



Understanding Creative Industries

Cultural statistics for public-policy making

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Introduction

Creative industries are becoming increasingly important components of modern post-industrial knowledge-based economies. Not only are they thought to account for higher than average growth and job creation, they are also vehicles of cultural identity that play an important role in fostering cultural diversity.

During the last decade a number of governments around the world have recognised this fact and started to develop specific policies to promote them. This mainstreaming of what was once considered a sector of marginal interest, which received limited attention from researchers, has led to a growing body of analysis, statistics and mapping exercises on the relationship between culture, creative industries and economic development to give officials in these countries the raw data they need to make policy. However, the sector is still poorly understood and many governments remain to be convinced of its potential, while trying to accurately measure economic activity in the sector poses considerable obstacles.

As momentum builds to prioritise this field of activity within economic development policies, the demand for more precise and sophisticated cultural statistics at international, regional and national level is set to grow and governments should support and encourage initiatives in this field. The Global Alliance, dedicated to promoting the cultural industries, such as cinema, music, publishing and crafts, fully supports the progress of recent years to map and study this sector more closely and actively works to advocate further research, disseminate best practices and collect published studies in this field on its website.

Cultural Industries and Creative Industries

The term cultural industries refers to industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service. Cultural industries generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design.

The term creative industries encompasses a broader range of activities which include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavour and include activities such as architecture and advertising. In this article, these terms are used precisely and are not synonymous nor interchangeable.

International studies and UNESCO's mandate

With its cultural mandate and a dedicated statistical unit, the Institute for Statistics (UIS), UNESCO is uniquely placed to take the lead in developing effective statistical methodologies at an international level to provide national governments with the tools necessary to study the creative industries sector and to encourage countries to prioritise this field of research.

UNESCO's role is not to seek to impose standards and nor can it force countries to collect these statistics. Ultimately countries must see the value in doing so themselves at national and sub-national level and statistical standards emerge organically through a long process of development. However UNESCO can and should be an active advocate of studying this growing field of research within the cultural domain and could contribute significantly to seeking out and disseminating best practice in the collection of data and development of indicators as well as supporting countries in their efforts to work in this area.

In 1986, UNESCO published its landmark Framework for Cultural Statistics (FCS) which was the first comprehensive attempt to develop common methodologies to capture information about cultural activities, but it desperately needs updating. Of course, UNESCO's mandate goes far beyond an economic evaluation of cultural activities and the FCS seeks more broadly to provide a common structure to collect data on cultural activities that could be ultimately lead to cross-national comparisons of cultural statistics. This framework was subsequently adopted by various national institutions which then adapted and modified the methodology to reflect the specific cultural realities of their country. The FCS defines ten distinct categories: (0) cultural heritage; (1) printed matter and literature; (2 & 3) music and the performing arts; (4) visual arts; (5&6) audiovisual media (5 cinema and photography; 6 radio and television); (7) socio cultural activities; (8) sports and games; (9) environment and nature. The framework also proposes cross-category matrices such as creation/production, transmission/dissemination, consumption, registration/protection and participation.

With the speed of technological change and the emergence of the creative industries as a distinct area of specialisation since the first FCS was developed, this framework needs updating to capture the new and varied ways that culture, and particularly cultural goods and services such as music, film and books, are now produced, distributed and used. The dramatic development of the internet, e-commerce and digital file formats in particular has profoundly changed the way people create, work in and 'consume' culture over the last 20 years and any new methodologies must take this into account.

The UIS is therefore launching a thorough review of the FCS which will in time lead to a complete updating of its methodology, with particular attention devoted to creative industries among other issues. The UIS has already commissioned the London School of Economics, the University of Leeds and the Burns Owens Partnership, a private British consultancy specialising in cultural statistics, to review the intellectual framework that underpins the FCS and to look at existing indicators that are used by a range of UNESCO member states within their national official statistics systems. This first preparatory phase of the FCS review is due to start in March 2006 and given the complexity of the task, a final version of a new Framework is likely to take 2-3 years to produce.

In an attempt to better understand the value of the international trade that cultural industries give rise to, the UIS has also just published a report, *International Flows of Selected Cultural Goods and Services, 1994-2003*, that analyses cross-border trade data from about 120 countries on selected products, such as books, CDs, videogames and sculptures. Though it presents new methodology to better reflect cultural trade flows, the authors of the report nevertheless draw attention to the difficulty of collecting complete information and concede that the report gives only a partial picture.

For example, films are typically exported to destination markets as a single master copy and then reproduced and distributed locally. As a consequence the level of exports may bear little relation to the volume distributed in the receiving country. The exported film considered as a good has an almost negligible value at customs, mainly based on the value of the recording format used. The value of a movie increases however once the film is copied and distributed and this value is captured by the services data through the balance of payments as royalties and licenses fees. For example India, whilst being a major film producer, is not considered among the top exporters based on customs statistics. To address these shortcomings, UIS is planning later this year to re-launch and update its biennial survey on the Statistics of Films and Cinemas, which was discontinued in 2000. The project will review past methodology, current international analysis, surveys in the field and will identify key new indicators related to cultural diversity.

While UNESCO already has these statistics on cultural production, trade and

assets, it does not yet have an accurate methodology for analysing cultural participation and consumption, the final piece of the jigsaw. The UIS is therefore planning to develop instruments for national and international studies which will evaluate participation in a wide range of cultural activities, within the social context as well as the economic perspective of cultural exchanges and interactions. In doing so, UNESCO will study and adapt methodology and indicators first developed by the EU in two Eurobarometer surveys. The first, European's Participation in Cultural Activities, which was conducted by The European Opinion Research Group, in September 2001 focussed on all EU countries. The second was carried out in early spring 2003 by the Gallup Organization Hungary and looked at the then EU candidate countries before they formerly joined the EU in May 2004. The results of both these surveys are available on the Eurostat Education, Training and Culture statistics CIRCA site.

The statistical work of UIS in the field of culture has recently been given new impetus by the adoption at UNESCO's general conference in October 2005 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Article 19 of which expressly creates an obligation for UNESCO to 'facilitate the collection, analysis and dissemination of all relevant information, statistics and best practices' in regard to cultural diversity. The upcoming publication of the second UNESCO World Report dedicated to Cultural Diversity, due in October 2007, will also provide significant momentum as it will require detailed information and measurement of cultural diversity. Both the convention and the report will encourage the development of statistical methodologies that will help demonstrate the place that culture, and by extension cultural industries, have in society and the economy and will provide ways to measure the implementation of policies taken in this field.

UNESCO is not the only body to play a role in this field at international level: the World Intellectual Property Organisation (WIPO) and international organisations such as the Inter-American Development Bank, the Organisation for Economic Cooperation and Development and the EU's Education, Audiovisual and Cultural Executive Agency have undertaken or plan to do so, various cross-border regional studies in this area. The nature and focus of this information varies depending on which organisation has prepared it and for what purposes. The European Audiovisual Observatory for example is a successful attempt to track and analyse all sectors of the audiovisual media in Europe and to provide related information on areas such as law, intellectual property, production broadcasting.

Naturally, WIPO adopts a more restrictive view than UNESCO of what constitute cultural industries, focussing solely on those economic activities which give rise to intellectual property rights. WIPO has recently launched a Creative Industries Division within its Small and Medium Enterprise sector. It has also developed a Guide on Surveying the Economic Contribution of Copyright-Based Industries and is launching a series of 5 further studies in early 2006. Much American research also adopts an IP centred approach, conducted as it is by industry bodies such as the Motion Picture Association (MPA) and the International Intellectual Property Alliance (IIPA). In fact, the WIPO methodology grew out of that developed by the IIPA. EU studies, by contrast, tend focus more widely on cultural interactions and participation.

National statistics and the development of mapping

Despite the growing focus on creative industries as a specialised field of interest for both officials and academics, many governments remain unconvinced of the importance of prioritising this sector and creative industries still do not rank high in the competition for public funds within government budgets. Progress on mainstreaming creative industries within policy-making is further hampered by an uncertainty as to whether ministries of culture or ministries of economy should take the lead in coordinating government action.

Nevertheless, an increasing number of governments have recognised the importance of creative industries and are developing a growing range of policies at the national and sub-national level to support their growth. In order to do so, statistics are vital to give policy makers a clearer idea of the impact this sector has and precisely how the public sector can create a more conducive environment that will allow these industries to flourish.

Without a standardised international methodology yet available, a mass of detailed though uncoordinated analysis and research has been undertaken in different parts of the world, and certain practices and methodologies have been widely adopted on an ad-hoc basis. Unfortunately little is being done to standardise these methodologies and valuable opportunities are therefore being lost to build a more comprehensive body of regional knowledge that could be used for cross-border comparisons and international policy making on a more coordinated basis.

Cultural mapping has become the favoured approach at national level for governments to study and understand their creative industry sectors before making policy decisions. Mapping, which involves a comprehensive effort to identify all relevant cultural economic activities, organisations, employment and links in a given area such as a town or region, has the added advantage that the actual mapping process itself can generate substantial awareness and foster collaboration across a wide range of creative stakeholders, building momentum that can then influence the political sphere and encourage suitable public policy-making.

The UK is widely recognised as having played a groundbreaking role in developing these analytical models, with the government's Department for Culture, Media and Sport producing the first Cultural Industries Mapping Documents in 1998 and 2001 as part of their efforts to regenerate economically depressed industrial towns and cities. These documents define and classify creative industries into the following thirteen separate fields: (1) advertising, (2) architecture, (3) art and antiques markets, (4) crafts, (5) design, (6) designer fashion, (7) film and video, (8) interactive leisure software, (9) music, (10) performing arts, (11) publishing, (12) software and computer services, (13) television and radio.

This classification system has since been copied in many studies around the world. The British "Creative Industries Production System" (CIPS), which measures creative industry activities, breaking them into four segments including content origination, production, distribution and consumption, has also been widely adopted by other countries including Australia, New Zealand, Singapore and Hong Kong. As befits the country that took such an early lead in this field the UK even has a dedicated Minister for Creative Industries and Tourism and there now exist hundreds of mappings for different regions and cities, as well as a significant academic field of specialists studying the sector.

Statistics New Zealand has also made a major contribution to the classification of cultural activities by seeking to include the key elements of Maori culture as separate elements of their statistical classification system. UIS is hoping to build on this experience to identify ways in which statistical systems can be more sensitive to cultures of a variety of sub-national and indigenous groups.

A Senior Expert Symposium held in Jodhpur, India in February 2005 has given the analysis of creative industries a significant boost in Asia. Organised by UNESCO's Bangkok office and bringing together the UIS, the United Nations Industrial Development Organisation (UNIDO), WIPO, the World Bank and the Asian Development Bank, the Symposium approved the Jodhpur Consensus that lays out a common approach to developing a conceptual framework for cultural industries in the region.

The symposium succeeded in establishing the basis for a new strategic alliance between culture and development in the Asia-Pacific region and contributed to UNESCO's efforts to bridge the knowledge and technology gap be-

tween the region and industrialized countries to allow Asian Pacific countries to unlock the economic and social potential of the cultural industries. The first phase of this programme included the establishment of a regional framework for statistical indicators. The first initiative to be implemented as of 2006 will be a regional data collection model project for the establishment of baseline data on the socio-economic development potential of the cultural industries in specific countries. This project is endorsed and supported by the Spanish International Development Cooperation.

Hong Kong, Special Administrative Region of China, and Singapore have been particularly progressive in analysing the creative industries sector in an effort to maintain their economic dynamism in the face of the competitive challenge posed by mainland China. Both cities have produced detailed studies, A Study on Creativity Index, Hong Kong and Economic Contributions of Singapore's Creative Industries, of the role and scale of the creative economy, largely adopting the analytical models developed in the UK and adapting them to take account of their local specificities.

China has yet to undertake a comprehensive review of the sector, though individual cities have started to embark upon statistical data collection and focus on the creative industries to drive forward their already remarkable economic growth. Given the size and internal diversity of the country, a city-specific approach is likely to be the most efficient way to promote an understanding of these industries and create viable public policies to support them. Shanghai, the most high-profile of China's rapidly modernising cities, is well aware of the potential of the creative industries for economic growth and in 2006 plans to undertake a comprehensive city and district mapping exercise upon which future policy decisions will be based. Furthermore Shanghai's Creative Industry Centre is currently conducting research in cooperation with the Shanghai Intellectual Property Administration into the creative industries sector as well as a research project on how to make full use of IPRs to promote the growth of creative industries.

Latin America is probably the world's most active and dynamic region in studying this area of potential economic growth today. The Convenio Andrés Bello (CAB) is a regional institution based in Bogotá devoted to the promotion of culture which has published a number of pioneering studies on the economic dimensions of cultural industries in Latin America. Under its program for Economy and Culture, it has collaborated with member countries in order to improve their systems of economic information for culture. With the financial support of the Inter-American Development Bank, CAB has been working on a draft Methodological Handbook for the Implementation of Satellite Accounts for Culture, which will allow statisticians to define the contribution of cultural industries to the economy (GDP for example) by implementing cultural measures in the national accounting and statistics system. The outcome would be to create an information system on culture. This document builds on the experience and efforts of the Colombian statistical office (DANE) and Chile's Banco Central, which have both also been working on the development of special satellite accounts for culture.

In Colombia, the Ministry of Culture has just launched the Guide for Regional Mapping of the Creative Industries, prepared by the CRECE Research Centre to provide some basic methodological tools for undertaking the research into the creative industries. The guide, funded in cooperation with the British Council is an attempt to fill the knowledge gap the ministry has encountered whilst trying to encourage the regional authorities to exploit local creative industries as a source of social and economic development. The Study on the economic importance of industries and activities protected by copyright and related rights in the Mercosur countries and Chile has also been published. Commissioned by WIPO this research project assesses the economic importance of these copyright industries, focussing in particular on their share of GDP, employment figures and the foreign trade balance. The study also allows data to be collected on legislative and institutional aspects of copyright and related rights, including the collective management of such rights.

The Observatory of Cultural Policies in Africa, set up in 2002 with the support of UNESCO, the African Union, the New York-based Institute of Cultural Enterprise and the Ford Foundation is the main initiative to have been undertaken to date on the continent. South Africa has developed different papers on cultural industries while the International Labour Organisation (ILO) has published a series of four studies on Small Enterprise Development and Job Creation in the Culture Sector in the SADC (South African Development Community) covering the Performing Arts and Dance, Television and Film, The Music Industry and Visual Arts and Crafts.

Conclusion

The recent emergence of the creative industries as a distinct area of interest for economists, statisticians, cultural specialists and public-policy makers reflects a growing awareness of their economic potential and their role in fostering cultural diversity through the market. The concept of creative industries for the purpose of public policy making remains very young and not all governments are convinced of the need to address this sector with targeted initiatives. With the advent of new technologies in the last 20 years such as the internet, e-commerce and electronic files that make sharing, trading and consuming cultural goods and services easier than ever before, globalisation has had a profound impact on the creative industries.

Statistical methodologies, which are so important to provide officials with the information they need to develop suitable policy to support the creative industries, have yet to catch up with this reality. In order to harness the opportunities offered by the creative industries, governments first need to undertake thorough mapping and statistical research to better understand them. UNESCO, as the world's only inter-governmental body dedicated to culture, with its own specialised Institute for Statistics, has a vital role to play to furnish guidance, best practice and support to countries that will encourage them to undertake such work.