

Enhancing the creative economy for development in the Asian Least Developed Countries

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The impact of the global economic crisis

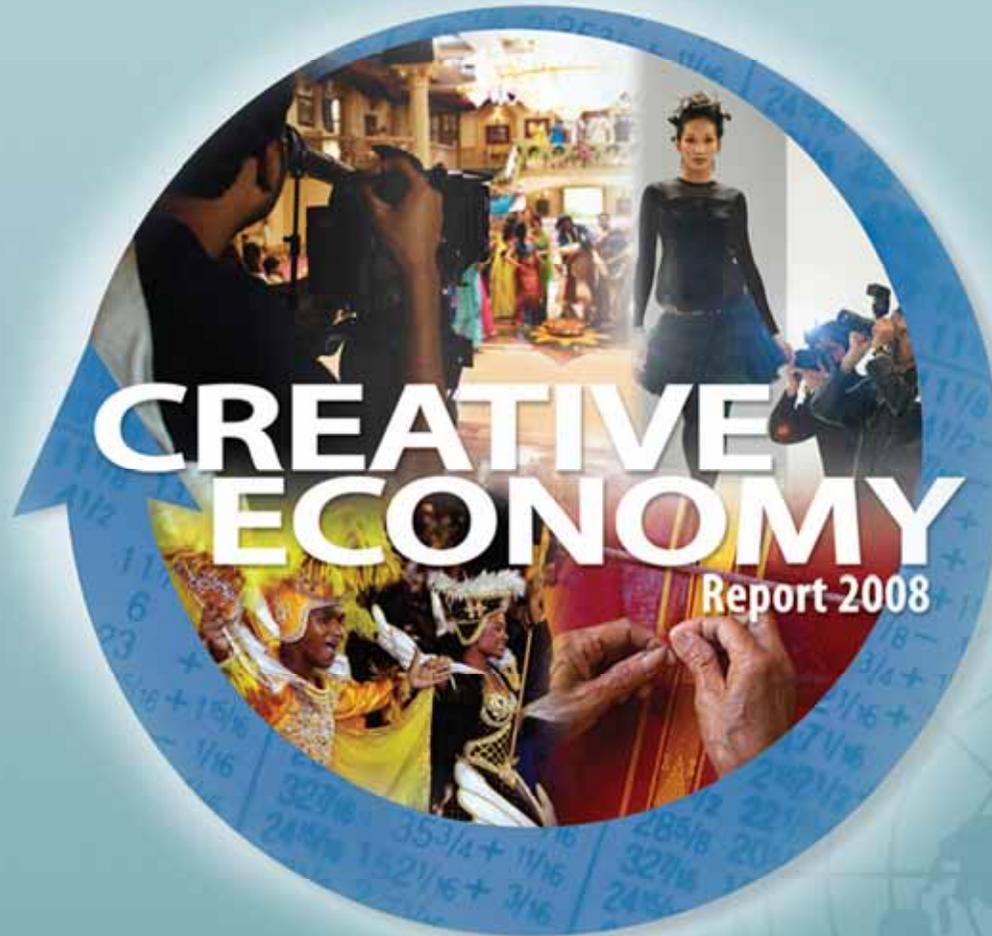
- The challenge of this end of decade is to stimulate a sustainable and inclusive economic recovery
- Since 2008 a combination of the food, energy and financial crises provoked a multifaceted development crisis
- The most vulnerable economies of the LDCs have been the most severely affected
- More 53 million people will remain in extreme poverty by 2015
More efforts will be needed to achieve the MDGs

Need for new paths for a sustainable growth

Global economic upturn remains fragile

- After a decline of 2% in 2009, GDP may grow by 3.5% in 2010
- Gradual acceleration of output growth in most regions
- Economic recovery is driven by developing countries
- Emerging markets from Asia and Latin America, led by China
- Resurgence in world trade is stimulating global demand growth
- Unemployment is the most pressing social and economic problem
- **Developing countries need to further diversify their economies**

Innovative ways to tackle post-crisis recovery



**The Challenge of Assessing the Creative Economy:
towards Informed Policy-making**

Objective

- First UN multi-agency report on this new topic
- Conceptual, institutional and policy framework
- Analytical tools for informed policy-making
- Shared vision based on comparative analysis
- Sensitize governments about the potential of the creative economy to foster socio-economic development
- The full English version can be downloaded by internet at <http://unctad.org/creative-programme>

Creative Economy Report - 2008

Chapter I: Concept and context of the creative economy

Chapter II: The development dimension

Chapter III: Analysing the creative economy

Chapter IV: Towards evidence-based assessment of the creative economy

Chapter V: International trade in creative goods and services

Chapter VI: The role of intellectual property in the creative economy

Chapter VII: Technology, connectivity and the creative economy

Chapter VIII: Policy strategies for the creative industries

Chapter IX: The international policy framework for creative industries

Chapter X: Lessons learned and policy options

Statistical Annex : World trade of creative goods and services, 1995-2005

Context

Cultural assets and **creativity** are inexhaustible resources available in every society and in all countries

Ideas and creativity can be transformed in economic activities

Globalization re-shaping patterns of world cultural consumption in a world dominated by **images, sounds, texts and symbols**

Connectivity influencing society life-style and the way that creative products are **created, reproduced and commercialized**

Shift towards a more **holistic approach** to development interface between **economics, culture and technology**

Creative Economy

An evolving concept based on creative assets and intellectual capital potentially generating socio-economic growth

Embraces economic, cultural and social aspects interacting with technology and tourism objectives

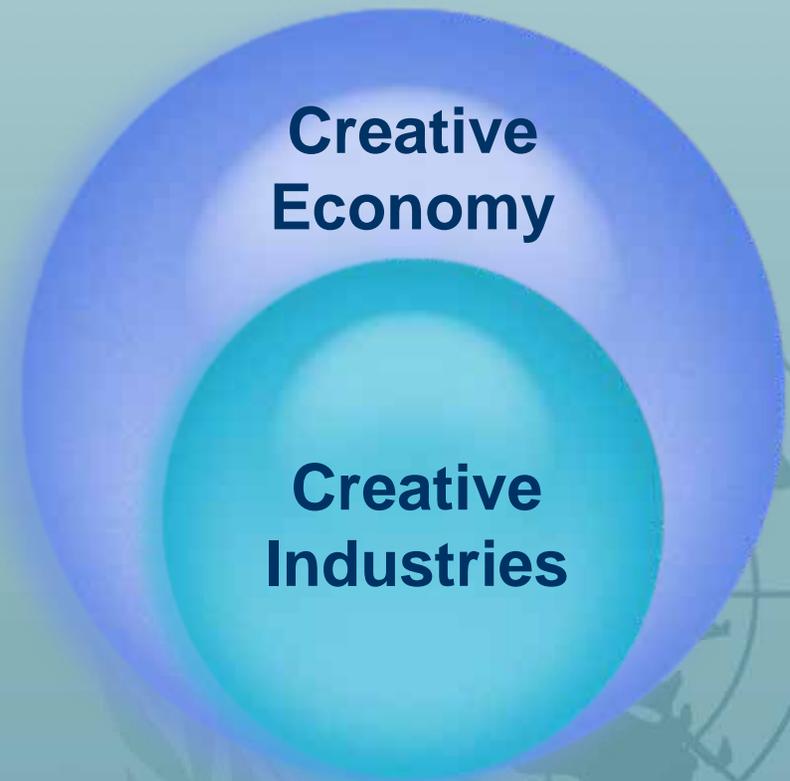
Can foster income generation, job creation and export earnings, while promoting social inclusion, cultural diversity and human development

Creative economy is environmentally-friendly

Is a feasible policy option to diversify the economies of many countries and to promote trade and development gains

Concept of the Creative Economy

- Is a set of knowledge-based activities with a development dimension and cross-cutting linkages at macro and micro levels with the overall economy
- At the heart of the creative economy are the creative industries
- It calls for concerted multidisciplinary policy responses



Creative Economy

Is the cycle of creation, production and distribution of goods and services that uses **creativity and intellectual capital as primary inputs**



Creative Economy

Creative Industries

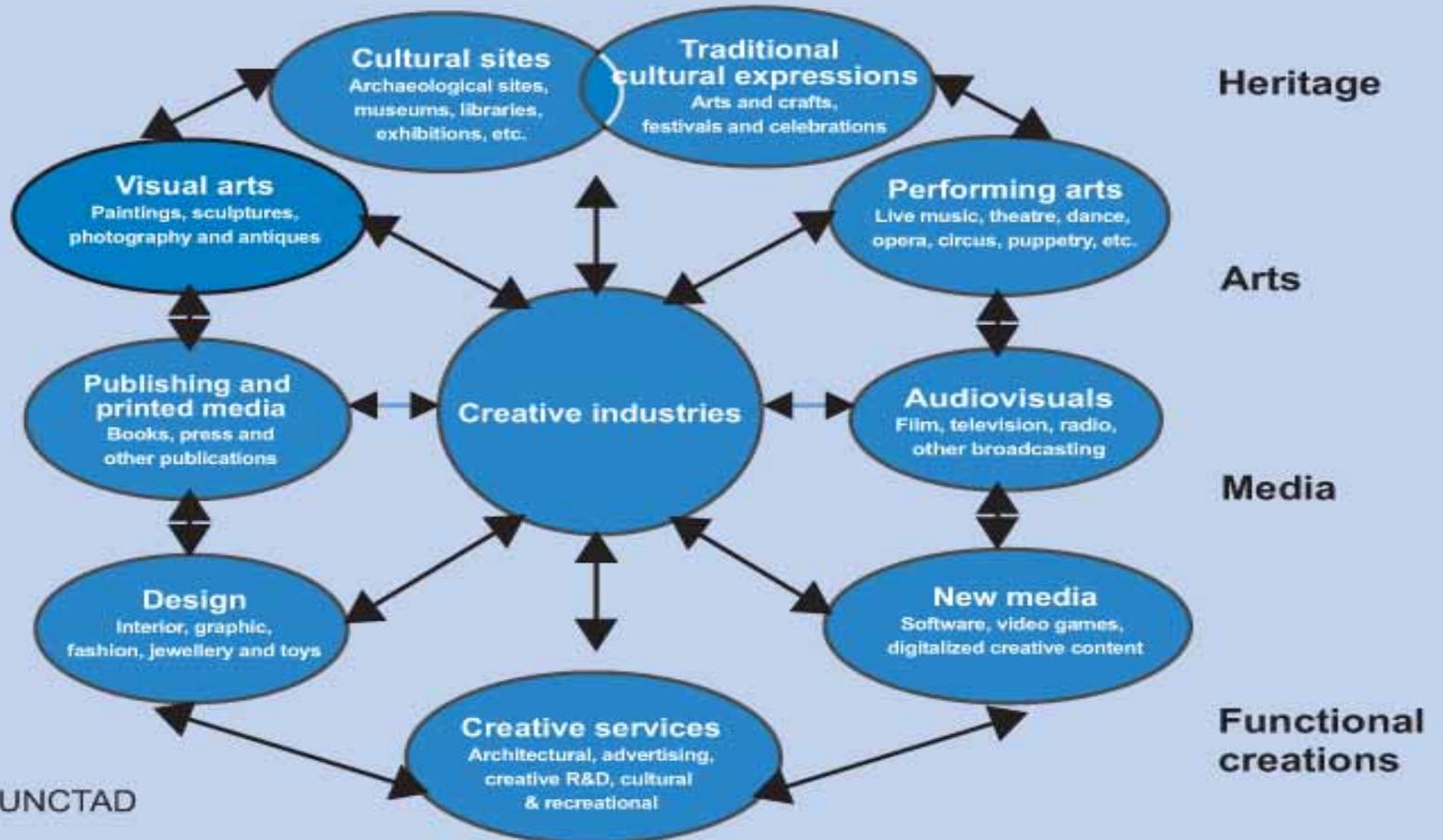
Creative Industries

Are tangible goods and intangible services with **creative content, economic value and market objectives**

UNCTAD Classification

Figure 1.3

UNCTAD classification of creative industries



Source: UNCTAD

Development impact of the creative economy

Millennium Development Goals and poverty reduction

Creative industries a key sector in national development strategies

Development linkages: beyond economics - cultural, social and sustainable development aspects, interface with tourism and technology

Traditional knowledge, arts, education and the creative economy

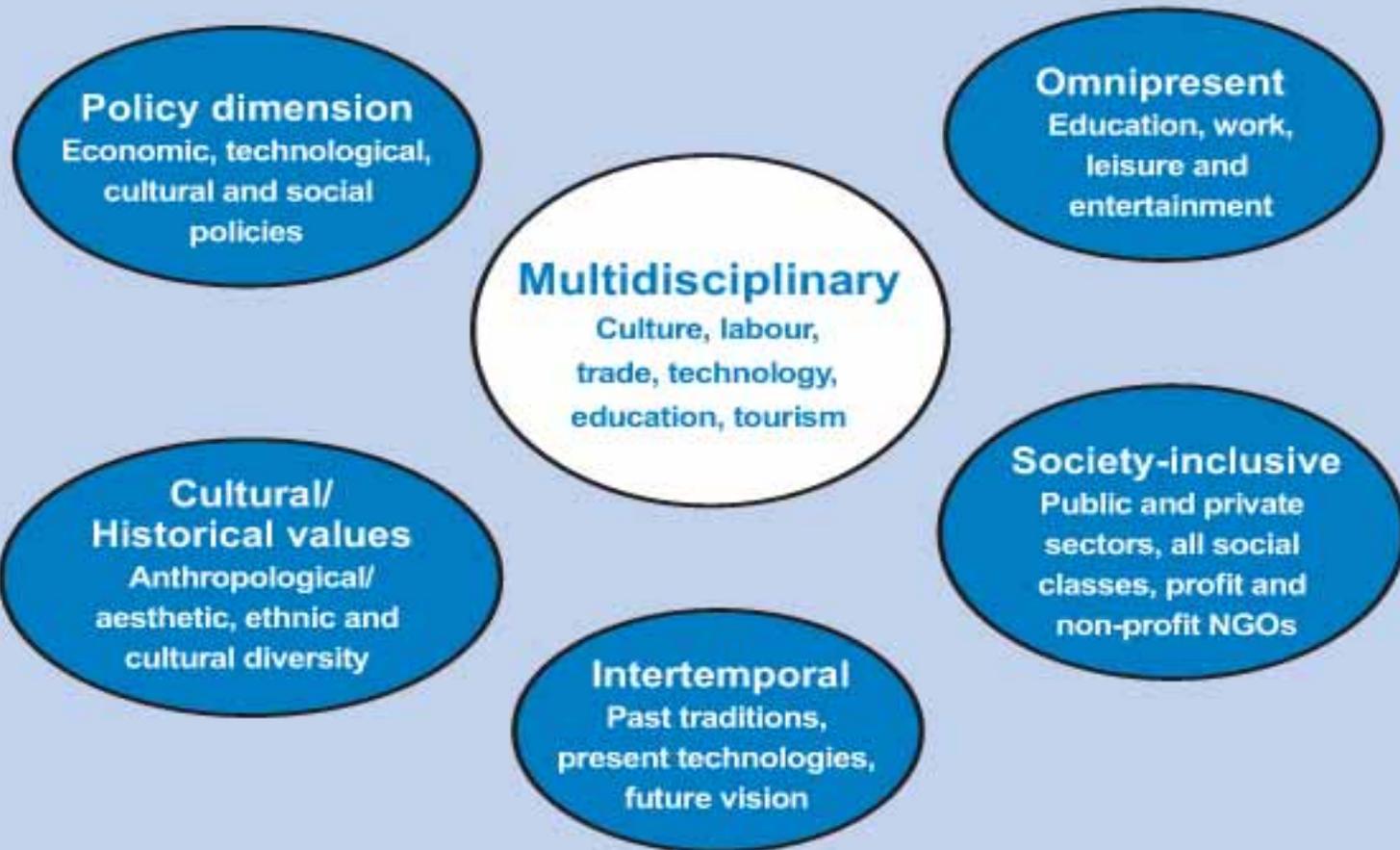
Promotes job creation particularly for the youth and women

Obstacles to expansion of the creative economy: capital, entrepreneurial skills, infrastructure and institutional tools

The development dimension

Figure 2.1

Development dimension of the creative economy



Source: UNCTAD (Dos Santos, 2006).

The creative economy in the daily life

The concept is gaining ground in development strategies thinking in all parts of the world: developing and developed countries

There are evidence that the creative economy is leading trade employment and innovation in many countries

Interplay of sectors from the most **traditional** such as art crafts, dance to the most **technology-intensive and services-oriented** such as design, new media, audiovisuals, digital services, architecture, advertising etc.

Every day everywhere in the world we consume **creative products**: we listen to music, watch TV, read newspapers, dress with fashion use software in the computer, read advertisings, etc.

Salient features of the creative global market

So far in the 2000's unprecedented growth compared with traditional services and manufacturing

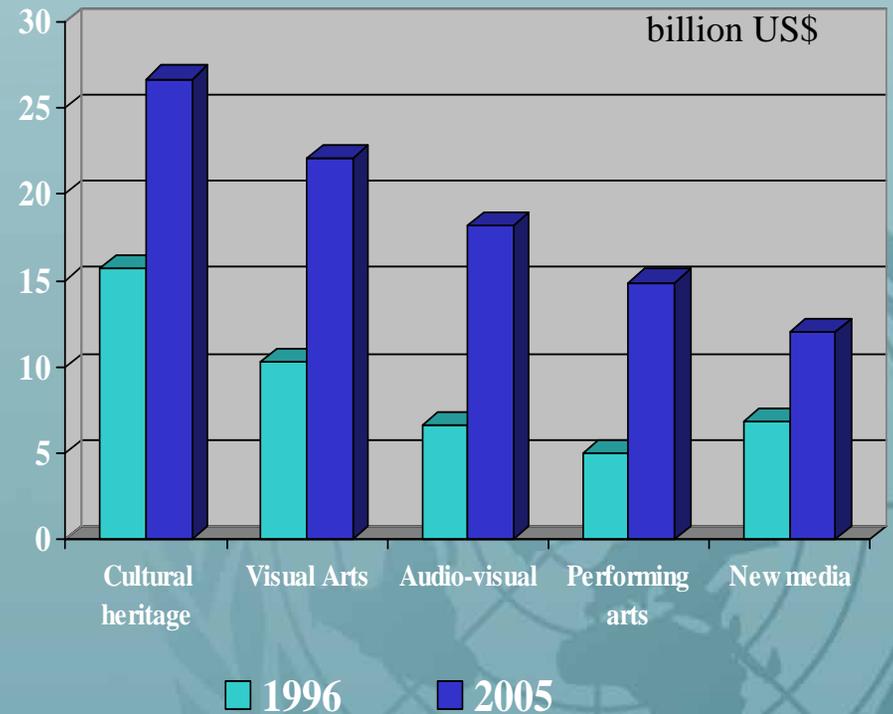
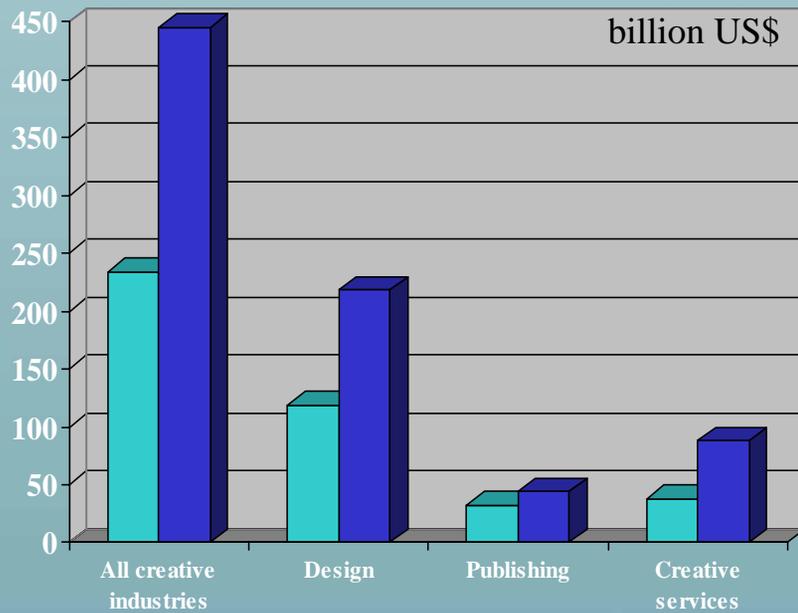
New dynamic sector in world trade – 8.7% annual growth during 2000-2005 period

In 2005 world exports of creative goods and services reached US\$ 424 billion plus revenues from intellectual property rights

Great potential for South-South trade

New opportunities for developing countries to leap-frog into high-growth value-added sectors of world economy

Creative industries exports goods and services



Creative goods and services

A new dynamic sector in world trade

UNCTAD figures show that world exports of :

Design

-US\$ 119.7 billion in 1996

-US\$ 218.1 billion in 2005

Art crafts

- US\$ 14.7 billion in 1996

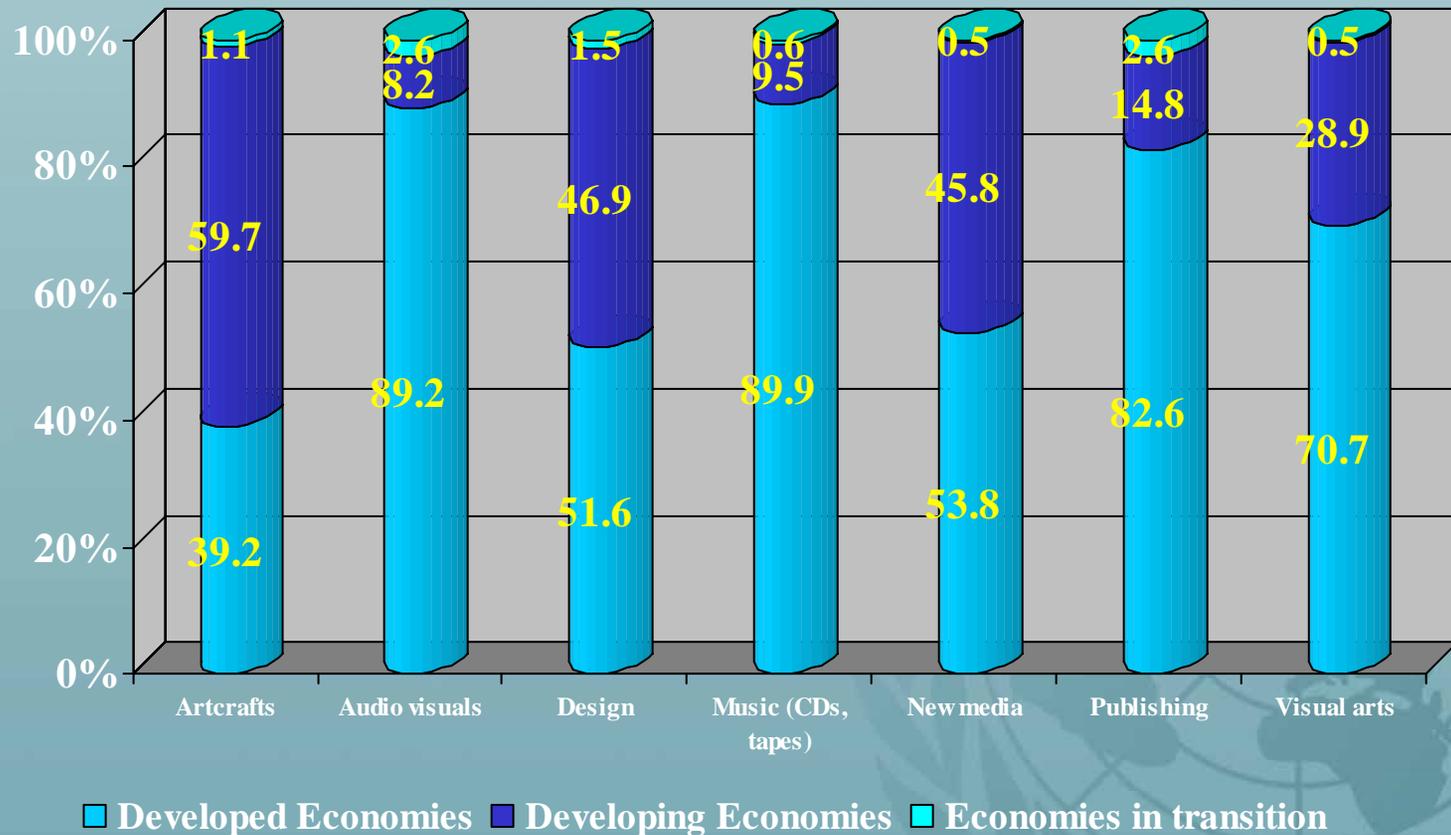
- US\$ 23.2 billion in 2005

Art crafts is a very important economic activity, developing countries exports 60% of world demand

Furniture is part of the design category, Lao produces top quality products with potential to reach world market

Shanghai World Expo 2010

Creative industries goods share in world exports - 2005



Creative industries in Asia

- In the most advanced countries like Japan, China, Singapore, Korea Thailand, Malaysia, the creative industries is driving trade and innovation.
- In countries such as Bhutan, Cambodia, Lao, Myanmar, Nepal, Pakistan and others there is less emphasis on the creative sector
- Although the creative industries such as crafts and handloom have been traditionally a source of employment
- Despite the richness of the culture and the abundance of talents there is **very limited trade** of creative products on both domestic and international markets. No data available
- The majority of cultural and creative production takes place in the informal sector. **Lack of social and monetary recognition** 19

Challenges facing the creative industries in Asian LDCs

- To **diversify** range of exportable creative products/services
- To **upgrade quality** and supply capacity of selected products
- To seek a **distinctive image or identity** for the products
- To develop cultural **entrepreneurship** for artisans/artists
- To create labelling, packaging and **promotional materials**
- To put in place target **investment policies** for creative sector
- To forge public/private partnerships for creators/investors
- To enhance awareness **intellectual property rights** system
- To increase the use of **e-commerce** and **ITC tools**

Opportunities to enhance the creative economy in the region

Prioritize sectors with best talents and competitive advantages for domestic and world markets

Art Crafts

Promote local artisans/crafters
Cooperatives and SMEs

Create facilities for exchanges
and identity among crafters

Facilitate grouped
purchasing of craft inputs

Provide training for upgrading
skills and quality control

Promote micro-credit for artists

Create Trade Points for Tourists

Design products

Promote centuries-old culture
creating niches for unique
designed products

Furniture , jewellery, garments
blending antique/modern

Promote cultural specificity
for wood and metal-based
art tradition

Explore co-exhibitions in
International Fairs & Exposition

Support art designers and
craftsmen to ensure high quality

Cultural Festivities

Music & Dance

Promote cultural festivals
community life/ tourism attraction

Ensure survival traditional culture
combining dance/music/costumes

Encourage education-based art
institutions using Asian heritage

Identify audience genres preferences

Cultural shows must be marketable
domestically and internationally

Create international demand
by raising visibility of the region

Strengthening creative economies in developing countries

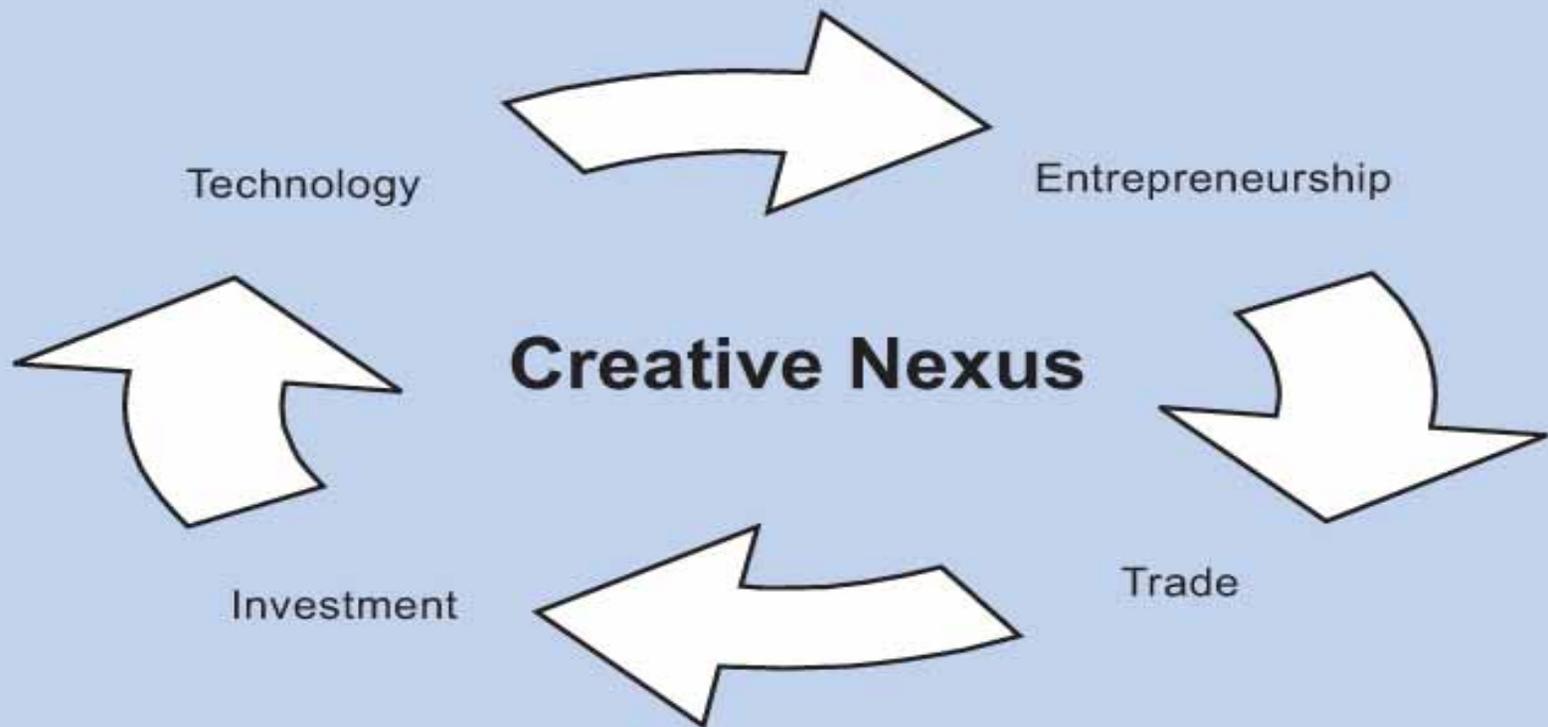
- Facilitate interactions between the public and private sector, universities, and relevant institutions including NGOs, to facilitate a **participatory approach**
- Put in place cross-cutting **mechanisms and institutions** involving relevant ministries /departments (education /tourism /technology)
- Integrate local creative industries from the **communities into national strategies towards global markets**
- Articulate policies to attract investment and business, mechanisms for **financing/micro-credit**, promote training on **entrepreneurship, ICT tools and IPRs policies**

The Creative Nexus

Figure 2.2

The creative nexus: The C-ITET model

C-ITET = Creative ↔ Investment ↔ Technology ↔ Entrepreneurship ↔ Trade



Source: UNCTAD (Dos Santos, 2007).

The international policy framework

UN – MDGs, poverty reduction, gender, education, partnerships

UNCTAD : Introduced the creative economy into the economic and development agenda in 2004. Mandates to promote trade and development : (i) consensus-building (ii) policy-oriented analysis and (iii) technical cooperation

UNESCO : Implementation of the **Convention on Cultural Diversity**

WIPO Development Agenda: IPR interests of developing countries

ITC : Creating **business opportunities** for creative industries

Multilateral Trade Negotiations

WTO Doha Round launched in 2001 remains inconclusive
Several issues relevant for trade policy of creative/cultural goods and services

GATS : market access in cultural services including **audiovisuals**
Mode 4 - free circulation of artists and creative professionals - visas

TRIPs: **trade of copyrightable and non-copyrightable** items such as those originating from traditional knowledge, **technology transfer** etc

TRIMS, investments, **competition** policies, and **trade efficiency**

As LDCs further explore **special treatment** for market access (EBA)

Other legal provisions such as free trade and **regional trade agreements**, economic partnerships agreements (EPAs) , customs unions

The creative economy and sustainability

- Creativity and intellectual capital, as opposed to the use of non-renewable natural resources, are the main inputs for creative production
- There are losses in ecosystem and livelihoods due to unsustainable and polluting ‘business as usual’
- Most creative industries are environmentally-friendly have low carbon and water footprints
- Creative industries is knowledge and services-intensive, creating more greener products as compared to traditional manufacturing

These are key factors to support a greener economy

Policy options

There is no one-fits-all recipe but **flexible and strategic choices** to be made by national governments

Creative economy calls for multi-disciplinary and concerted **inter-ministerial policy response**

Reconcile interests at public and private sectors for shaping a **national strategy to enhance creative capacities**

ICTs and IPRs are key drivers of the creative economy

Technology offers **opportunities for SMEs**: new distribution channels for creative content, **new business models** to reach out global markets through internet

The creative economy strengthens the links between **creativity, culture, technology and socio-economic development**

**The creative economy
has the potential to generate
income and jobs
while promoting social inclusion,
cultural diversity
and human development**

Thank you for your attention

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