MEASURING THE ECONOMIC IMPACT OF THE CREATIVE ECONOMY

Analytical insights from the Trade in Value-Added perspective

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1. **WHY?**

Traditional trade statistics are not WYSIWYG: **What you see is not what you get!**

- Identify the *domestic content of creative economy value-added in exports* in order to:
  - Estimate the direct and indirect contribution of the Creative Industries to exports
  - Estimate its leverage effects on the domestic economy
  - Analyze the evolution of its international competitiveness and markets
  - Geographical distribution of the final consumers of Creative Industry products
  - Net domestic income generated by unit of sales
  - ...
2. HOW ? WHAT?

The value-added embodied in trade is estimated by linking national input-output tables using trade statistics into a World Input-Output Model such as TiVA database.

**INDICATORS:**

- **Domestic and foreign value-added content** of gross exports by exporting industry;
  - Rate of value-added per unit of output (gross mark-up)
  - Services content by type of service and value-added origin
  - Who uses this sectoral value-added and for which purpose?
  - Where is it ultimately consumed?

- Participation in **global value chains** via backward and forward linkages

- Origin (domestic, imported, by country/sector) of value added in **final demand**

- Inter-regional and intra-regional relationships

- Extension to socio-economic satellite accounts (not implemented in TiVA):
  - **Embodied employment** by sex, skills and education
  - **Embodied technological content** (stock of capital according to high/low technological content)
EXAMPLE ON LATIN AMERICA

Seven LA countries:
- Argentina; Brazil; Chile; Colombia;
  Costa Rica; Mexico; Peru and World

Two activity aggregates:
- Arts, entertainment, recreation and
  Other service activities
- Information and communication
  - Publishing, audiovisual and
    broadcasting activities
  - Telecommunications
  - IT and other information services

- In current USD
- Address: oe.cd/tiva
**CREATIVE VALUE-ADDED: 10 YEARS OF EVOLUTION**

### Arts, entertainment, recreation and others

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### Information and communication

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LA countries are more export oriented than World average (Mexico excepted)

• LA domestic demand more dynamic than foreign final demand (Mexico excepted)

• Heterogeneity within LA countries

• Brazil negative trend: exchange rate?
Peru, Brazil, Mexico: similar ratio Domestic and Foreign demand than World average
• C-R much more export oriented
• Colombia, more domestic oriented

LA (except Mexico): domestic demand more dynamic, contrary to World
CONCLUSIONS

- **Trade in Value-Added connects Trade Statistics with National Accounts**
  - Rich potential for analysing the Creative Economy from several dimensions
    - *From an industrial perspective*: turnover; gross margin before labour cost; main domestic and international markets; employment and investment,…)
    - *From a trade and international economics perspective*: modes of insertion in the global economy (Global value Chain analysis); markets of direct vs. final destination; …
  - **Open to further modelling** using international input-output analysis (Leontief; Ghosh; simulations; …)

- **But statistical limitations**
  - The coverage of good quality international input-output tables remains limited
    - For many developing countries, analysis should be restricted to the domestic input-output tables
      - … when they are available
  - Even when available, the quality of trade and national accounts data on services is often poor.
  - Input-output tables are published in nominal terms, international IO are in current USD
    - Results are affected by changes in nominal prices and exchange rate
    - Ad-hoc corrective methods are possible

- **This is a new field**: new statistical and methodological developments