of the world's population should have ready access to ICTs — appears to have been reached seven years ahead of schedule. This is due largely to the mobile phone revolution, which now has more than 4 billion subscribers worldwide. The advent of digital and Internet-based ICTs has opened a new set of marketing and distribution opportunities, thereby boosting the economic potential of the creative economy. At the 2003 Summit, the international community recognized the ICT sector as a pillar of economic growth and competitiveness. Paragraph 8 of the WSIS Declaration of Principles states:

> We recognize that education, knowledge, information and communication are at the core of human progress, endeavour and well-being. Further, information and communication technologies (ICTs) have an immense impact on virtually all aspects of our lives. The rapid progress of these technologies opens completely new opportunities to attain higher levels of development. The capacity of these technologies to reduce many traditional obstacles, especially those of time and distance, for the first time in history makes it possible to use the potential of these technologies for the benefit of millions of people in all corners of the world.

Research being carried out by UNCTAD affirms that ICTs contribute positively to economic growth in both developing and developed economies.[2] They boost productivity by improving the efficiency of individuals, firms, sectors and the economy as a whole. ICTs can also generate positive side effects in the economy through learning-by-doing, faster transfers of know-how and increased transparency. ICT adoption creates unprecedented opportunities for industries and businesses in developing countries to overcome the constraints posed by limited access to resources and markets. They also provide an opportunity for enterprises in developing countries to obtain better access to finance through improved online credit information structures. Most importantly, ICTs lower transaction costs and facilitate trade, thereby opening new international business opportunities. Developing countries with better and more efficient ICT infrastructure attract more foreign investment and outsourcing contracts and, generally, trade more.

Table 7.1 Contribution of segments of ICT industries to global GDP, 2003-2007

Segment	Contribution to global GDP (%)				
	2003	2004	2005	2006	2007
Telecom services	2.8	2.8	2.8	2.7	2.7
Telecom equipment	0.6	0.6	0.6	0.6	0.6
Software and computer services	1.8	1.7	1.7	1.7	1.7
Computer hardware	0.9	0.8	0.8	0.8	0.8
Television services	0.7	0.7	0.7	0.7	0.7
Consumer electronics	0.6	0.7	0.7	0.7	0.7
Total	**7.4**	**7.3**	**7.3**	**7.3**	**7.2**

Source: DigiWorld (2007:24)

It is noteworthy that most Internet users now reside in the developing world. Mobile phones have emerged as the most widespread ICT tool in Africa, Asia, Latin America, the Caribbean and the Pacific; they are used extensively, not only for voice communication but also for SMS (short message service) and increasingly for other data applications such as

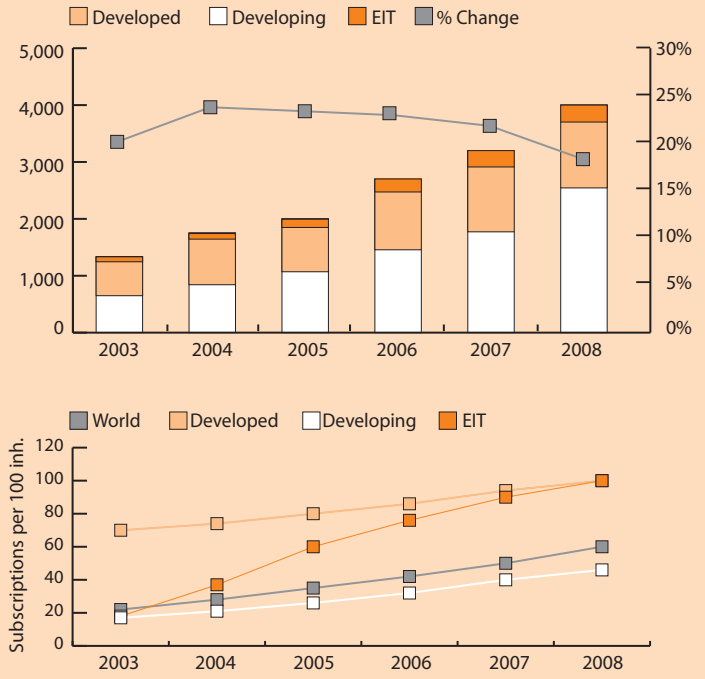
[2] UNCTAD (2006). "Using ICT's to achieve growth and development" Available from http://www.unctad.org/en/docs/c3em29d2_en.pdf.

m-commerce and m-banking. Mobile telephony enables users to access information and creative content, especially that relating to news, education, health, jobs, culture and family life. There are good reasons for developing countries to prioritize broadband connectivity in their development strategies. Although every user may not need broadband, there are many applications that do not operate without sufficient bandwidth. Improved broadband connectivity can help to achieve education and health targets set out in the Millennium Development Goals (MDGs). Therefore, monitoring the diffusion of various ICTs, in particular telephony, Internet and broadband, is crucial to evaluate trends in worldwide connectivity and to estimate its potential for the creation and marketing of creative goods and services. While fixed telephone subscriptions are declining, mobile and Internet usage continues to expand rapidly in most parts of the world.

7.2.1 | The mobile revolution

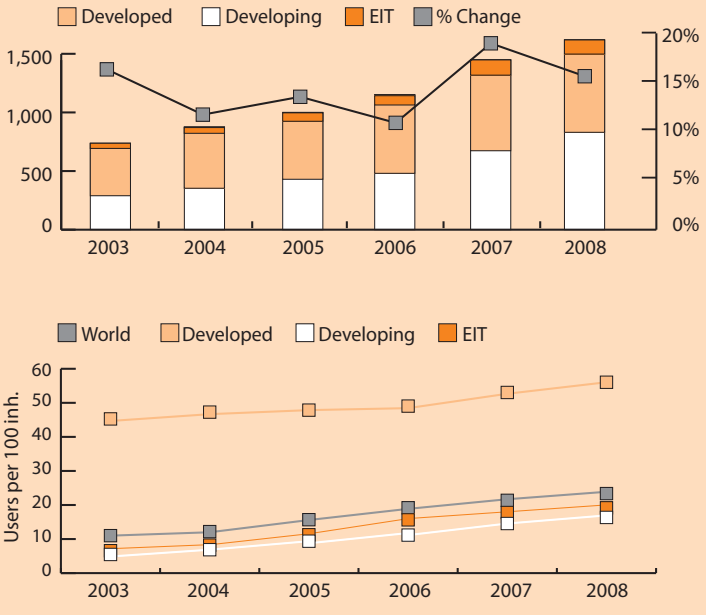
In 2008, the number of mobile subscriptions worldwide reached 4 billion, while the number of fixed telephone lines has been stalled at around 1.2 billion since 2006. The rise of mobile telephony reflects the high cost of fixed infrastructure compared to wireless solutions as well as limited access to electricity, especially in rural areas of developing countries. There are now an average of 60 mobile phone subscriptions for every 100 people worldwide. Between 2003 and 2008, the penetration of mobile phones grew dramatically, even in the poorest countries.[3] Developing countries account for two-thirds of all mobile subscriptions, as shown in figure 7.1. In Africa the average penetration of mobiles was over one-third of the population. In developing Asia the average is 45 subscriptions per 100 inhabitants. In Latin America the regional average was 80. In the Caribbean, practically all of the Anglophone island states have already achieved a penetration rate of 100, while the overall regional average is around 70 per cent. By the end of 2008, almost one out of every two persons in developing

Figure 7.1 Global mobile telephone subscriptions by main country groupings, 2003 – 2008 (millions and per 100 inhabitants)



Source: UNCTAD, based on ITU and national data

Figure 7.2 Global internet users by main country groupings, 2003 – 2008 (millions and per 100 inhabitants)



Source: UNCTAD, adapted from ITU and national data

[3] UNCTAD (2009). *Information Economy Report 2009 – Trends and Outlook in Turbulent Times.*

countries already had a mobile phone. The income barrier to mobile ownership has continuously been reduced due to more efficient network equipment and cheaper handsets. Growth prospects remain favourable for developing countries, including the LDCs. A number of developing countries will be launching 3G networks in the near future, enhancing the functionality of mobile services, Internet access and other data applications from portable handsets.

7.2.2 | Fastest growth of Internet users in the South

In 2008 there were an estimated 1.4 billion Internet users around the world, as shown in figure 7.2. In developing countries, the number of users grew by a quarter, almost five times faster than in developed countries. As a result, developing countries now account for more than half the world's Internet users. China hosted the largest number of users (298 million), followed by the United States (191 million) and Japan (88 million). A little over one-fifth of the world's population used the Internet in 2008. Public Internet facilities such as Internet cafés, educational establishments and digital community centres are also important for boosting Internet usage in developing countries. This is particularly true for countries where household connections are limited and where many people work in the informal sector. The spread of mobile phones in the developing world could also be impacting the extent of Internet use, as people use them first to send text messages, and then for e-mail and Internet access. Some developing countries are caught in a vicious circle, with insufficient demand due to high prices and inadequate infrastructure. Limited supply of web content in local languages and adapted to local needs is another impediment in some parts of the world.

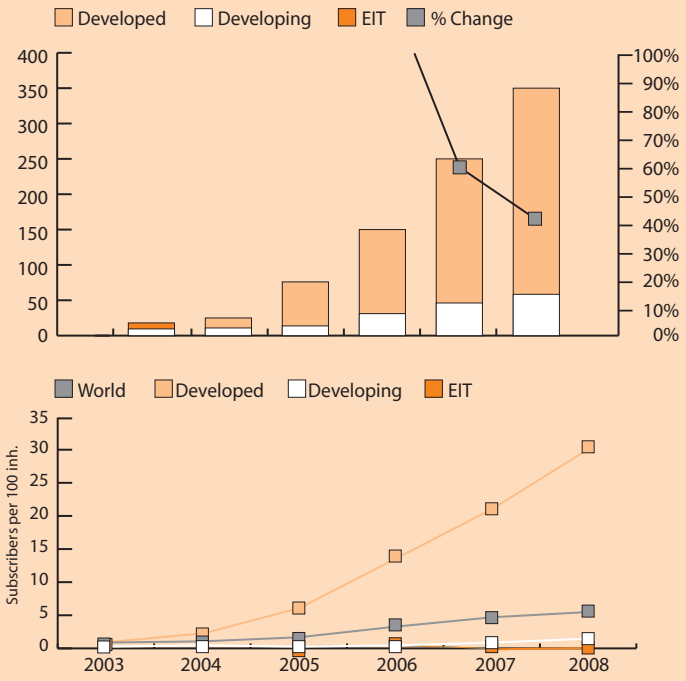
7.2.3 | Developing countries lag behind in terms of broadband connectivity

Broadband is critical for the deployment of the most recent Internet-based services and can help advance various social and economic development objectives. Many applications do not run or do not operate effectively without sufficient bandwidth. Distinguishing between fixed and mobile broadband is not always easy; thus the distinguishing feature is the type of communication technology used rather than the device. With the growing use of smart phones, such as Blackberries and iPhones, it is becoming increasingly difficult to separate computers from mobile phones. Today's smartphones clearly have more computing power than the early personal computers. According to UNCTAD, in 2008 the number of fixed broadband subscribers around the world was estimated at 398 million, and developing countries accounted for almost 40 per cent of this total, as shown in figures 7.3 and 7.4. Thus, broadband is one of the few ICTs where developed countries still represent the majority of users; the Nordic countries have the highest household penetration, followed by Canada and the Netherlands. But this picture may soon change, as broadband markets are growing fast in the emerging economies. China has become the world's largest broadband market, with 83 million subscriptions in 2008, compared to 79 million in the United States. Brazil has also moved into the top ten broadband markets. Recently, there is more attention paid to wireless technologies such as 3G

Figure 7.3 Global fixed broadband subscribers by main country groupings, 2003 – 2008 (millions and per 100 inhabitants)

Source: UNCTAD, adapted from ITU and national data

Figure 7.4 Global mobile broadband subscribers by main country groupings, 2003 – 2008 (millions and per 100 inhabitants)



Source: UNCTAD, based on ITU and national data

mobile. Developments in the creative economy go hand-in-hand with the evolution of these ITC technologies.

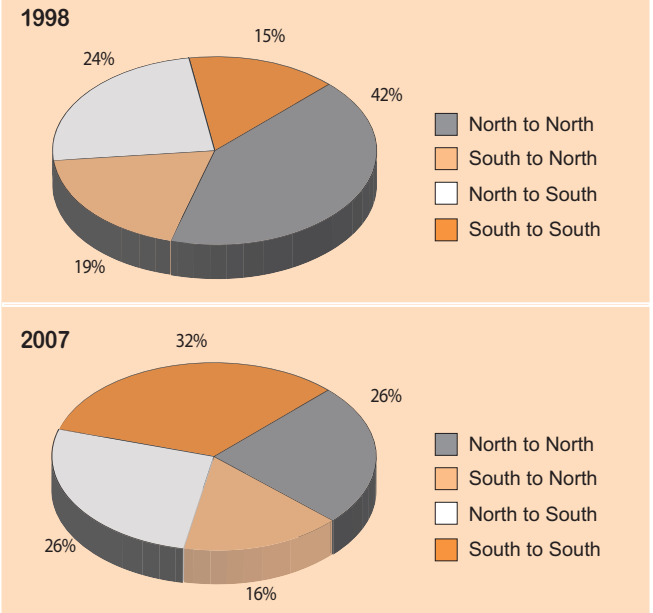
The EU Digital Agenda is one of seven flagship initiatives of the Europe 2020 strategy. The European Commission is committed to creating a true single market for online content and services, with borderless and safe EU web services and digital content markets, high levels of trust and confidence, a balanced regulatory framework governing the management of intellectual property rights, measures to facilitate cross-border online content services, the fostering of multi-territorial licenses, adequate protection and remuneration for rights holders and active support for the digitization of Europe's rich cultural heritage.[4]

7.2.4 | Global shifts boost South-South trade and investment in ICT goods

World trade in ICT goods has fluctuated during the past decade. While ICT goods belonged to the most dynamic areas of world trade until 2000, they have subsequently expanded less rapidly. According to UNCTAD, between 1998 and 2007, the value of ICT goods exports rose from $813 billion to $1.73 trillion. Recently, developing countries have gained market share in the world trade of ICTs, increasing from 38 per cent in 1998 to 57 per cent in 2007. This surge was almost entirely attributable to Asian developing countries. South-South trade has also gained in importance, reaching more than 32 per cent of global ITC exports in 2007.[5] The top five exporters of ITC goods are China, United States, Hong Kong China, Japan and Singapore, which together accounted for over half the global market. The rise of China and the rest of East and Southeast Asia as an export platform for ICT goods results from an increasingly integrated global production system. ICT goods production has gradually converged in locations that offer a combination of relatively high human capital in terms of skills and relatively low labour costs. Figure 7.5 provides a picture of trade flows of ICT goods by main regions, including South-South and South-North.

South-South investment is already a major source of funding for developing country mobile networks, and this is likely to continue despite the economic down-

Figure 7.5 Exports of ICT goods by main regions, 1998 and 2007 (per cent)



Source: UNCTAD, based on COMTRADE data.
Note: Economies in transition are included in the "South."

[4] European Commission (2010). "Unlocking the potential of cultural and creative industries.
[5] UNCTAD (2009). Information Economy Report 2009 – Trends and Outlook in Turbulent Times.

turn. Large investors from developing countries announced that their fundamentals remained strong, that demand remains robust and that they do not envision much negative impact from the crisis in their operating regions. Some local companies in developing countries could profit from the hesitancy of foreign investors. There is of course a risk that project financing and aid could become less accessible as global liquidity has been contracting. Certainly, the financial crisis affected various segments of the ICT market in different ways. In terms of infrastructure, mobile telephony may be best equipped to weather the economic crisis due to its high growth and the established players in most countries.

Mobile telephony has become the most important mode of telecommunication in developing countries. Internet access has become a reality for many businesses and public institutions as well as for individuals with higher levels of education and income. Even for the vast majority of low-income populations, mobile telephony is likely to be their most relevant communication technology. Much like the Internet, mobile telephony helps to create business opportunities, enables efficient sharing of information and knowledge, and empowers households and communities with information. Many developing countries are quickly catching up or even surpassing developed countries, since mobile connectivity sidesteps some of the major obstacles to other types of connectivity, such as the costly and time-consuming deployment of fixed-line infrastructure owing to the remoteness of underdeveloped areas. In Africa, mobile phones have proven so successful that in many cases they have replaced fixed lines. Given the increasing penetration of mobile phones in the developing regions, the role of ICTs in fostering the creative economy will relate to information access and data sharing as well as to new multimedia creations.

This positive impact of ICTs on developing countries is counterbalanced by a number of factors besides physical access that contribute to the disparities with developing countries. Apart from the appropriateness of the products, their costs and the regulatory framework governing ICTs, there is an important knowledge gap in the skills required to understand, absorb and act on the information available on the Internet. The low level of formal education among the lower-income populations in many countries in Africa, Asia and Latin America is an absolute barrier to ICT use and adoption. This problem relates to: (a) education, since technical skills as well as basic literacy (linguistic, numeric and computer) are needed for people to benefit from ICTs; (b) language, since the dominance of English on the Internet is a problem for many populations in developing countries; and (c) human resources, since ICT professionals and technicians are highly sought after in the developed world, leaving a dearth of these skills in the developing countries.

7.3 Measurement issues and creative content

The difficulty of capturing indicators for ICTs is one factor that complicates measurement of the creative economy. Besides the lack of data availability, collected data are not always comparable across countries, and certain specificities apply. Demand for ICT statistics keeps growing as more countries seek to design, monitor or review national policies to maximize the advantages of information technologies. Moreover, strategies for the creative economy require concerted policies to induce creativity and innovation as well as to assist creators to reach global markets, and for these purposes ICTs tools are essential. At the international level, comparable ICT indicators are critical in making cross-country comparisons of ICT development, monitoring the global digital divide and establishing relevant benchmarks. To reflect the evolving nature of many ICTs, the core list of ICT international indicators was revised in 2008.[6]

E-business refers to the use of ICT to facilitate business processes. Creative entrepreneurs can use ICT to communicate with suppliers and clients; to manage finance, human resources and materials; and to purchase and sell creative goods and services online. Electronic transactions or e-commerce is a form of Internet use that has seen strong growth in many countries. However, there is still untapped potential due to the low level of ICT used by small and microenterprises in developing countries. E-commerce is at the core of the statistical measurement of e-business, but it

[6] UNCTAD and the UN Statistics Division jointly prepared the "Manual for the Production of Statistics on the Information Economy – 2009 revised edition" (UNCTAD/SDTE/ECB/2007/REV.1), available from www.measuring-ict.unctad.org.

Table 7.2 Interconnected dimensions of digital life: Enablers, communications, content and transactions

Dimension	Technology and/or service
Digital enablers	Mobile broadband Fixed broadband Portable Internet
Digital communications	Voice Messaging Social networking
Digital content	Global knowledge web Sights and sounds Adult content and gambling Online gambling User-generated content Content-aware services Digital homes
Digital transactions	Contactless payment systems Mobile payments

Source: Adapted from the International Telecommunication Union, *digital.life*, ITU Internet Report 2006.

presents specific difficulties in collecting data because it is hard to distinguish Internet electronic commerce from electronic commerce conducted over other networks. To start measuring the information society, a taxonomy is needed that provides indicators for tracking the progress of ICTs in a staggered process, first by measuring e-readiness, then the intensity of ICT usage and, finally, the impact and outcomes of ICT on business organizations, the creative economy and the economy as a whole. ICT indicators understandably reflect some of the issues concerning measurement of the creative economy. Though a few indicators are easily mapped, such as those relating to infrastructure and access, other, more complex ones remain largely unavailable. Underlying this issue are four interconnected dimensions of the information society: digital enablers, digital communications, digital content and digital transactions. These aspects of digital life and related technologies and services are shown in table 7.2.

The most common ICT indicators can be grouped into four sets, following the methodology developed by the Partnership on Measuring ICT for Development.[7] The vast majority of these parameters refer to the availability of infrastructure and access to ICTs and the use of ICTs for individuals and businesses. Broadband expansion, for instance, is seminal to boosting the development of knowledge-sharing in the creative economy, and the numbers of employees using computers reveal not only access to computers but also computer literacy. The last row, digital transactions, adds an economic perspective to the data set. These undeniably useful indicators are the first step towards a more complex analysis of ICTs.

Table 7.3 Partnership on Measuring ICT for Development: Core ICT indicators

Infrastructure and access	**Basic core** Fixed telephone lines per 100 inhabitants Mobile cellular subscribers per 100 inhabitants Computers per 100 inhabitants Internet subscribers per 100 inhabitants Broadband Internet subscribers per 100 inhabitants International Internet bandwidth per inhabitant Percentage of population covered by mobile cellular telephony Internet access tariffs (20 hours per month), in $, and as a percentage of per capita income Mobile cellular tariffs (100 minutes of use per month), in $, and as a percentage of per capita income Percentage of localities with public Internet access centres by number of inhabitants
	Extended core Radio sets/100 inhabitants Television sets/100 inhabitants
Access to, and use of, ICT by households and individuals	**Basic core** Proportion of households with a radio Proportion of households with a TV Proportion of households with a fixed line telephone Proportion of households with a mobile cellular telephone Proportion of households with a computer Proportion of individuals who used a computer (from any location) in the last 12 months Proportion of households with Internet access at home Individuals who used the Internet in the last 12 months Location of the individual use of the internet in the last 12 months Internet activities undertaken by individuals in the last 12 months

[7] The partnership brings together experts from ITU, UNCTAD, UNESCO, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic and Social Commission for Western Asia, EUROSTAT, OECD and the World Bank.

Table 7.3 continued **Partnership on Measuring ICT for Development: Core ICT indicators**

	Extended core
	Proportion of individuals with use of a mobile telephone
	Proportion of households with access to the Internet by type of access
	Frequency of individual access to the Internet in the last 12 months (from any location)
Use of ICT by businesses	**Basic core**
	Proportion of businesses using computers
	Proportion of employees using computers
	Proportion of businesses using the Internet
	Proportion of employees using the Internet
	Proportion of businesses with a Web presence
	Proportion of businesses with an intranet
	Proportion of businesses receiving orders over the Internet
	Proportion of businesses placing orders over the Internet
	Extended core
	Proportion of businesses using the Internet by type of access
	Proportion of businesses with a Local Area Network (LAN)
	Proportion of businesses with an extranet
	Proportion of businesses using the Internet by type of activity
ICT sector and trade in ICT goods	Proportion of total business sector workforce involved in the ICT sector
	Value added in the ICT sector (as a percentage of total business-sector value added)
	ICT goods imports as a percentage of total imports
	ICT goods exports as a percentage of total exports

Source: UNCTAD, *Information Economy Report 2006*: The Development Perspective, pp. 154-156. Available at: http://www.unctad.org/en/docs/sdteecb20061_en.pdf.

7.4 ICTs and their impact on the creative economy

The general impact of ICTs has been well reviewed; however, the specifics of this debate — how ICTs may have a variable impact on some activities and not others — has been less well examined. It is our hypothesis that ICT development will have a disproportionate impact on the creative economy. The reasons for this impact relate to the specific potential for transformation of the creative-economy production processes, and in the value chain that will be analysed in a subsequent section.

ICTs have enormous power to leverage the development of new links in the value chain in virtually all creative industries, albeit at different levels. The key concept underpinning these changes is "digital convergence", which can be of three types: technological convergence (a shift in patterns of ownership of media, such as film, television, music and games), media convergence[8] (allowing users to consume different media at the same time using a single personal computer) and access convergence (all production and distribution of media and services are being reengineered to work on a distributed network platform; i.e., everything is becoming available or doable on the Internet).

Digital convergence and its manifestation through increasingly interlinked and interoperable online technologies are driven by consumers and by suppliers. A report published by ITU states that "the market environment increasingly resembles a digital 'ecosystem' in which companies must cooperate to provide jointly provisioned services at the same time as they compete for resources and for markets. Equally, customers become suppliers and suppliers become customers in evolving relationships of bewildering complexity".[9] From mobile content on demand to online art auctions, the new features of the value chain emerge at a very fast pace.

The spillover effects of these shifts in developing countries seem to be quite limited though, owing mainly to the fact that generalized ICT access and use remain lower than in developed countries. Compounding the problem is

[8] Jenkins (2006).
[9] ITU (2006).

Table 7.4 Top 20 audiovisual companies worldwide and their 2004 turnover

Rank	Company	Country
1	Walt Disney	United States
2	Viacom	United States
3	Time Warner	United States
4	Sony	Japan
5	Vivendi Universal	France
6	News Corporation	Australia
7	NBC Universal	United States
8	The DirecTV Group Inc.	United States
9	Bertelsmann	Germany
10	Liberty Media Corp.	United States
11	BBC (Group)	United Kingdom
12	ARD	Germany
13	NHK	Japan
14	Blockbuster Inc.	United States
15	Nintendo	Japan
16	Mediaset	Italy
17	RAI	Italy
18	ITV PLC	United Kingdom
19	TFI	France
20	France Televisions	France

Source: KEA, European Affairs (2006), *The Economy of Culture in Europe* with figures from the European Audiovisual Observatory.

the fact that major media and content producers are large multinational companies from developed countries, and it follows that this is where most of the value-added activities are generated. The top 20 companies in the audiovisual and video-game industries are all based in Europe, Japan or the United States — the same group responsible for most of the exports of selected creative goods and services. It bears mentioning that 17 of the 20 leading audiovisual enterprises worldwide are mainly or partly active in broadcasting, thus benefiting twice from technological convergence and making profits in both markets.

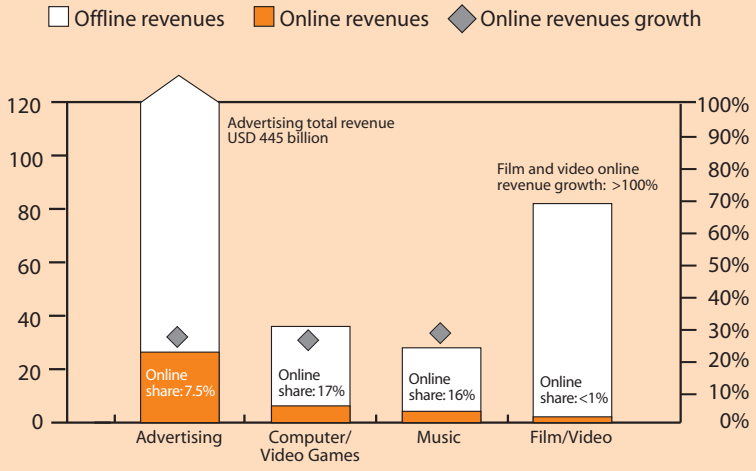
7.4.1 | The growing importance of ICTs for the creative industries

People with broadband access use the Internet more often and more intensively. Broadband drives online shopping, education, use of government services, downloading music and other forms of digital content, and video telephony. Broadband is essential to support new creative industries which can help stimulate domestic industry and employment. Furthermore, digital inclusion is increasingly measured, not by computer or Internet access, but by technological fluency and multimedia content creation.[10] What is most important is people's ability to make use of those technologies for producing creative work. Today, almost everyone can be a "prosumer", a combination of producer and consumer of interactive creative content.

In this changing environment it is important to understand how infrastructure and access are being used. Indicators such as online purchases and sales allow a comparative analysis of the performance of digital markets vis-à-vis traditional channels. In the case of the creative industries, for example, Internet music sales showed a consistent increase in share across markets. In 2008, the digital music business internationally grew by around 25 per cent, and digital platforms now account for around 20 per cent of recorded music sales, up from 15 per cent in 2007. The recorded music industry generates a greater proportion of its revenues through digital sales than the film, magazine and newspaper industries combined. Downloads of single music tracks were 24 per cent higher in 2008, reaching 1.4 billion units globally, and this continues to drive the online market.[11]

The dynamic growth of creative industries oriented towards digital content is outlined in the OECD Information Technologies Report 2008, which covers user-

Figure 7.6 Market size and growth of digital content sectors, 2007
USD billion (left scale): percentage year-on-year growth (right scale)



Statlink: http://dx.doi.org/10.1787/476155357582

[10] Warschauer (2003).
[11] International Federation of the Phonographic Industry (2009).

created content; online computer and video games; film, video and music; and online advertising. An increasing share of revenues for the content industry derives from products delivered via the Internet, but with marked differences across sectors. Advertising is the largest online market, with revenues of more than $30 billion in 2007 and annual growth of 30 per cent. Online revenues are around one-sixth of the total for computer and video games and music, and they are growing fastest for films, albeit from low levels (see figure 7.6). The development of user-created content has been rapid. Video and social networking sites are leading the development, and virtual worlds have become a major hub of activity.

7.5 Digitization

Until recently, the mode of transmission and storage of information on the creative economy was analogue. ICTs, however, allow a new form of recording of information: digitization. Digitization is significantly different in two ways. First, previously separate forms (sound, images, texts) now have the same basic format and are thus readily integrated into one medium, often using the same editing techniques and similar software. Additionally, integration, when based on the same platform, enables a field of convergent media. This has both artistic business possibilities and represents a significant field of potential innovation. Second, the common digital basis of information allows it to be easily communicated and transferred with no degradation of the original in subsequent copies. This has huge implications for the distribution and copying of digital works (as well as digital transformation of analogue works). The digital format means that new ways of editing and integrating media, previously unimagined, can be achieved. Again, this has opened up the possibility of altogether new art forms as well as the transformation of existing ones.

The economic implications of ICTs generally have been discussed in the context of debates about the "new economy". It is claimed that cost-free reproduction and distribution, and perfect copies, create a new mode of economics that differs from the old one based on physical distribution and manufacture. Second, as indicated earlier, there is the possibility of novel products. Some authors have hypothesized that the use of ICTs will remove the need for face-to-face interactions, and the co-location that follows might minimize transport costs. This has been referred to as "the death of distance". These totally new spatial implications have been challenged on the basis that the production of intellectual property still involves labour and the transformation of intellectual property. As such there may still be specific co-location effects associated with embodied skill and expertise in labour markets and in physically embodied knowledge exchange. In fact, evidence points to a renewed importance of place in the digital age (namely, creative clusters).[12] While there is potential for the developing world, there is also the threat that divisions of opportunity may be further hardened. To answer this question fully, we need more analysis of the nature of changes in creative-economy production and the particular character of the transformation of production and value chains.

7.6 Convergence and new business models

Because much of the output of the creative economy can potentially be digitized, we are likely to see an even greater impact and transformation in business transactions. This transformation is also producing new business models, market structures and governance. New business models are made possible at the simplest level by the closer integration of separate product lines (books, films and music, for example). Of course, the media already display a striking concentration of ownership and power. Most major media organizations aspire to be "convergent organizations"[13] that trade and use

[12] Pratt (2004). "Creative Clusters: Towards the Governance of the Creative Industries Production System". Pratt (2000).
[13] The merger of Time Warner and AOL was the first and best publicized of these mergers.

IPR rights that may be "re-purposed" (or reused) from one medium to another (for example, a cartoon character in a computer game, a film, a book, a toy or on a piece of clothing). This multiplies the possibilities of exploitation of intellectual property from a single investment in addition to the traditional monopoly profits possible in the medium.

Digitization creates a number of new possibilities for distribution. With analogue distribution systems, reproduction leads to degradation of the product; hence it is less than the original and declines further with the number reproduced. With digital formats, reproduction is free of degradation and incurs no extra cost per item. This opens up the possibilities for infinite expansion of markets and reduces or eliminates the need to warehouse or store products. One dilemma that creative producers face is how to deal with the uncertainties of demand and the need to maximize economies of scale by concentrating production in as few items as possible so as to reduce stockholding and excess production costs. These functions must commonly be combined with the physical transfer and exchange of goods, i.e., distribution. For obvious reasons, distributors seek to manage their stock by restricting choice to the best sellers. Many mechanisms are used to achieve this, but charts are a common way to organize and focus consumers. In a digital age, however, it is potentially possible for producers and consumers to be in direct contact, thereby bypassing the control of the gatekeepers of the distribution system, which are economically powerful.

Because stockholding costs are minimal for digital products, maximum choice is available; this is called the "long tail" hypothesis. In the long term, however, the potential for monopoly profits are reduced, hence posing a threat to the current media structure but opening up significant possibilities for small producers. Under a system of direct micro-payments, for example, profits may be spread thinly and hence little traditional benefit from the creative economy will be realized. Clearly, this is a huge area for future debate. New business models are emerging to exploit these new possibilities (e.g., with respect to music) and it has been suggested that there may be a variety of models — e.g., free music — offering possibilities for making money from different aspects of the business. The real issue is the challenge that these activities (which are not understood or regulated) pose to governance and to how intellectual property is to be used and regulated, since this requires an enormous investment in infrastructure.

Increased access to information gives global breadth and depth to the mapping of suppliers, buyers and outsourcing possibilities. Therefore, ICTs may play a major role in this transformation process, reducing costs, improving productivity in the value chain and making companies more visible in the global market. This contribution is more evident in those creative industries depending on technology at their very core (software, games, multimedia content). However, even in the more traditional, less technology-driven industries such as handicrafts, ICTs open new ranges of trade for services previously not traded, inaugurating distribution channels and generating innovative production forms.

Box 7.1 When ICTs give rise to new business models

For every action, there is an equal and opposite reaction. ICTs and the creative economy seem to form the perfect ground for the validity of Newton's third law. The more concentrated the audiovisual and music markets become in the hands of a few transnational conglomerates, the more alternative business models emerge. Back in 2000, the music sector was revolutionized by peer-to-peer file-sharing programmes such as KaZaA and Napster, which by 2001 had conquered no less than 3.5 million users.

As creativity seems to reinvent itself, a similar business model was created with Skype. Sold to eBay for $2 billion in 2005, it is now being applied to Joost Internet TV, with a promise to disrupt the oligopoly of the television industry.

By the same token, a myriad of open-source initiatives mushroom in other creative-economy markets, presenting more humble turnovers but provoking a shift in mindset on all continents. In Mexico, *Tortillería Editorial* is an association of authors, professionals and beginners who decided they would not have much control over their books if they were to follow the usual publishing-house circuit. As a reaction, they created a mix of database, software and site where they share their books and writings, allowing any user to generate, print and sell them. In 2007, it reached more than 4,000 texts and hundreds of authors.

In Brazil, where internet use is comparatively high, Web 2.0 is facilitating the spread of open-source software. Overmundo, a Government-funded project, was commissioned to ensure the alternative cultural coverage, mainly outside the São Paulo-Rio de Janeiro axis. Incorporating strong community participation, users are responsible for its content and design. Overmundo has become a globally recognized cultural database of Brazilian culture with more than 700,000 references via Google. Not surprisingly, it won the Prix Arts Electronica International Competition for CyberArts in 2007.

Finally, the possibility of delivering services online rather than through a physical presence allows developing countries to benefit from their comparative advantage in some labour-intensive services that make use of ICTs. There are various ways in which governments can promote greater use of ICTs by companies, especially SMEs, that lag in terms of ICT uptake. SMEs represent the backbone of the creative sector and employ a large majority of creative workers in both developed and developing countries. Despite recent progress in the area of connectivity, there are still many bottlenecks that prevent creative entrepreneurs and small firms from using ICTs efficiently. Their use is often limited by low levels of ICT literacy, slow connection speeds, lack of local content and high costs of use. Moreover, in rural areas of many developing countries, even basic connectivity remains a challenge.

7.7 Impact across the production chain

The use of ICTs can potentially have significant impact on all steps of the production chain: conception, production, distribution, access to audiences, and engagement in feedback from the audience/market. The specificities are different for each production activity in the creative economy. The aim of this section is to provide some illustrative examples of impact across the production chain. New ways of making money or developing audiences are possible with digitization and new business models, but the future direction is uncertain. All cultural producers face potential instability in the years ahead as well as huge potential growth. The new systems could undermine what have become, in the last 50 years or so, the normal ways to organize, say, music or film production and distribution. Understandably, those corporations that currently occupy key positions in such a system will seek to defend the "old ways".

Recent shifts in the music industry illustrate the challenges that creative producers are likely to face in adopting new ways of doing business. The old model of the music industry has production and distribution at the centre, with the objective of promoting and selling huge numbers of a small range of music. This channels monopoly profits into music companies and ensures very high intellectual property returns (for a small number of bands). This process reduces stockholding costs and increases profitability although it is risky when it is unclear whether a hit is likely to be achieved from any one recording (although marketing can influence this situation enormously). This is why in music, as in film, companies expect a large percentage of failure to be discounted by a small number of super successes. Thus, in this system, intellectual property is a key means by which artists can make money through recording and by which music companies can target their production, distribution and sales as much as possible.

This model is based on a world of physical products; the new model is based on virtual products where storage costs of digital files are practically zero and a potentially infinite range of music can be available to the consumer. In fact, the role of the music companies to promote and focus consumers could be bypassed altogether if artists were to sell directly to their audience. Of course, by exploiting the "long tail" of products, any one artist is likely to make small returns from intellectual property and the same is true for the music companies. For the latter, the old economics of the extra administrative costs of managing a large number of artists and the costs of recording, etc. will be an incentive to create a "short tail" or limited range of products. In such a situation, it may be logical for artists to focus on activities that make money, that is, live performances and the merchandising opportunities that these afford. In this way, they can earn a modest income. Moreover, since they are not relying primarily on income from intellectual property, it is logical that they reduce the price of their product, or give it away, in order to generate demand and attendance at concerts. Of course, they would still want to copyright the work to sell it directly to the public.

This example is instructive in that it shows how the significance of intellectual property may change from its role as income generator to one of simple protection and moral right under different conditions of production. The balance of power might shift from large companies to independent

producers; in short, the business model is turned upside down: in the past, the T-shirt was seen as the extra element or souvenir of a concert whereas now it may be the major income stream. While this is an example of an actual situation, it does not mean that this is the necessary or general future of the music industry or any other industry; it simply demonstrates the complex and destabilizing possibilities of ICTs field of culture and the creative industries.

A step-by-step exploration of the production chain reveals other areas of potential transformation. Initial conception is more difficult in the sense that many new digital applications require knowledge and access to computing resources and skills. Beyond this, however, the barriers are low. With a simple video camera and editing software, a modest film can be produced in the home; the same applies to most digital forms. Moreover, these "one-offs"' can be easily and exactly manufactured, replicated and distributed, with minimal costs, directly from the producer (without the need for intermediaries).

Perhaps the most striking example of the potential of new production is the development and use of free and open-source software (FOSS).[14] Created through a process of sharing knowledge through exchanging source code — the instruction set behind a computer program — FOSS programs are today provided and maintained by a range of ICT experts ranging from individuals to corporate giants, such as Sun Microsystems or IBM. FOSS programs can have a particular significance for developing countries as well as for shaping our understanding of creative processes and endeavours. There is a large range of innovative FOSS software that enables the owner of a basic personal computer to engage in what was, until recently, possible only with studio-quality production.

Traditionally, distribution and exchange were specialized, expensive and exclusive services that had strong gatekeepers in the form of publishing and distribution companies to protect profitability. As has been discussed, it is technically possible to bypass such systems altogether, or construct alternative or parallel systems, or develop multi-stranded versions of the old systems. The particular resolution of this distribution issue has a profound impact on the cultural sector and the sustainability of creative industries. With some justification, it has been said that commercial distribution narrows choices and focuses on the commercial exploitation of products; the old business model forces production in this direction. Perhaps, however, we are at a branching point where a range of distribution systems might be entertained as possibilities, some closer to the old narrow system, and some closer to the "free for all". Without doubt, the challenge for the creative economy will be to actively engage with this debate. Otherwise, the financial power and the pressure of the risk-averse "old model" may create a future for creative production that is as narrow as, or even narrower as compared with what is presently in use.

Critically, the possibilities for greater engagement for the developing world lie in there being a wider range of culture available and for sale. There is a balance, however. If there are no monopoly profits, then the super profits that buoy the creative economy will not exist. Thus, in this period of growing consumption, a step change must be effected to achieve some modest redistribution. Arguably, this change is a complex cocktail of regulation and governance; it will not be achieved by the total clampdown on piracy or via a global cultural commons.

This raises the issue of the governance of transition between the existing models. At present, countries that have poorly developed intellectual property regimes are vulnerable to theft, not simply local theft but international theft and then copyrighting by third parties. This is legal but immoral. One possibility, among the options available, is to incorporate traditional cultural expressions (TCEs) under copyright law, not by statute but through common practice. There have been a number of initiatives established to create digital archives of dance, music, oral narrative, etc. While these may not have the same formal recognition as registering copyright, they are a first protective step that could be done at a low cost. Moreover, such collections would also have intrinsic value to both local and international communities. While free for locals to use, such an archive might charge outsiders for use, providing a form of revenue and legal protection.

[14] UNCTAD (2004). *E-commerce and Development Report 2004.*

Box 7.2 Free and open-source software and the creative economy

The development of the creative economy relies to a certain extent on digital information and communication technologies (ICTs) that have, on their own, been widely recognized as important pillars for economic and social development, most recently within the WSIS process and its outcomes.[1] While access to network infrastructures and hardware technologies is fundamental, it is also insufficient. Access to software and the knowledge needed to understand, adapt and use it is critical if digital technologies are to achieve a positive development effect. Specifically addressing the issue of software helps to refocus policy and development thinking towards the human element. After all, software is the interface between cold digital hardware and the impulses of creative and innovative individuals. The development and production of software itself are a fundamentally creative and conceptual effort of problem-solving and design.

Free and open-source software (FOSS) is software that does everything that other software does. It is used for writing text, email, Internet browsing, spreadsheets, statistics and data management, etc. There are many programmes that can be used in music and audiovisual production. The opposite of FOSS is proprietary software. Proprietary software, through copyright law and end-user licences, forbids users to copy, redistribute or alter the software and permits use only as narrowly specified within its particular licence.

What is FOSS?

FOSS is different from proprietary or closed-source software in three important ways, which are interlinked and interdependent.

1. FOSS has distinct copyright statement and end-user licences. FOSS licences permit users to copy and redistribute the software without restrictions. The most popular licence, the so-called General Public License (GPL), imposes a unique restriction: all copies, regardless of how much the software has been altered, must also use the GPL and thus permit perpetual unrestricted copying.
2. FOSS licences require that authors of a particular software programme make the source code publicly available. The source code is the software written out as ordinary text in a programming language. Access to the source code allows anyone to copy or technically alter the performance and features of a programme. It also allows young computer scientists to learn how a world-class software programme is designed and developed.
3. Finally, FOSS generates important positive economic externalities. It reduces cost redundancies in redeveloping similar software, in particular when this is procured by public bodies or government. It reduces the risk of being locked in by a vendor selling a proprietary software product and seeking monopoly rents. FOSS also reduces the risk of vendor failure, whereby the producer of a proprietary software ceases to do business but does not release into public domain the source code of the software, making it unserviceable in the future and impossible to upgrade and follow advances made in the other computer hardware and software. It reduces market imperfections and promotes greater competition among ICT service companies that can, using FOSS, compete on quality of service and competence since it is not possible to charge rents from copyright monopolies – these simply do not exist for FOSS. Finally, FOSS permits "looking under the hood" and allows better and faster technological capacity development in ICT and computer science.

There is nothing in any FOSS licence that forbids anyone to sell any FOSS programme. However, many companies that market FOSS programmes actually sell only the service component while the licence is free. In general, in the software business, the service component accounts for more than half of the revenues of most software companies anyway. Thus, providing FOSS on a commercial basis does not represent a significant shift in the business model for the ICT industry.

Any software, FOSS or proprietary, can be commercial. Commercial means "available on the market and used in a commercial, for-profit environment". Proprietary software companies will sometimes try to distinguish their software as "commercial" as opposed to "FOSS". This is a marketing strategy meant to convince buyers that there is a "commercial" grade or quality that is lacking in FOSS. Nothing could be further from the truth: the most robust and technically advanced software programmes as used by Yahoo.com, Google.com, NASA, many ministries of defence (including the Pentagon), academic and research institutions (the European Organization for Nuclear Research known as CERN and Massachusetts Institute of Technology), and ICT industry behemoths such as IBM or Sun Microsystems are FOSS.

Importance for developing economies

The advantages for developing economies in developing and using FOSS are big and important.

1. FOSS reduces dependency on expensive and imported proprietary technology and the accompanying ICT consultancy services that are often tied up with various non-disclosure agreements.
2. FOSS, through its open code and public licences, promotes knowledge-sharing, technology transfer and unrestricted cooperation in knowledge and technology development and use.
3. FOSS enables the development of local human capacity and home-grown ICT service industries that can become more than merely fronting businesses selling imported technology.
4. FOSS is economically more efficient because of the positive economic externalities that it generates as described in the previous point.
5. As the main cost involved for using any software is the service component and because FOSS allows local computer experts to learn to work with and service FOSS programmes, FOSS is more affordable than non-pirated – i.e., legal – proprietary software alternatives for the vast majority of developing economies.

6. FOSS is fully intellectual property-regime compliant: it needs and uses copyright to maintain and promote its openness. While its spirit is anti-restrictive, it does not confront current intellectual property from a formal, technical or legal perspective. Countries, institutions, businesses and individuals that switch from using pirated software to FOSS work to fulfil their obligations as designated by WIPO and WTO/TRIPS conventions and agreements
7. FOSS promotes good governance: It means that public data will be kept in public data-formats and managed by software the source code of which can be inspected and verified by independent bodies. This is immensely important in applications such as taxation, voting or military and defence use.
8. FOSS promotes the use of open standards and this improves interoperability among different software programmes, thereby reducing the costs when these need to be made to work together – such as merging databases or establishing common project or financial management systems.
9. FOSS allows easy localization. Any FOSS programme can be translated and altered to suit the linguistic, cultural, commercial and regulatory needs and requirements of any location, all without having to seek permission from the original authors or exchanging terms and conditions while using (expensive) legal intermediaries and consultants.
10. Many experts feel that FOSS is more secure, more reliable and more stable than proprietary software. While the debate is inconclusive, what is sure is that FOSS problems can be fixed locally by local experts.

The international community should promote the idea that government policy bodies need to be aware of FOSS and include it in their ICT and e-strategy programmes, in e-governance activities and in procurement policies. More importantly, it should promote the notion that when Governments choose a particular technology, the decision to select FOSS or a proprietary (or mixed) solution is an important policy issue and not a purely technical, practical or cost consideration.

Because FOSS generates important and positive economic externalities, software choice – and technology choice in general – should not be relegated to oversimplifications and assessments along the lines of "what works" (even though FOSS actually works better most of the time) or how costs compare from an accounting perspective. Accounting "analyses", often referred to as "total cost of ownership" or TCO calculations, are notorious for ignoring local economic conditions as well as positive externalities, such as the development of local human capital through FOSS use. Therefore, while the decision to use FOSS initially is often understood to be a technology-awareness issue, it finally becomes an important policy issue.

FOSS and LDCs

While ethical principles, skills development, compliance with international copyright conventions and national law, public-data governance and better security are often cited as key reasons for adopting a positive policy stance towards FOSS use, for LDCs, cost issues can be a primary concern. While in developed market economies proprietary licence fees may constitute as little as 5 to 10 per cent of total costs of running a computer resource – with administration, maintenance, integration and support, and hardware representing the rest – in low-income economies, licences may represent the bulk of total costs. This is owing to the fact that aside from hardware and licences, all other costs are essential, non-tradable, labour-intensive services and these demand correspondingly low wages in LDCs. While hardware costs are manageable to some extent through bulk purchasing from original equipment manufacturers, using thin-client technologies[2] or recycling outdated hardware from developed market economies, FOSS offers an opportunity to avoid paying licence fees altogether.

[1] See: http://www.itu.int/wsis/index.html .
[2] A thin client is a minimal, stripped-down computer and software combination that depends primarily on a powerful central server for data processing and memory and therefore serves mainly as an input-and-output device between the user and the central server.

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7.8 Looking into the future

The emergent theme of this chapter is that the effects of the adoption and use of the ICTs are likely to be amplified in their impact on the creative economy. The precise impact is complex, varying by industry and by the organization and means of incorporating and using ICTs in creative production. Critically, this change opens up a window of opportunity to develop new production and distribution systems that might promote a real expansion of democracy and diversity in cultural productions, and to create new and interesting business models and opportunities. In contrast to this is the historical and vested interest of the media industries dominated by powerful players. It is clear that a

business-as-usual agenda may deliver pronounced increases in inequality, access and range of cultural offerings. The real challenge will be to develop new forms of governance in the creative economy that will support and encourage the positive and minimize the negative effects.

The creative industries are clearly well placed to benefit enormously from the development of ICTs. However, there are a number of challenges that will need to be carefully managed. First, the creative economy often lacks professionals in financing and accounting that would enable it to secure funding from financial institutions. Second, SMEs normally face legal uncertainties relating to cross-boarder e-commerce and the need to keep up to date on the dynamics of e-commerce legislation.[15] Third, investment and commercial banks are not always prepared to value intangible assets. This is a veritable lose-lose situation as companies find it hard to prove the financial potential of their creative products and services and investment and financial institutions do not increase their portfolio of clients. Smaller creative companies must then refer to a mix of internal and external financing sources. A recent Canadian study revealed that approximately 57 per cent of cultural SMEs have sought debt financing during the last two years, 80 per cent of which were successful in obtaining debt capital from financial institutions. However, the research data do not explain whether cultural SMEs succeeded in obtaining the entire amount of capital that they had requested or whether the capital was obtained at favourable rates. A clue that such was not the case, however, is provided by the fact many cultural SMEs (and 42 per cent of those receiving debt funding) use personal savings to operate their businesses.[16]

As pointed out earlier, the digital divide is narrowing but still exists; the development of inexpensive computing services and of open-source software is very important as a stepping stone in closing the gap. However, another digital divide is opening up, one that may have even greater consequences than the first. It is the investment-intensive universal broadband. The example of countries such as the Republic of Korea is notable in that such investment has driven and expanded the market as well as the innovative use of ICTs. This is one of the main advantages in ICT applications and a way to engage the public. Given the increasing importance of a closer interaction between producers and consumers as well as the growing interactive and educational learning

Box 7.3 Eurovision

Geneva-based Eurovision is not only the home of the world's most popular musical talent show, the Eurovision Song Contest; for almost 50 years, it has also offered a distribution platform to Europe's public broadcasters for an exchange of news items. Since October 1958, Europe's public broadcasters have provided one another with coverage of news events in their countries on a reciprocal basis. The added value of the Eurovision News Exchanges was already clear during the first experimental news exchange, when Pope Pius XII fell ill. When he passed away two days later, the editor of the Dutch television news bulletin made history by asking for "the dead Pope live", and Eurovision arranged for a live broadcast from the Vatican.

Today, the Eurovision News Exchanges handle over 42,000 news items per year, using two satellite channels for both news reports and extensive live coverage of events. Eurovision News Exchange items cover wide-ranging topics from the worlds of politics, culture, science, business, religion and sports. United Nations agencies began offering items to the Eurovision News Exchanges in the mid-1970s. Today, content provided by FAO in Rome, ILO, IOM, UNCTAD, UNHCR, UNICEF, UNTV, WFP, WHO, WIPO and WMO as well as the International Atomic Energy Agency in Vienna, the International Criminal Tribunal for the Former Yugoslavia in the Hague, and others adds additional breadth to the Eurovision News Exchanges and helps more than 100 national and international broadcasters fill their daily news bulletins. United Nations videos, particularly concerning unfolding humanitarian crises, provide broadcasters with essential material from regions of the world where press access may be limited and about conflicts in their earliest stages.

Video material from the United Nations is also distributed outside of the News Exchanges via Eurovision's World Feed Service, which began in 2005. Live coverage of the 62nd General Assembly in September 2007 was distributed to more than 300 broadcasters worldwide. This cooperation between Eurovision and the United Nations is only the most recent in a fruitful partnership that dates back more than 30 years and puts United Nations material in front of editors in major TV newsrooms around the world. Additional information about Eurovision is available online at: www.eurovision.net.

By Laura Downhower, Eurovision.

[15] *Ibid.*
[16] Nordicity Group Ltd (2004).

patterns developed by ICTs, rich societies are becoming more closely bound together in a virtuous interaction both online and off. This will be one of the major challenges to the democratization of cultural development in the coming years.

There are also a number of pressing challenges with respect to intellectual property. The development of archives is essential for building reflective and critical knowledge of art and cultural forms, and to develop adequate education systems. For a variety of reasons, one of the institutional weaknesses of many developing economies concerns cultural communication and critique. The use of ICTs to develop a wider public discourse on art and culture could be a marvellous dividend for the digital age.

PART 5

Promoting the Creative Economy for Development

CHAPTER 8

Policy strategies for the creative industries

8.1 Introduction

Knowledge and creativity are becoming powerful drivers of economic growth in the contemporary globalizing world. They have profound implications for trade and development. Together with technology, they open up a huge potential for developing countries to develop new areas of wealth and employment creation consistent with new trends in the global economy. For such countries to realize this potential, it is necessary to carefully formulate specific policies for enhancing creative capacities through strategic actions to be taken by governments at local, national and regional levels, while exploring possibilities for international cooperation and strategic alliances.

A wide range of measures is available to governments at all levels to stimulate the creative economy; to reinforce the connections between social, cultural and environmental aspects of its functioning; and to promote the achievement of sustainability through linking economic and cultural development. The policy arena within which government action dealing with the creative economy falls is the broad area of creative-industries policy. Traditionally in many countries, this area of policy concern has been known as "cultural policy". Yet the scope and coverage of the term "cultural policy" differ from country to country. For some countries, especially in the industrialized world, cultural policy simply comprises policy towards the creative arts. Such countries support the arts through measures such as subsidies to artists and performing companies; tax concessions for donations to the arts; assistance to education and training in music, drama, the visual arts and so on; and the operation of public cultural institutions such as museums and galleries. For other countries, particularly in the developing world, cultural policy has tended to connote principally policy towards cultural heritage. In these cases, the policy task is seen as one of preserving or protecting both tangible and intangible cultural heritage, where the sites, artefacts and traditions involved are vulnerable to exploitation and possible loss through deterioration or disappearance.

Lately the notion of "cultural policy" has broadened to has broadened to emcompass creativity and the creative industries. This expansion parallels the widening of the scope of the creative economy from the traditional cultural industries, as discussed earlier in this report. In Europe, for example, policy interventions in support of the cultural industries began in the 1920s and were reaffirmed in the Treaty of Rome (1957) and the Maastricht Treaty (1992), which progressively defined the support for culture in the countries of the European Union. Originally such support was directed towards traditional art forms, but as the market economy has grown and diversified, the scope has widened continually to embrace the audiovisual industries, publishing, the media and so on. The Europeans have stressed the importance of the cultural content of the output of these industries. Public expenditure on culture in the European Union has continued to expand, with countries such as France and Germany committing more than €8 billion to culture in the early years of the twenty-first century, with total public expenditure on culture across the enlarged European Union now totalling approximately €50 billion (KEA 2006:125).

In line with the cross-cutting and multidimensional nature of the creative economy, creative-industry policy in its broader interpretation embraces aspects of a number of other areas of economic and social policy. Perhaps most importantly, consideration of the creative economy becomes a key element of industrial policy, whereby industrial development strategies can exploit the potential dynamism of the creative industries in generating growth in output, exports and employment. A positive outlook for

industrial policy in which creativity and innovation are important drivers of growth is well suited to the conditions of globalization and structural change. For developing countries in particular, a refocusing of industry policy along these lines can begin to open up many of the exciting possibilities for growing the creative economy that have been outlined in this report.

Another major area of economic policy for which the creative economy has significant implications is, of course, trade policy. Trade in products such as audiovisual services has had significant impact on the cultural sectors of countries in the developed and developing worlds alike, and hence on the formation of cultural policy. For many countries, the traditional concepts of cultural policy have expanded to incorporate the promotion of cultural exports and the protection of vulnerable domestic creative industries.

Other areas of economic and social policy with linkages to the creative economy include: tourism; urban and regional development (especially the "creative city" area); cultural rights and cultural diversity; education and training; and copyright and intellectual property. If the widened scope for policy towards the creative economy is to be entertained, it will require significant collaboration between the various ministries and bureaucratic departments. Only by such cooperation will the full development potential of the creative economy be realized.

It is important to bear in mind the international context within which policymaking takes place. Multilateral processes are the essence of international policies and the driving force to move forward the international economic and development agenda. These processes will be discussed in the next chapter.

8.2 The role of public policies

The economic role of government is conventionally taken to comprise public interventions to promote:

- efficient resource allocation in the economy;
- full employment, price stability and external balance; and
- equitable distribution of income and wealth.

With regard to domestic policy towards the creative economy, the rationale for involvement of the public sector can be described under several areas of intervention, as follows:

- *Market failure (public goods).* The cultural sector in general and the creative arts in particular are normally regarded as a source of diffused community benefits that have the characteristics of non-rival and non-excludable public goods. A particular public benefit of relevance here is the social cohesion that can be expected to flow from cultural activities and creative production within communities.
- *Market failure (imperfect competition).* If industries become concentrated to such an extent that competition breaks down, government intervention may be warranted to restore competitive conditions. A specific case of this in the creative economies of developing countries may arise if global corporations producing cultural products are in a position to monopolize local markets to the exclusion of locally produced cultural expressions.
- *Market failure (research and development).* The involvement of government in promoting R&D is justified on the grounds that beneficial externalities might be produced and/or that the public sector may be in a better position than private companies to assume the sorts of risk involved, with the prospect of sharing in the payoff from successful discoveries. In the case of the creative economy, governments can and do facilitate R&D investments in creative product development for either or both of these reasons and may undertake strategic investments in the creative sector with the hope of "picking winners".
- *Education and training.* Governments have particular responsibilities in the areas of education, training, certification and licensing. Significant strides have been made in the developing world towards achieving universal literacy and ensuring access to education opportunities that are both relevant and of high quality. The resources available for specific training programmes are, however, often very limited. For the time being, training and education opportunities relating to the creative industries are almost

entirely limited to the major urban centres. The successful promotion of creative industries requires that they be reflected in the national education system, which would offer targeted training opportunities at different levels (formal, non-formal, informal) in skills and knowledge that are relevant to professional participation in the creative-industries sector. Such training also needs to serve as a repository of knowledge relating to the rich cultural traditions that underpin these professions. It is also necessary to confer the status and importance that are due these specializations through a programme of certification and licensing designed specifically for the creative-industries sector.

- *Cultural identity/cultural diversity*. An area that has traditionally formed part of cultural policy in the broadest sense has been government responsibilities for the cultural life of the people as reflected in the traditional knowledge and the intangible cultural capital of the community. Although there are demonstrable economic ramifications arising from areas such as the expression of cultural identity or the protection and celebration of cultural diversity, this is an area of policy that is generally regarded as intrinsically important in its own right. For our purposes, it is clear that policy in these areas should undoubtedly be regarded as part of an overall domestic policy strategy that encourages and supports the creative economy.

Box 8.1 Shanghai creative industries: The Chinese way

The concepts of "creative economy" and "creative industry" have had great impact on China's social and economic development, the most important being the discovery of the economic value of culture. The academic and public sectors in China have focused on the value of the creative economy as "a kind of newly emerging culture perspective and economic practice that stresses the support and promotion to the economy of art and culture". Therefore, in many cities of China, instead of "creative industry", the "cultural creative industry" is a more commonly used term.

As a country with a long history and rich cultural heritage, China has always experienced a strong demand for cultural products. The industries are manufacturing products for international brands, making China one of the biggest exporting countries in the world, but these products are "made in China", not "created in China". As a result, China's new generation is playing Korean games and watching Japanese cartoons and Hollywood movies. Chinese people are increasingly surrounded by products originating in the creativity and culture of other countries. A 2006 survey on the consumption of creative products in Shanghai showed that the group between 20 and 35 years of age prefers international brands much more than local brands, and this tendency is even stronger in younger groups. This tendency is caused by the dominant idea that culture and economy are separate entities; however, the creative industries may help to reverse this trend. Creative industries focus on culture and creativity and then extend to other related industries in the form of a value chain, providing broader ways of generating value-added products and services.

In China, Shanghai was a pioneer city in the promotion of the creative industries, with the Municipal Government playing a key role. In the 11th Five-Year Plan of the Shanghai government, promoting creative industries has been listed as a key issue in developing modern service industries. In the past, Shanghai was very strong in manufacturing, but now it is shifting towards the service and finance industries. Hence, in 2007, it was a government priority to accelerate the development of creative industries so as to promote the structural reform of industries with a view to building a new framework focused on the service economy. In the "Key Guide for the Development of Creative Industries in Shanghai", the five main areas of creative-industry development are:

- *R&D*, including advertising, animation, software and industrial design;
- *architectural design*, including engineering and interior design;
- *culture and media*, including art, books, newspaper publishing, radio, television, film, music and performing arts;
- *business services*, including education, training and consulting services; and
- *lifestyle*, including fashion, leisure, tourism and sports.

Creative industries already account for about 7 per cent of Shanghai GDP. Seeking to turn Shanghai into a creative city, the government has set a target of 10 per cent for the contribution of creative industries to total Shanghai GDP in 2010.

Stages of development of Shanghai creative industries

Shanghai has divided its development of creative industries into three stages: creative-industry parks, creative-industry clusters and creative-industry projects.

- *Stage 1: Creative-industry parks* – the model of old factory warehouses plus artists. In the first stage, many old warehouses in the downtown area were renovated and furnished to become modern office buildings while retaining some of their original equipment and appearance. These buildings are usually spacious with high ceilings, making an ideal environment for the start-up of creative businesses by artists and entrepreneurs. Since these buildings were almost useless in the past, the rents were comparatively low and thus good for creative companies and individual artists. This model has proved to be quite successful: by the end of March 2007, 75 creative-industry parks had already been built in Shanghai.

Box 8.1 continued **Shanghai creative industries: The Chinese way**

Since most creative businesses start small and are modestly capitalized, these creative-industry parks play an important role at bringing such businesses together and providing an enabling environment. In addition, they may facilitate marketing such companies since the clients may approach creative-industry parks when searching for suppliers. M50, an old warehouse converted into painting and sculpture galleries and studios, is a very good example of these creative-industry parks. Numerous very creative artists are now concentrated in M50 and receive many visitors and clients. Some of the artists at M50 became very successful and now have their artwork listed in Sotheby auctions.

With the support of the government, owners of culture-industry parks are able to convert unprofitable warehouses into prosperous office buildings. In turn, the surrounding environment also improves. This model has proved to be very successful from a business perspective. However, it has some shortcomings. Creative-industry parks remain owners, while creative businesses are renters. As real estate values increase and rents rise, some companies and artists are forced to relocate, consequently hindering the industries' development.

- *Stage 2: Creative-industry clusters* – clusters formed according to the local art and cultural resources. Eventually, creative-industry parks were found to be insufficient to fully support the development of the creative industries. The Shanghai Municipal Government has stopped building new creative-industry parks but continues to maintain and develop the existing 75 parks. Based on the latter, the government starts to explore the development of creative-industry clusters, which take into consideration the characteristics of the local art and culture and intentionally focus on certain industries. As a result, a full range of companies and businesses in the value chain are concentrated in these clusters so as to foster the development of that particular industry. The main industries include: the theatre and performance-art cluster, the film and television cluster, the comic cartoon and game cluster, the gallery cluster and the intellectual-property cluster. For example, the Zhangjiang Culture and Technology Creative Cluster has attracted enterprises relating to comics and cartoons, games, television and movies, and post-production services. At present, this cluster concentrates 70 per cent of the total production value of game software in China, including some of the top game businesses.
- *Stage 3: Creative-industry projects* – big and important events and projects based on the value chain. Shanghai is also trying to promote such projects in the creative industries. For the 2010 World Expo, a creative project is being carried out that will place in one service system all the elements attractive to a participant in the World Expo, including clothing, food, accommodation, travel and entertainment. This kind of big project has great potential to promote the creative enterprises in Shanghai.

All these quick developments require strong support from the government. A long-term policy and related strategies are necessary for the stable promotion of the creative industries. Moreover, five-year plans are an effective way of informing people of the direction of development. Government initiatives take the leading role and must continue to be the main impetus, particularly when facing competition from more developed creative industries in other countries. For China, the development of creative industries involves almost all industries, and people are increasingly aware of this trend. Our target, however, extends beyond GDP increases and includes the exploration of the potential of deeply-rooted Chinese culture for making creative products rich in Chinese culture and heritage. The cultural value of the creative industries lies not solely in its products but also in the emergence of culture as a core element of industrial and economic activities. Much progress remains to be made, though, as Chinese industries have been mainly manufacturers. However, as exemplified by the experiences of other countries, creativity will become a driving force in the whole economy.

China is facing the twofold task of promoting new industries and improving traditional industries. Fostering cultural development is also paramount. The creative industries provide us with a new perspective on our current gap vis-à-vis developed countries and a new way to explore the potential of development as a big country rich in cultural resources.

Awareness of the value of creativity is just beginning in China. In the last two to three years, many cities have begun to explore the creative industries. In the 16 cities that belong to the Yangtze delta, 14 are boosting creative industries. Moreover, Beijing has taken powerful measures to support its creative industries. The value of creative talents is also increasingly recognized in society, with schools encouraging greater creativity among their students, a change that may influence China's entire education system. To properly understand and take advantage of this trend, the Ministry of Education has started a three-year research project on China's strategy for the creative industries. This exemplifies China's commitment and vision for development. Though its experience may not be easily replicated, it could be an interesting reference for other countries, especially developing ones.

By Prof. He Shou Chang, Executive Vice Chairman, Shanghai Creative Industry Association.

8.3 The policy process

The process of formulating and implementing public policies often entails the following sequence:

- *Specification of objectives.* This first step is critical in specifying clearly which outcomes policy is designed to achieve. Generally, multiple objectives are involved, and the necessity of some trade-off between them might be anticipated. For example, the standard goals of macroeconomic policy may require that some balance be sought between levels of growth, inflation, unemployment, external balance, etc. In some cases, however, synergy between objectives may be possible. With regard to the creative economy, for instance, a linking of the goals of economic and cultural development can readily be imagined whereby growth in cultural production can yield both economic and cultural benefits.
- *Choice of instruments.* The guiding principle in the allocation of policy instruments to tasks is the so-called assignment problem, whereby the most effective and efficient policy measure or package of measures is aligned with the objective or objectives that they are expected to achieve. The standard array of policy instruments available for use in supporting the creative economy includes: fiscal measures (subsidies, tax concessions, investment allowances, business start-ups); regulation (copyright, local content quotas, planning laws, regulations on foreign direct investments); trade-related measures (import quotas, etc.); education and training (direct or subsidized provisions of services); provision of information and market development services; international cooperation (cultural exchange, cultural diplomacy); and social security and welfare policy (including measures to protect cultural diversity). The usefulness of particular instruments is discussed in more detail later in this chapter.
- *Implementation, monitoring and evaluation.* The implementation of cultural policy requires appropriate measures to gather the data necessary for monitoring whether or not the required objectives are being achieved, what the benefits and costs of intervention have been, and whether there have been any untoward or unexpected side-effects, either positive or negative. The process of monitoring and evaluation is normally seen as part of a feedback loop whereby the assessment of the effectiveness of policy measures can be used to inform the further development and refinement of policy formulation and implementation.

The above sequence of the policy process is relevant generally to the dynamics of government action in regard to the creative economies of developed and developing countries alike. Some further considerations to be borne in mind, particularly in the developing-country context, are the following:

- There is a need in the developing world to create a framework of objectives, shared values and measurable outcomes; define the roles and responsibilities of all role players; and consolidate the role of government as a facilitator and coordinator of the creative sector and its development.
- Much of the policy implemented in the developing world has used models from developed countries in its design. The current challenge is to ensure that policy embraces values relevant to the developing countries themselves, incorporating indigenous knowledge systems and local experiences into the policy, institutional and programming environment.
- A critical challenge for policy in the arts, culture and heritage sectors of developing countries is the lack of articulation between cultural policy and other priorities, and the degree to which a concern for culture and cultural diversity is embedded in development agendas.
- One of the most significant challenges to the creative sector in developing countries is the implementation of good governance principles across the sector as well as the improvement of the relationships between producers, distributors, creative workers, employers and retailers.

8.4 Policy directions

Critical areas where developing countries need new policy initiatives in order to boost their creative economies include the provision of infrastructure, the provision of finance and investment, the creation of institutional mechanisms, an appropriate regulatory framework, the development of export markets, the establishment of creative clusters and a mechanism for effective data-collection measures and analysis.

8.4.1 | Provision of infrastructure

It is a fundamental function of government to create and maintain the conditions under which the economic, social and cultural life of the citizens can prosper. This responsibility takes shape through the ways in which the public sector provides both tangible and intangible infrastructure. Given the predominance of the market economy as the basic form of economic organization in the world today, the types of infrastructure required are those institutions that enable markets to function effectively but at the same time to protect and promote the public interest. As UNCTAD puts it in *The Least Developed Countries Report 2004*:

> In implementing post-liberal development strategies, public policies in LDCs should use market-supporting mechanisms aimed at market creation, market development and market acceleration. These policies must not simply provide the right price incentives, but also create the right institutions and the infrastructure necessary for a modern market economy to function properly (*UNCTAD, 2004:xi-xii*).

The infrastructure needs of the emerging creative economies of developing countries arise at all points in the value chain from initial creative production (which may be undertaken on a small scale at the local level or on a larger scale in towns and cities) right through to marketing and retailing. As with any other industry, the creative industries need affordable access to appropriate space in which to work and to live, transportation, and distribution facilities. The dispersed but interdependent nature of creativity in the creative-industry sector may make the provision of these basic infrastructure needs more costly and complicated than for the development of more traditional heavy and light industry. The overlap with the private infrastructure needs of the employees and the small scale of the needs for the individual industry may, on the other hand, balance this cost. The promotion of creative clusters is one way to overcome this cost but it may not carry the social and cultural advantages of lodging creative industries within existing communities. Moreover, the problem of lack of infrastructure relates particularly to gaps in the supply chain for inputs into creative processes, inadequacy of distribution networks for effective marketing of products, and lack of institutional support mechanisms.

One infrastructure requirement particular to the creative industries is the need for access to information and communication technology (ICT). Access to information needed to boost business development is in many regions of the world still far from universal and will never be so without conscious public sector efforts to expand access. There is no doubt, however, that access to ICT, in terms of identification of market opportunities, training, innovations, networking and sales, is a significant factor in the development of the viability of small business units. Access to ICT provides a link between education and commerce and assists in turning knowledge into marketable products. Facilitating the movement of workers is another key issue for the development of creative industries, especially in those industries that entail a collective creative process (see chapter 7).

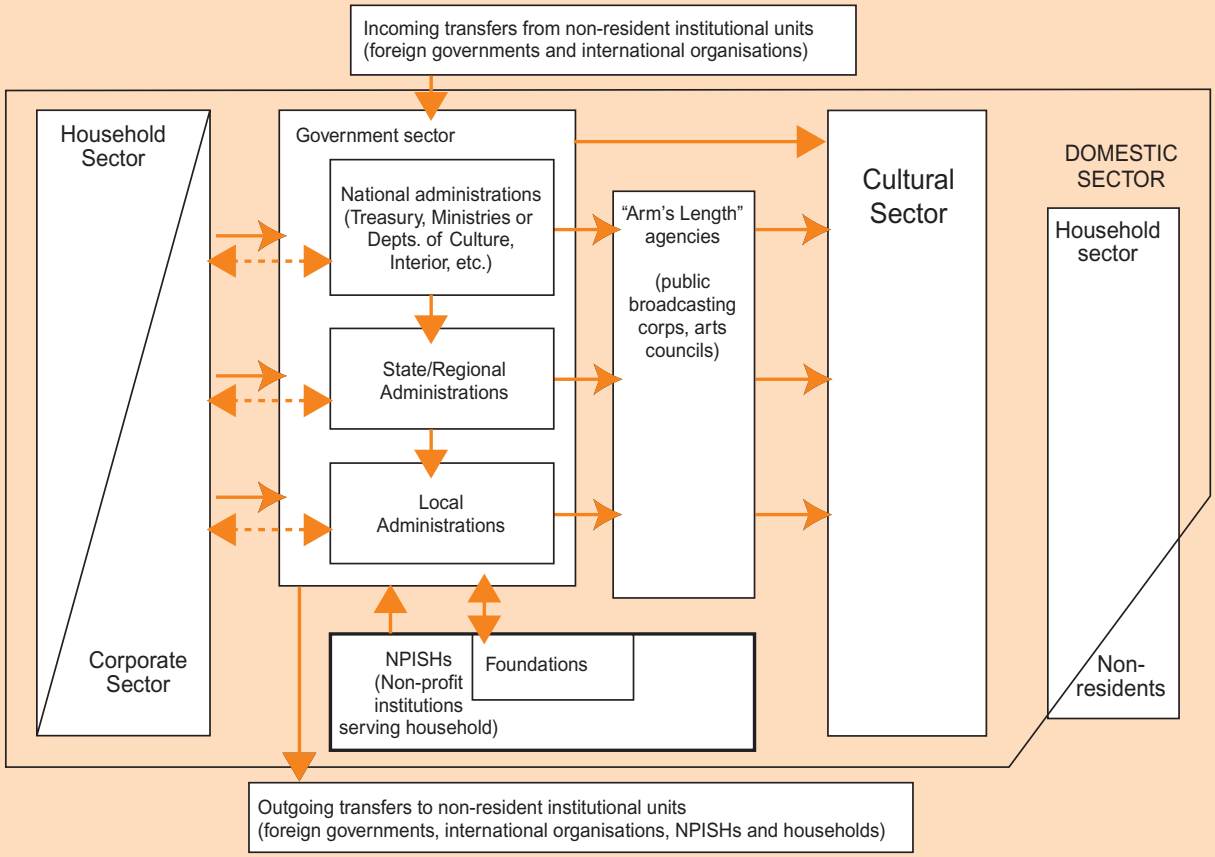
Like any other industry, creative industries are only truly sustainable if they contribute to building the asset resource base. This they can do only through the integrity and authenticity of their products. In the longer run, the creative industries depend on the vitality and strength of the cultural sector and the investments in cultural capital (knowledge and heritage). The sustainability of the creative industries therefore depends on the safeguarding of cultural capital and the development of the cultural asset resource base. Hence, comprehensive cultural asset management is a prerequisite for sustained growth in the creative-industries sector and, in a wider perspective, for sustainable economic development and vibrant community life. It is therefore necessary to maintain the principle that cultural assets are intergenerational capital and that their viability may legitimately be sustained by public investment.

8.4.2 | Provision of finance and investment

The actual role played by government in dispensing funds for the cultural sector and the creative economy may involve direct cultural provision via the state apparatus or via an enabling role administered through a ministry of culture or the equivalent. The expansion of cultural policy beyond the concerns simply of core artistic and cultural activities, as discussed earlier, entails a similar expansion of the ways in which cultural funding is provided. In particular, public finance and investment in the creative economy are expected to extend beyond cultural ministries and to involve, in particular, ministries responsible for industrial development, technology and finance. Traditionally, investment in the cultural sector has directed investment and programming towards projects, institutions and large enterprises that are all heavily dependent on public incentives and financing.

The creative sector face capital rationing at all stages. Start-up financing is often difficult to access because of the uncertain prospects in markets for creative products; forecasting demand for creative goods such as films is generally more difficult than for more standardized products so public and private investors often look upon projects in these areas as too high-risk. Occasionally, firms have access to public investment assistance programmes, business incubators or private venture-capital sources. Nevertheless, difficulties in obtaining finance continue into the operational stages of creative businesses, when working capital is needed and funds for business expansion are also typically in short supply. Contrary to the cultural sector, which relies mostly on public funds, the creative industries are more market-driven. Therefore, creative entrepreneurs have to be more pro-active in dealing with commercial banks and private investors, instead of relying too much on government subsidies. A conventional model of public funding for the cultural sector is illustrated in figure 8.1.

Figure 8.1 Funding flows to the cultural sector



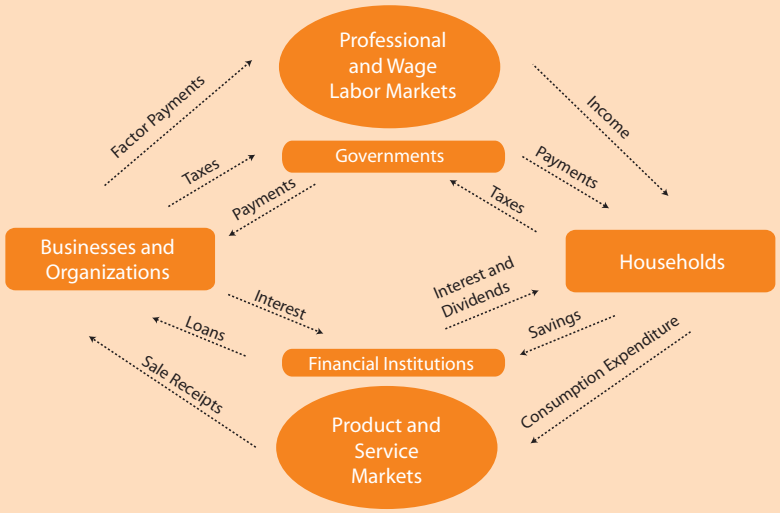
Source: Gordon and Beilby-Orrin (2007:30).

The sustainability of the creative industries depends on a different and more comprehensive model of investment. While parts of the creative economy have been very successful in identifying funding and have become very profitable, many activities may appear to have only a limited commercial potential. These activities may not have been able to realize their potential because they have lacked the capital and investment needed to scale up their activities and operate as demand-driven, sustainable businesses. A major problem in this respect is that entrepreneurs in the creative industries often find it difficult to present a convincing business model and many of the professional skills involved — e.g., choreography, dancing, drawing, editing, weaving, doll-making — simply are not perceived as leading to profitable businesses. While this may be changing in some places under the influence of success stories of one kind or another, many skills and professions related to the creative economy are not recognized as business categories in legal terms. Because of this, many small creative industries do not have access to credit facilities or to the loans and investments that would make their businesses more viable.

The credit-crunch which followed the financial crisis of 2008-2010 continues to affect a large number of creative businesses, thus calling for new approaches for funding. Financing and credits for businesses in the creative economy may arise from different sources requiring distinct kinds and degrees of collaterals, obligations and responsibilities. In general, it comes from public-sector funding programmes of various sorts; private-sector investment; venture capital; public-private partnerships; grants from foundations; company's cultural-social responsibility tax exemption schemes etc., but other non-conventional alternatives could also be explored. Microcredit schemes are a viable option which should be made more easily available by public and private credit institutions to finance small creative enterprises and independent artists in developing countries, particularly for start-ups.

Nowadays, there is a range of non-traditional funding options to stimulate creative business that can be regarded as tools to promote local development. Indeed, the lack of confidence in financial markets which resulted from the 2008 financial crisis became influential to attract greater public interest for alternative schemes for funding and commercial transactions. Among the new financing instruments most used by creative economy circles are: (i) collaborative co-financing via networks, and (ii) alternative currencies via the solidarity-based economy. Both are cases of new business models functioning through networks, used particularly by the new generation of creative entrepreneurs in different parts of the world. Certainly more evidence and research analysis is needed not only to better understand the functioning and operational efficiency of such alternative models, but also to examine the regulatory framework in which

Figure 8.2 Model of monetary circuit applicable to the creative industries



Source: Bernard Lietaer and Gwendolyn Hallsmith, Global Community Initiatives, 2006

they operate and to evaluate the short and long-term monetary implications of these alternative models, in particular their interactions with the conventional banking system and the overall economy. Nevertheless, it is important to be aware of their existence and why and how they are fast proliferating. The scheme presented in figure 8.2 is an indication of a monetary circuit more oriented towards the needs of creative business in local communities, involving key stakeholders: wage-earning workers, self-employed workers and liberal professionals; families; companies; governments, financial institutions, organizations of the civil society; and markets of products and e-services.

Solidarity-based economy

What became known as the solidarity-based economy is a non-conventional model to deal with economic activities on the basis of alternative currencies. To a certain extent these social-related business models go in line with the need to rethink the functioning of the world economy in an innovative and creative manner. The use of social currencies is receiving more attention in a number of countries not only from the developing world; indeed alternative currencies are legally in circulation in more than 35 countries (see table 8.1). In practice, they are systems created and administered by social groups to execute payments, exchanges or transmission of obligations among the members of a community, with the aim to make local economies self-sustaining. This model is being applied in the context of the creative economy particularly by the young generation and in poor communities. It is neither public nor private, but a kind of a hybrid human-centred scheme applied for certain economic activities inside a pre-determined geographic area. The main principles driving the solidarity-based economy are: social justice, solidarity, cooperation, self management, concern for the environment and responsibility for the next generations. The solidarity-based economy functions within networks using a range of alternative currencies for trade and commercial exchanges.

Social or alternative currency refers to any currency used as a complement to the dominant national currency systems, responding to both commercial and social objectives. They can be created by an individual, corporation or organization, and even by national, state or local governments; in most cases they arise naturally as people begin to use a certain commodity or a creative product or service as a currency. Mutual credit is a form of alternative currency, and thus any form of lending that does not go through the banking system can be considered a form of alternative currency. When used in combination with or when designed to work in combination with national currencies they can be referred to as a complementary currency, but can only be used within a closed circuit, therefore limited to a certain community or region. Barters comprise another type of commercial transaction, an exchange system which trades items without the use of any currency.

Another alternative scheme gaining traction in recent years is the Local Exchange Trading Systems (LETS), a special form of barter which trades points for items. One point stands for one hour of work. Often there are issues related to paying tax. Some alternative currencies are considered tax-exempt, but most of them are fully taxed as if they were national currency, with the caveat that the tax must be paid in the national currency. The legality and tax-status of alternative currencies varies widely from country to country; some systems in use in some countries would be illegal in others. Various approaches are being proposed to link Local Exchange Trading Systems in communities around the world. The Ripple monetary system has been proposed as a virtual system to connect the diverse LETS systems. LETS are characterized by a level of innovation, and many new networks choose to experiment with the system's mechanics. Local exchange trading systems now exist in many countries and are used in the creative economy. Table 8.1 provides background information of its worldwide application, and Box 8.1 provides an interesting example of how alternative currencies are being used in a developing country.

Table 8.1 Illustration of Local Exchange Trading Systems (LETS)

Africa	In 2003 the Community Exchange System (CES) started operating an Internet-based LETS in Cape Town, South Africa. This has grown into a global network of over 180 local exchange systems in more than 20 countries (early 2010), among them New Zealand, Australia, Spain, the United States, the United Kingdom and Vanuatu. Many of these are former LETS groups but others are time banks and hybrids.
Asia	In the Peanuts system in Chiba, near Tokyo, Japan, approximately 10 per cent of all payments made at local stores are in the community currency (2002). The LETS movement saw its peak around 2002-2003. South Korea has some active LETS too, such as Hanbat LETS in Daejeon and Gwacheon Pumasi in Gwacheon. The Fureai kippu system is widespread in Japan.
Europe	In the United Kingdom, an estimated 40,000 people are now trading in around 450 LETS networks in cities, towns and rural communities. LETS currencies have their own local names, for example: Locks in Camden Town, London - Camden LETS Readies in Reading, Berkshire - Reading LETS Scotia in Scotland - LETSlink Scotland Rheidol in Aberystwyth, Wales - CyFLe Aberystwyth LETS (group closed down in Aug 2009). In France, a consortium of social economy financial institutions including Crédit Coopératif and the Mutual MACIF and MAI have joined with the Chèque Déjeuner cooperative to launch an alternative currency called the Sol, which will be held on a smart card. The Sol will be piloted in the Ile de France, Brittany and Nord-Pas de Calais regions as part of an EQUAL development partnership in 2005-2006. (More information is available from www.selidaire.org.) Germany established a number of local currency systems with different names such as "Talents" or "Batzen" using LETS principles. Germany hosted an International Conference in Monetary Regionalisation in October 2006 to debate those issues. In Hungary the term used is "Community Service System" (KÖR). One group from the capital city is Talentum Kör (Gold Talent Group), a British Council-supported project. The Netherlands has spawned a number of innovative concepts based on the LETS formula, some of which try to lower participation barriers by completely moving their exchange platforms online, like NOPPES. In Switzerland, the WIR Bank operates a system close to a LETS.
North America	The original LETS, the Comox Valley LETSystem developed by Michael Linton in 1982, is now dormant, however; there are plans to revive it. The second LETSystem in Canada was the Victoria LETS, established in 1983. LETS have been established in several Canadian cities, including Kitchener-Waterloo, Niagara, and Peterborough in Ontario, Halifax, Nova Scotia, and St. John's Newfoundland. Although less common than local paper currencies, several LETS have taken root in the United States. These systems include Asheville LETS in western North Carolina, the St. Louis Community Exchange in the Midwest and Fourth Corner Exchange in the Pacific Northwest.
Oceania	The Psychologist Jill Jordan started the first Australian LETSystem in the town of Maleny, Queensland in 1987, after visiting Michael Linton in Canada to observe the LETSystem functioning in Courtenay, British Columbia. He also pioneered the idea of naming local currencies after icons of local importance: in Maleny their currency is the bunya, named after the local nut of the bunya pine. In 1989 the Western Australian government had given $50,000 for the development of LETSystems, including the running of state conferences, the production of software, a LETSystems Training Pack, and assistance to Michael Linton to visit Western Australia. By 1995 there were 250 LETSystems in Australia, with Western Australia having 43 separate systems serving a population of 2.3 million (although actual participation is by only a tiny fraction of that population) making it then the region with the highest LETS coverage in the world. South Australia also pioneered an "InterLETS" allowing members of one system to trade with members of other systems. Data on more Australian sites can be found at www.lets.org.au. As of the mid 1990s there were approximately 70 "Green Dollar Systems" in New Zealand. A National Conference of Systems was a means of supporting new groups through the various developmental stages.
South America	Since 2000, there are now 140 Ecosimia-Groups in Ecuador.

Source: UNCTAD adaptation based on wikepedia information about LETS systems in operation in various countries

Box 8.2 Alternative Currencies in Brazil

Palma, Maracanã, Castanha, Cocal, Guará, Girassol, Pirapire, Tupi. The list of various names includes more than 40 local currencies that circulate in Brazilian neighbourhoods and small towns where there are community banks, created to strengthen the economy in needy communities. The worth of the local currency is identical to the real, the official currency of Brazil, but it is more valuable than the real because businesses give discounts for purchases made with this alternative money. The use of the currency is simple: the local residents can trade the real for the local currency in a community bank and use it in regional businesses. If it is necessary to buy something with a real outside of the community where the bank is active, then a person can do the exchange in reverse. The objective of the local currency is to have the currency circulate in the local community. The practice increases sales and generates more jobs in those areas.

Banco Palmas is a pioneer in this area. It was the first community bank created in Brazil, founded in 1998. Two years later it brought out the currency of the same name, the palmas. The communitarian experience yielded such positive results that in 2005 the Network of Community Banks in Brazil was created. Today, there are some 50 community banks across the country.

The real can be used outside of the community, generating wealth in other areas, whereas the local currency has the power to generate prosperity in the neighbourhood. It is recommended that the local bills be distinct in appearance from the real. The other provision is that the local currency is not worth more than official Brazilian currency and that for each unit issued there is a real in the community bank. This measure aims to control the economy: if the alternative currencies are worth more or if more are printed than the official currency, it can destabilize the economy of the country. The alternative banks report how much local currency is in circulation to the Central Bank.

The community itself profits from the earnings, which is different from what happens with the large banks where the money of the customers is used for financial transactions. "The community bank does not serve the speculation market. It just serves to generate wealth locally. This is economic democracy," says an official at the Bank of Palmas.

Source: UNCTAD adaptation of an article by Mariana Sanches e Inácio Aguiar; available at www.revistaepoca.com.br

8.4.3 | Creation of institutional mechanisms

In a large majority of developing countries, there are a number of institutional weaknesses hampering the performance of the creative economy. Among the major constraints are: (i) the inadequate integration of cultural objectives into the economic, technological and social policies; (ii) inadequate dissemination of policies, legislation and regulations related to culture and the creative economy, to enhance better understanding of their cultural and economic value to all relevant stakeholders; (iii) poor institutional capacity to articulate, implement, monitor and evaluate policies, strategies, programmes and projects, contributing to weak delivery; (iv) lack of linkages and networking among institutions; and (v) excessive dependence on the government by cultural and creative practitioners.

Against this scenario, there is a need for a workable and flexible institutional mechanism to facilitate the elaboration and implementation of a plan of action based on a long-term strategy for enhancing the creative economy. It is advisable to introduce a mechanism to facilitate concerted cross-cutting policies. The establishment of an Inter-ministerial Steering Committee on Creative Economy could be envisaged, as a standing body to play a key role in shaping public policies involving government officials from all the relevant ministries. Such a committee would also establish a regular dialogue (at least twice a year) with key professional associations and institutions of the creative sector in order to allow greater ownership in the process and better respond to the demands and expectations of the creative professionals. A step further could be envisaged by establishing a Creative Economy Centre, as a platform to facilitate networking and partnerships, share experiences, collect and disseminate information, studies and policies, and facilitate interactions between creative business, private sector and academia. The centre would be the meeting point for creative practitioners, where seminars and capacity-building activities could also be held, as stimulus for creativity and innovation. A centre or several centres could be set up at national, municipal or regional levels.

The problem of weak institutions extends also to the regulatory environment within which the creative economy functions. As elaborated below, institutions are also needed to support a sound legal framework like the collecting

societies for copyrights management; to attract investments and promote exports, an Investment and Export Promotion Agency; to implement competition policies, a Competition Authority, etc. Equally important are the sectoral and professional institutions within the various sectors, such as the national film agency and association of musicians. Usually the associative structures in place are quite weak and need to be reinforced, in order to be able to promote effective changes in the creative sectors.

Box 8.3 The Egyptian film industry: The waning of the "Hollywood of the East"?

Egypt has a long and proud tradition of moviemaking dating back to the late nineteenth century when projections were shown in cafés. The first feature films to be produced were romantic movies intended for the urban middle class while the first full-length silent feature and the first made with an entirely Egyptian crew was "Leila", produced and co-directed by Azira Amira with Turkish director Orfi Bengo in 1927.[1] Since then, the Egyptian movie industry has become the most important in the Arab world. More than 75 per cent of the 4,000 short and feature-length films made in Arabic–speaking countries since 1908 have been Egyptian.[2] At its peak, the film industry of Egypt produced some 60 to 70 feature films a year.[3] By the late 1990s, however, the industry managed to produce only 15.[4]

The film industry was boosted by the creation of Studio Misr in 1935, becoming "the nucleus of a genuine film industry as part of 20 or more enterprises by Talaat Harb meant to contribute to the Egyptianisation of the economy".[5] Studio Misr grew to be one of Egypt's largest production companies, Egypt's equivalent of Hollywood, and continued to play a prominent role for more than three decades.

The internationally successful films of the 1950s, including musicals and comedies, became classics while their stars became screen legends and their producers were internationally acclaimed. Filmmakers produced serious films; Youssef Chahine, for example, won accolades and awards throughout his long career such as the golden anniversary award at the fiftieth Cannes Film Festival in 1997 for lifetime achievement. He also was the only Egyptian director honoured by the Berlin, Cannes and Venice film festivals.[6]

The film industry did not fare well during the time of Gamal Abdel Nasser. Attendance at movie theatres as well as actual film theatres declined dramatically with the nationalization of radio and television industries in the early 1960s. Film theaters in the period 1955-1975 declined from more than 350 to fewer than 250 while at the same time, imported foreign films flooded the market.[7] The losses incurred by the State film organization saw the gradual halting of film production by the early 1970s. The financing from oil-rich Gulf countries of films for television (1980s) and satellite production (1990s), accompanied as it was by the tightening of censorship requirements covering sex, politics and religion, exacerbated the decline of the film industry. Many film critics point to the current power of censors to limit artistic creation and freedom of expression, particularly with respect to criticism of religion. In addition, funded television shows benefited enormously from the Gulf petrodollars of the 1980s, also to the detriment of film, so that by the mid-1990s, the Egyptian film industry was thought to be in a state of crisis, with the annual production of films falling to single digits.

At the same time, the last 10 years have seen a new group of Egyptian women film directors emerge such as Hala Khalil, whose "Ahla Al-Awquat" ("Best of Times", 2004) reflects on the reality of her generation of Egyptian women set in present-day Cairo.

While the Egyptian film industry is still the biggest in the Arab world, Egyptian filmmakers are concerned about many issues from the quality of film-making, the standard of film courses at the High Cinema Institute, censorship, religious fundamentalism, level of production and technical standards in Egyptian film-making to financing and the level of intellectual property protection. Prominent Egyptian director, Inas al-Deghedy, spoke to Guy Brown in Cairo about the quality of film-making, financing and fundamentalism: "Poor quality movies are a reflection of economic difficulties. People are not looking for movies that explore important issues; they are trying to escape the economic situation. That is why comedians dominate the industry at the moment … There is no comparison between Egyptian and American or European movies. Production standards in American movies are far ahead of us; European movies are not so far ahead, which is partly because they are also experiencing financing problems … Now the whole industry is based on films that are self-financed. They do not have a good source of financing from Arab countries … Seventy-five per cent of revenues come from the cinema, and 25 per cent from video and satellite. Revenues disappear into thin air because of inadequate intellectual property right protection, particularly on the international scene … The Egyptian people are the true censors … Fundamentalists are creating a serious problem for the industry, because they are wrapping new films up in red tape".[8]

Today Egyptian cinema straddles both those films with high artistic quality attracting international attention and popular films, particularly those in the comedy genre.

The core of Egypt's flourishing film industry is based in Cairo, which hosts the world-class annual International Film Festival. Some films have successfully bridged the art/individual-popular divide, such as the 2003 "Sahar el Layali" ("Sleepless Nights") and the 2006 "Imarat Yacoubian" ("The Yacoubian Building"). The latter is based on a novel by dentist author Alaa El-Aswani, published in 2004 and "containing all that the majority of Egyptians talk about in private".[9] This film with its depiction of homosexuality and other issues considered taboo as well as some newer releases indicates a film industry that is increasingly willing to take risks. "Awkat Faragh", for instance, is a social commentary on the decline of youth in Egypt and the sexual undertones

Box 8.3 continued **The Egyptian film industry: The waning of the "Hollywood of the East"?**

in today's society, and despite being controversial and produced on a low budget, the film went on to become successful.

The Egyptian film industry is again in a delicate position not only because of societal taboos and the rise of fundamentalism but more importantly also because of how film is viewed both by the authorities and society more generally as being outside of culture and heritage. As Samir Farid points out, "Arab countries, including Egypt, do not view their cinemas as part of their national heritage or an art worthy of government subsidy. Film is not taught in colleges of fine arts and newspaper film reviews tend to be located on the entertainment pages, rather than in the arts and literature pages".[10] There are no negative archives, cinematheques, video libraries or film museums and copyright protection is poor. As is the case with music in much of Africa, Arab film production companies prefer up-front payment rather than waiting for possible future financial rewards, which leads to a lack of attention to what happens to their originals and copies. As film critic, Mohamed El-Assiouty, laments, "…they are not in the least concerned with preserving their originals and more often than not neglect to place a positive copy in the Egyptian National Film Centre (ENFC)'s store room".[11]

The proposed Media Production City, a $200-million, 5,000-acre production venue with a development projection of 10 years will become the new Egyptian equivalent of Hollywood. It will have 13 state-of-the-art sound stages, outdoor sets (from Pharaonic cityscapes and medieval Islamic backdrops to Egyptian villages, modern Egyptian street scenes and agricultural settings), film processing laboratories, an open-air theatre, a training centre, administration offices and a hotel for actors, production personnel and visitors.[12] However, it will ultimately be up to the artists – from scriptwriter to director and producer – to ensure that Arab cinema remains creative and vibrant.

[1] See http://www.powerofculture.nl/uk/specials/film/egypt.html
[2] Samir Farid, "Lights, camera --- retrospection", *Al-Ahram Weekly*, no. 462, 30 December 1999-5 January 2000. Available online at: http://weekly.ahram.org.eg/1999/462/cinema.htm
[3] Peter Warg (2007), "Egypt's Hollywood mammoth film centre going up near Giza", in *New Middle East Magazine*. Available online at: http://archives.obs-us.com/obs/german/books/mem/n01a08.htm
[4] Guy Brown (2002), "The movie business in Egypt", AME Info, 8 December 2002. Available online at: http://www.ameinfo.com/16692.html
[5] Musri Saad El-Din (2007), "Plain talk", *Al-Ahram Weekly*, no. 838, 29 March-4 April 2007. Available online at: http://weekly.ahram.org.eg/2007/838/cu3.htm
[6] Samir Farid (2006), "An Egyptian story", *Al-Ahram Weekly*, no. 821, 23-29 November 2006. Available online at: http://weekly.ahram.org.eg/2006/821/cu4.htm
[7] Advameg, Inc. (2007), "Economics and Politics, Egypt". Available online at http://www.filmreference.com/encyclopedia/Criticism-Ideology/Egypt-ECONOMICS-AND-POLITICS.html
[8] Quoted in Guy Brown (2002), ibid.
[9] Samir Farid, "Seven", *Al-Ahram Weekly*, no. 849, 14-20 June 2007. Available online at: http://weekly.ahram.org.eg/2007/849/cu4.htm
[10] Samir Farid, "Lights, camera – retrospection", ibid.
[11] Mohamed El-Assiouty, "Forgotten memories", *Al-Ahram Weekly*, no. 445, 2-8 September 1999. Available online at: http://weekly.ahram.org.eg/1999/445/cu5.htm
[12] Peter Warg (2007), ibid.

By Avril Joffe, Director, CAJ (Culture, Arts and Jobs).

8.4.4 | Regulatory framework and legislation

For the effective functioning of the creative economy, it is essential to establish or reform the regulatory and institutional frameworks, in order that they will be conducive to supporting the development of the creative industries. Sound national regulations and institutional frameworks adapted to countries' conditions and capacities are paramount to nurture the creative economy. There is a wide range of complex issues that can only be dealt with through effective and updated legislation.

– **Intellectual property legislation:** Effective and modernized intellectual property regimes that protect the originators' interests and stimulate creation and innovation are therefore a pre-requisite for access to global markets. A balance needs to be struck, however, between strengthening IPRs and strengthening the public domain. Ensuring that this balance is established is essential to asset management and wealth creation in the creative economy. Copyright systems need to be more transparent and fully accountable regarding the management of IPRs. Even where collecting societies do exist, their successful operation is sometimes adversely affected by shortcomings of sister societies in other countries. For example, a frequent complaint by musicians from developing countries is the failure of collecting societies to capture airplay and live performance statistics for their music played overseas. This perceived unfairness in treatment means that artists from the South receive very little in the way of copyrights payments from outside their countries. Without a realistic copyright regime, creative

producers are unable to receive equitable payment for their output and hence lack the financial incentive to continue in production. Although many countries in the developing world are making progress in establishing workable legislative arrangements for dealing with intellectual property, there is still a long way to go (see chapter 6).

– **Fiscal regimes:** In order to enhance the creative industries it is important to review the current fiscal regime and see what should be done in terms of fiscal treatment to support creative activities. Very few countries have fiscal benefits to encourage the creative industries, although usually they grant fiscal and customs incentives for investors in the tourism sector. Some countries have a sponsorship law but usually they need revision (tax rebates should be linked to specific conditions) or effective implementation to effectively contribute to the growth of the creative industries. In some cases, special decrees are need to define rules and criteria for the commercialization of certain art works, antiques, to avoid abuse and unscrupulous commerce and exports of protected creative and heritage goods. Effective audiovisuals and broadcasting can greatly facilitate the development of the film and TV industry, since the absence of a supportive regulatory framework means serious difficulties for local producers of creative content. Another issue is that in many countries musical instruments and audiovisuals and media equipments are considered luxury items, being heavily imposed with import duty plus value added tax (VAT). Governments are therefore encouraged to examine possibilities to review fiscal policies, including possibilities for tax exemptions, reductions on duties and levies on the import of equipment used in creative enterprises, etc., by providing fiscal incentives to artists, cultural producers and the corporate sector involved in the creative industries.

– **Monetary and exchange rate policies:** Governments and central banks are encouraged to undertake supporting policies for financial institutions in order to inject constant flow financial resources to creative business activities. This initiative could provide impetus to business that would increase business profits and incomes earned from the creative activities. In the context of the current global financial

Box 8.4 **The Biennale of Contemporary African Art of Dakar: A contribution to economic and cultural development in Africa**

For several years, Africa has proposed a variety of events for the promotion of different forms of artistic expression. The Biennale of Contemporary African Art of Dakar undoubtedly makes a critical contribution to ensuring the promotion of artists and the diffusion of contemporary creative works within and beyond the continent.

The Biennale of Contemporary African Art was born from the desire of the Government of Senegal to position Dakar as a place of encounters and cultural exchange for the entire African continent. The event started as a Biennale of Arts and Literature in 1990, with literature occupying a predominant place. Dak'Art was organized for the first time in 1992, and since then, the visual arts component has moved to the forefront. Nowadays, 289 artists from 34 African countries, with 16 representing the African Diaspora and 13 from the rest of the world participate. Among the countries with the highest rates of participation in the Dak'Art exhibitions are Cameroon, the Democratic Republic of the Congo, Ivory Coast, Morocco, Nigeria, Senegal and South Africa. Furthermore, in 1996, the Biennale started to incorporate the Salon of Design, which showcases the work of talented designers from Africa; 92 creators were selected to represent 15 countries from the African continent during the period 1996-2006.

Dak'Art 2006 also was attended by 63 art critics, 25 specialized press agents, 19 African journalists, 32 representatives from galleries and museums, 13 organizers of 7 Biennales at the international level and a dozen art collectors.

Several important events are scheduled for 2008. The first one is Africa Now, an important programme under the initiative of the World Bank and in honour of Africa. The second one is the first Foire d'art contemporain africain de Tenerife in Spain. In addition, the Biennale is associated with the UNCTAD secretariat for the launching of the "Creative Africa" initiative during the UNCTAD XII Ministerial Conference to be held in April in Accra, Ghana. For the occasion, an exhibition of African contemporary art will reveal the breadth of African talents in the field of visual arts, showing new approaches in art and design and raising public awareness about contemporary creations in Africa. Creative Africa will feature the work of artists from 10 African countries through paintings, sculptures and collages.

The economic spillovers of Dak'Art are linked mainly to the sales of important African art works. The event is also beneficial for several economic activities such as international tourism, international transportation, local transport, the hospitality industry and other services. In brief, Dak'Art is an illustration of the positive impact of international cultural manifestations for socio-economic development.

By Ousseynou Wade, Secretary-General of the Biennale of Contemporary African Art, Dakar, Senegal. Website: www.biennaledakar.org .

crisis, the active participation to influence monetary and foreign exchange market can improve the functioning of the financial sector and institutions in supporting trade-related activities in creative industries.

– **Competition laws:** Considering the oligopolistic structure of several creative industries, particularly in the area of music, media and audiovisuals, government should ensure that competition policies and a Competition Authority are in place to allow fair competition. Competition laws are expected to regulate several areas of relevance to the creative industries, such as abuse of dominant positions, agreements between companies and concentrations that impede competition. Efforts should be made to strengthen the legal and regulatory framework, including for the creation of creative and cultural enterprises, including the registration of such entities, and their constitutions.

– **Labour and social laws:** In most developing countries, the majority of artists and creative entrepreneurs are still part of an informal and/or very fragmented sector. Thus, they do not benefit from the usual rights and obligations covered by general labour regulations. Social and economic security for art workers and creators is essential to changing the traditional misperception that creative activities are transitory or recreational activities or hobbies. Comprehensive national legislation is required to regulate occupational creative activities and their relationship with employers in order to set up a social and economic security scheme for these workers. It is widely recognized that employment conditions for artists are often very precarious. Artists' contractual obligations are usually project-based, with long periods of unemployment between engagements. Most artists, particularly in the performing arts, work on an irregular, part-time or self-employed basis, with limited or inexistent coverage for pension and medical schemes. Where it does not exist, it is highly recommended the drafting and approval of a Law for Artists and Creators, taking into account the specificities and vulnerabilities of this professional category.

8.4.5 | Development of exports markets

In terms of export promotion, tailor-made export strategies should be designed for the most competitive creative sectors. Development of brands, new markets, and new products all these targets should be well articulated. Specialists should be in charge of quality control for exportable creative products in order to respond to the requirements of major markets. Trade facilitation issues must be addressed, including for example the slow clearance of goods through ports and customs offices and the need to simplify inspection and paperwork for exports. It is important that creative industries be included in the national strategy for export development.

There are noteworthy examples of domestic creative industries that are outward-looking and that actively target foreign direct investment and export markets in addition to local markets for creative products. In this context, East Asian countries stand out. For example, the Singapore strategy aims to establish a reputation for Singapore as a new Asian creative hub. Among the international creative industries that it has succeeded in attracting are international film financing company RGM Holdings, electronic games developer Koei Company, Ltd. from Japan, and automotive and product design studio BMW Group Designworks USA. In addition, 53 foreign media companies have set up regional headquarters or hubs there in the last five years. Similarly, the industries of Hong Kong SAR are highly export-oriented given the small size of the local market and have benefited from their spatial and cultural proximity to the huge market of mainland China. Likewise, United States' creative industries, which are very competitive and have an established reputation, vigorously pursue opportunities in export markets.

8.4.6 | Establishment of creative clusters

Every creative industry has its own particular needs, identity and modes of organization — the music industry or the publishing industry, for example. From a policy perspective, however, a small-scale publisher is likely to have more needs and problems in common with a small professional music ensemble or a small pottery and weaving business than it has with a larger-scale publisher, wherever these creative professionals are located. Thus, although the performance of creative individuals may differ from country to country, their impact on the development of the creative industries is likely to be optimized through national and regional cooperation within a cluster strategy. As discussed earlier in this report, clustering is a system to network independently functioning units. It optimizes the individual unit's function and potential instead of exploiting them. A cluster brings together individuals and groups that create products that compete but must also cooperate within the broader context of the creative industries. Clusters can develop naturally or be cre-

ated for a specific purpose; they may cover many or a few industries; and they may contribute to development in a particular geographical location, as in the many creative-industry parks established in recent years in cities such as Barcelona, Spain, Rosario, Argentina and Shanghai, China.

The promotion of cluster development has proved to be an efficient way of organizing the creative industries and the non-formal sector. Cluster development contributes to the creation of synergy both within and between different sub-sectors of the creative industries. It also contributes to the identification of needs of the sector and areas for policy development, and helps to justify relatively large investments that focus on the drivers (the infrastructure) needed to create the necessary enabling environment for the promotion of growth in the creative-industry sector.

8.4.7 | Stimulating creative entrepreneurship

The management of creative businesses requires specific skills in both the entrepreneurial and the artistic or cultural aspects of the business operation. In developing countries, skill-development programmes and vocational training courses can address these difficulties, but progress tends to be slow. Often, there is lack of understanding of the value chain in the creative industries and the roles and responsibilities of the players at each stage of the value chain. For instance, African artists who have successfully penetrated World Music and who have been recorded locally need intermediaries to distribute their work internationally, so the commercial value of their success is usually not retained within their countries. This lack of understanding extends not only to role-players within the industry but to the industry and government, where commercial goals and objectives of cultural policy collide over the purpose of the support and where role-players see themselves in competition with one another.

In enhancing capacities of creative entrepreneurs, support should also be extended to enable small and medium-sized enterprises to become vibrant and contribute to the economy. Indeed, providing capacity-building and adequate training and exposure to creatives can have a multiplying effect on creativity. Issues such as the preparation of sound commercial business plans and the submission of applications to a micro-financing facility or commercial bank could be decisive for many potentially successful creative projects.

8.4.8 | Institution of effective data-collection measures

The issue of the necessity of reliable statistics is ever-present in all reports and discussions about the creative industries and the creative economy. It is almost redundant to say that effective and useful data collection is necessary and an imperative for any type of assessment and policy formulation. The problem of a lack of quantitative and qualitative data for the creative industries is a key impediment for informed policymaking.

This report stresses the need for the adoption of a methodology for the collection and analysis of universally comparable and reliable data on creative industries that mapping studies rarely meet. The creative industries in the South operate mainly in the informal sector, where the terrain is usually uncharted and the infrastructure of the industries remains opaque. There is no doubt that targeted investment and policy can go a long way in realizing the growth potential of the creative industries, but unless the economic value of these industries can be benchmarked and measured, few concrete policy steps can be taken towards this goal. All countries, but in particular the developing ones, should collect reliable and consistent data on the creative economy in order to formulate a comprehensive strategy and allocate resources to develop the sector. An initial effort to identify what data is collected, both quantitative and qualitative, would give policymakers a useful overview.

8.5 A creative nexus for enhancing the creative economy

Despite encouraging prospects for the growth of the creative economy in the developing world, there are problems. Many opportunities for value creation, employment expansion, technological upgrading and market development in the creative sector have gone unrealized. As described above, developing countries face huge obstacles, such as lack of investment and entrepreneurial skills, inadequate infrastructure, absence of appropriate financing mechanisms and weak institutional and legal frameworks to support the growth of the creative industries. As a result, access by Southern coun-

tries to the benefits of growth in the global creative economy has been limited at best. Indeed, there is a danger that when these countries are brought into international market networks, they will be relegated to the lowest value-adding stages in the value chain.

8.5.1 | The creative nexus model

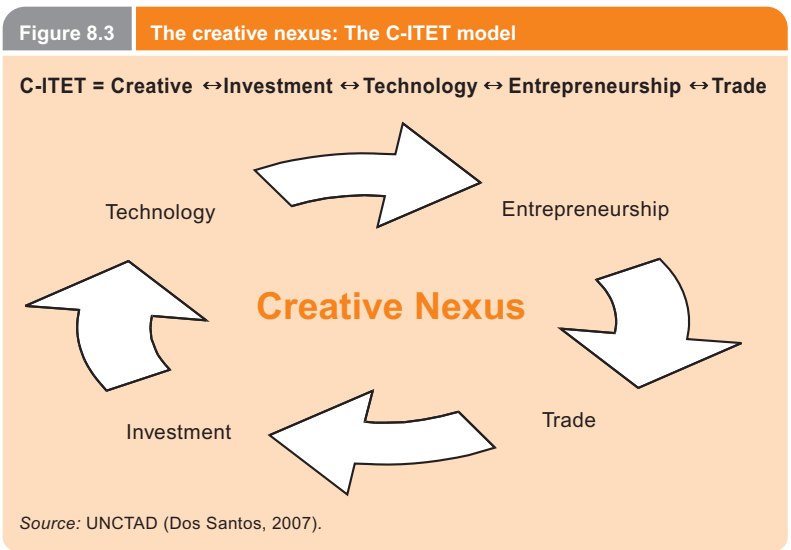
Against this background, the UNCTAD secretariat has been shaping an economic model to assist developing countries to optimize trade and development gains from the creative economy. The basic premise is the recognition that trade plays an increasing role in promoting socio-economic growth, employment and development. Trade alone, however, is an insufficient condition for strengthening creative capacities. The contribution of domestic and foreign direct investment to capital formation is essential to induce technology-led, as well as soft innovation, artistic creativity and technical inventiveness. In addition, creative entrepreneurship can provide the basis for well-adapted and result-oriented market strategies.

Furthermore, in order to positively influence export performance while enhancing creative capacities, effective cross-cutting mechanisms should aim at strengthening institutional and regulatory instruments, particularly to support intellectual property regimes, competition law and fiscal policies. Such a framework can facilitate the following: better access to financing, including microcredit for independent creative workers and microenterprises; the formation of creative clusters for sharing know-how and infrastructure facilities; investment promotion and public-private partnerships; greater efficiency in the functioning of networks of local creative firms; and increased competitiveness of creative products and services in global markets. In this schema, tailor-made capacity-building activities to improve entrepreneurial skills and trade and investment-related policies are highly recommended.

The conceptual approach of this scheme is inspired by ongoing policy-oriented research in areas of competence of UNCTAD.[1] The model is in its embryonic stage, still requiring empirical analysis with a view to capture how the economic and technological spillovers interact or, in other words, how the so-called "positive externalities" may occur in practice. It should also be recalled that creative industries comprise a vast and heterogeneous group of firms with distinct and usually flexible organizational structures specific to each creative sector (see chapter 3). The model is still a set of testable propositions requiring practical application to provide evidence and validate these assumptions. Indeed, to date, there is insufficient evidence about the impact of the creative industries on the wider economy, particularly their spillovers into other segments of the economy.[2]

In this scenario, a pragmatic way to nurture creative capacities is to lay the foundation for putting in place a creative nexus. The starting point is to reinforce the nexus between creative investments, technology, entrepreneurship and trade, which is named the C-ITET model (see figure 8.3). The rationale is that effective public policies are likely to stimulate private-sector investments, attracting technologies and therefore leading to export-led strategies for creative-industry firms. These in turn would lead to greater convergence between macro and micro policies as a result of better synergy among government interventions and business initiatives by enterprises, including by providing incentives for investments and mobilization of domestic resources. Sequenced and mutually supportive mechanisms would provoke a virtuous circle to optimize the impact of target investments in the most competitive creative industries, identified by

Figure 8.3 The creative nexus: The C-ITET model



Source: UNCTAD (Dos Santos, 2007).

[1] In July 2007, the Secretary-General of UNCTAD set up the Ad Hoc Inter-divisional Task-Force on Creative Economy and Industries with a view to building on in-house expertise in the multifaceted aspects of the creative economy, such as development policies, trade, investment, technology and enterprise development.

[2] Frontier Economics (2007).

a value-chain analysis. Investments, preferably foreign direct investments, would induce knowledge innovation or the use of more advanced technologies, particularly ITC tools, facilitating market penetration of creative products from developing economies in global markets. Creative entrepreneurship towards product-specific marketing strategies would complement the circle to improve export performance of creative products and services from developing economies in global markets.

The C-ITET creative nexus would ease the process of reconciling national cultural and social objectives with technological, industrial and international trade policies. The aim is not only to strengthen creative capacities but also to assist developing economies to leapfrog into high-growth sectors of the creative economy by enhancing the competitiveness of their value-added creative products and services in world markets.

Trade is a key component in this model because in recent years, creative industries have been among the most dynamic sectors in the global trading system. The average growth rates of creative services are increasing faster than those of other more conventional services. While the growth rate of total world exports of services rose 13.5 per cent for the period 2000-2008, the performance of creative services increased more rapidly, for instance 18 per cent for advertising and architectural services. Indeed, trade-related indexes are currently the only official and comparable indicators available for comparative analysis and to assist governments in policymaking for the creative economy.

Nevertheless, caution is needed to avoid arriving at misleading conclusions through exclusive reliance on an analysis of trade statistics for creative goods and services. Obviously, exports figures alone do not capture the whole picture of the contribution of the creative industries to national economies. The greater part of creative/artistic revenues originates from copyrights, licenses, and marketing and distribution of digitized creative content, for which disaggregated, reliable and comparable data to enable analysis at the global level are unavailable.[3] Chapters 4 and 5 provide more evidence on this topic.

Furthermore, in the absence of consistent internationally comparable quantitative indicators for mapping and measuring the economic, social and cultural impact of the creative industries and hence the creative economy at the national and international levels, trade statistics are used for trend analysis despite their lacunae. A number of trade indicators relating to export performance such as market share, net trade, growth rate and per capita exports by GDP are possible benchmarks that can be calculated on the basis of national trade statistics, as shown in the annex. In this regard, UNCTAD has undertaken empirical research with a view to identifying the components for a trade and development index[4] in order to assist governments in the formulation of international trade policies. The level of trade openness and market access relating to trade liberalization of creative goods such as tariff barriers and non-tariff barriers is analysed in chapter 9.

8.6 Targeted measures for strengthening the creative economy

To complement the creative nexus model, it is important to review the production structure of the creative sector as described in chapter 3, and examine some specific policy measures that governments can undertake with respect to particular components: the non-formal sector, the creative arts, SMEs, public cultural institutions and the corporate sector.

8.6.1 | Non-formal sector

Informality refers to that share of a country's production of goods and services which does not comply with government regulation. Informal activity is a common feature of most countries; however it is greater in size and more pervasive in developing countries.[5] Under the conventional view, the informal sector represents the inferior segment of a dual labour market, which expands counter-cyclically during downturns when workers are rationed out of the formal labour market. Recently however, this conservative view of informality has been challenged on various grounds, particularly because informal activity is not exclusively residual.

[3] Presentation by E. dos Santos, "Capturing the Creative Economy in Developing Countries", at the OECD seminar on "Measuring the Impact of Culture in the Economy", Paris, 2006.
[4] For a comprehensive analysis, refer to the UNCTAD publication, "Developing Countries in International Trade: 2006 Trade and Development. Index".(UNCTAD/DITC/TAB/2006/1), Geneva, 2007.
[5] Schneider and Enste (2000); and Tokman (2007).

There is significant evidence that informality, at least in the creative economy, is driven by dynamic, small-scale entrepreneurial activity. Therefore, a rise in informality is not necessarily the outcome of a negative economic shock, but it can also result from a positive shock to the non-tradable sector.[6]

Many activities in the creative economy, especially in the poorest countries, are (or at least start out as) small-scale, often household or cottage industries that are not targeted by existing government regulation and support for business development. Indeed, today many creative businesses by young talents even in the most advanced countries also start in a garage or small studio. The fact that many of these "industries" may be part of the non-formal sector complicates matters. To realize the full potential of the creative-industry sector, there is a need to formulate strategies and policies that mainstream the non-formal sector by providing legal support and an enabling environment for the development of these business activities in the same way that such facilities extend to other sectors of the economy.

8.6.2 | Creative arts

Individual artists can be seen as primary sources of creative ideas and interpreters of traditional knowledge. As such, they are an indispensable element at the very first stage in the value chain for most, if not all, creative products. Yet as sole traders or as workers on casual hire or short-term contracts, they frequently lack the industrial power or business acumen to make a reasonable living and to receive an equitable reward for their work. Areas of government assistance that are appropriate here include:

- grants to support the creative activities of artists, provided on a project basis (for individuals or groups) or as continuing support funding;
- assistance for education, training and skills development;
- support for artists' organizations that can act as spokespersons, advocates and negotiators on behalf of members; and
- copyright regulation to ensure proper remuneration for the creation of artistic works in various art forms.

8.6.3 | Small and medium-sized enterprises

The prevalence of small and medium-sized enterprises (SMEs) in the creative sector underlines the need for policy-makers to address size-related constraints. SMEs in creative industries are susceptible to the same constraints that afflict small enterprises in other areas of the economy. Chief among these constraints is access to finance for developing creative projects. The transformation of creative ideas into products or services is usually capital-intensive and the cost of technological inputs or other professional services make up significant business components of these industries. In short, access to finance remains one of the key hurdles for creative entrepreneurs looking to resize their creative ideas. Larger enterprises in the economy may be one source of finance to SMEs. In economies where the financial sector is better adapted to financing small businesses and where creative industries are officially recognized, SMEs are at an advantage. This is not the case in most developing countries.

Other challenges faced by SMEs include a lack of business skills relating to marketing and financial management, information asymmetries and resource constraints affecting access to up-to-date technologies. Available information indicates that size-related constraints are an issue in developed and developing economies. For SMEs in developing countries, however, these challenges are more acute, particularly since the concept of "creative industries" is still very new to most of the developing world and the supporting network of local-industry participants providing complementary services is largely absent when compared to more developed countries. Consequently, the competitiveness and ability of developing countries to grow recognizable industries in the creative sector are compromised.

For instance, in many developing countries, it is more common that the head of the business fulfils a number of organizational roles: producer, agent, marketer and retailer. This is problematic since the level of specialization or availability of local specialized participants along the supply chain appears to be highly correlated with the competitiveness of creative industries. On the whole, the supply chain of creative industries in many developing countries appears to exhibit a number of gaps and fragmentation, in particular, the absence of intermediaries who play an important role as gatekeepers. For example, there are numerous cases in the South African music industry where there remains a dearth of entertainment lawyers despite the fact that the music industry is fairly well established. As a result, many artists opt to sell their rights in exchange for a one-time upfront payment, thus forgoing a regular and steady flow of income in favour of a livelihood that is dependent on a punishing

[6] UNCTAD Policy Issues in International Trade and Commodities Study Series (2010).

schedule and the prolific release of albums.

Given the prevalence of SMEs in the creative economy of developing countries, it is not surprising that financing avenues such as microfinance will feature prominently in any public/private investment strategy. Successful microfinance programmes operate in a number of countries, such as Grameen Bank in Bangladesh and Banco Sol, which was established in Bolivia in 1992 and operates in Latin America and the Caribbean. For the most part, these organizations provide finance for small businesses in agriculture, retail, etc. and have to date little to do with the creative sector, perhaps because creative producers are unaware of the availability of such funds.

The potential for microfinance as a source particularly of start-up capital for SMEs in the creative sectors of developing countries would appear to be strong. As argued by Cunningham et al. (2007:80), microcredit is attractive as a source of investment funds for creative businesses because:

- it is a proven and effective model;
- it provides amounts suitable both as start-up and working capital;
- it has the potential to develop small-scale enterprises to a point where they become more attractive to investors and eligible for other forms of credit;
- the model is flexible and adaptable to specific local conditions; and
- it offers a way of overcoming some of the problems of commercial financing such as risk management and the intangible nature of creative assets.

8.6.4 | Public cultural institutions

Governments in most countries play an important role in the creative economy by their ownership and operation of public cultural institutions such as art galleries, museums and heritage sites. They are also often owners of significant tangible cultural heritage such as historic public buildings and collections of nationally significant artworks, artefacts, etc. These cultural responsibilities of government should be seen as integral to the creative economy, especially because of the role of these institutions and activities in encouraging tourism, promoting social cohesion and fostering the beneficial aspects of cultural diversity. As such, their capital and current expenditure needs should be seen not as inessential luxury items in government outlays but as an essential contribution to the vitality of the creative industries.

8.6.5 | Corporate sector

The existence of large-scale enterprises in the economies of developing countries arises as a result both of the growth and amalgamation of domestically owned companies and the establishment of offshoots of transnational corporations. Such large corporations can be found in the creative sectors especially of the more advanced countries in the developing world. Since they are essentially commercial operations motivated by the prospect of financial gain rather than by any "pure" cultural objectives, they are likely to be treated by governments in the same way that businesses in any other sector of the economy are treated. Nevertheless, governments may see some particular attraction in facilitating the growth of specifically creative businesses in order to "surf the wave" of growth that the creative economy appears to offer.

8.7 Tailoring policy action at the national level

As this report has demonstrated, the creative industries are a potential source of real development gains for countries in the developing world. But such gains cannot be achieved in a vacuum. They require carefully formulated policy strategies that recognize the complexities of the interaction between economic, cultural, technological and social dimensions of the development process and that are implemented on a multidisciplinary basis. It must be acknowledged that all countries are different and that there will not be a standard or uniform package of policy measures that will fit every circumstance. Nevertheless, this chapter pointed to some overall features of policy strategies that are likely to be applicable in most developing-country situations. These are:

- the need to strengthen the infrastructure that supports the creative economy;

- the desirability of capacity building to ensure that countries can continue to oversee the development of their creative economies on a sustainable basis;
- the critical role of finance and investment in areas where the government can play an important facilitating role;
- the desirability of adopting measures to expand the exports of creative products and to foster import replacement, especially with respect to audiovisuals;
- the need for appropriate copyright legislation and the administrative infrastructure to provide effective a balanced system that privilege the creatives; and
- the importance of protecting the fundamental artistic and cultural resources on which the creative economy depends.

In addition to domestic policy strategies, international action is also required, as will be discussed in chapter 9.

Box 8.5 Cultural policy in action: The Nairobi Plan of Action

As a prelude to the full implementation of the African Economic Community, cultural leaders in Nairobi in 2005 urged their governments to include in the legal and institutional frameworks for the development of cultural products their free movement in all African countries and to detail legislative and fiscal measures to foster cultural industries through a "policy subsidy". The Common Market will be based in broad outline on the Nairobi Plan of Action for the Development of Cultural Industries adopted in December 2005.[1]

The objectives of the Nairobi Plan of Action are summarized in the following table.

Objective: Guarantee the organization, production, distribution, exhibition and preservation of the products of African cultural industries

Economic	Social	Political
Generate new resources for the economic development of Africa and the creation of new jobs and income-generation opportunities.	Strengthen the African cultural identify and creativity as well as broaden people's participation in endogenous cultural development.	Reduce the dependence on the wider world outside of Africa for the production and distribution of cultural goods.
Open up new markets for African culture in and outside of Africa.		Facilitate new institutional partnerships between the public sector, private sector and civil society such as within the framework of the UNESCO Global Alliance for Cultural Diversity and the New Partnership for Africa's Development.
Strengthen the competitiveness of African cultural goods within the framework of globalization and the liberalization of markets.	Strengthen the acknowledgement of the cultural dimension of sustainable development in Africa.	Adopt flexible responses to initiatives from the African private sector towards the development of cultural industries.
Improve national capacities for creating, producing, distributing and exhibiting cultural goods.	Bring about new and pluralistic forums of cultural expression supporting the installation of democracy in African societies.	Achieve better regional integration.
Strengthen private and community initiatives of small and medium-sized enterprises.		Strengthen the role of the private sector and civil society.
Enhance the organization and protection of creators.		Develop South/North cooperation as well as South/South cooperation and real partnership.
Set up an African Cultural Common Market and develop intra-African cooperation.		

Box 8.5 continued **Cultural policy in action: The Nairobi Plan of Action**

The priority recommendations arising from the Nairobi Plan of Action are fourfold:

- to map existing cultural activities, structures, resources and products in all member States;
- to identify and consider regional and sectoral specificities and strengths to enable the rationalization of legislation, policies and resources;
- to conduct research to assess the economic impact of cultural industries and initiatives; and
- to establish regional cultural think tanks to source information and debate the status of each subsector.

[1] The Observatory of Cultural Policies in Africa has been assisting African governments and promoting private-sector initiatives aiming at better coordination of cultural policies on the continent. It has developed a network for sharing regular international information and promoting regional initiatives. See: http://ocpa.irmo.hr/resources/ref/AU_POA_Industries_2005-en.pdf .

CHAPTER 9 The international dimension of creative-industries policy

9.1 The international policy framework

Multilateral processes are the essence of international policies and the driving force to move forward the international economic and development agenda. The creative economy is growing and innovating at an unprecedented rate in regions that previously were lagging behind the development curve. However, the creative economy cannot be seen in isolation. Global processes play a key role in shaping public policies at the national and international levels. Multilateral negotiations and intergovernmental debates taking place in international organizations, particularly in the context of the United Nations family and the WTO, are paramount to advancing international action and to ensuring that the full economic and development benefits of the creative economy are realized in developing countries.

The creative economy concept emerged within an international policy framework highly influenced by the Millennium Declaration that was unanimously adopted at the United Nations General Assembly in 2000 by the international community, comprising 189 Member States. In order to achieve the eight Millennium Development Goals (MDGs) by 2015, United Nations bodies have articulated a series of policy instruments to assist developing countries in the process of responding to these challenges.

In 2008 an unprecedented and multifaceted global crisis erupted, sending the entire world into a full-fledged recession in 2009. The economic collapse reflected a series of other recent crises affecting not only the financial system, but also the prospects for food, energy, commodities, health and climate change. The global recession undermined opportunities for many countries for jobs, growth and economic and social well-being, seriously jeopardizing the achievement of the MDGs targets set for 2015. As a result, the poverty gap within and between countries increased, and global unemployment reached 212 million in 2009.[1] Urban and rural poverty rose due to falling household incomes and more limited access to basic food, health, education, jobs, energy and essential services. These crises had serious consequences for many developing countries, in particular the LDCs.[2] Despite signs of recovery, by mid-2010 it was still unclear how long the crisis will endure and when the real economy, employment and trade will recover.

The developmental impact of the crisis has been deep. It was estimated that more than 40 per cent of developing countries were exposed to poverty effects in 2009, with 55 million more people living below the poverty line than before the crisis. Deteriorating economic conditions have broad repercussions for the MDGs, with up to 400,000 more infant deaths per year; a major increase of people living with chronic hunger reaching 1 billion; reduced prospects to empower women; serious impacts on health and education; and increased financial constraints in building the infrastructure needed to meet environmental objectives.

In this sombre context, the creative economy is not the only solution but is a feasible option that can help foster development. By dealing with economic, cultural, social and technological issues, it offers some possible ways to support developing-country efforts to advance development in line with the MDGs. This chapter highlights the mandates and the work being carried out by multilateral organizations with relevance for the creative economy.

[1] ILO (2009).
[2] UNCTAD (2009). *Evolution of the international trading system and international trade from a development perspective: impact of the crisis.*

9.2 UNCTAD: Creative industries on the economic and development agenda

Since the year 2000, UNCTAD has been promoting international policy action to assist developing countries with enhancing their creative industries and hence their creative economy for trade and development gains.

9.2.1 | UNCTAD X: Audiovisual services

At the tenth session of UNCTAD (UNCTAD X), held in Bangkok, Thailand, and attended by representatives of 168 Member States, the UNCTAD secretariat was mandated to carry out research and analysis with a view to formulating policy recommendations in the area of trade in services, including audiovisuals.[3] UNCTAD convened an intergovernmental Expert Meeting on Audiovisual Services in 2002 in close collaboration with UNESCO. This forum provided insights to assist developing countries to examine

Box 9.1 Television and soap operas

TV Globo is a Brazilian broadcast television channel whose signals reach 189 million viewers across the continent. It offers a rich range of programming at no cost to millions of homes across the country, from entertainment to news, helping to spread a variety of points of view as it strives to constantly innovate both in format and language. With its continental reach, TV Globo touches all creeds, classes and geographic regions and has emerged as one of the most valuable tools for preserving the nation's cultural heritage not merely because of its commanding geographical presence but also as a source of inspiration for literature, theatre, film, music and the visual arts. There are no limits to exploring the frontiers of knowledge on television, only the challenge of making complex ideas easily comprehensible without becoming superficial, and reporting what is essential and true to the widest possible audience. This is the daily demand of television, a job that calls for both professionalism and sensitivity.

TV Globo's rise as a major production centre (generating some 2,500 hours of entertainment programming a year) and as a training ground for actors, directors, screenwriters, technicians and producers also creates valuable spin-offs in the audiovisual industry, from independent production companies to the growing market for Brazilian-made films. The network's artistic footprint falls far beyond national borders. Exporting programming to over 130 countries, it is no exaggeration to say that Globo has become Brazil's cultural ambassador to the world. TV Globo employs 18,000 people and has 5 channels and 117 affiliates. Today, TV Globo reaches audiences across the world. In 2009, it exported 65 programmes to 83 countries worldwide. Not to mention TV Globo International, the first Brazilian 24-hour channel to be beamed by satellite to Brazilians and Portuguese speakers abroad. Launched in 1999, this channel now airs in 115 countries and boasts more than 550,000 premium subscribers. More than 300 productions were sold to 130 countries.

But Globo also strives to fortify civic responsibility and awareness even as it entertains. Among privately owned networks, we are world pioneers in systematically working themes of social relevance and matters of public interest into our everyday programming grid — without the slightest interference from sponsors or a cent in government funding. In recent years, TV Globo has also brought an innovative social dimension to its sports coverage. Whether in publicity drives, straightforward reporting or though outright entertainment, TV Globo widens its lens beyond the thrill of competition to capture how sporting events can serve as a springboard for social inclusion. Calling on sports figures from famous athletes to physical education instructors, we strive to demonstrate the importance of education, discipline, dedication, respect, and solidarity as well as the need to overcome adversity.

If TV Globo's programming plays a central role in Brazilian society, our contribution to the media industry and the national economy as a whole is no less remarkable. Advertisers themselves tell of how TV Globo's high programming standards raised the bar for their own industry, driving commercials to new levels of technological sophistication and creativity. No wonder Brazilian television advertising has won applause and prizes the world over. In Brazil, the vast majority of advertisers are small and medium-sized companies and agribusiness, which together provide most of the jobs in the formal economy.

All these initiatives and the community response they generate are part of the process of creating what might be called the "public value" of broadcast television, represented here by the Globo Network. Building public value is a goal prized by institutions the world over and one that a private company such as TV Globo managed to achieve thanks to the democratic choice of our viewers — a partnership that has kept us in synch with Brazil for 45 years.

This record of accomplishment is what gives us the will to keep on working, to the best of our abilities, to advance social development and so to carry out our mission to create, produce and disseminate top-quality products that inform, educate and entertain to better the lives of individuals and their communities. After all, in the very document that lays down our institutional vision and principles, we define the media as an instrument of a social organization that turns the quest for the common good into a reality.

By Luís Erlanger, Director, Central Globo de Comunicação, TV Globo, Brazil.

[3] UNCTAD (2002). *Audiovisual services: Improving participation of developing countries.*

the issues relating to trade in audiovisual services and formulate positions in the context of WTO negotiations, particularly as regards the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

9.2.2 | Third United Nations Conference on the Least Developed Countries: Music

The Third United Nations Conference on the Least Developed Countries, organized by UNCTAD in its capacity as the United Nations focal point for issues relating to the LDCs, was held in Brussels in May 2001. The conference provided an opportunity for the music industry to become part of intergovernmental debates.[4] The rationale was to sensitize governments of LDCs to the fact that the richness of the poorest countries lies in the abundance of their talents translated into cultural expressions such as music and dance, which in turn have significant economic value. Recalling that recorded music products worldwide were part of a $50 billion market, far exceeding the markets for traditional commodities, the Secretary-General of UNCTAD emphasized that "the music industry feeds into a wider policy discussion about how to diversify economic activity in LDCs".[5] As follow-up, a series of studies were carried out to examine the economic potential of the music industry to improve earnings from trade and IPRs in a number of developing countries, particularly in the LDCs and SIDS.[6] These studies paved the way for policy initiatives and technical assistance projects to strengthen the music industry in some countries, particularly in Africa and the Caribbean. The fourth United Nations Conference on Least Developed Countries will be held in Turkey in 2011.

9.2.3 | UNCTAD XI: Creative industries — A turning point

At the UNCTAD XI Ministerial Conference, held in São Paulo, Brazil, in 2004, the topic of creative industries was introduced into the international economic and development agenda[7] for the first time on the basis of recommendations made by the High-level Panel on Creative Industries and Development. The São Paulo Consensus, negotiated among 153 countries,[8] stated that:

> Creative industries can help foster positive externalities while preserving and promoting cultural heritages and diversity. Enhancing developing countries' participation in and benefit from new and dynamic growth opportunities in world trade is important in realizing development gains from international trade and trade negotiations, and represents a positive-sum game for developed and developing countries (paragraph 65).
>
> The international community should support national efforts of developing countries to increase their participation in and benefit from dynamic sectors and to foster, protect and promote their creative industries (paragraph 91).

Member States recognized that "creative industries represent one of the most dynamic sectors in the global trading system" and that "their dual economic and cultural functionality calls for innovative policy responses".[9] The High-level Panel, with the presence of the United Nations Secretary-General, stated that "special measures were needed for the development of creative industries at the international level, particularly in the trade and financing arena and in ensuring cultural diversity in developing countries". The panel also stated that "increased and better coordinated international efforts was needed for the promotion of more collaboration among different international agencies and the investment community".[10]

In discharging its mandates, UNCTAD shaped a number of international and national policy initiatives in the area of creative industries and the creative economy. In this regard, it built synergies among the United Nations organizations, aiming at exploring complementarities, undertaking joint technical cooperation projects and promoting more effective concerted international actions. In this spirit, the United Nations Multi-Agency Informal Group on Creative Industries was set up by UNCTAD in 2004. The group, which brings together ILO, ITC, UNCTAD, UNDP, UNESCO and WIPO, maintains a regular dialogue and

[4] UNCTAD (2003).
[5] Opening statement by R. Ricupero, Secretary-General of UNCTAD, at the Youth Forum, 19 May 2001, cited in UNCTAD (2003).
[6] Reference to case studies by the UNCTAD/WIPO research project on the Caribbean music industry.
[7] Deliberations based on UNCTAD (2004). *Creative Industries and Development.*
[8] See São Paulo Consensus, contained in the report of UNCTAD (2004). *UNCTAD XI High-level Panel on Creative Industries and Development Agenda.*
[9] UNCTAD (2004). *Summary of High-level Panel on Creative Industries, para. 4.*
[10] Ibid., para. 7.

meets annually in Geneva. This has paved the way for partnerships and prompted a new impetus for collaborative initiatives, taking into account the competencies, mandates and differentiated approaches of the bodies involved. A concrete example of such initiatives was the *Creative Economy Report 2008*, a joint endeavour by five United Nations agencies to improve policy coherence and the impact of international action on issues relating to the creative economy.

9.2.4 | UNCTAD XII: From the creative industries to the creative economy

A High-level Panel on Creative Economy and Industries for Development met on 14-15 January 2008 in Geneva as an UNCTAD XII pre-conference event. The session was attended by eminent government officials, policy-makers, experts and practitioners from the cultural and creative community and academia. They represented 49 countries, 19 international organizations and 9 non-governmental organizations. The panel was convened by the Secretary-General of UNCTAD with the aim of assisting Member States in their deliberations on this topic at UNCTAD XII.[11] The session had three specific objectives: (a) to provide a platform for progress in the intergovernmental debate in the area of the creative industries and the emerging creative economy; (b) to review the work undertaken by the UNCTAD secretariat in fulfilling its mandate on this innovative topic, reassert its role and identify areas for possible future work; and (c) to take stock of progress made on the analytical and policy agenda surrounding the creative economy. It was recognized that, in line with its mandate (São Paulo Consensus, paragraphs 65 and 91), UNCTAD has been playing a key role in sensitizing governments to the potential of the creative economy to foster trade and development gains, promoting policy-oriented initiatives and enhancing cooperation with countries, institutions and the international community at large.[12]

The panel discussed policy strategies, multilateral processes, national experiences, assessment tools, and areas for international cooperation aiming at enhancing creative capacities in developing countries. It also recognized that UNCTAD's work in the area of the creative economy and the creative industries should be pursued and enhanced. Participants expressed support for UNCTAD to strengthen synergies with the United Nations agencies, in particular with the UNDP Special Unit for South-South Cooperation, UNESCO, WIPO and ITC. UNCTAD should continue to fulfil its mandates and assist governments on issues related to the development dimension of the creative economy, in line with the three pillars of its work: (a) consensus-building, by providing a platform for intergovernmental debates; (b) policy-oriented analysis, by identifying key issues underlying the creative economy and the dynamics of creative industries in world markets; and (c) technical cooperation, by assisting developing countries to enhance their creative economies for trade and development gains.

Furthermore, two other important events were held during the twelfth session of the quadrennial Ministerial Conference of UNCTAD held in Accra, Ghana, from 20 to 25 April 2008: (a) the launching of the *Creative Economy Report 2008*[13] by the Partnership between UNCTAD and the UNDP Special Unit for South-South Cooperation as the first multi-agency study to present the United Nations perspective on this emerging topic; and (b) the launching of the UNCTAD Creative Africa Initiative.[14] Creative Africa was an initiative put forward by the UNCTAD secretariat with a view to bringing greater pragmatism to the policy debates. The aim was to showcase the diversity of African culture and the vigour of African creative industries through a series of cultural events held during the conference. Creative Africa marked the starting point of a strategy to strengthen the creative economy so as to foster development in Africa. The events spotlighted the continent's visual arts, music, dance, film and fashion. The initiative was articulated as a tool for promoting government and business interests and to open up new avenues to effective international cooperation. The Creative Africa concept is based on ownership and partnerships involving all stakeholders. Famous African artists performed through music, poetry, dance, film, and fashion as well as arts crafts exhibition. Moreover, two seminars provided a forum for free open dialogues to shape business, investments, partnerships and international cooperation through action-oriented initiatives. As a follow-up, UNCTAD was invited to address a meeting convened by the EU Parliament in Brussels in March 2009, gathering around 60 Ambassadors and Parliamentarians from the European Union and Africa, as well as the Director General for

[11] UNCTAD (2008). For further details about the meeting, consult: http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=14639&year=2008&month=1.
[12] Ibid.
[13] http://www.unctadxii.org/en/Programme/Other-Events/Creative-Africa/Launch-of-the-Creative-Economy-Report/.
[14] http://www.unctadxii.org/en/Programme/Other-Events/Creative-Africa/.

Development of the European Commission and the Secretary General of ACP States, to highlight the potential of the Creative Africa Initiative and shape concrete activities.

So far, six outcomes have resulted from Creative Africa: (i) The Second Session of the African Union Conference of Ministers of Culture, held in Algiers in October 2008, debated the objectives of the Creative Africa in the context of the "African Cultural Policy Framework". (ii) The Vice-President of Nigeria launched the Nigerian Chapter of Creative Africa in Abuja in November 2008, emphasizing that "Creative Africa is a brainchild of UNCTAD XII and is an inspiration to develop the creative economy in Nigeria". (iii) The Alta-Moda Fashion show held in February 2009 in Milan, Italy, presented the collections of the Ghanaian designer Kofi Ansah, who was engaged in the debates at UNCTAD XII in a panel entitled "From fashion to African communities and the MDGs". Creative Africa helped to link the African Federation of Fashion Designers with the Italian Fashion Group. (iv) UNCTAD has been collaborating with the African Observatory for Cultural Policies (OCPA), a key partner for the implementation of the initiative, and attended the OCPA Council session held in Maputo, Mozambique, in June 2009. (v) UNCTAD enhanced its cooperation with the ARTerial Network and provided technical advice on the establishment of an "African Fund for Arts and Culture" along the lines of its proposal for the creation of a "Creative Africa Investment Fund". UNCTAD presented the main findings of the *Creative Economy Report 2008* in seminars held in Maputo, Mozambique, and Johannesburg, South Africa, in July 2009. (vi) For Ghana, Creative Africa motivated the creation of the Foundation for Creative Industries, which has been working with the Government to include creative industries as a priority on the Ghana Poverty Reduction Strategy II, as mentioned in Chapter 2. As a result, the government is committed to strengthening Ghana's creative economy and to expanding opportunities for creative specialists to upgrade skills and resources so they can achieve better distribution, exhibitions and live performances nationally and internationally. UNCTAD has been liaising with the World Bank office in Ghana to further support this endeavour.

9.3 WTO multilateral negotiations and implications for creative industries

The ongoing multilateral trade negotiations under the WTO Doha Round, which was launched in 2001 and was to conclude in 2005, met impasses and remain inconclusive at this point in 2010. These negotiations involve many cross-cutting issues relevant to the creative industries, such as trade in goods, trade in services, trade-related aspects of intellectual property rights (TRIPS) and other topics such as regional integration and trade facilitation, with the special and differential treatment for developing countries being an important systemic horizontal dimension in these negotiations.

The WTO framework deals with trade of goods and services of the creative industries, including trade of digitized creative content associated with ICT tools. Audiovisuals, cultural and other related services are discussed under the General Agreement on Trade in Services (GATS). However, there are problems related to definitions. Although the term "cultural goods and services" is the one used in WTO negotiations, there is no specific definition for "cultural services", which is widely considered as a subsector in the broader category of "communication services" and very often, data for audiovisuals are credited in other sectors such as telecommunications. This makes it even more difficult to articulate trade policies in this area.

IPRs and investment-related policies also have a long-lasting impact on the performance of creative industries and therefore on the development agenda of developing countries. Trade policymaking and other ancillary government interventions are necessary to assure the implementation of commitments and obligations under bilateral investment treaties, TRIPS provisions, and other WTO agreements as well as regional trade agreements (RTAs), including free trade areas (FTAs), have flexibilities that developing countries should give a careful consideration. The lasting effect of these instruments is to influence supply capacity and stimulate trade performance in all sectors of the creative industries.

9.3.1 | The crisis and the international trading system

The global economic and financial crisis has triggered a renewed interest among policymakers to conclude the Doha Round. Since early 2009, several attempts were made, including by the G20 summit, to conclude the round before the end of 2010 as a credible multilateral policy response to the crisis and post-crisis stability. As of mid-2010, the WTO could not foresee any signals from the major emerging and developed countries on its successful conclusion. It has been widely acknowledged that the success of the Doha negotiations will send a positive signal that countries were committed to multilateralism after an economic and financial crisis that, in part, was precipitated by a lack of international policy coordination. It is also believed that proactive and targeted government policy interventions, particularly for LDCs, as well as for small and vulnerable developing countries, should given priority to a meaningful development in the round's final package. Once the round fulfils such conditions, the developing countries could maximize the round's contribution to recovery and post-crisis development. According to a WTO estimate, the successful conclusion of the Doha Round would provide global stimulus and estimated gains of about $150 billion to the world economy.

As a consequence of the crisis, tensions have grown between trade and development policies, and uncoordinated trade, financial and monetary policies have been increasing countries' vulnerability. Moreover, with the crisis, signs of economic nationalism became widespread as pressure mounted to protect crisis-hit domestic industries. The Doha Round was expected to redress imbalances, but the protracted negotiations meant that the overall balance has increasingly shifted away from the development agenda. The modus operandi of the multilateral trading system needs careful reassessment bearing in mind the imperatives of the MDGs.

The global crisis has sent a clear message to the developing countries regarding risks of their deep integration to the developed world and potential vulnerability to external shocks through trade and financial market channels. A key issue for them now is to improve productivity, competitiveness and diversification of goods, services and markets, which is also the case for their creative economy strategies. Development of creative industries should be included as a part of their built-in trade agenda to confront external shocks and manage trade balance. Moreover, the crisis has pushed countries to embrace trade defence instruments like tariffs, safeguards, anti-dumping and countervailing measures, as well as balance-of-payments import restrictions to protect domestic industries, producers and services sectors, including the creative goods and services.

9.3.2 | Market access, tariff and non-tariff barriers

Under this backdrop, the issues of tariff liberalization and the reduction of non-tariff measures (NTMs) have gained importance in order to promote trade expansion for creative industries. The tariff analysis indicates that there are significant differences between most-favoured nation (MFN) applied and bound tariff rates[15] (table 9.1) for creative industries sectors. Moreover, tariffs are sometimes applied as specific or mixed rates, whose *ad valorem* or percentage equivalents can be difficult to estimate in a straightforward manner. Furthermore, given the complex nature of regional and national schemes including that of preferential trade agreements as well as the Generalized System of Preferences and other autonomous preferences (e.g. AGOA), tariff duties are sometimes waived to enhance trade integration and thereby provide opportunities for creative industries sectors to grow faster than other manufacturing sectors. In this context, the issues of NTMs became crucial for changing the competitive and free flow of goods, under the guise of complex and opaque trade practices. Apart from the usual tariffs, the use of NTMs remains particularly important in the case of creative industries. Therefore estimating their potential negative impact, when non-tariff measures are used in conjunction with tariffs, is a matter of key national trade policy. In particular, NTMs related to labelling, marking and packaging requirements under technical barriers to trade, local content measures under trade related investment measures and intellectual property rights are critical to creative industries sectors such as design, new media and publishing.

Table 9.1 provides an overview of MFN applied and bound tariff rates levied on different creative industries sectors. It shows that the simple average of both MFN applied

[15] The market access schedules are not simply announcements of tariff rates. They represent commitments not to increase tariffs above the listed rates — the rates are "bound". For developed countries, the bound rates are generally the rates actually charged. Most developing countries have bound the rates somewhat higher than the actual rates charged, so the bound rates serve as ceilings. Countries can break a commitment (i.e. raise a tariff above the bound rate), but only with difficulty. To do so they have to negotiate with the countries most concerned and that could result in compensation for trading partners' loss of trade (see http://www.wto.org).

and bound tariff rates have declined globally from 2002 to 2008 for all seven creative sectors. The tariff rates on art crafts amounts to 19.4 per cent for all countries in 2002, which has come down to 14.7 per cent in 2008; however, the bound rates have remained very high at 31.6 per cent. The other sectors of creative industries tariff rates are also shown to indicate that except for audiovisuals, performing arts and publishing, all other rates are above 10 per cent in 2008.

Table 9.1 Creative goods: Imports, MFN applied and bound tariffs (simple averages), 2002 and 2008

All Creative Industries	2002 MFN	2002 Bound	2008 MFN	2008 Bound
Art Crafts	19.44	31.84	14.76	31.62
Audio Visuals	11.28	30.91	8.51	27.04
Design	20.36	33.12	15.90	33.56
New Media	13.92	26.67	12.34	32.09
Performing Arts	12.71	29.09	8.35	32.05
Publishing	7.26	29.00	5.78	28.16
Visual Arts	15.10	32.75	11.70	32.55

Source: TRAINS/UNCTAD database

Table 9.2 shows simple averages for applied MFN and bound tariff rates by developed, developing and transition economies. Significant differences exist among the three groups of economies in levying tariffs on the creative industries sectors. For example, while low applied tariffs (0.0 per cent and 0.8 per cent in 2008) prevail on performing arts and audiovisuals respectively in developed economies imports, high tariffs (16.6 and 18.0 per cent in 2008) are imposed on the art crafts and design product groups. More than 10.0 per cent tariffs also dominate most of the product groups including audiovisuals, new media, performing arts and visual arts with an exception of publishing, where tariff rates are 6.8 per cent in 2008 in developing countries. The tariff rates are relatively lower in transition economies as compared to developing economies in all the sectors. These results clearly indicate that average MFN applied tariffs are much lower among developed economies than among developing countries on all creative sectors.

Table 9.2 Creative goods: Imports, by groups of countries, MFN applied and bound tariffs (simple averages), 2002 and 2008

All Creative Industries	Duty Type	Developed economies 2002	Developed economies 2008	Developing economies 2002	Developing economies 2008	Transition economies 2002	Transition economies 2008
Art Crafts	MFN	8.05	7.45	20.85	16.59	14.87	10.57
	Bound	15.12	12.20	39.39	37.89	10.67	10.64
Audio Visuals	MFN	2.15	0.86	13.36	10.27	12.39	5.98
	Bound	9.29	5.10	41.02	35.03	5.42	3.79
Design	MFN	7.17	7.63	21.72	18.04	14.02	10.53
	Bound	14.63	12.72	41.04	40.51	9.43	10.88
New Media	MFN	1.85	5.75	16.79	14.94	9.54	5.54
	Bound	6.41	12.02	35.30	42.39	0.94	2.00
Performing Arts	MFN	2.06	0.00	15.25	10.06	8.40	5.01
	Bound	9.61	0.00	37.99	43.61	3.93	5.63
Publishing	MFN	1.58	1.77	8.45	6.79	6.85	4.18
	Bound	7.53	2.23	38.05	35.98	0.00	3.91
Visual Arts	MFN	2.75	4.18	18.39	13.80	8.54	6.87
	Bound	9.70	5.65	42.64	41.21	8.66	8.09

Source: TRAINS/UNCTAD database

It is interesting to identify the divergences in the applied MFN tariff rates that the three groups of countries impose on their partners. This information is one of the key components in providing policy guidelines on the trade liberalization process of creative industry product groups. Table 9.3 shows the applied MFN tariff rates (and bound tariff rates as well) of developed countries from developed economies, developing economies and transition economies respectively in 2002 and 2008. Developed economies have gradually reduced the tariffs on products groups from all three groups of countries. The tariffs imposed on developing partners are very close to those imposed on developed and transition economies, and are noticeably low for audiovisuals (0.64 per cent) and performing arts (0.0 per cent). It should be pointed out however, that most audiovisual and performing arts creative products are traded as intangible services rather than as physical tangible goods.

Applied MFN tariff rates are much higher for developing

Table 9.3 Creative goods: Imports, by developed economies, MFN applied and bound tariffs (simple averages), 2002 and 2008

		Developed economies		Developing economies		Transition economies	
All Creative Industries	Duty Type	2002	2008	2002	2008	2002	2008
Art Crafts	MFN	7.94	6.67	7.51	6.14	6.40	4.69
	Bound	14.59	12.12	13.84	12.25	10.86	9.24
Audio Visuals	MFN	1.81	0.64	1.21	0.42	0.86	1.03
	Bound	9.30	5.10	6.05	5.40	5.49	2.77
Design	MFN	7.05	7.32	7.15	7.08	6.40	7.06
	Bound	14.28	12.75	14.01	12.77	10.23	11.36
New Media	MFN	1.85	5.75	1.77	3.69	2.00	2.75
	Bound	6.41	12.02	5.05	12.02	4.08	7.75
Performing Arts	MFN	2.08	0.00	1.56	0.00	1.79	0.00
	Bound	9.71	0.00	8.46	0.00	7.86	0.00
Publishing	MFN	1.59	1.71	1.61	1.30	1.13	0.66
	Bound	7.38	2.23	6.22	2.21	6.38	1.38
Visual Arts	MFN	2.76	4.06	2.95	3.17	2.50	2.09
	Bound	9.43	5.65	9.76	5.48	7.33	2.92

Source: TRAINS/UNCTAD database

countries importing creative industries from developing economies, developed and transition economies. For example, except for imports of audiovisuals (8.8 per cent) and publishing (7.1 per cent) from developing countries, all other sectors face a tariff as high as 18.2 per cent for design in 2008. Relatively high applied tariff rates prevail in developing countries for imports from other developing countries. Lower rates could accelerate South-South trade expansion and deepen liberalization processes in the case of creative industries (table 9.4).

The tariff results clearly indicate the need to renew

Table 9.4 Creative goods: Imports, by developing economies, MFN applied and bound tariffs (simple averages), 2002 and 2008

		Developed economies		Developing economies		Transition economies	
All Creative Industries	Duty Type	2002	2008	2002	2008	2002	2008
Art Crafts	MFN	19.54	15.85	19.81	16.58	18.32	10.73
	Bound	38.84	37.45	37.11	35.84	27.00	28.63
Audio Visuals	MFN	10.86	9.55	11.93	8.84	10.42	4.81
	Bound	38.40	32.20	33.72	30.91		19.19
Design	MFN	21.21	17.79	20.85	18.21	17.50	15.44
	Bound	40.36	39.34	39.27	39.01	26.25	28.99
New Media	MFN	15.99	15.57	14.91	15.13	14.55	12.07
	Bound	34.57	41.13	31.97	38.90	36.56	32.33
Performing Arts	MFN	15.46	10.67	13.96	11.09	11.52	12.50
	Bound	36.87	43.68	34.61	42.64	24.42	35.00
Publishing	MFN	8.55	6.80	8.99	7.09	5.59	5.18
	Bound	37.59	35.89	36.53	35.09	21.41	22.70
Visual Arts	MFN	17.54	13.60	17.93	14.34	16.89	9.08
	Bound	40.43	38.36	39.62	38.17	25.15	24.14

Source: TRAINS/UNCTAD database

and continue negotiations on the Agreement on the Global System of Trade Preferences among Developing Countries in order to further cut tariffs and non-tariff barriers and expand trade relationship among developing countries.

9.3.3 | General Agreement on Trade in Services

The General Agreement on Trade in Services (GATS) governs trade in cultural and entertainment services. It has built-in flexibilities that can be used by both developed and developing countries. Nevertheless, developing countries need to ensure that these flexibilities are implemented and operationalized. These flexibilities may allow for the phasing in of disciplines according with the level of development and are an important tool for strengthening the creative industries in developing countries. They include the right to regulate; the right to provide due respect for national policy objectives; the positive list approach to undertaking commitments on market access and national treatment; the possibility of attaching limitations and conditions to market access and national treatment; the possibility of not making commitments on audiovisual services; and most-favoured-nation exemptions. At the negotiations on domestic regulations, developing countries are trying to ensure a balance between disciplines that effectively underpin market access commitments on the one hand, and maintaining sufficient policy space and flexibility on the other, with a view to putting in place the policies that they need in the pursuit of development objectives, including protection of cultural diversity. During 2009, little progress was made in liberalizing trade in services in general and in particular audiovisuals, in the Doha Round of negotiations.

There is a perception that audiovisuals deserve special treatment as they are inherently cultural products. Proponents of this view contend that countries should retain the ability to use policy measures to support their domestic cultural industries as a public good. Other countries argue that audiovisual services as entertainment products should be treated like any other sector, calling for greater commitments by members as well as for the discussion of new disciplines. This policy interface has also come up in several regional trade agreements such as the Central American–Dominican Republic Free Trade Agreement (CAFTA), the North American Free Trade Agreement (NAFTA) and a large number of FTAs. As a result, very few countries have made commitments regarding cultural services. By and large, developing countries have taken the position that liberalization of services remains the way forward but that progressive liberalization is the preferred path.

Mobility of talents is a crucial element for the export of creative and cultural services from developing countries to global markets. Therefore, Mode 4 on the temporary movement of natural persons (that is, the provider of the service crosses the border) is of particular relevance to developing countries since it would include services provided by theatrical producers, singer groups, bands and orchestras, authors, composers, sculptors, entertainers, dancers, choreographers and other individual artists in global markets.

Under market-access commitments, WTO members may inscribe in each mode of supply quantitative restrictions or numerical quotas restricting the numbers of providers, total value of services transactions or assets, number of services operations, limitation of the total number of natural persons that may be employed in a particular service sector, type of legal entity or joint venture to provide a service, and limitation on the participation of foreign capital.

Provisions on services and temporary movement of labour are now common in many regional trade agreements. Given the nascent state of the services sector in developing countries, the implications of North-South reciprocal opening of the services market for developing countries need to be carefully assessed. Adequate pacing and sequencing between domestic reform and regional and multilateral liberalization are important to promote service trade in creative industries.

The treatment of issues related to the creative industries including audiovisuals is challenging and open ended because there is no universal international trade agreement applied to trade in cultural goods and services that covers all the issues of the trade agenda. In the absence of such an agreement that explicitly and exclusively deals with cultural trade and investment per se, there are instead many trade agreements administered by WTO (GATS in particular) as well as regional trade agreements that affect the terms by which cultural goods and/or services are traded across borders (together with other goods and services that are not cultural in nature).

Box 9.2 Puppet planet

A puppet is a manmade object, usually but not necessarily representing a character, operated directly by a puppeteer or indirectly by the use of strings or by another mechanical means or by remote control. In contemporary puppet theatre, puppets are often called a "creative object", classified under the performing arts. Puppetry involves manipulating these objects and is found in almost all human societies both as entertainment and ceremonially in rituals and celebrations such as the Brazilian carnivals.

Romania figures among the European countries that have active puppet theatres. It is one of the eight co-founder countries (jointly with Austria, Bulgaria, Czechoslovakia, France, Germany, Yugoslavia and the Soviet Union) that created the International Union of Puppet Artists (UNIMA), a decision taken in Prague in May 1929. It is noteworthy that from the point of view of cultural history, UNIMA was the first international body in the world of theatre at large. UNIMA, an NGO affiliated to UNESCO, brings together people from around the world who contribute to the development of the art of puppetry with the objective of using this art in the pursuit of human values such as peace and mutual understanding between peoples regardless of race, political or religious convictions and differences in culture, in accordance with the respect for fundamental human rights as defined in the United Nations Universal Declaration of Human Rights of December 1948. The Romania UNIMA National Centre implemented innumerable initiatives under the leadership of Margareta Niculescu, who was elected as a member of the International Executive Committee of UNIMA and then as president of this organization in 2000.

A leading UNIMA member is the Tandarica Puppet Theatre, founded in 1945 in Bucharest. In 1949, Tandarica was declared a State theatre and Margareta Niculescu was nominated director of the company. She created a strong group of competent designers, directors and puppeteers who made Tandarica world-famous. The holding of the First International Festival of Puppet Theatre in Bucharest in 1958 was a very important moment in the history of the Romanian puppet theatre. The Romanian artists had the opportunity to see the best performances of the best companies from over 50 countries.

Today, Tandarica has over 80 employees sustaining around 300 annual performances in the two theatres. As a repertory theatre subsidized by the State budget through the Bucharest Municipality, Tandarica Theatre has deliberately chosen to offer low ticket prices, a practice that opens wide the theatre doors to an audience stemming from all social categories. In an agreement with the Ministry of Education of Romania, the schoolchildren are allowed to attend performances during their school courses and the theatre provides transport from the school to both theatres. All these elements result in the children's greater interest in these special performances.

During the 2005-2006 season, Tandarica gave performances to 70 000 people. Since its birth, it has produced over 200 creations. All of them draw their inspiration from the marvellous tales pertaining to the Romanian as well as to universal culture. In its permanent portfolio, Tandarica offers specific puppets shows for all age groups, from small children to adults. Most of the shows are presented in the Romanian regions and on almost all the continents, with over 100 tours in more than 40 countries. The company organized six international festivals and two national ones and participated in 20 national festivals and 40 international ones, becoming one of the best-known puppet theatres, appreciated all over the world and proving to be a strong ambassador of the Romanian culture abroad.

International festivals and international tours are very important tools to stimulate a constant renewal of puppet theatre. A number of festivals are organized worldwide. The most famous is the "Festival international de la marionnette de Charleville-Mézières" in northeastern France. This event takes place for two weeks every three years, gathering puppet companies from more than 130 countries for an international public of over 130,000 spectators. In this regard, it must be stressed that governments should facilitate the free circulation of artists to present and promote their creations in global markets and offer their services. The puppet theatre should remain a valuable traditional expression of cultural diversity to advance intercultural dialogue in our society.

By Liviu Berehoi, a master puppeteer who has worked for more than 25 years for the Tandarica Theatre and who is a regular collaborator on the Théâtre des marionnettes de Genève.

9.3.4 | TRIPS Agreement

With respect to the provisions of the TRIPS Agreement, topics relating to the creative economy such as the protection of traditional knowledge and folklore have not received prominent attention in the WTO Doha Round, where negotiations have focused on biotechnology and traditional medicines.

Undoubtedly, one of the critical issues for the cultural and creative industries is copyrights and neighbouring rights, in particular the need to reinforce domestic copyright legislation and institutions. This topic should remain at the core of the IPR debate since there is a need to push the boundaries of existing models and explore innovative solutions that will maximize the benefit of the creative economy in developing countries, seeking social inclusion and equitable development as a primary objective. Lacunae in the current IPR regimes are being dealt with at the international level by WIPO in the context of its Development Agenda.

The work of WIPO is closely interwoven with governmental and intergovernmental cooperation, including the WIPO agreement with WTO to assist developing countries in the implementation of the TRIPS Agreement. The challenge of development is compounded by rapid technological and scientific progress. WIPO helps countries to identify and to promote international solutions to the legal and administrative problems that digital technology poses to the traditional notions and practices of intellectual property. To maximize synergies, a better interface is required between development programmes implemented by WIPO for developing countries and other international organizations involved with intellectual property and economic development issues.

9.3.5 | Implications of regional trade agreements for creative industries

Trade agreements influence trade flows of cultural goods and services as a result of the mutual granting of most-favoured-nation treatment among signatories, which is the fundamental principle of trade commitments and commercial relations among countries.

The WTO rules recognize the right of contracting parties to liberalize trade in goods in accordance with Article XXIV and the enabling clause of GATT and trade in services in accordance with Article V of GATS within the framework of economic unions such as the European Union, RTAs such as ASEAN and MERCOSUR, and FTAs such as NAFTA. WTO has been notified of more than 462 agreements such as RTAs and FTA among WTO members.[16] The main implications of these agreements for creative industries is that trade flows, i.e., imports and exports of creative industries and the IPRs, are subject to binding commitments and multilateral disciplines that might be enforceable by dispute settlement. The cultural exception to audiovisual services implies the non-application of the "once-in-time exception" of most-favoured-nation treatment to audiovisual services, which allowed the concerned countries to exclude audiovisual from their schedules of commitments under the GATS in the commitments appended to the Final Act embodying the results of the Uruguay Round of Multilateral Trade Negotiations signed in Marrakech in 1994.

RTAs such the Andean Community, ASEAN, CARICOM, the Central American Common Market, the Common Market for Eastern and Southern Africa, MERCOSUR and SADC have universal coverage and commitment to full liberalization within a reasonable length of time. These agreements include special provisions for cultural trade and common disciplines applied to many segments of cultural industries. FTAs such as CAFTA, NAFTA and bilateral treaties of the United States with Chile have specific provisions or exclusions in negative lists of some creative industries sectors.

In addition to specific commitments, members may also include additional commitments. This may allow the countries to undertake commitments on cultural services and audiovisual services under transparent conditions of regulations, standards, licensing and administrative procedures. These additional commitments requires incumbent countries to update domestic regulations on creative industries by implementing non-"trade distorting" standards, which constitute non-tariff measures such as licensing and packaging requirements, and administrative procedures that nullify or impair a specific commitment.

[16] Some 462 RTAs have been notified to the GATT/WTO up to February 2010. Of these, 345 RTAs were notified under Article XXIV of the GATT 1947 or GATT 1994; 31 under the Enabling Clause; and 86 under Article V of the GATS. At that same date, 271 agreements were in force (see http://www.wto.org).

Box 9.3 A breakthrough to promote trade flows of cultural goods and services

The conclusion of negotiations in 2008 of an Economic Partnership Agreement (EPA) between the 27 members of the European Union on one hand, and the 15 members of the CARIFORUM[17] group on the other, with provisions on the cultural sector, marked a breakthrough to liberalize trade and investments in cultural goods and services among these two important markets. The EPA replaces and extends the coverage of the trade provisions of the Cotonou Agreement, which has governed the political dialogue and economic relations between the EU and the 79 African, Caribbean and Pacific (ACP) States since 2000, aiming at expediting the economic, cultural and social development of ACP countries. The EPA, is a new WTO-compatible trading arrangement, initially negotiated in the form of an interim agreement that started to be implemented for some ACP States in 2008. The EU and the Caribbean negotiators adopted the positive list approach and agreed to liberalize trade and investments between the two regions on a reciprocal basis putting more emphasis on market access issues. Over the last decade there has been a proliferation of regional trade agreements (RTA) worldwide, including among North-South regions, which tend to enforce deep trade liberalization between major trading nations and weaker partners from the developing world.[18] Recently, this trend has been accentuated due to the impasses that have overtaken the multilateral trade negotiations under the WTO Doha Round.

During the negotiation process towards the EPA, there were some divergent views inside the Caribbean community as regards the positive and negative aspects of this legally binding instrument. It is recognized that challenges arise to developing countries to design policies and approaches that would maximize gains from both multilateral and regional integration processes. It is important that both processes are mutually supportive and complementary in terms of their scope, pace and the sequencing of policies and measures committed to.[19] Today in 2010, the key issue is how the Caribbean countries can better benefit from the provisions of the agreement in order to obtain development support from the EU with a view to enhance local creative capacities and increase the competitiveness of their cultural and creative goods and services taking advantage of new market access opportunities.

For the first time, European countries granted market access to all entertainment services, except audiovisuals. This has never been granted before to any other region or country. "Mode-4-type" movement of services suppliers is provided for as temporary provision of services without setting up business. Through the EPA chapter on Services, Contractual Service Suppliers, the EU Member States undertook commitments in the entertainment sector allowing for the supply of entertainment services through the temporary entry of natural persons for up to six months, without quotas. The commitments came into effect when the EPA started to be provisionally applied in 2008. The provisions cover the following cultural activities: theatrical producer and ancillary theatrical services; singer group, band and orchestra services; services provided by authors, composers, sculptors, entertainers and other individual artists; circus, amusement parks and similar attraction services; ballroom, discotheque and dance instructor services and other entertainment services. It should be pointed out, however, that the access granted to Caribbean entertainers, artists and other cultural practitioners may be subject to qualification requirements and are subject to economic needs tests. As underlined, by experts from the Caribbean Regional Negotiating Machinery (CRNM), the entertainment sector covers highly skilled categories that require many years of training such as classical concert musicians, composers, conductors etc., while the economic needs tests is not a new requirement since it has been in practice in several states for a long time. Caribbean artists, musicians and other cultural practitioners who are registered as an employer of a firm will have a legal right to offer their entertainment services to EU countries on a contractual basis, and in case of eventual difficulties a dispute resolution process can be formally initiated.

EPA is a North-South regional trade agreement that potentially may improve market access opportunities for the Caribbean in the cultural sector as it covers modes of supply of export interest to the region and also incorporates a cooperation package. The Cultural Cooperation Protocol is expected to generate development and trade gains, if effectively implemented as a mechanism for strengthening institutional, regulatory and supply capacities.[20] The protocol provides for bilateral cooperation on all cultural fronts with special provisions on the audiovisual sector. Technical assistance is also envisaged in the form of training, exchange of information, expertise and experiences. Moreover, EPA made a step forward by allowing for Caribbean firms to invest in entertainment activities in Europe and vice-versa. This provision is expected to facilitate joint-ventures including co-production agreements, as well as public-private partnerships and cooperation between private companies. It should be recalled that the European Union remains the world's leading donor for technical cooperation. In 2008, the European Commission and the Member States collectively provided 60 per cent of total development assistance. For ACP countries a budget of €23 billion has been allocated under the 10th European Development Fund for the period 2008-2013, nearly doubling the amount under the 9th EDF.[21] Furthermore, the "European Agenda for Culture" was adopted in 2008, highlighting the role of culture in Europe and in EU external relations, and proposing objectives for a new common EU agenda for culture.

It is premature to draw conclusions on the positive or negative impact of the EPA cooperation agreement on development; time will show if the expected results will be achieved or not. Other developing regions should follow closely how the EPA agreement will evolve and deliver. In principle, this EPA should not be seen as a template since each agreement should be tailor-made to suit the specific needs and the priorities of each region. Nevertheless, the EU-CARIFORUM partnership agreement opened an important precedent, particularly because previous EU trade agreements had almost nothing on cultural cooperation. In this sense, EPA shaped the basis for future international cooperation on cultural issues and creative industries, taking also into account the engagement of the international community as regards the implementation of the UNESCO Convention and their commitment to respect and promote cultural diversity.

By: Edna dos Santos-Duisenberg, Chief UNCTAD Creative Economy Programme

[17] CARICOM Member States plus the Dominican Republic.
[18] Dos Santos-Duisenberg (2009). "Expanding trade flows of cultural goods and services".
[19] UNCTAD (2008). "Globalization for Development: The international trade perspective".
[20] UNCTAD (2007). Trade in Services and Development Implications.
[21] Highlights European Commission Annual Report 2008.

9.4 UNESCO cultural-diversity perspective

The Intergovernmental Conference on Cultural Policies for Development convened by UNESCO in Stockholm in 1998 after several years of research and preparation reflected growing international interest in identifying more successful models for sustainable development. UNESCO's main goal at the conference was to transform the ideas behind this initiative into more clearly formulated cultural policies and modalities for international cultural cooperation. The conference concluded that cultural policies, as the true driving force in cultural diversity, must foster the production and dissemination of diversified cultural goods and services, especially in terms of the promotion of cultural industries and creative enterprise in all countries.

In recent years, the United Nations has increasingly recognized the inalienable role of culture in development and has focused programming accordingly. The conviction was evident in General Assembly Resolution 57/249 of 20 February 2003 on Culture and Development. The resolution directly commented on the potential of cultural industries for poverty reduction, noting that the General Assembly:

> 5. Invites all Member States, intergovernmental bodies, organizations of the United Nations system and relevant non-governmental organizations:
>
> *(iii) To establish cultural industries that are viable and competitive at the national and international levels, in the face of the current imbalance in the flow and exchange of cultural goods at the global level;*
>
> *(iv) To assess the interconnection between culture and development and the elimination of poverty in the context of the First United Nations Decade for the Eradication of Poverty (1997-2006).*

The importance of culture in development strategies was underscored with the Universal Declaration on Cultural Diversity, adopted by the UNESCO General Conference in November 2001 and endorsed by the United Nations General Assembly in 2002. For the first time, cultural diversity was acknowledged as "the common heritage of humanity" and its defence was deemed to be an ethical and practical imperative, inseparable from respect for human dignity. The concept of "diversity" stipulated that plurality is the necessary requirement for freedom and that, in political terms, such pluralism is inseparable from a democratic society. The Declaration stated that "Freedom of expression, media pluralism, multilingualism, equal access to art and to scientific and technological knowledge, including in digital form, and the possibility for all cultures to have access to the means of expression and dissemination" constitute essential guarantees of cultural diversity and of development. Though it also represents a challenge to cultural diversity, the globalization of the economy and trade creates the conditions for a renewed dialogue among cultures and civilizations based on human rights and respect for their equal dignity.[22]

The Declaration led to the approval of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions by the UNESCO General Conference on 20 October 2005. As a legally binding international agreement, it ensures that artists, cultural professionals and citizens worldwide can create, produce, disseminate and have access to a diversity of cultural goods, services and activities, including their own. The Convention was adopted because the international community signalled the urgency of recognizing the distinctive nature of cultural goods, services and activities as vehicles of identity, values and meaning and emphasized that while cultural goods, services and activities have important economic value, they are not mere commodities or consumer goods that can be regarded as objects of trade. As of July 2010, there are 112 Parties to the Convention.

Since the Convention entered into force in March 2007, its governing bodies (the Conference of Parties and the Intergovernmental Committee) have approved a set of operational guidelines that are serving as a road map for the implementation process, currently in its early stages. These guidelines demonstrate how the Convention ushers in a new international framework for the governance and management of culture by:

- *encouraging the introduction of cultural policies and measures* that nurture creativity, provide access for creators to participate in domestic and international marketplaces where their

[22] UNESCO (2005). *Ten Keys to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions.* UNESCO (2007). "L'UNESCO et la question de la diversité culturelle 1946-2007, Bilan et stratégies".

artistic works/expressions can be recognized and compensated and ensure these expressions are accessible to the public at large.

- *recognizing and optimizing the overall contribution of the cultural industries* to economic development and social cohesion, particularly in developing countries.
- *integrating culture into sustainable development policies and programmes.*
- *promoting international cooperation* to facilitate the mobility of artists as well as the flow of cultural goods and services, especially those from the global South.

The Convention engages a diversity of stakeholders in its implementation, and the guidelines identify their various roles and responsibilities. This includes not only Parties to the Convention but also the active participation of civil society, artists, cultural professionals and SMEs in the cultural industries. One of the first operational activities was the launch of the International Fund for Cultural Diversity and a first call for applications in March 2010.

Box 9.4 Cultural tourism: Impressions of the Peruvian experience

Why cultural tourism is a way to reduce poverty but also a risk for the preservation of traditional peoples' values

Peru is a country with a rich and varied nature, a place of contrasts. People have a thousand-year-old culture of building irrigation channels, which enables them to cultivate areas that previously were desert. Its heritage, including the ancient Inca Empire, Cuzco and the lost city of Machu Picchu, is spectacular.

Peruvian traditions are distinctive and cultural tourism appears to be a good alternative to increase people's quality of life and self-esteem, creating new jobs, economic growth and development. One may think it is an easy task. Peru has forests, beaches and mountains, archeological sites, indigenous peoples with a rich tradition of art crafts; it offers adventure. So it would seem that it is only a question of advertising – and tourists, certainly, will respond. And they have responded. Tourism is the third most important economic activity in Peru, employing 500,000 people to serve the 1.6 million visitors who spent $1.5 million in the country in 2006. Certainly, tourism helps them to live more comfortably and thus the measured Peruvian quality-of-life indices improve.

Cuzco is a beautiful colonial city, ranking seventh in Peru in number of inhabitants – 304,152. The historic capital of Peru, Cuzco was declared as Patrimony of Humanity by UNESCO in 1983. It used to be mainly a farming and mining region, but in the last several years, tourism has come to be its main economic activity. The central square of Cuzco looks like a shopping mall, and there are animated parties at night. The city is experiencing steep economic growth. From 2005 to 2006, employment rose 6 per cent and the tax revenue increased 168.9 per cent. From this perspective, the expansion of historical and cultural tourism is very good news.

Machu Picchu is the hidden fortress of the ancient Inca Empire. Discovered by the western world only in 1911, it is a breathtaking experience to visit its palaces, temples and over 150 buildings, most of them six centuries old. There, one can fully appreciate the complexity of the hybrid culture born from the fusion between Spanish and Inca. And it comes as no surprise that the number of visitors to Machu Picchu ruins increases by 5 per cent a year.

People who live in the little town of Ocongate, which is also atop the Andean mountains, hope to have similar fate. This because there is an image of the Lord of Qoyllur Rit'i (which in Quechua means something like Snow of Stars) carved in the rock at the top of the 6,362-metre mountain Ausengate. And there is a traditional festival to honor the Lord of Qoyllur Rit'i that attracts more than 10,000 people from many countries every year. Investments have been made, the road is improving, people are building new places and restoring old ones to attract more tourists – and they are already arriving. However, such results need to be achieved without people losing something that is fundamental to their success: authenticity.

Cultural tourism is an important topic when we think about the creative economy as a way of reducing poverty, especially in developing countries. But there are many challenges for policymakers in this field. What is really needed are sustainable projects, designed so that real people – with unique skills and knowledge – are not transformed into actors with no substance.

By Eliana G. Simonetti, journalist.

9.5 WIPO Development Agenda

At the WIPO General Assembly in 2004, two developing countries, Argentina and Brazil, proposed the introduction of a Development Agenda for WIPO[23] addressing the needs and concerns of developing countries with regard to IPRs. Another 12 developing countries supported the proposal and negotiations have started. In June 2007, WIPO Member States reached an agreement on a WIPO Development Agenda, a set of proposals aimed at integrating development concerns more closely into policymaking in the field of intellectual property protection. The 45 items recommended to the WIPO General Assembly for action are grouped into the following six broad clusters:

- technical assistance and capacity building;
- norm-setting, flexibilities, public policy and public domain;
- technology transfer, information and communication;
- technologies and access to knowledge;
- assessment, evaluation and impact studies;
- institutional matters, including mandate and governance; and
- other issues.

Many of the proposals agreed upon refer directly to the creative industries, copyright or the protection of creative works. For example, one proposal calls for a greater emphasis on the cultural industries in WIPO technical assistance activities, and another mentions the importance of strengthening national capacity for the protection of domestic creations. In addition, several proposals deal with issues that are relevant to copyright and the creative industries without explicitly referring to them. These include, for example, proposals calling for deepening the analysis of a rich and accessible public domain, expanding the scope of activities aimed at bridging the digital divide, promoting pro-competitive licensing practices, initiating discussions on how to further facilitate access to knowledge and technology, and undertaking new studies to assess the economic, social and cultural impact of the use of intellectual property systems in Member States.

Furthermore, there are a number of proposals that outline principles that WIPO is to follow when conducting development-related activities, such as technical assistance or norm-setting, including in the field of copyright and other areas that may be of relevance to the creative industries.

The June 2007 meeting of the Provisional Committee on Proposals Related to a WIPO Development Agenda also recommended the establishment of a Committee on Development and Intellectual Property to plan, monitor, assess and report on the implementation of the WIPO Development Agenda. Such a Committee would also have a broader mandate to discuss intellectual property and development-related issues. It would therefore be a forum in which Member States could present new issues of concern that relate to intellectual property and development, including issues of relevance to the creative industries.

In November 2009, WIPO convened a conference on "Building Partnerships for Mobilizing Resources for IP and Development" to address Recommendation 2 of the WIPO Development Agenda. The aim was to support developing countries, with a particular focus on LDCs and Africa, to access resources to promote the legal, commercial, cultural and economic exploitation of intellectual property in the developing world. The conference provided practical examples illustrating how the development impact can be achieved through the integration and use of intellectual property rights in national development plans and in the context of the UN Development Assistance Framework and Poverty Reduction Strategy Papers. Debates focused on three main areas related to intellectual property, namely: (i) aid for trade; (ii) science, technology and innovation for development; and (iii) the digital divide. The purpose was to help forge partnerships with development agencies and the donor community, and to identify ways in which this work might be supported by charitable foundations and through public-private partnerships.[24]

The Convention establishing WIPO entered into force in 1970. In April 2010, the agency celebrated the 40th anniversary of this date by unveiling a new logo and new visual identity, in line with the new directions being taken to keep pace with the rapid evolution of intellectual property in the 21st century. The intention was to send a clear sign of the Organization's revitalization and strategic reorientation with

[23] WIPO (2007). Press Release: "Member States Adopt a Development Agenda for WIPO".
[24] http:// www.wipo.int/tk/en/folklore.

a focus on innovation and creativity.[25] WIPO's work covers seven main areas: i) literary, artistic and scientific works; ii) performances of performing artists, phonograms, and broadcasts; iii) inventions in all fields of human endeavour; iv) scientific discoveries; v) industrial designs; vi) trademarks, service marks, and commercial names and designations; and vii) protection against unfair competition, and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

9.6 UNDP: Engaging developing countries in the creative economy for development

The UNDP Special Unit for South-South Cooperation was established by the United Nations General Assembly in 1978 to promote, coordinate and support South-South and triangular cooperation worldwide and to facilitate the activities of the United Nations system in South-South initiatives. The Special Unit works closely with the China and the Group of 77 (G-77), which is the largest intergovernmental body in the United Nations, representing 133 developing countries and providing the platform for the countries of the South to articulate and promote their collective economic interests. Many multilateral processes are set in motion via debate at the level of the G-77 with implications in international and national contexts.

The Special Unit for South-South Cooperation and the G-77 engaged in the "Creative Economy for Development" agenda owing to the immense potential of developing countries but also of their marginal contribution to the rapid expansion of the global creative economy and their limited participation in the international flows of cultural goods and services. With the support of the G-77, the Special Unit began to mobilize the United Nations system to build capacity along the entire creative industries value chain in developing countries so that the full benefits of their innate creativity could be fully realized. Hence, the mission entrusted to the Special Unit by the G-77 in this context was to promote better understanding of the potential of the creative sector and the new opportunities that it could create for economic growth, poverty reduction, social inclusion and development in the South.

The Creative Economy for Development agenda began to be formulated at the Second South Summit of the G-77 and China, which was held in Doha, Qatar, in June 2005. At the opening session, the Minister of Foreign Affairs and Foreign Trade of Jamaica, then the President of the G-77, recognized the global trends in Southern trade and requested "that developing countries explore new and dynamic ways of responding to these growing disparities". At the concluding session, delegates adopted two documents, one making recommendations for South-South cooperation and the other recommending specific South-South projects. The document on South-South cooperation asked the Chairman of the G-77 to submit a study on new and dynamic sectors, including services and creative industries, and encouraged that arrangements be made for South-South sectoral cooperation.

As a response, the Special Unit for South-South Cooperation initiated an inter-agency dialogue in September 2005, followed by the Creative Economy Forum in Shanghai in early December that same year. Outcomes of the forum included a partnership with UNCTAD, the "Partnership for Technical Assistance for Enhancing the Creative Economy in Developing Countries", and the recommendation for the organization of a Creative Economy Expo, which would develop and reinforce market mechanisms for Southern creative goods and services. This initiative strengthened the partnerships that had begun with the United Nations Multi-Agency Informal Group on Creative Industries initiated by UNCTAD in 2004, and it reinforced commitment to the fledgling plans for an Expo. Later in 2005, the United Nations Day for South-South Cooperation highlighted creativity and diversity and called for the United Nations bodies to coordinate efforts with respect to the creative economy in order to bring about real development impact for developing nations.

Since then, the Special Unit for South-South

[25] For a summary of the draft and references to the full draft, see: http://www.wipo.int/tk/en/consultations/draft_provisions/pdf/tce_provisions_summary.pdf.

Cooperation has continued to work with the G-77 and China and United Nations entities on increasing Southern attention to and support for the "creative economy for development" concept. It has championed an "International Forum on the Creative Economy", which had several meetings since the first meeting in Shanghai in December 2005, followed by another dialogue held in Jamaica in June 2006, in Rwanda in August 2006, and in Brazil in November 2006. These meetings received much attention and support and have given impetus to creative thinking, development of policy platforms and network-building.

A significant benefit of both the formal and informal dialogues facilitated by the Special Unit for South-South Cooperation is that they have created a flexible, responsive and open environment for stakeholders at different levels of government, the United Nations system and their partners to discuss the more sensitive or controversial topics relating to the creative economy. For example, this dialogue process has enabled the exploration of the critical issue of IPRs, a subject on which the G-77 countries have been very vocal. At the WIPO Development Agenda meeting in February 2006, the African Group laid out a seven-step plan that any meaningful discussion of IPRs and development should take into account. The discussions at the International Forum on the Creative Economy for Development, which was held in Rio de Janeiro, Brazil, in November 2006, provided an opportunity for this framework to be discussed and helped to expose some of these growing tensions in the developing world about the IPR debate.

Multilateral recognition was given to the value of this dialogue in the Paris Consensus, adopted by the Thirty-Ninth Meeting of the G-77 Chairman and Coordinators of the Chapters in February 2006: "The emerging new dynamic economies of the South provide new and potential opportunities for taking South-South cooperation to a higher level of collective self-reliance through trade, investment and technological cooperation. In this context, we support the ongoing efforts by the Special Unit for South-South Cooperation organizing important initiatives to boost South-South cooperation the Global South Creative Economy Expo; as well as other public-private partnership initiatives in new and dynamic sectors."

Box 9.5 A new model leading to sustainability and better futures

Since 2005, the UNDP Special Unit for South-South Cooperation has been working on a new model of the creative economy, one that is better suited to the context of the Southern countries. In seeking to achieve sustainable development, this model incorporates four driving forces that are shaping our future.

1. Systemic, inclusive and multidimensional approach. The creative economy plays a role in all four dimensions of sustainability: economic, social, environmental and cultural. It is an activity with a strong economic performance, but it goes beyond that, building cohesion and social transformation; advancing environmental sustainability; and strengthening the values, differentials and credibility of communities, business enterprises and nations. To be effective, projects and activities that promote the concept of "creative economy for development" should include the following dimensions: generating and exchanging knowledge (cultural dimension); forming and expanding markets (economic dimension); fostering networking and strengthening the social fabric (social dimension); and focusing on environmental sustainability (environmental dimension). These are the pillars of the work of the South-South Cooperation Creative Economy Programme.

2. Intangible assets: A new concept of resources and wealth. Practice shows that the sustainable development equation is not simply a matter of economics: each dimension has its own capital: human capital, cultural capital, social capital, environmental capital. These dimensions are mutually interdependent. Financial capital may generate intellectual capital, which in turn might generate technological capital, which can foster natural capital, which may build financial capital. Examples such as the music from the State of Pará in Brazil or audiovisual arts from Nigeria show how such conversion of 'capital' works: the key factor in these models's success lies in distribution, because these products are sold by street vendors. In this process, artists rarely receive monetary capital resulting from copyright, but instead gain capital in the form of reputation; as they become well known and desired, their market is enhanced and triggers a dynamic process that eventually generates monetary capital. By broadening the concept of assets to encompass natural, cultural and human resources as financial ones, creative economy for development opens a new work front, with close links to sustainability and innovation, not only of products, but especially of processes and models of management. It also enables Southern countries to turn their huge intangible assets and cultural diversity into other forms of wealth.

3. Evaluation of Intangibles. Measuring the intangible also implies shifting from an exclusively quantitative vision to one that also includes the qualitative. The focus on results must be broadened to include the assessment of impacts: checking what has changed and the resulting benefits in dimensions beyond the economic one. Assessing results of cultural/social/entrepreneurial programs in the slums, as is the case in Brazil, solely by calculating the income of youth who become professional artists is like measuring liquid with a measuring tape. How much is the preserved cultural diversity of a community worth? How much are spared lives worth? How much are innovative governance models for a better future worth? Assessing and measuring cre-

Box 9.5 continued **A new model leading to sustainability and better futures**

ative and cultural activities requires parameters yet to be developed. For instance, the dance sector economy is small, maybe just the sum of dancers, choreographers and performances. However, the economy of "dancing" as an activity is large because it includes festivals (such as Carnival), nightlife and quite a number of fitness centres, courses and gear.

4. A new era: The centrality of the intangible. For a better understanding of why the creative economy is so strategic to sustainable development, it is important to place ourselves within the present time. Evolution occurs in leaps, and we are in the middle of a huge one — a transition from a time when life was organized around material, tangible matters to an era when the intangible plays an increasingly central role. This is also a time of ecological crisis, because finite natural resources like land, gold and oil are being depleted. Knowledge, culture and creativity are intangible resources that cannot be depleted; they may be the only ones that are renewed and multiplied by use. Whereas the tangible/material is finite and limited, the intangible is elastic, unlimited, and can open the way to more inclusive models based in cooperation. When added to digital technologies (bits are also infinite), we get a myriad of collaborative options among society and a new term, "abundance economy", which may originate more solidary lifestyles.

The challenge now is to ensure that the leaders of the public and private sectors, together with non-profit and/or non-governmental organizations and creative entrepreneurs, are conscious of this change of era, recognize the great potential that it presents and advance the policies needed to take better advantage of it. For example, in addition to the sectoral approach, we need a territorial approach, which is better suited to local development goals. We need to design strategies and policies for the future, based on diversity and the niche economy. We need to develop collaborative governance tools that allow multisectoral convergence and action. And we need to cultivate new professionals who possess the transdisciplinary skills that will allow us to connect with others from different areas.

By Lala Deheinzelin, Senior Advisor, Creative Economy Programme, Special Unit on South –South Cooperation.

9.7 ITC: Creating business opportunities for creative industries

The International Trade Centre (ITC) is a joint technical cooperation agency of UNCTAD and WTO for business aspects of trade and development. Its efforts in helping the developing world have traditionally included the export of craft products. This traditional ITC contribution in the domain of creative expression will be pursued while opening up to, and progressively embracing, new creativity forms in order to help other creators export their art. Initially, the focus of ITC was on the crafts and visual arts in developing countries and economies in transition.

ITC assistance is concentrated in three main areas:

- *Markets:* Facilitating access by the craft and visual arts enterprises to distribution networks in importing markets, particularly by leveraging new information technologies to streamline their supply chains and promote their production abroad;
- *Protection:* Spreading understanding of the principles of marketing and of the intellectual property system along with recognition of the value of intellectual property issues in marketing, and providing practical guidance in the proper use of them;
- *Collection:* Soliciting and facilitating the gathering of international sector-specific data for market analysis.

Recently, the focus of ITC work in the area of the creative industries has been on ethical fashion. The rich culture, diverse traditions and skills of Africa, for example, have long been a source of inspiration for the international fashion industry. Equally, the industry has benefited from African raw materials such as cotton and leather. However, it is rare that the communities from which the inspirations and inputs are derived have benefited from the successes of international fashion. It is necessary to over-

come obstacles faced by poor communities, designers and SMEs in entering the value chains in order to access global markets. ITC has been examining positive and negative experiences, with the aim of assisting developing countries to link designers and retailers/distributors in fashion markets with businesses with a view to developing win-win supply-chain models.

In the context of UNCTAD XII, held in Ghana in April 2008, UNCTAD invited ITC to organize a free dialogue in collaboration with the African Federation of Fashion Designers and other relevant institutions and NGOs. Entitled "From fashion to African communities and the Millennium Development Goals",[26] it provided a forum for addressing issues related to the fashion industry and exploring business possibilities offered by ethical fashion for African creators and communities. The dialogue identified concrete proposals for strengthening the production of socially and environmentally sustainable raw materials with a view to ensuring that value addition takes place in Africa.

In September 2009, ITC organized its "Ethical Fashion Catwalk Show" in the context of the World Congress on Organic Cotton, which was held in Interlaken with organizational support from the Swiss Association for International Development. The aim was to demonstrate the potential of organic cotton as a fashion material and showcase the glamour of well-known African and European designers. In ITC's view, the market for organic cotton is experiencing rapid growth, but it needs a more glamorous image so that it can break out of the "ethical" niche.[27] ITC also promoted a "Fashion Award in Romania" in December 2009. Garments have long been a crucial and successful sector of the Romanian economy, accounting for some 15 per cent of the country's exports, and there is a strong potential for Romania to become an international fashion reference, with its own creativity, brands and retail chains.

In collaboration with the Netherlands' Centre for Promotion of Imports from Developing Countries, ITC launched an interactive web portal in March 2010. Called Artisanconnect, it seeks to connect artisans and experts in creative and indigenous crafts and provide them with a platform for sharing their experiences and information. While initial content was provided by ITC, the success of the portal, which is based on Web 2.0 technology, will depend on its users who can easily add or modify content. This new web portal provides information on markets, design and production development, materials and techniques, and projects. It also hosts a database of over 1,500 organizations, glossaries, a database of events and useful links. The site was constructed so that users can highlight or share their expertise, share documents and expand their networks. The aim is to encourage the exchange of information about craft markets, new technologies, designs and events, which has been scarce so far, particularly for French-speaking users. The portal is available in English, French and Spanish at www.artisanconnect.net.

ITC has also devoted an issue of its quarterly publication, *International Trade Forum*,[28] to explore the potential of creative industries in developing countries. Through contributions from international commentators, it examined such themes as the impact of globalization, technology and digitization and the promotion and financing of creative industries in emerging economies. It also highlighted the opportunities created through engagement with the corporate sector and creative industries, such as film and fashion in developing countries, and showed how the design industry is having a considerable impact on how cultural heritage and tradition are transformed into products ranging from household goods and fashion items to solutions for health care and new media and entertainment. ITC emphasizes that technology is creating new opportunities for economies in both the North and the South, and that countries will need the right policy mix and strategies to optimize the job- and wealth-creating opportunities that they present.

[26] Further details available from http://www.unctadxii.org/en/Programme/Creative-Africa/Free-dialogue--From-fashion-to-African-communities-and-the-Millennium-Development-Goals.
[27] ITC (2009). Press release.
[28] ITC (2009). "Creative Industries an Engine for Growth".

Box 9.6 Nollywood: A creative response

Nollywood, the so-called Nigerian film industry, has been acknowledged as the third largest film industry in the world, after America's Hollywood and India's Bollywood. Nollywood produces more than 1,005 home video films annually. A total of 6,221 films were produced during the period 1997-2005; about 50 per cent are exported unofficially. There are well over 500,000 Home Video Distribution and Rental Clubs across the length and breadth of the country, thereby creating thousands of jobs as a result of the boom in the industry. Furthermore, the potential size of the Nigerian film industry has been estimated at more than N522 billion (that is, about $2.75 billion). The industry has generated revenue for the Government through corporate income and sales taxes; its estimated contribution to GDP is over N86 billion (nairas per US dollar: 127.38 in 2006).

Although film was introduced into Nigeria in 1903, film production actually began in 1948 but was limited to documentaries and newsreels. It was not until 1972 that the first commercial film was produced. The industry experienced a boom in the production of celluloid films in the 1970s but witnessed a decline in the 1980s with the introduction of the Structural Adjustment Programme (SAP), which affected the cost of production. The Government established the Nigerian Film Corporation in 1979 to develop the sector. Through the programmes, policies and activities of the Corporation and efforts by other relevant institutions in the sector, the industry has grown to have a remarkable impact on the economic, social and cultural development of the country.

The socio-cultural impact of the film industry on the nation cannot be overemphasized. The benefits have been enormous as the films constitute an effective means of communication (education, entertainment, socialization, information and mobilization), projecting and promoting our national image such as values, art and rich cultural heritage to the outside world (it is being used as a medium for driving the Heart of Africa project, which is a cohesive information programme for Nigeria's image management and economic transformation). They also promote national cohesion and integration of the diverse cultures of the people as the Nigerian home video films have instilled a sense of national pride and patriotism in Nigerians at home and abroad.

Even though the Nigerian film industry has recorded impressive growth, the sector is still beset by challenges that impede its growth and development, constituting a major constraint to Nigeria's home video entry into the global market. The challenges include: an informal local and international distribution and marketing network; piracy of works produced by filmmakers; poor content and production quality; lack of production, distribution and exhibition infrastructure; absence of funding opportunities in the industry; inadequate requisite professional skills and training; lack of cohesion leading to industry fragmentation; and lack of industry data for planning and decision-making.

The Government, in recognition of the potential of the film industry for the development of the country, has taken positive steps in line with its reform programmes to reposition the film sector. These steps are in the areas of institutional and policy reforms, which include: (a) the institutional restructuring and reorganization of relevant federal government agencies in the film industry; (b) creating the necessary policy environment for the growth of the film industry; (c) training and capacity-building; (d) promotion of the Nigerian film industry; (e) production infrastructure; (f) the Film Development Fund; and (g) professionalizing the sector.

The private sector in Nigeria has been very active in the film industry by providing content and production as well as exhibition facilities in the country. However, it can also take advantage of the huge opportunities to invest in the sector. Areas of investment include training and capacity-building, film village development, distribution and marketing, equipment leasing/sales, and local manufacture/assembly of film equipment and consumables.

Home video is unique and particular to Nigeria as a format of film production and distribution. Several factors might account for this: the high cost of celluloid production and post-production, decaying exhibition theatre infrastructure, lack of trained professionals in cine film tradition, etc. Nigerian producers have therefore found an alternative, the video format, to provide entertainment for the people. They have equally perfected the distribution system, using existing informal trade channels and retail outlets of other complementary products, e.g., electronics stores, supermarkets, and hawking of the products.

The film and video industry, if properly developed, could be a very significant source of wealth for any country, particularly its contribution to GDP. It is also a very powerful tool for communication, education, cultural integration and image projection. It is both an art and an industry whose development should be of great national interest in terms of its social as well as its economic value.

By Afolabi Adesanyam, Federal Head of the National Film Corporation and Managing Director of the Nigerian Film Corporation.

9.8 UNEP: Promoting biodiversity benefits for the creative industries

The United Nations Environment Programme (UNEP) provides leadership and encourages partnerships in caring for the environment. It inspires, informs and enables nations and peoples to improve their quality of life without compromising that of future generations. UNEP and UNCTAD are collaborating on the Capacity Building for Biotrade Project, which indirectly supports creative industries such as eco-fashion, jewellery and some design and art-crafts products, as well as natural health, cosmetics. UNEP also hosts the Secretariats for the Convention on Biological Diversity and the Convention on International Trade in Endangered Species of Wild Fauna and Flora, both of which are critical to supporting international and national policy on trade in natural products used by the creative industries, while at the same time protecting traditional knowledge and promoting traditional cultural expressions.

The Convention on Biological Diversity is an international, legally binding treaty with three main goals: conservation of biodiversity; sustainable use of biodiversity; and fair and equitable sharing of the benefits arising from the use of genetic resources. It covers biodiversity at all levels, including ecosystems, species, genetic resources, and biotechnology, and in its role in development, including science, politics, business and culture.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora aims to ensure that trade in species of wild animals and plants does not threaten their survival. Annually, international wildlife trade is estimated to be worth billions of dollars. The trade is diverse, ranging from live animals and plants to a vast array of wildlife products derived from them, including food products, exotic leather goods, wooden musical instruments, timber, tourist curios and medicines. High levels of exploitation and trade of some animal and plant species, together with other factors, such as habitat loss, are capable of bringing some species close to extinction. Many wildlife species in trade are not endangered, but the existence of an agreement to ensure the sustainability of the trade is important in order to safeguard these resources for the future.[29]

Box 9.7 Alphadi: The fashion caravan

Seidnaly Sidhamed, alias Alphadi, was born on 1 June 1957 to trader parents in Timbuktu, Mali. One of nine children, in Niger he grew up in the company of his siblings and liked to put makeup on his sisters and mother. He also studied the makeup of actresses in Hindu films. At a young age, this designer-to-be was already intrigued by everything that could enhance and better showcase feminine beauty. In Niger, however, fashion was taboo for boys.

While his father had envisaged that Alphadi would pursue a medical career or work in the family business, following graduation from high school, Alphadi went to Paris to study tourism. In this centre of fashion, he was able to attend fashion shows and he also took night courses at the Chardon Savard atelier. Once he had completed his studies, he accepted a director's position at the Ministry of Tourism in Niger, but he still had a passion for fashion. While working at the Ministry, he continued to perfect his fashion skills by receiving in Niger professors from Chardon Savard.

In 1985, two years after having decided to devote his life to fashion, he presented the haute couture fashion line that he had created at his first fashion show, which was held in the City of Light during the International Tourism Tradeshow. From that time on, Alphadi has had many successes, including the Best African Designer award from the Fédération française de la couture et du prêt-à-porter in 1987. His fashion shows are familiar worldwide – in Abidjan, Brussels, New York, Niamey, Paris, Quebec, Tokyo, Washington. In 1999, he expanded his label by creating a line of sportswear called Alphadi Bis. With Wrangler, he also created Alphadi Jeans, and 2000 saw the launch of l'Air d'Alphadi, the first perfume by an African couturier.

After twenty years of a career in fashion, with fashion shows organized all over the world, boutiques in Africa, Europe and the United States and, most importantly, an internationally respected brand, Alphadi is one of the most well-known African designers from the continent. Warm, very affable and experienced, this artist is ever ready to talk about his field. Inspired by the rich traditions and colours of Africa, Alphadi "firmly believes that fashion and culture are the industries that can lift Africa to the ranks of prosperous nations".

Alphadi, Paris.

[29] United Nations Environment Programme, www.unep.org.

In this context, in January 2010 UNCTAD launched the celebration of the United Nations 2010 International Year of Biodiversity, by convening three intertwined eco-oriented events with a focus on eco-fashion, natural health, cosmetics and the luxury industries. In addition to an eco-fashion show and exhibition, an international policy and business-oriented seminar was held to engage the international community in more environmentally and socially sensitive practices with regard to the use of the biodiversity while promoting creativity.

CHAPTER 10

Lessons learned and policy options

10.1 Lessons learned

This report broadly reaffirms and validates the findings and recommendations of the 2008 report, but goes a step further. It not only provides a deeper analysis, including additional research and more recent data and information, but also broadens concepts and identifies more clearly critical areas requiring target policy interventions by countries. Moreover, it brings new reflections taking into account the far-reaching consequences of the economic crisis and the mitigating policies towards economic recovery. The report also contributes to the process of reorienting development thinking towards more equitable, people-centred and sustainable policies.

All countries, developing and developed alike, are enormously rich in cultural diversity and creative talents. Their traditions provide a unique heritage of music, crafts, arts, rituals, dances, performances, storytelling and cultural practices. These manifestations of local and national cultural expressions are assets, representing the indisputable cultural capital, both tangible and intangible, on which the lives of the community are founded. These assets can, in turn, give rise to a complex array of creative products — goods and services (commercial and non-commercial) with both cultural and economic value that personify the expressions of the creativity and talent of the people.

Creative products and cultural activities have real potential to generate economic and social gains. The production and distribution of creative products can yield income, employment and trade opportunities, while fostering social cohesion and community interaction. Globalization and the rapid uptake of new information and communication technologies (ICTs) have opened up huge possibilities for the commercial development of creative products. Indeed, it is the adoption of new technologies and a focus on market expansion that are distinguishing characteristics of the creative industries as dynamic sectors in the world economy.

Gradually these trends are being reflected in the experience of developing countries. Some parts of the developing world, notably Asia, are enjoying strong growth in their creative industries. However, in other developing regions the situation is more nuanced. This report shows the rapid growth in the exports of creative goods and services as indicators of the strength of the creative industries in contemporary society. In the period 2002-2008, world exports of creative goods and services grew at unprecedented levels by 11 and 17 per cent, respectively. Growth rates in developing countries as a whole exceeded those in developed countries, thanks to the exceptional performance of China. South-South trade of creative goods accounted for 15 per cent of world exports in 2008, a sign of the growing penetration of developing countries in global markets. These results provide a strong hint of the potential that still awaits developing countries to take better advantage of their creative economy for development gains.

Certainly there are obstacles, at the national and international levels, that need to be tackled so that developing countries can optimize the new opportunities offered by the creative economy for generating jobs, revenues and export earnings while promoting social inclusion, cultural diversity and a more human development. These opportunities are more visible today and cannot be missed. In general, some of the main domestic constrains confronted by many countries are:

- the lack of a clear framework for understanding and analyzing the overall interactions of the creative economy as a basis for tailored and forward-looking policymaking;
- the absence of data about the performance of different creative industries as a basis to shape concrete initiatives such as support for small and medium-sized enterprises (SMEs), clustering, financing, etc.;
- the unusual organizational characteristics of the creative

economy that call for country-specific and sector-specific rather than generic policies;

- the lack of institutional and regulatory frameworks as a basis for a conducive climate to support the strengthening of the creative industries, such as fiscal policies, intellectual property rights regime, investment promotion, domestic and export-led schemes, etc.;
- the need for an institutional mechanism such as a "Creative Economy Committee" to facilitate cross-cutting policies and consultations with key stakeholders; and
- the fact that the developed world has enormous "first-mover" advantages in the field of creative industries, making it more difficult for developing countries to compete in global markets for these products.

10.2 Major findings

TEN KEY MESSAGES

This policy-oriented report examines a number of issues, but would like to draw the attention of governments to its 10 key messages:

I. In 2008, the eruption of the world financial and economic crisis provoked a drop in global demand and a contraction of 12 per cent in international trade. However, world exports of creative goods and services continued to grow, reaching $592 billion in 2008 — more than double their 2002 level, indicating an annual growth rate of 14 per cent over six consecutive years. This is a confirmation that the creative industries hold great potential for developing countries that seek to diversify their economies and leapfrog into one of the most dynamic sectors of the world economy.

II. The world economy has been receiving a boost from the increase in South-South trade. The South's exports of creative goods to the world reached $176 billion in 2008, accounting for 43 per cent of total creative industries trade with an annual growth rate of 13.5 per cent during the 2002-2008 period. This indicates a robust dynamism and developing countries' fast-growing market share in world markets for creative industries. South-South trade of creative goods amounted to nearly $60 billion, an astonishing growth rate of 20 per cent over the period. The trend is also confirmed in the case of creative services, whose share of South-South trade grew to $21 billion in 2008 from $7.8 billion in 2002. In the light of this positive evolution, developing countries are highly encouraged to include creative goods in their list of products and to conclude negotiations under the Global System of Trade Preferences in order to give even more impetus to the expansion of South-South trade in this promising area.

III. A right mix of public policies and strategic choices are essential for harnessing the socio-economic potential of the creative economy for development gains. For developing countries, the starting point is to enhance creative capacities and identify creative sectors with greater potential through articulated cross-cutting policies. Efforts should be oriented towards the functioning of a "creative nexus" able to attract investors, build creative entrepreneurial capacities, offer better access and infrastructure to modern ICT technologies in order to benefit from global digital convergence, and optimize the trade potential of their creative products in both domestic and international markets. A positive spillover effect will certainly be reflected in higher levels of employment generation, increased opportunities for strengthening innovation capabilities and a high quality of cultural and social life in those countries.

IV. Policy strategies to foster the development of the creative economy must recognize its multidisciplinary nature — its economic, social, cultural, technological and environmental linkages. Key elements in any package to shape a long-term strategy for the creative economy should involve concerted inter-ministerial actions to ensure that national institutions, a regulatory framework and financing mechanisms are in place to support the strengthening of the creative and related industries.

V. A major challenge for shaping policies for the creative economy is related to intellectual property rights: how to measure the value of intellectual property, how to redistribute profits and how to regulate these activities. The evolution of multimedia created an open market for the distribution and sharing of digitized creative content, and the debate about the protection or sharing of IPRs became highly complex, involving governments, artists, creators and business. The time has come for governments to review the limitations of current IPR regimes and adapt them to new realities by ensuring a competitive environment in the context of multilateral discourse.

VI. The creative economy cuts across the arts, business and connectivity, driving innovation and new business models. The digital era unlocked marketing and distribution channels for music, digital animation, films, news, advertising, etc., thereby expanding the economic benefits of the creative economy. The mobile revolution is changing the lives of millions of people in the developing world. In 2009 over 4 billion mobile phones were in use, 75 per cent of them in the South. In 2008 more than one-fifth of the world's population used the Internet, and the number of users in the South grew five times faster than in the North. However, developing countries are lagging in terms of broadband connectivity. For the creative industries, this is a constraint because many applications to stimulate creative production and e-business do not run without sufficient bandwidth. Therefore, national and regional investment efforts should be guided, in collaboration with international agencies, towards better infrastructure for broadband in the South.

VII. The creative economy is both fragmented and society-inclusive. It functions through interlocking and flexible networks of production and service systems spanning the entire value chain. Today it is strongly influenced by the growing role of social networks. These new tools, such as blogs, forums and wikis, facilitate connectivity and collaboration among creative people, products and places. Pragmatic policymaking requires a better understanding of who the stakeholders are in the creative economy, how they relate to one another and how the creative sector relates to other sectors of the economy. Policies and initiatives should be specific rather than generic, and preferably not top-down or bottom-up but allowing for ownership and for partnerships involving stakeholders from the public and private sector, artists and civil society. Schemes that are more inclusive and flexible will facilitate effective and innovative measures to revitalize the creative economy.

VIII. Policies for the creative economy have to respond not only to economic needs but also to special demands from local communities related to education, cultural identity, social inequalities and environmental concerns. An increasing number of municipalities all over the world are using the concept of creative cities to formulate urban development strategies for reinvigorating growth with a focus on culture and creative activities. The main principles can be adapted for rural areas and disadvantaged communities as a tool to generate jobs, particularly for youth, empower creative women and promote social inclusion in line with the achievement of the Millennium Development Goals. Municipalities are therefore acting faster and more astutely than the spheres of federal government, which can be more constrained by power issues and bureaucracy. Ideally, target plans of action for the creative economy should be shaped at all levels, from the community to the municipality to the national level, independent of order. It is important, however, to reconcile cultural and social objectives with instruments of trade, technology and tourism.

IX. In the aftermath of the crisis, the firmness of the market for creative products is a sign that many people in the world are eager for culture, social events, entertainment and leisure. They are devoting a higher share of their income to memorable life experiences that are associated with status, style, brands and differentiation; this phenomenon, a symbol of the way of life in much of contemporary society, is rooted in the creative economy. Evidence suggests that even during the global recession people continued to go to cinemas and museums, listen to music, watch videos and TV shows, play video games, etc. Even in times of crisis, creative products continue to thrive as an integral part of our lives. This explains why some creative sectors appear more resilient to economic downturns and can contribute to a more sustainable and inclusive economic recovery.

X. Each country is different, each market is special and each creative product has its specific touch and splendour. Nonetheless, every country might be able to identify key creative industries that have not yet been exploited to their full potential so as to reap developmental benefits. There is no one-size-fits-all prescription; each country should formulate a feasible strategy to foster its creative economy, based on its own strengths, weakness and realities. The time for action is now.

10.2.1 | Definitions and concepts

Definitions of the "creative economy" may vary, but it is generally agreed that at the heart of the creative economy lie the creative industries. There is no single agreed definition of the "creative economy" or the "creative industries" although clearly, they embrace the concept of "creativity" as an essential characteristic. Today, creativity is often referred to as a primary resource in the knowledge-based economy, leading to innovation and technological changes, and conferring competitive advantage on businesses and national economies.

The transformation of creative ideas gives rise to both tangible products and intangible services, which are collectively referred to as "creative goods and services". In the analysis of this report, "cultural goods and services" consti-

tute a subset of the creative industries, which are a broader concept centred in but not limited to arts. Creative industries are defined as a set of knowledge-based products, with creative content, cultural and economic value and market objectives. It comprises the cycle of creation, production and distribution of goods and services that uses creativity and intellectual capital as primary inputs. This led to the definition used by some countries of "cultural creative industries". Different models of the creative economy have different ways of identifying and classifying the creative industries. What matters is not really the definition but the use of the concept as a new approach for a development strategy. This report is based on the UNCTAD definitions and classification of creative industries as follows:

- cultural heritage, including traditional cultural expressions;
- visual and performing arts;
- audiovisual industries;
- publishing and printed media;
- new media;
- design; and
- creative services, including advertising and architecture.

This report seeks to establish a realistic benchmark of definitions of the "creative economy". The concept continues to evolve, broadening its understanding and field of application. Now, however, there are clearer views and shared perceptions. Hopefully, in the near future a more innovative classification system will emerge not dictated simply by convenience or statistical data but rather based on a better understanding of what evidence is really required to formulate effective measures.

10.2.2 | Cross-cutting linkages

The "creative economy" is a multidisciplinary concept with linkages to a number of different sectors in the overall economy. Different approaches to analysing the creative economy reflect different emphases. For instance, a sociological approach has examined the notion of a "creative class" in society, comprising professional, scientific and artistic workers whose presence generates economic, social and cultural dynamism. Other approaches have stressed the role of culture in terms of cultural diversity and identities. Even beyond urban planning circles, the concept of the "creative city" has become established, while architects and geographers focus on the locational aspects of creative activity in the form of creative clusters, networks and districts. The multifaceted nature of the creative economy means that it cuts across a wide range of areas of economic and social policy. Moreover, there is a similar multiplicity of involvement across the public sector, the corporate sector, the non-profit sector and civil society. Thus policymaking for the creative economy is not confined to a single ministry or government department; rather, it is likely to implicate a number of different policy fields, including:

- economic development and regional growth;
- urban and national planning;
- trade and industry;
- labour and industrial relations;
- education;
- domestic and foreign investment;
- technology and communications;
- art and culture;
- tourism; and
- social welfare.

10.2.3 | The creative economy in the developed world

Although this report covers trade flows up to 2008, it can be said that during this decade the creative industries grew faster than more traditional services and manufacturing sectors. A major driver of this growth was the extraordinarily rapid pace of technological change in multimedia and telecommunications over the last decade. Digital technologies, in particular the mobile revolution, opened up a range of new media and mobile-based services through which creative content can be fast delivered to consumers around the world, and the creative industries responded by supplying an ever-widening array of creative products to the market. On the demand side, rising real incomes among consumers in developed countries, coupled with changing preferences for modes of cultural consumption, helped to sustain the growth of the creative economy. By the middle of the first decade of the new millennium, the creative industries had been inducing employment, trade, innovation and economic development in many advanced countries, with the proportion of GDP contributed by the creative industries in developed countries averaging 3 to 6 per cent. A recent study estimates that in 2007

the creative industries in the United States contributed to 6.4 per cent of the American economy and is a leading exporting sector. In the United Kingdom the creative industries accounted for 6.2 per cent of the economy in 2007 measured as value added, accounting for 4.5 per cent of total British exports, growing by 5 per cent annually during 1997-2007 as compared to 3 per cent for the rest of the UK economy.

10.2.4 | The creative economy in the developing world

A growing number of developing countries are exploring ways to nurture their creative economy with the aim of generating jobs, trade and socio-economic growth. Asia is leading this process. Several ASEAN countries have been formulating target policies identifying the creative industries as a priority sector in their national development plans. As shown in chapter 5, more Asian developing countries are among top exporters of certain creative goods. Some Asian countries, mainly in the Asia-Pacific and Middle East, are at the leading edge of innovation in creative production, with a focus on technology-intensive areas such as new media and audiovisuals, or services-oriented products like advertising, architecture or digital services.

In Latin America and the Caribbean interest is growing but the majority of countries are still in the phase of studies instead of action. In South America the potential is huge but remains underutilized and the process is moving at a slower pace, with very few exceptions. Certainly this reflects the differences in the stage of development of the countries, but also the fact that creative capacities and institutions should be enhanced, and products and markets more diversified. Obviously, this also reveals the degree of engagement of each country in implementing a focused agenda to foster the creative economy. In the Caribbean and Central America, the state of the creative industries varies considerably across the board, with different sectors like music, film and festivals being the main focus of attention in most countries. Regional economic integration institutions such as the OAS, MERCOSUR, CARICOM, OECS and the Commonwealth, have been playing a role in facilitating the process of raising awareness, undertaking studies and promoting intergovernmental debates aimed at articulating policies at the regional level.

In Africa, there is also increasing responsiveness by governments and public opinion, greater awareness about the potential of the creative economy for the continent and growing mobilization in certain countries mostly led by artists, the creative community and NGOs. International cooperation is also contributing to this process, not only through the presence of several UN agencies which are implementing technical cooperation projects in the area of the creative industries, like UNCTAD, UNESCO, ILO, ITC and WIPO but also through donors such as the EU/ACP, British Council and la Francophonie, as well as in the context of bilateral cooperation by several EU countries like Spain, the Netherlands and the Scandinavian countries. Also, a few African countries introduced the creative industries in their World Bank poverty reduction strategy papers. Policy debates are also addressing the creative economy more strategically with the aim of speeding up the development process and meeting poverty reduction strategies. In Africa this is also taking place within regional economic integration institutions like the African Union, SADC, COMESA, etc. The combination of all those international actions are step by step paving the way for results-oriented initiatives to assist African countries to make better use of their creative talents and rich cultural heritage to advance development.

A salient feature common to most developing countries is the need to establish or reinforce institutions, as well as a regulatory framework and a financing mechanism, as the basis for strengthening the creative economy. It should be better understood that creative economy policy should be seen as a feasible development option. The creative economy is much more than the cultural policy, requiring political articulation at several levels to be effective. The responsibility for the creative industries should be shared among different ministries and cannot rely only on ministries of culture, like in the majority of cases. It is crucial to set up a scheme to facilitate cross-cutting policies and inter-ministerial decisions, such as a National Creative Economy Committee to facilitate regular consultations, even if in practice this is not an easy task. For instance it is essential to involve ministries of finance to examine fiscal policies, taxation, investment incentives, etc. Another fact is that several cities in the South are using the creative cities concept to formulate urban development strategies to promote socio-economic growth. Municipalities are therefore acting faster to promote their creative industries.

10.2.5 | The value chain for creative products

It is essential to have some understanding about the

functioning of the entire value chain of each creative industry, from the idea to the end user, in order to determine optimal points of policy intervention. A systematic understanding of who the stakeholders in the creative economy are, how they relate to one another, and how the creative sector relates to other sectors of the economy is critical for informed policymaking.

One tool that has proven useful for studying the creative economy is value-chain analysis, which depicts the progress of creative goods from an initial idea to the final consumption. It is important to examine the early stages in the chain, in particular the structure for the creation and production of the creative goods or services. Production units in this sector range from individual artists and producers on the one hand to large transnational corporations on the other. In between are small and microenterprises, which in the large majority of countries comprise the most significant structure in terms of volume of output and levels of employment and community engagement. In a number of instances, these businesses offer the best prospect for combining economic revenue potential with the development of authentic cultural symbols and traditions, as is the case in the production of craftwork, fashion products, music recordings, etc. Indeed, small and medium-sized enterprises are the cornerstone of locally based creative industries, and play a key role in injecting economic, cultural and social life in the communities and cities. Value-chain analysis equally enables the identification of creative products and services with particular competitive advantages or with potential of being target as niche markets.

10.2.6 | Data issues

Reliable data on the creative economy — on its inputs, outputs, value of production, prices, employment and trade — are in short supply, and not only in developing countries. There is an urgent need to improve the collection of statistics to serve as a basis for formulating creative-industry policy. The lack of a tradition for economic valuation and measurement in the cultural sphere, combined with difficulties of definition in the realm of cultural activities and creative goods and services, has meant that there has been a dearth of reliable indicators on which to base assessments of the size and scope of the creative economy. Moreover, the rapid pace of technological change has made it difficult to keep abreast of the new products and services constantly coming onto the market. Another difficulty is linked to the fact that creative industries in principle are highly fragmented, with many microbusinesses and in many developing countries operate in the informal sector, and this further complicates data collection and analysis. The mapping exercise is a costly and time-consuming process, and most developing countries lack the human and budgetary resources to embark on a comprehensive mapping of the creative economy.

Although UNESCO proposed a new framework for cultural statistics in 2009, the databases are empty for the time being. To date in 2010, only a few countries have a limited set of measures of creative-industry output, employment and trade. In an ideal world, these are the data with which we might start. In addition, data on participation in cultural and creative activities would help to develop a broader perspective. Obviously, new models are required since the current methodologies are outdated. Regarding creative employment, statistics on occupation by industry are necessary to assess the linkages between the creative industries and other sectors while data on the locational distribution of employment is important for the analysis of creative clusters.

Concerning trade, although exports and imports of physical products produced by the creative industries are documented and analysed by UNCTAD (see chapter 5 and the annex of this report), the increasing dematerialization of cultural products has made statistical tracking of trade problematic. In the case of audiovisuals and music, the international market in rights and services definitely exceeds the physical market in value terms, yet documentation of the volume and value of rights trade does not exist. In effect, the material goods of the creative industries are potentially less important than its immaterial/rights dimension; unfortunately, this is an area on which there is no official data available at global level. Moreover, little is known about the effective modes of governance of rights earnings relating to the creative industries. WIPO has made some interventions in this field, but its objective is regulation; thus it focuses on different variables.

Despite these limitations, it is possible to assemble consistent data on trends in exports and imports of creative products classified by region and by product category and make a trade analysis, on the basis of available data without extra costs or work for countries. UNCTAD started this exercise in 2007 and considerable improvements have since been made to improve the quality and coverage of the creative industries trade statistics, as elaborated in chapter 4. The work presented in this report — in addition to the fact that

policymakers, researchers and practitioners can freely use the UNCTAD Global Database for Creative Economy to make their own creative-industries country profiles — undoubtedly is a positive step to facilitate national level policymaking, studies and business practice. Due to the complexity and the heterogeneity of the creative industries, difficulties in conceptualizing, classifying and measuring trade of the creative industries persist, but work has to continue. The trade figures presented below are clearly an underestimate. They cannot capture the true contribution of the creative industries to world trade, due to methodological shortcomings and the absence of data for the international flows in revenues of intellectual property rights. Nevertheless, this is our contribution to advance the economic and development agenda around the creative economy. The market is booming, and developing countries should act now. The priority should be the policy actions rather than indicators.

10.2.7 | Trade

The creative industries have been one of the most dynamic sectors in world trade during this decade. This is a positive sum-game for both developed and developing countries. Exports of creative goods and services amounted to $592 billion in 2008, compared to $267 billion in 2002, which means an annual growth rate of nearly 14 per cent over six years. In the case of creative services, exports significantly increased, tripling its trade value from $62 billion in 2002 to $185 billion in 2008. The sectors with greater dynamism were architecture and advertising services, while cultural and recreational services and audiovisuals recorded 10 per cent annual growth during the 2002-2008 period. The predominance of developed countries in world trade of creative goods is undeniable. In 2008, their share in total exports of creative goods is estimated at about 90 per cent for music and audiovisuals, about 80 per cent for publishing/printed media, 75 per cent for visual arts and about 50 per cent for new media and design. For developing countries, art-crafts and design products are the most traded products accounting for 65 per cent and nearly 50 per cent respectively of their share in the world market for creative industries.

A new feature in this report is an analysis of South-South trade, which constitutes a vibrant avenue for future trade growth. The South's exports to the world have increased significantly from $76 billion in 2002 to $176 billion in 2008, account for about 43 per cent of total creative industries trade. More importantly, the creative goods exports increased by 13.5 per cent annually, which is even higher than the world average annual growth rate during the same period. This clearly indicates a growing dynamism and rising market share of developing countries.

In 2008, South-South trade of creative goods reached nearly $60 billion and has tripled in six years. South-South trade in creative goods grew at an astonishing rate of 20 per cent annually over the period of 2002-2008, while the South'a exports to the North have been growing at an annual rate of 10.5 per cent. South-South trade of creative services reiterates this positive trend, the meagre amount of 7.8 billion in 2002 sharply increased to $21 billion in 2008. In the light of this upward trend, developing countries are encouraged to conclude their negotiations under the Global System of Trade Preferences in order to give more impetus to the expansion of South-South trade in this promising area. In brief, trade in creative industries has shown an unprecedented growth as compared to other sectors in recent years. As this growth is likely to continue in the coming years, there will be even more ways for developing countries to benefit from this trade opportunity to realize development gains, while fostering, protecting and promoting their creative economy.

10.2.8 | Connectivity and ICTs

Undoubtedly, a major driver of the growth of the creative economy worldwide has been the rapid advance of new information and communication technologies (ICTs). Of course, these technologies benefit the whole economy but their role in the creative industries is of particular significance. ICT tools offer new distribution channels for creative products; allow the adoption of innovative entrepreneurial business models; and strengthen the links between creativity, arts, technology and business.

In developing countries, ICTs developed extremely quickly over the last five years. Mobile technology is driving change for millions of people in the developing world. In 2009 over 4 billion mobile phones were in use, of which 75 per cent were in the South. Many creative entrepreneurs are benefiting from new mobile services, as they secure business deals and money transactions and seize the opportunities to broaden their customer bases and increase their participation in global supply chains. ICTs can leverage new links in the value chain in many creative industries, such as music, film, digital animation, advertising and e-news. In Nigeria, for instance, Nollywood movies can be downloaded on newer mobile phones within the country and internationally.

In 2008 more than one- fifth of the world's population used the Internet, and the number of users in the South grew five times faster than in the North. However, developing countries lag behind in terms of broadband connectivity. For the creative industries, this is a constraint because many applications that facilitate creative production and e-commerce do not run or do not operate effectively without sufficient bandwidth. Therefore, efforts should be channelled to further improve the infrastructure for broadband in the South. Today, South-South investment is already a major source of funding for mobile networks in developing countries.

10.2.9 | Policy towards the creative economy

The cross-cutting nature of the creative economy means that policy process for the creative industries must be formulated on a coordinated inter-ministerial basis. A wide range of instruments can be used by policymakers in charting development strategies for the creative industries. By and large, the need is for infrastructure development and capacity building to reinforce and promote creative entrepreneurship and pass a clear message to the private sector that creative industry is a big business for many countries. Moreover the regulatory framework should be in place to adapt fiscal policies, competition law and intellectual property regimes. More specifically, policy initiatives should be gradually shaped in the following areas:

- mapping of inventories of cultural assets and creative industries;
- SME business development and finance (e.g., microfinance);
- promote creative clusters to stimulate collaboration, innovation and linkages;
- copyright awareness and legislation;
- support for artists and the arts, both direct (via taxation, social security) and indirect (private sector support, training, professional associations, laws);
- conservation of tangible and intangible cultural heritage;
- expansion of digital capacity and know-how;
- market development (quality, brands, trade facilitation) domestic/export;
- better articulation between creative industries and tourism objectives;
- education, vocational training and business skills development; and
- industry assistance (investment incentives, tax concessions, bilateral agreements, co-production contract negotiation etc.).

Moreover, as mentioned earlier, policy development cannot be confined to a single ministry but requires coordinated action across a range of agencies. Policies should not be exclusively oriented to big cities and urban areas, but it should also explore possibilities for smaller cities and communities including in rural areas. The objective should be the elaboration and execution of a long-term plan of action that identifies needs and priorities as well as the creative sectors with greater comparative and competitive advantages for the implementation of tailored policies. This will facilitate concrete initiatives to attract investors, public-private partnerships, and business and marketing strategies for the domestic and global markets.

10.2.10 | International context

It is imperative to align national policies for the creative economy with multilateral processes and international cooperation. Today, explicitly or indirectly, the creative economy is topical in several arenas for multilateral negotiations and international policy. The main challenge is to optimize the potential of the creative economy to promote a more equitable development and alleviate poverty. Given the multifaceted nature of the creative economy, governments can benefit from the expertise and the platform of the United Nations system for policy-oriented analysis, technical assistance and timely interventions in the various areas of competence of relevant agencies.

Policymakers are aware of a number of subtleties in dealing with the creative economy. In the area of the multilateral trading system, ongoing WTO negotiations continue to face difficulties in dealing with cultural products and audiovisuals. On balance, the General Agreement on Trade in Services has some built-in flexibilities that developing countries may wish to explore for strengthening their creative industries. The Agreement on Trade-Related Aspects of Intellectual Property Rights offers some prospect for consideration on topics related to the creative economy, but to date, matters such as folklore and traditional knowledge have received little attention. Indisputably, a major area for national and international action is copyrights, and many developing countries depend critically on having in place not only legislation and institutions at the national level, but also the ability to voice their concerns about the lacunae of the current intellectual property rights regime in the context of the implementation of the WIPO Development Agenda. Initiatives to further promote South-South trade could be dealt with in the context of negotiations among developing countries under the Global System of Trade Preferences.

Another mechanism to promote South-South cooperation is under way as part of the work of the UNDP Special Unit for South-South Cooperation, including for business facilitation and the South-South Gate exchanges.

Another important multilateral process that greatly contributed to raising the profile of the creative industries in developing countries has been the ratification and implementation of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. The convention emphasizes the role of the creative industries as a source of economic and cultural empowerment, particularly in the developing world. In addition there a number of processes at the regional and bilateral level which are taking into account the creative industries, such as the Economic Partnership Agreements under negotiation by the EU with different groups of developing countries. All these international aspects should be seen in the context of the Millennium Development Goals. The MDGs provide a set of strategic objectives to be met by 2015, and the creative industries are well placed to contribute in this endeavour.

10.3 The role of key stakeholders

Creativity is found everywhere in the world and is an inexhaustible resource. However, it can be argued that some countries have been greatly benefiting from the dynamism of the creative economy while the great majority of developing countries are not yet doing so, despite greater awareness and growing political interest.

A number of questions have been raised but there are no simple answers or a unique recipe. Why are developing countries net importers of creative goods and services, accumulating deficits in their trade balance of creative products? What are the structural factors limiting creative capacities in developing countries despite the profusion of creative talent? How can cultural and social objectives be reconciled with international trade and technology policies? How can we build creative capacities and make the best use of international cooperation? How can we integrate local creative industries into national development strategies and global markets?

In order to enhance the creative economy, several constraints have to be tackled in an effective and strategic manner. Governments are encouraged to address national bottlenecks and international systemic asymmetries, as a precondition for diversifying their creative industries and finding new opportunities to better place the creative economy for development. This concluding section is intended to assist not only policymakers but also the decision-makers and the creative people engaged in the day-to-day business of the creative economy, to identify areas requiring policy interventions and concrete private sector initiatives.

Initially, a needs assessment should be carried out to identify priorities taking into account the country's own economic aspirations, cultural identities, social disparities and technological disadvantages. Any strategy should be realistic and feasible; it cannot be based on what is going on elsewhere, but should be achievable on the basis of the country's own realities, weaknesses and strengths. Strategies for the creative economy must be updated in order to assimilate the far-reaching economical, cultural, social and technological shifts under way in our society. These are crucial considerations required to put in motion a process to optimize the developmental impact of the creative economy and to foster, protect and promote national creative industries.

Each stakeholder has a role to play, and this section intends to shed light on possible courses of action, and the role that eventually could be played by the different actors in shaping a feasible, sustainable and more inclusive growth strategy for the creative economy.

10.3.1 | Role of governments

A crucial lesson learned from the financial crisis is that markets alone are unable to correct the imbalances affecting the functioning of global systems. This also applies for the creative industries. Distortions in the market structure of most creative industries, which in most cases are highly vertically integrated, pose problems of distribution and market access for the penetration of products from developing countries in global markets. Thus, the role of governments is essential for the formulation of national and international policies to nurture solid creative industries able to compete at the global level. The point is not whether governments should be leading or responding to calls from their creative industries, but how they can put in place effective mecha-

nisms to articulate tailor-made policies to stimulate creativity, creative capacities and innovation. Efforts should be made to improve the competitiveness of those creative products with the best chance to compete in major markets. Certainly creative products are not commodities. Creative goods and services are special because they have symbolic meaning; they express cultural identity and should have a touch of specificity to bring differentiation and diversity. Developing countries have been struggling to retain policy space to be able to shape national policies for enhancing their creative industries. There is fierce competition from large conglomerates, particularly in the area of audiovisuals and new media, but the world is changing and new opportunities should be seized for new markets and new products.

At the national level, the role of governments is more as a facilitator. Policymakers are expected to create a conducive climate and provide the necessary infrastructure to stimulate concerted and mutually supportive domestic policies. Institutions, regulations and mechanisms should be put in place. This will be the foundation for attracting investors and creative business from the private sector. It is the role of government to ensure that the "creative nexus" (see chapter 8) will be able to function as a virtuous circle, able to induce the positive externalities of the creative sector in the overall economy. Table 10.1 summarizes some elements of a broad national framework and the different levels of action and areas to reinforce public policies, identifying expected objectives and steps toward harnessing the creative economy for development gains.

Table 10.1 Creative industries policy options

Policy level	Objective	Option
Micro	Analysis and mapping of the economic and social impact of the creative industries.	Situational analysis of value-chain cycles, review of the (non)existing sectoral policies and the ecology peculiar to each creative industry.
	Supporting creative SMEs.	Creative SMEs development initiatives: financial and fiscal support, business skills training, tools for start-up businesses and market strategies.
Meso	Comparative analysis of the relationship between the creative and the related industries.	Establish creative clusters and creative-industry infrastructures to motivate best practices, sharing of knowledge and absorb the informal sector.
		Organize networking and sectoral associations; facilitate partnerships, joint ventures involving different stakeholders including NGOs and academia.
		Expand the use of ICTs and promote the use of other new technologies to benefit from new business models in all stages of the creative chain.
		Identify crucial interfaces and intermediaries among all constituents.
Macro	Establishment of an informed, evidence-based policymaking system.	Set up a monitoring system and collect necessary information to identify the most appropriate models.
		Distinguish the gap between national statistics and real market activities for assessment tools.
	Cross-departmental institutional mechanisms.	Set up a multidisciplinary centre or an inter-ministerial task force to facilitate coordination among different departments, such as culture, trade, finance, tourism, labour, technology, education and migration.
	Socio-economic development.	Identify the uniqueness, strengths and weaknesses of local creative industries and opportunities for international trade.
		Examine the limitations of existing copyright schemes and other IPRs and implement an appropriate competition law.
		Promote cultural diversity and social inclusion policies, particular tailored for the youth and women.
	Creation of national identities.	Apply creative industries "branding" as a national strategy to promote image.
Meta	Analysis of the long-term impact of creative industries.	Analyse the changes in aesthetics, lifestyle, commodification over a long period and their impact on national strategies.

Source: UNCTAD.

10.3.2 | Role of creative entrepreneurs

All creative activities involve a high degree of risk. The success or failure of a creative product is difficult to predict. Artists and creators are rightly concerned with their own creations and in an ideal environment should not be distracted with marketing and business aspects. However, in an increasingly flexible structure peculiar to the creative economy, independent artists and creators are becoming much more autonomous and are compelled to deal with business aspects in order to be able to survive from the commercial activities resulting from their creations. The so-called creative class or workforce has a high level of education and the knowledge and skills needed to make use of the most sophisticated ICT tools and the new business models (see chapter 8). In this changing environment, the role of the intermediaries is gradually disappearing or being replaced by that of the infomediaries, and creators are increasingly recognizing the importance of developing creative entrepreneurial skills with a view to link arts, creations, business and connectivity.

Moreover, as the large majority of creative industries are small, if not microenterprises, special attention should be given to the development of SMEs, with a view to ensuring their survival and sustainability. These businesses, which characterize most creative industries in all countries, have the capacity to create jobs and stimulate employment and income generation despite the market-entry barriers they face. Therefore, it is imperative to promote cultural or creative entrepreneurship through specific vocational-training initiatives. Creative practitioners can enhance their capacities through different types of training through capacity-building activities such as formal professional education, informal training and specific training programmes.

The main role of the creative entrepreneur should be the search for excellence and continuous learning. The market, therefore, should provide incentives for creators to innovate, to become more creative and take pride in their work. They should also be able to live from their creative work, which requires expertise and creative talent and should therefore be sufficiently remunerative as with any other profession. Artists and creators should be treated as professionals even if they are dreamers. The main areas in which creators should be familiarized include:

- employment, wages and working conditions, including contracts and regulations;
- financing tools and access to credit and funding for creative or cultural projects, including new alternative options for co-financing through the Internet;
- intellectual property rights issues, especially copyright legislation and functioning;
- new business models, new options for collaborative creations;
- how to benefit from social networks and professional networks;
- new technologies and ICT tools for the creation, production and distribution of creative content; including the use of free open-source software (FOSS); creative commons; and
- continuous learning in their respective fields for upgrading of know-how.

10.3.3 | Role of civil society and the place of strategic alliances

As most creative industries are fragmented, it is important to forge strategic alliances to facilitate interactions with all stakeholders in order to overcome small-size constraints. Efforts should be made to promote dialogue, synergy, exchange of experiences, etc. Artists and creators, whether working independently or in creative enterprises, should build alliances and networking with the following:

- agents from government, both public and semi-public sectors;
- private-sector and profit-led enterprises and business groups, potential sponsors, etc.;
- lobbying groups, federations, professional associations and unions; and
- non-profit organizations such as foundations, NGOs and academia.

It is important to remember that every individual is a consumer of creative products. Every day we might listen to music, read books and newspapers, watch television, enjoy a movie, go to the theatre, visit an art exhibition, purchase or wear fashionable clothing, etc. Networking with civil society as a whole can be part of a marketing strategy. In a number of countries, associations of independent producers have been set up for advocacy and lobbying purposes, some with positive results.

The important role played by the NGOs and foundations engaged in the creative economy should not be overlooked. They usually have an active presence at grass-roots

levels, promoting social inclusion in communities particularly in the most deprived areas. Many NGOs promote greater inclusiveness and equity, with leading initiatives particularly on the promotion of youth, women, elderly people and minority groups.

10.3.4 | Role of international cooperation

This work is an initiative of the UNCTAD-UNDP partnership and an illustration of how international cooperation by the United Nations system can be used to assist governments to better understand the dynamics of the creative economy and to identify areas for possible policymaking.

The aim of the *Creative Economy Report 2008* was to clarify the basic concepts necessary for a proper understanding of the creative economy, putting forward objective evidence, providing some analytical tools and suggesting directions for policy action. The positive feedback received over the last two years motivated us to proceed. In effect, the *Creative Economy Report 2008* became a world reference and paved the way for advancing the policy and research agendas around the creative economy. This encouraged further research not only by academics but also by governmental institutions. Many governments started reviewing their policy strategies to place the creative industries among priority sectors. This has been a stimulus to keep the work in progress.

As the second in this series, the *Creative Economy Report 2010* builds upon the main findings and policy proposals put forward in 2008, which remain valid. In the meantime, however, the world has changed. This served as motivation to deepen the analysis and to introduce new research and more recent data and information. In fact the challenge of this report was to provide further evidence that the creative economy is indeed a feasible development option, and that the most appropriate time to take policy decisions to enhance the creative economy is now. The analysis was intended to assist governments by providing complementary and pertinent policy orientations.

In conclusion, in the context of the intergovernmental policy debate held at UNCTAD XII in 2008, governments recognized that work in the area of the creative economy should be pursued and enhanced.[1] It was felt that UNCTAD should continue to fulfil its mandates and assist governments on issues related to the development dimension of the creative economy, in line with the three pillars of UNCTAD's work: (a) consensus-building, by providing a platform for intergovernmental debates; (b) policy-oriented analysis, by identifying key issues underlying the creative economy and the dynamics of creative industries in world markets; and (c) technical cooperation, by assisting developing countries to enhance their creative economies for trade and development gains. The *Creative Economy Report 2010* is a response from the Partnership UNCTAD/UNDP to this mandate.

Another possible strategy is to set up a regular High-level Panel on Creative Economy, bringing together policymakers and experts from relevant United Nations bodies and international institutions in order to advance policy and research agendas. Let's build on this creative momentum.

[1] See: Outcome of the Secretary-Generals' high-level panel on the creative economy and industries for development. UNCTAD XII document TD/423, February 2008.

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Statistical Annex

Explanatory notes

This explanatory note summarizes the content of each part of this annex and provides a detailed explanation of the UNCTAD model for creative economy trade statistics. The data presented in this annex derive from the UNCTAD global database on the creative economy, which provides free access to its content worldwide. The tables on trade statistics for creative goods and related goods are based on official statistics reported by national sources to the United Nations COMTRADE using the 2002 version of the Harmonized System (HS 2002). Data on creative services were extracted from the IMF Balance of Payments Statistics using BPM5 and EBOPS codes and further elaborated and processed by the UNCTAD secretariat.

Efforts were made to present a universal coverage by providing trade data for all 192 Member States of the United Nations. However, for some countries data are not available for some years or particular creative categories of products throughout the period 2002-2008. Therefore, the total number of reporting countries in each year is not necessarily the same. Thus, the value of "world" figures in any given table presents only the sum of the total number of reporting countries in a specific year, and these figures should be treated with caution when used as an analytical tool. The unavailability of statistics is further accentuated by the category of creative services, and this is the case even in developed countries such as France, Japan, the United Kingdom and the United States. The value of total exports and imports in each table on creative services is inevitably underestimated.

Additionally, two country profiles are provided before all statistics tables. These examples not only show the trade performance of each country's creative industries, but also demonstrate the multiple possibilities for analytical tool offered by the UNCTAD global database on creative economy. The country profiles present statistical information for the selected years of 2002 and 2008, with a breakdown of all creative goods and services by sectors in order to facilitate understanding of the evolution and the sector-specific performance. The first part of the country profile summarizes national trade performance, including trade balance and time series information from 2002 to 2008, including a detailed disaggregation by product groups. Part two of each profile surveys the country's major trade partners of creative goods and illustrates some important issues positioning the selected countries in the context of their respective regions.

More detailed data at the country and sectoral levels are available through the website for UNCTAD's global database on creative economy, accessible at http://www.unctad.org/creative-programme or http://unctadstat.unctad.org. The latter is a new UNCTAD data dissemination system. UNCTADstat will be continuously updated and enriched to provide users with the latest available data. The website of the UNCTAD Creative Economy Programme includes a comprehensive guide to help users manipulate and extract trade statistics data and generate detailed product and country-level information to conduct economic analysis. In certain instances, the electronic version might contain different figures from those in this report as they will be frequently updated in order to present the latest available data.

Methodological explanations of the measurement of creative economy

Part 1. Creative goods

As noted earlier, the compilation of trade data presented in this annex is based on the 2002 version of the Harmonized System (HS 2002). A summary of selected HS 2002 codes for creative goods in each subgroup is listed below. The reasons to use HS 2002 instead of HS 1996 have been explained in chapter 4.

After the comparative analysis of various statistical methodologies, 211 codes were selected from the list of HS 2002 based on the UNCTAD classification and methodology for a trade model for creative industries as presented in chapter 4 of this report. An evidence-based comparison is made with the 2009 UNESCO Framework for Cultural Statistics, the EUROSTAT pocketbook of cultural statistics and other relevant references for trade statistics for creative goods and services.

Given the complexity of making clear distinctions and distinguishing between a creative good that is exclusive and mass produced, between handmade and machine-made, between decorative and functional, etc., this exercise of compiling statistics for creative goods includes all the creative goods with the above characteristics since they fall under the criteria of the UNCTAD classification of "the cycle of creation, production and distribution of a tangible product with creative content, economic and cultural value and a market objective".

The number of codes included in each creative sector is as follows: design, 102 codes; art crafts, 60 codes; visual arts, 17 codes; publishing, 15 codes; performing arts, 7 codes; new media, 8 codes; and audiovisuals, 2 codes, summarized as follows:

Design. This is the largest subgroup, with 102 codes. The number of codes in each subsector is as follows: architecture, 1; fashion, 37; interior, 32; toys, 17; jewellery, 10; and glassware, 5.

- *architecture* – original drawings for architectural plans.
- *fashion* – handbags, belts, accessories (ties, shawls, scarves, gloves, hats, hairpins, etc), sunglasses, headgear, leather goods, etc. Clothing and shoes are not included.
- *interior* – furniture (living room, bedroom, kitchen, bathroom), tableware, table linen, wallpaper, porcelain, lighting sets, etc.
- *toys* – dolls, wheeled toys, electric trains, puzzles, games, etc.
- *jewellery* – articles of jewellery made from gold, silver, pearls and other precious metals as well as imitation jewellery.
- *glassware* – table/kitchenware, drinking glass made with crystals.

Art crafts. This is the second largest subgroup, covering a total of 60 codes. The number in each sector is as follows: carpets, 17; yarn, 30; wickerware, 4; celebration, 2; paperware, 1; others, 6.

- *carpet* – includes carpets of wool or other fine animal hair, cotton, coconut fibres and other plant fibre, knotted or woven.
- *yarn* – handmade lace, hand-woven and needlework rugs, embroidery, bed linen, man-made or printed, knitted or crocheted materials, etc.
- *wickerware* – plaits, mats, basketwork, wickerwork, etc.
- *celebration* – articles for Christmas, festivities, carnivals, etc.
- *paperware* – handmade paper.
- *others* – candles, tanned or dressed fur skins, artificial flowers, wood marquetry, etc.

Visual arts. This sector covers 17 codes. The number of codes in each subsector is as follows: photography, 4; painting, 3; sculpture, 7; and antiques, 3.

- *photography* – photographic plates for offset reproduction; photographic film and microfilms, exposed and developed.
- *painting* – paintings, pastels executed by hand, wooden frames for paintings.
- *sculpture* – statuettes and other ornamental articles of wood, porcelain, ceramics, ivory or other metals, worked carving materials.
- *antiques* – antiques more than 100 years of age.

Publishing. There are 15 codes in this subgroup. The number of codes in each subsector is as follows: newspapers, 3; books, 4; and other printing matter, 8.

- *newspapers* – newspapers, journals and periodicals.
- *books* – books, dictionaries, encyclopedias, brochures, leaflets, children's drawing and colouring books and other printed matter.
- other printing matter – maps, brochures, postcards, calendars, advertising materials, etc.

Performing arts. Has 7 codes. It covers 6 types of recorded laser discs and recorded magnetic tapes as well as printed or manuscript music.

New media. This subgroup has 8 codes: 6 code for recorded media for sound and image, and 2 codes for video games.

Audiovisuals. This subgroup has 2 codes; only 2 types of exposed cinematographic film are included in this subgroup.

Part 2. Creative services

Data on trade in services by category of service rendered are becoming more available for developing countries as well. Generally aligned with the definitions of the IMF Balance of Payments Manual, figures for trade in services, comparable across the world, are found mainly in the IMF Balance of Payments Statistics database and, more recently, in the United Nations Statistics Division Services Trade database. EUROSTAT and OECD also collect data for their member countries, as do other regional organizations.

However, the available data disaggregated by category of services do not provide the detail necessary for drawing conclusions about the impact of creative-services activities on economies.

The 11 principal BOP categories of services cover many aspects of creative industries that cannot be separately extracted. The Extended Balance of Payments Services Classification (EBOPS) — presented in the Manual on Statistics of International Trade in Services (MSITS, 2002) — still does not offer categories detailed enough to enable the designation of the creative-industry services rendered.

Nevertheless, what is offered in the MSITS and further elaborated in this study are the elements of Central Product Classification (CPC) that can be related to EBOPS categories and that directly cover creative industries. The data on such a detailed level are rarely internationally reported and assembled on a comparable basis (CPC 5-digit-level items are usually necessary).

What countries report at the moment that was identified as covering creative industries but not exclusively is the following categories of services:

- advertising, market research and public opinion services (EBOPS 278, level 3);
- architectural, engineering and other technical services (EBOPS 280, level 3);
- research and development services (EBOPS 279, level 3);
- personal, cultural and recreational services (EBOPS 287, level 1);
- audiovisual and related services (EBOPS 288, level 2); and
- other personal, cultural and recreational services (EBOPS 897, level 3).

The definitions of each category of services are from the fifth edition of the IMF Balance of Payments Manual (available at http://www.imf.org/external/np/sta/bop/BOPman.pdf) and are listed below:

Explanatory notes (continued)

- *Advertising and market research and public opinion polling services (Advertising):* "Advertising and market research services transacted between residents and non-residents cover the design, creation and marketing of advertisements by advertising agencies; media placement, including the purchase and sale of advertising space; exhibition services provided by trade fairs; the promotion of products abroad; market research; and public opinion polling abroad on various issues."
- *Architectural, engineering and other technical services (Architectural):* "Architectural, engineering and other technical services cover resident and non-resident transactions related to architectural design of urban and other development projects; planning and project design and supervision of dams, bridges, airports, turnkey projects, etc.; surveying, cartography, product testing and certification, and technical inspection services."
- *Research and development services (R&D):* "Research and development services cover those services that are transacted between residents and non-residents and associated with basic research, applied research, and experimental development of new products and processes. In principle, such activities in the sciences, social sciences and humanities are covered; included is the development of operating systems that represent technological advances."
- *Personal, cultural, and recreational services (Personal recreation):* "Personal, cultural, and recreational services involving transactions between residents and non-residents are subdivided into two categories:"

(a) Audiovisual and related services (Audiovisual). "The first category comprises services and associated fees related to the production of motion pictures (on film or video tape), radio and television programs (live or on tape), and musical recordings. Included are receipts or payments for rentals; fees received by resident actors, directors, producers, etc. (or by non-residents in the compiling economy) for productions abroad; and fees for distribution rights sold to the media for a limited number of showings in specified areas. Fees to actors, producers, etc. involved with theatrical and musical productions, sporting events, circuses, etc. and fees for distribution rights (for television, radio, etc.) for these activities are included."

(b) other personal, cultural and recreational services (Other cultural services). "The second category comprises other personal, cultural, and recreational services such as those associated with museums, libraries, archives, and other cultural, sporting, and recreational activities. Also included are fees for services, including provision of correspondence courses, rendered abroad by teachers or doctors."

Creative services, average annual growth rate, for exports of the reporting countries, 2003-2008

EXPORT CATEGORY	GROWTH RATE
All creative services	17.1% (23)
Advertising, market research and public opinion polling services	18.4% (38)
Architectural, engineering and other technical services	20.9% (31)
Research and development services	14.8% (27)
Personal, cultural and recreational services	10.4% (76)
Audiovisual and related services	11.0% (43)
Other personal, cultural and recreational service	7.3% (47)

Note: The calculation of annual average growth rate is based on countries that reported consistently in 2003-2008. The numbers in parentheses after percentages represent the number of countries used in the calculation.

Source: UNCTAD calculations based on IMF Balance of Payments statistics

Creative services, average annual growth rate, for imports of the reporting countries, 2003-2008

IMPORT CATEGORY	GROWTH RATE
All creative services	13.0% (23)
Advertising, market research and public opinion polling services	13.9% (46)
Architectural, engineering and other technical services	16.5% (34)
Research and development services	13.0% (26)
Personal, cultural and recreational services	8.6% (81)
Audiovisual and related services	8.9% (48)
Other personal, cultural and recreational service	7.9% (54)

Note: The calculation of annual average growth rate is based on countries that reported consistently in 2003-2008. The numbers in parentheses after percentages represent the number of countries used in the calculation.

Source: UNCTAD calculations based on IMF Balance of Payments statistics

Obviously, it is not possible to arrive at conclusive comparative results on the real performance of services outputs of creative industries in international trade based on incomplete figures. This is especially the case in that national statistics, when available, do not always follow precisely the internationally accepted definitions and guidelines owing to particular priorities and data collection systems of different States.

The statistics for categories of services cover many more activities than what would belong to the creative economy alone, with the exception of audiovisual and related services, which can be attributed largely to creative industries. In addition, the subcategory "Other personal, cultural and recreational services" could also be assumed to incorporate trade closely related to creativity, bearing in mind, however, that this subcategory still includes international services trade relating to sporting events (health and education are not covered).

All the figures used to calculate growth rates by category of services are to be viewed with caution since they refer, of course, to the limited number of countries that consistently reported on them (only to countries reporting a particular service regularly between 2003 and 2008). The numbers in parentheses after percentages represent the number of countries used in the calculation.

For convenience of presentation, titles have been shortened from "advertising, market research and public opinion services" to "advertising and related services" and from "architectural, engineering and other technical services" to "architectural and related services". These short titles are applied to all statistics tables in chapter 5 and in the statistical annex, with the aim of facilitating readers' understanding.

A decision was taken to present in this report the state-of-the-art evidence base, including the international trade flows on creative goods and services, even if the work of UNCTAD in this area is in its preliminary stage and the results that are being shared are partial and in an incomplete form owing to gaps in data availability. Our main concern was to present what is possible at present on the basis of available data; certainly, much more work is needed.

In our continued efforts to compile and analyse more disaggregated and reliable data for creative services, the UNCTAD secretariat presents its "wish list" with statistics codes in order to encourage individual countries to report better figures for trade in services related to the creative industries in the near future.

Part 3. Related industries

The trade figures presented for related industries cover those goods produced by industries related to creative activities; that is, supporting industries or equipment needed to produce or consume creative content. The figures provided in the annex are included for the purpose of market transparency and as a tool for analysis of future demand. These trade figures for related industries are not included in the totals of creative industries.

The list of related goods has also been reviewed and updated. After a careful comparison with the 2009 UNESCO FCS list of "equipment and supporting materials of cultural goods" and other statistical methodologies, UNCTAD selected 170 codes in the HS 2002 list of creative industries related goods. The number of codes included in each sector is: visual arts, 49 codes; design, 35 codes; publishing, 11 codes; performing arts, 28 codes; and audiovisuals, 42 codes. The tables present the same analysis as those for creative industries (see chapter 5 for further details).

As mentioned in chapter 4, the values of exports and imports of "royalties and licence fees" and "computer and information services" are introduced in this group but not included in the total for creative services. The definitions of these two services are from the fifth edition of the IMF *Balance of Payments Manual* (BPM5):

- *Royalties and license fees (Royalties):* "royalties and license fees covers receipts (exports) and payments (imports) of residents and non-residents for (i) the authorized use of intangible non-produced, non-financial assets and proprietary rights — such as trademarks, copyrights, patents, processes, techniques, designs, manufacturing rights, franchises, etc. and (ii) the use, through licensing agreements, of produced originals or prototypes — such as manuscripts, films, etc."
- *Computer and information services:* "computer and information services" covers computer data and news-related service transactions between residents and non-residents. Included are databases, such as development, storage, and online time series; data processing — including tabulation, provision of processing services on a time-share or specific (hourly) basis, and management of facilities of others on a continuing basis; hardware consultancy; software implementation — including design, development, and programming of customized systems; maintenance and repair of computers and peripheral equipment; news agency services — including provision of news, photographs, and feature articles to the media; and direct, non-bulk subscriptions to newspapers and periodicals.

UNCTAD proposed "wish list" for creative services based on EBOPS codes

EBOPS	EBOPS CLASSIFICATION	CPC 2.0	EXPLANATION
VISUAL ARTS			
284	**Photography**	**83811**	Portrait photography services
		83812	Advertising and related photography services
		83813	Event photography and event videography services
		83814	Specialty photography services
		83815	Restoration and retouching services of photography
		83819	Other photography services
		83820	Photographic processing services
	Painting & sculptures	**96320**	Services of authors, composers, sculptors and other artists, except performing artists
PERFORMING ARTS			
897		**96210**	Performing arts event promotion and organization services
		96220	Performing arts event production and presentation services
		96230	Performing arts facility operation services
		96290	Other performing arts and live entertainment services
		96310	Services of performing artists
288	**Music**	**96111**	Sound recording services
		96112	Live recording services
284		**89123**	Reproduction services of recorded media, on a fee or contract basis
		88904	Musical instrument manufacturing services
PUBLISHING SERVICES			
284		**89110**	Publishing, on a fee or contract basis
		89121	Printing services
		89122	Services related to printing
889		**84410**	News agency services to newspapers and periodicals
AUDIOVISUAL AND RELATED SERVICES			
288	**Radio & television**	**84631**	Broadcasting services
		96122	Radio programme production services
		96131	Audiovisual editing services
		96132	Transfers and duplication of masters services
		96133	Colour correction and digital restoration services
		96134	Visual effects services
		96135	Animation services
		96136	Captioning, titling and subtitling services
		96137	Sound editing and design services
		96139	Other post-production services
		84632	Home programme distribution services, basic programming package
		84633	Home programme distribution services, discretionary programming package
		84634	Home programme distribution services, pay-per-view
889		**84420**	News agency services to audiovisual media
288	**Film**	**96121**	Motion picture, videotape and television programme production services

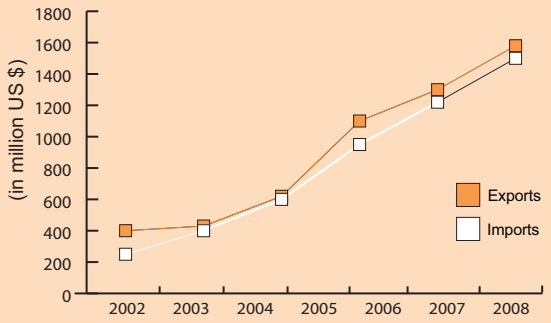
EBOPS	EBOPS CLASSIFICATION	CPC 2.0	EXPLANATION
		96140	Motion picture, videotape and television programme distribution services
		96150	Motion picture projection services
DESIGN			
284	**Interior**	**83911**	Interior design services
		88901	Furniture manufacturing services
	Jewellery	**88902**	Jewellery manufacturing services
		88903	Imitation jewellery manufacturing services
	Toy	**88906**	Game and toy manufacturing services
NEW MEDIA			
	Digital online content	**84311**	Online books
		84312	Online newspapers and periodicals
		84321	Musical audio downloads
		84322	Streamed audio content
		84331	Films and other video downloads
		84332	Streamed video content
		84391	Online games
		84392	Online software
CREATIVE SERVICES			
278	**Advertising services**	**83611**	Full service advertising
		83612	Direct marketing and direct mail services
		83619	Other advertising services
		83620	Purchase or sale of advertising space or time, on commission
		83631	Sale of advertising space in print media (except on commission)
		83632	Sale of TV/radio advertising time (except on commission)
		83633	Sale of Internet advertising space (except on commission)
		83639	Sale of other advertising space or time (except on commission)
280	**Architectural services**	**83211**	Architectural advisory services
		83212	Architectural services for residential building projects
		83213	Architectural services for non-residential building projects
		83214	Historical restoration architectural services
897	**Cultural and recreational services**	**84510**	Library services
		84520	Archive services
		96411	Museum services except for historical sites and buildings
		96412	Preservation services of historical sites and buildings
		96421	Botanical and zoological garden services
		96910	Amusement park and similar attraction services
		96930	Coin-operated amusement machine services
ROYALTIES AND LICENSE FEES			
266		**73220**	Leasing or rental services concerning video tapes and disks
		73311	Licensing services for the right to use computer software
		73312	Licensing services for the right to use databases
		73320	Licensing services for the right to use entertainment, literary or artistic originals
		73330	Licensing services for the right to use R&D products
		73390	Licensing services for the right to use other intellectual property products

Country Profile: Argentina

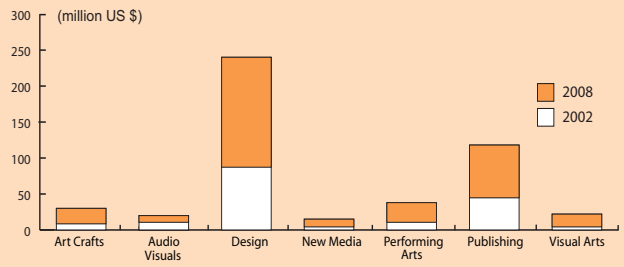
Part 1: Creative Industries Trade Performance, 2002 and 2008

ARGENTINA	2002 VALUE (IN MILLIONS OF $)			2008 VALUE (IN MILLIONS OF $)		
	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	BALANCE
All Creative Industries	**390**	**283**	**107**	**1,559**	**1,503**	**56**
All Creative Goods	181	127	54	295	990	-695
All Creative Services	209	156	52	1,263	513	751

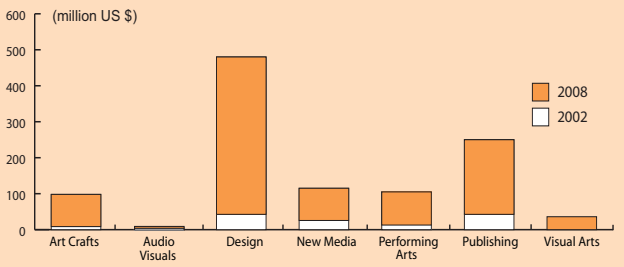
Argentina Creative Industry Trade Performance 2002–2008



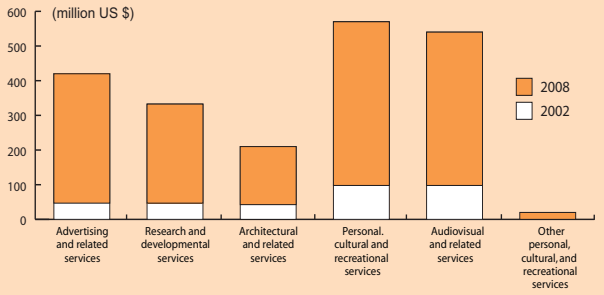
Creative goods, exports by product groups, 2002 and 2008



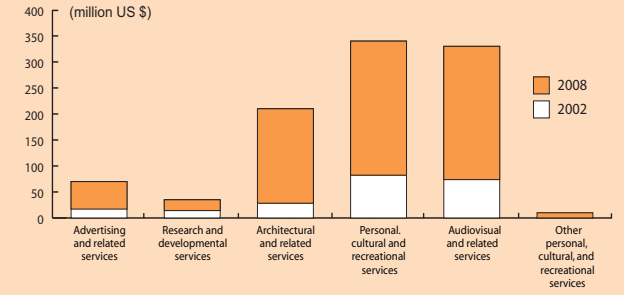
Creative goods, imports by product groups, 2002 and 2008



Creative services, exports by categories, 2002 and 2008



Creative services, imports by categories, 2002 and 2008

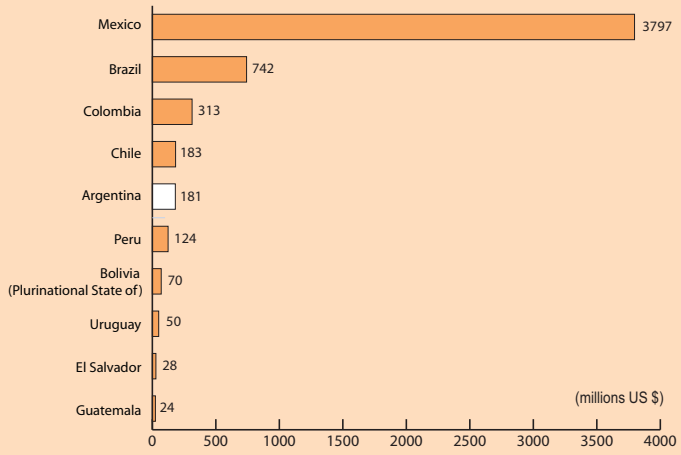


Country Profile: Argentina (continued)

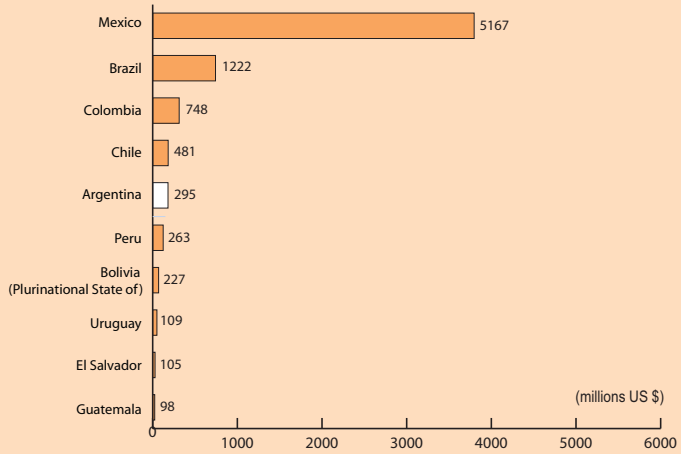
Part 2: Top 10 exports partners for creative goods, 2002 and 2008

		2002			2008			
		VALUE (IN MILLIONS OF $)				VALUE (IN MILLIONS OF $)		
RANKING	COUNTRY	EXPORTS	IMPORTS	BALANCE	COUNTRY	EXPORTS	IMPORTS	BALANCE
1	United States	54	24	30	United States	58	149	-92
2	Mexico	20	2	18	Chile	33	43	-9
3	Chile	19	4	15	Uruguay	26	18	8
4	Brazil	17	14	3	Mexico	22	6	16
5	Uruguay	12	1	11	Brazil	18	97	-79
6	Spain	7	19	-12	Peru	16	7	9
7	Colombia	5	2	3	Paraguay	12	3	10
8	Peru	5	0	4	Spain	11	69	-58
9	Venezuela	4	0	4	Colombia	10	10	0
10	Italy	4	10	-6	Venezuela	10	0	9

Creative goods, exports by top 10 Latin American countries, 2002



Creative goods, exports by top 10 Latin American countries, 2008



Country Profile: Argentina (continued)

Argentina Creative Industries Trade Performance by sectors, 2002 and 2008

	2002						
	VALUE (IN MILLIONS OF $)			SHARE (%) OF TOTAL PRODUCTS		OF WORLD	
PRODUCT	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	EXPORTS	IMPORTS
All Creative Goods	**181**	**127**	**54**	**100**	**100**	**0.09**	**0.06**
Art Crafts	**7**	**6**	**1**	**3.93**	**5.06**	**0.04**	**0.03**
Carpets	1	1	0	0.46	0.88	0.03	0.03
Celebration	2	0	1	0.92	0.38	0.05	0.01
Other	0	2	-2	0.19	1.54	0.02	0.07
Paperware	-	-	-	-	-	-	-
Wickerware	0	0	0	0.02	0.22	0.00	0.02
Yarn	4	3	2	2.33	2.04	0.05	0.04
Audio Visuals	**11**	**0**	**10**	**5.82**	**0.29**	**2.28**	**0.09**
Film	11	0	10	5.82	0.29	2.28	0.09
Design	**95**	**43**	**51**	**52.09**	**33.95**	**0.08**	**0.03**
Architecture	0	0	0	0.09	0.02	0.07	0.01
Fashion	43	13	31	23.77	9.89	0.14	0.04
Glassware	0	0	0	0.16	0.22	0.02	0.02
Interior	46	10	36	25.09	7.74	0.12	0.02
Jewellery	1	1	0	0.63	0.66	0.01	0.00
Toys	4	20	-15	2.35	15.42	0.02	0.07
New Media	**5**	**22**	**-17**	**2.80**	**17.62**	**0.03**	**0.13**
Recorded Media	3	11	-8	1.65	8.59	0.03	0.14
Video Games	2	11	-9	1.15	9.02	0.03	0.11
Performing Arts	**11**	**13**	**-1**	**6.12**	**9.85**	**0.11**	**0.11**
Music (CD, Tapes)	11	12	-1	6.10	9.79	0.12	0.11
Printed Music	0	0	0	0.03	0.06	0.06	0.08
Publishing	**48**	**40**	**8**	**26.45**	**31.32**	**0.16**	**0.13**
Books	33	24	9	18.40	19.13	0.29	0.21
Newspaper	10	10	0	5.78	7.99	0.09	0.08
Other Printed Matter	4	5	-1	2.28	4.20	0.07	0.10
Visual Arts	**5**	**2**	**3**	**2.79**	**1.92**	**0.03**	**0.01**
Antiques	0	0	0	0.05	0.15	0.00	0.01
Paintings	0	0	0	0.21	0.15	0.01	0.00
Photography	3	1	2	1.89	0.74	0.21	0.06
Sculpture	1	1	0	0.64	0.88	0.02	0.02
All Creative Services	**209**	**156**	**52**	**100.00**	**100.00**	**5.98**	**3.14**
Advertising and related services	37	16	21	17.84	10.55	1.06	0.33
Research and development services	36	16	20	17.21	10.34	1.03	0.33
Architectural and related services	40	28	12	19.25	17.91	1.15	0.56
Personal, cultural, and recreational services	95	96	0	45.71	61.20	2.73	1.93
Audiovisual and related services	95	93	2	45.58	59.73	2.72	1.88
Other personal, cultural, and recreational services	0	2	-2	0.13	1.47	0.01	0.05

Country Profile: Argentina (continued)

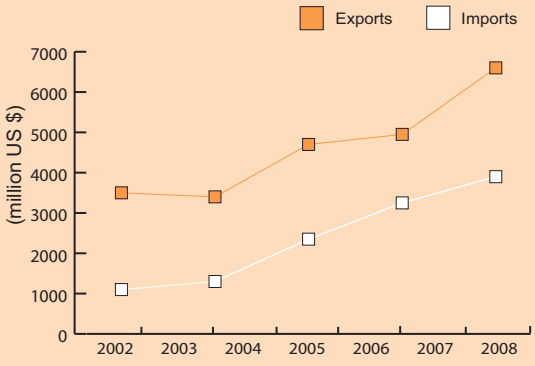
2008									
VALUE (IN MILLIONS OF $)			SHARE (%) OF TOTAL PRODUCTS		SHARE (%) OF WORLD		GROWTH RATE 2003-2008 (%)		
EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	PRODUCT
295	**990**	**-695**	**100.00**	**100.00**	**0.07**	**0.24**	**9.26**	**34.08**	**All Creative Goods**
22	**82**	**-61**	**7.33**	**8.31**	**0.07**	**0.28**	**19.63**	**40.87**	**Art Crafts**
5	10	-5	1.69	0.97	0.07	0.14	27.17	15.88	Carpets
5	11	-6	1.73	1.14	0.13	0.18	22.33	61.06	Celebration
1	9	-8	0.32	0.87	0.03	0.24	13.80	22.24	Other
0	-	-	0.00	-	0.00	-	98.97	-	Paperware
0	5	-5	0.01	0.51	0.00	0.28	12.11	58.89	Wickerware
11	48	-37	3.58	4.82	0.07	0.44	16.52	49.77	Yarn
7	**0**	**7**	**2.46**	**0.05**	**0.90**	**0.07**	**5.56**	**2.39**	**Audio Visuals**
7	0	7	2.46	0.05	0.90	0.07	5.56	2.39	Film
150	**444**	**-294**	**50.91**	**44.88**	**0.06**	**0.18**	**7.62**	**38.35**	**Design**
0	0	0	0.01	0.00	0.01	0.01	117.71	-24.36	Architecture
57	143	-86	19.19	14.41	0.09	0.22	5.10	42.00	Fashion
0	4	-4	0.08	0.44	0.01	0.30	14.89	29.56	Glassware
83	141	-58	28.22	14.27	0.11	0.18	8.77	43.59	Interior
3	14	-11	1.13	1.43	0.01	0.03	16.79	39.56	Jewellery
7	142	-135	2.27	14.33	0.02	0.26	12.07	31.86	Toys
5	**112**	**-107**	**1.56**	**11.30**	**0.02**	**0.31**	**8.22**	**20.07**	**New Media**
-	-	-	-	-	-	-	-	-	Recorded Media
5	112	-107	1.56	11.30	0.02	0.32	44.25	33.36	Video Games
27	**108**	**-81**	**9.28**	**10.94**	**0.10**	**0.39**	**12.07**	**48.21**	**Performing Arts**
27	108	-81	9.21	10.91	0.10	0.39	11.94	48.20	Music (CD, Tapes)
0	0	0	0.07	0.04	0.18	0.30	46.71	41.23	Printed Music
68	**210**	**-141**	**23.07**	**21.16**	**0.14**	**0.43**	**9.59**	**27.46**	**Publishing**
49	120	-71	16.71	12.13	0.25	0.58	11.66	33.64	Books
8	72	-64	2.77	7.27	0.05	0.38	0.71	20.31	Newspaper
11	17	-7	3.59	1.76	0.09	0.18	8.91	25.26	Other Printed Matter
16	**33**	**-17**	**5.39**	**3.36**	**0.05**	**0.11**	**11.57**	**48.68**	**Visual Arts**
1	4	-2	0.46	0.36	0.04	0.09	42.84	24.74	Antiques
6	13	-7	2.08	1.28	0.04	0.09	36.93	99.34	Paintings
5	5	0	1.63	0.49	0.20	0.19	-6.40	40.21	Photography
4	12	-9	1.22	1.23	0.04	0.15	19.21	42.12	Sculpture
1,263	**513**	**751**	**100.00**	**100.00**	**10.43**	**3.93**	**36.24**	**23.65**	**All Creative Services**
385	53	331	30.45	10.40	3.18	0.41	54.48	23.57	Advertising and related services
249	20	228	19.68	3.93	2.06	0.15	35.63	-2.66	Research and development services
167	199	-32	13.23	38.82	1.38	1.53	28.57	53.96	Architectural and related services
463	240	223	36.64	46.85	3.83	1.84	29.55	15.90	Personal, cultural, and recreational services
447	236	211	35.37	46.00	3.7	1.81	29.83	15.46	Audiovisual and related services
16	4	12	1.27	0.85	0.13	0.03	23.33	-	Other personal, cultural, and recreational services

Country Profile: Turkey

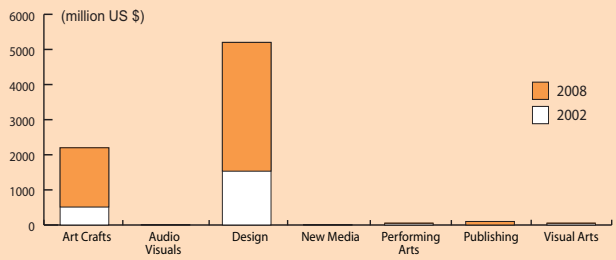
Part 1: Creative Industries Trade Performance, 2002 and 2008

TURKEY	2002			2008		
	VALUE (IN MILLIONS OF $)			VALUE (IN MILLIONS OF $)		
	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	BALANCE
All Creative Industries	**4,864**	**1,325**	**3,539**	**6,593**	**3,758**	**2,835**
All Creative Goods	2,154	913	1,241	5,369	3,523	1,846
All Creative Services	2,710	412	2,298	1,224	235	989

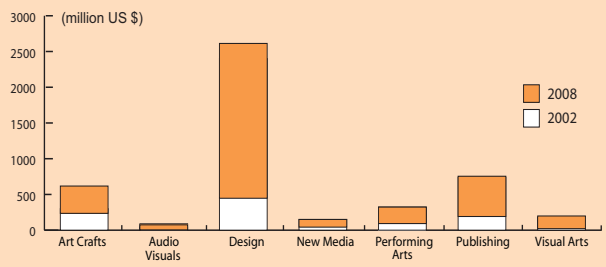
Turkey Creative Industry Trade Performance 2002–2008



Creative goods, exports by product groups, 2002 and 2008

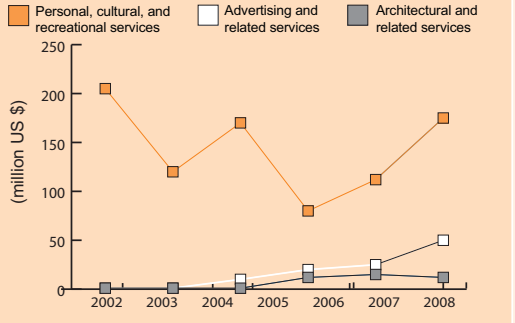


Creative goods, imports by product groups, 2002 and 2008

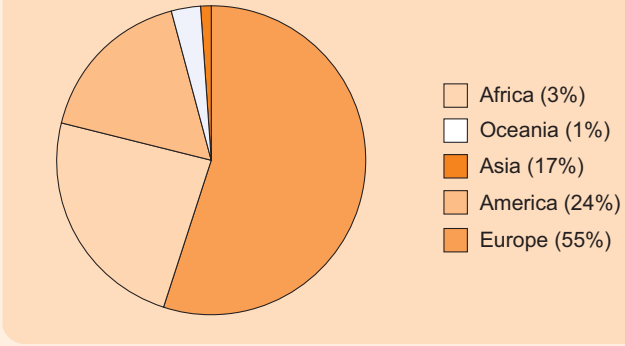


Creative services, exports, 2002–2008

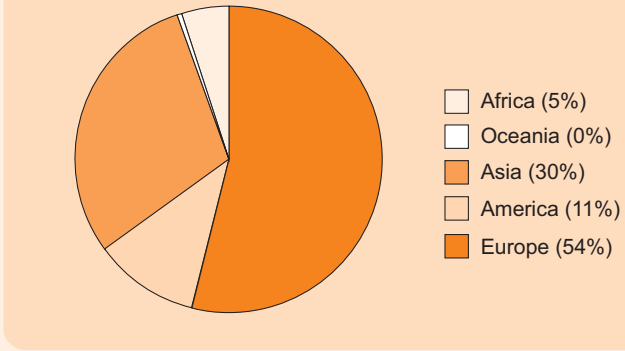
Creative services, imports, 2002-2008



Creative goods, exports by geographical region, 2002



Creative goods, exports by geographical region, 2008



Part 2: Top 10 exports partners for creative goods, 2002 and 2008

	2002				2008			
		VALUE (IN MILLIONS OF $)				VALUE (IN MILLIONS OF $)		
RANKING	COUNTRY	EXPORTS	IMPORTS	BALANCE	COUNTRY	EXPORTS	IMPORTS	BALANCE
1	United States	406	35	371	United Arab Emirates	547	72	475
2	Germany	320	92	229	Russian Federation	484	122	362
3	France	154	61	93	Germany	448	167	282
4	Russian Federation	150	50	100	United States	396	83	313
5	Italy	89	147	-58	Italy	280	527	-247
6	United Kingdom	84	35	49	United Kingdom	165	77	89
7	United Arab Emirates	79	7	72	Iraq	162	0	162
8	Israel	67	2	65	France	157	87	71
9	Saudi Arabia	58	1	57	Romania	150	17	133
10	Netherlands	51	15	36	Saudi Arabia	146	1	145

Country Profile: Turkey (continued)

Turkey Creative Industries Trade Performance by sectors, 2002 and 2008

	2002						
	VALUE (IN MILLIONS OF $)			SHARE (%) OF TOTAL PRODUCTS		OF WORLD	
PRODUCT	EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	EXPORTS	IMPORTS
All Creative Goods	**2,154**	**913**	**1,241**	**100.00**	**100.00**	**1.05**	**0.40**
Art Crafts	**463**	**187**	**276**	**21.50**	**20.47**	**2.64**	**0.92**
Carpets	279	39	240	12.96	4.28	8.37	0.89
Celebration	0	2	-1	0.01	0.17	0.00	0.03
Other	4	9	-5	0.19	1.01	0.18	0.33
Paperware	0	0	0	0.00	0.00	0.01	0.00
Wickerware	0	2	-2	0.01	0.21	0.02	0.14
Yarn	180	135	44	8.34	14.80	2.31	1.94
Audio Visuals	**0**	**3**	**-3**	**0.00**	**0.33**	**0.00**	**0.72**
Film	0	3	-3	0.00	0.33	0.00	0.72
Design	1,640	433	1,207	76.16	47.44	1.43	0.34
Architecture	0	2	-2	0.00	0.23	0.02	1.24
Fashion	477	210	267	22.14	23.00	1.54	0.59
Glassware	92	3	89	4.27	0.30	6.26	0.22
Interior	502	94	409	23.33	10.26	1.31	0.22
Jewellery	559	81	478	25.96	8.87	2.56	0.42
Toys	10	44	-34	0.46	4.79	0.05	0.14
New Media	**5**	**61**	**-56**	**0.23**	**6.68**	**0.03**	**0.34**
Recorded Media	5	55	-51	0.22	6.05	0.05	0.73
Video Games	0	6	-6	0.01	0.63	0.00	0.06
Performing Arts	**8**	**45**	**-37**	**0.38**	**4.98**	**0.08**	**0.41**
Music (CD, Tapes)	8	45	-37	0.38	4.98	0.09	0.41
Printed Music	0	0	0	0.00	0.00	0.01	0.02
Publishing	**18**	**169**	**-151**	**0.86**	**18.56**	**0.06**	**0.57**
Books	8	17	-9	0.36	1.87	0.07	0.15
Newspaper	2	128	-125	0.11	13.98	0.02	1.00
Other Printed Matter	8	25	-16	0.39	2.72	0.14	0.45
Visual Arts	**19**	**14**	**5**	**0.88**	**1.54**	**0.12**	**0.08**
Antiques	0	1	-1	0.01	0.14	0.01	0.04
Paintings	1	1	0	0.05	0.11	0.02	0.01
Photography	1	1	0	0.03	0.08	0.05	0.05
Sculpture	17	11	6	0.78	1.20	0.32	0.20
All Creative Services	**1,355**	**207**	**1,148**	**100.00**	**100.00**	**9.65**	**3.36**
Advertising and related services	-	2	-	-	0.97	-	0.03
Research and development services	-	-	-	-	-	-	-
Architectural and related services	-	-	-	-	-	-	-
Personal, cultural, and recreational services	1,355	205	1,150	100.00	99.03	9.65	3.33
Audiovisual and related services	-	-	-	-	-	-	-
Other personal, cultural, and recreational services	1,355	205	1,150	100.00	99.03	9.65	3.33

Country Profile: Turkey (continued)

2008									
VALUE (IN MILLIONS OF $)			SHARE (%) OF TOTAL PRODUCTS		SHARE (%) OF WORLD		GROWTH RATE 2003-2008 (%)		
EXPORTS	IMPORTS	BALANCE	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	PRODUCT
5,369	**3,523**	**1,846**	**100.00**	**100.00**	**1.32**	**0.84**	**14.96**	**25.32**	**All Creative Goods**
1,715	**418**	**1,297**	**31.95**	**11.86**	**5.31**	**1.43**	**24.05**	**14.26**	**Art Crafts**
1,093	162	931	20.36	4.60	15.23	2.36	23.45	26.02	Carpets
1	7	-6	0.03	0.21	0.04	0.12	45.01	13.35	Celebration
7	24	-17	0.13	0.67	0.22	0.68	6.66	9.67	Other
0	0	0	0.00	0.00	0.05	0.06	40.77	50.24	Paperware
1	9	-9	0.01	0.26	0.02	0.51	-3.71	18.63	Wickerware
614	215	398	11.43	6.12	3.95	2.00	25.29	9.06	Yarn
1	**10**	**-9**	**0.01**	**0.27**	**0.07**	**1.37**	**2.90**	**19.52**	**Audio Visuals**
1	10	-9	0.01	0.27	0.07	1.37	2.90	19.52	Film
3,543	**2,226**	**1,318**	**65.99**	**63.17**	**1.46**	**0.90**	**11.72**	**33.62**	**Design**
1	1	0	0.02	0.03	0.27	0.50	49.07	0.36	Architecture
666	785	-119	12.40	22.27	1.06	1.20	5.26	28.93	Fashion
60	7	54	1.13	0.19	3.38	0.45	25.24	12.08	Glassware
1,117	643	474	20.80	18.25	1.45	0.81	8.51	40.53	Interior
1,675	543	1,132	31.20	15.42	2.88	1.17	17.43	37.21	Jewellery
24	247	-223	0.45	7.02	0.06	0.45	10.55	29.06	Toys
2	**27**	**-25**	**0.04**	**0.78**	**0.01**	**0.08**	**-32.67**	**-27.87**	**New Media**
-	-	-	-	-	-	-	43.38	25.70	Recorded Media
2	27	-25	0.04	0.78	0.01	0.08	54.61	18.85	Video Games
21	**233**	**-212**	**0.38**	**6.60**	**0.08**	**0.83**	**13.87**	**42.21**	**Performing Arts**
21	233	-212	0.38	6.60	0.08	0.83	13.86	42.22	Music (CD, Tapes)
0	0	0	0.00	0.00	0.00	0.05	21.19	25.77	Printed Music
74	**538**	**-464**	**1.37**	**15.27**	**0.15**	**1.10**	**21.47**	**17.09**	**Publishing**
35	53	-18	0.66	1.50	0.18	0.26	26.54	17.50	Books
15	425	-410	0.29	12.07	0.09	2.26	31.33	17.45	Newspaper
23	60	-37	0.43	1.70	0.20	0.62	11.60	14.22	Other Printed Matter
13	**72**	**-59**	**0.25**	**2.04**	**0.04**	**0.25**	**-7.64**	**23.94**	**Visual Arts**
0	5	-5	0.00	0.13	0.00	0.11	-32.17	18.11	Antiques
1	16	-16	0.02	0.47	0.01	0.12	41.33	77.27	Paintings
1	3	-2	0.01	0.08	0.03	0.12	52.31	17.42	Photography
11	48	-36	0.21	1.36	0.13	0.57	-10.05	18.58	Sculpture
1,224	**235**	**989**	**100.00**	**100.00**	**3.50**	**1.35**	**2.99**	**9.78**	**All Creative Services**
-	46	-	-	19.57	-	0.26	-	-	Advertising and related services
-	-	-	-	-	-	-	-	-	Research and development services
-	8	-	-	3.40	-	0.05	-	-	Architectural and related services
1,224	181	1,043	100.00	77.02	3.5	1.04	2.99	2.85	Personal, cultural, and recreational services
-	-	-	-	-	-	-	-	-	Audiovisual and related services
1,224	181	1,043	100.00	77.02	3.5	1.04	2.99	2.85	Other personal, cultural, and recreational services

Distribution of developing economies by geographical region and economic grouping

1. GEOGRAPHICAL REGION

Africa

Eastern Africa

British Indian Ocean Territory
Burundi
Comoros
Djibouti
Eritrea
Ethiopia
Kenya
Madagascar
Malawi
Mauritius
Mayotte
Mozambique
Rwanda
Seychelles
Somalia
Uganda
United Republic of Tanzania
Zambia
Zimbabwe

Middle Africa

Angola
Cameroon
Central African Republic
Chad
Congo
Democratic Republic of the Congo
Equatorial Guinea
Gabon
Sao Tome and Principe

Northern Africa

Algeria
Egypt
Libyan Arab Jamahiriya
Morocco
Sudan
Tunisia
Western Sahara

Southern Africa

Botswana
Lesotho
Namibia
South Africa
Swaziland

Western Africa

Benin
Burkina Faso
Cape Verde
Côte d'Ivoire
Gambia
Ghana
Guinea
Guinea-Bissau
Liberia
Mali
Mauritania
Niger
Nigeria
Saint Helena
Senegal
Sierra Leone
Togo

America

Caribbean Islands

Greater Caribbean
Cuba
Dominican Republic
Haiti
Jamaica

Small Caribbean islands
Anguilla
Antigua and Barbuda
Aruba
Bahamas
Barbados
British Virgin Islands
Cayman Islands
Dominica
Grenada
Montserrat
Netherlands Antilles
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Trinidad and Tobago
Turks and Caicos Islands
United States Virgin Islands

Central America

Belize
Costa Rica
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama

Distribution of developing economies by geographical region and economic grouping (continued)

South America

Argentina
Bolivia (Plurinational State of)
Brazil
Chile
Colombia
Ecuador
Falkland Islands (Malvinas)
Guyana
Paraguay
Peru
Suriname
Uruguay
Venezuela

Asia

Eastern Asia

Asia, not elsewhere specified
China
China, Hong Kong Special Administrative Region
China, Macao Special Administrative Region
Democratic People's Republic of Korea
Mongolia
Republic of Korea
Taiwan Province of China

Southern Asia

Afghanistan
Bangladesh
Bhutan
India
Iran (Islamic Republic of)
Maldives
Nepal
Pakistan
Sri Lanka

Southeastern Asia

Brunei Darussalam
Cambodia
Indonesia
Lao People's Democratic Republic
Malaysia
Myanmar
Philippines
Singapore
Thailand
Timor-Leste
Viet Nam

Western Asia

Bahrain
Iraq
Jordan
Kuwait
Lebanon
Occupied Palestinian Territory
Oman
Qatar
Saudi Arabia
Syrian Arab Republic
Turkey
United Arab Emirates
Yemen

Oceania

American Samoa
Christmas Islands
Cocos (Keeling) Islands
Cook Islands
Fiji
French Polynesia
Guam
Johnston Island
Kiribati
Marshall Islands
Micronesia (Federated States of)
Midway Islands
Nauru
New Caledonia
Niue
Norfolk Island
Northern Mariana Islands
Palau
Papua New Guinea
Pitcairn
Samoa
Solomon Islands
Tokelau
Tonga
Tuvalu
Vanuatu
Wake Island
Wallis and Futuna Islands

Distribution of developing economies by geographical region and economic grouping (continued)

2. ECONOMIC GROUPING

Least developed countries (LDCs) (50)

	Year of inclusion in the group		Year of inclusion in the group		Year of inclusion in the group
Africa and Haiti					
Angola	1994	Gambia	1975	Niger	1971
Benin	1971	Guinea	1971	Rwanda	1971
Burkina Faso	1971	Guinea-Bissau	1981	Senegal	2001
Burundi	1971	Haiti	1971	Sierra Leone	1982
Central African Republic	1975	Lesotho	1971	Somalia	1971
Chad	1971	Liberia	1990	Sudan	1971
Democratic Republic of the Congo	1991	Madagascar	1991	Togo	1982
Djibouti	1982	Malawi	1971	Uganda	1971
Equatorial Guinea	1982	Mali	1971	United Republic of Tanzania	1971
Eritrea	1994	Mauritania	1986	Zambia	1991
Ethiopia	1971	Mozambique	1988		
Asia		**Islands**			
Afghanistan	1971	Cape Verde	1977	Tuvalu	1986
Bangladesh	1975	Comoros	1977	Vanuatu	1985
Bhutan	1971	Kiribati	1986		
Cambodia	1991	Maldives	1971		
Lao People's Democratic Republic	1971	Samoa	1971		
Myanmar	1987	Sao Tome and Principe	1982		
Nepal	1971	Solomon Islands	1991		
Yemen	1971	Timor-Leste	2003		

Small island developing States (SIDS) (29)

Antigua and Barbuda	Maldives	Samoa
Bahamas	Marshall Islands	Sao Tome and Principe
Barbados	Mauritius	Seychelles
Cape Verde	Micronesia (Federated States of)	Solomon Islands
Comoros	Nauru	Timor-Leste
Dominica	Palau	Tonga
Fiji	Papua New Guinea	Trinidad and Tobago
Grenada	Saint Kitts and Nevis	Tuvalu
Jamaica	Saint Lucia	Vanuatu
Kiribati	Saint Vincent and the Grenadines	

Distribution of developed economies and economies in transition by geographical region

1. DEVELOPED ECONOMIES

America

Bermuda
Canada
Greenland
Saint Pierre and Miquelon
United States of America, including Puerto Rico

Asia

Israel
Japan

Europe

Andorra
Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Faroes Islands
Finland, including Åland Islands
France, including French Guyana, Guadeloupe, Martinique, Monaco and Réunion
Germany
Gibraltar
Greece
Holy See
Hungary
Iceland
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Norway, including Svalbard and Jan Mayen
Poland
Portugal
Romania
San Marino
Slovakia
Slovenia
Spain
Sweden
Switzerland, including Liechtenstein
United Kingdom of Great Britain and Northern Ireland, including Channel Islands and Isle of Man

Oceania

Australia
New Zealand

2. ECONOMIES IN TRANSITION

Asia

Armenia
Azerbaijan
Georgia
Kazakhstan
Kyrgyzstan
Tajikistan
Turkmenistan
Uzbekistan

Europe

Albania
Belarus
Bosnia and Herzegovina
Croatia
Macedonia (the former Yugoslav Republic of)
Moldova
Russian Federation
Serbia and Montenegro
Ukraine

Distribution of economies by trade group

1. AMERICA

Free Trade Area of the Americas (FTAA) (34)

	Year of accession		Year of accession		Year of accession
Antigua and Barbuda	1994	Dominican Republic	1994	Paraguay	1994
Argentina	1994	Ecuador	1994	Peru	1994
Bahamas	1994	El Salvador	1994	Saint Kitts and Nevis	1994
Barbados	1994	Grenada	1994	Saint Lucia	1994
Belize	1994	Guatemala	1994	Saint Vincent and the Grenadines	1994
Bolivia (Plurinational State of)	1994	Guyana	1994	Suriname	1994
Brazil	1994	Haiti	1994	Trinidad and Tobago	1994
Canada	1994	Honduras	1994	United States of America	1994
Chile	1994	Jamaica	1994	Uruguay	1994
Colombia	1994	Mexico	1994	Venezuela (Bolivarian Republic of)	1994
Costa Rica	1994	Nicaragua	1994		
Dominica	1994	Panama	1994		

Mercado Común del Sur (MERCOSUR) (4)

Argentina	1994	Paraguay	1994
Brazil	1994	Uruguay	1994

North American Free Trade Agreement (NAFTA) (3)

Canada	1992	United States of America	1992
Mexico	1992		

2. ASIA

Association of Southeast Asian Nations (ASEAN) (10)

	Year of accession		Year of accession		Year of accession
Brunei Darussalam	1984	Lao People's Democratic Republic	1997	Philippines	1967
Cambodia	1999	Malaysia	1967	Singapore	1967
Indonesia	1967	Myanmar	1997	Thailand	1967
				Viet Nam	1995

Distribution of economies by trade group (continued)

3. EUROPE

European Union (EU) (27)

	Year of accession		Year of accession		Year of accession
Austria	1995	Germany	1957	Netherlands	1957
Belgium	1957	Greece	1981	Poland	2004
Bulgaria	2007	Hungary	2004	Portugal	1986
Cyprus	2004	Ireland	1973	Romania	2007
Czech Republic	2004	Italy	1957	Slovakia	2004
Denmark	1973	Latvia	2004	Slovenia	2004
Estonia	2004	Lithuania	2004	Spain	1986
Finland	1995	Luxembourg	1957	Sweden	1995
France	1957	Malta	2004	United Kingdom	1973

4. INTERREGIONAL GROUP

African, Caribbean and Pacific Group of States (ACP Group) (79)

Angola
Antigua and Barbuda
Bahamas
Barbados
Belize
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Cook Islands
Côte d'Ivoire
Cuba
Democratic Republic of the Congo
Djibouti
Dominica
Dominican Republic
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Grenada
Guinea
Guinea-Bissau
Guyana
Haiti
Jamaica
Kenya
Kiribati
Lesotho
Liberia
Madagascar
Malawi
Mali
Marshall Islands
Mauritania
Mauritius
Micronesia (Federated States of)
Mozambique
Namibia
Nauru
Niger
Nigeria
Niue
Palau
Papua New Guinea Rwanda
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Samoa
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
South Africa
Sudan
Suriname
Swaziland
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tuvalu
Uganda
United Republic of Tanzania
Vanuatu
Zambia
Zimbabwe

TABLE 1.1

CREATIVE GOODS: WORLD EXPORTS AND IMPORTS, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
WORLD	**204,948**	**233,400**	**269,331**	**298,549**	**324,407**	**370,298**	**406,992**	**11.53**
Developed economies	127,903	140,884	158,144	171,023	185,895	211,515	227,103	10.02
Developing economies	75,835	91,124	109,267	125,321	136,100	156,043	176,211	13.55
Transition economies	1,210	1,392	1,920	2,206	2,413	2,741	3,678	18.76
DEVELOPED ECONOMIES: AMERICA	**27,886**	**28,774**	**31,557**	**35,221**	**38,841**	**42,012**	**44,215**	**9.27**
Canada	9,327	9,576	10,067	10,500	10,356	9,661	9,215	-0.94
Greenland	2	3	7	8	11	3	-	-
United States of America	18,557	19,195	21,483	24,713	28,475	32,348	35,000	13.31
DEVELOPED ECONOMIES: ASIA	**4,600**	**4,055**	**4,611**	**6,122**	**5,480**	**7,045**	**7,574**	**13.02**
Israel	624	588	623	555	567	612	586	-0.13
Japan	3,976	3,468	3,989	5,567	4,913	6,432	6,988	14.74
DEVELOPED ECONOMIES: EUROPE	**94,514**	**106,998**	**120,701**	**128,355**	**140,251**	**161,087**	**174,018**	**10.16**
EUROPEAN UNION (EU)	**89,051**	**101,459**	**114,176**	**121,573**	**132,501**	**151,876**	**163,650**	**9.99**
Austria	3,603	4,212	4,435	4,690	5,191	5,645	6,313	8.48
Belgium	5,387	6,496	7,325	7,373	7,562	8,673	9,220	6.74
Bulgaria	140	186	221	228	255	345	377	15.23
Cyprus	29	32	38	39	30	29	29	-4.27
Czech Republic	1,482	1,824	2,114	2,437	3,195	4,075	4,892	22.74
Denmark	2,510	2,883	3,202	3,173	3,903	4,366	4,319	9.44
Estonia	204	237	247	267	294	337	382	10.27
Finland	1,008	1,083	1,078	976	1,091	1,224	1,113	1.80
France	8,999	10,556	11,865	12,834	14,108	15,640	17,271	10.16
Germany	15,213	17,442	19,955	22,487	25,578	30,393	34,408	14.66
Greece	417	625	655	701	818	828	944	8.68
Hungary	1,132	563	707	761	794	947	1,096	12.92
Ireland	2,747	2,922	2,774	2,769	2,796	2,300	2,192	-5.53
Italy	16,517	17,712	19,962	20,478	22,954	26,688	27,792	9.69
Latvia	114	133	176	182	207	235	261	13.24
Lithuania	168	249	338	427	544	730	766	26.30
Luxembourg	177	227	252	215	199	341	327	7.89
Malta	87	100	118	112	124	136	131	5.53
Netherlands	3,686	5,587	6,314	6,687	7,019	7,772	10,527	11.59
Poland	1,983	2,565	3,170	3,440	3,732	4,723	5,250	14.89
Portugal	810	928	1,011	926	987	1,206	1,248	6.10
Romania	779	1,008	1,199	1,279	1,355	1,401	1,471	7.13
Slovakia	422	546	701	814	868	1,122	1,264	17.59
Slovenia	423	516	682	728	777	919	977	12.59
Spain	4,507	4,898	5,236	5,140	5,236	5,965	6,287	4.85
Sweden	2,851	3,025	3,484	3,458	3,825	4,166	4,897	9.09
United Kingdom	13,657	14,903	16,917	18,952	19,060	21,669	19,898	6.47
OTHER EUROPEAN COUNTRIES	**5,463**	**5,539**	**6,525**	**6,782**	**7,750**	**9,211**	**10,367**	**13.08**
Andorra	6	6	7	10	12	-	-	-
Faroes	-	-	-	-	0	0	0	-
Iceland	15	13	12	10	9	7	5	-16.36
Norway	3,01	319	347	367	364	385	446	5.82
Switzerland	5,141	5,201	6,159	6,395	7,364	8,820	9,916	13.54
DEVELOPED ECONOMIES: OCEANIA	**903**	**1,057**	**1,275**	**1,325**	**1,323**	**1,371**	**1,297**	**3.60**
Australia	652	780	959	1,005	1,015	1,072	1,022	4.96
New Zealand	251	277	316	320	308	299	275	-0.68
DEVELOPING ECONOMIES: AFRICA	**740**	**809**	**889**	**981**	**1,361**	**1,520**	**2,220**	**22.09**
DEVELOPING ECONOMIES: EASTERN AFRICA	**92**	**124**	**170**	**182**	**495**	**424**	**364**	**29.71**
Burundi	-	-	-	-	1	1	0	-
Ethiopia	-	-	1	1	1	40	4	-
Kenya	11	18	20	26	37	45	58	28.40
Madagascar	18	24	29	30	33	42	50	14.74
Malawi	-	1	1	1	6	6	8	52.47
Mauritius	54	76	75	77	93	82	82	2.24
Mayotte	0	0	0	0	0	0	0	60.02
Mozambique	0	1	1	1	1	1	5	27.27
Rwanda	-	-	0	1	0	1	2	-
Seychelles	0	-	-	-	-	-	0	-
Uganda	0	1	1	1	1	8	11	90.89
United Republic of Tanzania	-	-	-	11	18	25	76	-
Zambia	8	3	2	9	1	4	2	-3.20
Zimbabwe	-	-	40	23	303	169	65	-

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
225,590	**250,160**	**284,624**	**317,175**	**337,506**	**402,452**	**420,783**	**11.15**	**WORLD**
187,170	205,869	230,741	250,975	266,902	306,808	317,058	9.18	Developed economies
36,692	41,842	50,492	62,090	65,426	88,370	93,721	17.90	Developing economies
1,728	2,448	3,391	4,110	5,178	7,274	10,003	31.40	Transition economies
76,853	**79,805**	**86,735**	**94,453**	**100,243**	**109,145**	**104,706**	**6.20**	**DEVELOPED ECONOMIES: AMERICA**
8,214	9,162	9,846	10,940	12,015	13,602	14,736	10.33	Canada
16	22	26	26	25	17	-	-	Greenland
68,624	70,621	76,862	83,488	88,203	95,525	89,971	5.63	United States of America
12,995	**13,810**	**15,399**	**17,095**	**18,073**	**19,484**	**19,736**	**7.55**	**DEVELOPED ECONOMIES: ASIA**
865	786	872	894	946	1,103	1,224	8.87	Israel
12,129	13,025	14,526	16,202	17,128	18,381	18,512	7.46	Japan
93,458	**107,686**	**123,069**	**133,393**	**142,370**	**170,815**	**184,353**	**11.27**	**DEVELOPED ECONOMIES: EUROPE**
84,198	**97,541**	**111,718**	**120,901**	**129,456**	**155,144**	**166,750**	**11.26**	**EUROPEAN UNION (EU)**
3,207	3,946	4,742	4,953	5,279	6,768	7,132	12.40	Austria
4,708	5,685	6,412	6,769	6,919	7,940	8,632	8.18	Belgium
189	258	313	363	430	633	756	24.46	Bulgaria
224	256	295	311	350	433	497	14.01	Cyprus
1,261	1,609	1,987	2,185	2,660	3,185	3,802	18.41	Czech Republic
1,849	2,188	2,270	2,696	3,099	3,789	4,129	14.87	Denmark
157	181	198	222	277	365	387	18.15	Estonia
868	1,089	1,251	1,343	1,490	1,691	1,918	11.59	Finland
11,340	13,339	15,105	16,141	17,035	20,428	22,791	10.95	France
14,996	16,841	18,372	20,757	20,730	24,579	26,866	9.60	Germany
1,179	1,714	1,996	2,188	2,366	2,816	3,560	14.59	Greece
875	1,090	1,274	1,230	1,320	1,525	1,624	7.72	Hungary
1,375	1,521	1,853	2,047	2,384	2,682	2,549	11.60	Ireland
6,298	7,337	8,738	9,523	10,657	12,231	12,597	11.54	Italy
168	204	232	269	404	492	466	21.37	Latvia
136	175	225	276	376	497	484	24.83	Lithuania
424	527	567	541	578	712	717	6.75	Luxembourg
90	115	132	140	147	163	174	8.14	Malta
4,600	5,366	6,074	6,339	6,920	8,042	12,082	15.32	Netherlands
1,228	1,332	1,634	1,891	2,257	2,988	3,837	23.11	Poland
1,328	1,547	1,764	1,697	1,827	2,100	2,161	6.70	Portugal
636	809	901	1,034	1,204	1,546	1,791	17.83	Romania
352	436	570	637	709	903	1,291	21.84	Slovakia
306	395	493	470	522	671	711	12.01	Slovenia
4,745	5,999	7,269	8,200	8,311	10,184	10,491	11.53	Spain
2,192	2,601	3,056	3,281	3,518	4,008	4,458	10.76	Sweden
19,468	20,979	23,996	25,396	27,684	33,774	30,847	9.07	United Kingdom
9,260	**10,145**	**11,351**	**12,492**	**12,914**	**15,671**	**17,604**	**11.33**	**OTHER EUROPEAN COUNTRIES**
105	119	130	-	-	-	-	-	Andorra
19	23	26	27	33	37	37	11.29	Faroes
83	124	142	192	212	253	195	12.32	Iceland
1,648	1,875	2,112	2,365	2,547	3,092	3,468	13.05	Norway
7,405	8,003	8,941	9,907	10,122	12,289	13,904	11.27	Switzerland
3,864	**4,569**	**5,539**	**6,033**	**6,216**	**7,363**	**8,262**	**11.62**	**DEVELOPED ECONOMIES: OCEANIA**
3,192	3,747	4,566	4,931	5,146	6,103	7,040	12.32	Australia
672	822	973	1,102	1,071	1,260	1,222	8.11	New Zealand
1,585	**2,032**	**2,749**	**3,468**	**4,306**	**4,728**	**5,693**	**22.12**	**DEVELOPING ECONOMIES: AFRICA**
266	**341**	**450**	**542**	**652**	**691**	**857**	**18.96**	**DEVELOPING ECONOMIES: EASTERN AFRICA**
-	-	-	-	7	5	9	-	Burundi
-	-	51	49	55	82	72	-	Ethiopia
62	72	90	115	133	133	135	13.70	Kenya
9	35	35	33	42	46	108	21.24	Madagascar
-	22	23	31	32	29	43	12.16	Malawi
91	116	117	101	106	113	143	2.87	Mauritius
5	6	9	9	10	11	13	12.47	Mayotte
18	23	32	47	43	44	51	14.76	Mozambique
-	-	4	8	20	20	28	-	Rwanda
8	-	-	-	-	-	29	-	Seychelles
31	33	38	39	49	77	68	18.51	Uganda
-	-	-	52	73	69	83	-	United Republic of Tanzania
41	34	35	36	61	44	54	10.62	Zambia
-	-	15	21	20	17	20	-	Zimbabwe

TABLE
1.1

CONTINUED

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
DEVELOPING ECONOMIES: MIDDLE AFRICA	**-**	**-**	**8**	**7**	**2**	**-**	**-**	**-**
Cameroon	-	-	-	1	1	-	-	-
Gabon	-	-	8	6	0	-	-	-
DEVELOPING ECONOMIES: NORTHERN AFRICA	**301**	**293**	**304**	**333**	**384**	**447**	**1,185**	**26.72**
Algeria	5	5	5	5	3	4	3	-10.23
Egypt	-	-	-	-	-	-	703	-
Morocco	190	159	162	178	178	207	217	6.73
Sudan	-	-	-	-	-	-	0	-
Tunisia	106	129	138	150	202	237	262	16.97
DEVELOPING ECONOMIES: SOUTHERN AFRICA	**344**	**374**	**385**	**406**	**364**	**360**	**443**	**1.53**
Namibia	12	15	22	21	22	24	35	14.28
South Africa	333	360	362	385	342	335	408	0.79
DEVELOPING ECONOMIES: WESTERN AFRICA	**2**	**17**	**21**	**54**	**116**	**289**	**228**	**84.85**
Benin	-	-	-	-	0	-	-	-
Burkina Faso	2	-	2	3	-	-	-	-
Cape Verde	-	-	-	-	-	0	-	-
Côte d'Ivoire	-	12	11	12	13	14	15	5.83
Ghana	-	-	-	27	86	2	4	-
Guinea	0	-	-	0	0	0	0	-
Mali	-	-	1	0	1	1	2	-
Niger	-	-	0	0	0	3	1	-
Nigeria	-	-	-	-	9	259	197	-
Senegal	-	5	7	8	6	9	9	10.50
Togo	-	-	1	4	-	1	-	-
DEVELOPING ECONOMIES: AMERICA	**5,536**	**5,381**	**6,059**	**6,584**	**7,405**	**8,012**	**9,030**	**10.66**
DEVELOPING ECONOMIES: CARIBBEAN	**-**	**26**	**125**	**59**	**645**	**456**	**548**	**85.34**
Aruba	-	-	-	1	-	-	-	-
Bahamas	-	4	3	1	4	2	6	9.89
Barbados	-	-	-	10	21	4	26	-
Cuba	-	22	103	16	21	-	-	-
Dominica	-	-	-	-	0	0	0	-
Dominican Republic	-	-	-	-	544	405	481	-
Jamaica	-	-	4	5	8	5	4	-
Montserrat	-	-	0	0	0	0	0	-
Netherlands Antilles	-	-	-	9	30	19	15	-
Trinidad and Tobago	-	-	16	17	18	20	17	-
DEVELOPING ECONOMIES: CENTRAL AMERICA	**3,849**	**3,453**	**3,582**	**3,983**	**4,128**	**4,717**	**5,496**	**9.53**
Belize	-	-	-	0	1	1	0	-
Costa Rica	-	82	114	139	129	118	109	4.34
El Salvador	28	26	20	60	65	78	98	36.41
Guatemala	24	33	37	104	45	99	105	25.32
Honduras	-	8	4	3	29	22	-	-
Mexico	3,797	3,298	3,402	3,672	3,853	4,390	5,167	9.13
Nicaragua	-	2	2	2	2	2	11	37.51
Panama	-	5	4	3	4	6	7	9.29
DEVELOPING ECONOMIES: SOUTH AMERICA	**1,686**	**1,902**	**2,351**	**2,542**	**2,633**	**2,840**	**2,986**	**8.50**
Argentina	181	192	254	294	328	335	295	9.26
Bolivia (Plurinational State of)	70	67	76	78	90	99	89	6.87
Brazil	742	895	1,159	1,200	1,175	1,211	1,222	4.89
Chile	183	163	194	220	231	214	227	5.92
Colombia	313	365	406	450	480	654	748	15.62
Ecuador	23	23	26	25	32	24	47	11.18
Guyana	-	-	-	2	1	2	2	-
Paraguay	-	9	14	13	13	15	24	16.14
Peru	124	138	176	207	224	239	263	12.77
Uruguay	50	51	47	52	55	48	52	0.60
Venezuela (Bolivarian Republic of)	-	-	-	-	5	-	16	-
DEVELOPING ECONOMIES: ASIA	**69,553**	**84,923**	**102,299**	**117,733**	**127,313**	**146,484**	**164,933**	**13.64**
DEVELOPING ECONOMIES: EASTERN ASIA	**59,330**	**66,735**	**78,496**	**89,512**	**97,324**	**111,030**	**125,706**	**13.04**
China	32,348	38,568	45,620	55,515	62,725	72,999	84,807	16.92
China, Hong Kong SAR	23,667	24,210	25,885	27,237	27,552	31,080	33,254	6.33
China, Macao SAR	71	76	86	74	93	138	170	17.62
China, Taiwan Province of	-	-	3,137	3,017	3,177	3,223	3,203	-
Korea, Republic of	3,243	3,877	3,765	3,665	3,773	3,585	4,272	1.05
Mongolia	2	3	3	4	5	5	-	-
DEVELOPING ECONOMIES: SOUTHERN ASIA	**250**	**6,605**	**8,838**	**10,247**	**11,720**	**11,531**	**11,161**	**10.69**
Afghanistan	-	-	-	-	-	-	182	-

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
-	-	19	79	77	-	-	-	DEVELOPING ECONOMIES: MIDDLE AFRICA
-	-	-	51	52	-	-	-	Cameroon
-	-	19	28	26	-	-	-	Gabon
714	943	1,118	1,277	1,350	1,754	2,381	18.83	DEVELOPING ECONOMIES: NORTHERN AFRICA
117	183	224	306	253	230	295	6.75	Algeria
-	-	-	-	-	-	522	-	Egypt
290	380	435	489	560	796	799	17.55	Morocco
-	-	-	-	-	102	99	-	Sudan
307	380	459	482	537	625	667	11.64	Tunisia
590	694	1,035	1,335	1,712	1,675	1,677	19.06	DEVELOPING ECONOMIES: SOUTHERN AFRICA
32	41	80	84	93	111	125	20.67	Namibia
558	652	955	1,251	1,619	1,565	1,552	18.95	South Africa
15	55	127	234	515	607	778	70.86	DEVELOPING ECONOMIES: WESTERN AFRICA
-	-	-	-	13	-	-	-	Benin
10	-	22	18	-	-	-	-	Burkina Faso
-	-	-	-	-	12	15	-	Cape Verde
-	28	38	34	46	52	63	16.19	Côte d'Ivoire
-	-	-	90	76	105	118	-	Ghana
5	-	-	8	14	13	18	-	Guinea
-	-	17	14	18	41	42	-	Mali
-	-	8	19	10	11	13	-	Niger
-	-	-	-	282	291	435	-	Nigeria
-	27	38	46	56	69	74	22.69	Senegal
-	-	5	5	-	13	-	-	Togo
6,139	6,683	7,437	9,140	11,522	16,862	16,007	22.33	DEVELOPING ECONOMIES: AMERICA
-	184	413	652	1,081	1,005	1,193	43.05	DEVELOPING ECONOMIES: CARIBBEAN
-	-	-	21	-	-	-	-	Aruba
-	88	106	122	132	151	106	6.06	Bahamas
-	-	-	94	75	52	84	-	Barbados
-	95	89	106	110	-	-	-	Cuba
-	-	-	-	5	6	5	-	Dominica
-	-	-	-	392	416	486	-	Dominican Republic
-	-	141	166	184	192	304	-	Jamaica
-	-	1	1	1	1	1	-	Montserrat
-	-	-	50	71	71	88	-	Netherlands Antilles
-	-	76	92	112	116	119	-	Trinidad and Tobago
4,310	4,651	4,710	5,604	6,318	7,105	7,901	12.12	DEVELOPING ECONOMIES: CENTRAL AMERICA
-	-	-	18	15	16	13	-	Belize
-	172	183	193	223	269	292	11.96	Costa Rica
84	101	106	210	221	279	265	24.84	El Salvador
197	200	228	326	289	376	369	13.54	Guatemala
-	75	83	111	130	153	-	-	Honduras
4,028	3,908	4,061	4,505	5,178	5,695	6,538	11.23	Mexico
-	47	49	55	60	73	69	9.89	Nicaragua
-	149	-	186	202	245	355	-	Panama
1,830	1,848	2,314	2,884	4,123	8,752	6,912	36.71	DEVELOPING ECONOMIES: SOUTH AMERICA
127	217	350	486	602	793	990	34.08	Argentina
54	40	42	40	47	58	77	13.34	Bolivia (Plurinational State of)
507	374	484	647	898	1,017	1,728	33.87	Brazil
377	387	463	556	692	789	1,070	21.81	Chile
295	275	315	398	500	603	702	21.67	Colombia
209	226	254	287	307	310	427	11.61	Ecuador
-	-	-	18	18	19	38	-	Guyana
-	74	106	112	159	191	356	32.81	Paraguay
219	219	247	282	307	4,032	-	-	Peru
41	37	54	59	76	99	123	26.23	Uruguay
-	-	-	-	516	841	1,402	-	Venezuela (Bolivarian Republic of)
28,899	32,975	40,072	49,286	49,413	66,597	71,834	16.75	DEVELOPING ECONOMIES: ASIA
22,519	24,146	28,315	30,421	33,413	39,501	43,631	12.27	DEVELOPING ECONOMIES: EASTERN ASIA
2,941	3,339	3,563	3,956	4,292	5,622	6,078	13.54	China
16,957	18,072	19,828	20,726	22,752	26,310	29,473	10.16	China, Hong Kong SAR
214	253	335	366	492	619	674	22.23	China, Macao SAR
-	-	2,055	2,292	2,220	2,382	2,604	-	China, Taiwan Province of
2,407	2,472	2,524	3,062	3,633	4,549	4,802	16.21	Korea, Republic of
-	9	10	18	25	19	-	-	Mongolia
431	2,160	2,553	3,212	3,517	3,918	3,482	11.35	DEVELOPING ECONOMIES: SOUTHERN ASIA
-	-	-	-	-	-	490	-	Afghanistan

TABLE
1.1

CONTINUED

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
Bangladesh	56	60	126	139	145	180	-	-
Bhutan	-	-	-	8	-	-	1	-
India	-	4,444	6,746	7,630	9,125	9,907	9,450	15.70
Iran (Islamic Republic of)	-	783	774	812	843	-	-	-
Maldives	-	-	0	0	0	0	0	-
Nepal	-	80	-	-	-	-	-	-
Pakistan	-	1,059	1,013	1,495	1,434	1,282	1,349	5.50
Sri Lanka	194	179	179	162	171	162	179	-0.66
DEVELOPING ECONOMIES: SOUTHEASTERN ASIA	**7,369**	**8,393**	**10,943**	**11,855**	**13,042**	**14,789**	**17,379**	**14.17**
Cambodia	-	-	35	-	-	-	14	-
Malaysia	1,851	1,934	2,459	2,702	3,022	3,576	3,524	12.86
Philippines	-	-	-	-	-	659	580	-
Singapore	2,619	3,454	3,753	3,771	4,220	3,787	5,047	5.99
Thailand	2,899	3,005	3,318	3,794	3,873	4,319	5,077	10.31
Timor-Leste	-	-	1	1	-	-	-	-
Viet Nam	-	-	1,376	1,588	1,927	2,449	3,136	-
DEVELOPING ECONOMIES: WESTERN ASIA	**2,602**	**3,190**	**4,021**	**6,119**	**5,228**	**9,134**	**10,687**	**26.94**
Bahrain	16	10	14	26	21	32	-	-
Jordan	59	110	156	217	245	203	198	11.61
Kuwait	-	-	-	-	56	54	-	-
Lebanon	148	125	154	170	188	218	278	15.74
Occupied Palestinian territory	-	-	-	-	-	14	19	-
Oman	21	8	25	36	18	18	45	22.56
Qatar	-	-	-	17	9	27	15	-
Saudi Arabia	206	307	471	311	522	514	-	-
Syrian Arab Republic	-	-	-	56	263	241	-	-
Turkey	2,154	2,629	3,200	3,756	3,900	4,890	5,369	14.96
United Arab Emirates	-	-	-	1,532	-	2,915	4,760	-
Yemen	-	-	-	-	6	6	2	-
DEVELOPING ECONOMIES: OCEANIA	**7**	**12**	**20**	**22**	**21**	**27**	**27**	**15.76**
Cook Islands	-	-	-	0	-	-	-	-
Fiji	7	11	9	5	5	5	-	-
French Polynesia	-	-	9	16	15	20	26	-
Kiribati	-	-	-	-	-	-	-	-
New Caledonia	-	1	1	1	1	1	1	5.43
Papua New Guinea	0	0	0	-	-	-	-	-
Vanuatu	-	-	-	-	-	0	-	-
TRANSITION ECONOMIES: ASIA	**0**	**32**	**56**	**77**	**78**	**69**	**54**	**9.90**
Armenia	-	29	36	37	39	31	27	-2.21
Azerbaijan	-	-	2	5	6	12	11	-
Georgia	-	-	-	4	5	3	5	-
Kazakhstan	-	-	12	26	21	18	12	-
Kyrgyzstan	-	3	5	4	7	5	-	-
Turkmenistan	-	-	-	-	-	-	-	-
TRANSITION ECONOMIES: EUROPE	**1,200**	**1,348**	**1,822**	**2,079**	**2,262**	**2,573**	**3,307**	**17.37**
Albania	-	8	13	16	19	26	30	27.99
Belarus	218	247	328	276	303	397	451	11.09
Bosnia and Herzegovina	-	31	48	66	80	102	129	31.15
Croatia	137	192	353	367	372	422	412	13.29
Russian Federation	845	869	1,080	1,256	1,380	1,481	1,734	13.69
Serbia and Montenegro	-	-	-	98	108	145	-	-
Ukraine	-	-	-	-	-	-	553	-

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: (1) Annual average growth rate only available for countries that reported consistently in 2003-2008.

- Data not available or not separately reported.

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
229	270	348	369	265	332	-	-	Bangladesh
-	-	-	3	-	-	6	-	Bhutan
-	1,313	1,621	2,016	2,548	2,913	2,273	14.50	India
-	86	153	259	50	-	-	-	Iran (Islamic Republic of)
-	20	27	27	30	32	40	12.64	Maldives
-	59	-	-	-	-	-	-	Nepal
-	171	139	216	285	292	314	17.18	Pakistan
202	241	266	323	339	348	359	8.50	Sri Lanka
3,529	**4,054**	**5,764**	**5,832**	**6,192**	**8,143**	**9,769**	**17.00**	**DEVELOPING ECONOMIES: SOUTHEASTERN ASIA**
-	-	376	-	-	-	215	-	Cambodia
687	670	874	848	932	1,022	1,004	7.66	Malaysia
-	-	-	-	-	590	500	-	Philippines
2,076	2,546	2,815	3,186	3,409	4,400	5,207	15.30	Singapore
766	837	869	1,012	1,131	1,367	1,974	17.88	Thailand
-	-	2	2	-	-	-	-	Timor-Leste
-	-	828	785	721	764	870	-	Viet Nam
2,420	**2,616**	**3,439**	**9,820**	**6,291**	**15,035**	**14,953**	**43.73**	**DEVELOPING ECONOMIES: WESTERN ASIA**
112	108	106	143	121	148	-	-	Bahrain
146	160	270	416	455	455	457	21.82	Jordan
-	-	-	-	721	873	-	-	Kuwait
285	268	329	305	260	301	389	4.19	Lebanon
-	-	-	-	-	40	48	-	Occupied Palestinian territory
127	7	150	180	227	304	390	90.57	Oman
-	-	-	360	470	628	636	-	Qatar
837	896	1,046	1,286	1,386	1,494	-	-	Saudi Arabia
-	-	-	91	61	55	-	-	Syrian Arab Republic
913	1,177	1,538	2,063	2,547	3,208	3,523	25.32	Turkey
-	-	-	4,977	-	7,467	9,442	-	United Arab Emirates
-	-	-	-	42	62	66	-	Yemen
70	**152**	**234**	**197**	**185**	**184**	**187**	**0.73**	**DEVELOPING ECONOMIES: OCEANIA**
-	-	-	3	-	-	-	-	Cook Islands
50	77	83	57	51	43	-	-	Fiji
-	-	67	68	67	67	92	-	French Polynesia
-	-	-	1	-	-	-	-	Kiribati
-	55	66	68	66	70	96	8.75	New Caledonia
19	21	18	-	-	-	-	-	Papua New Guinea
-	-	-	-	-	5	-	-	Vanuatu
0	**26**	**375**	**512**	**712**	**1,014**	**898**	**82.30**	**TRANSITION ECONOMIES: ASIA**
-	15	18	25	38	52	89	43.74	Armenia
-	-	44	52	41	56	61	-	Azerbaijan
-	-	-	44	88	126	137	-	Georgia
-	-	300	373	518	738	611	-	Kazakhstan
-	12	13	17	26	41	-	-	Kyrgyzstan
-	-	-	-	-	-	-	-	Turkmenistan
1,701	**2,391**	**2,919**	**3,439**	**4,272**	**6,003**	**8,281**	**27.82**	**TRANSITION ECONOMIES: EUROPE**
-	43	53	65	76	120	133	26.71	Albania
106	145	183	170	254	324	386	22.13	Belarus
-	123	148	210	200	259	327	20.56	Bosnia and Herzegovina
405	519	679	758	848	979	962	13.05	Croatia
1,190	1,560	1,857	1,987	2,579	3,882	5,304	27.82	Russian Federation
-	-	-	249	315	437	-	-	Serbia and Montenegro
-	-	-	-	-	-	1,170	-	Ukraine

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: (1) Annual average growth rate only available for countries that reported consistently in 2003-2008.

- Data not available or not separately reported.

TABLE

1.2.A CREATIVE GOODS: EXPORTS, BY ORIGIN AND PRODUCT GROUP, 2002, 2005 AND 2008

Origin		Developed economies							
				Europe					
Product group	Year	World	Total	Total Europe	EU-27	Canada	United States	Japan	Transition economies
		(Value in millions of $)							
ALL CREATIVE INDUSTRIES	2002	204, 948	127, 903	94, 514	89, 051	9, 327	18, 557	3, 976	1, 210
	2005	298, 549	171, 023	128, 355	121, 573	10, 500	24, 713	5, 567	2, 206
	2008	406, 992	227, 103	174, 018	163, 650	9, 215	35, 000	6, 988	3, 678
ARTS-CRAFTS	2002	17,503	8,256	6,206	5,961	238	1,443	313	45
	2005	25,743	10,028	7,617	7,380	256	1,669	412	73
	2008	32,323	11,443	9,220	8,950	187	1,531	442	164
CARPETS	2002	3,335	2,432	2,091	2,058	51	254	6	25
	2005	6,297	3,036	2,597	2,554	55	331	14	39
	2008	7,176	3,638	3,173	3,120	40	387	20	90
CELEBRATION	2002	3,107	690	527	522	41	120	1	1
	2005	3,053	876	698	693	47	127	2	1
	2008	3,835	1,038	822	799	33	178	1	13
OTHER	2002	2,234	622	475	450	24	107	12	6
	2005	2,560	785	603	571	29	134	13	13
	2008	3,101	1,134	908	864	28	170	15	11
PAPERWARE	2002	57	32	17	17	0	13	2	0
	2005	66	30	16	15	0	11	2	0
	2008	124	69	41	41	1	23	3	0
WICKERWARE	2002	993	167	137	137	5	24	1	3
	2005	1,615	250	213	213	8	27	2	6
	2008	2,536	280	245	244	6	27	2	7
YARN	2002	7,777	4,313	2,959	2,778	116	925	290	11
	2005	12,153	5,051	3,490	3,334	117	1,039	379	13
	2008	15,550	5,285	4,031	3,883	79	746	401	42
AUDIO VISUALS	2002	462	425	215	214	154	36	2	3
	2005	667	608	249	248	318	28	2	2
	2008	811	726	339	337	335	41	1	10
FILM	2002	462	425	215	214	154	36	2	3
	2005	667	608	249	248	318	28	2	2
	2008	811	726	339	337	335	41	1	10
DESIGN	2002	114,692	60,967	49,221	45,965	3,104	6,280	1,521	362
	2005	175,024	83,903	67,784	63,404	3,159	8,794	3,195	917
	2008	241,972	117,816	98,164	90,983	2,773	12,150	3,783	1,716
ARCHITECTURE	2002	216	150	119	110	2	22	6	16
	2005	244	202	165	159	2	23	11	19
	2008	437	370	345	342	1	11	12	26
FASHION	2002	30,875	12,923	11,172	10,946	254	1,234	133	67
	2005	47,642	18,685	16,797	16,388	274	1,332	153	123
	2008	62,984	26,484	24,413	23,781	246	1,546	173	180
GLASSWARE	2002	1,469	1,214	1,145	989	6	51	8	12
	2005	1,646	1,319	1,263	1,053	8	40	6	19
	2008	1,789	1,332	1,276	1,063	5	46	4	30
INTERIOR	2002	38,484	25,130	20,990	20,651	2,239	1,514	211	238
	2005	57,964	33,607	28,727	28,211	2,344	2,116	177	542
	2008	76,784	43,452	38,522	37,826	1,763	2,743	205	1,300
JEWELLERY	2002	21,828	14,326	10,968	8,624	240	2,536	106	9
	2005	37,091	19,059	13,980	10,987	228	4,125	213	178
	2008	58,122	29,783	21,815	16,238	256	6,325	849	87
TOYS	2002	21,820	7,224	4,827	4,646	363	924	1,057	20
	2005	30,436	11,033	6,850	6,607	303	1,159	2,636	36
	2008	41,854	16,396	11,792	11,733	502	1,479	2,540	93
NEW MEDIA	2002	17,365	11,422	6,856	6,674	184	3,028	1,206	36
	2005	20,919	13,131	8,419	8,287	282	3,580	511	73
	2008	27,754	13,248	8,727	8,706	212	3,786	345	82
RECORDED MEDIA	2002	9,059	6,878	4,364	4,224	90	2,173	201	33
	2005	11,141	8,697	5,957	5,838	118	2,240	327	32
	2008	121	-	-	-	-	-	-	1
VIDEO GAMES	2002	8,306	4,544	2,492	2,450	94	856	1,004	3
	2005	9,778	4,434	2,462	2,450	164	1,340	185	41
	2008	27,632	13,248	8,727	8,706	212	3,786	345	80
PERFORMING ARTS	2002	9,689	8,947	7,253	7,066	270	1,102	178	43
	2005	14,946	13,464	11,213	10,948	376	1,491	297	63
	2008	26,136	22,539	17,505	17,232	302	3,642	940	274
MUSIC (CDS, TAPES)	2002	9,600	8,861	7,199	7,013	270	1,072	177	43
	2005	14,826	13,349	11,135	10,872	375	1,455	296	62
	2008	26,016	22,421	17,420	17,149	301	3,611	939	274
PRINTED MUSIC	2002	89	87	54	53	0	30	1	0
	2005	119	116	77	76	0	35	1	0
	2008	120	118	85	83	1	30	1	0

Developing economies										Origin	
			Asia								
Total	Africa	America	Total Asia	Eastern, Southern and Southeastern Asia	China	Western Asia	Oceania	LDCs	SIDS	Year	Product group
(Value in millions of $)											
75, 835	740	5, 536	69, 553	66, 950	32, 348	2, 602	7	85	61	2002	ALL CREATIVE INDUSTRIES
125, 321	981	6, 584	117, 733	111, 614	55, 515	6, 119	22	218	116	2005	
176, 211	2, 220		164, 933	154, 245	84, 807	10, 687	27	370	135	2008	
9,202	91	430	8,680	8,120	3,569	560	1	11	7	2002	ARTS-CRAFTS
15,643	142	503	14,997	13,717	6,206	1,280	1	35	14	2005	
20,715	515	671	19,528	17,641	10,722	1,887	0	226	9	2008	
879	31	53	794	429	369	365	0	0	2	2002	CARPETS
3,223	40	69	3,113	2,311	605	803	0	1	4	2005	
3,447	199	68	3,180	2,033	902	1,147	0	150	3	2008	
2,416	3	34	2,379	2,377	1,125	2	0	0	1	2002	CELEBRATION
2,175	2	73	2,100	2,097	1,221	3	0	0	1	2005	
2,785	2	46	2,736	2,734	2,082	3	0	1	0	2008	
1,606	7	58	1,540	1,534	544	6	1	3	1	2002	OTHER
1,762	7	69	1,684	1,670	719	14	1	3	2	2005	
1,956	9	84	1,863	1,847	995	16	0	1	1	2008	
25	2	0	23	22	12	1	0	0	0	2002	PAPERWARE
36	2	0	34	30	3	4	0	0	0	2005	
55	12	1	42	41	6	1	0	0	0	2008	
823	11	3	809	808	716	1	0	4	0	2002	WICKERWARE
1,358	25	5	1,329	1,325	1,120	4	0	11	0	2005	
2,250	28	7	2,215	2,212	1,995	3	0	9	0	2008	
3,453	37	282	3,134	2,950	803	184	0	4	3	2002	YARN
7,088	65	287	6,736	6,284	2,538	452	0	20	7	2005	
10,223	265	465	9,492	8,774	4,741	718	0	65	5	2008	
35	0	19	15	14	0	1	0	0	0	2002	AUDIO VISUALS
57	1	16	41	39	0	2	0	0	0	2005	
75	1	19	55	52	0	2	0	0	0	2008	
35	0	19	15	14	0	1	0	0	0	2002	FILM
57	1	16	41	39	0	2	0	0	0	2005	
75	1	19	55	52	0	2	0	0	0	2008	
53,362	422	3,292	49,642	47,726	23,529	1,916	6	64	47	2002	DESIGN
90,203	579	4,538	85,068	80,575	41,167	4,493	18	163	72	2005	
122,439	1,140	5,007	116,266	107,815	58,848	8,452	26	86	96	2008	
50	0	1	48	48	42	0	-	0	-	2002	ARCHITECTURE
23	0	1	22	21	13	1	0	0	0	2005	
41	1	0	40	37	12	2	-	0	0	2008	
17,885	138	393	17,353	16,869	9,420	484	2	36	11	2002	FASHION
28,834	194	460	28,179	27,462	15,867	716	0	94	14	2005	
36,320	300	529	35,491	34,627	21,437	863	0	52	23	2008	
243	2	19	222	118	84	104	0	0	0	2002	GLASSWARE
308	1	27	280	221	167	59	0	0	0	2005	
427	21	26	380	265	200	115	-	0	0	2008	
13,115	189	1,946	10,978	10,392	6,417	586	3	27	7	2002	INTERIOR
23,816	226	2,678	20,910	19,565	13,048	1,346	2	64	10	2005	
32,032	618	2,635	28,779	27,086	19,522	1,693	0	30	11	2008	
7,493	76	539	6,878	6,155	1,568	723	0	1	24	2002	JEWELLERY
17,855	132	980	16,727	14,513	2,582	2,214	16	4	44	2005	
28,253	159	1,281	26,788	21,129	3,470	5,659	25	3	58	2008	
14,576	18	395	14,163	14,144	5,998	19	0	0	5	2002	TOYS
19,367	25	392	18,950	18,792	9,490	158	0	1	4	2005	
25,365	41	536	24,789	24,670	14,206	119	0	1	3	2008	
5,908	15	826	5,067	5,060	2,378	7	0	0	1	2002	NEW MEDIA
7,714	30	117	7,567	7,490	3,952	78	0	3	1	2005	
14,423	9	1,510	12,904	12,865	8,377	39	0	0	1	2008	
2,148	13	52	2,083	2,078	87	5	0	0	1	2002	RECORDED MEDIA
2,411	25	41	2,345	2,297	36	48	0	3	1	2005	
120	1	1	118	118	-	0	0	0	0	2008	
3,759	2	774	2,983	2,982	2,291	1	0	0	0	2002	VIDEO GAMES
5,303	4	75	5,223	5,193	3,916	30	0	0	0	2005	
14,304	9	1,510	12,785	12,746	8,377	39	0	0	1	2008	
698	6	187	505	492	168	13	0	0	0	2002	PERFORMING ARTS
1,419	8	343	1,068	1,019	135	49	0	4	2	2005	
3,323	16	446	2,861	2,815	723	46	0	5	0	2008	
696	6	186	503	491	168	13	0	0	0	2002	MUSIC (CDS, TAPES)
1,415	7	343	1,065	1,015	135	49	0	4	2	2005	
3,321	16	445	2,860	2,814	723	46	0	5	0	2008	
2	0	0	1	1	0	0	-	0	0	2002	PRINTED MUSIC
4	0	0	3	3	0	0	-	0	0	2005	
2	0	0	1	1	1	0	0	0	0	2008	

TABLE
1.2.A

CONTINUED

Origin		Developed economies							
				Europe					
Product group	Year	World	Total	Total Europe	EU-27	Canada	United States	Japan	Transition economies
		(Value in millions of $)							
PUBLISHING	2002	29,817	25,970	16,547	16,041	5,048	3,756	393	690
	2005	39,242	33,044	22,363	21,687	5,440	4,423	552	982
	2008	48,266	38,753	27,445	26,583	4,898	5,293	801	1,376
BOOKS	2002	11,455	9,049	6,410	6,218	396	2,005	108	262
	2005	15,266	11,756	8,757	8,481	464	2,275	94	222
	2008	19,365	13,860	10,294	9,969	480	2,775	104	374
NEWSPAPERS	2002	12,248	11,371	5,744	5,594	4,196	1,227	144	423
	2005	15,128	13,661	7,358	7,155	4,534	1,570	150	690
	2008	17,558	15,369	9,136	8,860	4,136	1,883	160	941
OTHER PRINTED MATTER	2002	6,114	5,550	4,393	4,229	456	524	141	5
	2005	8,848	7,627	6,247	6,052	442	578	308	70
	2008	11,344	9,523	8,016	7,754	283	635	536	60
VISUAL ARTS	2002	15,421	11,916	8,215	7,129	330	2,911	364	31
	2005	22,008	16,845	10,711	9,619	669	4,730	598	95
	2008	29,730	22,578	12,617	10,859	508	8,558	677	56
ANTIQUES	2002	2,267	2,147	1,765	1,571	29	322	8	1
	2005	3,411	3,184	2,637	2,345	31	470	13	4
	2008	3,218	2,763	2,111	1,803	40	562	15	1
PAINTINGS	2002	6,310	6,181	4,003	3,265	110	1,972	40	5
	2005	9,746	9,003	5,050	4,413	394	3,455	27	3
	2008	15,189	13,580	6,656	5,477	256	6,400	128	6
PHOTOGRAPHY	2002	1,613	1,463	736	685	140	280	302	15
	2005	2,181	1,857	857	803	178	289	527	36
	2008	2,448	2,016	952	872	131	440	487	19
SCULPTURE	2002	5,231	2,126	1,712	1,609	51	337	13	9
	2005	6,670	2,801	2,166	2,058	67	516	30	53
	2008	8,876	4,219	2,899	2,707	81	1,155	46	30

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.
NOTES: Data extraction date: 31 May 2010.
- Data not available or not separately reported.

Developing economies										Origin	
			Asia								
Total	Africa	America	Total Asia	Eastern, Southern and Southeastern Asia	China	Western Asia	Oceania	LDCs	SIDS	Year	Product group
(Value in millions of $)											
3,157	96	617	2,444	2,364	535	80	0	5	4	2002	PUBLISHING
5,217	127	901	4,187	4,017	1,031	170	2	6	25	2005	
8,138	367	1,138	6,632	6,416	2,421	217	1	13	22	2008	
2,145	28	299	1,817	1,751	409	66	0	2	4	2002	BOOKS
3,288	57	415	2,816	2,727	703	88	1	3	20	2005	
5,131	276	535	4,319	4,181	1,325	137	0	8	17	2008	
453	56	173	224	220	7	4	0	2	0	2002	NEWSPAPERS
777	44	227	507	477	18	29	0	2	1	2005	
1,248	48	262	938	903	277	35	0	1	2	2008	
559	11	145	403	393	118	10	0	1	1	2002	OTHER PRINTED MATTER
1,151	26	260	865	813	310	52	0	1	3	2005	
1,760	44	341	1,375	1,331	818	44	0	4	3	2008	
3,474	110	164	3,200	3,174	2,169	26	0	5	1	2002	VISUAL ARTS
5,067	95	167	4,805	4,758	3,022	47	0	6	2	2005	
7,097	170	240	6,686	6,642	3,715	44	1	40	6	2008	
119	12	2	105	103	5	2	0	1	0	2002	ANTIQUES
223	22	2	199	198	5	2	0	1	0	2005	
454	112	3	339	336	5	2	0	32	1	2008	
123	9	9	106	102	17	4	0	0	0	2002	PAINTINGS
740	15	20	706	702	39	4	0	1	1	2005	
1,603	23	34	1,546	1,536	67	10	0	3	4	2008	
135	4	33	99	97	14	2	0	0	0	2002	PHOTOGRAPHY
289	3	34	252	248	19	5	0	0	0	2005	
413	3	27	382	381	62	2	0	0	0	2008	
3,096	86	121	2,890	2,871	2,133	19	0	4	1	2002	SCULPTURE
3,815	56	111	3,648	3,611	2,959	37	0	4	1	2005	
4,627	32	175	4,419	4,389	3,582	30	1	5	1	2008	

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: Data extraction date: 31 May 2010.

- Data not available or not separately reported.

TABLE

1.2.B CREATIVE GOODS: IMPORTS, BY ORIGIN AND PRODUCT GROUP, 2002, 2005 AND 2008

Origin			Developed economies						
				Europe					
Product group	Year	World	Total	Total Europe	EU-27	Canada	United States	Japan	Transition economies
		(Value in millions of $)							
ALL CREATIVE INDUSTRIES	2002	225, 590	187, 170	93, 458	84, 198	8, 214	68, 624	12, 129	1, 728
	2005	317, 175	250, 975	133, 393	120, 901	10, 940	83, 488	16, 202	4, 110
	2008	420, 783	317, 058	184, 353	166, 750	14, 736	89, 971	18, 512	10, 003
ARTS-CRAFTS	2002	20,341	15,336	7,242	6,890	717	6,109	903	147
	2005	26,085	19,280	9,574	9,142	873	7,335	1,043	329
	2008	29,272	20,836	11,451	10,908	1,001	6,740	1,087	795
CARPETS	2002	4,392	3,972	2,323	2,189	197	1,085	269	41
	2005	5,937	5,167	3,020	2,860	252	1,410	366	103
	2008	6,876	5,763	3,534	3,350	323	1,315	417	269
CELEBRATION	2002	4,681	3,943	1,073	1,016	218	2,561	45	21
	2005	5,701	5,058	1,575	1,506	258	3,099	51	50
	2008	6,115	5,400	1,920	1,830	316	3,032	41	115
OTHER	2002	2,817	2,133	778	714	82	1,120	120	11
	2005	3,271	2,562	1,064	974	99	1,216	139	21
	2008	3,516	2,744	1,386	1,258	106	1,062	135	60
PAPERWARE	2002	119	93	67	66	2	7	17	0
	2005	121	100	79	78	1	3	17	0
	2008	162	122	90	90	9	4	18	1
WICKERWARE	2002	1,372	1,242	465	448	31	430	302	4
	2005	1,764	1,621	708	683	62	530	297	9
	2008	1,810	1,641	833	801	60	431	283	30
YARN	2002	6,960	3,952	2,538	2,456	188	906	150	70
	2005	9,291	4,771	3,128	3,041	201	1,076	173	145
	2008	10,793	5,166	3,687	3,580	186	897	192	320
AUDIO VISUALS	2002	411	326	101	94	9	186	14	2
	2005	647	528	133	122	5	358	19	4
	2008	699	483	122	106	7	330	9	34
FILM	2002	411	326	101	94	9	186	14	2
	2005	647	528	133	122	5	358	19	4
	2008	699	483	122	106	7	330	9	34
DESIGN	2002	129,232	106,388	48,860	43,672	3,333	43,074	8,805	939
	2005	190,986	150,810	73,864	67,046	4,907	56,101	12,190	2,342
	2008	248,358	185,810	104,469	93,956	6,836	55,826	13,348	6,172
ARCHITECTURE	2002	173	75	62	58	2	9	2	16
	2005	171	68	48	43	1	9	9	33
	2008	205	61	54	48	1	5	1	38
FASHION	2002	35,691	26,868	12,623	11,868	706	9,153	3,816	262
	2005	49,342	36,835	18,451	17,399	1,018	11,621	4,859	455
	2008	65,328	48,009	26,947	25,420	1,445	12,750	5,580	1,618
GLASSWARE	2002	1,211	1,032	552	447	51	358	45	11
	2005	1,370	1,104	643	534	40	330	64	20
	2008	1,464	1,078	730	584	39	208	70	46
INTERIOR	2002	42,525	37,666	18,613	16,973	1,312	14,756	2,150	522
	2005	63,860	55,310	28,844	26,484	2,066	20,376	2,653	1,300
	2008	79,632	65,921	38,934	35,710	2,823	19,425	2,809	3,323
JEWELLERY	2002	19,487	16,669	7,790	5,531	341	6,914	1,268	7
	2005	33,085	23,630	11,497	8,764	508	9,285	1,724	182
	2008	46,535	29,001	16,860	11,933	923	8,461	1,769	259
TOYS	2002	30,145	24,078	9,220	8,795	921	11,885	1,524	122
	2005	43,158	33,864	14,382	13,823	1,273	14,481	2,881	352
	2008	55,194	41,739	20,943	20,260	1,606	14,978	3,119	889
NEW MEDIA	2002	17,681	14,519	7,547	7,201	1,241	4,463	655	132
	2005	21,522	15,631	9,032	8,758	1,381	3,560	926	278
	2008	36,361	26,878	13,980	13,697	1,561	8,970	1,549	420
RECORDED MEDIA	2002	7,548	5,603	3,896	3,743	604	406	397	52
	2005	10,519	6,745	4,848	4,714	592	460	363	140
	2008	951	-	-	-	-	-	-	67
VIDEO GAMES	2002	10,133	8,916	3,651	3,458	638	4,057	257	80
	2005	11,003	8,886	4,183	4,044	789	3,100	563	138
	2008	35,410	26,878	13,980	13,697	1,561	8,970	1,549	352
PERFORMING ARTS	2002	11,134	9,651	7,359	6,381	592	1,000	388	61
	2005	16,456	13,850	10,964	9,882	742	1,244	492	159
	2008	28,022	22,241	16,847	15,374	1,771	1,772	928	458
MUSIC (CDS, TAPES)	2002	11,041	9,571	7,309	6,337	581	992	382	61
	2005	16,349	13,753	10,903	9,827	729	1,233	486	158
	2008	27,904	22,137	16,779	15,315	1,759	1,759	922	458
PRINTED MUSIC	2002	93	81	50	44	11	8	6	0
	2005	107	97	62	56	13	11	7	0
	2008	118	104	68	59	12	14	6	0

Developing economies										Origin	
			Asia								
Total	Africa	America	Total Asia	Eastern, Southern and Southeastern Asia	China	Western Asia	Oceania	LDCs	SIDS	Year	Product group
(Value in millions of $)											
36, 692	1, 585	6, 139	28, 899	26, 479	2, 941	2, 420	70	344	169	2002	ALL CREATIVE INDUSTRIES
62, 090	3, 468	9, 140	49, 286	39, 465	3, 956	9, 820	197	807	662	2005	
93, 721	5, 693	16, 007	71, 834	56, 882	6, 078	14, 953	187	1, 579	845	2008	
4,858	218	903	3,715	3,249	514	466	22	23	52	2002	ARTS-CRAFTS
6,477	430	1,257	4,772	3,844	696	929	17	89	59	2005	
7,641	752	1,621	5,257	4,288	895	969	9	369	58	2008	
378	15	97	265	102	21	163	0	3	3	2002	CARPETS
667	45	121	500	171	31	329	1	6	12	2005	
844	73	168	602	206	30	396	1	14	15	2008	
717	6	101	609	600	3	9	1	1	1	2002	CELEBRATION
593	12	150	428	409	3	19	2	2	8	2005	
599	22	288	287	259	3	27	2	4	10	2008	
674	12	57	604	580	5	24	0	2	1	2002	OTHER
688	21	84	579	522	10	57	4	4	7	2005	
712	38	119	551	481	9	70	4	4	7	2008	
26	7	1	18	8	5	10	0	3	0	2002	PAPERWARE
21	4	1	16	9	2	7	0	2	1	2005	
39	17	1	21	11	1	10	0	1	0	2008	
126	4	10	112	103	8	9	0	1	0	2002	WICKERWARE
134	11	20	102	74	7	27	1	4	1	2005	
139	13	37	88	71	7	17	1	4	2	2008	
2,938	174	636	2,107	1,855	472	252	21	14	46	2002	YARN
4,375	336	881	3,148	2,659	643	490	9	73	31	2005	
5,307	588	1,008	3,709	3,260	845	449	2	342	24	2008	
83	3	11	67	62	1	5	1	0	1	2002	AUDIO VISUALS
115	4	12	97	79	2	19	1	0	1	2005	
181	6	20	155	135	25	20	0	0	1	2008	
83	3	11	67	62	1	5	1	0	1	2002	FILM
115	4	12	97	79	2	19	1	0	1	2005	
181	6	20	155	135	25	20	0	0	1	2008	
21,905	673	2,758	18,447	17,059	1,165	1,388	27	222	75	2002	DESIGN
37,834	1,480	4,494	31,751	24,444	1,532	7,307	109	409	371	2005	
56,376	2,815	7,180	46,274	34,082	2,589	12,192	107	467	419	2008	
83	1	3	78	75	69	3	1	0	1	2002	ARCHITECTURE
70	2	3	65	58	18	6	0	1	0	2005	
106	1	8	97	93	5	4	0	0	0	2008	
8,561	292	864	7,395	6,924	503	471	9	175	18	2002	FASHION
12,052	559	1,086	10,388	9,179	570	1,209	19	261	49	2005	
15,701	899	1,836	12,949	11,152	1,106	1,797	17	117	50	2008	
169	7	38	124	88	5	36	0	0	0	2002	GLASSWARE
246	14	31	201	103	7	97	0	2	3	2005	
340	34	47	259	112	23	147	0	9	3	2008	
4,337	243	859	3,229	2,709	356	520	5	40	22	2002	INTERIOR
7,250	618	1,696	4,886	3,306	504	1,579	50	129	176	2005	
10,388	1,234	2,424	6,672	4,231	733	2,441	58	286	260	2008	
2,811	38	280	2,484	2,271	66	213	10	1	27	2002	JEWELLERY
9,273	92	542	8,615	4,647	162	3,968	24	3	120	2005	
17,275	179	864	16,221	8,977	307	7,244	11	16	79	2008	
5,945	92	714	5,136	4,991	166	145	2	6	6	2002	TOYS
8,942	194	1,136	7,597	7,149	271	447	15	14	23	2005	
12,565	467	2,001	10,077	9,517	415	559	20	39	27	2008	
3,031	205	557	2,268	2,169	465	99	1	8	3	2002	NEW MEDIA
5,612	499	822	4,285	3,899	214	385	7	93	37	2005	
9,064	229	2,471	6,355	6,204	328	152	9	11	14	2008	
1,893	181	314	1,397	1,318	410	80	1	8	2	2002	RECORDED MEDIA
3,634	417	416	2,797	2,499	165	298	4	91	21	2005	
884	109	53	720	716	-	4	3	5	3	2008	
1,138	24	243	870	851	55	19	0	1	1	2002	VIDEO GAMES
1,979	82	406	1,488	1,400	49	88	3	2	16	2005	
8,180	120	2,418	5,636	5,488	328	148	6	6	11	2008	
1,421	67	323	1,030	958	465	72	1	1	3	2002	PERFORMING ARTS
2,447	203	288	1,938	1,786	1,052	152	18	7	6	2005	
5,322	435	1,164	3,707	3,407	1,636	300	16	20	20	2008	
1,409	67	322	1,019	948	465	72	1	1	3	2002	MUSIC (CDS, TAPES)
2,438	203	286	1,931	1,779	1,052	152	18	7	6	2005	
5,309	434	1,162	3,696	3,397	1,636	299	16	20	20	2008	
12	0	1	11	11	0	0	0	0	0	2002	PRINTED MUSIC
10	1	2	7	7	0	0	0	0	0	2005	
14	1	2	11	10	0	1	0	0	0	2008	

TABLE
1.2.B

CONTINUED

Origin		Developed economies							
				Europe					
Product group	Year	World	Total	Total Europe	EU-27	Canada	United States	Japan	Transition economies
		(Value in millions of $)							
PUBLISHING	2002	29,633	25,166	14,807	13,354	1,986	6,572	886	399
	2005	40,295	31,900	19,886	17,810	2,575	7,324	829	870
	2008	49,107	36,351	24,408	21,819	3,045	6,732	725	1,841
BOOKS	2002	11,310	9,078	5,217	4,694	1,017	2,090	330	127
	2005	15,536	11,752	7,100	6,342	1,217	2,523	315	298
	2008	20,616	14,669	9,438	8,460	1,437	2,718	302	765
NEWSPAPERS	2002	12,808	11,216	6,156	5,714	671	3,517	466	223
	2005	16,947	13,472	7,896	7,297	1,005	3,621	380	449
	2008	18,812	13,755	9,087	8,324	1,130	2,757	259	777
OTHER PRINTED MATTER	2002	5,515	4,871	3,433	2,946	298	965	90	49
	2005	7,812	6,675	4,890	4,172	353	1,181	134	123
	2008	9,678	7,926	5,883	5,036	478	1,256	164	300
VISUAL ARTS	2002	17,158	15,784	7,543	6,604	336	7,220	480	48
	2005	21,184	18,976	9,939	8,140	457	7,566	703	129
	2008	28,964	24,460	13,077	10,889	516	9,601	867	282
ANTIQUES	2002	2,952	2,828	1,307	1,173	35	1,404	52	1
	2005	3,741	3,525	1,740	1,566	31	1,617	89	1
	2008	4,198	3,701	1,913	1,613	55	1,632	32	36
PAINTINGS	2002	7,315	7,166	3,506	2,955	54	3,414	156	5
	2005	8,822	8,375	4,531	3,291	167	3,387	196	15
	2008	13,872	11,844	6,056	4,845	139	5,135	399	12
PHOTOGRAPHY	2002	1,502	1,203	567	496	117	439	50	14
	2005	2,187	1,465	702	624	119	513	97	54
	2008	2,540	1,689	818	665	147	581	94	83
SCULPTURE	2002	5,389	4,587	2,163	1,980	130	1,962	222	27
	2005	6,434	5,612	2,966	2,659	140	2,050	321	59
	2008	8,354	7,226	4,291	3,765	175	2,253	343	151

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: Data extraction date: 31 May 2010.

- Data not available or not separately reported.

Developing economies										Origin	
			Asia								
Total	Africa	America	Total Asia	Eastern, Southern and Southeastern Asia	China	Western Asia	Oceania	LDCs	SIDS	Year	Product group
(Value in millions of $)											
4,068	367	1,411	2,274	1,945	301	329	16	88	33	2002	PUBLISHING
7,526	775	2,034	4,678	3,805	417	873	39	200	171	2005	
10,915	1,304	3,229	6,345	5,299	536	1,046	38	285	313	2008	
2,104	222	741	1,130	1,036	97	94	12	55	21	2002	BOOKS
3,486	523	997	1,944	1,720	104	223	22	124	122	2005	
5,182	785	1,717	2,661	2,351	123	310	20	168	246	2008	
1,368	108	425	832	642	147	190	3	28	9	2002	NEWSPAPERS
3,027	186	675	2,152	1,610	192	541	13	59	38	2005	
4,280	385	1,084	2,796	2,186	150	610	14	74	54	2008	
595	37	246	312	267	57	45	1	6	3	2002	OTHER PRINTED MATTER
1,014	66	361	583	475	121	108	4	17	11	2005	
1,453	134	428	888	762	263	126	4	44	13	2008	
1,327	52	176	1,098	1,037	29	60	1	2	3	2002	VISUAL ARTS
2,079	76	234	1,764	1,609	43	155	6	8	16	2005	
4,222	152	322	3,740	3,466	68	274	8	426	21	2008	
123	4	7	112	109	3	3	0	0	0	2002	ANTIQUES
215	7	6	202	192	5	10	0	1	1	2005	
461	12	21	428	379	14	49	0	1	1	2008	
145	7	13	125	113	1	12	0	0	0	2002	PAINTINGS
432	23	38	369	348	1	21	2	1	2	2005	
2,016	64	35	1,912	1,832	5	81	5	412	4	2008	
284	8	54	223	218	13	5	0	1	1	2002	PHOTOGRAPHY
668	12	46	610	601	13	9	0	3	3	2005	
767	15	59	693	681	20	12	0	5	4	2008	
774	33	102	638	597	12	41	1	1	2	2002	SCULPTURE
764	33	144	584	469	24	115	3	3	10	2005	
978	61	206	707	575	29	132	3	8	12	2008	

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: Data extraction date: 31 May 2010.

- Data not available or not separately reported.

TABLE 1.3

CREATIVE GOODS: EXPORTS AND IMPORTS, BY TRADE GROUP, 2002-2008

EXPORTS (f.o.b., in millions of $)

Trade group	2002	2003	2004	2005	2006	2007	2008
AFRICA							
SADC	425	481	533	558	819	688	732
AMERICA							
FTAA	33,419	34,131	37,505	41,771	46,186	50,002	53,231
MERCOSUR	973	1,146	1,474	1,560	1,571	1,609	1,593
NAFTA	31,681	32,070	34,951	38,885	42,684	46,399	49,382
ASIA							
ASEAN	7,369	8,393	10,942	11,854	13,042	14,789	17,379
ASEAN plus China, Japan and Republic of Korea	46,936	54,306	64,316	76,601	84,452	97,805	113,445
EUROPE							
EU-27	89,051	101,459	114,176	121,573	132,501	151,876	163,650
INTERNATIONAL							
ACP	446	552	720	705	1,598	1,516	1,571
LDCs	85	175	208	218	221	328	370
SIDS	61	91	108	116	148	119	135

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data. Data extraction date: 31 May 2010.

TABLE 1.3.1

CREATIVE GOODS: EXPORTS, BY TRADE GROUP, AS % OF TOTAL EXPORTS OF CREATIVE GOODS, 2002-2008

EXPORTS (%)

Trade group	2002	2003	2004	2005	2006	2007	2008
AFRICA							
SADC	0.21	0.21	0.20	0.19	0.25	0.19	0.18
AMERICA							
FTAA	16.31	14.62	13.93	13.99	14.24	13.50	13.08
MERCOSUR	0.47	0.49	0.55	0.52	0.48	0.43	0.39
NAFTA	15.46	13.74	12.98	13.02	13.16	12.53	12.13
ASIA							
ASEAN	3.60	3.60	4.06	3.97	4.02	3.99	4.27
ASEAN plus China, Japan and Republic of Korea	22.90	23.27	23.88	25.66	26.03	26.41	27.87
EUROPE							
EU-27	43.45	43.47	42.39	40.72	40.84	41.01	40.21
INTERNATIONAL							
ACP	0.22	0.24	0.27	0.24	0.49	0.41	0.39
LDCs	0.04	0.07	0.08	0.07	0.07	0.09	0.09
SIDS	0.03	0.04	0.04	0.04	0.05	0.03	0.03

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data. Data extraction date: 31 May 2010.

TABLE 1.3

CREATIVE GOODS: EXPORTS AND IMPORTS, BY TRADE GROUP, 2002-2008

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Trade group
							AFRICA
758	924	1,293	1,656	2,090	2,038	2209	SADC
							AMERICA
82,977	86,370	94,056	103,390	111,558	125,917	120,625	FTAA
675	702	994	1,304	1,735	2,101	3,197	MERCOSUR
80,866	83,691	90,769	98,933	105,396	114,822	111,245	NAFTA
							ASIA
3,529	4,054	5,763	5,831	6,192	8,143	9,769	ASEAN
21,006	22,890	26,375	29,051	31,244	36,696	39,161	ASEAN plus China, Japan and Republic of Korea
							EUROPE
84,198	97,541	111,718	120,901	129,456	155,144	166,750	EU-27
							INTERNATIONAL
936	1,364	2,137	2,859	4,040	4,079	4,553	ACP
344	522	1,060	807	831	1,097	1,579	LDCs
169	321	570	662	694	722	845	SIDS

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.
Data extraction date: 31 May 2010.

TABLE 1.3.2

TABLE 1.3.2 CREATIVE GOODS: IMPORTS, BY TRADE GROUP, AS % OF TOTAL IMPORTS OF CREATIVE GOODS, 2002-2008

IMPORTS (%)

2002	2003	2004	2005	2006	2007	2008	Trade group
							AFRICA
0.34	0.37	0.45	0.52	0.62	0.51	0.52	SADC
							AMERICA
36.78	34.53	33.05	32.60	33.05	31.29	28.67	FTAA
0.30	0.28	0.35	0.41	0.51	0.52	0.76	MERCOSUR
35.85	33.46	31.89	31.19	31.23	28.53	26.44	NAFTA
							ASIA
1.56	1.62	2.02	1.84	1.83	2.02	2.32	ASEAN
9.31	9.15	9.27	9.16	9.26	9.12	9.31	ASEAN plus China, Japan and Republic of Korea
							EUROPE
37.32	38.99	39.25	38.12	38.36	38.55	39.63	EU-27
							INTERNATIONAL
0.41	0.55	0.75	0.90	1.20	1.01	1.08	ACP
0.15	0.21	0.37	0.25	0.25	0.27	0.38	LDCs
0.07	0.13	0.20	0.21	0.21	0.18	0.20	SIDS

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data. Data extraction date: 31 May 2010.

EXPORTS OF ALL CREATIVE SERVICES[1], BY COUNTRY/TERRITORY, 2002-2008

TABLE 2.1.A

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING COUNTRIES	**62,227**	**72,308**	**86,031**	**99,235**	**147,736**	**164,158**	**185,087**
DEVELOPED ECONOMIES	**52,457**	**61,320**	**73,185**	**81,998**	**125,218**	**138,045**	**153,414**
Australia	1,140	1,356	1,367	1,656	1,980	2,481	3,038
Austria	137	177	219	236	5,226	274	301
Belgium	3,789	5,224	5,609	6,075	6,482	4,550	7,167
Bermuda	-	-	-	-	17	33	31
Bulgaria	57	66	74	106	204	265	336
Canada	5,822	6,888	8,151	9,271	9,393	10,278	10,550
Cyprus	50	57	101	122	166	226	172
Czech Republic	325	221	360	842	980	1,530	1,994
Estonia	1	67	95	102	131	185	257
Faroes	1	1	-	-	-	-	-
Finland	510	784	826	924	24	19	12
France	1,524	1,864	2,298	2,158	1,743	1,963	2,240
Germany	9,176	14,856	19,410	23,646	26,212	31,005	36,116
Greece	343	548	1,253	433	425	537	583
Hungary	527	845	1,662	1,857	1,788	2,435	2,160
Iceland	5	4	9	16	12	9	12
Ireland	1,483	1,228	442	824	297	1,607	1,777
Italy	4,284	4,511	5,085	5,434	6,471	7,484	6,328
Japan	315	140	72	97	140	156	155
Latvia	61	79	108	142	160	219	284
Lithuania	55	77	67	69	90	95	110
Luxembourg	161	162	189	239	331	626	902
Malta	45	73	174	384	596	698	780
Netherlands	4,303	618	771	902	25,784	28,968	31,052
New Zealand	240	282	393	287	279	346	460
Norway	1,151	1,272	1,367	2,201	3,321	3,327	4,427
Poland	312	350	669	1,049	1,524	2,049	3,282
Portugal	483	478	617	674	905	1,237	1,499
Romania	217	264	378	401	559	758	1,235
Slovakia	120	162	121	218	312	516	397
Slovenia	130	189	305	324	360	38	479
Spain	3,553	4,389	5,386	5,763	7,476	9,651	10,533
Sweden	3,190	3,861	4,126	4,501	5,072	6,296	6,923
Switzerland	4	4	4	5	3	2	4
United Kingdom	2,410	3,086	3,928	4,082	3,932	3,759	4,220
United States of America	6,534	7,137	7,549	6,958	12,823	14,422	13,598
DEVELOPING ECONOMIES	**7,860**	**8,185**	**9,363**	**12,771**	**17,133**	**18,835**	**21,182**
Angola	1	1	3	5	6	9	13
Argentina	209	273	369	572	786	955	1,263
Bangladesh	13	21	19	19	22	72	58
Barbados	1	1	-	0	0	1	-
Benin	0	0	1	1	1	1	-
Bolivia	1	1	1	1	1	1	2
Botswana	10	5	9	9	17	22	25
Brazil	1,754	1,664	2,171	2,962	3,403	4,659	6,331
Cambodia	1	1	1	1	2	2	2
Cameroon	2	11	17	18	13	14	23
Cape Verde	0	0	0	0	0	2	0
Chile	39	68	58	69	78	84	111
China	1,687	2,405	890	1,210	1,582	2,229	2,620
China, Hong Kong SAR	112	137	290	270	280	272	265
Colombia	61	83	117	143	228	209	344
Congo	21	9	11	-	-	-	-
Costa Rica	4	3	2	3	2	3	3
Côte d'Ivoire	4	5	5	5	5	6	-
Ecuador	32	34	36	39	41	44	47
Egypt	69	84	82	102	147	163	195
El Salvador	1	1	1	1	1	1	1
Ethiopia	7	5	4	2	2	2	8
Fiji	4	0	2	2	3	2	3
French Polynesia	16	8	5	4	4	9	18
Guatemala	2	9	2	2	6	3	4
Guinea	0	-	-	-	-	1	5
Guinea-Bissau	-	0	-	-	-	-	-
Guyana	-	-	6	6	7	7	7
Honduras	-	0	0	0	0	0	12
India	-	-	1,108	3,345	5,445	5,591	4,894
Indonesia	-	-	47	57	74	55	77
Iraq	-	-	-	-	-	1	-
Jamaica	9	20	29	30	31	29	39
Kenya	0	0	0	0	1	2	2
Korea, Republic of	185	76	128	268	1,248	1,643	1,838
Lebanon	0	-	-	0	-	-	-
Madagascar	1	4	8	2	-	-	-

TABLE
2.1.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008
Malaysia	1,566	1,835	1,670	1,562	863	832	872
Mali	0	0	1	1	1	1	-
Mauritius	5	5	4	2	2	4	6
Mexico	400	293	358	373	383	308	87
Mongolia	-	0	1	0	-	-	-
Morocco	-	-	-	-	-	-	93
Mozambique	28	8	0	11	34	36	48
Myanmar	0	0	-	-	-	-	-
Namibia	-	0	2	0	1	1	3
Netherlands Antilles	1	5	5	5	8	9	-
New Caledonia	1	2	2	1	5	15	6
Niger	0	0	-	0	1	1	-
Occupied Palestinian territory	1	3	1	5	0	-	-
Pakistan	25	35	38	75	121	66	89
Panama	-	-	-	26	1	-	-
Papua New Guinea	-	-	0	0	-	-	-
Paraguay	15	14	16	19	18	19	20
Peru	-	-	-	-	-	-	4
Philippines	7	9	7	20	789	34	40
Republic of Moldova	2	2	2	5	8	11	18
Rwanda	-	-	-	-	1	0	-
Samoa	-	-	0	1	2	4	-
Senegal	0	2	6	3	3	5	-
Sierra Leone	-	-	0	0	0	0	0
Singapore	127	154	185	180	203	239	268
Solomon Islands	0	1	1	1	2	-	-
South Africa	38	60	88	114	103	90	99
Sudan	-	0	-	-	0	5	0
Swaziland	-	2	22	2	3	4	-
Syrian Arab Republic	-	-	62	85	92	30	-
Togo	0	0	0	0	0	0	-
Tonga	0	1	0	1	1	1	-
Tunisia	3	5	10	4	3	3	6
Turkey	1,355	781	1,418	1,079	998	971	1,224
United Republic of Tanzania	1	1	0	1	0	1	10
Uruguay	0	0	1	0	2	0	0
Venezuela (Bolivarian Republic of)	40	36	42	45	49	51	77
ECONOMIES IN TRANSITION	**1,910**	**2,803**	**3,483**	**4,467**	**5,385**	**7,279**	**10,491**
Albania	2	5	8	18	58	141	72
Armenia	2	2	6	6	7	8	9
Azerbaijan	-	2	3	3	4	5	8
Belarus	10	10	31	37	5	99	151
Bosnia and Herzegovina	-	-	-	-	4	4	5
Croatia	247	334	413	441	498	595	841
Georgia	0	0	2	3	6	11	12
Kazakhstan	31	28	40	60	81	118	210
Kyrgyzstan	3	7	10	10	15	50	75
Montenegro	-	-	-	-	-	-	18
Russian Federation	1,507	2,183	2,628	3,384	4,015	5,191	6,994
Serbia	-	-	-	-	-	-	584
Tajikistan	1	0	1	1	1	4	1
The former Yugoslav Republic of Macedonia	10	34	46	45	56	87	116
Ukraine	96	198	295	458	636	966	1,396

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: (1) "All creative services" is composed of the following categories of services: "advertising, market research and public opinion polling services"; "architectural, engineering and other technical services"; "research and development services"; and "personal, cultural and recreational services". "Audiovisual and related services" and "other personal, cultural and recreational services" are sub-items of "personal, cultural and recreational services".

(2) The figures in this table cannot be used for international comparisons or ranking because most countries do not report all categories of creative services and the reported categories vary with countries. Therefore, the figures present only the aggregation of reported categories by country.

- Data not available or not separately reported.

TABLE 2.1.B

IMPORTS OF ALL CREATIVE SERVICES[1], BY COUNTRY/TERRITORY, 2002-2008

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING COUNTRIES	**72,334**	**76,066**	**82,774**	**92,609**	**122,714**	**154,387**	**168,669**
DEVELOPED ECONOMIES	**59,078**	**62,349**	**69,611**	**77,143**	**100,104**	**124,777**	**134,043**
Australia	946	1,125	1,361	1,460	1,495	2,102	3,144
Austria	298	467	693	728	2,927	845	929
Belgium	3,557	4,393	4,896	5,165	5,329	6,136	8,317
Bermuda	-	-	-	-	10	18	17
Bulgaria	99	172	151	223	343	439	596
Canada	3,929	4,749	5,127	5,200	5,782	6,320	6,440
Cyprus	54	76	135	134	160	196	212
Czech Republic	565	482	468	841	925	1,147	1,177
Estonia	1	41	48	51	69	82	121
Faroes	1	1	-	-	-	-	-
Finland	2,203	2,874	3,013	3,742	27	4,742	82
France	2,081	2,344	2,624	2,821	2,687	3,156	3,671
Germany	16,191	17,346	19,538	22,031	25,253	25,872	28,416
Greece	308	338	552	415	509	634	836
Hungary	491	845	1,911	2,171	1,826	2,229	2,433
Iceland	12	11	12	13	14	17	10
Ireland	5,152	5,663	3,992	4,855	4,707	15,247	16,764
Italy	3,808	4,444	5,449	6,155	5,669	7,228	6,636
Japan	1,190	946	1,081	1,115	1,299	1,318	1,215
Latvia	44	38	70	85	111	161	208
Lithuania	26	28	41	44	61	69	89
Luxembourg	309	418	477	333	428	617	820
Malta	6	8	52	111	211	288	248
Netherlands	5,207	746	880	949	18,475	19,992	21,713
New Zealand	199	256	301	212	322	205	217
Norway	551	664	832	1,338	1,651	1,743	2,136
Poland	782	831	917	1,110	1,356	1,783	2,253
Portugal	524	612	789	823	1,118	1,269	1,602
Romania	263	327	350	385	399	447	785
Slovakia	156	331	112	399	449	541	655
Slovenia	194	256	314	404	462	99	578
Spain	3,612	4,527	5,593	5,635	6,487	8,014	8,115
Sweden	4,915	5,298	5,708	5,636	6,362	8,268	9,591
Switzerland	67	90	95	87	85	94	106
United Kingdom	1,198	1,396	1,619	1,515	1,577	1,907	2,033
United States of America	137	206	409	959	1,520	1,552	1,878
DEVELOPING ECONOMIES	**9,484**	**10,487**	**8,513**	**10,175**	**16,574**	**21,107**	**23,447**
Angola	15	11	28	45	65	99	121
Argentina	156	172	242	280	335	440	513
Bangladesh	29	37	40	69	88	79	75
Barbados	-	0	1	0	0	1	-
Benin	0	0	0	0	0	2	-
Bolivia	2	4	5	6	8	9	10
Botswana	26	37	44	21	20	36	39
Brazil	1,277	1,435	1,678	2,158	2,389	3,251	4,089
Cambodia	3	3	4	4	5	5	5
Cameroon	1	4	4	2	9	10	6
Cape Verde	2	3	3	3	2	6	8
Chile	44	47	48	53	55	42	47
China	3,121	3,977	874	869	1,076	1,491	2,195
China, Hong Kong SAR	68	68	52	52	56	67	140
Colombia	254	253	359	386	498	667	714
Congo	5	3	4	-	-	-	-
Costa Rica	41	36	32	27	51	69	58
Côte d'Ivoire	2	2	2	3	3	3	-
Ecuador	86	92	98	106	116	126	137
Egypt	14	15	15	22	39	29	80
El Salvador	2	2	3	3	4	3	4
Ethiopia	18	28	28	27	14	17	42
Fiji	4	4	5	5	8	5	6
French Polynesia	8	7	10	10	9	6	11
Guatemala	7	5	3	3	9	8	7
Guinea	1	0	1	-	-	1	11
Guinea-Bissau	-	-	-	-	-	-	-
Guyana	-	-	5	5	5	6	6
Honduras	9	4	5	6	6	8	10
India	-	-	1,194	2,013	3,443	5,572	5,434
Indonesia	-	-	184	166	124	107	126
Iraq	-	-	-	151	118	27	-
Jamaica	54	47	30	36	38	33	33
Kenya	4	2	1	1	2	1	1
Korea, Republic of	283	261	376	477	4,497	5,221	6,257
Lebanon	0	-	-	0	-	-	0
Madagascar	0	50	19	15	-	-	-

TABLE
2.1.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008
Malaysia	2,790	2,922	1,899	1,855	1,431	1,996	1,177
Mali	0	0	14	15	16	6	-
Mauritius	10	14	21	31	34	39	40
Mexico	260	221	225	275	326	259	227
Mongolia	-	0	-	0	2	-	-
Morocco	-	-	-	-	-	-	28
Mozambique	65	46	0	18	84	82	47
Myanmar	0	6	3	3	7	-	-
Namibia	24	20	62	46	45	31	44
Netherlands Antilles	1	3	2	2	2	2	-
New Caledonia	6	8	11	38	41	56	72
Niger	0	1	0	0	6	0	-
Occupied Palestinian territory	38	36	16	18	18	69	-
Pakistan	71	55	23	51	38	68	91
Panama	-	-	-	25	4	-	-
Papua New Guinea	-	-	0	0	-	-	-
Paraguay	5	7	3	1	0	1	1
Peru	-	-	-	-	-	-	16
Philippines	17	15	15	9	545	39	39
Republic of Moldova	8	4	9	10	4	6	9
Rwanda	-	-	-	-	7	3	2
Samoa	-	-	0	1	0	0	-
Senegal	0	3	3	1	3	3	-
Sierra Leone	1	1	2	0	1	1	2
Singapore	265	241	268	279	261	278	312
Solomon Islands	0	0	0	0	0	-	-
South Africa	3	3	5	8	9	10	10
Sudan	-	0	-	-	-	5	4
Swaziland	8	3	38	27	24	49	-
Syrian Arab Republic	-	-	27	21	32	20	-
Togo	0	-	0	0	0	0	-
Tonga	0	0	0	0	0	1	-
Tunisia	5	4	6	6	10	7	11
Turkey	207	117	186	107	140	158	235
United Republic of Tanzania	-	1	0	0	0	2	2
Uruguay	18	10	7	10	9	10	10
Venezuela (Bolivarian Republic of)	147	135	266	296	385	461	886
ECONOMIES IN TRANSITION	**3,773**	**3,230**	**4,651**	**5,291**	**6,036**	**8,503**	**11,179**
Albania	7	8	30	107	117	119	82
Armenia	5	6	7	8	9	10	14
Azerbaijan	-	5	5	5	6	8	12
Belarus	6	8	39	61	16	105	123
Bosnia and Herzegovina	-	-	-	-	4	4	5
Croatia	296	379	488	537	615	645	737
Georgia	1	2	2	2	1	13	37
Kazakhstan	458	709	1,354	1,616	1,326	1,772	1,856
Kyrgyzstan	2	5	8	25	41	33	47
Montenegro	-	-	-	-	-	-	34
Russian Federation	2,057	1,752	2,232	2,444	3,296	4,908	6,840
Serbia	-	-	-	-	-	-	367
Tajikistan	1	0	1	2	0	106	4
The former Yugoslav Republic of Macedonia	15	52	62	73	63	91	114
Ukraine	926	303	424	413	542	689	906

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: (1) "All creative services" is composed of the following categories of services: "advertising, market research" and "public opinion polling services"; "architectural, engineering and other technical services"; "research and development services"; and "personal, cultural and recreational services". "Audiovisual and related services" and "other personal, cultural and recreational services" are sub-items of "personal, cultural and recreational services".

(2) The figures in this table cannot be used for international comparisons or ranking because most countries do not report all categories of creative services and the reported categories vary with countries. Therefore, the figures present only the aggregation of reported categories by country.

- Data not available or not separately reported.

TABLE 2.2.A

EXPORTS OF ADVERTISING AND RELATED SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**8,914**	**11,237**	**14,668**	**17,110**	**20,806**	**24,487**	**27,999**	**-**
DEVELOPED ECONOMIES	**7,593**	**9,490**	**11,948**	**13,484**	**15,717**	**17,725**	**19,904**	**-**
Australia	107	126	110	137	178	228	282	20.42
Austria	-	-	-	-	776	-	-	-
Belgium	1,899	2,617	2,470	2,551	2,605	1,826	2,552	-2.84
Bermuda	-	-	-	-	17	24	24	-
Bulgaria	5	6	13	19	32	63	76	66.51
Canada	350	337	378	501	519	650	580	13.32
Cyprus	31	22	40	52	77	79	61	24.08
Czech Republic	45	44	90	489	491	643	812	79.63
Estonia	-	47	65	72	88	127	152	25.82
Faroes	-	-	-	-	-	-	-	-
Finland	73	128	169	162	-	-	-	-
France	-	-	-	-	-	-	-	-
Germany	1,352	1,617	3,206	3,548	3,945	5,257	5,740	25.41
Greece	89	158	206	175	169	212	234	5.93
Hungary	-	-	182	215	263	367	443	-
Iceland	-	-	-	-	-	-	-	-
Ireland	244	199	-	-	-	261	173	-
Italy	1,036	1,073	1,340	1,362	1,377	1,579	1,210	3.20
Japan	-	-	-	-	-	-	-	-
Latvia	49	61	86	113	129	166	222	27.88
Lithuania	30	46	47	45	55	57	75	9.75
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	3	4	6	8	18	-
Netherlands	-	-	-	-	-	-	-	-
New Zealand	23	26	52	53	47	58	63	14.40
Norway	74	84	108	173	266	216	257	25.97
Poland	37	104	235	415	696	956	1,673	70.22
Portugal	177	175	211	219	245	366	376	17.29
Romania	53	49	57	147	256	403	618	72.57
Slovakia	16	26	-	22	46	70	79	-
Slovenia	61	99	183	192	203	-	258	-
Spain	1,407	1,881	2,106	2,108	2,493	3,208	2,929	10.97
Sweden	434	566	592	712	739	900	996	12.50
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**569**	**695**	**1,225**	**1,761**	**2,883**	**3,707**	**4,058**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	37	43	86	174	261	313	385	54.48
Bangladesh	5	8	10	8	10	7	13	3.59
Barbados	-	-	-	-	-	-	-	-
Benin	0	0	0	1	0	0	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	0	1	1	2	1	2	3	26.39
Brazil	110	102	111	128	160	194	334	25.15
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	0	0	0	0	0	0	-
Chile	-	-	-	-	-	-	-	-
China	373	486	849	1,076	1,445	1,912	2,202	34.16
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	9	13	19	24	25	24	29	14.77
Congo	-	-	-	-	-	-	-	-
Costa Rica	4	2	2	2	2	3	3	6.89
Côte d'Ivoire	4	4	5	5	5	6	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	16	12	13	19	31	71	121	63.13
El Salvador	1	1	1	1	1	1	1	-8.21
Ethiopia	0	0	0	2	1	1	1	53.59
Fiji	1	0	0	0	1	0	1	57.12
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	2	9	2	2	6	3	4	-0.60
Guinea	-	-	-	-	-	0	0	-
Guinea-Bissau	-	0	-	-	-	-	-	-
Guyana	-	-	6	6	7	7	7	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	103	279	545	759	572	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	0	0	0	0	0	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	342	366	339	-
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.2.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	1	0	0	0	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	0	0	0	1	0	0	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	1	0	-	7	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	-	-	-	-	-	-	-	-
Niger	0	0	-	0	1	0	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	6	9	10	17	23	23	27	26.74
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	8	-	-	-
Republic of Moldova	1	2	2	5	7	10	15	64.57
Rwanda	-	-	-	-	0	0	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	0	2	6	3	3	3	-	-
Sierra Leone	-	-	0	0	0	0	0	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	0	0	0	0	0	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	0	0	0	0	0	0	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	-	-	-	-	-	-	-	-
ECONOMIES IN TRANSITION	**752**	**1,052**	**1,495**	**1,864**	**2,205**	**3,055**	**4,037**	**-**
Albania	-	0	-	0	0	73	10	-
Armenia	-	0	1	1	1	2	2	55.29
Azerbaijan	-	-	-	0	1	2	4	-
Belarus	-	-	5	6	-	51	73	-
Bosnia and Herzegovina	-	-	-	-	4	4	5	-
Croatia	97	158	193	191	214	226	263	9.30
Georgia	-	-	-	-	0	1	2	-
Kazakhstan	6	12	15	19	23	41	75	41.92
Kyrgyzstan	1	1	1	2	3	3	3	38.90
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	636	856	1,220	1,567	1,795	2,336	2,847	26.02
Serbia	-	-	-	-	-	-	239	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	3	11	13	15	20	27	35	26.06
Ukraine	9	14	45	63	145	290	480	99.07

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 2.2.B

IMPORTS OF ADVERTISING AND RELATED SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**14,135**	**15,489**	**15,323**	**18,055**	**21,954**	**37,224**	**40,364**	**-**
DEVELOPED ECONOMIES	**12,410**	**13,929**	**12,964**	**15,477**	**16,100**	**29,136**	**30,682**	**-**
Australia	88	94	100	137	145	150	141	9.91
Austria	-	-	-	-	1,019	-	-	-
Belgium	1,787	2,394	2,091	2,174	2,136	3,000	3,092	6.93
Bermuda	-	-	-	-	7	10	9	-
Bulgaria	7	16	11	22	29	51	48	34.76
Canada	330	393	368	361	346	335	354	-2.38
Cyprus	24	34	47	41	68	68	79	18.38
Czech Republic	76	90	133	255	246	316	340	30.07
Estonia	-	25	30	34	43	51	69	21.71
Faroes	-	-	-	-	-	-	-	-
Finland	662	-	521	1,340	-	1,874	-	-
France	-	-	-	-	-	-	-	-
Germany	3,487	3,662	4,401	4,947	5,247	5,980	7,291	13.47
Greece	66	90	122	137	163	141	195	13.62
Hungary	-	-	121	151	197	251	323	-
Iceland	-	-	-	-	-	-	-	-
Ireland	2,264	2,855	-	-	-	8,918	10,217	-
Italy	1,008	1,174	1,442	1,575	1,527	1,889	1,499	5.89
Japan	-	-	-	-	-	-	-	-
Latvia	29	17	36	50	66	86	102	40.32
Lithuania	13	13	14	20	22	24	34	21.24
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	35	74	159	217	183	-
Netherlands	-	-	-	-	-	-	-	-
New Zealand	66	88	124	126	110	115	111	2.28
Norway	52	56	74	137	176	225	220	34.65
Poland	100	146	141	205	320	376	533	32.55
Portugal	127	146	187	191	281	369	440	25.49
Romania	31	36	44	99	109	108	191	37.46
Slovakia	29	52	-	51	65	73	130	-
Slovenia	92	125	164	191	214	-	388	-
Spain	1,074	1,269	1,481	1,904	2,080	2,381	2,279	13.54
Sweden	999	1,155	1,278	1,256	1,325	2,127	2,411	16.23
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**633**	**671**	**1,275**	**1,481**	**4,520**	**6,397**	**7,478**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	16	18	22	21	29	41	53	23.57
Bangladesh	2	2	1	4	4	4	3	14.81
Barbados	-	-	-	-	-	-	-	-
Benin	0	0	0	0	0	0	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	2	2	2	4	6	8	10	47.41
Brazil	66	62	87	103	141	174	291	33.39
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	1	1	1	2	1	1	1	-0.37
Chile	-	-	-	-	-	-	-	-
China	394	458	698	715	955	1,337	1,941	31.03
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	26	21	25	22	22	32	28	6.49
Congo	-	-	-	-	-	-	-	-
Costa Rica	41	36	31	26	50	69	57	16.53
Côte d'Ivoire	2	1	2	2	2	2	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-
El Salvador	0	0	2	2	2	1	3	30.35
Ethiopia	2	2	2	3	3	3	3	7.79
Fiji	1	1	1	1	1	1	1	2.79
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	2	4	1	3	4	3	2	6.31
Guinea	0	0	0	-	-	0	0	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	5	5	5	6	6	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	334	473	809	1,960	1,172	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	50	45	27	34	33	27	27	-6.90

TABLE

2.2.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	2,383	2,661	3,812	-
Lebanon	-	-	-	-	-	-	-	-
Madagascar	0	0	0	0	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	0	0	0	0	0	1	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	0	1	-	11	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	-	-	-	-	-	-	-	-
Niger	0	0	0	0	0	0	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	1	1	6	14	13	16	8	46.08
Panama	-	-	-	-	2	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	5	5	1	1	0	1	1	-30.27
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	19	-	-	-
Republic of Moldova	8	4	9	9	4	6	6	-0.11
Rwanda	-	-	-	-	2	3	2	-
Samoa	-	-	-	-	-	-	-	-
Senegal	0	3	3	1	2	3	-	-
Sierra Leone	1	0	0	0	0	1	1	31.45
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	7	0	1	3	1	0	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	0	-	0	0	0	0	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	2	-	10	19	23	33	46	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	2	2	2	2	2	2	3	5.96
ECONOMIES IN TRANSITION	**1,091**	**888**	**1,084**	**1,098**	**1,334**	**1,691**	**2,204**	**-**
Albania	-	0	-	3	3	48	4	-
Armenia	0	0	1	2	2	2	3	54.53
Azerbaijan	-	-	-	0	1	1	6	-
Belarus	-	-	2	1	-	13	19	-
Bosnia and Herzegovina	-	-	-	-	2	2	3	-
Croatia	112	163	181	180	176	207	227	6.00
Georgia	1	1	1	1	1	1	3	25.97
Kazakhstan	5	6	9	9	14	19	18	25.05
Kyrgyzstan	1	1	1	1	3	2	3	42.76
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	800	591	653	796	1,008	1,249	1,655	23.28
Serbia	-	-	-	-	-	-	95	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	4	12	17	18	17	27	36	21.36
Ukraine	169	114	221	86	108	118	133	-2.49

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.

- Data not available or not separately reported.

EXPORTS OF ARCHITECTURAL AND RELATED SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.3.A

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**18,746**	**19,954**	**25,116**	**33,030**	**67,574**	**73,581**	**85,157**	**-**
DEVELOPED ECONOMIES	**16,341**	**17,124**	**20,790**	**25,773**	**57,117**	**62,727**	**72,096**	**-**
Australia	446	527	533	756	954	1,274	1,599	27.11
Austria	-	-	-	-	2,403	-	-	-
Belgium	807	1,015	1,145	1,286	1,480	332	1,217	-7.32
Bermuda	-	-	-	-	-	-	-	-
Bulgaria	-	-	14	37	99	88	150	-
Canada	2,596	2,803	3,398	4,064	3,719	4,281	4,629	9.30
Cyprus	3	7	12	16	21	31	21	29.05
Czech Republic	76	56	53	184	266	518	842	81.19
Estonia	-	6	11	12	18	27	58	51.41
Faroes	-	-	-	-	-	-	-	-
Finland	237	307	349	408	-	-	-	-
France	-	-	-	-	-	-	-	-
Germany	3,079	6,979	8,927	11,328	12,646	14,240	17,229	18.80
Greece	-	-	-	-	-	-	-	-
Hungary	-	-	85	141	157	273	297	-
Iceland	-	-	-	-	-	-	-	-
Ireland	536	263	-	-	-	637	606	-
Italy	1,550	1,765	1,909	2,318	2,863	3,347	2,913	13.40
Japan	-	-	-	-	-	-	-	-
Latvia	5	7	11	13	12	24	29	31.05
Lithuania	5	11	7	11	10	9	7	-4.42
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	7	15	19	24	24	-
Netherlands	3,765	-	-	-	25,067	28,297	30,307	-
New Zealand	57	66	74	-	-	-	128	-
Norway	748	827	875	1,359	2,142	2,246	3,114	32.75
Poland	176	150	246	371	497	647	1,041	44.48
Portugal	162	141	186	214	355	554	767	41.85
Romania	51	87	93	128	161	184	435	34.30
Slovakia	30	56	-	56	96	76	175	-
Slovenia	37	51	66	75	75	-	85	-
Spain	962	1,104	1,547	1,681	2,672	3,677	4,645	34.01
Sweden	1,013	896	1,244	1,300	1,384	1,940	1,777	14.76
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**1,741**	**1,684**	**3,085**	**5,659**	**8,409**	**8,148**	**8,726**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	40	53	53	67	99	130	167	28.57
Bangladesh	4	4	3	4	4	53	34	73.75
Barbados	-	-	-	-	-	-	-	-
Benin	-	-	1	0	1	1	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	8	2	4	4	7	8	8	32.48
Brazil	1,586	1,509	2,014	2,741	3,034	4,216	5,595	28.85
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	25	39	59	78	157	147	271	45.54
Congo	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	-	-	-	-	-
Côte d'Ivoire	0	0	0	0	0	0	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	1	1	0	0	1	0	6	67.39
Fiji	3	-	1	1	1	1	2	-
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	2	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	841	2,620	3,923	3,136	2,017	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	250	323	425	-
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.3.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	-	3	8	2	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	-	0	-	0	-	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	4	2	-	1	32	36	48	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	0	2	0	1	1	3	80.79
New Caledonia	-	-	-	-	-	-	-	-
Niger	-	-	-	-	0	0	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	19	25	26	54	88	28	55	14.22
Panama	-	-	-	26	1	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	15	14	16	19	18	19	20	5.71
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	744	-	-	-
Republic of Moldova	-	-	-	-	-	0	3	-
Rwanda	-	-	-	-	1	-	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	0	18	1	2	3	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	0	-	-
Tonga	-	-	-	-	-	-	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	35	31	38	40	44	46	71	14.74
ECONOMIES IN TRANSITION	**664**	**1,146**	**1,241**	**1,599**	**2,048**	**2,707**	**4,334**	**-**
Albania	-	0	-	0	0	1	42	-
Armenia	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-
Belarus	-	-	16	18	-	26	43	-
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	112	128	171	202	214	277	372	21.60
Georgia	-	-	-	-	-	1	1	-
Kazakhstan	19	12	16	34	47	65	120	58.35
Kyrgyzstan	0	0	1	1	2	2	2	38.90
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	491	904	906	1,148	1,572	2,078	3,250	30.07
Serbia	-	-	-	-	-	-	137	-
Tajikistan	1	0	1	1	1	4	1	68.43
The former Yugoslav Republic of Macedonia	3	13	20	17	23	39	57	31.58
Ukraine	37	88	111	177	189	215	310	26.93

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 2.3.B

IMPORTS OF ARCHITECTURAL AND RELATED SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**21,291**	**17,303**	**21,460**	**25,076**	**48,715**	**56,059**	**63,275**	**-**
DEVELOPED ECONOMIES	**18,106**	**13,847**	**15,976**	**18,302**	**39,253**	**43,524**	**47,879**	**-**
Australia	263	297	351	411	371	913	1,579	37.37
Austria	-	-	-	-	832	-	-	-
Belgium	747	753	1,015	1,207	1,444	1,253	1,630	14.29
Bermuda	-	-	-	-	3	8	7	-
Bulgaria	-	-	120	180	288	350	523	-
Canada	1,371	1,808	1,857	1,918	2,261	2,645	2,699	9.66
Cyprus	6	5	19	20	13	30	44	40.47
Czech Republic	189	216	184	204	266	381	350	14.96
Estonia	-	6	8	11	17	16	31	36.47
Faroes	-	-	-	-	-	-	-	-
Finland	65	87	115	168	-	198	-	-
France	-	-	-	-	-	-	-	-
Germany	5,064	5,828	6,618	7,734	9,219	9,824	10,474	13.05
Greece	-	-	-	-	-	-	-	-
Hungary	-	-	111	155	251	289	355	-
Iceland	-	-	-	-	-	-	-	-
Ireland	94	119	-	-	-	342	326	-
Italy	1,419	1,687	1,828	2,315	1,785	2,326	2,170	5.04
Japan	-	-	-	-	-	-	-	-
Latvia	7	13	18	20	27	45	66	38.48
Lithuania	10	13	24	21	35	40	36	22.66
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	7	26	37	54	44	-
Netherlands	4,590	-	-	-	17,745	19,286	20,985	-
New Zealand	53	75	91	-	136	-	-	-
Norway	188	201	246	453	579	556	801	31.61
Poland	464	476	564	665	704	977	1,138	18.91
Portugal	162	177	226	261	339	349	513	21.78
Romania	139	186	161	158	177	221	364	13.46
Slovakia	101	173	-	241	252	299	357	-
Slovenia	43	53	51	104	60	-	74	-
Spain	681	1,066	1,623	1,446	1,837	2,402	2,538	17.87
Sweden	2,451	608	740	587	575	719	774	3.19
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**1,435**	**1,607**	**2,606**	**3,658**	**6,048**	**7,314**	**8,465**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	28	28	33	57	96	166	199	53.96
Bangladesh	25	34	38	65	83	74	66	17.31
Barbados	-	-	-	-	-	-	-	-
Benin	-	-	-	-	-	-	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	24	35	33	14	13	25	26	-6.80
Brazil	902	1,036	1,182	1,597	1,711	2,409	2,918	23.47
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	1	2	1	0	3	7	18.06
Chile	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	200	202	303	321	418	581	645	25.74
Congo	-	-	-	-	-	-	-	-
Costa Rica	0	-	1	0	1	0	0	-
Côte d'Ivoire	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	15	26	26	24	10	14	40	-1.79
Fiji	0	1	2	2	2	1	2	15.28
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	-	-	-	-	-	-	-	-
Guinea	0	-	-	-	-	0	10	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	761	1,345	2,370	3,099	3,456	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	528	588	486	-
Lebanon	-	-	-	-	-	-	-	-

TABLE

2.3.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	-	49	18	14	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	-	0	-	-	-	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	64	39	-	2	83	81	46	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	24	20	62	46	45	31	44	5.14
New Caledonia	-	-	-	-	-	-	-	-
Niger	-	-	-	-	-	-	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	70	54	13	17	20	51	80	19.48
Panama	-	-	-	25	1	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	0	2	2	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	510	-	-	-
Republic of Moldova	-	-	-	-	0	0	3	-
Rwanda	-	-	-	-	1	-	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
Sierra Leone	-	1	2	-	-	0	0	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	1	2	36	22	23	48	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	-	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	11	14	8	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	82	76	92	107	121	129	431	32.37
ECONOMIES IN TRANSITION	**1,749**	**1,849**	**2,877**	**3,116**	**3,414**	**5,222**	**6,931**	**-**
Albania	-	0	-	0	1	0	28	-
Armenia	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-
Belarus	-	-	27	43	-	68	75	-
Bosnia and Herzegovina	-	-	-	-	2	2	3	-
Croatia	112	143	210	208	305	271	303	15.03
Georgia	0	1	1	1	1	6	16	69.34
Kazakhstan	450	688	1,335	1,581	1,289	1,727	1,796	16.57
Kyrgyzstan	1	1	1	2	8	5	6	42.76
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	936	872	1,168	1,095	1,612	2,803	4,245	36.65
Serbia	-	-	-	-	-	-	124	-
Tajikistan	1	0	1	2	0	106	4	94.99
The former Yugoslav Republic of Macedonia	4	19	26	40	29	39	50	17.65
Ukraine	245	124	108	144	168	196	281	18.81

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 2.4.A

EXPORTS OF RESEARCH AND DEVELOPMENT SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**12,639**	**16,270**	**16,903**	**19,552**	**24,347**	**26,934**	**31,111**	**-**
DEVELOPED ECONOMIES	**10,907**	**13,889**	**16,182**	**18,312**	**22,379**	**23,972**	**27,245**	**-**
Australia	168	235	302	326	346	468	486	15.39
Austria	-	-	-	-	1,797	-	-	-
Belgium	795	1,224	1,540	1,720	1,839	1,907	2,809	14.90
Bermuda	-	-	-	-	-	6	6	-
Bulgaria	21	23	5	10	16	31	33	24.49
Canada	1,605	2,334	2,537	2,636	2,869	3,098	3,002	5.71
Cyprus	1	19	24	13	15	39	35	13.81
Czech Republic	39	11	18	79	106	179	218	87.66
Estonia	-	13	15	13	17	19	30	16.70
Faroes	-	-	-	-	-	-	-	-
Finland	188	319	292	341	-	-	-	-
France	-	-	-	-	-	-	-	-
Germany	4,211	5,253	6,301	7,595	8,679	10,362	12,083	17.99
Greece	60	57	81	93	103	107	126	14.95
Hungary	-	-	228	230	301	435	421	-
Iceland	-	-	-	-	-	-	-	-
Ireland	383	366	442	410	297	708	998	19.09
Italy	978	952	1,091	996	1,285	1,390	980	3.28
Japan	-	-	-	-	-	-	-	-
Latvia	6	7	8	12	13	20	20	25.20
Lithuania	-	2	3	2	9	13	10	52.08
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	3	3	19	5	3	-
Netherlands	-	-	-	-	-	-	-	-
New Zealand	49	38	47	60	74	73	73	14.63
Norway	154	150	200	319	491	399	496	27.39
Poland	38	38	97	169	183	253	361	50.09
Portugal	29	28	29	36	52	57	58	18.76
Romania	15	10	14	34	58	66	105	62.29
Slovakia	6	10	-	18	21	39	44	-
Slovenia	17	19	27	29	45	-	108	-
Spain	512	590	767	902	1,068	1,169	1,203	15.36
Sweden	1,631	2,191	2,112	2,267	2,677	3,127	3,537	11.28
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**1,351**	**1,959**	**214**	**514**	**1,288**	**2,117**	**2,760**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	36	55	77	127	168	197	249	35.63
Bangladesh	4	5	6	6	6	11	10	18.49
Barbados	-	-	-	-	-	-	-	-
Benin	-	0	-	-	-	-	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	1	3	4	3	9	12	14	43.68
Brazil	-	-	-	38	127	176	315	-
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	-	-
China	1,285	1,885	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	-	-	-	-	-	-	-	-
Congo	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	0	-	-	-	-
Côte d'Ivoire	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	2	4	3	0	1	0	1	-29.12
Fiji	-	-	0	-	-	0	-	-
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	-	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	118	335	670	1,187	1,598	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	288	506	547	-
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.4.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	2003-2008
Madagascar	-	0	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	0	1	-	0	0	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	23	6	-	2	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	-	-	-	-	-	-	-	-
Niger	0	-	-	-	0	1	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	-	-	2	2	9	14	6	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	10	12	19	-
Republic of Moldova	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	-	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	1	3	1	0	0	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	0	0	0	-	-
Tonga	-	-	-	-	-	-	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	-	-	-	-	-	-	-	-
ECONOMIES IN TRANSITION	**381**	**422**	**507**	**725**	**679**	**846**	**1,106**	**-**
Albania	-	-	-	-	-	-	6	-
Armenia	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	0	0	1	-
Belarus	8	8	8	10	-	14	25	-
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	10	14	19	20	21	27	76	31.13
Georgia	-	-	-	-	-	-	0	-
Kazakhstan	7	4	8	7	11	11	14	24.15
Kyrgyzstan	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	307	298	339	481	416	486	508	10.85
Serbia	-	-	-	-	-	-	48	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	2	6	6	6	3	5	6	-1.06
Ukraine	47	92	128	202	228	303	421	34.26

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 2.4.B

IMPORTS OF RESEARCH AND DEVELOPMENT SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**16,894**	**20,666**	**20,335**	**22,233**	**22,281**	**29,068**	**29,989**	**-**
DEVELOPED ECONOMIES	**13,546**	**16,986**	**20,021**	**21,771**	**20,824**	**27,263**	**27,816**	**-**
Australia	65	108	129	138	128	104	183	5.55
Austria	-	-	-	-	326	-	-	-
Belgium	642	804	1,297	1,314	1,251	1,317	2,852	19.82
Bermuda	-	-	-	-	0	1	2	-
Bulgaria	81	139	4	5	7	6	5	-33.98
Canada	630	827	1,059	1,083	1,109	1,145	1,085	4.73
Cyprus	11	15	21	18	14	17	11	-6.01
Czech Republic	125	22	33	292	284	289	322	77.28
Estonia	-	8	6	2	3	6	6	-4.33
Faroes	-	-	-	-	-	-	-	-
Finland	1,416	2,762	2,349	2,211	-	2,594	-	-
France	-	-	-	-	-	-	-	-
Germany	5,368	4,902	5,333	5,865	6,066	7,289	7,705	9.67
Greece	60	63	73	94	119	138	184	23.83
Hungary	-	-	631	720	517	714	841	-
Iceland	-	-	-	-	-	-	-	-
Ireland	2,720	2,602	3,992	4,750	4,707	5,987	6,221	17.23
Italy	449	549	674	627	714	912	721	7.10
Japan	-	-	-	-	-	-	-	-
Latvia	4	2	3	3	3	9	8	39.30
Lithuania	-	1	2	1	2	2	11	45.46
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	4	3	3	3	3	-
Netherlands	-	-	-	-	-	-	-	-
New Zealand	15	21	29	43	34	39	40	11.91
Norway	93	103	129	240	307	393	385	33.80
Poland	63	81	81	80	98	128	254	23.16
Portugal	9	25	16	29	25	39	43	15.74
Romania	11	4	2	20	19	14	29	56.50
Slovakia	4	8	-	15	12	30	23	-
Slovenia	22	27	40	48	112	-	92	-
Spain	366	494	585	537	655	815	670	8.08
Sweden	1,394	3,420	3,531	3,633	4,312	5,273	6,119	13.02
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**2,653**	**3,480**	**101**	**161**	**1,138**	**1,450**	**1,634**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	16	17	43	36	39	24	20	-2.66
Bangladesh	1	0	0	0	0	0	5	82.63
Barbados	-	-	-	-	-	-	-	-
Benin	-	0	0	-	-	-	-	-
Bolivia	-	-	-	-	-	-	-	-
Botswana	0	0	9	3	2	2	4	15.79
Brazil	-	-	-	7	3	17	11	-
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	-	-	-	-	0	-	-	-
Chile	-	-	-	-	-	-	-	-
China	2,631	3,450	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	-	-	-	-	-	-	-	-
Congo	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	0	-	-	-	-
Côte d'Ivoire	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	0	0	-	0	0	0	0	-
Fiji	0	0	-	0	-	-	-	-
French Polynesia	-	-	-	-	-	-	-	-
Guatemala	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	-	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	38	90	160	344	510	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	0	0	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	915	1,043	1,068	-
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.4.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	-	0	-	0	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	-	-	-	-	-	-	-
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	0	7	-	3	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	-	-	-	-	-	-	-	-
Niger	-	-	-	-	-	-	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	-	-	2	12	2	1	3	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	8	17	13	-
Republic of Moldova	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	-	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	0	0	-	-
Sierra Leone	-	-	-	-	1	0	0	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	0	1	2	0	0	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	-	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	5	5	7	6	8	-	-	-
ECONOMIES IN TRANSITION	**695**	**201**	**213**	**301**	**319**	**355**	**538**	**-**
Albania	-	-	-	-	-	-	10	-
Armenia	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	0	1	0	-
Belarus	3	3	3	5	-	3	5	-
Bosnia and Herzegovina	-	-	-	-	0	0	0	-
Croatia	40	32	45	92	63	74	74	16.50
Georgia	-	-	-	-	-	0	0	-
Kazakhstan	0	3	3	9	8	8	17	40.61
Kyrgyzstan	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	156	101	102	112	135	103	103	0.82
Serbia	-	-	-	-	-	-	58	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	4	15	13	8	10	16	11	-2.64
Ukraine	492	47	47	74	104	150	261	42.49

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

EXPORTS OF PERSONAL, CULTURAL AND RECREATIONAL SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.5.A

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**21,927**	**24,843**	**29,339**	**29,538**	**35,001**	**39,146**	**40,821**	**-**
DEVELOPED ECONOMIES	**17,616**	**20,817**	**24,263**	**24,430**	**30,004**	**33,621**	**34,168**	**-**
Australia	419	469	421	438	502	510	671	7.42
Austria	137	177	219	236	251	274	301	10.14
Belgium	289	368	454	518	558	484	589	7.75
Bermuda	-	-	-	-	-	2	1	-
Bulgaria	31	37	42	39	56	83	77	18.78
Canada	1,271	1,414	1,838	2,070	2,287	2,248	2,338	9.64
Cyprus	15	10	25	41	53	77	55	42.20
Czech Republic	165	111	199	90	116	190	122	1.75
Estonia	1	2	3	5	8	12	17	53.62
Faroes	1	1	-	-	-	-	-	-
Finland	12	30	16	13	24	19	12	-9.16
France	1,524	1,864	2,298	2,158	1,743	1,963	2,240	0.67
Germany	534	1,007	978	1,175	942	1,147	1,065	1.54
Greece	194	332	966	166	154	219	222	-17.05
Hungary	527	845	1,167	1,272	1,066	1,360	999	3.24
Iceland	5	4	9	16	12	9	12	18.28
Ireland	320	400	-	413	-	-	-	-
Italy	720	720	745	759	945	1,168	1,225	12.82
Japan	315	140	72	97	140	156	155	9.44
Latvia	1	4	3	5	6	9	12	32.27
Lithuania	20	18	9	10	16	16	18	5.77
Luxembourg	161	162	189	239	331	626	902	42.95
Malta	45	73	161	362	552	661	735	58.98
Netherlands	538	618	771	902	717	671	745	0.83
New Zealand	111	152	220	173	158	215	196	3.27
Norway	175	210	185	351	422	466	560	25.17
Poland	61	58	91	94	148	193	207	29.58
Portugal	115	134	191	204	254	260	298	15.85
Romania	98	118	214	92	83	105	77	-11.74
Slovakia	67	69	121	123	148	331	100	15.40
Slovenia	15	21	30	28	38	38	27	6.95
Spain	671	814	966	1,073	1,243	1,598	1,756	17.01
Sweden	112	208	178	222	271	329	613	23.71
Switzerland	4	4	4	5	3	2	4	-5.89
United Kingdom	2,410	3,086	3,928	4,082	3,932	3,759	4,220	4.07
United States of America	6,534	7,137	7,549	6,958	12,823	14,422	13,598	17.95
DEVELOPING ECONOMIES	**4,197**	**3,843**	**4,835**	**4,831**	**4,544**	**4,854**	**5,639**	**-**
Angola	1	1	3	5	6	9	13	59.36
Argentina	95	122	153	203	258	314	463	29.55
Bangladesh	0	4	1	1	3	1	1	-8.97
Barbados	1	1	-	0	0	1	-	-
Benin	0	-	0	-	-	0	-	-
Bolivia	1	1	1	1	1	1	2	3.57
Botswana	-	-	-	-	-	-	-	-
Brazil	58	54	47	56	81	73	86	12.52
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	1	1	1	1	2	2	2	13.50
Cameroon	2	11	17	18	13	14	23	8.62
Cape Verde	0	0	0	0	0	2	0	60.53
Chile	39	68	58	69	78	84	111	11.15
China	30	33	41	134	137	316	418	71.03
China, Hong Kong SAR	112	137	290	270	280	272	265	9.36
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	27	31	39	41	46	38	45	5.53
Congo	21	9	11	-	-	-	-	-
Costa Rica	0	0	0	0	0	0	0	5.22
Côte d'Ivoire	-	0	-	0	-	-	-	-
Ecuador	32	34	36	39	41	44	47	6.67
Egypt	54	72	69	83	116	92	74	3.89
El Salvador	0	-	0	-	-	-	-	-
Ethiopia	3	1	0	-	0	0	0	-
Fiji	0	0	0	1	1	1	1	54.00
French Polynesia	16	8	5	4	4	9	18	18.33
Guatemala	0	1	1	0	-	-	-	-
Guinea	0	-	-	-	-	1	2	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	0	0	0	0	0	12	210.72
India	-	-	46	111	306	509	707	-
Indonesia	-	-	47	57	74	55	77	-
Iraq	-	-	-	-	-	1	-	-
Jamaica	9	20	28	30	31	29	39	9.92
Kenya	0	0	0	0	1	2	2	61.11
Korea, Republic of	185	76	128	268	369	448	527	48.11
Lebanon	0	-	-	0	-	-	-	-

TABLE
2.5.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	0	0	-	-	-	-	-	-
Malaysia	1,566	1,835	1,670	1,562	863	832	872	-16.72
Mali	-	0	0	0	0	1	-	-
Mauritius	5	5	4	2	2	4	6	2.01
Mexico	400	293	358	373	383	308	87	-16.91
Mongolia	-	0	1	0	-	-	-	-
Morocco	-	-	-	-	-	-	93	-
Mozambique	-	0	0	0	2	0	1	65.21
Myanmar	0	0	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	1	2	2	1	5	15	6	48.23
Niger	-	0	-	-	0	-	-	-
Occupied Palestinian territory	1	3	1	5	0	-	-	-
Pakistan	-	1	0	2	1	1	1	45.49
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	0	0	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	4	-
Philippines	7	9	7	20	27	22	21	25.58
Republic of Moldova	1	1	1	1	1	0	0	-13.57
Rwanda	-	-	-	-	0	0	-	-
Samoa	-	-	0	1	2	4	-	-
Senegal	0	0	-	0	0	1	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	127	154	185	180	203	239	268	11.01
Solomon Islands	0	1	1	1	2	-	-	-
South Africa	38	60	88	114	103	90	99	7.34
Sudan	-	0	-	-	0	5	0	-
Swaziland	-	0	0	0	0	0	-	-
Syrian Arab Republic	-	-	62	85	92	30	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	0	1	0	1	1	1	-	-
Tunisia	3	5	10	4	3	3	6	-9.03
Turkey	1,355	781	1,418	1,079	998	971	1,224	2.99
United Republic of Tanzania	1	1	0	1	0	1	10	62.43
Uruguay	0	0	1	0	2	0	0	-14.41
Venezuela (Bolivarian Republic of)	5	5	4	5	5	5	6	4.62
ECONOMIES IN TRANSITION	**114**	**183**	**240**	**278**	**453**	**670**	**1,015**	**-**
Albania	2	5	8	18	58	68	13	45.24
Armenia	2	2	5	5	5	6	7	19.98
Azerbaijan	-	2	3	3	3	3	4	8.59
Belarus	2	2	3	2	5	8	10	43.95
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	28	33	30	29	49	66	130	32.10
Georgia	0	0	2	3	6	9	9	96.67
Kazakhstan	0	0	0	0	0	1	1	92.39
Kyrgyzstan	2	6	9	7	10	45	69	67.25
Montenegro	-	-	-	-	-	-	18	-
Russian Federation	72	125	164	187	232	291	389	24.34
Serbia	-	-	-	-	-	-	160	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	2	4	7	7	10	17	18	33.18
Ukraine	3	4	11	16	74	158	185	127.02

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

IMPORTS OF PERSONAL, CULTURAL AND RECREATIONAL SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.5.B

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**20,015**	**22,605**	**25,654**	**27,242**	**29,761**	**32,034**	**35,041**	**-**
DEVELOPED ECONOMIES	**15,015**	**17,586**	**20,650**	**21,593**	**23,926**	**24,854**	**27,665**	**-**
Australia	531	625	781	774	851	934	1,240	12.31
Austria	298	467	693	728	750	845	929	12.30
Belgium	380	443	494	470	498	566	743	9.13
Bermuda	-	-	-	-	0	0	0	-
Bulgaria	10	17	15	16	19	31	20	8.73
Canada	1,598	1,720	1,844	1,838	2,066	2,195	2,302	6.17
Cyprus	13	22	49	56	65	81	78	25.46
Czech Republic	175	155	118	89	129	160	163	4.49
Estonia	1	2	2	5	7	9	15	54.37
Faroes	1	1	-	-	-	-	-	-
Finland	61	25	29	23	27	77	82	29.58
France	2,081	2,344	2,624	2,821	2,687	3,156	3,671	8.17
Germany	2,273	2,955	3,185	3,485	4,722	2,780	2,945	-0.35
Greece	182	184	357	185	227	354	456	14.46
Hungary	491	845	1,048	1,144	861	976	914	-0.32
Iceland	12	11	12	13	14	17	10	2.25
Ireland	74	87	-	105	-	-	-	-
Italy	933	1,034	1,505	1,639	1,643	2,102	2,246	14.97
Japan	1,190	946	1,081	1,115	1,299	1,318	1,215	5.87
Latvia	5	7	15	13	15	21	32	28.45
Lithuania	4	1	1	2	2	2	8	38.64
Luxembourg	309	418	477	333	428	617	820	13.37
Malta	6	8	7	8	12	15	18	22.24
Netherlands	616	746	880	949	730	706	728	-2.94
New Zealand	65	72	57	43	41	51	66	-2.26
Norway	218	304	383	508	588	569	730	17.71
Poland	155	128	131	160	234	302	328	24.22
Portugal	227	264	360	342	474	512	606	17.13
Romania	82	101	143	108	94	104	201	6.94
Slovakia	22	98	112	92	120	139	144	8.38
Slovenia	38	50	59	61	77	99	24	-5.47
Spain	1,491	1,699	1,905	1,748	1,916	2,416	2,628	8.91
Sweden	70	116	159	160	150	148	287	12.96
Switzerland	67	90	95	87	85	94	106	2.17
United Kingdom	1,198	1,396	1,619	1,515	1,577	1,907	2,033	7.13
United States of America	137	206	409	959	1,520	1,552	1,878	55.79
DEVELOPING ECONOMIES	**4,761**	**4,727**	**4,528**	**4,873**	**4,865**	**5,944**	**5,871**	**-**
Angola	15	11	28	45	65	99	121	58.88
Argentina	96	108	143	165	172	208	240	15.90
Bangladesh	1	0	0	0	0	0	0	9.56
Barbados	-	0	1	0	0	1	-	-
Benin	0	0	0	0	0	2	-	-
Bolivia	2	4	5	6	8	9	10	18.69
Botswana	-	-	-	-	-	-	-	-
Brazil	309	337	409	451	533	651	869	19.75
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	3	3	4	4	5	5	5	10.05
Cameroon	1	4	4	2	9	10	6	17.89
Cape Verde	1	0	0	1	1	2	1	30.01
Chile	44	47	48	53	55	42	47	-1.30
China	96	70	176	154	121	154	255	18.19
China, Hong Kong SAR	68	68	52	52	56	67	140	13.52
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	28	29	31	44	58	54	41	10.86
Congo	5	3	4	-	-	-	-	-
Costa Rica	0	0	0	0	0	0	0	1.76
Côte d'Ivoire	1	1	1	1	1	1	-	-
Ecuador	86	92	98	106	116	126	137	8.45
Egypt	14	15	15	22	39	29	80	36.34
El Salvador	2	1	2	2	1	2	1	-1.03
Ethiopia	0	0	0	0	0	0	0	-40.26
Fiji	2	2	2	2	4	2	3	4.98
French Polynesia	8	7	10	10	9	6	11	1.96
Guatemala	5	0	2	0	5	4	5	66.81
Guinea	0	0	1	-	-	1	-	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	9	4	5	6	6	8	10	20.27
India	-	-	61	105	104	169	296	-
Indonesia	-	-	184	166	124	107	126	-
Iraq	-	-	-	151	118	27	-	-
Jamaica	4	2	3	2	4	6	6	25.04
Kenya	4	2	1	1	2	1	1	-19.09
Korea, Republic of	283	261	376	477	671	929	891	30.03
Lebanon	0	-	-	0	-	-	0	-

TABLE
2.5.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	0	0	-	-	-	-	-	-
Malaysia	2,790	2,922	1,899	1,855	1,431	1,996	1,177	-12.46
Mali	0	0	13	14	15	4	-	-
Mauritius	10	14	21	31	34	39	40	22.76
Mexico	260	221	225	275	326	259	227	2.12
Mongolia	-	0	-	0	2	-	-	-
Morocco	-	-	-	-	-	-	28	-
Mozambique	0	0	0	1	1	1	1	83.57
Myanmar	0	6	3	3	7	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	6	8	11	38	41	56	72	58.97
Niger	0	0	-	0	6	0	-	-
Occupied Palestinian territory	38	36	16	18	18	69	-	-
Pakistan	-	-	2	8	3	-	-	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	0	0	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	16	-
Philippines	17	15	15	9	8	22	26	11.41
Republic of Moldova	0	1	0	1	1	1	1	8.95
Rwanda	-	-	-	-	4	0	0	-
Samoa	-	-	0	1	0	0	-	-
Senegal	0	0	0	0	1	-	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	265	241	268	279	261	278	312	3.86
Solomon Islands	0	0	0	0	0	-	-	-
South Africa	3	3	5	8	9	10	10	25.79
Sudan	-	0	-	-	-	5	4	-
Swaziland	-	0	0	0	-	-	-	-
Syrian Arab Republic	-	-	27	21	32	20	-	-
Togo	-	-	-	0	-	-	-	-
Tonga	0	0	0	0	0	1	-	-
Tunisia	5	4	6	6	10	7	11	18.63
Turkey	205	117	176	88	106	111	181	2.85
United Republic of Tanzania	-	1	0	0	0	2	2	71.85
Uruguay	18	10	7	10	9	10	10	2.23
Venezuela (Bolivarian Republic of)	58	52	165	181	254	330	452	45.94
ECONOMIES IN TRANSITION	**238**	**292**	**476**	**776**	**969**	**1,236**	**1,505**	**-**
Albania	7	8	30	104	113	70	40	34.95
Armenia	5	5	6	7	7	8	11	14.14
Azerbaijan	-	5	5	5	5	5	7	4.47
Belarus	4	5	7	11	16	21	24	38.63
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	32	41	53	56	71	94	133	24.83
Georgia	-	-	-	-	-	7	18	-
Kazakhstan	3	12	7	16	15	18	25	20.08
Kyrgyzstan	0	3	6	21	30	26	38	63.02
Montenegro	-	-	-	-	-	-	34	-
Russian Federation	166	188	309	440	542	753	838	34.45
Serbia	-	-	-	-	-	-	90	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	3	6	5	6	8	10	16	23.75
Ukraine	20	18	48	109	162	225	231	66.25

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

EXPORTS OF AUDIOVISUAL AND RELATED SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.5.1.A

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**13,681**	**16,263**	**19,358**	**19,318**	**24,772**	**26,686**	**26,426**	**-**
DEVELOPED ECONOMIES	**12,977**	**15,613**	**18,557**	**18,244**	**23,498**	**25,163**	**24,737**	**-**
Australia	93	133	132	126	151	140	194	6.58
Austria	-	-	-	-	94	-	-	-
Belgium	240	297	385	444	470	326	540	7.58
Bermuda	-	-	-	-	-	-	-	-
Bulgaria	-	-	10	8	13	36	29	-
Canada	1,138	1,259	1,661	1,880	2,073	2,021	2,102	9.74
Cyprus	1	1	3	6	17	18	7	57.13
Czech Republic	26	20	123	46	103	175	106	33.95
Estonia	-	1	1	1	1	3	8	58.01
Faroes	-	-	-	-	-	-	-	-
Finland	6	26	5	7	-	12	-	-
France	1,023	1,288	1,639	1,424	963	1,018	1,167	-6.40
Germany	534	1,007	978	1,175	942	1,147	1,065	1.54
Greece	80	262	879	93	85	119	118	-24.98
Hungary	463	803	1,143	1,235	1,035	1,309	949	3.09
Iceland	-	-	-	-	-	-	-	-
Ireland	320	400	-	-	-	-	-	-
Italy	228	180	336	328	360	360	414	13.62
Japan	79	84	62	82	104	126	120	12.71
Latvia	0	3	1	2	2	5	6	23.97
Lithuania	6	11	5	3	7	5	3	-14.55
Luxembourg	-	-	-	-	-	-	-	-
Malta	-	-	0	17	6	12	40	-
Netherlands	179	-	-	597	480	396	498	-
New Zealand	-	-	-	-	-	-	-	-
Norway	58	70	97	192	230	272	275	33.49
Poland	19	29	32	36	59	58	75	22.24
Portugal	21	23	43	28	41	62	90	26.73
Romania	19	23	48	64	50	75	36	10.01
Slovakia	3	8	5	5	5	8	13	12.93
Slovenia	4	6	11	11	14	18	13	16.69
Spain	257	308	424	461	552	717	751	19.39
Sweden	81	145	129	153	152	-	-	-
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	1,565	2,089	2,857	2,861	2,665	2,303	2,520	0.64
United States of America	6,534	7,137	7,549	6,958	12,823	14,422	13,598	17.95
DEVELOPING ECONOMIES	**669**	**578**	**694**	**933**	**1,056**	**1,234**	**1,370**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	95	118	144	192	242	305	447	29.83
Bangladesh	0	4	0	1	2	1	1	-10.30
Barbados	-	-	-	0	-	-	-	-
Benin	0	-	0	-	-	0	-	-
Bolivia	-	1	1	1	1	1	1	3.05
Botswana	-	-	-	-	-	-	-	-
Brazil	28	29	15	16	21	17	26	0.41
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	-	-	-	0	0	0	-
Chile	-	-	-	-	-	-	-	-
China	30	33	41	134	137	316	418	71.03
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	24	20	26	24	28	21	24	0.89
Congo	-	-	-	-	-	-	-	-
Costa Rica	0	0	0	0	0	0	0	2.05
Côte d'Ivoire	-	-	-	0	-	-	-	-
Ecuador	32	34	36	39	41	44	47	6.67
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	3	1	0	-	0	0	0	-
Fiji	-	0	0	1	1	1	1	54.00
French Polynesia	0	0	3	0	0	0	1	-9.41
Guatemala	0	1	1	0	-	-	-	-
Guinea	-	-	-	-	-	1	2	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	44	28	56	127	170	183	208	48.73
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.5.1.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	-	0	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	0	0	0	-	0	-	-
Mauritius	1	0	0	1	0	2	0	24.32
Mexico	400	293	358	373	383	308	87	-16.91
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	90	-
Mozambique	-	-	-	-	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	1	2	2	0	1	14	3	31.33
Niger	-	0	-	-	-	-	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	-	1	-	-	-	-	-	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	6	9	7	19	24	15	8	5.67
Republic of Moldova	1	1	1	1	1	0	0	-13.57
Rwanda	-	-	-	-	0	0	-	-
Samoa	-	-	-	-	-	-	-	-
Senegal	0	0	-	0	-	1	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	0	-	0	0	0	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	4	4	4	4	4	4	5	3.24
ECONOMIES IN TRANSITION	**36**	**72**	**107**	**141**	**218**	**290**	**320**	**-**
Albania	-	0	-	0	39	61	1	-
Armenia	1	1	3	3	3	3	4	15.84
Azerbaijan	-	-	-	-	-	-	-	-
Belarus	-	-	2	1	-	-	-	-
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	9	9	5	7	17	19	25	31.57
Georgia	0	0	0	0	0	1	2	61.82
Kazakhstan	0	0	0	0	0	1	1	84.24
Kyrgyzstan	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	26	59	93	127	154	196	261	32.70
Serbia	-	-	-	-	-	-	18	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	0	2	3	3	5	7	7	32.74
Ukraine	-	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 2.5.1.B

IMPORTS OF AUDIOVISUAL AND RELATED SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**12,284**	**13,625**	**16,066**	**17,925**	**19,985**	**19,967**	**21,932**	**-**
DEVELOPED ECONOMIES	**11,165**	**12,523**	**14,591**	**16,218**	**17,963**	**17,501**	**19,160**	**-**
Australia	428	495	611	591	704	798	1,084	15.01
Austria	-	-	-	-	143	-	-	-
Belgium	332	394	443	397	404	543	706	10.66
Bermuda	-	-	-	-	-	-	-	-
Bulgaria	-	-	9	9	11	14	10	-
Canada	1,480	1,583	1,688	1,668	1,883	2,001	2,093	5.97
Cyprus	3	8	13	16	17	16	16	12.45
Czech Republic	22	24	29	47	65	92	78	32.14
Estonia	-	0	0	1	1	2	5	84.71
Faroes	-	-	-	-	-	-	-	-
Finland	55	7	7	12	10	29	21	30.55
France	1,618	1,768	1,804	1,840	1,593	1,769	2,086	1.80
Germany	2,273	2,955	3,185	3,485	4,722	2,780	2,945	-0.35
Greece	63	74	225	60	67	110	165	5.87
Hungary	461	813	1,010	1,096	807	892	829	-1.63
Iceland	-	-	-	-	-	-	-	-
Ireland	74	87	-	-	-	-	-	-
Italy	585	695	1,084	1,269	1,179	1,470	1,599	15.39
Japan	832	748	861	903	981	1,044	933	5.18
Latvia	3	5	10	9	9	9	13	15.25
Lithuania	0	0	0	1	0	0	2	14.75
Luxembourg	-	-	-	-	-	-	-	-
Malta	5	7	3	2	2	2	2	-16.07
Netherlands	244	-	-	766	606	562	538	-
New Zealand	-	-	-	-	-	-	-	-
Norway	153	208	272	336	378	300	361	9.48
Poland	126	100	69	99	156	204	173	20.23
Portugal	102	122	148	118	174	166	229	11.72
Romania	16	25	40	88	71	61	129	30.26
Slovakia	6	7	10	7	9	11	17	16.79
Slovenia	17	25	25	23	25	37	3	-21.96
Spain	1,098	1,231	1,272	1,141	1,150	1,383	1,505	3.68
Sweden	47	88	126	130	98	-	-	-
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	984	851	1,238	1,146	1,177	1,653	1,737	13.59
United States of America	137	206	409	959	1,520	1,552	1,878	55.79
DEVELOPING ECONOMIES	**954**	**911**	**1,184**	**1,274**	**1,474**	**1,700**	**1,925**	**-**
Angola	-	-	-	-	-	-	-	-
Argentina	93	108	143	165	172	205	236	15.46
Bangladesh	1	0	0	0	0	0	0	25.78
Barbados	-	-	-	0	-	-	-	-
Benin	0	0	0	0	0	2	-	-
Bolivia	2	4	5	5	7	8	9	18.11
Botswana	-	-	-	-	-	-	-	-
Brazil	215	250	300	314	387	456	589	17.83
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	1	0	0	1	1	2	1	36.77
Chile	-	-	-	-	-	-	-	-
China	96	70	176	154	121	154	255	18.19
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	27	29	31	41	53	50	38	9.36
Congo	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	-	-	-	-	-
Côte d'Ivoire	1	1	1	1	1	1	-	-
Ecuador	86	92	98	106	116	126	137	8.45
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Ethiopia	0	0	0	0	0	0	0	-40.26
Fiji	2	2	2	2	4	2	3	4.49
French Polynesia	3	3	3	4	3	0	1	-38.50
Guatemala	0	0	2	-	5	4	5	-
Guinea	0	0	1	-	-	1	-	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-
Jamaica	2	-	2	1	4	6	6	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	124	90	152	159	229	381	346	32.48
Lebanon	-	-	-	-	-	-	-	-

TABLE
2.5.1.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	-	0	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	0	0	1	1	1	1	-	-
Mauritius	5	6	7	6	6	6	7	1.59
Mexico	260	221	225	275	326	259	227	2.12
Mongolia	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	27	-
Mozambique	-	-	-	-	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	5	5	4	5	7	2	1	-20.60
Niger	0	0	-	-	-	-	-	-
Occupied Palestinian territory	-	-	-	-	-	-	-	-
Pakistan	-	-	2	8	2	-	-	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	-	-	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	-	-
Philippines	16	14	11	5	5	13	17	4.30
Republic of Moldova	0	1	0	1	1	1	1	8.95
Rwanda	-	-	-	-	4	0	0	-
Samoa	-	-	-	-	-	-	-	-
Senegal	0	0	0	0	1	-	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Swaziland	-	0	0	0	-	-	-	-
Syrian Arab Republic	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	16	15	17	19	20	20	20	5.81
ECONOMIES IN TRANSITION	**165**	**191**	**290**	**433**	**548**	**766**	**847**	**-**
Albania	-	0	-	1	32	59	2	-
Armenia	3	3	3	4	4	5	5	10.18
Azerbaijan	-	-	-	-	-	-	-	-
Belarus	-	-	4	7	-	-	-	-
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	11	17	22	23	33	55	74	34.58
Georgia	-	-	-	-	-	0	3	-
Kazakhstan	3	12	6	16	15	17	23	19.55
Kyrgyzstan	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	148	155	251	379	459	624	682	34.40
Serbia	-	-	-	-	-	-	48	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	0	3	4	3	4	5	9	17.75
Ukraine	-	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

EXPORTS OF OTHER PERSONAL, CULTURAL AND RECREATIONAL SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.5.2.A

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**7,504**	**7,026**	**7,872**	**8,410**	**8,873**	**10,089**	**11,306**	**-**
DEVELOPED ECONOMIES	**4,220**	**4,086**	**4,294**	**5,103**	**5,977**	**7,001**	**7,388**	**-**
Australia	326	336	289	312	351	370	477	7.78
Austria	-	-	-	-	158	-	-	-
Belgium	48	71	69	75	88	158	49	2.07
Bermuda	-	-	-	-	-	2	1	-
Bulgaria	31	37	32	31	43	47	48	8.33
Canada	133	155	177	189	213	227	237	8.83
Cyprus	14	9	22	35	36	59	48	39.18
Czech Republic	139	91	76	43	13	15	17	-34.02
Estonia	-	1	2	4	7	9	8	48.51
Faroes	-	-	-	-	-	-	-	-
Finland	6	4	11	5	-	7	-	-
France	501	576	659	734	780	946	1,073	12.93
Germany	-	-	-	-	-	-	-	-
Greece	113	70	87	72	69	100	104	6.79
Hungary	64	42	25	37	31	51	50	8.53
Iceland	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-
Italy	491	541	409	431	585	808	811	13.32
Japan	237	57	11	15	36	29	35	4.35
Latvia	1	1	2	3	4	5	6	48.06
Lithuania	14	7	4	7	8	12	15	21.99
Luxembourg	-	-	-	-	-	-	-	-
Malta	45	73	161	345	546	647	693	57.56
Netherlands	359	-	-	306	237	275	247	-
New Zealand	-	-	-	-	-	-	-	-
Norway	117	140	88	159	192	193	285	19.06
Poland	42	29	59	58	89	135	132	34.94
Portugal	94	111	148	176	212	198	208	12.81
Romania	79	95	166	28	33	30	41	-23.07
Slovakia	64	61	116	119	143	322	86	15.20
Slovenia	11	14	19	18	23	20	14	0.99
Spain	414	506	542	612	691	882	1,005	15.40
Sweden	31	63	49	68	120	-	-	-
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	845	997	1,071	1,221	1,267	1,456	1,700	10.90
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**3,209**	**2,833**	**3,456**	**3,187**	**2,736**	**2,866**	**3,427**	**-**
Angola	-	-	3	5	6	9	13	-
Argentina	0	4	9	11	15	9	16	23.33
Bangladesh	0	0	0	0	0	0	0	8.06
Barbados	1	1	-	0	-	-	-	-
Benin	-	-	-	-	-	-	-	-
Bolivia	1	0	0	0	0	0	0	5.45
Botswana	-	-	-	-	-	-	-	-
Brazil	30	25	32	40	61	57	60	20.75
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	1	1	1	1	2	2	2	13.50
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	0	0	0	-	2	0	-
Chile	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	3	11	13	17	18	17	21	13.00
Congo	21	9	11	-	-	-	-	-
Costa Rica	-	-	-	0	0	0	0	-
Côte d'Ivoire	-	0	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	54	72	69	83	116	92	74	3.89
El Salvador	0	-	0	-	-	-	-	-
Ethiopia	-	-	-	-	-	-	-	-
Fiji	0	-	-	-	-	-	-	-
French Polynesia	15	8	2	4	4	9	17	25.57
Guatemala	0	0	0	-	-	-	-	-
Guinea	0	-	-	-	-	-	0	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	-	0	0	0	0	0	12	210.72
India	-	-	46	111	306	509	707	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	1	-	-
Jamaica	9	20	28	30	31	29	39	9.92
Kenya	0	0	0	0	1	2	2	61.11
Korea, Republic of	141	48	72	141	199	265	320	47.86
Lebanon	0	-	-	0	-	-	-	-

TABLE
2.5.2.A

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	0	-	-	-	-	-	-	-
Malaysia	1,566	1,835	1,670	1,562	863	832	872	-16.72
Mali	-	0	0	0	0	1	-	-
Mauritius	4	5	3	2	2	3	5	-1.08
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	0	1	0	-	-	-	-
Morocco	-	-	-	-	-	-	3	-
Mozambique	-	0	0	0	2	0	1	65.21
Myanmar	0	0	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	0	0	0	0	4	1	3	107.92
Niger	-	-	-	-	-	-	-	-
Occupied Palestinian territory	1	3	1	5	0	-	-	-
Pakistan	-	-	0	-	1	1	1	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	0	0	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	4	-
Philippines	1	-	-	1	3	7	13	-
Republic of Moldova	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	0	-	-
Samoa	-	-	0	1	2	4	-	-
Senegal	-	0	-	0	0	1	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	0	1	1	1	2	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	0	-	-	0	5	0	-
Swaziland	-	0	0	0	0	0	-	-
Syrian Arab Republic	-	-	62	85	92	30	-	-
Togo	-	-	-	-	-	-	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	3	5	10	4	3	3	6	-9.03
Turkey	1,355	781	1,418	1,079	998	971	1,224	2.99
United Republic of Tanzania	1	1	0	1	0	1	10	62.43
Uruguay	0	0	1	0	2	0	0	-14.41
Venezuela (Bolivarian Republic of)	1	1	-	1	1	1	1	-
ECONOMIES IN TRANSITION	**74**	**108**	**122**	**120**	**161**	**223**	**492**	**-**
Albania	2	4	8	18	20	6	12	12.97
Armenia	1	1	2	2	2	3	3	26.35
Azerbaijan	-	2	3	3	3	3	4	8.59
Belarus	2	2	1	1	5	8	10	61.11
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	20	24	24	21	32	46	105	32.17
Georgia	-	-	2	3	5	8	6	-
Kazakhstan	-	-	-	0	-	0	0	-
Kyrgyzstan	2	6	9	7	10	45	69	67.25
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	46	66	71	61	78	94	128	13.46
Serbia	-	-	-	-	-	-	143	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	2	3	4	4	5	9	11	33.52
Ukraine	-	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

IMPORTS OF OTHER PERSONAL, CULTURAL AND RECREATIONAL SERVICES BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

TABLE 2.5.2.B

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
TOTAL REPORTING COUNTRIES	**6,560**	**6,782**	**6,765**	**7,341**	**8,526**	**9,556**	**9,997**	**-**
DEVELOPED ECONOMIES	**3,096**	**3,258**	**3,844**	**4,067**	**5,396**	**5,581**	**6,298**	**-**
Australia	104	130	170	183	147	136	157	0.20
Austria	-	-	-	-	607	-	-	-
Belgium	48	49	51	72	94	23	37	-9.51
Bermuda	-	-	-	-	0	0	0	-
Bulgaria	10	17	7	7	8	17	9	-0.58
Canada	118	138	155	170	183	194	209	8.37
Cyprus	10	14	35	40	48	65	62	30.47
Czech Republic	152	131	89	42	63	67	92	-6.04
Estonia	-	2	2	4	6	7	10	46.55
Faroes	-	-	-	-	-	-	-	-
Finland	6	17	21	11	17	47	61	29.37
France	463	576	820	981	1,094	1,387	1,585	21.24
Germany	-	-	-	-	-	-	-	-
Greece	119	110	132	125	160	244	292	21.98
Hungary	30	32	38	48	53	83	88	23.59
Iceland	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-
Italy	348	339	422	370	464	631	647	14.25
Japan	358	198	220	212	318	275	282	8.39
Latvia	2	2	4	4	6	12	19	47.48
Lithuania	3	1	1	2	2	2	5	42.59
Luxembourg	-	-	-	-	-	-	-	-
Malta	1	1	4	6	9	13	16	79.52
Netherlands	373	-	-	183	125	145	189	-
New Zealand	-	-	-	-	-	-	-	-
Norway	65	96	112	173	210	269	369	31.43
Poland	29	28	62	61	78	98	155	33.74
Portugal	125	142	212	224	299	346	377	20.89
Romania	66	76	103	20	24	43	72	-7.50
Slovakia	16	92	102	85	111	128	127	7.56
Slovenia	21	26	34	38	51	63	20	3.00
Spain	393	468	634	607	765	1,033	1,123	18.95
Sweden	23	28	33	30	52	-	-	-
Switzerland	-	-	-	-	-	-	-	-
United Kingdom	214	545	381	369	400	254	297	-11.24
United States of America	-	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	**3,411**	**3,441**	**2,783**	**3,041**	**2,871**	**3,729**	**3,305**	**-**
Angola	-	-	28	45	65	99	121	-
Argentina	2	-	0	0	-	3	4	-
Bangladesh	0	0	0	-	0	0	-	-
Barbados	-	0	1	0	-	-	-	-
Benin	-	-	0	-	-	-	-	-
Bolivia	1	1	1	1	1	1	1	23.20
Botswana	-	-	-	-	-	-	-	-
Brazil	94	86	109	137	146	195	281	24.64
Burkina Faso	-	-	-	-	-	-	-	-
Cambodia	3	3	4	4	5	5	5	10.05
Cameroon	-	-	-	-	-	-	-	-
Cape Verde	0	0	0	0	0	0	0	-7.55
Chile	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
China, Hong Kong SAR	-	-	-	-	-	-	-	-
China, Macao SAR	-	-	-	-	-	-	-	-
Colombia	1	1	1	3	5	4	3	47.81
Congo	5	3	4	-	-	-	-	-
Costa Rica	0	0	0	0	0	0	0	1.76
Côte d'Ivoire	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-
Egypt	14	15	15	22	39	29	80	36.34
El Salvador	2	1	2	2	1	2	1	-1.03
Ethiopia	-	-	-	-	-	-	-	-
Fiji	0	0	0	0	0	0	0	16.70
French Polynesia	5	5	6	6	6	6	10	11.98
Guatemala	5	0	-	0	-	-	-	-
Guinea	0	-	-	-	-	-	-	-
Guinea-Bissau	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-
Honduras	9	4	5	6	6	8	10	20.27
India	-	-	61	105	104	169	296	-
Indonesia	-	-	-	-	-	-	-	-
Iraq	-	-	-	151	118	27	-	-
Jamaica	2	2	0	1	1	0	0	-28.98
Kenya	4	2	1	1	2	1	1	-19.09
Korea, Republic of	160	171	224	318	441	548	546	28.62
Lebanon	0	-	-	0	-	-	0	-

TABLE
2.5.2.B

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Annual average growth rate 2003-2008
Madagascar	0	0	-	-	-	-	-	-
Malaysia	2,790	2,922	1,899	1,855	1,431	1,996	1,177	-12.46
Mali	-	-	12	13	15	3	-	-
Mauritius	4	8	14	25	28	33	32	31.92
Mexico	-	-	-	-	-	-	-	-
Mongolia	-	0	-	0	2	-	-	-
Morocco	-	-	-	-	-	-	1	-
Mozambique	0	0	0	1	1	1	1	83.57
Myanmar	0	6	3	3	7	-	-	-
Namibia	-	-	-	-	-	-	-	-
New Caledonia	0	3	7	33	35	54	71	86.75
Niger	-	-	-	-	-	-	-	-
Occupied Palestinian territory	38	36	16	18	18	69	-	-
Pakistan	-	-	-	-	1	-	-	-
Panama	-	-	-	-	-	-	-	-
Papua New Guinea	-	-	0	0	-	-	-	-
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-	-	16	-
Philippines	1	1	4	4	3	9	9	45.53
Republic of Moldova	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	-	-	-
Samoa	-	-	0	1	0	0	-	-
Senegal	-	-	-	-	-	-	-	-
Sierra Leone	-	-	-	-	-	-	-	-
Singapore	-	-	-	-	-	-	-	-
Solomon Islands	0	0	0	0	0	-	-	-
South Africa	-	-	-	-	-	-	-	-
Sudan	-	0	-	-	-	5	4	-
Swaziland	-	0	0	0	-	-	-	-
Syrian Arab Republic	-	-	27	21	32	20	-	-
Togo	-	-	-	0	-	-	-	-
Tonga	-	-	-	-	-	0	-	-
Tunisia	5	4	6	6	10	7	11	18.63
Turkey	205	117	176	88	106	111	181	2.85
United Republic of Tanzania	-	1	0	0	0	2	2	71.85
Uruguay	18	10	7	10	9	10	10	2.23
Venezuela (Bolivarian Republic of)	42	37	148	162	234	310	432	52.95
ECONOMIES IN TRANSITION	**53**	**83**	**138**	**234**	**259**	**245**	**394**	**-**
Albania	7	8	30	103	81	11	38	13.65
Armenia	1	2	3	3	3	3	5	19.57
Azerbaijan	-	5	5	5	5	5	7	4.47
Belarus	4	5	3	4	16	21	24	54.24
Bosnia and Herzegovina	-	-	-	-	-	-	-	-
Croatia	21	24	31	33	38	39	59	16.17
Georgia	-	-	-	-	-	6	15	-
Kazakhstan	0	0	0	1	0	0	2	30.16
Kyrgyzstan	0	3	6	21	30	26	38	63.02
Montenegro	-	-	-	-	-	-	-	-
Russian Federation	17	33	58	61	82	129	156	34.76
Serbia	-	-	-	-	-	-	42	-
Tajikistan	-	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	3	2	1	3	4	4	8	33.99
Ukraine	-	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: Annual average growth rate only available for countries that reported consistently from 2003-2008.
- Data not available or not separately reported.

TABLE 3.1

RELATED GOODS: WORLD EXPORTS AND IMPORTS, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
WORLD	**375,845**	**442,610**	**558,225**	**637,446**	**709,923**	**711,244**	**727,116**	**9.94**
Developed economies	239,820	255,276	299,762	329,491	370,069	324,115	324,272	4.52
Developing economies	134,982	185,605	256,206	305,502	336,889	384,238	399,588	15.84
Transition economies	1,043	1,729	2,257	2,453	2,965	2,891	3,256	12.42
Developed economies: America	**35,846**	**37,226**	**44,092**	**48,819**	**53,355**	**57,622**	**63,467**	**10.70**
Canada	3,406	3,924	4,913	5,692	6,438	6,547	7,284	12.35
Greenland	0	0	0	0	1	0	-	-
United States of America	32,439	33,302	39,179	43,126	46,916	51,075	56,183	10.50
Developed economies: Asia	**46,031**	**47,671**	**52,963**	**51,609**	**50,891**	**49,289**	**51,227**	**0.37**
Israel	10,847	12,087	14,730	16,791	16,966	18,757	20,366	10.03
Japan	35,185	35,584	38,233	34,818	33,925	30,532	30,862	-3.96
Developed economies: Europe	**153,974**	**165,281**	**197,032**	**223,071**	**257,356**	**206,248**	**195,730**	**3.27**
European Union (EU)	150,487	161,571	192,327	217,568	251,922	201,049	189,435	3.12
Austria	2,066	2,491	2,987	3,630	3,404	3,736	3,364	6.21
Belgium	19,402	19,320	22,654	24,901	23,485	25,369	22,114	2.77
Bulgaria	56	87	81	90	108	164	195	19.89
Cyprus	6	5	78	330	141	14	35	11.68
Czech Republic	2,612	2,943	3,866	4,400	6,214	9,002	11,279	31.56
Denmark	3,008	2,464	2,510	3,781	2,868	2,484	2,018	-3.67
Estonia	280	373	496	560	598	159	156	-19.81
Finland	7,349	8,656	8,330	10,935	11,200	11,784	11,619	7.52
France	10,886	11,099	13,589	13,143	16,866	9,225	9,079	-5.33
Germany	27,604	30,585	41,491	44,052	44,363	39,363	33,464	0.86
Greece	170	198	202	215	298	308	362	14.09
Hungary	4,782	6,267	10,097	8,824	9,986	12,985	14,336	15.41
Ireland	8,403	8,272	9,574	12,372	12,345	11,631	8,841	2.65
Italy	8,235	9,070	10,801	11,349	12,082	11,860	11,858	4.93
Latvia	13	31	47	66	83	156	185	43.66
Lithuania	37	53	88	188	263	327	297	44.55
Luxembourg	903	641	584	602	416	440	335	-11.97
Malta	13	13	12	7	8	14	13	1.88
Netherlands	14,707	19,829	24,037	24,132	25,263	28,267	23,121	3.78
Poland	272	295	477	615	834	1,247	2,933	52.05
Portugal	1,133	1,422	1,772	1,695	1,817	2,093	2,072	7.26
Romania	85	183	203	215	219	213	1,151	30.60
Slovakia	109	313	706	1,066	1,358	1,543	1,769	37.91
Slovenia	58	74	94	122	157	195	316	31.84
Spain	4,212	5,286	5,662	5,761	5,962	6,023	6,091	2.69
Sweden	4,396	4,977	6,470	6,765	6,209	3,411	3,526	-10.11
United Kingdom	29,689	26,622	25,417	37,752	65,373	19,037	18,907	-5.63
Other European countries	3,487	3,710	4,705	5,503	5,434	5,199	6,294	8.73
Andorra	4	11	30	24	14	-	-	-
Faroes	-	-	-	-	0	0	0	-
Iceland	1	1	2	3	4	4	4	40.36
Norway	436	472	538	583	610	611	700	7.10
Switzerland	3,046	3,227	4,134	4,894	4,806	4,584	5,590	9.07
Developed economies: Oceania	**3,969**	**5,098**	**5,675**	**5,992**	**8,468**	**10,957**	**13,848**	**23.25**
Australia	3,871	4,979	5,530	5,832	8,297	10,790	13,547	23.41
New Zealand	98	119	144	160	170	167	301	15.91
Developing economies: Africa	**1,962**	**3,933**	**6,116**	**7,634**	**8,384**	**8,296**	**9,129**	**16.08**
Developing economies: Eastern Africa	195	227	301	864	956	817	739	29.36
Burundi	-	-	-	-	0	0	0	-
Ethiopia	-	-	71	45	65	36	81	-
Kenya	19	25	14	21	20	84	51	28.91
Madagascar	11	15	10	20	29	21	10	2.00
Malawi	-	0	1	0	1	1	1	60.45
Mauritius	50	81	90	322	333	140	133	11.52
Mayotte	0	0	0	0	1	1	0	16.54
Mozambique	1	2	6	1	2	2	3	-2.27
Rwanda	-	-	0	1	0	1	2	-
Seychelles	0	-	-	-	-	-	0	-
Uganda	60	21	51	80	166	146	116	42.54
United Republic of Tanzania	-	-	-	142	161	215	292	-
Zambia	55	82	27	22	23	39	36	-8.27
Zimbabwe	-	-	30	209	154	130	14	-
Developing economies: Middle Africa	-	-	1	1	1	-	-	-
Cameroon	-	-	-	1	0	-	-	-
Gabon	-	-	1	1	1	-	-	-
Developing economies: Northern Africa	91	98	120	125	99	120	409	21.79
Algeria	3	1	1	1	2	4	19	65.42

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
399,738	**464,050**	**574,898**	**650,448**	**700,896**	**717,956**	**738,569**	**9.15**	**WORLD**
313,406	349,354	421,776	454,449	486,522	479,397	482,958	6.10	Developed economies
84,002	111,394	148,359	188,327	202,224	222,417	235,918	15.48	Developing economies
2,330	3,302	4,764	7,672	12,150	16,141	19,692	45.18	Transition economies
115,702	**122,488**	**141,694**	**152,745**	**162,893**	**167,722**	**169,016**	**6.43**	**Developed economies: America**
9,906	10,514	12,103	13,361	14,911	15,852	16,805	9.78	Canada
8	9	11	10	8	6	-	-	Greenland
105,788	111,965	129,581	139,374	147,974	151,863	152,211	6.10	United States of America
28,251	**31,140**	**35,465**	**36,777**	**36,567**	**35,781**	**37,178**	**2.63**	**Developed economies: Asia**
8,614	9,128	10,951	11,548	11,069	12,283	11,651	4.45	Israel
19,637	22,012	24,514	25,229	25,498	23,498	25,526	1.80	Japan
163,112	**187,321**	**234,217**	**253,675**	**272,056**	**259,476**	**257,956**	**5.81**	**Developed economies: Europe**
154,988	178,310	223,254	241,816	260,455	246,924	244,220	5.73	European Union (EU)
3,315	4,259	4,968	5,620	5,000	5,128	5,336	3.21	Austria
19,808	19,715	23,110	25,617	23,127	25,295	25,345	4.15	Belgium
241	319	447	610	741	895	990	25.48	Bulgaria
176	233	325	607	421	356	395	7.54	Cyprus
2,413	2,820	3,481	3,162	4,277	5,717	6,879	19.55	Czech Republic
3,760	3,668	4,463	5,774	5,259	4,517	4,156	1.63	Denmark
255	454	367	427	482	490	438	2.33	Estonia
1,749	2,080	2,577	3,742	3,835	3,879	5,545	19.22	Finland
15,612	18,048	22,520	23,624	27,140	24,103	25,046	5.82	France
28,610	31,258	41,058	47,162	49,985	43,615	41,910	4.99	Germany
1,286	1,632	1,994	1,966	2,240	3,260	3,091	14.70	Greece
2,264	3,180	4,080	3,975	3,994	5,480	5,207	10.06	Hungary
4,270	4,225	4,394	5,054	5,399	4,828	4,675	2.47	Ireland
9,700	11,801	15,872	16,091	15,829	15,164	14,956	2.99	Italy
157	218	268	360	474	604	551	23.38	Latvia
274	334	447	576	728	822	707	18.06	Lithuania
835	799	852	934	852	765	681	-3.42	Luxembourg
85	101	105	118	140	148	153	9.82	Malta
15,490	19,992	26,355	25,788	26,778	28,666	25,586	4.45	Netherlands
2,603	2,941	3,486	4,141	4,719	6,074	8,063	21.58	Poland
1,680	2,033	2,538	2,377	2,440	2,707	2,971	6.23	Portugal
614	864	1,222	1,630	1,847	2,313	2,927	26.19	Romania
567	725	958	1,239	1,699	2,132	2,275	27.25	Slovakia
379	428	571	531	605	690	846	12.43	Slovenia
6,319	8,736	11,160	12,725	13,322	13,793	12,481	7.30	Spain
3,871	4,853	6,249	6,749	6,997	6,588	6,571	5.01	Sweden
28,653	32,595	39,388	41,218	52,124	38,896	36,438	2.18	United Kingdom
8,124	9,011	10,964	11,859	11,602	12,553	13,736	7.38	Other European countries
107	129	165	-	-	-	-	-	Andorra
20	21	23	23	30	32	31	9.76	Faroes
114	152	192	231	223	259	172	4.25	Iceland
1,743	2,114	2,786	2,803	3,008	3,346	3,340	8.66	Norway
6,139	6,595	7,799	8,803	8,340	8,916	10,193	7.48	Switzerland
6,342	**8,405**	**10,399**	**11,253**	**15,006**	**16,419**	**18,809**	**17.64**	**Developed economies: Oceania**
5,554	7,364	9,117	9,782	13,604	14,847	17,201	18.82	Australia
788	1,041	1,282	1,472	1,402	1,571	1,608	8.12	New Zealand
3,345	**4,392**	**6,199**	**7,874**	**10,245**	**10,126**	**12,377**	**21.85**	**Developing economies: Africa**
305	417	605	988	1,332	1,408	1,339	28.08	Developing economies: Eastern Africa
-	-	-	-	7	5	8	-	Burundi
-	-	76	104	110	119	103	-	Ethiopia
88	90	103	100	172	311	324	34.15	Kenya
11	32	37	41	48	67	90	22.52	Madagascar
-	18	15	19	20	26	30	12.71	Malawi
86	135	158	393	413	243	240	12.79	Mauritius
6	9	8	12	15	18	9	7.96	Mayotte
31	30	36	46	40	48	52	10.18	Mozambique
-	-	4	11	11	22	43	-	Rwanda
9	-	-	-	-	-	14	-	Seychelles
50	60	81	97	149	252	189	31.60	Uganda
-	-	-	79	214	188	137	-	United Republic of Tanzania
24	43	30	51	79	63	67	14.94	Zambia
-	-	56	34	54	46	31	-	Zimbabwe
-	-	21	90	105	-	-	-	Developing economies: Middle Africa
-	-	-	56	60	-	-	-	Cameroon
-	-	21	35	45	-	-	-	Gabon
906	1,163	1,500	1,729	1,658	2,044	3,230	18.68	Developing economies: Northern Africa
296	392	507	641	522	568	843	11.99	Algeria

TABLE 3.1

RELATED GOODS: WORLD EXPORTS AND IMPORTS, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

CONTINUED

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
Egypt	-	-	-	-	-	-	237	-
Morocco	14	10	12	16	22	33	25	25.97
Sudan	-	-	-	-	-	-	0	-
Tunisia	74	87	107	108	75	84	128	2.42
Developing economies: Southern Africa	1,675	3,591	5,641	5,677	6,120	5,844	6,200	8.68
Namibia	422	175	711	751	955	769	851	27.09
South Africa	1,253	3,416	4,930	4,926	5,165	5,076	5,349	7.03
Developing economies: Western Africa	1	17	53	967	1,208	1,514	1,781	160.73
Benin	-	-	-	-	0	-	-	-
Burkina Faso	1	-	4	3	-	-	-	-
Cape Verde	-	-	-	-	-	0	-	-
Côte d'Ivoire	-	15	45	39	46	32	26	5.67
Ghana	-	-	-	863	1,141	1,473	1,736	-
Guinea	0	-	-	58	4	1	9	-
Mali	-	-	1	1	0	1	1	-
Niger	-	-	0	0	1	0	2	-
Nigeria	-	-	-	-	0	2	3	-
Senegal	-	2	3	3	16	5	5	23.99
Sierra Leone	-	-	-	-	-	-	-	-
Togo	-	-	0	0	-	0	-	-
Developing economies: America	**18,180**	**17,707**	**21,098**	**22,801**	**24,353**	**23,334**	**24,486**	**5.85**
Developing economies: Caribbean	-	10	26	81	82	45	38	27.03
Aruba	-	-	-	2	-	-	-	-
Bahamas	-	1	1	0	4	1	1	56.95
Barbados	-	-	-	16	22	4	3	-
Cuba	-	9	19	47	14	-	-	-
Dominica	-	-	-	-	0	0	0	-
Dominican Republic	-	-	-	-	22	13	19	-
Jamaica	-	-	3	1	1	3	1	-
Montserrat	-	-	0	0	0	0	0	-
Netherlands Antilles	-	-	-	2	5	3	5	-
Trinidad and Tobago	-	-	3	14	14	19	9	-
Developing economies: Central America	15,261	14,763	18,056	17,541	18,234	17,873	18,759	3.51
Belize	-	-	-	0	0	0	0	-
Costa Rica	-	41	103	189	116	70	71	3.24
El Salvador	5	6	9	9	10	13	21	23.77
Guatemala	16	23	29	43	15	62	68	21.21
Honduras	-	1	2	6	7	15	-	-
Mexico	15,240	14,690	17,910	17,292	18,083	17,711	18,594	3.46
Nicaragua	-	1	2	1	1	1	1	-1.06
Panama	-	1	2	2	2	2	3	17.45
Developing economies: South America	2,919	2,935	3,016	5,179	6,038	5,415	5,690	16.08
Argentina	130	108	130	139	188	210	225	16.65
Bolivia (Plurinational State of)	5	4	5	6	8	7	9	18.11
Brazil	2,545	2,589	2,611	4,706	5,465	4,735	4,907	15.79
Chile	29	30	33	39	40	56	57	14.55
Colombia	178	166	187	211	249	301	369	17.31
Ecuador	9	9	13	21	18	26	24	21.50
Guyana	-	-	-	6	7	13	4	-
Paraguay	-	1	1	1	5	3	3	28.94
Peru	16	21	27	40	35	46	67	22.81
Uruguay	6	7	8	9	15	19	13	19.90
Venezuela (Bolivarian Republic of)	-	-	-	-	8	-	12	-
Developing economies: Asia	**114,817**	**163,937**	**228,855**	**274,935**	**304,036**	**352,497**	**365,862**	**16.72**
Developing economies: Eastern Asia	77,835	111,569	167,038	196,409	228,504	258,094	274,256	18.54
China	35,823	60,966	93,913	125,947	159,025	186,201	196,231	26.15
China, Hong Kong SAR	19,010	21,675	24,457	27,963	30,281	31,681	36,405	10.36
China, Macao SAR	19	21	21	20	23	38	29	10.41
China, Taiwan Province of	-	-	13,030	10,296	10,190	9,206	9,645	-
Korea, Republic of	22,906	28,788	35,521	31,973	28,886	30,910	31,946	0.01
Mongolia	76	119	96	210	100	57	-	-
Developing economies: Southern Asia	317	9,477	9,838	13,271	11,929	15,003	16,612	12.00
Afghanistan	-	-	-	-	-	-	1	-
Bangladesh	0	2	2	2	7	60	-	-
Bhutan	-	-	-	9	-	-	0	-
India	-	9,198	9,491	12,774	11,300	14,427	16,022	11.81
Iran (Islamic Republic of)	-	42	53	75	111	-	-	-
Maldives	-	-	0	0	0	-	-	-
Nepal	-	1	-	-	-	-	-	-
Pakistan	-	16	52	90	110	101	89	36.16
Sri Lanka	317	218	240	322	401	415	500	18.76
Developing economies: Southeastern Asia	35,971	41,974	50,774	56,834	61,769	70,262	63,386	9.32

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
-	-	-	-	-	-	871	-	Egypt
367	423	598	715	713	933	1,030	17.96	Morocco
-	-	-	-	-	122	43	-	Sudan
242	348	395	374	423	421	443	4.44	Tunisia
2,112	2,706	3,847	4,662	5,111	5,091	4,950	11.95	Developing economies: Southern Africa
29	40	76	65	83	115	227	33.70	Namibia
2,084	2,666	3,771	4,597	5,028	4,976	4,723	11.40	South Africa
22	105	225	405	2,039	1,583	2,859	98.42	Developing economies: Western Africa
-	-	-	-	12	-	-	-	Benin
11	-	32	31	-	-	-	-	Burkina Faso
-	-	-	-	-	20	27	-	Cape Verde
-	63	94	142	135	155	119	14.26	Côte d'Ivoire
-	-	-	125	155	237	425	-	Ghana
11	-	-	7	6	12	29	-	Guinea
-	-	25	17	28	30	43	-	Mali
-	-	9	14	15	16	18	-	Niger
-	-	-	-	1,622	1,010	2,101	-	Nigeria
-	43	59	62	66	91	97	16.92	Senegal
-	-	-	-	-	-	-	-	Sierra Leone
-	-	6	7	-	12	-	-	Togo
13,499	**15,206**	**20,030**	**23,407**	**31,316**	**31,604**	**35,070**	**18.15**	**Developing economies: America**
-	153	507	611	1,190	985	1,032	41.66	Developing economies: Caribbean
-	-	-	48	-	-	-	-	Aruba
-	28	32	42	49	51	43	11.38	Bahamas
-	-	-	94	83	82	67	-	Barbados
-	126	170	127	132	-	-	-	Cuba
-	-	-	-	8	9	6	-	Dominica
-	-	-	-	493	513	553	-	Dominican Republic
-	-	191	146	166	172	173	-	Jamaica
-	-	1	1	1	1	1	-	Montserrat
-	-	-	34	43	39	58	-	Netherlands Antilles
-	-	114	118	215	118	131	-	Trinidad and Tobago
9,261	10,035	12,226	13,013	15,648	15,801	16,493	10.32	Developing economies: Central America
-	-	-	16	11	10	14	-	Belize
-	243	257	297	358	406	411	12.68	Costa Rica
97	161	240	227	310	409	319	16.42	El Salvador
288	281	416	445	535	635	601	16.23	Guatemala
-	92	133	153	205	255	-	-	Honduras
8,877	9,066	11,085	11,609	13,897	13,692	14,653	9.62	Mexico
-	89	95	98	125	121	125	7.86	Nicaragua
-	103	-	166	208	275	370	-	Panama
4,238	5,018	7,298	9,783	14,479	14,818	17,546	28.50	Developing economies: South America
257	679	1,711	2,255	2,717	2,900	3,192	31.22	Argentina
56	51	66	77	78	87	101	13.04	Bolivia (Plurinational State of)
1,294	1,212	1,650	2,016	2,696	2,663	3,867	23.99	Brazil
962	949	1,225	1,548	1,964	2,092	2,338	19.89	Chile
794	982	1,153	1,875	2,108	1,986	2,138	17.48	Colombia
356	441	591	810	666	707	834	10.60	Ecuador
-	-	-	6	8	25	25	-	Guyana
-	101	204	324	858	999	1,321	70.25	Paraguay
460	541	602	697	906	431	-	-	Peru
60	61	97	175	201	217	357	38.45	Uruguay
-	-	-	-	2,277	2,711	3,373	-	Venezuela (Bolivarian Republic of)
67,124	**91,699**	**121,973**	**156,900**	**160,515**	**180,544**	**188,330**	**14.69**	**Developing economies: Asia**
44,731	53,339	70,034	80,891	90,993	92,942	100,112	12.48	Developing economies: Eastern Asia
12,683	19,179	21,951	26,598	32,162	33,478	36,817	14.43	China
25,563	27,169	31,999	36,735	40,118	41,085	44,329	9.84	China, Hong Kong SAR
176	229	318	361	371	399	475	13.24	China, Macao SAR
-	-	7,782	7,947	7,869	8,005	8,230	-	China, Taiwan Province of
6,309	6,748	7,970	9,225	10,445	9,944	10,262	8.59	Korea, Republic of
-	14	13	25	28	30	-	-	Mongolia
423	12,544	17,863	26,059	24,851	27,824	26,674	15.54	Developing economies: Southern Asia
-	-	-	-	-	-	1	-	Afghanistan
142	197	318	630	870	704	-	-	Bangladesh
-	-	-	8	-	-	10	-	Bhutan
-	11,015	15,923	22,230	20,770	24,592	25,017	16.47	India
-	579	665	1,044	364	-	-	-	Iran (Islamic Republic of)
-	18	23	35	38	46	64	27.40	Maldives
-	39	-	-	-	-	-	-	Nepal
-	346	523	1,636	2,202	1,930	937	30.00	Pakistan
281	350	410	476	607	553	646	12.78	Sri Lanka
18,188	20,675	27,393	31,846	34,551	35,957	36,682	11.36	Developing economies: Southeastern Asia

TABLE 3.1

RELATED GOODS: WORLD EXPORTS AND IMPORTS, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008

CONTINUED

EXPORTS (f.o.b., in millions of $)

Economic group and country/territory	2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008
Cambodia	-	-	1	-	-	-	2	-
Malaysia	11,213	12,937	16,461	18,893	21,238	19,989	15,437	4.63
Philippines	-	-	-	-	-	8,525	7,510	-
Singapore	19,835	22,525	25,856	27,312	27,097	24,120	21,543	-1.25
Thailand	4,923	6,513	8,068	10,001	12,411	16,027	17,796	23.20
Timor-Leste	-	-	2	1	-	-	-	-
Viet Nam	-	-	386	627	1,023	1,600	1,096	-
Developing economies: Western Asia	694	916	1,205	8,421	1,834	9,138	11,608	63.70
Bahrain	6	8	13	11	5	6	-	-
Jordan	29	39	68	88	162	350	260	53.81
Kuwait	-	-	-	-	14	66	-	-
Lebanon	27	34	45	45	51	108	161	35.00
Occupied Palestinian territory	-	-	-	-	-	8	6	-
Oman	27	10	26	46	49	90	93	52.73
Qatar	-	-	-	5	5	13	7	-
Saudi Arabia	24	30	44	92	155	166	-	-
Syrian Arab Republic	-	-	-	12	24	21	-	-
Turkey	581	796	1,008	1,239	1,368	1,473	1,608	14.55
United Arab Emirates	-	-	-	6,882	-	6,836	9,471	-
Yemen	-	-	-	-	1	1	1	-
Developing economies: Oceania	**23**	**28**	**136**	**132**	**115**	**112**	**111**	**19.08**
Cook Islands	-	-	-	1	-	-	1	-
Fiji	1	0	1	1	3	4	-	-
French Polynesia	-	-	116	129	112	107	109	-
Kiribati	-	-	-	-	-	-	-	-
New Caledonia	-	0	1	1	1	1	1	8.39
Papua New Guinea	22	27	19	-	-	-	-	-
Vanuatu	-	-	-	-	-	0	-	-
Transition economies: Asia	0	592	602	406	566	454	603	-1.19
Armenia	-	345	266	301	292	195	157	-13.05
Azerbaijan	-	-	0	0	2	2	3	-
Georgia	-	-	-	36	51	71	103	-
Kazakhstan	-	-	47	68	220	180	341	-
Kyrgyzstan	-	247	288	1	1	6	-	-
Turkmenistan	-	-	-	-	-	-	-	-
Transition economies: Europe	1,039	1,133	1,645	2,038	2,389	2,420	2,546	16.57
Albania	-	2	3	4	6	8	10	37.25
Belarus	85	82	99	97	94	115	133	8.41
Bosnia and Herzegovina	-	3	4	4	6	8	13	29.39
Croatia	51	75	83	100	111	142	148	15.66
Russian Federation	903	970	1,456	1,813	2,144	2,098	1,811	13.34
Serbia and Montenegro	-	-	-	20	28	50	-	-
Ukraine	-	-	-	-	-	-	432	-

IMPORTS (c.i.f., in millions of $)

2002	2003	2004	2005	2006	2007	2008	Growth rate (1) 2003-2008	Economic group and country/territory
-	-	43	-	-	-	56	-	Cambodia
3,503	3,368	5,365	5,992	6,347	6,694	7,301	14.01	Malaysia
-	-	-	-	-	1,155	1,103	-	Philippines
9,971	12,292	15,498	17,842	19,330	17,896	16,450	5.79	Singapore
4,715	5,014	5,197	6,911	7,304	7,719	8,461	11.65	Thailand
-	-	2	2	-	-	-	-	Timor-Leste
-	-	1,288	1,099	1,570	2,494	3,309	-	Viet Nam
3,781	5,142	6,682	18,104	10,119	23,821	24,862	37.36	Developing economies: Western Asia
99	129	119	127	96	116	-	-	Bahrain
139	208	323	471	620	969	947	37.54	Jordan
-	-	-	-	496	850	-	-	Kuwait
243	265	359	327	319	426	575	13.23	Lebanon
-	-	-	-	-	60	62	-	Occupied Palestinian territory
83	39	153	157	178	334	425	50.81	Oman
-	-	-	275	371	508	793	-	Qatar
1,123	1,316	1,621	2,782	3,221	3,767	-	-	Saudi Arabia
-	-	-	128	108	85	-	-	Syrian Arab Republic
2,093	3,185	4,107	4,228	4,670	5,226	4,871	8.78	Turkey
-	-	-	9,609	-	11,411	17,113	-	United Arab Emirates
-	-	-	-	41	69	77	-	Yemen
34	**97**	**157**	**147**	**148**	**143**	**140**	**4.62**	**Developing economies: Oceania**
-	-	-	2	-	-	-	-	Cook Islands
16	22	24	33	37	29	-	-	Fiji
-	-	56	59	58	54	68	-	French Polynesia
-	-	-	0	-	-	-	-	Kiribati
-	45	53	53	54	55	72	7.44	New Caledonia
18	30	24	-	-	-	-	-	Papua New Guinea
-	-	-	-	-	4	-	-	Vanuatu
0	381	713	957	1,276	1,617	1,403	30.28	Transition economies: Asia
-	362	316	384	398	408	424	4.64	Armenia
-	-	71	111	162	152	130	-	Azerbaijan
-	-	-	75	154	241	308	-	Georgia
-	-	300	354	471	736	540	-	Kazakhstan
-	19	25	33	92	79	-	-	Kyrgyzstan
-	-	-	-	-	-	-	-	Turkmenistan
2,274	2,828	3,925	6,560	10,715	14,275	17,328	46.77	Transition economies: Europe
-	63	64	83	98	115	151	19.78	Albania
132	153	183	228	383	416	459	27.39	Belarus
-	97	127	178	183	242	277	22.92	Bosnia and Herzegovina
503	644	696	824	944	1,012	1,037	10.97	Croatia
1,639	1,871	2,854	4,927	8,692	11,828	13,586	52.39	Russian Federation
-	-	-	320	416	661	-	-	Serbia and Montenegro
-	-	-	-	-	-	1,818	-	Ukraine

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.
Data extraction date: 31 May 2010.

NOTES: (1) Annual average growth rate only available for countries that reported consistently in 2003-2008.
- Data not available or not separately reported.

TABLE

3.2.A RELATED INDUSTRIES: EXPORTS, BY ORIGIN AND PRODUCT GROUP, 2002, 2005 AND 2008

Origin		Developed economies (1)							
				Europe					
Product group	Year	World	Total	Total	EU-27	Canada	United States	Japan	Transition Economies
		(in millions of $)							
All Related Industries	2002	375,845	239,820	153,974	150,487	3,406	32,439	35,185	1,043
	2005	637,446	329,491	223,071	217,568	5,692	43,126	34,818	2,453
	2008	727,116	324,272	195,730	189,435	7,284	56,183	30,862	3,256
Audiovisuals	2002	140,932	86,720	56,828	56,367	1,551	10,110	17,566	86
	2005	254,000	129,208	92,312	90,873	2,713	13,264	19,938	96
	2008	249,428	100,020	62,842	61,948	3,297	15,542	17,115	470
E-Broadcasting	2002	116,178	73,619	50,420	50,033	1,292	7,038	14,259	62
	2005	219,055	115,834	85,747	84,381	2,475	9,915	16,803	76
	2008	211,962	83,339	54,121	53,415	2,984	11,283	14,013	439
Film	2002	640	552	240	232	27	171	97	0
	2005	907	715	349	344	47	224	83	2
	2008	1,096	751	453	448	36	233	10	1
Sound Production	2002	24,115	12,549	6,168	6,102	233	2,901	3,210	24
	2005	34,038	12,659	6,216	6,148	192	3,125	3,053	18
	2008	36,370	15,929	8,268	8,085	276	4,026	3,092	29
Design	2002	65,793	53,508	32,656	31,011	326	5,720	1,168	891
	2005	116,774	74,133	40,704	38,396	751	9,823	1,786	2,222
	2008	169,521	103,056	49,375	45,732	1,354	16,769	3,247	2,513
Architecture	2002	10,876	8,789	8,235	8,207	126	315	81	89
	2005	16,740	11,546	10,856	10,835	162	432	56	159
	2008	25,404	14,548	13,556	13,530	179	714	53	373
Fashion	2002	296	179	146	145	8	20	1	1
	2005	484	263	225	223	8	27	2	2
	2008	724	414	344	342	14	47	5	2
Interior	2002	592	505	329	325	36	110	14	1
	2005	768	624	384	376	47	149	15	2
	2008	893	621	411	403	15	150	11	2
Jewellery	2002	54,029	44,036	23,946	22,334	156	5,274	1,072	800
	2005	98,782	61,701	29,239	26,962	534	9,215	1,713	2,060
	2008	142,499	87,473	35,064	31,457	1,146	15,857	3,178	2,136
New Media	2002	133,287	71,482	47,733	47,440	663	12,199	10,709	37
	2005	221,213	91,279	67,549	67,224	1,462	15,141	6,696	92
	2008	263,302	86,498	61,178	60,753	1,798	18,930	4,185	196
Computer Equipment	2002	133,287	71,482	47,733	47,440	663	12,199	10,709	37
	2005	221,213	91,279	67,549	67,224	1,462	15,141	6,696	92
	2008	263,302	86,498	61,178	60,753	1,798	18,930	4,185	196
Performing Arts	2002	3,697	2,597	1,365	1,295	102	483	632	5
	2005	5,312	3,479	1,921	1,847	159	710	672	5
	2008	6,843	4,340	2,428	2,343	165	885	846	14
Celebration	2002	455	434	338	294	40	45	3	2
	2005	690	638	437	394	84	101	12	2
	2008	904	793	539	492	81	130	37	9
Musical Instruments	2002	3,242	2,163	1,026	1,000	62	438	629	3
	2005	4,621	2,841	1,485	1,453	76	610	660	3
	2008	5,940	3,548	1,889	1,851	84	755	809	5
Publishing	2002	10,025	9,194	7,203	6,430	567	866	479	9
	2005	15,488	13,889	11,277	10,091	514	1,110	802	9
	2008	14,903	13,346	10,920	9,816	549	980	792	18
Books	2002	42	37	30	30	0	5	1	0
	2005	69	51	45	45	1	3	2	0
	2008	87	61	52	52	0	4	2	0
Other Printed Matter	2002	9,983	9,157	7,173	6,400	567	860	478	9
	2005	15,420	13,839	11,232	10,046	514	1,108	800	9
	2008	14,816	13,285	10,868	9,763	549	976	790	17
Visual Arts	2002	22,112	16,319	8,190	7,945	197	3,062	4,631	15
	2005	24,659	17,502	9,308	9,137	92	3,077	4,924	28
	2008	23,120	17,012	8,986	8,842	122	3,078	4,676	45
Paintings	2002	1,985	968	746	733	27	126	62	6
	2005	2,822	1,338	1,065	1,047	27	176	56	10
	2008	3,412	1,667	1,332	1,314	37	209	68	19
Photography	2002	20,126	15,350	7,444	7,212	170	2,936	4,568	9
	2005	21,836	16,164	8,242	8,091	65	2,902	4,867	18
	2008	19,707	15,345	7,654	7,529	85	2,868	4,608	26

Total	Africa	America	Developing economies (2)				Oceania	LDCs	SIDS	Origin	
			Asia								
			Total	Eastern, Southern and Southeastern Asia	China	Western Asia				Year	Product group
			(in millions of $)								
134,982	1,962	18,180	114,817	114,123	35,823	694	23	129	73	2002	All Related Industries
305,502	7,634	22,801	274,935	266,514	125,947	8,421	132	389	355	2005	
399,588	9,129	24,486	365,862	354,254	196,231	11,608	111	562	146	2008	
54,126	183	7,627	46,315	46,228	13,777	87	1	3	11	2002	Audiovisuals
124,696	549	11,245	112,901	109,280	48,108	3,621	1	21	295	2005	
148,938	494	14,640	133,803	131,426	68,017	2,377	0	88	90	2008	
42,498	145	6,684	35,668	35,593	10,447	75	1	2	10	2002	E-Broadcasting
103,145	496	10,013	92,635	89,119	37,725	3,516	1	12	294	2005	
128,184	415	13,352	114,417	112,167	59,193	2,250	0	84	88	2008	
87	2	1	84	83	5	1	0	0	0	2002	Film
190	1	15	174	171	32	3	0	0	0	2005	
343	3	25	315	305	77	10	0	1	0	2008	
11,541	36	942	10,564	10,553	3,324	11	0	0	1	2002	Sound Production
21,361	52	1,217	20,093	19,990	10,350	103	0	9	1	2005	
20,411	76	1,264	19,072	18,954	8,747	117	0	4	1	2008	
11,394	1,703	1,331	8,338	7,801	1,607	538	21	125	58	2002	Design
40,418	6,943	2,205	31,140	26,806	3,886	4,335	130	362	52	2005	
63,951	8,394	3,392	52,056	43,473	9,331	8,583	109	462	47	2008	
1,998	51	681	1,265	799	597	466	0	0	0	2002	Architecture
5,035	64	1,384	3,586	2,465	1,910	1,122	0	1	3	2005	
10,484	283	1,737	8,464	6,873	6,279	1,591	0	1	4	2008	
116	3	10	103	102	45	1	0	0	0	2002	Fashion
220	3	12	205	199	87	5	0	1	0	2005	
307	5	21	282	273	142	8	-	0	0	2008	
87	4	3	80	69	13	11	0	0	0	2002	Interior
143	1	4	137	106	55	31	0	0	0	2005	
270	3	1	266	224	162	42	0	0	0	2008	
9,193	1,646	636	6,890	6,831	952	59	21	124	58	2002	Jewellery
35,021	6,874	805	27,212	24,035	1,834	3,177	130	360	49	2005	
52,890	8,103	1,633	43,044	36,102	2,748	6,942	109	461	44	2008	
61,767	24	8,276	53,467	53,449	18,486	18	0	0	1	2002	New Media
129,842	54	8,176	121,612	121,289	70,394	322	0	2	2	2005	
176,608	105	5,651	170,852	170,379	114,523	472	1	5	2	2008	
61,767	24	8,276	53,467	53,449	18,486	18	0	0	1	2002	Computer Equipment
129,842	54	8,176	121,612	121,289	70,394	322	0	2	2	2005	
176,608	105	5,651	170,852	170,379	114,523	472	1	5	2	2008	
1,096	6	66	1,024	1,019	520	5	0	0	0	2002	Performing Arts
1,827	4	104	1,719	1,703	966	16	0	1	1	2005	
2,488	8	110	2,370	2,326	1,592	44	0	3	1	2008	
20	0	5	15	13	8	2	0	-	0	2002	Celebration
50	1	7	43	39	20	4	0	0	0	2005	
102	3	12	87	70	46	17	-	1	0	2008	
1,076	5	62	1,009	1,005	512	4	0	0	0	2002	Musical Instruments
1,777	4	97	1,676	1,664	946	12	0	1	1	2005	
2,386	5	98	2,283	2,256	1,546	27	0	2	1	2008	
821	8	170	643	628	89	14	0	0	0	2002	Publishing
1,590	27	154	1,410	1,372	333	37	0	0	2	2005	
1,539	61	140	1,338	1,290	336	49	0	0	1	2008	
5	0	0	5	5	2	0	0	0	0	2002	Books
18	0	0	18	17	6	1	-	0	0	2005	
25	0	0	25	25	13	1	-	-	0	2008	
816	8	170	638	624	88	14	0	0	0	2002	Other Printed Matter
1,572	27	153	1,392	1,356	327	36	0	0	2	2005	
1,514	61	140	1,313	1,265	322	48	0	0	1	2008	
5,779	39	711	5,029	4,998	1,344	32	0	0	2	2002	Visual Arts
7,128	57	918	6,153	6,064	2,260	89	0	2	4	2005	
6,063	67	553	5,442	5,359	2,432	83	0	3	5	2008	
1,011	7	240	764	759	397	5	0	0	2	2002	Paintings
1,474	15	211	1,248	1,235	777	13	0	0	3	2005	
1,727	19	201	1,507	1,492	1,060	15	0	0	4	2008	
4,767	31	471	4,265	4,239	947	26	0	0	0	2002	Photography
5,654	42	707	4,905	4,829	1,483	76	0	1	1	2005	
4,336	49	352	3,935	3,867	1,372	67	0	3	1	2008	

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: (1) Developed economies, including Bulgaria and Romania.
(2) Excluding Bulgaria and Romania, which are included in the European Union (EU-27).

TABLE

3.2.B RELATED INDUSTRIES: IMPORTS, BY ORIGIN AND PRODUCT GROUP, 2002, 2005 AND 2008

Origin		Developed economies (1)							
				Europe					
Product group	Year	World	Total	Total	EU-27	Canada	United States	Japan	Transition Economies
		(in millions of $)							
All Related Industries	2002	399,738	313,406	163,112	154,988	9,906	105,788	19,637	2,330
	2005	650,448	454,449	253,675	241,816	13,361	139,374	25,229	7,672
	2008	738,569	482,958	257,956	244,220	16,805	152,211	25,526	19,692
Audiovisuals	2002	136,363	100,124	51,680	49,577	3,538	38,048	4,050	1,097
	2005	243,573	164,693	96,935	93,214	4,730	52,945	5,296	4,083
	2008	269,455	171,999	92,271	88,490	6,448	60,874	7,014	9,750
E-Broadcasting	2002	109,362	80,503	42,187	40,480	2,691	31,105	2,278	963
	2005	212,517	146,608	87,478	84,112	3,917	47,227	3,753	3,813
	2008	229,834	148,864	78,617	75,408	5,005	55,265	5,363	9,190
Film	2002	669	455	230	215	31	162	18	5
	2005	946	596	313	290	43	196	19	9
	2008	958	593	386	355	40	118	17	26
Sound Production	2002	26,332	19,166	9,263	8,882	817	6,780	1,754	130
	2005	30,111	17,489	9,145	8,812	770	5,522	1,523	262
	2008	38,664	22,543	13,267	12,727	1,403	5,491	1,633	534
Design	2002	69,225	56,877	28,692	26,394	535	16,718	2,424	249
	2005	124,081	77,278	38,466	34,967	833	23,162	3,002	1,071
	2008	164,045	96,207	46,886	41,750	1,408	26,823	3,352	2,831
Architecture	2002	11,032	9,520	4,805	4,507	214	3,261	824	202
	2005	17,826	14,244	7,165	6,691	326	5,309	948	620
	2008	22,892	16,499	9,718	9,106	454	4,707	959	1,564
Fashion	2002	313	258	147	137	9	55	41	3
	2005	490	381	219	204	13	79	61	7
	2008	758	590	359	338	26	120	69	21
Interior	2002	437	322	237	230	33	37	4	17
	2005	569	349	262	256	35	35	4	43
	2008	730	413	338	330	22	26	5	75
Jewellery	2002	57,442	46,777	23,502	21,520	278	13,366	1,554	27
	2005	105,198	62,304	30,821	27,816	460	17,739	1,989	402
	2008	139,666	78,705	36,471	31,977	906	21,969	2,319	1,172
New Media	2002	158,320	130,987	67,412	64,419	4,618	44,499	11,744	677
	2005	236,768	181,281	98,158	94,341	6,290	56,278	15,592	1,909
	2008	258,605	183,605	97,996	94,016	7,637	58,143	13,858	5,833
Computer Equipment	2002	158,320	130,987	67,412	64,419	4,618	44,499	11,744	677
	2005	236,768	181,281	98,158	94,341	6,290	56,278	15,592	1,909
	2008	258,605	183,605	97,996	94,016	7,637	58,143	13,858	5,833
Performing Arts	2002	4,345	3,632	1,421	1,319	152	1,573	383	21
	2005	5,972	4,883	2,167	2,024	243	1,848	462	54
	2008	7,537	5,856	2,988	2,802	294	1,786	548	175
Celebration	2002	392	296	132	121	3	130	21	4
	2005	624	443	217	202	26	174	12	18
	2008	844	560	229	215	30	209	37	39
Musical Instruments	2002	3,954	3,336	1,290	1,198	149	1,443	362	17
	2005	5,349	4,440	1,950	1,822	217	1,674	451	36
	2008	6,693	5,296	2,760	2,587	264	1,577	511	137
Publishing	2002	9,556	7,194	5,126	4,890	280	1,293	229	140
	2005	14,538	10,854	7,943	7,629	354	1,737	318	324
	2008	15,118	10,639	8,097	7,798	327	1,501	195	730
Books	2002	37	26	20	19	1	3	0	0
	2005	58	36	29	28	1	3	0	1
	2008	83	41	36	34	1	2	0	1
Other Printed Matter	2002	9,519	7,168	5,106	4,871	278	1,290	229	140
	2005	14,480	10,818	7,914	7,601	352	1,734	318	324
	2008	15,035	10,598	8,061	7,763	326	1,499	195	729
Visual Arts	2002	21,929	14,592	8,781	8,389	783	3,657	806	146
	2005	25,516	15,461	10,006	9,641	911	3,404	559	230
	2008	23,809	14,652	9,718	9,364	692	3,084	560	372
Paintings	2002	2,325	1,945	825	768	112	858	97	18
	2005	3,133	2,561	1,218	1,145	158	999	114	33
	2008	3,900	3,092	1,535	1,456	192	1,130	139	77
Photography	2002	19,604	12,647	7,956	7,620	671	2,799	709	129
	2005	22,383	12,900	8,788	8,496	753	2,406	445	197
	2008	19,909	11,560	8,183	7,908	500	1,954	421	295

TABLE
3.2.B

Developing economies (2)										Origin	
			Asia								
Total	Africa	America	Total	Eastern, Southern and Southeastern Asia	China	Western Asia	Oceania	LDCs	SIDS	Year	Product group
					(in millions of $)						
84,002	3,345	13,499	67,124	63,342	12,683	3,781	34	280	129	2002	All Related Industries
188,327	7,874	23,407	156,900	138,796	26,598	18,104	147	1,262	862	2005	
235,918	12,377	35,070	188,330	163,468	36,817	24,862	140	1,158	765	2008	
35,142	1,533	5,869	27,724	26,092	4,408	1,631	17	149	44	2002	Audiovisuals
74,797	3,928	11,327	59,482	51,048	6,695	8,434	60	820	544	2005	
87,706	6,492	18,799	62,369	54,608	8,834	7,760	46	531	351	2008	
27,897	1,373	4,336	22,176	20,834	3,572	1,341	12	137	34	2002	E-Broadcasting
62,096	3,664	9,670	48,713	40,753	4,595	7,960	49	785	511	2005	
71,781	6,013	16,458	49,272	42,055	5,796	7,217	38	471	311	2008	
209	8	45	156	130	16	26	0	1	1	2002	Film
341	11	102	228	187	14	41	0	2	2	2005	
339	28	71	240	199	32	40	0	4	4	2008	
7,037	152	1,488	5,392	5,128	820	264	5	12	10	2002	Sound Production
12,360	253	1,555	10,541	10,108	2,087	433	11	34	31	2005	
15,586	451	2,270	12,857	12,354	3,006	503	8	57	36	2008	
12,098	660	495	10,940	9,858	1,210	1,082	3	24	52	2002	Design
45,732	1,453	1,080	43,177	37,141	2,400	6,036	22	105	149	2005	
65,008	2,021	1,809	61,157	48,402	4,147	12,755	21	246	199	2008	
1,310	149	261	898	559	32	339	3	23	21	2002	Architecture
2,961	392	595	1,956	1,076	37	879	19	99	92	2005	
4,829	886	1,274	2,653	1,618	75	1,035	17	230	146	2008	
52	2	11	39	36	5	3	0	0	0	2002	Fashion
102	6	21	74	65	8	9	0	3	1	2005	
148	15	30	102	82	14	20	0	2	1	2008	
98	6	26	66	55	20	11	0	1	0	2002	Interior
177	19	33	124	102	32	22	1	1	1	2005	
242	30	29	183	158	46	25	0	1	1	2008	
10,637	503	197	9,937	9,207	1,153	729	0	0	30	2002	Jewellery
42,492	1,036	431	41,022	35,898	2,323	5,125	2	3	54	2005	
59,789	1,090	476	58,219	46,544	4,012	11,675	4	13	50	2008	
26,656	813	5,113	20,727	20,095	5,327	632	3	55	14	2002	New Media
53,578	1,873	8,564	43,091	40,419	15,390	2,671	50	239	121	2005	
69,166	2,965	11,627	54,512	51,160	21,313	3,351	62	294	158	2008	
26,656	813	5,113	20,727	20,095	5,327	632	3	55	14	2002	Computer Equipment
53,578	1,873	8,564	43,091	40,419	15,390	2,671	50	239	121	2005	
69,166	2,965	11,627	54,512	51,160	21,313	3,351	62	294	158	2008	
691	15	162	514	487	108	27	1	1	2	2002	Performing Arts
1,035	36	229	768	683	151	84	2	5	6	2005	
1,506	68	362	1,073	912	238	161	2	7	8	2008	
91	3	38	50	44	3	6	0	0	0	2002	Celebration
163	3	56	103	73	23	30	0	1	0	2005	
245	12	66	166	89	40	77	1	1	1	2008	
600	12	123	464	443	105	21	1	1	2	2002	Musical Instruments
873	33	173	665	610	128	55	2	4	6	2005	
1,261	55	297	907	823	198	84	2	6	7	2008	
2,222	112	530	1,577	1,435	494	141	3	15	5	2002	Publishing
3,360	265	796	2,294	1,972	580	322	5	40	15	2005	
3,749	360	1,137	2,248	1,944	516	305	4	36	17	2008	
11	1	1	9	8	4	1	0	0	0	2002	Books
22	2	1	19	15	4	4	0	0	0	2005	
42	8	3	31	29	14	2	0	0	0	2008	
2,211	111	529	1,568	1,428	491	141	3	14	5	2002	Other Printed Matter
3,338	263	795	2,275	1,957	576	318	5	40	15	2005	
3,707	352	1,134	2,217	1,914	502	303	4	35	17	2008	
7,191	213	1,329	5,643	5,375	1,135	268	7	35	13	2002	Visual Arts
9,825	319	1,410	8,089	7,532	1,380	556	8	52	27	2005	
8,784	472	1,337	6,971	6,442	1,769	530	5	44	32	2008	
363	22	93	247	210	16	37	1	12	2	2002	Paintings
539	59	147	331	255	25	75	2	7	7	2005	
731	125	225	378	298	28	80	2	11	9	2008	
6,829	191	1,236	5,395	5,164	1,118	231	6	23	11	2002	Photography
9,286	260	1,263	7,758	7,277	1,356	481	5	45	20	2005	
8,054	346	1,111	6,593	6,144	1,741	450	3	33	23	2008	

SOURCE: UNCTAD secretariat calculations based on United Nations Comtrade database data.

NOTES: (1) Developed economies, including Bulgaria and Romania.
(2) Excluding Bulgaria and Romania, which are included in the European Union (EU-27).

TABLE

3.3.A EXPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING ECONOMIES	**ROYALTIES AND LICENSE FEES**	**82,966**	**93,419**	**115,541**	**131,513**	**142,259**	**167,018**	**182,091**
DEVELOPED ECONOMIES	ROYALTIES AND LICENSE FEES	80,700	90,405	111,273	126,875	137,534	161,732	175,177
Australia	Royalties and license fees	324	430	517	552	621	691	703
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Austria	Royalties and license fees	243	347	372	391	540	742	905
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Belgium	Royalties and license fees	649	882	1,021	1,360	1,544	1,679	1,188
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bermuda	Royalties and license fees	-	-	-	-	0	0	0
	Franchises and similar rights	-	-	-	-	0	-	0
	Other royalties and license fees	-	-	-	-	0	0	0
Bulgaria	Royalties and license fees	4	5	7	5	11	11	11
	Franchises and similar rights	-	-	0	0	1	0	2
	Other royalties and license fees	4	5	7	5	10	11	9
Canada	Royalties and license fees	2,496	2,810	3,008	2,765	3,174	3,505	3,432
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cyprus	Royalties and license fees	43	15	18	15	16	21	12
	Franchises and similar rights	0	0	1	1	5	7	6
	Other royalties and license fees	42	15	17	14	11	15	6
Czech Republic	Royalties and license fees	45	50	38	39	31	35	55
	Franchises and similar rights	-	1	2	0	0	0	0
	Other royalties and license fees	-	50	36	39	31	35	55
Estonia	Royalties and license fees	5	5	4	5	7	11	27
	Franchises and similar rights	-	0	0	1	4	3	4
	Other royalties and license fees	-	5	4	5	3	7	23
Faroes	Royalties and license fees	0	0	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Finland	Royalties and license fees	560	501	839	1,206	1,070	1,281	1,488
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
France	Royalties and license fees	3,335	4,074	5,169	6,217	6,230	8,841	10,269
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Germany	Royalties and license fees	3,875	4,508	5,532	7,141	6,960	8,129	10,020
	Franchises and similar rights	3,006	3,212	3,829	5,363	4,666	5,574	6,638
	Other royalties and license fees	868	1,296	1,703	1,833	2,739	3,094	3,382
Greece	Royalties and license fees	13	18	32	60	67	52	44
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Hungary	Royalties and license fees	349	313	540	837	550	920	864
	Franchises and similar rights	-	-	39	69	77	103	125
	Other royalties and license fees	-	-	501	768	473	817	739
Iceland	Royalties and license fees	0	-	2	-	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ireland	Royalties and license fees	282	211	352	773	1,028	1,185	1,321
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Italy	Royalties and license fees	539	525	769	1,130	1,116	1,050	864
	Franchises and similar rights	100	114	244	460	261	227	209
	Other royalties and license fees	439	410	525	669	854	823	654
Japan	Royalties and license fees	10,422	12,271	15,701	17,655	20,096	23,229	25,701
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Latvia	Royalties and license fees	3	4	8	10	11	13	13
	Franchises and similar rights	-	-	2	1	1	1	2
	Other royalties and license fees	-	-	6	9	10	11	12
Lithuania	Royalties and license fees	0	1	1	2	1	0	1
	Franchises and similar rights	-	-	0	0	-	0	-
	Other royalties and license fees	-	1	0	2	1	0	1
Luxembourg	Royalties and license fees	116	128	200	298	395	395	336
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Malta	Royalties and license fees	1	1	3	48	144	162	171
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	3	48	144	162	171
Netherlands	Royalties and license fees	1,963	2,930	4,205	3,866	3,481	4,322	4,870
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
New Zealand	Royalties and license fees	79	108	105	93	123	141	178
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Norway	Royalties and license fees	171	195	242	414	674	700	642
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	171	195	242	414	674	700	642
Poland	Royalties and license fees	34	28	30	62	38	103	204
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Portugal	Royalties and license fees	23	29	27	46	71	85	64
	Franchises and similar rights	0	0	0	2	1	1	1
	Other royalties and license fees	23	29	27	45	70	84	63
Romania	Royalties and license fees	3	3	8	48	35	41	240
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	3	-	-	-	-	-	-
Slovakia	Royalties and license fees	38	50	60	75	90	149	164
	Franchises and similar rights	-	-	-	0	0	1	0
	Other royalties and license fees	-	-	-	75	90	148	164
Slovenia	Royalties and license fees	8	11	12	16	17	19	41
	Franchises and similar rights	-	-	-	-	-	0	2
	Other royalties and license fees	-	-	-	-	-	18	39
Spain	Royalties and license fees	370	528	500	565	923	537	801
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sweden	Royalties and license fees	1,516	2,336	3,454	3,480	3,992	4,752	5,043
	Franchises and similar rights	-	-	-	-	-	301	455
	Other royalties and license fees	-	-	-	-	-	4,303	4,588
Switzerland	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
United Kingdom	Royalties and license fees	8,681	10,100	11,783	13,302	13,754	15,108	13,904
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE 3.3.A

EXPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
United States	Royalties and license fees	44,508	46,988	56,715	64,395	70,727	83,824	91,600
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	ROYALTIES AND LICENSE FEES	2,009	2,775	3,930	4,264	4,317	4,763	6,250
Angola	Royalties and license fees	-	-	-	-	-	12	12
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	12	12
Argentina	Royalties and license fees	33	51	61	51	71	106	108
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bangladesh	Royalties and license fees	0	0	0	0	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	0	0	0	0
Barbados	Royalties and license fees	1	1	2	2	4	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	2	2	4	0	-
Benin	Royalties and license fees	0	0	-	-	0	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bolivia	Royalties and license fees	2	2	2	2	2	2	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Botswana	Royalties and license fees	0	3	5	0	0	0	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	3	5	0	0	0	1
Brazil	Royalties and license fees	100	108	114	102	150	319	465
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Burkina Faso	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cambodia	Royalties and license fees	-	0	0	0	0	0	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cameroon	Royalties and license fees	0	0	0	0	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cape Verde	Royalties and license fees	1	0	-	-	-	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Chile	Royalties and license fees	41	45	48	54	55	61	64
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China	Royalties and license fees	133	107	236	157	205	343	571
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China, Hong Kong SAR	Royalties and license fees	229	341	218	245	259	358	380
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China, Macao SAR	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE
3.3.A

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Colombia	Royalties and license fees	4	6	8	10	11	17	30
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	4	6	8	10	11	17	30
Congo	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Costa Rica	Royalties and license fees	2	0	1	0	-	-	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	0	-	-	-
Côte d'Ivoire	Royalties and license fees	-	-	0	-	0	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	0	-	0	-	-
Ecuador	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Egypt	Royalties and license fees	38	121	100	136	138	122	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
El Salvador	Royalties and license fees	2	0	0	2	1	0	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ethiopia	Royalties and license fees	-	-	0	0	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	0	0
Fiji	Royalties and license fees	4	1	0	0	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	4	1	0	0	0	0	-
French Polynesia	Royalties and license fees	0	1	1	1	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	1	1	1	0	0	0
Guatemala	Royalties and license fees	-	-	2	5	8	11	12
	Franchises and similar rights	-	-	2	5	8	11	12
	Other royalties and license fees	-	-	-	-	-	-	-
Guinea	Royalties and license fees	0	0	-	-	-	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	0	-
Guinea-Bissau	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Guyana	Royalties and license fees	34	32	34	35	37	41	43
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	34	35	37	41	43
Honduras	Royalties and license fees	2	1	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
India	Royalties and license fees	20	24	53	206	61	163	148
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	20	24	53	206	61	163	148
Indonesia	Royalties and license fees	-	-	221	263	13	31	27
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Iraq	Royalties and license fees	-	-	-	-	-	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	0	-

TABLE 3.3.A

EXPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Jamaica	Royalties and license fees	6	12	10	13	12	15	17
	Franchises and similar rights	6	12	10	13	12	15	16
	Other royalties and license fees	-	-	-	-	0	-	0
Kenya	Royalties and license fees	10	12	17	18	10	23	33
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Korea, Republic of	Royalties and license fees	835	1,311	1,861	1,908	2,046	1,735	2,382
	Franchises and similar rights	-	-	-	-	315	281	301
	Other royalties and license fees	-	-	-	-	1,730	1,454	2,080
Lebanon	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Madagascar	Royalties and license fees	0	1	0	2	-	-	-
	Franchises and similar rights	-	0	0	-	-	-	-
	Other royalties and license fees	-	1	0	2	-	-	-
Malaysia	Royalties and license fees	12	20	42	27	26	37	199
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	20	42	27	26	37	199
Mali	Royalties and license fees	0	-	0	0	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	0	0	0	0	-
Mauritius	Royalties and license fees	-	-	0	0	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Mexico	Royalties and license fees	48	84	92	70	171	120	440
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Mongolia	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Morocco	Royalties and license fees	11	26	16	13	3	4	0
	Franchises and similar rights	-	-	-	-	-	-	0
	Other royalties and license fees	-	26	16	13	3	4	0
Mozambique	Royalties and license fees	0	15	1	2	1	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	15	1	2	1	0	0
Myanmar	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Namibia	Royalties and license fees	4	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	4	-	-	-	-	-	-
New Caledonia	Royalties and license fees	0	0	0	0	1	0	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	0	0	0	1	0	1
Niger	Royalties and license fees	-	-	-	0	-	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Occupied Palestinian territory	Royalties and license fees	-	0	0	0	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Pakistan	Royalties and license fees	6	8	10	15	53	37	38
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	10	15	53	37	38

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Panama	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Papua New Guinea	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Paraguay	Royalties and license fees	187	193	208	219	255	287	282
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	187	193	208	219	255	287	282
Peru	Royalties and license fees	1	1	0	2	3	2	3
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	0	2	3	2	3
Philippines	Royalties and license fees	1	4	12	6	6	5	-
	Franchises and similar rights	-	4	12	6	6	5	-
	Other royalties and license fees	-	-	-	-	-	-	-
Republic of Moldova	Royalties and license fees	1	1	2	2	2	6	4
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	2	2	2	6	4
Rwanda	Royalties and license fees	-	-	-	-	0	-	62
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Samoa	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Senegal	Royalties and license fees	0	-	-	0	0	1	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sierra Leone	Royalties and license fees	-	0	1	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Singapore	Royalties and license fees	204	196	495	623	639	822	839
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Solomon Islands	Royalties and license fees	0	0	0	-	0	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
South Africa	Royalties and license fees	19	27	37	45	46	53	54
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sudan	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Swaziland	Royalties and license fees	0	0	0	0	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Syrian Arab Republic	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Togo	Royalties and license fees	-	-	-	0	0	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Tonga	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE 3.3.A

EXPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tunisia	Royalties and license fees	16	18	18	26	26	29	32
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	16	18	18	26	26	29	32
Turkey	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
United Republic of Tanzania	Royalties and license fees	-	-	-	-	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	0	0	-
Uruguay	Royalties and license fees	0	-	0	0	-	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	-	0	0	-	0	0
Venezuela (Bolivarian Republic of)	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
TRANSITION ECONOMIES	ROYALTIES AND LICENSE FEES	258	239	338	374	408	522	665
Albania	Royalties and license fees	-	5	15	1	1	8	39
	Franchises and similar rights	-	4	-	-	1	5	39
	Other royalties and license fees	-	2	15	1	0	2	0
Armenia	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Azerbaijan	Royalties and license fees	-	-	-	0	0	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	0	0	0
Belarus	Royalties and license fees	1	1	2	3	6	3	6
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bosnia and Herzegovina	Royalties and license fees	-	-	-	-	4	4	5
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Croatia	Royalties and license fees	85	35	41	73	47	40	44
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Georgia	Royalties and license fees	6	6	8	9	13	11	6
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	6	6	8	9	13	11	6
Kazakhstan	Royalties and license fees	-	0	0	0	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	0	0	0	-	-	-
Kyrgyzstan	Royalties and license fees	1	1	1	2	2	2	3
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	1	2	2	2	3
Montenegro	Royalties and license fees	-	-	-	-	-	-	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Russian Federation	Royalties and license fees	159	174	227	260	299	396	453
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Serbia	Royalties and license fees	-	-	-	-	-	-	27
	Franchises and similar rights	-	-	-	-	-	-	1
	Other royalties and license fees	-	-	-	-	-	-	27

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tajikistan	Royalties and license fees	0	1	1	1	1	1	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	Royalties and license fees	3	2	3	3	3	5	6
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ukraine	Royalties and license fees	4	14	40	22	32	53	72
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: (1) Since it is not possible to disaggregate the overall royalty figures by identifying and listing only the data relevant for the creative industries, the data for royalties are, therefore, not included in the total of creative services.
- Data not available or not separately reported.

TABLE

3.3.B IMPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING ECONOMIES	ROYALTIES AND LICENSE FEES	90,545	105,535	126,851	137,321	141,976	164,567	185,198
DEVELOPED ECONOMIES	ROYALTIES AND LICENSE FEES	72,972	83,814	99,315	105,878	107,994	125,329	139,138
Australia	Royalties and license fees	1,185	1,503	1,743	2,005	2,190	2,808	3,026
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Austria	Royalties and license fees	1,057	1,118	1,249	1,334	1,328	1,481	1,598
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Belgium	Royalties and license fees	741	984	1,036	1,050	1,075	1,998	1,935
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bermuda	Royalties and license fees	-	-	-	-	5	5	9
	Franchises and similar rights	-	-	-	-	0	1	4
	Other royalties and license fees	-	-	-	-	4	4	5
Bulgaria	Royalties and license fees	23	24	31	81	69	78	95
	Franchises and similar rights	-	-	3	9	8	15	13
	Other royalties and license fees	23	24	27	72	62	63	83
Canada	Royalties and license fees	4,487	5,622	6,574	6,902	6,977	8,213	8,766
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cyprus	Royalties and license fees	15	39	53	45	60	56	48
	Franchises and similar rights	6	26	39	10	7	3	14
	Other royalties and license fees	9	12	14	34	54	52	34
Czech Republic	Royalties and license fees	119	176	174	484	528	653	726
	Franchises and similar rights	-	3	9	31	27	66	55
	Other royalties and license fees	-	173	165	453	501	587	672
Estonia	Royalties and license fees	14	14	18	25	29	40	50
	Franchises and similar rights	-	-	1	3	4	7	6
	Other royalties and license fees	-	14	17	22	26	34	44
Faroes	Royalties and license fees	3	3	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Finland	Royalties and license fees	605	616	800	1,123	1,299	1,441	2,036
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
France	Royalties and license fees	1,895	2,426	3,058	3,094	3,311	4,731	4,916
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Germany	Royalties and license fees	5,310	5,334	5,850	7,445	7,843	10,949	11,958
	Franchises and similar rights	2,699	3,119	3,489	5,126	5,035	6,341	7,743
	Other royalties and license fees	2,612	2,216	2,355	2,319	2,809	4,764	4,837
Greece	Royalties and license fees	287	335	466	442	406	600	713
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Hungary	Royalties and license fees	417	464	1,054	1,108	1,169	1,752	2,007
	Franchises and similar rights	-	-	86	105	107	117	114
	Other royalties and license fees	-	-	968	1,003	1,062	1,636	1,893
Iceland	Royalties and license fees	1	2	2	4	4	5	4
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ireland	Royalties and license fees	11,001	16,077	18,847	19,223	20,815	24,018	30,082
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Italy	Royalties and license fees	1,272	1,698	1,752	1,941	1,840	1,680	1,811
	Franchises and similar rights	382	479	754	841	750	687	905
	Other royalties and license fees	891	1,219	998	1,100	1,090	993	906
Japan	Royalties and license fees	11,021	11,003	13,644	14,654	15,500	16,678	18,312
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Latvia	Royalties and license fees	7	10	14	14	20	40	36
	Franchises and similar rights	-	-	1	2	2	6	6
	Other royalties and license fees	-	-	13	13	18	34	30
Lithuania	Royalties and license fees	11	18	18	21	24	22	34
	Franchises and similar rights	-	-	2	2	4	5	6
	Other royalties and license fees	-	18	16	18	20	17	29
Luxembourg	Royalties and license fees	99	109	147	137	162	401	543
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Malta	Royalties and license fees	13	15	18	54	34	41	44
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	13	15	18	54	34	41	44
Netherlands	Royalties and license fees	2,612	3,360	3,339	3,692	2,879	3,662	3,529
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
New Zealand	Royalties and license fees	362	466	529	554	497	585	573
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Norway	Royalties and license fees	329	394	442	469	498	622	712
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	329	394	442	469	498	622	712
Poland	Royalties and license fees	557	745	883	1,037	1,313	1,575	1,770
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Portugal	Royalties and license fees	313	305	352	339	391	450	492
	Franchises and similar rights	8	12	13	15	16	17	24
	Other royalties and license fees	306	293	340	324	375	433	468
Romania	Royalties and license fees	85	80	108	173	236	248	346
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	85	-	-	-	-	-	-
Slovakia	Royalties and license fees	63	91	99	94	107	124	182
	Franchises and similar rights	-	-	-	0	0	2	1
	Other royalties and license fees	-	-	-	94	106	122	181
Slovenia	Royalties and license fees	78	90	123	113	154	169	250
	Franchises and similar rights	-	-	-	-	-	2	8
	Other royalties and license fees	-	-	-	-	-	167	242
Spain	Royalties and license fees	1,814	2,520	3,037	2,636	2,517	3,620	3,336
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sweden	Royalties and license fees	892	1,277	1,416	1,513	1,673	1,809	1,968
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Switzerland	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
United Kingdom	Royalties and license fees	6,930	7,861	9,174	9,463	9,520	10,121	10,615
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE

3.3.B IMPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
United States	Royalties and license fees	19,353	19,033	23,266	24,612	23,519	24,656	26,615
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
DEVELOPING ECONOMIES	ROYALTIES AND LICENSE FEES	16,961	20,532	25,969	29,159	31,229	35,458	40,008
Angola	Royalties and license fees	-	-	2	3	1	1	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	2	3	1	1	0
Argentina	Royalties and license fees	351	403	521	651	806	1,042	1,291
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bangladesh	Royalties and license fees	3	4	5	3	5	8	19
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	3	5	8	19
Barbados	Royalties and license fees	25	25	20	29	34	26	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	25	25	20	29	34	26	-
Benin	Royalties and license fees	1	2	2	2	2	2	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bolivia	Royalties and license fees	6	8	10	11	14	16	18
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Botswana	Royalties and license fees	8	12	11	12	7	11	13
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	12	11	12	7	11	13
Brazil	Royalties and license fees	1,229	1,228	1,197	1,404	1,664	2,259	2,697
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Burkina Faso	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cambodia	Royalties and license fees	5	6	6	7	7	10	6
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cameroon	Royalties and license fees	1	2	2	8	5	6	17
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Cape Verde	Royalties and license fees	0	0	0	0	0	1	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Chile	Royalties and license fees	251	257	307	348	384	448	513
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China	Royalties and license fees	3,114	3,548	4,497	5,321	6,634	8,192	10,320
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China, Hong Kong SAR	Royalties and license fees	696	864	1,111	1,289	1,357	1,504	1,610
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
China, Macao SAR	Royalties and license fees	2	2	3	5	6	45	102
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE
3.3.B

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Colombia	Royalties and license fees	86	76	82	118	127	188	263
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	86	76	82	118	127	188	263
Congo	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Costa Rica	Royalties and license fees	51	64	51	57	87	53	62
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	57	87	53	-
Côte d'Ivoire	Royalties and license fees	6	11	22	10	10	22	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	22	10	10	22	-
Ecuador	Royalties and license fees	44	43	43	43	44	45	47
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	44	43	43	43	44	45	-
Egypt	Royalties and license fees	171	165	108	182	159	241	322
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
El Salvador	Royalties and license fees	20	22	18	30	27	24	34
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ethiopia	Royalties and license fees	0	0	0	1	1	2	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	2	2
Fiji	Royalties and license fees	1	1	1	1	1	2	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	1	1	1	1	2	2
French Polynesia	Royalties and license fees	2	2	2	1	2	1	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	2	2	2	1	2	1	2
Guatemala	Royalties and license fees	-	-	40	49	60	72	62
	Franchises and similar rights	-	-	40	49	60	72	62
	Other royalties and license fees	-	-	-	-	-	-	-
Guinea	Royalties and license fees	1	1	0	-	-	0	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	0	-
Guinea-Bissau	Royalties and license fees	0	-	0	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	-	0	-	-	-	-
Guyana	Royalties and license fees	22	18	19	19	20	21	23
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	19	19	20	21	23
Honduras	Royalties and license fees	15	19	19	21	27	28	18
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
India	Royalties and license fees	345	550	611	672	846	1,160	1,578
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	345	550	611	672	846	1,160	1,578
Indonesia	Royalties and license fees	-	-	990	961	872	1,085	1,328
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Iraq	Royalties and license fees	-	-	-	29	-	204	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	29	-	204	-

TABLE

3.3.B IMPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Jamaica	Royalties and license fees	32	11	9	11	11	48	48
	Franchises and similar rights	32	11	9	11	1	47	47
	Other royalties and license fees	-	-	0	-	10	1	1
Kenya	Royalties and license fees	42	39	50	37	20	24	28
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Korea, Republic of	Royalties and license fees	3,002	3,570	4,446	4,561	4,650	5,134	5,656
	Franchises and similar rights	-	-	-	-	801	962	1,001
	Other royalties and license fees	-	-	-	-	3,850	4,172	4,655
Lebanon	Royalties and license fees	-	-	0	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Madagascar	Royalties and license fees	23	7	23	9	-	-	-
	Franchises and similar rights	-	0	6	4	-	-	-
	Other royalties and license fees	-	6	17	5	-	-	-
Malaysia	Royalties and license fees	628	782	896	1,370	954	1,180	1,268
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	782	896	1,370	954	1,180	1,268
Mali	Royalties and license fees	1	1	1	1	1	1	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	1	1	1	1	-
Mauritius	Royalties and license fees	2	2	4	5	4	6	6
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Mexico	Royalties and license fees	720	608	805	111	503	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Mongolia	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Morocco	Royalties and license fees	41	29	37	45	49	36	15
	Franchises and similar rights	-	-	-	-	-	-	1
	Other royalties and license fees	-	29	37	45	49	36	14
Mozambique	Royalties and license fees	0	1	3	5	2	2	2
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	1	3	5	2	2	2
Myanmar	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Namibia	Royalties and license fees	2	4	3	2	3	2	15
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	2	4	3	2	3	2	15
New Caledonia	Royalties and license fees	2	3	3	2	2	3	5
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	2	3	3	2	2	3	5
Niger	Royalties and license fees	1	0	0	1	0	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Occupied Palestinian territory	Royalties and license fees	2	0	2	3	2	1	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Pakistan	Royalties and license fees	18	36	86	109	106	107	117
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	86	109	106	107	117

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Panama	Royalties and license fees	47	42	46	45	43	56	38
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Papua New Guinea	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Paraguay	Royalties and license fees	5	5	2	2	3	1	2
	Franchises and similar rights	-	-	-	1	2	1	1
	Other royalties and license fees	5	5	2	1	2	1	1
Peru	Royalties and license fees	71	74	78	82	86	90	140
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	71	74	78	82	86	90	140
Philippines	Royalties and license fees	236	278	273	265	349	385	382
	Franchises and similar rights	236	278	273	265	349	385	382
	Other royalties and license fees	-	-	-	-	-	-	-
Republic of Moldova	Royalties and license fees	1	3	3	2	4	7	15
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	1	3	3	2	4	7	15
Rwanda	Royalties and license fees	0	-	-	-	1	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Samoa	Royalties and license fees	-	-	0	0	-	0	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Senegal	Royalties and license fees	3	1	7	7	5	8	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sierra Leone	Royalties and license fees	-	0	0	0	1	2	1
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Singapore	Royalties and license fees	4,793	6,635	7,918	9,312	8,996	8,954	9,148
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Solomon Islands	Royalties and license fees	0	0	0	0	1	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
South Africa	Royalties and license fees	447	617	891	1,071	1,282	1,596	1,676
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Sudan	Royalties and license fees	-	-	-	-	-	-	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	0
Swaziland	Royalties and license fees	54	71	76	105	106	121	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Syrian Arab Republic	Royalties and license fees	-	10	10	12	20	25	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	10	10	12	20	-	-
Togo	Royalties and license fees	0	1	2	3	7	5	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Tonga	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

TABLE

3.3.B IMPORTS OF ROYALTIES AND LICENSE FEES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tunisia	Royalties and license fees	6	6	8	8	11	10	12
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	6	6	8	8	11	10	12
Turkey	Royalties and license fees	107	167	362	439	531	647	729
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	107	167	362	439	531	647	729
United Republic of Tanzania	Royalties and license fees	0	1	1	0	1	5	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	0	1	1	0	1	5	0
Uruguay	Royalties and license fees	7	14	4	7	7	8	8
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	7	14	4	7	7	8	8
Venezuela (Bolivarian Republic of)	Royalties and license fees	211	183	219	239	257	276	349
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
TRANSITION ECONOMIES	ROYALTIES AND LICENSE FEES	612	1,189	1,566	2,283	2,753	3,780	6,052
Albania	Royalties and license fees	-	8	5	4	7	12	12
	Franchises and similar rights	-	6	-	-	5	8	8
	Other royalties and license fees	-	3	5	4	2	4	4
Armenia	Royalties and license fees	-	-	-	-	-	-	-
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Azerbaijan	Royalties and license fees	2	0	-	0	1	5	5
	Franchises and similar rights	-	-	-	-	0	0	0
	Other royalties and license fees	-	-	-	-	1	5	5
Belarus	Royalties and license fees	3	6	9	20	51	53	79
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Bosnia and Herzegovina	Royalties and license fees	-	-	-	-	8	10	11
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Croatia	Royalties and license fees	77	131	146	193	175	214	257
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Georgia	Royalties and license fees	11	11	6	5	5	5	8
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	11	11	6	5	5	5	8
Kazakhstan	Royalties and license fees	20	20	26	31	48	68	87
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	20	20	26	31	48	68	87
Kyrgyzstan	Royalties and license fees	3	4	3	6	19	12	15
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	3	4	3	6	19	12	15
Montenegro	Royalties and license fees	-	-	-	-	-	-	11
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Russian Federation	Royalties and license fees	374	711	1,094	1,593	2,002	2,806	4,595
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Serbia	Royalties and license fees	-	-	-	-	-	-	192
	Franchises and similar rights	-	-	-	-	-	-	14
	Other royalties and license fees	-	-	-	-	-	-	178

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tajikistan	Royalties and license fees	1	0	0	0	0	1	0
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	Royalties and license fees	10	7	9	10	9	19	25
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-
Ukraine	Royalties and license fees	110	292	268	421	428	577	754
	Franchises and similar rights	-	-	-	-	-	-	-
	Other royalties and license fees	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.
NOTES: (1) Since it is not possible to disaggregate the overall royalty figures by identifying and listing only the data relevant for the creative industries, the data for royalties are, therefore, not included in the total of creative services.
- Data not available or not separately reported.

TABLE 3.4.A

EXPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING ECONOMIES	**COMPUTER AND INFORMATION**	**53,944**	**70,774**	**90,653**	**102,405**	**125,975**	**159,407**	**195,490**
DEVELOPED ECONOMIES	COMPUTER AND INFORMATION	42,781	55,827	70,045	75,383	88,730	110,460	130,042
Australia	Computer and information	640	769	939	886	1,060	1,290	1,418
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Austria	Computer and information	420	657	899	1,234	1,503	1,833	2,155
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Belgium	Computer and information	1,774	2,132	2,441	2,581	2,869	2,982	3,734
	Computer	1,695	2,066	2,375	2,526	2,733	2,770	3,494
	Information	78	66	66	55	136	212	240
Bermuda	Computer and information	-	-	-	-	58	48	52
	Computer	-	-	-	-	57	48	52
	Information	-	-	-	-	1	0	-
Bulgaria	Computer and information	7	15	28	33	56	124	187
	Computer	-	-	26	29	51	117	171
	Information	7	15	3	3	5	7	16
Canada	Computer and information	2,266	2,796	3,014	3,600	4,296	4,597	4,642
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cyprus	Computer and information	104	92	250	229	202	275	235
	Computer	101	86	244	219	192	260	223
	Information	3	6	6	10	10	15	12
Czech Republic	Computer and information	144	77	141	587	885	803	1,344
	Computer	139	71	133	584	881	796	1,331
	Information	5	6	8	3	4	7	13
Estonia	Computer and information	24	31	39	54	92	140	174
	Computer	-	27	33	47	83	120	155
	Information	-	4	6	7	10	20	19
Faroes	Computer and information	0	0	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Finland	Computer and information	503	566	755	1,511	1,475	1,846	8,190
	Computer	489	556	716	1,487	-	1,842	8,180
	Information	15	10	39	24	-	4	10
France	Computer and information	1,193	1,264	1,491	1,706	1,969	1,903	1,529
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Germany	Computer and information	5,531	6,697	8,088	8,386	9,989	12,716	15,306
	Computer	5,531	6,697	8,088	8,386	9,989	12,716	15,306
	Information	-	-	-	-	-	-	-
Greece	Computer and information	80	135	199	173	203	236	352
	Computer	70	119	176	152	183	217	328
	Information	10	16	23	21	20	19	24
Hungary	Computer and information	200	244	338	382	511	842	1,132
	Computer	-	-	330	360	488	813	1,058
	Information	-	-	8	22	24	29	74
Iceland	Computer and information	35	44	56	69	89	92	85
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Ireland	Computer and information	10,447	14,238	18,774	19,586	21,040	29,825	34,162
	Computer	10,447	14,238	-	19,362	20,860	29,530	-
	Information	-	-	-	225	179	296	-

TABLE
3.4.A

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Italy	Computer and information	388	501	589	636	928	914	1,141
	Computer	353	456	556	605	772	873	1,108
	Information	35	45	32	30	156	41	33
Japan	Computer and information	1,140	1,076	1,043	1,126	966	966	946
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Latvia	Computer and information	25	33	43	54	73	99	139
	Computer	23	31	39	50	66	91	128
	Information	2	1	4	5	7	8	12
Lithuania	Computer and information	19	29	31	28	18	24	40
	Computer	14	19	30	27	17	23	39
	Information	5	9	1	1	1	1	1
Luxembourg	Computer and information	308	1,199	2,283	2,323	2,287	1,398	1,309
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Malta	Computer and information	4	5	15	45	49	51	53
	Computer	4	5	15	45	49	35	47
	Information	-	-	-	-	-	-	-
Netherlands	Computer and information	1,422	2,884	3,702	3,723	4,969	6,419	6,684
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
New Zealand	Computer and information	118	129	168	193	191	218	227
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Norway	Computer and information	301	373	566	899	1,376	1,126	1,953
	Computer	301	373	566	899	1,376	1,126	1,953
	Information	-	-	-	-	-	-	-
Poland	Computer and information	99	134	195	196	407	663	938
	Computer	72	106	173	179	380	621	874
	Information	27	28	22	17	27	42	64
Portugal	Computer and information	76	108	142	149	213	321	393
	Computer	73	101	137	136	206	313	374
	Information	4	7	5	13	7	8	19
Romania	Computer and information	78	108	143	332	474	620	880
	Computer	78	108	143	326	469	616	872
	Information	-	-	-	6	5	4	8
Slovakia	Computer and information	71	84	116	116	170	210	303
	Computer	-	84	-	114	168	209	301
	Information	-	-	-	2	3	2	2
Slovenia	Computer and information	80	88	98	112	123	149	196
	Computer	-	-	-	-	-	-	177
	Information	-	-	-	-	-	-	19
Spain	Computer and information	2,490	2,913	2,964	3,606	3,960	5,358	6,119
	Computer	622	722	611	849	912	1,059	1,608
	Information	1,868	2,191	2,352	2,756	3,048	4,299	4,511
Sweden	Computer and information	1,472	1,993	2,537	2,688	3,585	6,526	7,841
	Computer	1,340	1,857	2,446	2,596	3,462	6,392	7,545
	Information	132	136	91	91	122	-	295
Switzerland	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
United Kingdom	Computer and information	5,929	8,159	11,258	10,822	12,564	14,207	13,583
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

TABLE

3.4.A EXPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
United States	Computer and information	5,393	6,253	6,700	7,319	10,079	11,638	12,599
	Computer	2,988	3,334	3,454	3,554	5,734	6,887	8,044
	Information	2,405	2,919	3,246	3,765	4,344	4,750	4,555
DEVELOPING ECONOMIES	COMPUTER AND INFORMATION	10,931	14,657	20,211	26,401	36,318	47,356	62,895
Angola	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Argentina	Computer and information	127	166	193	238	378	655	897
	Computer	127	166	193	235	374	651	893
	Information	-	-	1	3	4	4	3
Bangladesh	Computer and information	3	5	10	19	31	16	30
	Computer	3	5	10	19	31	16	30
	Information	0	0	0	0	0	0	0
Barbados	Computer and information	18	18	20	23	21	11	-
	Computer	-	-	-	16	-	1	-
	Information	-	-	-	7	-	10	-
Benin	Computer and information	-	-	0	0	1	1	-
	Computer	-	-	0	0	1	1	-
	Information	-	-	-	-	-	-	-
Bolivia	Computer and information	0	0	0	0	0	0	1
	Computer	0	0	0	0	0	0	0
	Information	-	-	-	-	-	0	0
Botswana	Computer and information	2	1	0	1	1	6	1
	Computer	-	1	0	1	1	6	1
	Information	-	-	-	-	-	-	-
Brazil	Computer and information	36	29	53	88	102	161	189
	Computer	33	23	46	80	98	151	181
	Information	4	6	7	8	4	10	8
Burkina Faso	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cambodia	Computer and information	-	-	0	0	-	2	1
	Computer	-	-	0	0	-	2	1
	Information	-	-	-	-	-	-	-
Cameroon	Computer and information	0	2	1	0	0	0	1
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cape Verde	Computer and information	0	0	0	0	0	0	0
	Computer	0	0	0	-	-	-	-
	Information	-	-	-	-	-	-	-
Chile	Computer and information	63	81	71	74	78	82	96
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China	Computer and information	638	1,102	1,637	1,840	2,958	4,345	6,252
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China, Hong Kong SAR	Computer and information	208	245	245	265	358	277	681
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China, Macao SAR	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

TABLE
3.4.A

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Colombia	Computer and information	6	16	17	21	35	30	47
	Computer	4	14	15	16	29	24	37
	Information	2	2	2	5	6	6	9
Congo	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Costa Rica	Computer and information	153	167	200	255	418	500	694
	Computer	153	167	200	254	417	499	693
	Information	0	0	0	0	0	0	0
Côte d'Ivoire	Computer and information	3	2	4	5	5	5	-
	Computer	-	-	4	5	5	5	-
	Information	-	-	-	-	-	-	-
Ecuador	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Egypt	Computer and information	27	23	33	25	52	88	219
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
El Salvador	Computer and information	0	0	0	-	1	-	1
	Computer	0	0	0	-	1	-	1
	Information	-	-	-	-	-	-	-
Ethiopia	Computer and information	1	0	0	0	0	1	2
	Computer	0	-	0	0	0	0	0
	Information	0	0	0	0	0	0	1
Fiji	Computer and information	0	0	2	3	2	4	2
	Computer	0	0	2	3	2	4	2
	Information	-	-	-	-	-	-	-
French Polynesia	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Guatemala	Computer and information	7	2	2	10	13	11	11
	Computer	-	-	2	10	13	11	11
	Information	7	2	-	-	-	-	-
Guinea	Computer and information	0	-	-	-	-	-	0
	Computer	0	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Guinea-Bissau	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Guyana	Computer and information	4	4	4	5	5	5	5
	Computer	4	4	4	5	5	5	5
	Information	-	-	-	-	-	-	-
Honduras	Computer and information	-	0	0	0	1	0	0
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
India	Computer and information	8,889	11,876	16,344	21,875	29,088	37,491	49,379
	Computer	8,861	11,782	16,204	21,711	28,787	37,032	48,626
	Information	29	94	140	164	301	459	753
Indonesia	Computer and information	-	-	138	147	118	141	178
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Iraq	Computer and information	-	-	-	1	-	10	-
	Computer	-	-	-	-	-	10	-
	Information	-	-	-	1	-	-	-

TABLE

3.4.A EXPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Jamaica	Computer and information	34	36	33	34	29	27	29
	Computer	34	36	32	34	28	27	29
	Information	-	-	1	1	1	0	1
Kenya	Computer and information	1	0	0	1	1	1	1
	Computer	-	-	-	-	-	-	-
	Information	1	0	0	1	1	1	1
Korea, Republic of	Computer and information	20	30	25	57	248	340	304
	Computer	-	-	-	-	182	192	155
	Information	-	-	-	-	67	149	149
Lebanon	Computer and information	0	0	0	0	0	0	-
	Computer	-	-	-	-	-	-	-
	Information	0	0	0	0	0	0	-
Madagascar	Computer and information	-	1	1	0	-	-	-
	Computer	-	1	1	0	-	-	-
	Information	-	0	0	0	-	-	-
Malaysia	Computer and information	182	216	348	435	574	788	1,025
	Computer	182	216	348	435	574	788	1,025
	Information	-	-	-	-	-	-	-
Mali	Computer and information	0	-	0	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	0	-	-	-	-
Mauritius	Computer and information	6	9	12	17	24	20	16
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Mexico	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Mongolia	Computer and information	1	2	1	1	0	-	-
	Computer	-	2	1	1	0	-	-
	Information	-	-	-	-	-	-	-
Morocco	Computer and information	-	-	-	-	-	-	156
	Computer	-	-	-	-	-	-	147
	Information	-	-	-	-	-	-	9
Mozambique	Computer and information	0	0	1	2	3	4	3
	Computer	-	-	-	-	1	1	2
	Information	0	0	1	2	2	2	1
Myanmar	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Namibia	Computer and information	-	0	0	0	1	1	0
	Computer	-	0	0	0	1	1	0
	Information	-	-	-	-	-	-	-
New Caledonia	Computer and information	1	0	0	0	0	0	1
	Computer	1	0	0	0	0	0	1
	Information	-	-	-	-	-	-	-
Niger	Computer and information	0	0	0	0	0	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Occupied Palestinian territory	Computer and information	1	1	0	0	1	0	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Pakistan	Computer and information	21	34	38	59	87	126	187
	Computer	21	26	38	59	87	126	183
	Information	-	8	-	-	-	-	4

TABLE
3.4.A

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Panama	Computer and information	-	-	14	12	14	18	24
	Computer	-	-	14	12	14	18	24
	Information	-	-	-	-	-	-	-
Papua New Guinea	Computer and information	-	0	0	1	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Paraguay	Computer and information	0	0	0	0	2	3	0
	Computer	-	-	-	-	2	2	-
	Information	0	0	0	0	0	1	0
Peru	Computer and information	-	-	-	-	-	-	18
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	18
Philippines	Computer and information	37	28	33	89	95	305	400
	Computer	37	28	33	89	95	305	400
	Information	-	-	-	-	-	-	-
Republic of Moldova	Computer and information	1	1	3	4	8	14	26
	Computer	1	1	1	1	3	8	20
	Information	0	0	2	3	5	6	6
Rwanda	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Samoa	Computer and information	-	-	0	0	2	0	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Senegal	Computer and information	0	0	0	1	3	4	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Sierra Leone	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Singapore	Computer and information	353	401	485	514	1,215	1,376	1,573
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Solomon Islands	Computer and information	0	0	0	0	0	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
South Africa	Computer and information	45	66	89	109	129	223	203
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Sudan	Computer and information	0	-	-	-	0	1	1
	Computer	0	-	-	-	0	1	1
	Information	-	-	-	-	-	-	-
Swaziland	Computer and information	1	1	0	0	0	0	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Syrian Arab Republic	Computer and information	-	50	50	60	50	55	-
	Computer	-	50	50	60	50	55	-
	Information	-	-	-	-	-	-	-
Togo	Computer and information	0	1	1	0	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Tonga	Computer and information	-	-	-	-	-	0	-
	Computer	-	-	-	-	-	0	-
	Information	-	-	-	-	-	-	-

TABLE

3.4.A EXPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tunisia	Computer and information	18	19	18	19	24	27	35
	Computer	18	19	18	19	24	27	35
	Information	-	-	-	-	-	-	-
Turkey	Computer and information	-	-	-	-	12	15	13
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	12	15	13
United Republic of Tanzania	Computer and information	1	0	0	0	0	3	4
	Computer	1	0	0	0	0	3	4
	Information	-	-	-	-	-	-	-
Uruguay	Computer and information	14	12	72	83	122	154	180
	Computer	14	12	72	83	122	154	180
	Information	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	Computer and information	7	6	6	8	8	9	9
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
TRANSITION ECONOMIES	COMPUTER AND INFORMATION	231	290	397	622	927	1,590	2,553
Albania	Computer and information	1	1	1	3	1	3	19
	Computer	1	1	0	2	1	2	18
	Information	-	0	0	1	0	1	2
Armenia	Computer and information	10	11	18	22	33	44	50
	Computer	10	11	18	22	31	41	47
	Information	-	-	-	-	2	2	3
Azerbaijan	Computer and information	-	-	-	0	3	4	8
	Computer	-	-	-	-	1	2	2
	Information	-	-	-	-	2	2	6
Belarus	Computer and information	12	17	18	26	49	97	155
	Computer	11	16	15	25	48	95	152
	Information	2	2	2	2	2	2	3
Bosnia and Herzegovina	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Croatia	Computer and information	46	62	65	85	84	116	152
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Georgia	Computer and information	-	-	0	0	1	2	4
	Computer	-	-	-	-	0	1	1
	Information	-	-	0	0	0	1	2
Kazakhstan	Computer and information	0	1	1	1	1	2	8
	Computer	0	0	0	1	1	1	1
	Information	0	0	0	0	1	1	7
Kyrgyzstan	Computer and information	1	1	1	1	1	1	1
	Computer	1	1	1	1	1	1	1
	Information	-	-	-	-	-	-	-
Montenegro	Computer and information	-	-	-	-	-	-	4
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Russian Federation	Computer and information	150	175	256	422	632	1,097	1,644
	Computer	109	135	209	375	576	1,012	1,549
	Information	41	40	47	47	56	85	94
Serbia	Computer and information	-	-	-	-	-	-	141
	Computer	-	-	-	-	-	-	141
	Information	-	-	-	-	-	-	-

EXPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tajikistan	Computer and information	0	0	0	0	0	0	0
	Computer	0	0	0	0	0	0	0
	Information	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	Computer and information	2	5	9	17	24	33	50
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Ukraine	Computer and information	10	17	30	44	97	191	316
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: (1) Since it is not possible to disaggregate the overall computer and information services by identifying and listing only the data relevant for the creative industries, the data for computer and information services are, therefore, not included in the total of creative services.

- Data not available or not separately reported.

TABLE

3.4.B IMPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
TOTAL REPORTING ECONOMIES	**COMPUTER AND INFORMATION**	**30,297**	**35,011**	**41,250**	**48,287**	**67,330**	**81,496**	**91,721**
DEVELOPED ECONOMIES	COMPUTER AND INFORMATION	25,014	29,810	34,577	39,624	56,421	67,499	74,785
Australia	Computer and information	543	696	782	802	935	1,242	1,313
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Austria	Computer and information	506	667	857	949	1,080	1,451	1,741
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Belgium	Computer and information	1,395	1,606	2,003	1,867	1,985	2,206	2,648
	Computer	1,360	1,568	1,956	1,812	1,926	2,098	2,581
	Information	35	38	47	55	59	107	118
Bermuda	Computer and information	-	-	-	-	31	28	44
	Computer	-	-	-	-	27	24	40
	Information	-	-	-	-	4	4	4
Bulgaria	Computer and information	14	18	23	40	54	74	67
	Computer	-	-	19	33	45	63	51
	Information	14	18	4	7	10	11	16
Canada	Computer and information	1,304	1,636	1,705	1,802	2,033	2,502	2,196
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cyprus	Computer and information	10	37	33	35	34	38	44
	Computer	8	19	25	28	25	28	37
	Information	2	18	8	6	9	11	7
Czech Republic	Computer and information	122	150	220	457	538	759	905
	Computer	114	138	207	446	521	736	837
	Information	8	11	12	11	17	24	73
Estonia	Computer and information	15	21	29	33	47	71	97
	Computer	-	18	23	28	41	61	86
	Information	-	4	5	5	6	10	11
Faroes	Computer and information	4	5	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Finland	Computer and information	372	482	735	1,157	1,126	1,501	1,909
	Computer	342	460	697	1,125	1,110	1,479	1,882
	Information	30	22	39	31	15	23	26
France	Computer and information	1,203	1,239	1,444	1,790	1,988	2,290	2,116
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Germany	Computer and information	6,181	7,274	8,139	8,594	9,231	11,781	13,541
	Computer	6,055	7,274	8,139	8,594	9,243	11,860	13,675
	Information	126	-	-	-	-	-	-
Greece	Computer and information	185	188	224	222	254	383	469
	Computer	150	146	177	168	186	285	388
	Information	35	41	47	53	68	98	81
Hungary	Computer and information	171	267	392	494	563	693	784
	Computer	-	-	376	452	516	639	721
	Information	-	-	16	42	48	54	83
Iceland	Computer and information	3	14	8	12	17	23	21
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Ireland	Computer and information	553	371	380	437	667	907	1,009
	Computer	553	371	-	379	610	724	-
	Information	-	-	-	59	56	184	-

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Italy	Computer and information	1,065	1,055	1,232	1,534	1,723	1,786	2,021
	Computer	1,024	1,016	1,187	1,473	1,659	1,709	1,947
	Information	41	39	44	61	64	77	73
Japan	Computer and information	2,148	2,109	2,188	2,432	3,123	3,607	3,972
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Latvia	Computer and information	17	23	28	51	63	88	101
	Computer	14	20	19	38	42	59	65
	Information	3	3	9	13	21	29	37
Lithuania	Computer and information	11	16	20	23	23	27	39
	Computer	8	10	16	14	19	21	28
	Information	4	6	4	9	4	6	11
Luxembourg	Computer and information	283	366	582	678	670	757	776
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Malta	Computer and information	3	4	16	30	52	71	91
	Computer	3	4	16	30	52	71	91
	Information	-	-	-	-	-	-	-
Netherlands	Computer and information	1,586	2,352	3,107	3,697	4,448	5,470	5,733
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
New Zealand	Computer and information	122	134	197	248	276	305	339
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Norway	Computer and information	601	507	573	1,006	1,268	1,678	1,780
	Computer	601	507	573	1,006	1,268	1,678	1,780
	Information	-	-	-	-	-	-	-
Poland	Computer and information	272	351	420	421	585	874	982
	Computer	216	300	384	390	520	780	891
	Information	56	51	36	31	65	94	91
Portugal	Computer and information	188	226	208	246	328	402	505
	Computer	167	188	178	218	288	351	443
	Information	21	38	30	28	40	51	63
Romania	Computer and information	27	45	83	351	422	463	738
	Computer	27	45	83	342	414	454	722
	Information	-	-	-	9	8	9	16
Slovakia	Computer and information	81	123	172	181	200	238	331
	Computer	-	123	-	162	174	209	282
	Information	-	-	-	20	26	29	49
Slovenia	Computer and information	81	101	120	125	144	186	179
	Computer	-	-	-	-	-	-	143
	Information	-	-	-	-	-	-	36
Spain	Computer and information	1,577	1,672	1,690	2,021	2,113	2,633	2,848
	Computer	937	1,080	1,166	1,335	1,306	1,574	1,895
	Information	640	592	523	686	808	1,060	953
Sweden	Computer and information	867	1,179	1,415	1,517	2,257	2,824	3,035
	Computer	700	1,068	1,288	1,381	2,122	2,824	3,035
	Information	167	111	128	135	135	-	-
Switzerland	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
United Kingdom	Computer and information	1,991	2,939	3,407	4,022	4,709	5,335	6,274
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

TABLE

3.4.B IMPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
United States	Computer and information	1,515	1,939	2,147	2,349	13,434	14,806	16,139
	Computer	1,301	1,732	1,861	2,000	12,847	14,052	15,214
	Information	214	207	287	349	587	754	925
DEVELOPING ECONOMIES	COMPUTER AND INFORMATION	4,549	4,521	6,078	7,806	9,840	12,483	14,481
Angola	Computer and information	1	2	8	18	12	23	27
	Computer	1	2	8	18	12	23	27
	Information	-	-	-	-	-	-	-
Argentina	Computer and information	131	139	160	195	226	310	372
	Computer	128	136	156	191	214	297	355
	Information	2	4	5	4	12	14	17
Bangladesh	Computer and information	1	1	2	4	3	4	5
	Computer	0	0	1	4	2	3	4
	Information	1	1	1	0	0	1	1
Barbados	Computer and information	6	7	7	8	6	11	-
	Computer	-	-	-	6	-	3	-
	Information	-	-	-	2	-	8	-
Benin	Computer and information	2	1	2	3	4	4	-
	Computer	2	1	2	3	4	4	-
	Information	-	-	-	-	-	-	-
Bolivia	Computer and information	5	8	10	11	13	16	17
	Computer	4	7	8	9	12	10	9
	Information	1	1	2	2	2	5	8
Botswana	Computer and information	4	6	7	9	4	7	10
	Computer	-	6	7	9	4	7	10
	Information	-	-	-	-	-	-	-
Brazil	Computer and information	1,155	1,063	1,281	1,713	2,005	2,273	2,787
	Computer	1,086	1,014	1,236	1,657	1,947	2,205	2,701
	Information	69	49	45	56	58	68	86
Burkina Faso	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cambodia	Computer and information	-	1	1	0	0	1	2
	Computer	-	1	1	0	0	1	2
	Information	-	-	-	-	-	-	-
Cameroon	Computer and information	0	22	9	3	2	2	9
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Cape Verde	Computer and information	2	3	4	5	4	9	5
	Computer	2	3	4	-	-	-	-
	Information	-	-	-	-	-	-	-
Chile	Computer and information	41	75	74	71	73	58	71
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China	Computer and information	1,133	1,036	1,253	1,623	1,739	2,208	3,165
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China, Hong Kong SAR	Computer and information	225	282	395	427	371	423	512
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
China, Macao SAR	Computer and information	16	17	24	25	33	46	42
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Colombia	Computer and information	29	72	66	119	143	72	118
	Computer	22	65	58	110	132	59	91
	Information	7	7	9	9	11	13	27
Congo	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Costa Rica	Computer and information	15	10	16	11	14	15	6
	Computer	14	10	16	11	13	15	6
	Information	1	0	0	0	0	0	0
Côte d'Ivoire	Computer and information	7	11	8	6	6	7	-
	Computer	-	-	8	6	6	7	-
	Information	-	-	-	-	-	-	-
Ecuador	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Egypt	Computer and information	14	27	24	27	30	36	79
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
El Salvador	Computer and information	9	3	6	3	4	7	5
	Computer	9	3	6	3	4	7	5
	Information	-	-	-	-	-	-	-
Ethiopia	Computer and information	1	2	3	4	4	5	4
	Computer	0	0	1	1	1	1	0
	Information	1	2	2	3	3	4	4
Fiji	Computer and information	4	5	11	12	8	17	16
	Computer	4	5	11	12	8	17	16
	Information	-	-	-	-	-	-	-
French Polynesia	Computer and information	0	0	2	1	0	0	0
	Computer	0	0	2	1	0	0	0
	Information	-	-	-	-	-	-	-
Guatemala	Computer and information	4	1	3	2	11	10	8
	Computer	-	-	3	2	11	10	8
	Information	4	1	-	-	-	-	-
Guinea	Computer and information	1	0	0	-	-	0	7
	Computer	1	0	-	-	-	0	-
	Information	-	-	-	-	-	-	-
Guinea-Bissau	Computer and information	1	0	0	-	-	-	-
	Computer	1	0	0	-	-	-	-
	Information	-	-	-	-	-	-	-
Guyana	Computer and information	3	3	3	4	4	4	5
	Computer	3	3	3	4	4	4	5
	Information	-	-	-	-	-	-	-
Honduras	Computer and information	2	2	3	5	12	15	4
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
India	Computer and information	905	686	932	1,266	1,957	3,473	3,419
	Computer	700	491	722	1,049	1,799	3,095	3,087
	Information	206	194	210	217	158	378	332
Indonesia	Computer and information	-	-	468	561	595	679	713
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Iraq	Computer and information	-	-	-	205	177	65	-
	Computer	-	-	-	17	31	1	-
	Information	-	-	-	189	146	65	-

TABLE

3.4.B IMPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Jamaica	Computer and information	12	20	75	17	24	24	24
	Computer	12	20	75	17	23	22	22
	Information	-	-	0	0	1	2	2
Kenya	Computer and information	1	2	1	2	2	2	2
	Computer	-	-	-	-	-	-	-
	Information	1	2	1	2	2	2	2
Korea, Republic of	Computer and information	124	134	157	183	598	544	571
	Computer	-	-	-	-	311	243	278
	Information	-	-	-	-	287	301	293
Lebanon	Computer and information	0	0	0	0	0	1	0
	Computer	-	-	-	-	-	-	-
	Information	0	0	0	0	0	1	0
Madagascar	Computer and information	-	2	3	1	-	-	-
	Computer	-	0	0	0	-	-	-
	Information	-	1	3	1	-	-	-
Malaysia	Computer and information	172	197	325	379	531	644	896
	Computer	172	197	325	379	531	644	896
	Information	-	-	-	-	-	-	-
Mali	Computer and information	1	2	6	8	6	4	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	6	8	6	4	-
Mauritius	Computer and information	8	8	8	6	8	7	6
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Mexico	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Mongolia	Computer and information	0	1	1	2	0	-	-
	Computer	-	1	1	2	0	-	-
	Information	-	-	-	-	-	-	-
Morocco	Computer and information	-	-	-	-	-	-	35
	Computer	-	-	-	-	-	-	25
	Information	-	-	-	-	-	-	10
Mozambique	Computer and information	0	0	1	4	6	7	6
	Computer	-	-	-	-	6	1	1
	Information	0	0	1	4	1	5	6
Myanmar	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Namibia	Computer and information	9	12	15	13	21	16	19
	Computer	9	12	15	13	21	16	19
	Information	-	-	-	-	-	-	-
New Caledonia	Computer and information	7	6	5	4	4	7	26
	Computer	7	6	5	4	4	7	26
	Information	-	-	-	-	-	-	-
Niger	Computer and information	4	6	7	7	9	1	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Occupied Palestinian territory	Computer and information	0	1	1	2	1	1	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Pakistan	Computer and information	-	6	18	34	65	122	113
	Computer	-	4	14	30	61	113	103
	Information	-	2	4	4	4	9	10

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Panama	Computer and information	-	-	-	-	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Papua New Guinea	Computer and information	-	10	14	12	-	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Paraguay	Computer and information	1	1	1	2	2	2	2
	Computer	1	1	1	1	0	1	1
	Information	-	0	0	1	1	1	1
Peru	Computer and information	-	-	-	-	-	-	167
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	167
Philippines	Computer and information	80	46	49	62	67	62	80
	Computer	80	46	49	62	67	62	80
	Information	-	-	-	-	-	-	-
Republic of Moldova	Computer and information	12	3	6	4	6	16	16
	Computer	3	2	2	2	3	11	9
	Information	8	1	4	2	3	4	7
Rwanda	Computer and information	-	-	-	-	0	0	1
	Computer	-	-	-	-	-	0	-
	Information	-	-	-	-	0	-	1
Samoa	Computer and information	-	-	1	1	2	2	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Senegal	Computer and information	3	7	7	7	10	19	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Sierra Leone	Computer and information	0	1	0	1	1	1	2
	Computer	0	0	0	1	1	1	1
	Information	-	1	0	-	0	0	0
Singapore	Computer and information	272	330	315	386	650	670	766
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Solomon Islands	Computer and information	1	1	2	1	2	-	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
South Africa	Computer and information	44	59	84	114	127	171	194
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Sudan	Computer and information	1	1	3	5	4	2	4
	Computer	1	1	3	5	4	2	4
	Information	-	-	-	-	-	-	-
Swaziland	Computer and information	1	1	1	2	2	3	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Syrian Arab Republic	Computer and information	-	110	100	100	95	110	-
	Computer	-	110	100	100	95	110	-
	Information	-	-	-	-	-	-	-
Togo	Computer and information	2	1	1	0	1	4	-
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Tonga	Computer and information	-	-	-	-	-	0	-
	Computer	-	-	-	-	-	0	-
	Information	-	-	-	-	-	-	-

TABLE

3.4.B IMPORTS OF COMPUTER AND INFORMATION SERVICES, BY ECONOMIC GROUP AND COUNTRY/TERRITORY, 2002-2008[1]

CONTINUED

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tunisia	Computer and information	7	7	10	10	18	22	20
	Computer	7	7	10	10	18	22	20
	Information	-	-	-	-	-	-	-
Turkey	Computer and information	-	-	-	-	15	26	32
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	15	26	32
United Republic of Tanzania	Computer and information	4	1	3	5	3	5	5
	Computer	4	1	3	5	3	5	5
	Information	-	-	-	-	-	-	-
Uruguay	Computer and information	3	2	4	4	4	5	5
	Computer	3	2	4	4	4	5	5
	Information	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	Computer and information	65	58	69	85	94	184	79
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
TRANSITION ECONOMIES	COMPUTER AND INFORMATION	733	681	595	857	1,069	1,513	2,455
Albania	Computer and information	1	2	2	3	3	15	23
	Computer	1	1	1	2	2	11	22
	Information	-	1	0	1	1	5	1
Armenia	Computer and information	1	1	1	2	3	4	7
	Computer	1	1	1	2	2	3	4
	Information	-	-	-	-	1	1	3
Azerbaijan	Computer and information	-	-	-	0	7	8	12
	Computer	-	-	-	-	1	2	7
	Information	-	-	-	-	6	6	5
Belarus	Computer and information	10	7	14	13	21	20	35
	Computer	4	4	6	9	17	17	29
	Information	6	3	8	4	4	3	6
Bosnia and Herzegovina	Computer and information	-	-	-	-	4	4	5
	Computer	-	-	-	-	4	4	5
	Information	-	-	-	-	-	-	-
Croatia	Computer and information	92	108	125	148	179	216	268
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Georgia	Computer and information	1	1	1	1	1	2	11
	Computer	0	0	0	0	0	1	6
	Information	0	0	0	1	1	1	5
Kazakhstan	Computer and information	15	21	29	53	58	77	87
	Computer	12	15	17	33	41	63	66
	Information	3	6	13	20	17	15	23
Kyrgyzstan	Computer and information	2	3	3	2	2	4	15
	Computer	2	3	3	2	2	4	15
	Information	-	-	-	-	-	-	-
Montenegro	Computer and information	-	-	-	-	-	-	22
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Russian Federation	Computer and information	528	458	320	482	613	956	1,424
	Computer	497	413	247	379	476	754	1,204
	Information	31	45	72	103	137	202	220
Serbia	Computer and information	-	-	-	-	-	-	209
	Computer	-	-	-	-	-	-	209
	Information	-	-	-	-	-	-	-

TABLE
3.4.B

IMPORTS (in millions of $)

Economic group and country/territory		2002	2003	2004	2005	2006	2007	2008
Tajikistan	Computer and information	0	0	1	1	1	4	3
	Computer	0	0	1	1	1	4	3
	Information	-	-	-	-	-	-	-
The former Yugoslav Republic of Macedonia	Computer and information	9	13	21	24	40	42	63
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-
Ukraine	Computer and information	75	67	79	128	137	160	272
	Computer	-	-	-	-	-	-	-
	Information	-	-	-	-	-	-	-

SOURCE: IMF Balance of Payments Statistics and UNCTAD calculations based on IMF Balance of Payments Statistics.

NOTES: (1) Since it is not possible to disaggregate the overall computer and information services by identifying and listing only the data relevant for the creative industries, the data for computer and information services are, therefore, not included in the total of creative services.

- Data not available or not separately reported.

Creative Economy Report 2010

This *Creative Economy Report 2010: Creative Economy – A Feasible Development Option* is the second policy-oriented report to present the United Nations perspective on this innovative topic. It builds on the first Report but goes further by deepening the analysis, bringing fresh approaches and identifying trends, strengths and weaknesses as well as challenges and opportunities to be addressed. It provides information on recent developments at the country level and reviews the market situation for all creative industries: arts and crafts, audiovisuals, books, design, the film industry, music, new media, printed media, visual arts and creative services. Overall, the Report examines economic, cultural, social, technological and environmental developments that took place at the global level over the last two years, in particular the consequences of the financial crisis.

The creative economy throughout this decade became well-inserted into the international economic and development agenda, calling for new insights and policy responses. Adequately nurtured, creativity fuels culture, infuses a human-centred development and constitutes the key ingredient for job creation, innovation and trade while contributing to social inclusion, cultural diversity and environmental sustainability. The Report recalls that appropriate institutional and regulatory frameworks for the optimal functioning of the "creative nexus" to attract investors, technology, innovation and creative business are prerequisites for enhancing the creative economy.

In 2008, the eruption of the world financial and economic crisis provoked a drop in global demand and a contraction of 12 per cent in international trade. Nevertheless, world exports of creative goods and services continued to grow, reaching $592 billion in 2008 — more than double their 2002 level, indicating an annual growth rate of 14 per cent over six consecutive years. This confirms that the creative industries hold great potential for developing countries that seek to diversify their economies and leapfrog into one of the most dynamic sectors of the world economy. Moreover, the global market has been receiving a boost from the increase in South-South trade; opportunities occur where demand is growing. The South's exports of creative goods to the world reached $176 billion in 2008, accounting for 43 per cent of total creative industries trade. In the aftermath of the crisis, the firmness of the market for creative products is a sign that many people in the world are eager for culture, social events, entertainment and leisure.

The creative economy relies on ideas, knowledge, skills and ability to seize new opportunities. The spread of the digital revolution, especially in mobile phones, combined with the growing impact of social networks, is unlocking marketing and distribution channels for music, digital animation, films, news, advertising, etc., thereby expanding the economic benefits of the creative economy. The new lifestyle of contemporary society is increasingly associated with status, style, brands and differentiation, which are rooted in the creative economy. The Report also stresses that the creative economy and the green economy are mutually supportive. Sensitive areas, including the controversial debates about the protection or the sharing of knowledge and information, are also examined; the Report urges governments to revisit the current intellectual property rights regimes.

In summary, the *Creative Economy Report 2010* underscores 10 key messages calling for a new development path to reorient policies towards more equitable, sustainable and inclusive growth strategies. There is no one-size-fits-all prescription; each country should formulate a strategy to foster its creative economy, based on its own strengths, weaknesses and realities. The Report provides evidence that the creative economy is a feasible development option. The time for action is now.