



Reconciling arts, culture and business: A win-win solution

Edna dos Santos-Duisenberg

edna.dos.santos@unctad.org

Chief, Creative Economy Programme

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- I. The fragility of the global economic recovery**
- II. The creative economy a resilient and dynamic sector**
- III. New options and strategic alliances**
- IV. The creative nexus and the challenges ahead**



The fragility of the economic recovery

- After a decline of 2% in 2009, world GDP increased 3.5% in 2010
- Re-acceleration of output growth in most regions
- Economic recovery driven by the emerging countries, led by China
- World trade dropped 12% in 2009 but recovered by 9 % in 2010
- Resurgence in world trade is stimulating global demand
- Rebound in FDI flows in 2010 reached \$ 1.2 trillion
- Public deficits behind the instability in currency markets
- Unemployment is the most pressing social and economic problem
- Recovery is uneven and economic conditions remain fragile
- Rising tensions on global fiscal and currency policies

More efforts needed to tackle post-crisis recovery

G20 replaced the G7

South countries are financing the North



Lessons from the economic crisis

- Need for a more balanced role between **government interventions and the market** to address imbalances
- It is time to take a step back from **the global** and look **at the local: specificities, identities, cultural and economical differences**
- The crisis provoked a **reality check** recalling that **emerging countries are no longer outsiders** and survived the crisis with less damage
- **South-South regional trade and investments** became vital to mitigate the effects of the global recession and **promote economic recovery**
- **Knowledge-based creative sectors more resilient** to external shocks

The global crisis is not over

instability in exchange rates, rise of public deficits (Euro-zone, USA)
natural and man-made catastrophes (Japan), political turmoil in Middle-East



Looking for mitigating and growth policies

- Need to bring back **ethics into economics**
- Not possible to continue “business as usual”
- **Private investment is crucial**
- Need better regulation and monitoring mechanisms
- **Better governance and coherence** among global financing, trading, investment and monetary policies
- **Right policy initiatives, incentives and regulatory framework**
- Global cooperation to guide the economic reform process
- Need to go beyond economics, **a holistic approach**

Paradigm shift : shortcomings of neo-liberal model

Undermined jobs, growth and social well-being

Interface between economics, technology, culture and environment



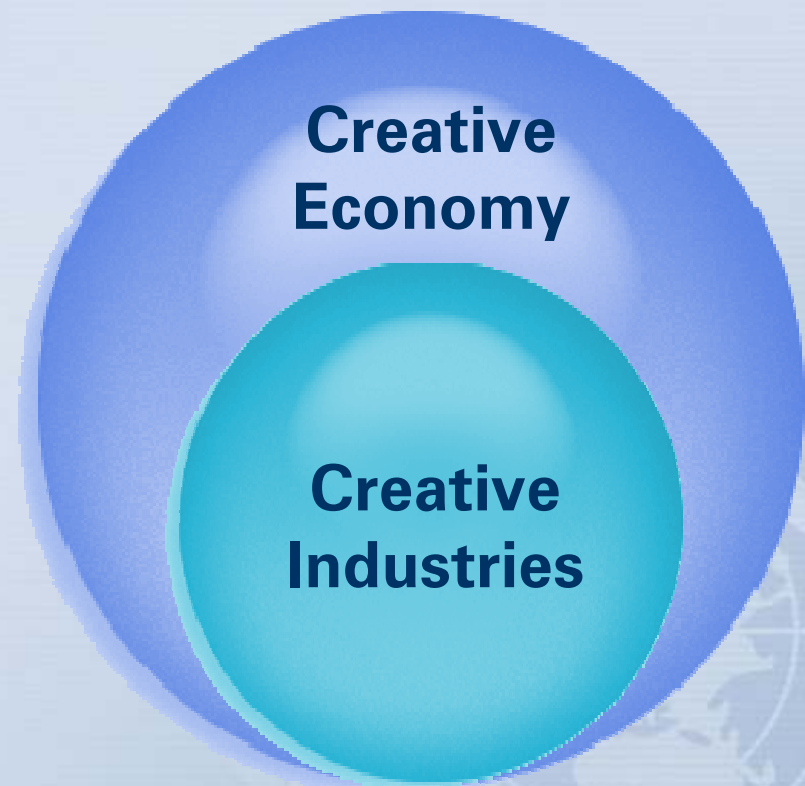
II. The creative economy a resilient and dynamic sector





Creative Economy

- Is a set of **knowledge-based** activities with interactions with the whole economy generating **revenues, jobs, export earnings** while promoting **social inclusion** and **human development**
- Is the cycle of **creation, production and distribution** of **tangible** goods and **intangible** services that uses **creativity** and **intellectual capital** as primary inputs.
 - UNCTAD, Dos Santos





The creative economy in the contemporary society

- The concept is gaining ground for growth strategies
- Creativity, knowledge and access to information are driving **economic growth, jobs, innovation and social cohesion**
- Contemporary world increasingly dominated by **images, sounds, texts and symbols**
- **Technology advances** influenced the way creative products are created, produced, re-produced and distributed
- **Globalization** and **connectivity** changed our **life-style** leading to new patterns of consumption of creative products

Creative economy is a feasible option to promote a more inclusive and sustainable development



Creative responses to stimulate global demand

- At the heart of the creative economy are the creative industries
- Interplay of sectors including the most technology-intensive and services-oriented such as new media, audiovisuals, architecture, as well as digital, cultural and recreational services.....
- Every day everywhere in the world, individuals consume creative products at home, work or on leisure and entertainment
- We listen to music, watch TV, read newspapers, go to cinema, use software in computers, play video-games, consume advertisings, dress with fashion etc.
- In the USA in the pick of 2009 crisis cinema attendances up 5.5% movies can be an escape in period of crisis – five last recessions

Creative industries has been comparatively resilient during the crisis



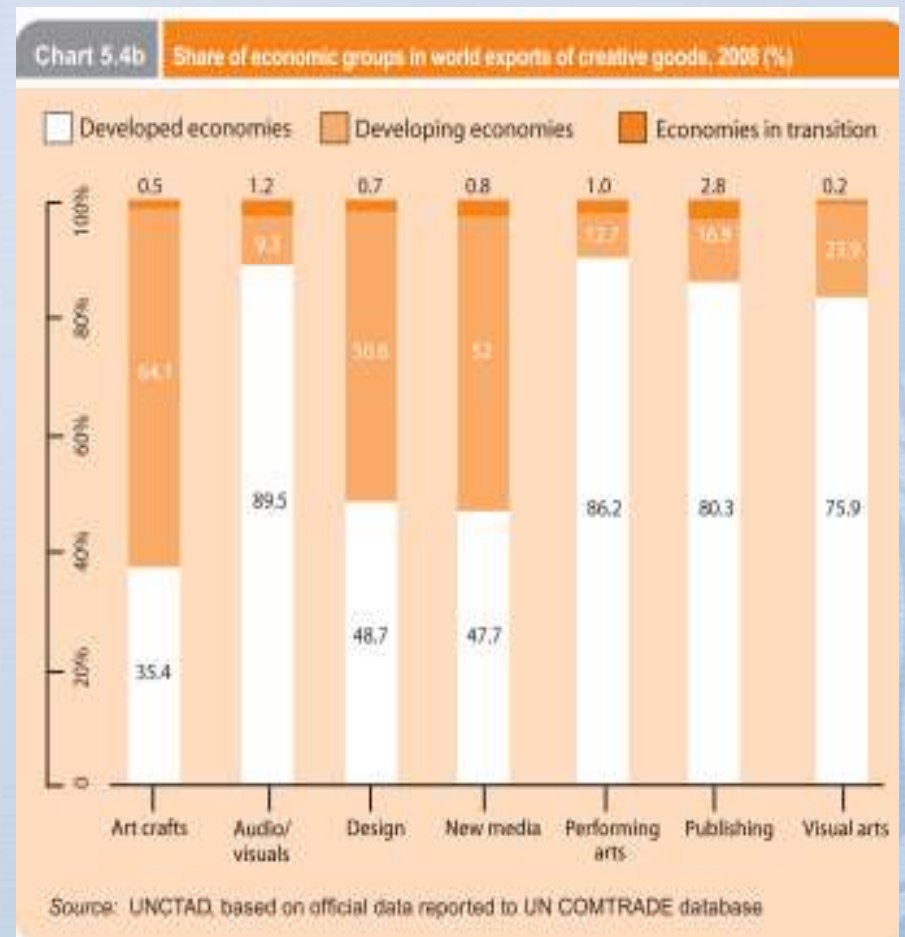
Global trends in the global market for creative industries

Creative industries emerged as one of the most dynamic sectors

All regions and groups of countries benefited from higher exports

World trade of creative products had 14% annual growth during the 2002-2008 period

World exports of creative products exceeded US\$ 592 billion in 2008, plus gains from intellectual property rights (data not available)





III. New options and strategic alliances





What new options to redress the global economy ?

For a sustainable recovery, we need :

- new investments
- new employments
- new mechanisms to finance creative enterprises
- new P2P financing directly from consumers: music, film..
- new options to support the “real” side of the economy
- new ways, new concepts, new initiatives

We need to bring back confidence to business and investors



The case of Sellaband.com

- Consumers can invest as from EUR 5 for a “share in an artist”
- Sellaband offers the studio and related services to record a CD to any artist who raises EUR 28,000 through this model
- Artists receive 1/3 of advertising revenues from the website and 60% of the publishing income
- Investors receive a copy of the CD and 0.01% of any sales revenues for a period of 5 years
- Since its launch in August 2006, 29 bands have benefited from this mode and 17 albums have been released

Consumers can choose an artist, watch him/her sing and invest in a new talent.....



What modalities for a Creative Capital Exchanges ?

- Exchanges : voluntary arrangements
- Two or more institutions
- Use internet for mobilization
- Attract savings and investments by households and non-financial firms
- Public/private, private/private, internal/external
- Set-up new financing mechanisms
- Explore possibilities for alternative currencies
- Open to the civil society: artists associations, NGOs

Guiding principles

- Transparency
- Mutual benefits
- Responsibility
- Cost-effective



Partnerships and Strategic Alliances

The creative economy is a **big business**, employs millions of people
Generates **revenues** through **trade and intellectual property rights**

Need to reinforce links between **creative investments and business**

- enhancing creative capacities
- attract investors from domestic and global markets
- support creative entrepreneurship
- improve access to new technologies
- new forms of financing creative enterprises
- explore new markets, South-South trade

**Venture-capital, new credit lines, collaborative financing
alternative currencies**



IV. The creative nexus and the challenges ahead



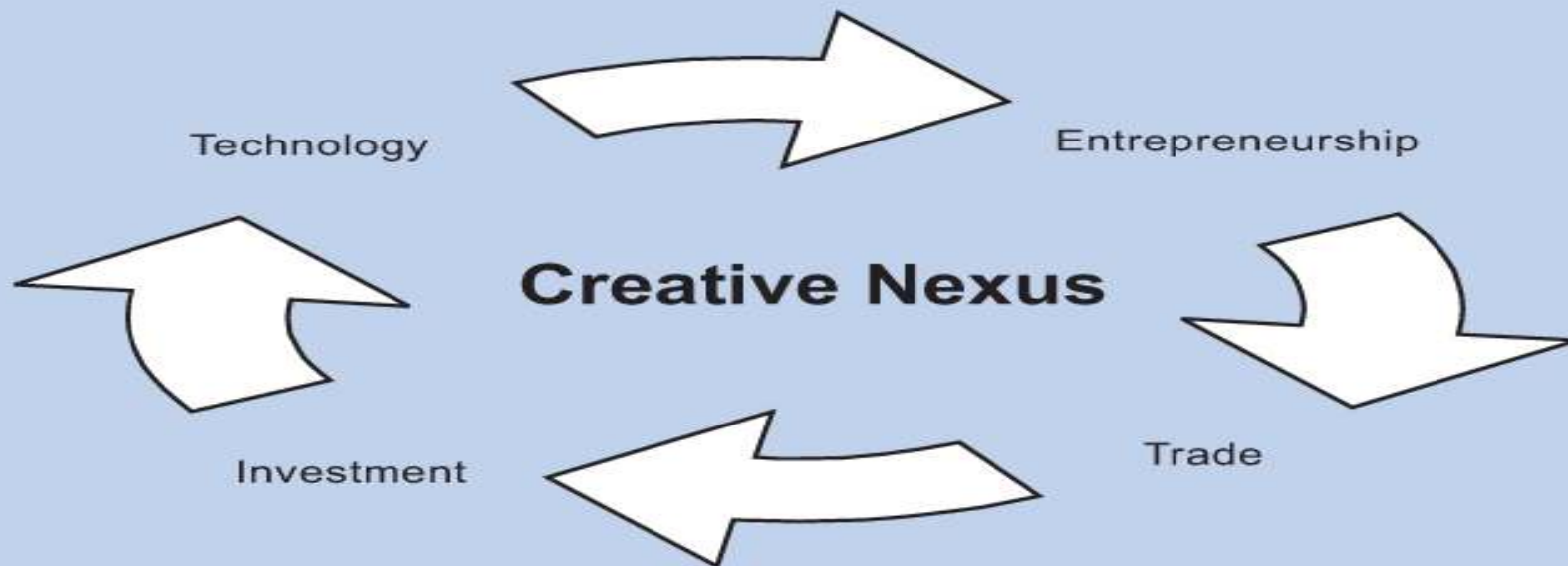


Enabling a creative environment

Figure 2.2

The creative nexus: The C-ITET model

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



Source: UNCTAD (Dos Santos, 2007).

Use our criativity, be bold and imaginative



Policy strategies for the creative economy

- The role of public policies : **government as facilitator**
- Policy directions : strategic and concerted **cross-cutting** policies
- **Target measures for supporting the creative sector:**
 - infrastructure (access to ICT, clusters)
 - institutional mechanisms (Creative Economy Committee)
 - financing and investment (new tools and business models)
 - regulatory framework (fiscal and competition policies)
 - review and adapt IPR legislation to current realities
 - promote public/private partnerships, support SMEs
 - encourage continuous learning, e-skills and innovation

**Put in place policies for enhancing creative capacities
and the competitiveness of creative sectors**



Back to the future

- Put in place effective crisis-mitigation measures
- Reconcile arts, culture and business
- Demand for some domestically-consumed creative products remain stable: TV formats, video-games, e-adds, music
- Emerging countries were not the origin of the problems but are driving the solution : rebound in Asia leading world recovery
- Better articulate economics, technology and culture for development
- Further explore the links between trade, investment, creative capacities and economic growth

Let's shape a better, real and a more creative global economy



Creative Economy Report 2010

www.unctad.org/creative-programme

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(E. Dos Santos, UNCTAD)

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