

Unlocking the potential of the creative economy for resilience and sustainable development

Short course for Permanent Missions in Geneva

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Definition and measurement



*UNCTAD defines creative industries as **cycles of creating, producing, and distributing goods and services that use creativity and intellectual capital as primary inputs.** They comprise a set of **knowledge-based activities** that produce tangible goods and intangible intellectual or artistic services **with creative content, economic value, and market objectives.***

The concept and definition of the creative economy are diverse

Examples of industries covered in different cultural and creative economy concepts

UNCTAD creative economy

Creative goods: art crafts; audio-visuals; design; new media; performing arts; publishing; visual arts

Creative services: research and development licenses and services; software licenses and services; audio-visual licenses and services; information services; advertising, market research and architecture; cultural, recreational and heritages services

IDB orange economy

Traditional and artistic activities: visual arts; performing arts

Creative industry: crafts; publishing; audio-visual; phonographic; interior design; graphic arts; illustration; jewellery; video games; advertising; fashion

Activities of creative support: product design; packaging design; marketing

UNESCO cultural economy

Main cultural domains: cultural and natural heritage; performance and celebration; visual arts and crafts; books and press; audio-visual and interactive media; design and creative services

Related domains: tourism; sports and recreation

WIPO copyright industries

Core copyright industries: press and literature; music; theatrical productions, operas; motion picture and video; radio and television; photography; software, databases and computer games; visual and graphic arts; advertising services; and copyright collective management societies

Interdependent copyright industries: manufacture, wholesale, and retail of: TV sets, radios, CD-DVD-Blu-Ray players, electronic game equipment, and other similar equipment; computers and equipment; tablets and smartphones; and musical instruments

Partial copyright industries: apparel, textiles, footwear; jewelry and coins; other crafts; furniture; household goods, china, and glass; wall coverings and carpets; toys and games; architecture, engineering, surveying; interior design; and museums

The creative economy is vital for sustainable development

Azerbaijan

As of 2018, the value added by **cultural and creative industries** to the GDP amounts to

1%

The percentage of employment directly related to **culture** is

3.8%

Slovenia

In 2015, **cultural and creative sector** SMEs employed

8.9%

of the total employment of SMEs and accounted for

2.6%

of total exports by SMEs.

Belgium

In 2014, **cultural and creative economy** represented

4.3%

of the GDP of Brussels.

Cultural and creative economy accounted for

4.7%

of employment in Brussels only, about

32,200

people.

Poland

In 2016, there were

100,500

enterprises in the **cultural and creative industries**.

They employed over

226,000

people.

Canada

In 2019, **culture and sport** represented

3%

of the GDP and employed

672,000

people.

Culture represented:

2.5%

of total exports

2.9%

of total imports

Ecuador

In 2014, the estimated contribution of **copyright industries** to the GDP was

4.5%

Panama

In 2009, **cultural and creative industries** contributed

6.4%

of the GDP and represented

3.2%

of the employed population.

Portugal

In 2020, **cultural and creative sector** employed

141,200

Women:

49.9%

Men:

50.1%

Georgia

As of 2017, the share of **culture** in the total GDP is

2.8%

5.1%

of Georgia's workforce is estimated to work in the **cultural sector**.

Turkey

In 2018, **copyright-based industries** contributed to

2.9%

of the GDP and employed over

1.2 million

persons, or

4.3%

of total workforce.

Honduras

In 2011, **cultural sector's** contribution to the GDP was

1.7%

The shadow **cultural sector** contributed an additional

0.6%

Jobs in the **cultural sector** made up

1%

of all jobs.

Paraguay

In 2010, the **cultural sector** contributed to

3.9%

of the GDP.

Mexico

In 2020, **cultural sector's** contribution to the GDP was

2.9%

Cultural sector employed over

2.2 million

persons.

Audio-visual media accounted for

37.8%

of the **creative sector's** output.



UNCTAD survey shows that countries apply different approaches to support their creative economy

2021 UNCTAD survey of 33 countries on the creative economy

- Almost all countries have at least one entity in charge of the creative economy
- Most countries split duties for the creative industries across multiple ministries and agencies
- The issuance of national strategies, policies and regulations of the sector has rapidly spread throughout the developing world
- Several countries made progress in measuring the economic contribution of creative industries

Priority creative industries in terms of their international trade potential



Measuring the creative economy: lack of harmonised definitions, methodologies and data remains a challenge

- Several frameworks exist to measure the creative economy
 - Patterns of common industries and products covered
 - But also differences due to national or regional classifications; activity or product coverage; methodology and guidelines; and types of activities and products covered
- Developing countries measure the economic contribution of their creative sector in diverse ways
 - Case studies from **Argentina, Indonesia, Mexico, and South Africa**
- Current definitions may not capture fully goods and services with actual creative content
- Better and more disaggregated data is required to gain more insights into the role of services in economic transformation and their potential for developing economies for services-led diversification
- Challenges in developing countries:
 - Lack of data
 - Lack of appropriate statistical infrastructure, including business registers to compile data
 - Inadequate institutional arrangements
 - Lack of financial resources, IT infrastructure, and trained experts

Advancing the measurement of the creative economy: A revised framework for creative industries and trade (2024)

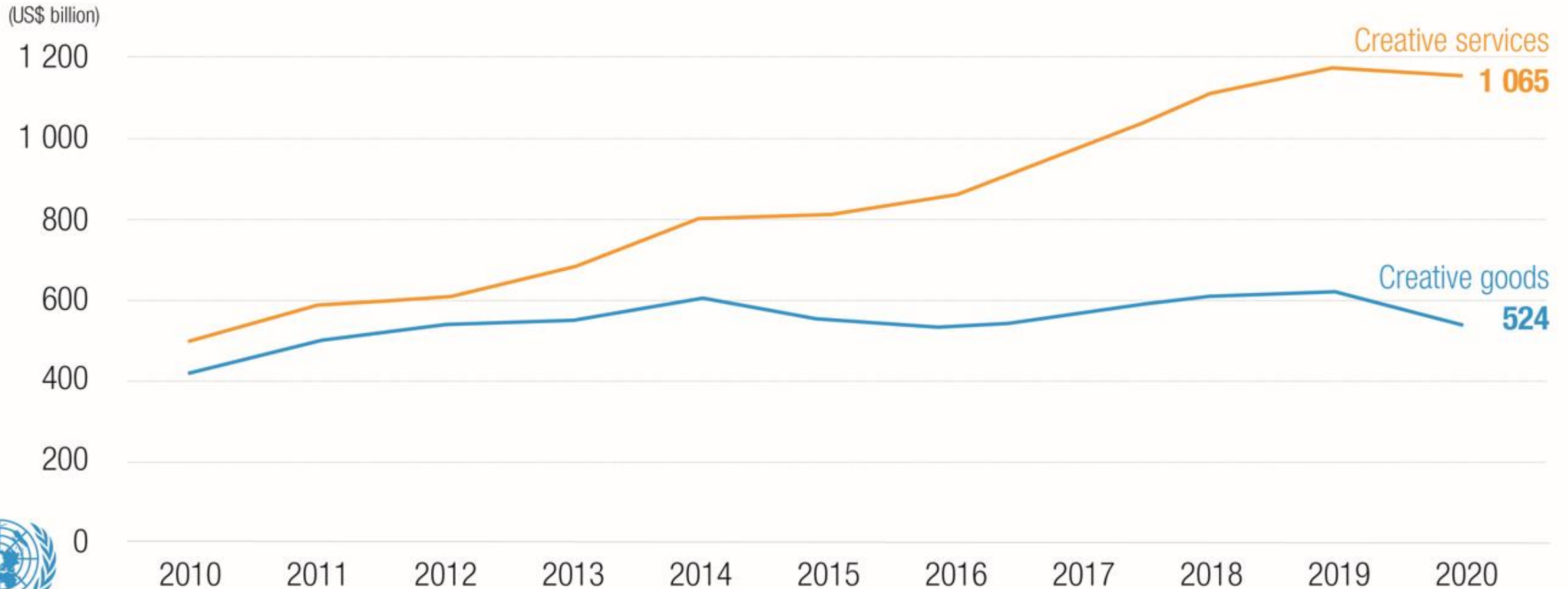
- Responding to UNCTAD's Bridgetown Covenant and UNGA resolution
- Global consultation involving creative economy experts, UN agencies, and experts from national statistical offices
 - UNCTAD Informal Working Group on the Creative Economy
 - Task Team on International Trade Statistics: guidance note dedicated to refining the classification of cultural products emanating from cultural and creative industries
- Aim: assist countries in mapping their creative industries
 1. Enhance the measurement of the economic contribution of the creative economy by providing a [list of creative activities and products](#)
 2. Improve and update [data collection on international trade of creative goods and services](#) by revising UNCTAD's statistical classification

International trade in creative goods and services



Trade in creative goods and services generates increasing revenues for countries

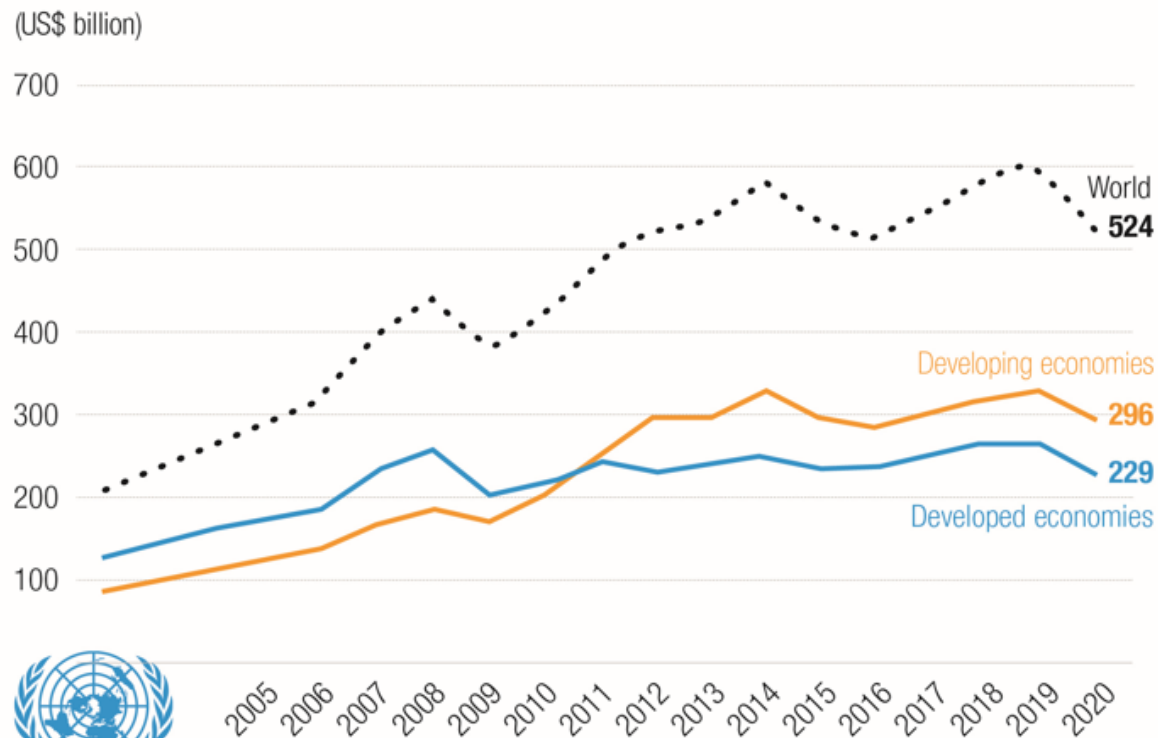
Creative services exports increasingly exceed those of creative goods



Main trends: exports of creative goods

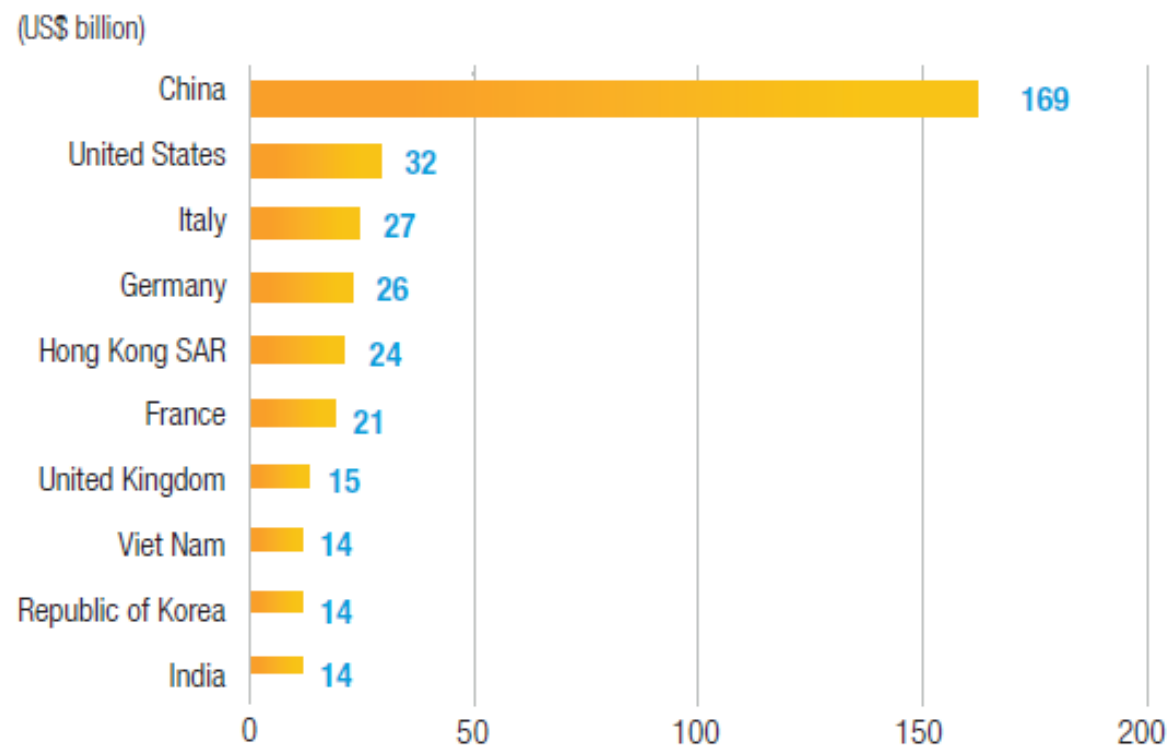
Developing economies export more creative goods than developed economies

Global exports of creative goods by developing and developed economies



Exports of creative goods is largely dominated by China

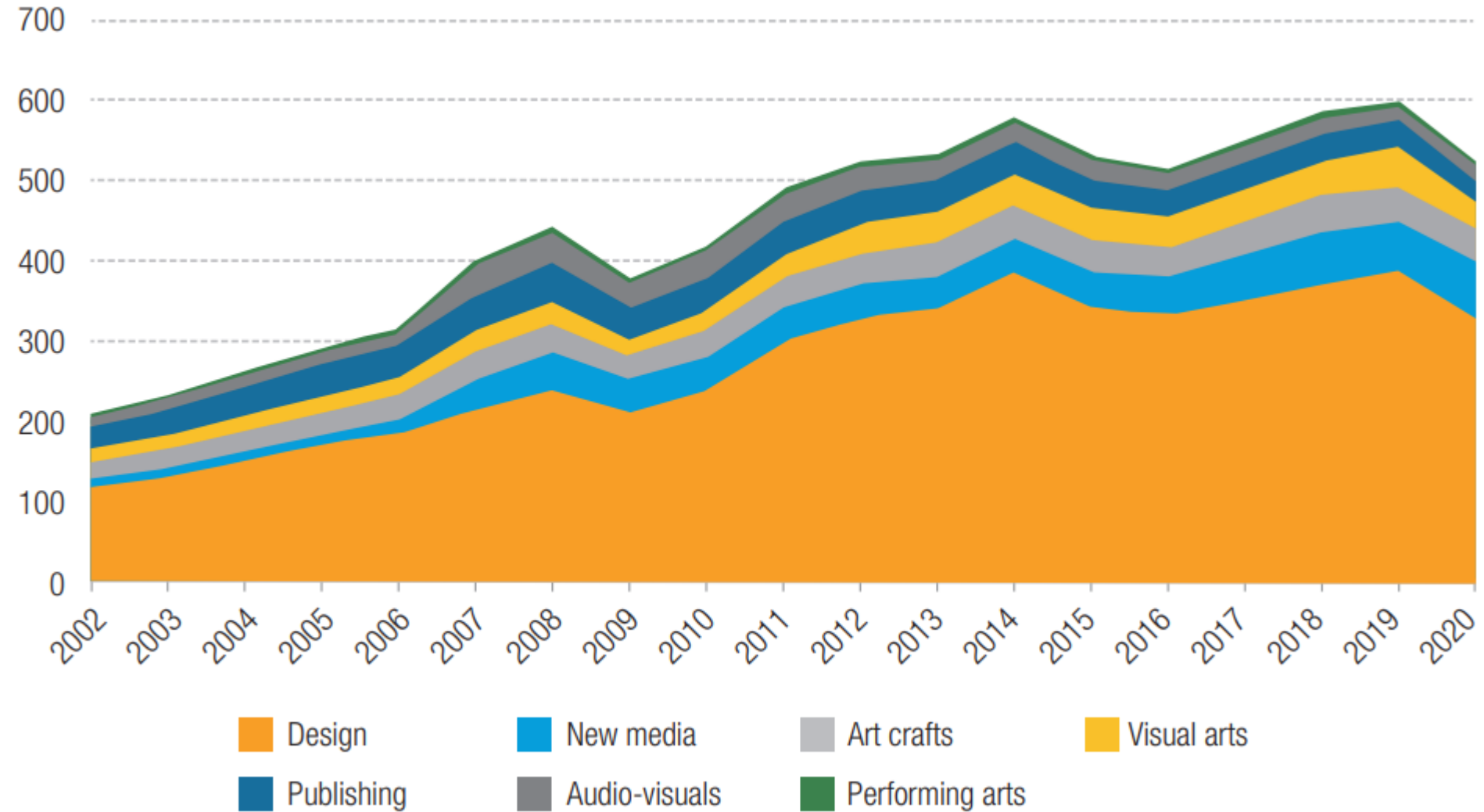
Top ten exporters of creative goods, 2020



Design products dominate trade in creative goods

Creative goods exports by product groups

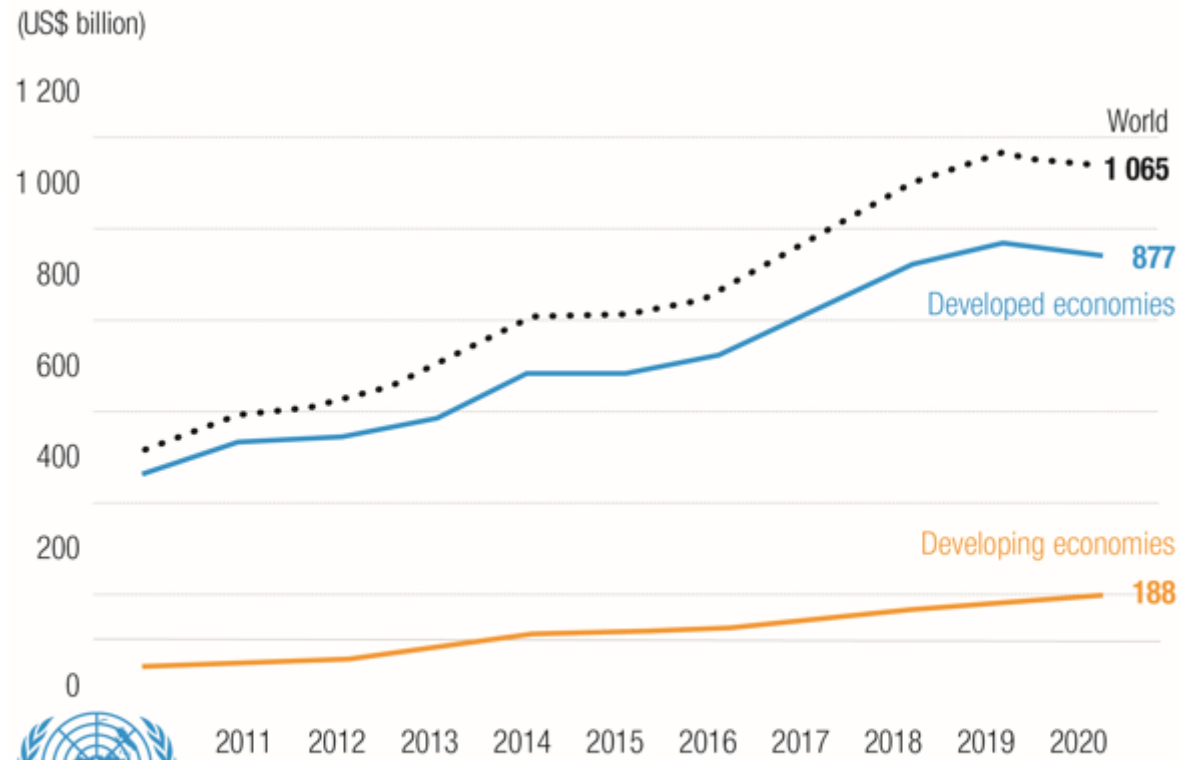
(US\$ billion)



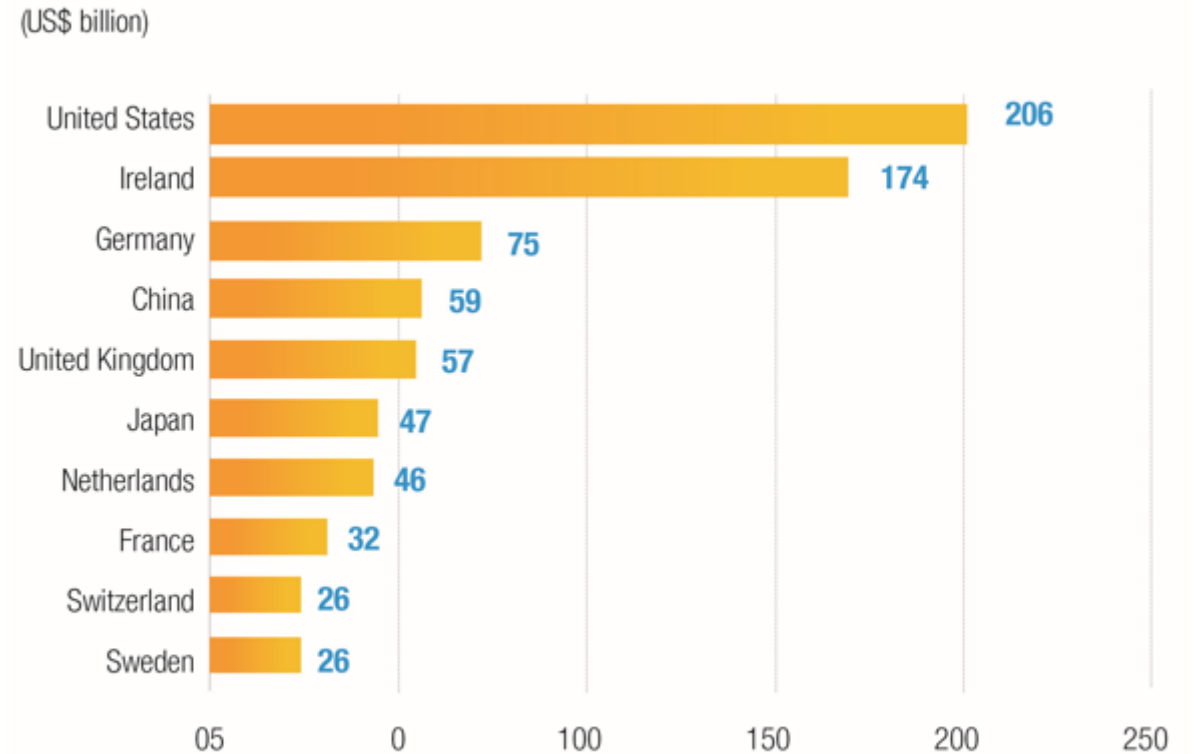
Main trends: exports of creative services

Developed countries have been exporting significantly more creative services than developing economies

Creative services exports by developed and developing countries

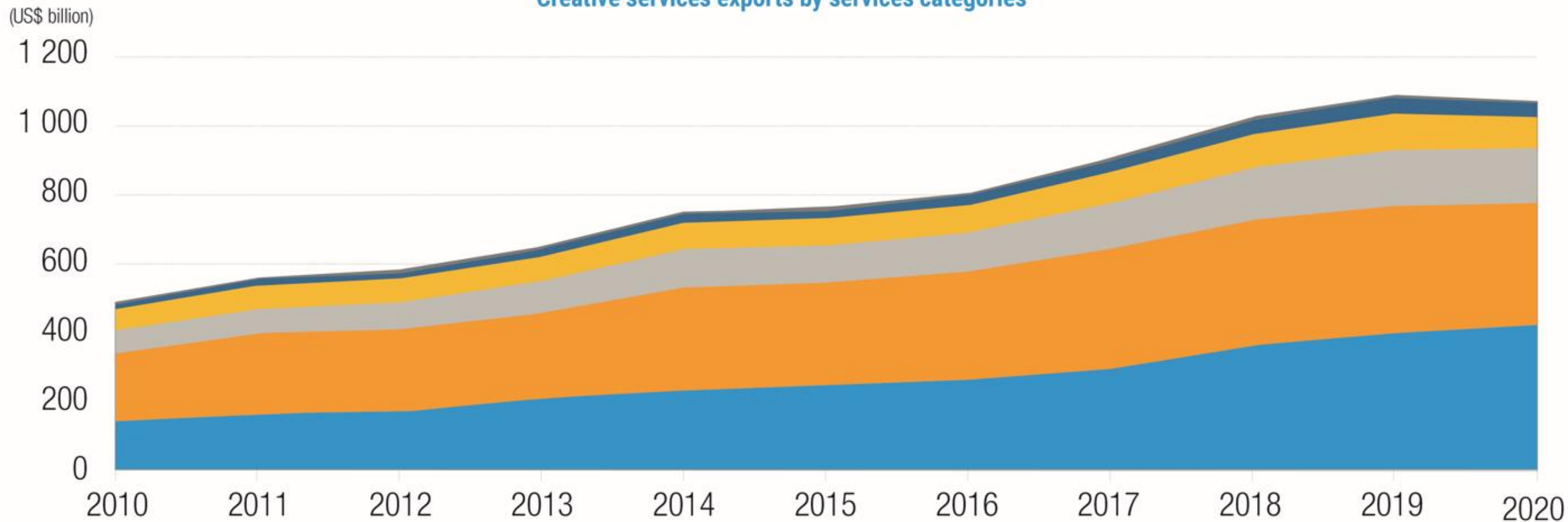


Top ten exporters of creative services, 2020



Software services and R&D are the most exported creative services

Creative services exports by services categories



- Software
- Research and development
- Advertising, market research, and architecture
- Audio-visual
- Information
- Cultural, recreational, and heritage

Developing countries face several barriers to participate in creative services trade

Developing countries

- lack of fundamental skills and infrastructure to become competitive players in creative services
- face services trade restrictions
 - access to the most important creative services markets remains governed by commitments in the WTO's General Agreement on Trade in Services (GATS)

Number of country commitments by WTO members in services linked to the creative economy

Services sectors with links to the creative economy	Number of country commitments
1.A.d Architectural services	72
1.B Computer and related services	82
1.C Research and development services	51
1.F.a Advertising services	59
2.D Audio-visual services	40
2.D.a Motion picture and video tape production and distribution services	38
2.D.b Motion picture projection service	26
2.D.c Radio and television services	18
2.D.d Radio and television transmission services	9
2.D.e Sound recording	18
2.D.f Other	6
10.A Entertainment services (including theatre, live bands and circus services)	46
10.C Libraries, archives, museums and other cultural services	22

Creative Industry 4.0

Implications of Industry 4.0 for the creative economy



New and emerging technologies are fundamentally changing some creative industries

- **Industry 4.0 technologies** open new opportunities for the creative economy
- The COVID-19 pandemic accelerated the shift towards **e-commerce and digital platforms** and the scope for the transformation of the creative economy
- Global **digital divides** persist with repercussions on the creative economy
- Producers of creative products, especially MSMEs, face several **hurdles in accessing global markets**
- The scope and application of **intellectual property rights in the digital environment** are unclear
- **Policy areas** that could contribute to developing creative economies through new and emerging technologies:
 - Human capacities
 - Infrastructure barriers to digitalization
 - Enabling environment for creative industries



Industry 4.0 meets the creative economy

- Creative industries as incubators of new technologies (3D augmented reality in videogames, computer assisted design in architecture, etc.)
- Creative Industry 4.0 trends, digitalization and e-commerce accelerated by the COVID-19 pandemic
- New technologies provide new tools and new channels to reach consumers
 - They provide access to digital content, reduce market entry and production costs, and increase exposure to more customers worldwide



Industry 4.0 is changing creative industries

Industrial-to-creative

(expansion of creative digital platforms)

Services

(focus on services, content instead of goods)

AI and innovation

(big tech companies enter the sector and increase competition, innovation is key to creation)

Means of production

(emergence of specialised segments to provide a service)

Supply and demand

(digital applications focus on users' demand and participation)

Project mode

(technology change pushes towards project, work for hire and contract work)

Source: Adapted from ILO (2023). The Future of Work in the Arts and Entertainment Sector.

Industry 4.0 meets the creative economy (cont'd)

- New business models
- Industry 4.0 as a threat to some creative industries and creative jobs
 - Increased digital divides within and between countries
 - Challenges for the scope and application of copyrights and intellectual property rights (IPR) in the digital environment
 - Implications on revenue systems and payment models
 - Handicrafts can be manufactured
 - Designs can be copied easier
 - Use of 3D modelling and augmented reality in fashion
 - Use of AI in creative writing
 - Uberization of creative jobs



New business models are emerging in the creative economy



Policy considerations for harnessing creative industries



It is essential to map and measure the creative economy and industries

Benefits of mapping:

- Provide evidence and insights for policy makers to design, plan and implement policies targeting the creative industries and inform investors
- Maximize job creation opportunities
- Identify critical clusters that can lead to economic growth and increased export revenues
- Identify the spatial characteristics of the creative industries
- Foster cultural and creative tourism

Key recommendations

- ✓ **Recognise the importance of the creative economy** by building on definitions and classifications of international and regional organisations and conceptualising creative industries in ways that consider national and regional economic structures
- ✓ **Work with international organisations** like IDB, UNCTAD, UNESCO, and WIPO **towards a more harmonised concept of the creative economy and industries**

More and better data is needed to measure creative industries' economic contribution

- Some countries have made significant progress in measuring the economic contribution of the creative economy
- Lack of data may lead to some creative industries and activities being overlooked by analysis, policy design, and development
- Trade classification systems not always helpful in capturing cultural and creative value
- Significant creative trade data gap between developed and developing countries
- Lack of statistical capacities in developing countries and LDCs

Key recommendations

- ✓ Involve authorities and institutions working in the cultural and creative sector, national statistical offices, etc. to **identify already existing data sources and compile data** about the economic contribution of the creative economy
- ✓ **Build statistical capacities** to measure international trade flows in creative goods and services
- ✓ For inclusive policies, collecting and analysing **data on women, youth, informal workers, and other marginalised** groups working in the creative sector is essential
- ✓ **International organisations can contribute** with
 - ✓ knowledge sharing
 - ✓ statistical guidelines
 - ✓ joint studies to measure countries' creative sectors
 - ✓ capacity-building activities
 - ✓ mobilising resources

Horizontal policy elements to foster creative industries

Focus on resolving challenges of creative MSMEs and the development of a creative innovation system

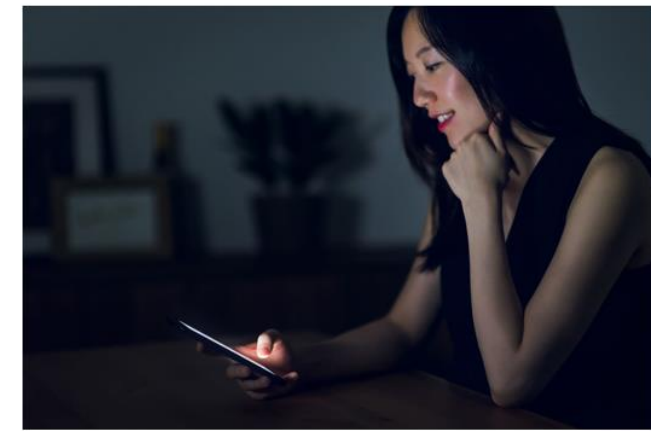
- a well-articulated **education system**, including schools as well as universities, colleges, and training providers, which supplies talent with the right mix of skills
- **fiscal incentives and funding programs** to nurture R&D in the creative industries
- a financial arm to provide content sectors that are often perceived as a high-risk segment with **better access to venture capital**
- a **competition regime** that protects intellectual property, provides a balanced copyright regime, avoids abuses of dominant positions, and acts swiftly to remedy them
- a **balanced copyright regime**: protection of copyrights vs. right of access to culture



Horizontal policy elements to foster creative industry 4.0 (cont'd)

Overcoming barriers to e-commerce

- ICT infrastructure and readiness to adopt e-commerce
 - ICTs can particularly benefit the crafts sector in rural areas
- Access to financial services and credit
- Adequate hard infrastructure like postal services and transport networks
- Appropriate legal frameworks addressing:
 - intellectual property rights
 - consumer protection
 - data privacy
 - e-payments
 - cybersecurity



Specificities of creative industries

- Need for **public support** for non commercially viable creative industries that produce public goods
- Policies targeting creative industries must be **context specific**
- Craftspeople may nurture negative attitudes towards business and marketing concepts, which would stand as **barriers to adopting new technologies**
- **Awareness of copyrights and intellectual property rights**
 - need for awareness among the public about copyrights
 - awareness among creative workers about what rights they own and how to license, assign, exploit and protect their copyrights
 - components of handicrafts that can be protected: reputation, external appearance, know how



Importance of national strategies: Case of the Republic of Korea



K-content goes global: How government support and copyright policy fuelled the Republic of Korea's creative economy (2024)

The Republic of Korea's creative boom is by design

Key factors:

1. Recognize creative industries with high (growth, export, employment, etc.) potential
2. Strategies, policies in place for decades
3. Financially lucrative industries with increasing export potential

Thank you!

