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

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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

- ICTs
- Intellectual Property
- Manufacturing
- Tourism
- Ecommerce
- Media
- Services
- Arts Education
- Education
- Manufacturing
- Tourism
- Ecommerce
- Media
- Services
- Arts Education
- Education
- Manufacturing
- Tourism
- Ecommerce
- Media
- Services
The Value – Chain in the Creative Industries

The Creators

Composers/Songwriters
Performing artists
Authors

Primary Investors

Publishers
Record Companies
Promoters
Directors

Secondary Investors

Manufacturers (CDs, DVDs, Print)
Distribution (Import/export, wholesale)
Retailers, Venue operators, Broadcasters

Managers
Booking agents
Ticket agents
Lawyers/accountants
Promotion/advertising
Technical services

Consumer (The Audience)

• Purchases of (CDs, books, videos)
• Audience at public performance venues/exhibitions
• Live performance (club, concert, theatre)

• listeners to broadcast (radio, TV, Internet)
• subscribers to online services
Typology of Creative Industries

- Partial Copyright Industries
  - Interdependent CI
    - Creative Core
      - Music
      - Book publishing
      - Audio-visual
      - Festivals
      - Performing arts
      - Visual arts
      - Copyright collective mgt
  - Music instruments man’f
  - Music & video players
- Fashion design
- Jewelry design
- Costume production
- Advertising
- Architecture
Income Streams in the Creative Industries

**Goods**

- **Visible Earnings**
  - Books
  - CDs
  - DVDs
  - Paintings
  - Music instruments
  - Garments & jewelry

**Services**

- **Invisible Earnings**
  - Live performances
  - Design services
  - Record engineering
  - Legal services

**Intellectual property**

- **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

<table>
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<tr>
<th>Countries</th>
<th>FEX (US$m) Employment</th>
<th>Key sub-sectors</th>
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| Jamaica              | • $80 - 100m          | • Recording industry  
                        | • 15,000 persons               | • 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

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, ecommerce, 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 market failure.
• To assist resource reallocation from declining to rising sectors.
• To correct externalities associated with specific industries.
• To enhanced the competitiveness of regional firms in globally oligopolistic markets.
SPECIFIC NEEDS OF THE CULTURAL INDUSTRIES

• Investment in human capital development is a critical area because the cultural industries start with the creativity of the artist.

• Intellectual property protection & administration is essential to stymie copyright infringement and recoup investment

• Heavy marketing (e.g. media access) and branding based on genre is required to build audience loyalty and create hits.

• Innovation and technological upgrading 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

Tourism Agencies

Copyright Organizations

Industry Assoc

CSOs

CRNM

RCC

Caribbean Export

International Organizations:
UNESCO, CISAC, WIPO, IFPI, IPA