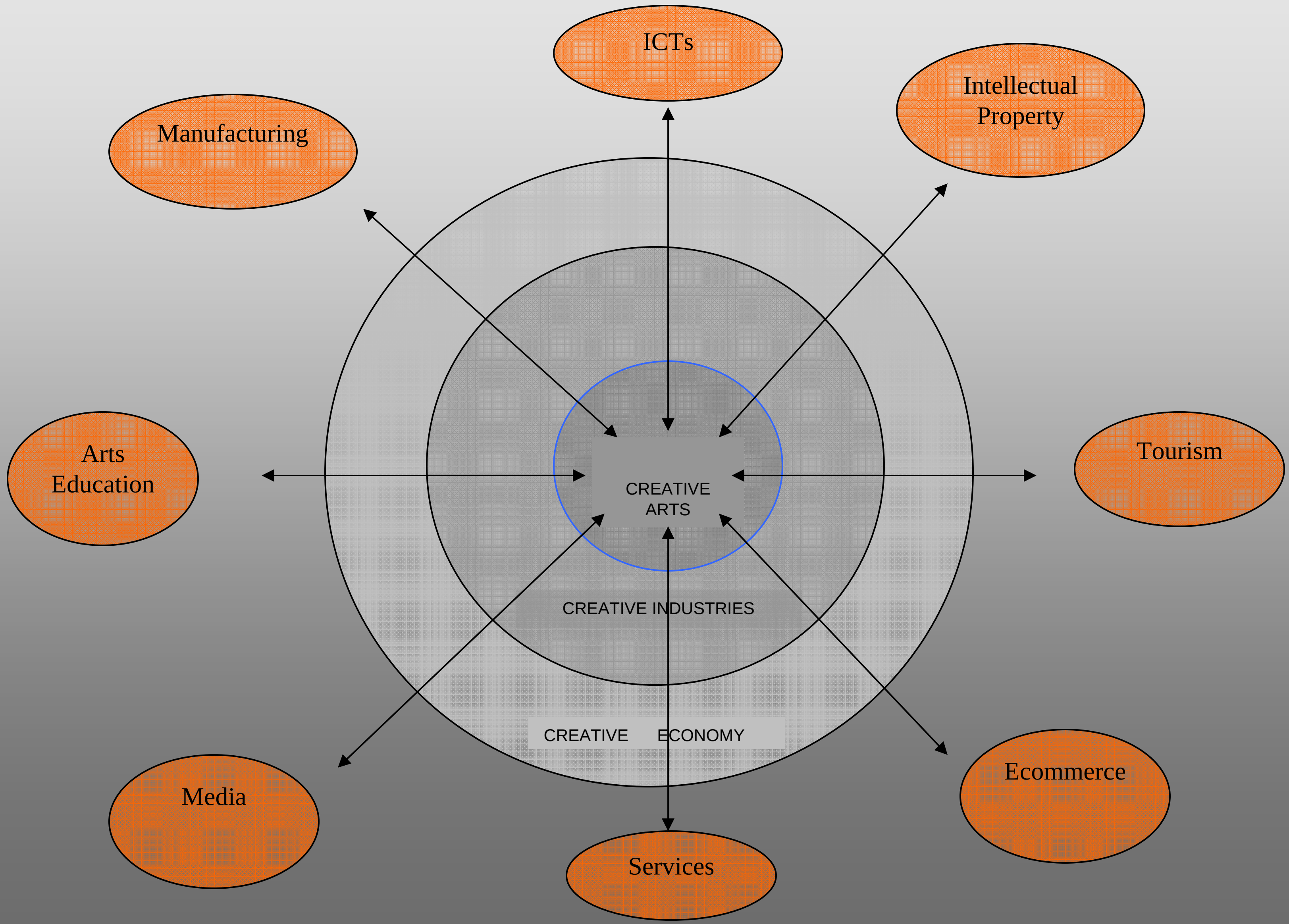
The Cultural Industries in CARICOM: Trade, Investment & Development Challenges

Dr. Keith Nurse
Senior Lecturer, Institute of International Relations, UWI.
Coordinator, Arts and Cultural Enterprise Management Programme,
Director, bloom: creative industries exchange

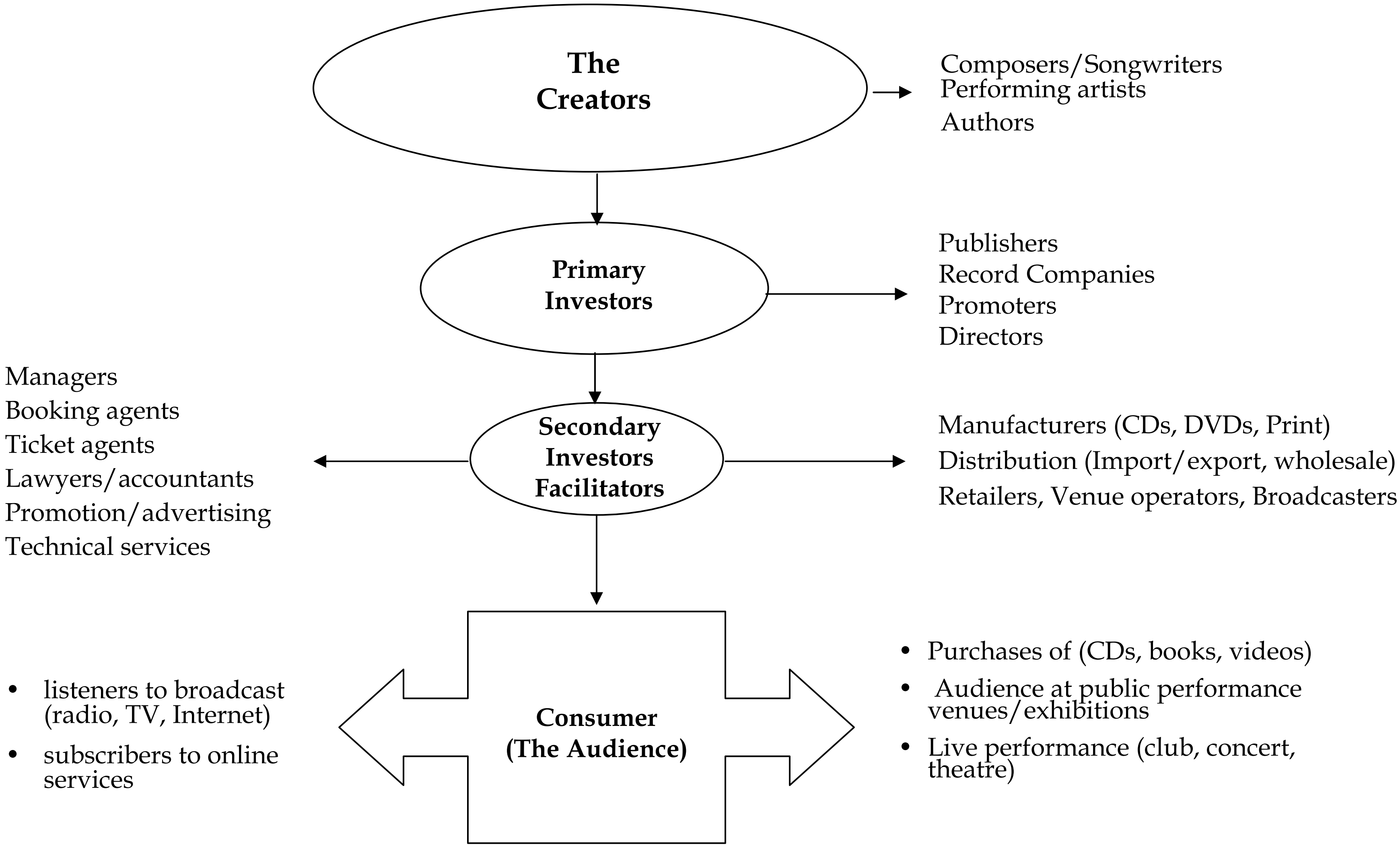
Key Elements of the EU Proinvest - CRNM Study

- Phase 1 - Global & Regional Situational Analysis
- Phase 2 - Economic Impact Assessment and Competitiveness Analysis
- Phase 3 - Trade & Industrial Policies
- Phase 4 - Strategic Industrial Action Plan

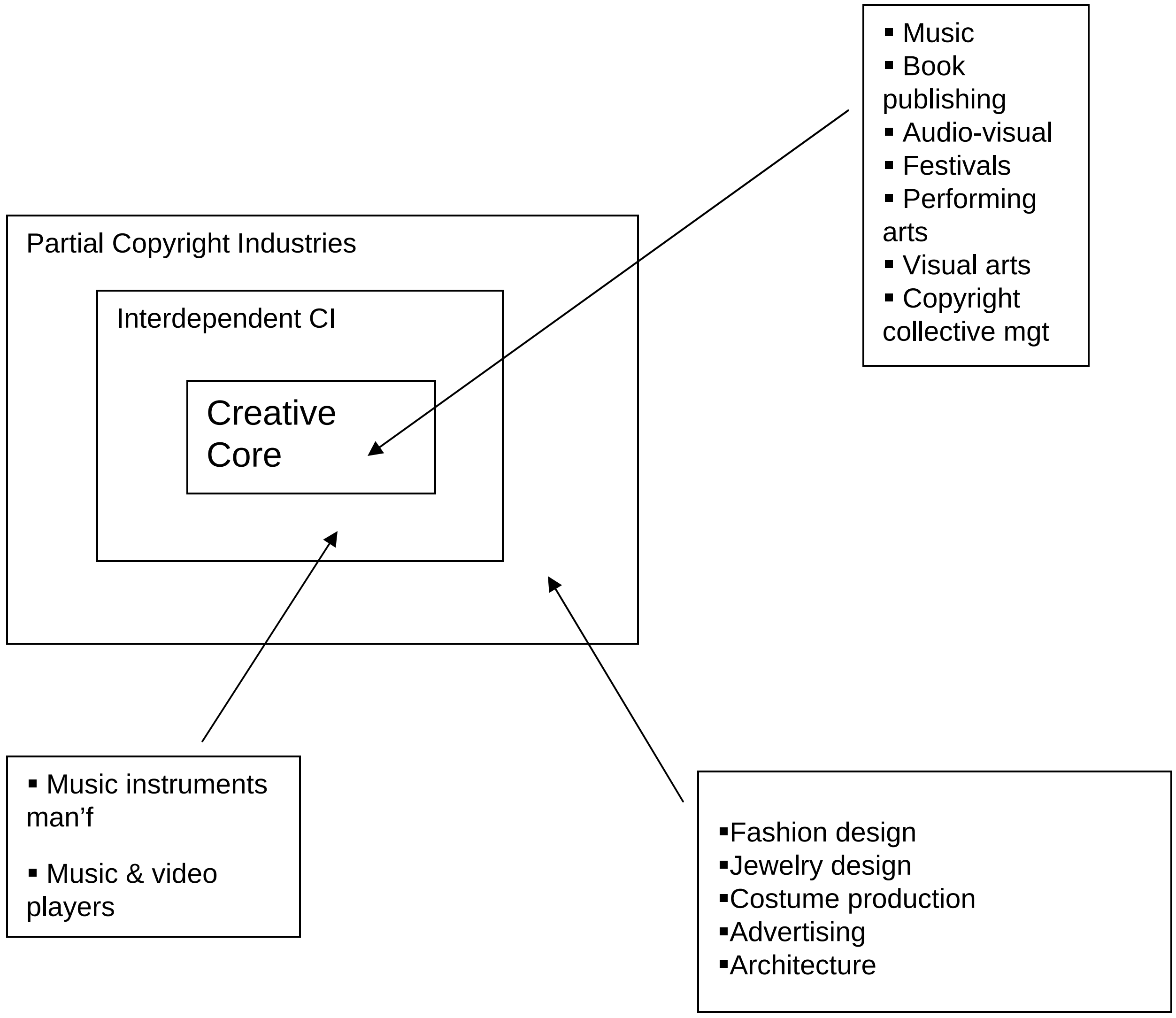
Synergies between the Creative Economy & Other Sectors



The Value – Chain in the Creative Industries



Typology of Creative Industries



Income Streams in the Creative Industries

Goods

Services

Intellectual property

Visible Earnings

- Books
- CDs
- DVDs
- Paintings
- Music instruments
- Garments & jewelry

Invisible Earnings

- Live performances
- Design services
- Record engineering
- Legal services

Invisible Earnings

- Royalty income
- Licensing fees
- Collective administration
- Digital rights management

Global Trends

- ⇨ Global estimates forecast that the creative industries will grow by 33% in the next four years (PWC, *Entertainment & Media Report, 2005 - 2009*).

- ⇨ Consumer demand for creative content is driving the new sales (30 - 50%) in computers, broadband, cell phones, ecommerce (IFPI *Music & Internet, 2006*).

Regional Context for the Creative Industries

- The Caribbean has significant capability and untapped potential in the creative industries.

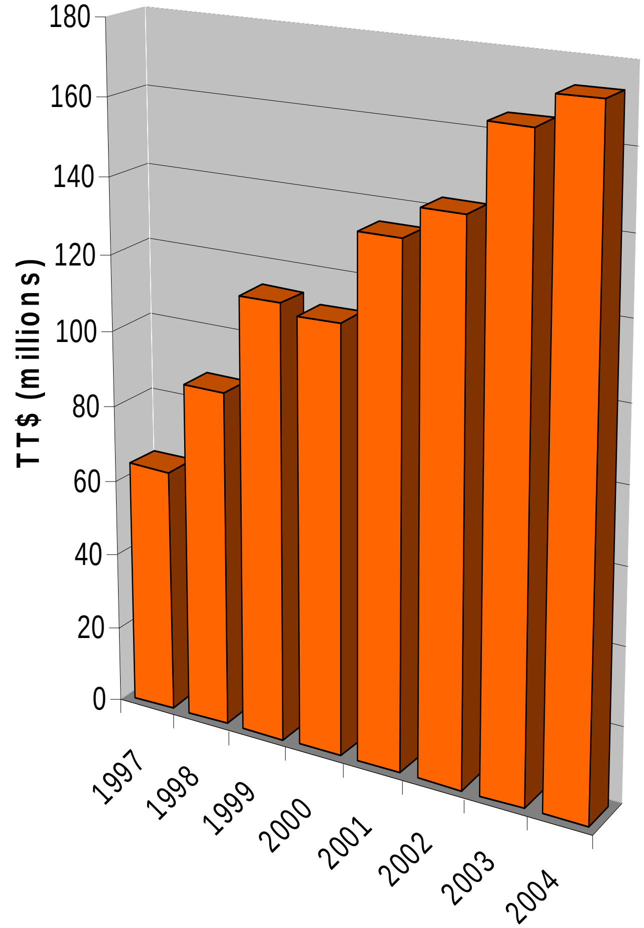
- The global demand for Caribbean creative industries is growing and provides good returns on investment.

- The Caribbean can improve its competitiveness once the human resources, innovation pathways, industry institutions and governmental agencies are upgraded and harmonized.

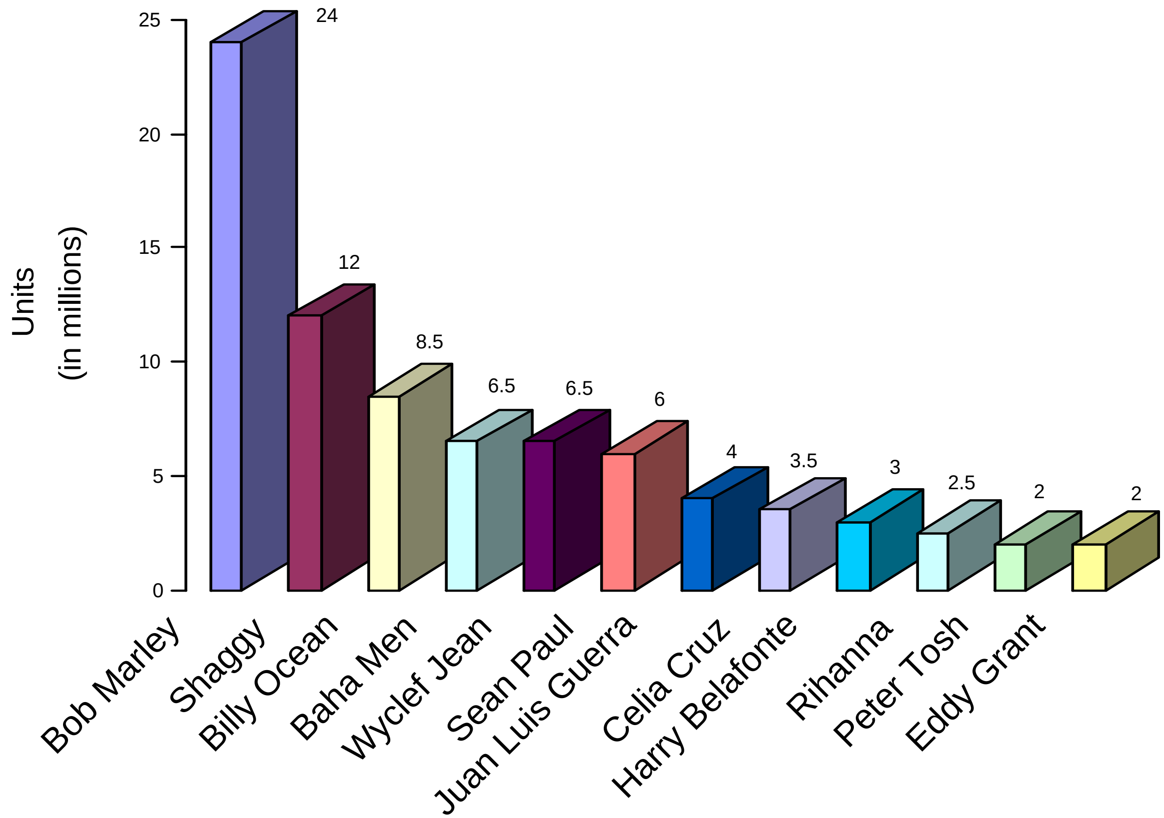
Growth in T&T Carnival Visitor Expenditures, 1997 - 2004

- Arrivals have grown from 27,414 (1997) to 40,555 (2005).

- Visitor expenditures have grown from TT$ 64.3 mn in 1997 to an estimated TT$173.2 mn in 2004.



Top Selling Caribbean Artists in the US Market

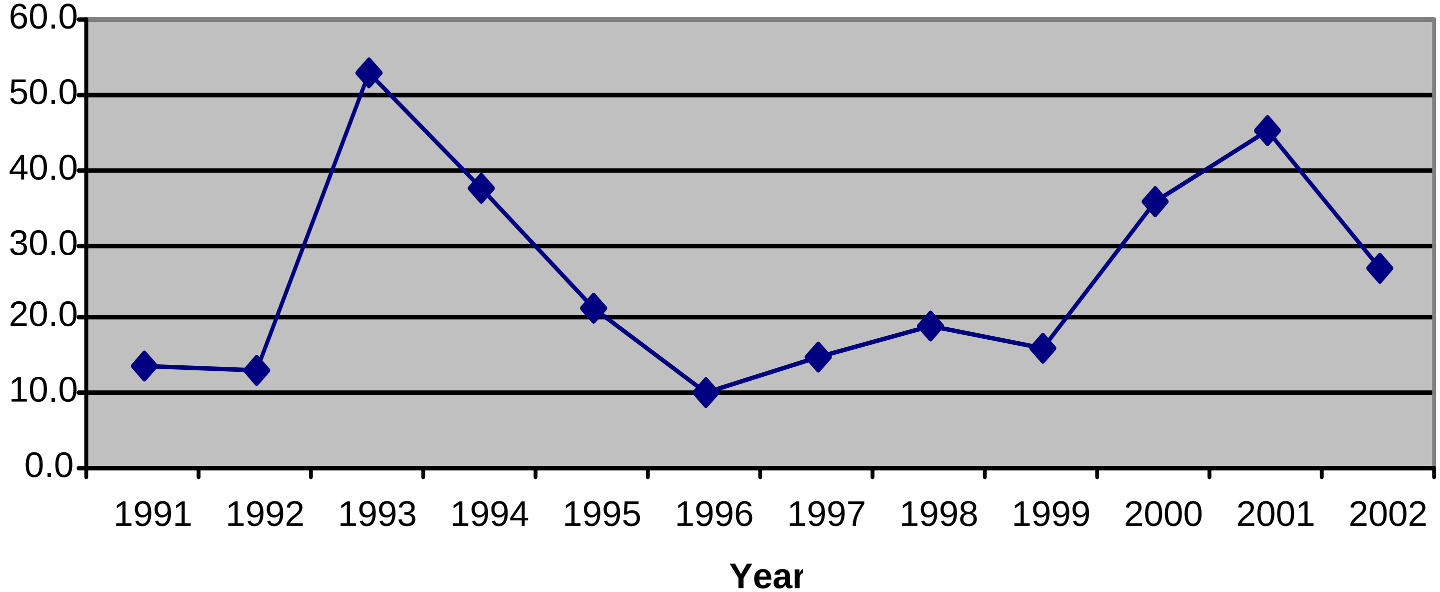


Source: RIAA.com

* The RIAA®'s certification levels are based on unit shipments (minus returns) from manufacturers to a wide range of accounts, including non-retail record clubs, mail order houses, specialty stores, units shipped for Internet fulfilment or direct marketing sales, such as TV-advertised albums.

Reggae Sales in the UK, 1991 - 2002

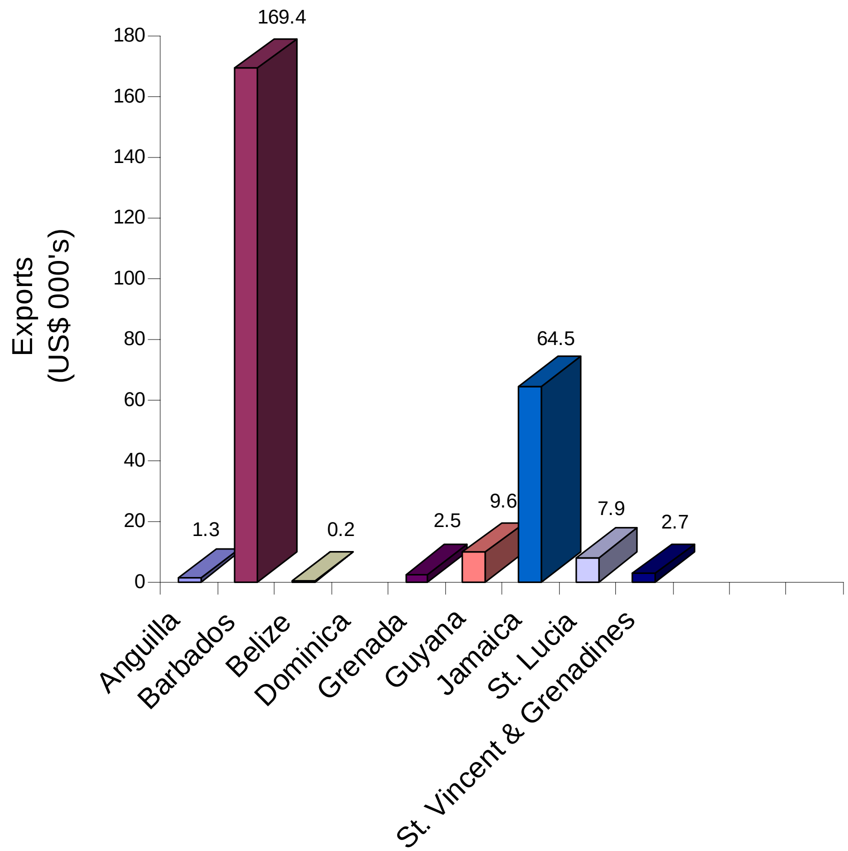
source: BPI

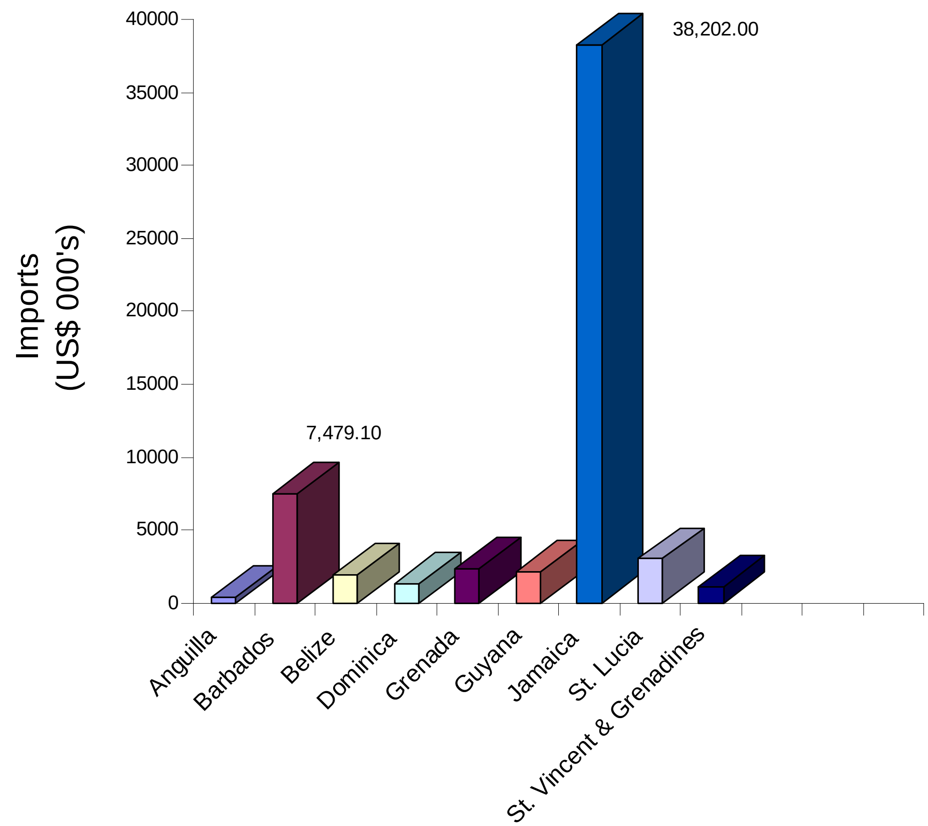


ECONOMIC IMPACT OF CARIBBEAN MUSIC INDUSTRY

Countries	FEX (US$m) Employment	Key sub-sectors
Jamaica	• $80 - 100m •15,000 persons	•Recording industry •Live performance •Festival tourism
Trinidad & Tobago	•$50 - 60m	•Festival tourism •Live performance •Recording industry
Barbados	•$20 - 25m	•Live performance •Festival tourism •Recording industry
Eastern Caribbean	•$20 - 25m	•Festival tourism •Live performance •Recording industry

Caribbean Exports & Imports of Books for 2002

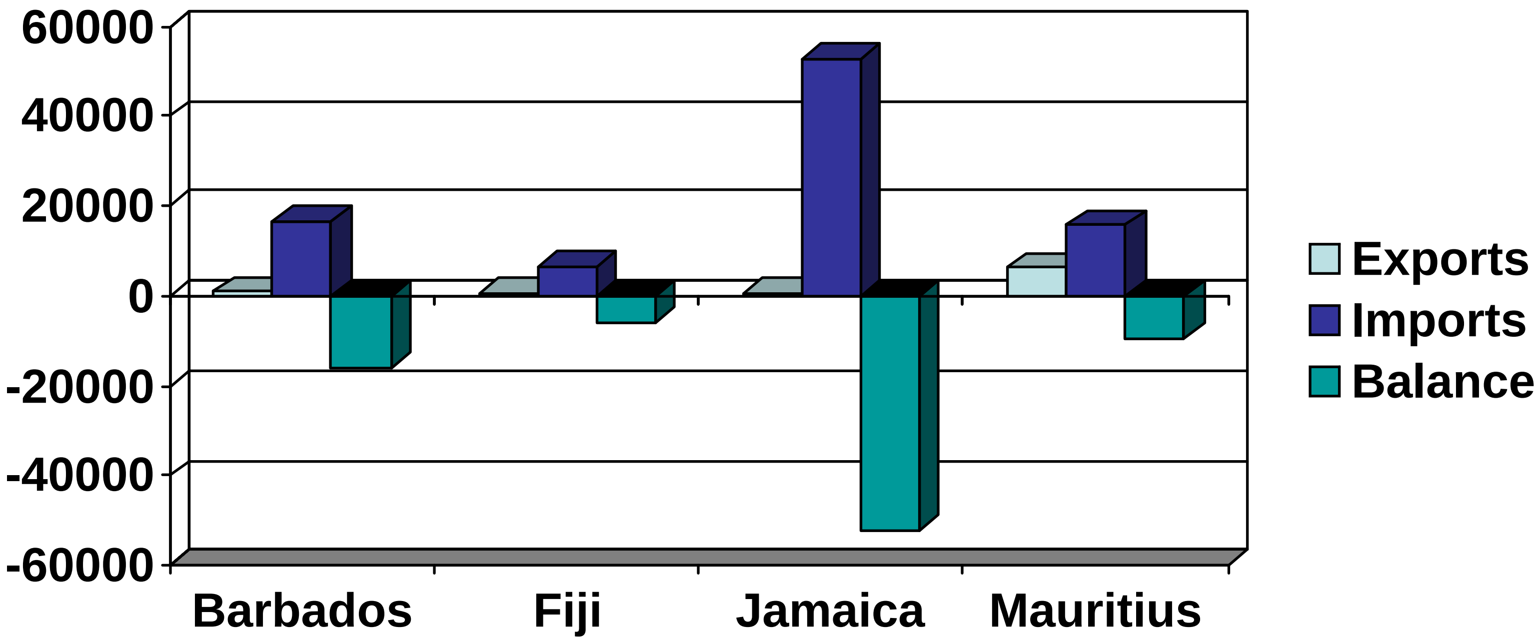




Source: Adapted from UNESCO (2005) Study on International Flows of Cultural Goods between 1998–2002.

Comparing the Caribbean with other Countries

Cultural Merchandise Trade, Selected SIDS, 2002



REALITIES OF THE MARKETPLACE

- Strong capabilities in artistic/creative production but weak entrepreneurial/industrial context.
- A small but lucrative domestic market dominated to a great extent by foreign firms, imports and broadcasts.
- Small companies that are reliant on external firms and agents for distribution and export marketing.
- Increased contribution to exports, employment, GDP and the tourism sector.
- Harmonization & internationalization of copyright regulations (WTO-TRIPs, WIPO copyright & digital treaties).

BUSINESS & TECHNOLOGY PARADIGM

- Outdated production and artistic facilities.
- Reliance on external manufacturing, distribution, promotions and export marketing.
- Rapid transformations in products, production and distribution processes (e.g. Internet, MP3, *e*commerce, iPod, iTunes, youtube).
- Concentration of firms and convergence of media in the various cultural industries (e.g. multimedia).
- Copyright protection and enforcement being challenged by new technologies (e.g. P2P file sharing).

THE OPERATING ENVIRONMENT

- Under-developed infrastructure in terms of trade, industrial and intellectual property policy.
- Weak institutional capacity and advocacy capability.
- Shortage of training and upgrading in the artistic & entrepreneurial aspects.
- The role of government in funding & investing in the cultural industries is largely under-developed.

RATIONALE FOR REGIONAL TRADE/INDUSTRIAL/INNOVATION POLICY

- To address the problem of <u>market failure</u>.
- To assist <u>resource reallocation</u> from declining to rising sectors.
- To correct <u>externalities</u> associated with specific industries.
- To enhanced the <u>competitiveness</u> of regional firms in globally oligopolistic markets.

SPECIFIC NEEDS OF THE CULTURAL INDUSTRIES

- Investment in <u>human capital development</u> is a critical area because the cultural industries start with the creativity of the artist.
- <u>Intellectual property protection & administration</u> is essential to stymie copyright infringement and recoup investment
- <u>Heavy marketing (e.g. media access) and branding</u> based on genre is required to build audience loyalty and create hits.
- <u>Innovation and technological upgrading</u> is vital to boost global competitiveness.

STRATEGIC REGIONAL GOALS

- Improve institutional capacity, networking and advocacy capability of industry (e.g CCL, CME, CAPNET).
- Upgrade training in the artistic & entrepreneurial aspects (e.g. UWI-ACEM).
- Advocate for trade policy in services and intellectual property (e.g. CRNM, Min of Trade, IPOs).
- Align government funding & investment with the goals of the cultural industries (JAMPRO, BDC,TIDCO, OECS-EDU).

STRATEGIC REGIONAL GOALS

- Boost competitiveness & export capabilities through business support services, trade fairs (Caribbean Export, JAMPRO, TIDCO, OECS-EDU).
- Identify benchmarks and document sector’s performance (GDP, exports, employment).
- Continuous strategic planning for each of the sectors.
- Establish institutional capacity to conduct research and marketing intelligence (UWI).

Creative Industries Exchange