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**"Creative Economy Report - 2008:
The challenge of assessing the creative economy towards informed policy-making"**

First Panel:

Focus: The international policy framework

Contribution by

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Highlights from the power-point presentation

The creative economy and the international policy framework

Introduction

In a world increasingly dominated by images, sounds, texts and symbols, issues related to the interface between cultural, economical, social, and technological aspects have to be seen as an integral part of the mainstream development thinking. In this era of transformation of our society, the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion and cultural diversity. This is the rationale behind the emerging concept of the creative economy.

The Creative Economy Report is the first policy-oriented study to present the perspectives of the United Nations on this new topic. It aims at facilitating a better understanding of the key issues underlying the creative economy and its development dimension. The report examines the conceptual, institutional and policy framework in which the creative economy is taking shape, including the implications of multilateral process for national and international policies. The report is also an example of inter-agency cooperation since it brings together contributions from five UN organizations: UNCTAD, UNDP, UNESCO, WIPO and ITC, with the objective to enhance the effectiveness of international cooperation and policy coherence.

The so-called *creative economy* is an evolving concept based on creative assets potentially generating socio-economic growth. Creativity in this sense refers to imaginative ideas and to its application to produce original works of heritage, arts, media and functional creations. In this context, the creative economy became a topical issue of the international economic and development agenda, calling for informed policy responses in both developed and developing countries.

The report advocates that given its multi-disciplinary structure, the creative economy can be seen as a feasible development option for developing countries. It calls for the adoption of effective cross-cutting mechanisms and innovative inter-ministerial policy action. The report brings evidence that the creative economy is already a leading component of economic growth, employment, trade and innovation in most advanced countries. The study identifies policy options able to support the efforts of developing countries to enhancing their creative capacities for trade and development gains.

At the heart of the creative economy lie the creative industries. Loosely defined, the creative industries are at the crossroads of the arts, culture, business and technology. Creative industries has a vast scope dealing with the interplay of various sub-sectors ranging from traditional art-crafts, books, newspapers, music, and visual and performing arts to more technology-intensive fields such as films, television and radio broadcasting, digital animation and video-games to services-oriented areas such as architecture and advertising. All these activities are intensive in creative content and can generate income through trade and intellectual property rights. The creative sector has a modular market structure embracing independent artists and small-business enterprises at one extreme to some of the world's largest conglomerates at the other.

This study addresses the challenge of assessing the creative economy with a view to set the basis for informed policy-making. Developing countries can further integrate into the global economy by nurturing their creative capacities and enhancing the competitiveness of their creative goods and services in world markets, provided that appropriate public policies are in place at the national level and market asymmetries can be redressed at the international level.

This 330-pages report is expected to become a reference for further research and analysis on matters related to the creative economy. The study is divided into ten chapters and has a comprehensive statistical annex presenting first-hand trade data and analysis of international trade flows of creative goods and services in global markets. The study examines the main features inherent to each creative-industry with the aim to assist developing countries to benefit from dynamic sectors and to foster, protect and promote their creative industries for development gains.

International trade and Intellectual property issues

The report looks at a benchmark for measuring activity in the creative economy for the purpose of universal comparative analysis. It concludes that pragmatically, now-a-days the only way is to use trade data. The challenge is to develop a meaningful and flexible information database with both quantitative statistics and qualitative information. A tool can be the value-chain analysis for measuring tangible creative goods, but it is necessary to complete the picture by capturing data for invisible creative services and copyright transactions.

The study presents a pioneering analysis of trade flows of creative goods and services for the period 1996–2005, providing empirical evidence that the creative industries are one of the most dynamic sectors in world trade. It examines global trends identifying the key players in major markets for each group of creative industries. Over the period 2000-2005, trade in creative goods and services increased at an unprecedented average annual rate of 8.7%. World exports of creative products reached US\$ 424.4 billion in 2005, as compared to US\$ 227.5 billion in 1996, according to UNCTAD figures. The Report stresses the need to improve market transparency, particularly in the area of audiovisuals and new media. It also emphasizes the scope for promoting further North-South as well as South-South trade and cooperation.

The report recognizes the growing role of intellectual property rights (IPRs) as a tool to generate earnings from creative industries. It also notes that the modes of regulation and measurement are not yet sufficient to allow a proper overview of their economic impact on the trade balance of individual countries. 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 and software.

The need to improve awareness and the effectiveness of intellectual property regimes is highlighted. Nevertheless, the report also recognizes the lacunae existing in the current IPR system and stresses the need to revisit some policy instruments with a view to ensuring that the interests of developing countries are properly taken into account. Issues relating to traditional knowledge, cultural expressions and public domain are also discussed in the light of progress made in the work of the World Intellectual Property Organization (WIPO).

The development dimension and international policy framework

The development dimension is the guiding principle of the Creative Economy Report. The analysis is presented in the context of the Millennium Development Goals, since this is the international policy environment within which national strategies for advancing the creative economy in developing countries are expected to be implemented. The creative economy has the potential to contribute towards the achievement of the MDGs by contributing to poverty alleviation, education, gender equality and global partnerships.

The implications of global processes in shaping policies for the creative economy also warrant consideration. Recent developments on the ongoing multilateral processes in areas of relevance to the creative economy are reviewed in chapter 9.

In this regard, it should be recalled that at UNCTAD XI Ministerial Conference in 2004, the topic of creative industries was introduced into the international economic and development agenda, emphasizing the importance of *preserving and promoting cultural heritage and cultural diversity*. The São Paulo Consensus negotiated among 153 countries, agreed that:

“...Creative industries can help to foster positive externalities while preserving and promoting cultural heritage and cultural diversity. Enhancing developing countries’ participation in and benefit from new dynamic growth opportunities in world trade is important in realizing development gains from international trade and trade negotiations and represent a positive sum game for developed and developing countries “ (parag 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” (parag 91)

Since then, there has been growing awareness and greater political calls in both developing and developed countries for nurturing the creative industries and hence the creative economy for development. More recently, a High-level Panel on Creative Industries and the Creative Economy for Development, met in Geneva in January 2008, as a pre-event for UNCTAD XII. The session had three main objectives: (i) to provide a platform for progress in the intergovernmental debate in the area of the creative industries and the emerging creative economy; (ii) to review the work undertaken by the UNCTAD secretariat in fulfilling its mandate on this topic, and (iii) to take-stock of progress made in the analytical and policy agenda surrounding the creative economy. The Panel concluded that UNCTAD’s work in this area should be pursued and enhanced.

Other multilateral processes

Furthermore, international policies around the creative economy are highly influenced by three major multilateral processes: the trade negotiations under the WTO Doha Round, the implications of the WIPO’s Development Agenda and the implementation of the UNESCO convention on cultural diversity. An overview of the mandates and policy implications from the negotiations and the work being carried out by international organizations in areas of relevance to the creative economy is also presented.

The multilateral trade negotiations under the WTO Doha Round launched in 2001 and intended to be concluded in 2005, faced an impasse and remains inconclusive up to this date. Cultural diversity and related issues are not explicit topics of the Doha Round. Nevertheless, audiovisuals and other cultural services are discussed under the GATS Agreement, which made little progress so far to liberalize trade in services in general, and audiovisuals in particular. The controversies surrounding trade in audiovisuals remain. Regarding the four modes of supplying trade in services, the question of mobility to provide international services remain a crucial element for the expansion of exports of creative and cultural services by developing countries through the temporary movement of persons.

The concept of policy space, which may allow for the phasing in of disciplines with levels of development, is an important tool for developing countries. It should be pointed out however, that the GATS Agreement has built-in flexibilities, as expressed in the initial comments made by UNCTAD on the preliminary draft of the UNESCO Convention. These flexibilities allow both developing and developed countries to protect cultural diversity. In respect to the provisions on the TRIPS Agreement, topics related to cultural diversity specially the protection of traditional knowledge and folklore have not received prominent attention in the current round.

UNESCO's cultural diversity perspective

The entering into force of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions in March 2007 was a decisive step towards the recognition that culture is an integral part of the development process. The Convention recognizes the distinctive nature of cultural goods and promotes plurality of cultural offers; it is not goal per se but a tool to promote economic, cultural, social and human development.

A set of principles, rights and obligations form the basis to safeguard the sovereign right of Member States to protect and promote the diversity of cultural expressions within their territory and at the global level have been agreed upon by the international community. Now, the challenge ahead is to translate the commitments into reality.

Of particular interest to developing countries are the articles 14 on *Cooperation for Development* and article 16 on *Preferential Treatment for Developing Countries*. These two issues are intrinsically related and have common objectives. As mentioned above, UNCTAD XI, recognized that special measures were needed at the international level, to support national efforts of developing countries with a view to promoting cultural diversity through support for the development of their creative industries. Furthermore, consensus is gradually being built, expressed by nearly 90 States which have already ratified the Convention, that international cooperation is needed to support specific needs of developing countries to foster the emergence of a dynamic cultural sector.

Furthermore, Cooperation for Development can play a key role in supporting efforts by developing countries to strengthening their creative and cultural industries. North-South cooperation can take the form of partnerships for development and prioritize actions towards: (i) facilitating wider access to the global markets for cultural activities, goods and services; (ii) facilitating the mobility of artists from the developing world; and (iii) implementing capacity-building activities and supporting measures for technology transfer and financial assistance, particularly in the least developed countries.

In June 2007, the Conference of Parties, elected the 24 members of the Intergovernmental Committee that will operate under its supervision. It is important to promote cultural cooperation and give priority to measures which facilitate greater exchange between North and South. Therefore, developed countries are expected to grant market access to cultural goods and services from developing countries in major markets, and also facilitate the free circulation of artists, performers and cultural professionals by granting them preferential treatment. In both cases, appropriated institutional and legal framework should be negotiated and put in place.

In conclusion, pragmatism is needed to move from commitments to practice. The starting-point for an effective cooperation should be the immediate implementation of Art. 18. The creation

of the “International Fund for Cultural Diversity” is expected to help to channel concrete actions for cooperation and preferential treatment. Furthermore, synergy and institutional cooperation between relevant international organizations such as the secretariats of UNESCO and UNCTAD can be tied-up to build upon on constructive complementarities with a view to assist government in policy-making at national and international levels. In this spirit, the UNCTAD secretariat is pleased to be associated with UNESCO, the Member States and the civil society aiming at a successful implementation of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

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