



Fair Trade for Culture: What is it and how could it be implemented?

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Defining Fair Trade

Fair trade is best understood as an emerging response to the negative effects of contemporary globalization, and particularly to the often unjust and inequitable nature of contemporary globalization.

(Murray & Reynolds 2007: 6)

Key goals:

- To foster egalitarian trade links between Northern consumers and Southern producers.
- To campaign for changes in conventional (unequal) trade practices.

(Raynolds & Long 2007: 18)

Key Goals of Fair Trade

The ultimate goal of fair trade organizations is not just to enhance the capabilities of southern producers to survive within the existing order, but to enhance their abilities to confront and change it.

(Fridell 2007: 11)

The fair trade network has historically been just one initiative among many others in the broader fair trade movement, which includes such things as:

- International commodity agreements
- Price stabilization schemes, and
- Appeals at international forums for fairer global trade rules.

(Fridell 2007: 23)

Is the UNESCO Convention (Article 16) on Preferential Treatment fit for purpose?

Article 16 calls upon developed nations that are signatories to the Convention to grant preferential treatment to artists and other cultural professionals and practitioners as well as to facilitate the exchange of cultural goods and services from developing nations.

The UNESCO Convention is a cultural cooperation agreement largely premised on “best endeavour” language and thus Article 16 does not generate firm commitments that are legally binding as in reciprocal trade agreements (e.g. CARIFORUM-EU Economic Partnership Agreement).

Article 16 of the UNESCO Convention has the potential to convey some of the key benefits to developing countries that the EPA affords to CARIFORUM countries:

- Exchanges, training, collaborations and technical assistance
- Temporary movement of natural persons (i.e. artists and other cultural professionals and practitioners)
- Audiovisual services (e.g. co-productions)

The CARIFORUM-EU Economic Partnership Agreement (EPA) is WTO compatible and is of specific relevance in that it utilizes the UNESCO Convention as a starting point and thus is the first attempt to operationalize Preferential Treatment in the cultural sector. In broad terms the EPA facilitates:

- Reciprocal market access commitments in entertainment services;
- Cultural exchanges, collaboration and technical assistance through the *Protocol on Cultural Cooperation*.

Is Article 16 (Preferential Treatment) in the UNESCO Convention (2005) equivalent to Fair Trade?

The benefits of Article 16 are largely restricted to the areas of cultural cooperation (e.g. training, collaborations, exchanges, etc) as well as the temporary movement of natural persons but it is not extended to commercial trade in services.

Article 16 and the Convention does not address the burgeoning trade in intellectual property and copyright as the focus is only on goods and services, particularly Mode IV movement of natural persons.

Article 16 should not be viewed purely in international trade law terms and could include a recommendation for the establishment of an institution to implement preferential treatment through the promotion of “fair trade” in culture.

What should be the key principles for driving Fair Trade in Culture?

Cultural Diversity as part of the Global Commons:

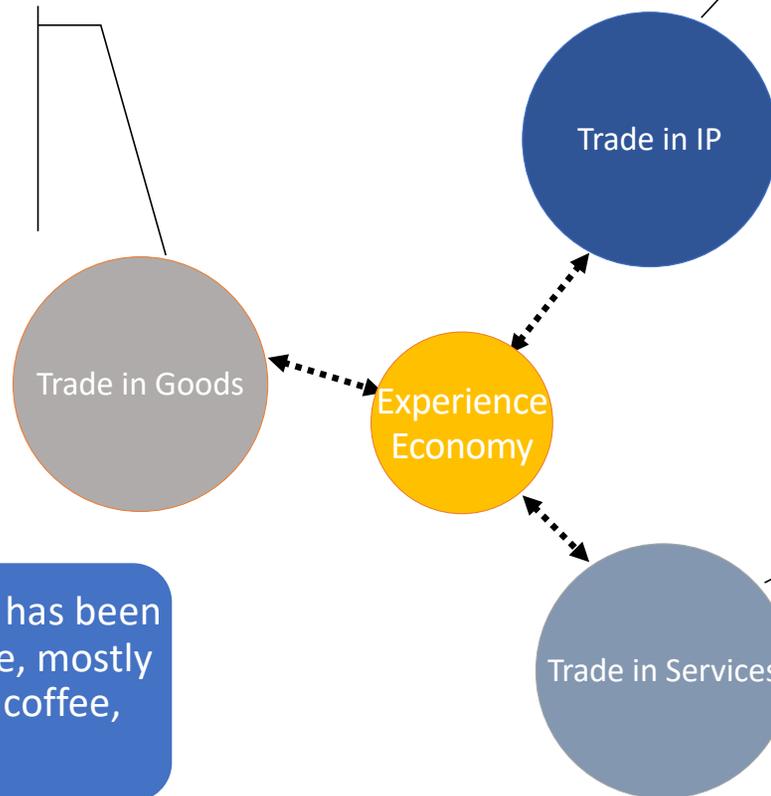
Cultural Diversity twinned with Genetic Diversity to achieve the SDGs

Shift from just Cultural Diversity to Cultural Inclusion:

Cultural Inclusion ← Cultural Tolerance + Cultural Confidence

Is Fair Trade relevant to the Creative Sector?

- CDs/DVDs
- Books
- Fashion
- Paintings



- Authors & composers rights
- Neighbouring rights
- Synchronization rights
- Data monetization

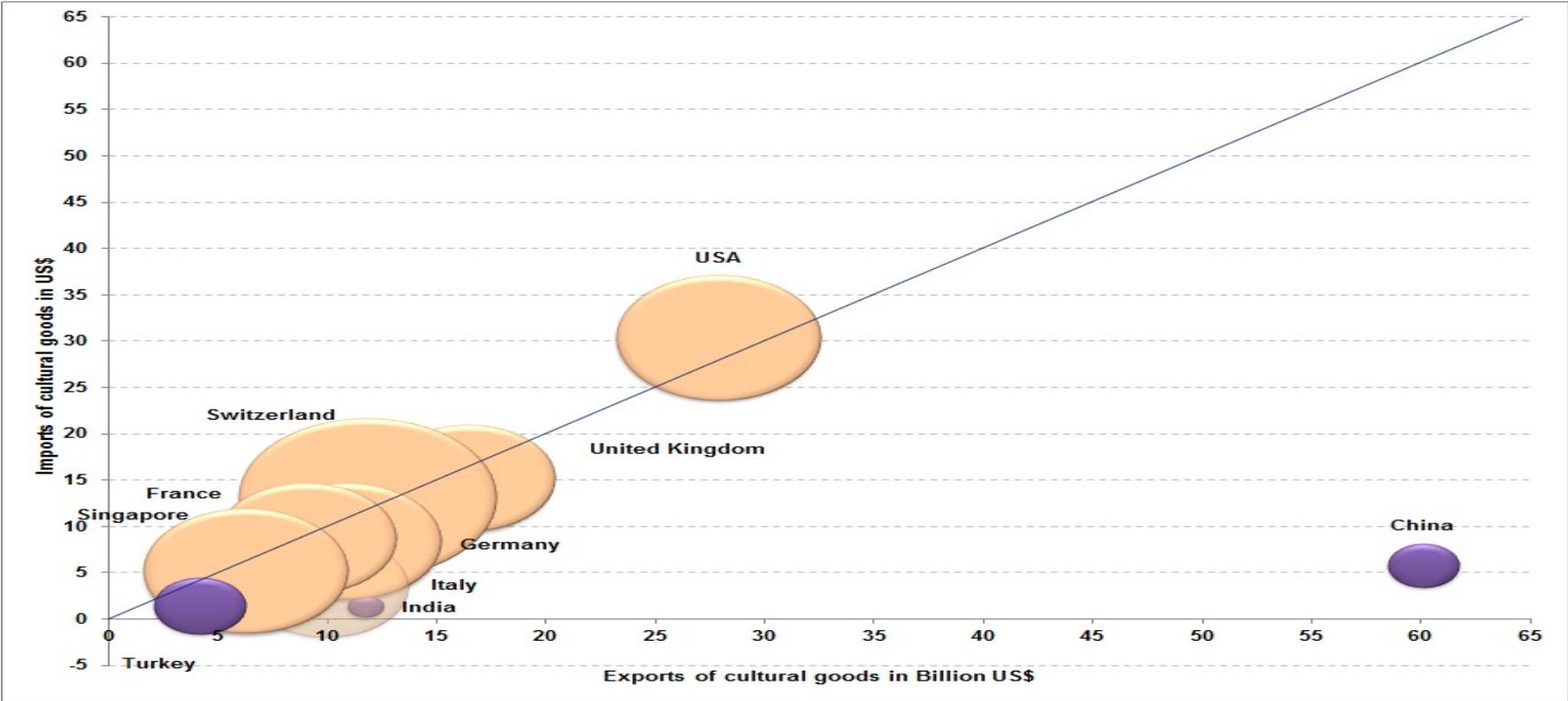
Can Fair Trade be applied to a sector that embodies multiple trade mechanisms and flows?

The concept of Fair Trade has been applied to the goods trade, mostly agricultural trade such as coffee, bananas, etc.

- Cross-border
- Consumption Abroad
- Commercial Presence
- Movement of Natural Persons

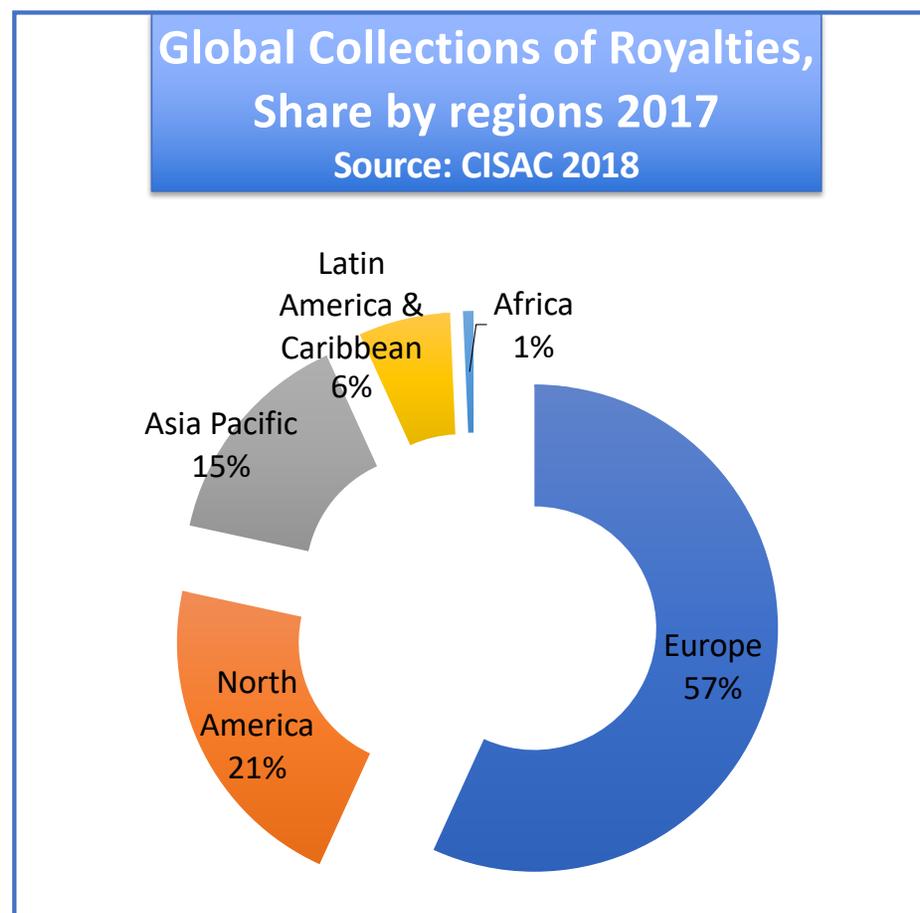
Trade Profile in Cultural Goods Trade

(UNESCO Institute of Statistics, 2013)



Trade in Intellectual Property

- Global collections of royalties have risen by 18.5% since 2012 (\$7.7 billion) to 2016 (\$9.2 billion).
- Digital collections has risen over 50% in the last year but only accounts for 10% of total global collections of royalties.
- Music accounts for 87.4% of global collection royalties in 2016. Audiovisual has 6.3%, Literary (2.3%), Dramatic (2.1%), Visual Arts (1.9%).



Digital Distribution Platforms in the Developed World



Digital Distribution Platforms in the Developing World



What are the key issues in the contemporary context?

The Fair Trade in Culture problematique is exemplified by three key challenges that relate to the rise of the Digital Creative Economy:

- The Value GapThe Genre Gap (i.e. the increasing concentration of content distribution)
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- The Widening Trade Gap (i.e. the deficit among most developing economies).

The Value and Genre Gap in the Digital Creative Economy

- The Value Gap (i.e. the relative under payment of content creators):

- To earn US\$1,260 on Apple Music, a signed artist needs 971,323 plays earning \$0.0012 per play.
- To earn the equivalent on Spotify, 1,117,021 plays are required

- The Genre Gap (i.e. the increasing concentration of content distribution):

- It was reported that in 2017, of the music streamed globally, according to the Buzzangle report, 99% came from 10% of the music available.

Key Areas for Action by Developed Countries

Develop economic and market intelligence, for example, more information on the markets and the regulatory environments.

The provision of alternative mechanisms for export/trade and IP financing and facilitation.

Introduce and/or expand support programmes for capacity building of the cultural/creative sector in developing countries.

Establish business and/or touring visas for artists and creative entrepreneurs from developing countries.

Key Areas for Action by Developing Countries

The first area for implementation would be the promotion and facilitation of digital entrepreneurship, digital aggregators, clustering, accelerators/incubators.

Strengthening of the marketing of the various genres and styles of creative content on digital platforms is a critical area of engagement.

Expand the institutional and human resources in the creative industries to tap into the opportunities in the digital and blockchain arenas.

It is imperative that developing countries strengthen the legal and institutional infrastructure for copyright administration and rights management.

DIGITIZATION

- **Establishment of a Digital Aggregator:** establish a Network of producers, publishers and copyright owners; create a digital database of tradeable content; enter a distribution agreement with global aggregator(s); market/promote digital catalogue to international content distributors (e.g. iTunes, Spotify, YouTube, Netflix, Amazon)
- **Legal/Contract support:** monetize access - license digital catalogue

DYNAMIC MARKET PENETRATION

- **Proactive Inbound & Outbound Trade missions**
- **Live Events / Festivals / Events**
- **Branding / Marketing / Publishing & Merchandising**
- **Penetration of new/niche markets:** demand analysis/strategic plan

INSTITUTIONAL CAPACITY BUILDING

- **Export Offices/Hubs** - Institutional Capacity, Business Strategy & Planning Support; Policy Lobbying/Advocacy
- **Outreach/Interface with national industry associations**
- **Observatory** – building a robust information infrastructure and capacity for continuous data capture, collection and analysis

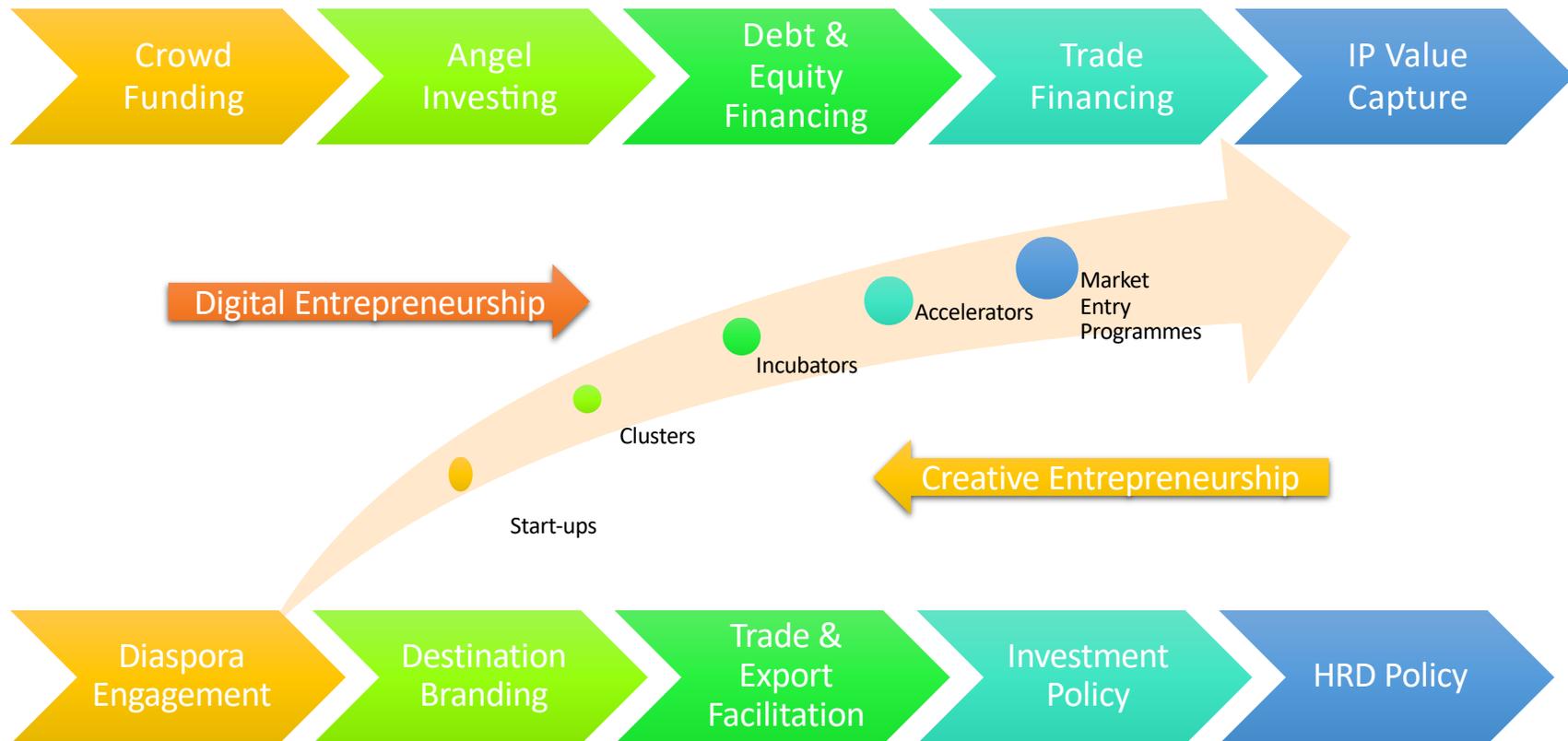
ACCESS TO FINANCE

- **Design and implement a new Financing Model/Facility:** this could include a range of financial services (e.g. market development grants, business competitions, crowd funding and angel investing).
- **Financial Support Services:** structured in a synergistic way to ensure market entry and support services are coordinated (e.g. through business clinics and mentoring for start-ups).

END-TO END BUSINESS SUPPORT

- **Incubation/Acceleration:** building capacity of creative entrepreneurs
- **Boot camps/end-to-end capacity-training** - linked to trade missions
- **Networking, Clustering, Mentoring, Peer-to-Peer Coaching**
- **Training:** Business/Export Planning & Marketing - Social Media;
- **Training/opportunities for cross-sectoral linkages (ICTs, film etc.)**

Creative and Digital Entrepreneurship



Fair Trade for Culture: An Agenda for Action

Developed Countries Parties

- Facilitate market access and market entry programmes.
- Establish funding for incubator and accelerator programmes.
- Institute touring visas for artists and creative entrepreneurs.
- Provision of alternative and IP financing for trade and export.

Developing Countries Parties

- Boost domestic content/exports through creative entrepreneurship.
- Build capacity in digital entrepreneurship/aggregators.
- Establish cultural observatories for data capture and analysis.
- Strengthen copyright administration and rights management.