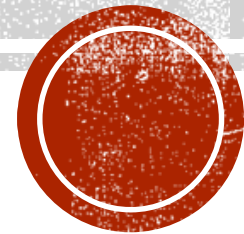


MEASURING THE ECONOMIC IMPACT OF THE CREATIVE ECONOMY

*Analytical insights from the Trade in
Value-Added perspective*



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

- TiVA release 2018: 2005-2015 annual data
- In current USD
- Address : oe.cd/tiva



CREATIVE VALUE-ADDED: 10 YEARS OF EVOLUTION

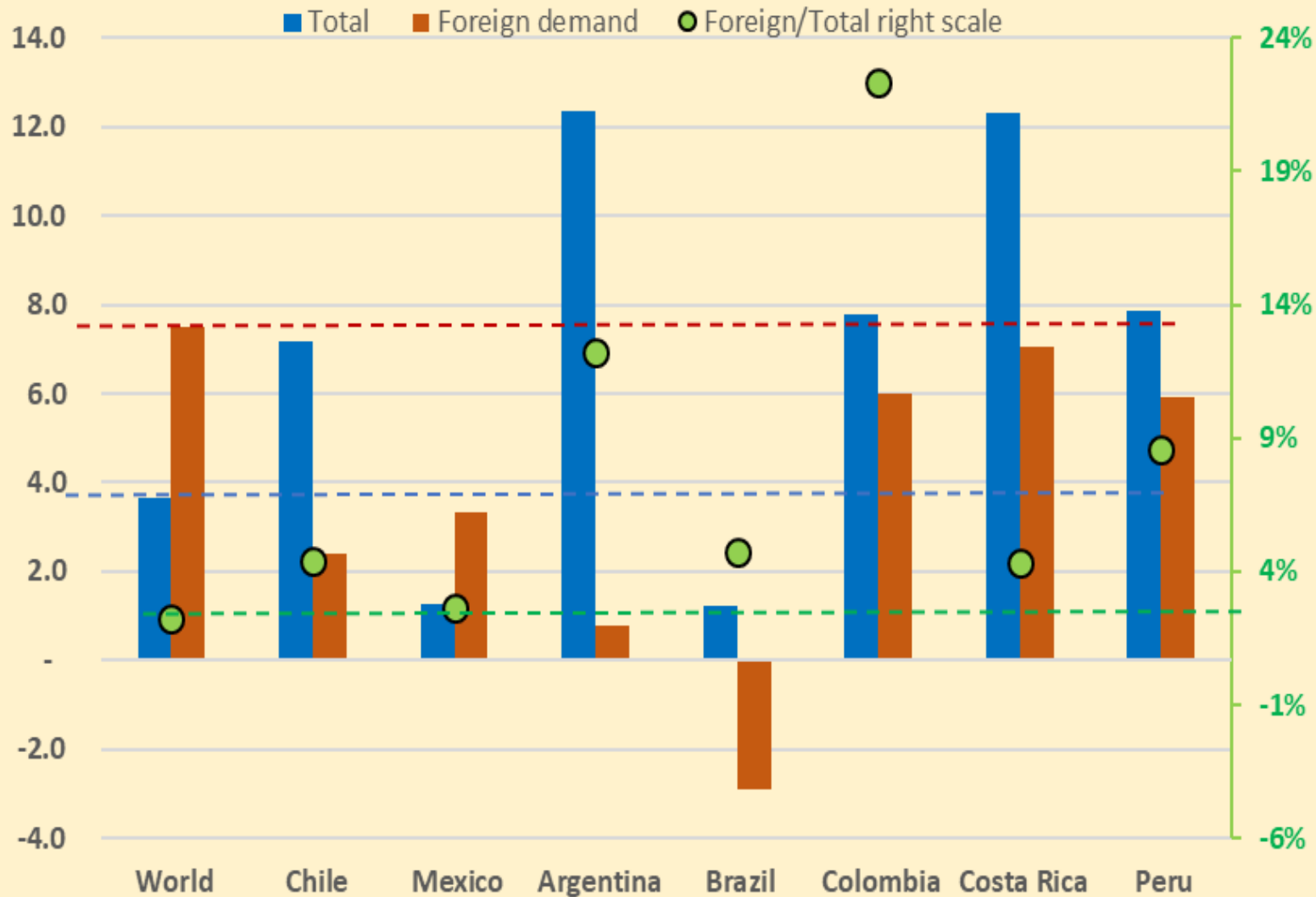
Arts, entertainment, recreation and others				
	2005	2005-2015 VARIATIONS		
	VA ratio	Total	V-A rate	Volume
World	57.5	3.7	-0.3	3.9
Argentina	54.0	12.3	6.3	6.1
Brazil	40.0	1.2	9.1	-7.9
Chile	65.2	7.2	5.4	1.8
Colombia	55.6	7.8	10.5	-2.8
Costa Rica	54.5	12.3	1.4	10.9
Mexico	72.7	1.3	-0.4	1.7
Peru	67.8	7.8	0.9	6.9

Information and communication				
	2005	2005-2015 VARIATIONS		
	VA ratio	Total	V-A rate	Volume
World	54.1	3.9	-0.4	4.3
Argentina	51.1	12.0	3.8	8.3
Brazil	54.1	5.0	-0.7	5.8
Chile	44.5	5.8	2.9	2.9
Colombia	47.5	5.9	-0.6	6.5
Costa Rica	62.5	15.0	3.3	11.7
Mexico	59.5	1.4	-0.5	2.0
Peru	53.1	7.0	-8.5	15.5



ARTS, ENTERTAINMENT, RECREATION AND OTHER SERVICES

Average Annual Growth, 2005-2015; Percentage 2015

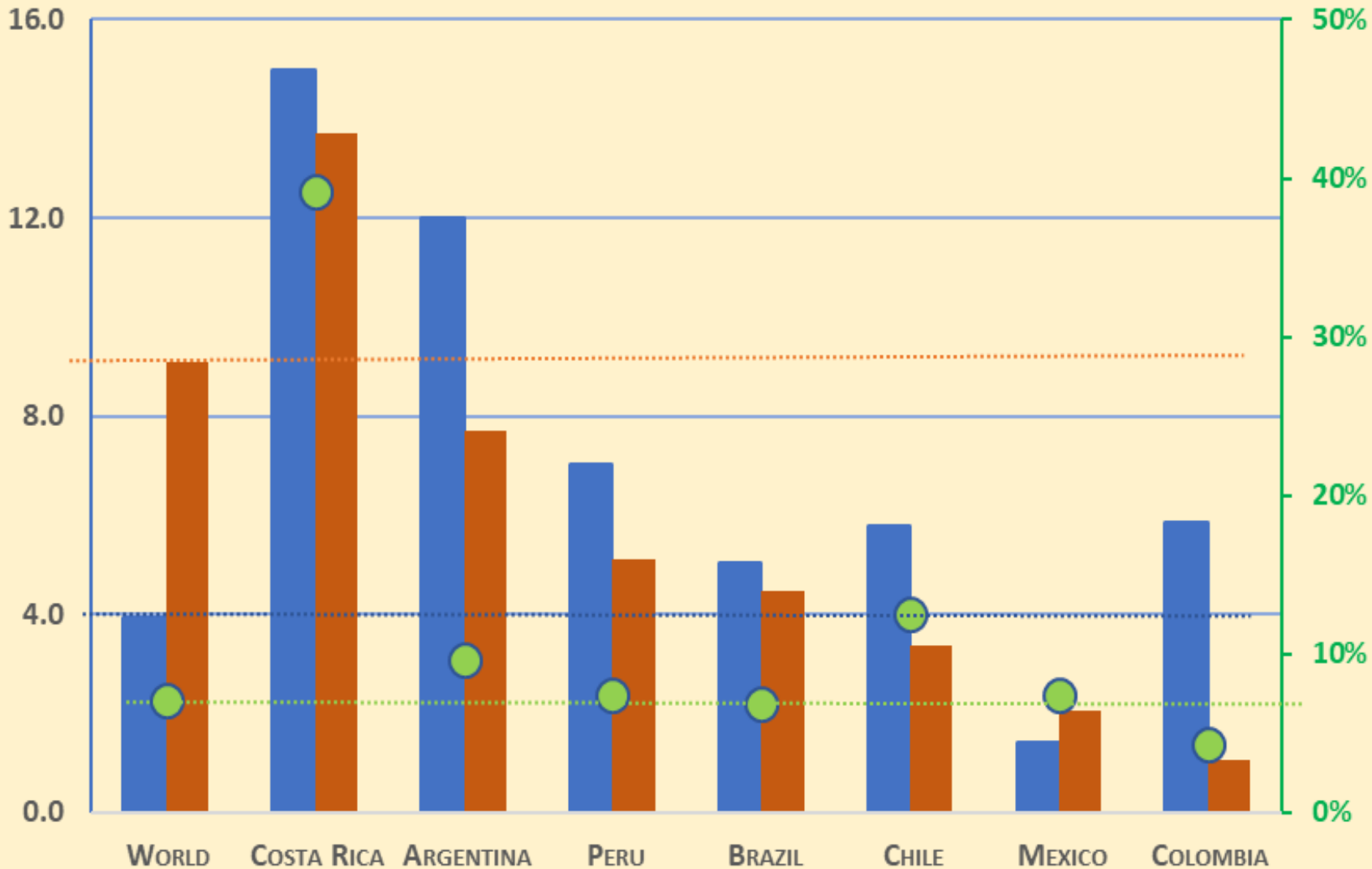


- LA countries are more export oriented than World average (Mexico excepted)
- LA domestic demand more dynamic than foreign final demand (Mexico excepted)
- Heterogeneity within LA countries
- - Brazil negative trend: exchange rate ?



Average Annual Growth, 2005-2015; Percentage 2015

■ Total ■ Foreign demand ● Foreign in Total (right scale)



INFORMATION AND COMMUNICATION

- 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

