Fifth Session

Presentation

Development potential of international trade in creative services

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International Trade in Creative Services

UNCTAD

Ahmed Mohammed (Mr.)

July 2024
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3. International trade in Creative Industry

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Knowledge Economy: The Most Important thing in Now a days Economy is Knowledge - Creative Economy
Introduction

- As globalisation makes primary industries, i.e., manufacturing and services, more unpredictable, it is perceived that “creativity and innovation”, “the knowledge economy” and “the creative industries” are vital to future prosperity.

- Countries have increasingly turned their attention to capturing the economic contribution of their creative industries.

- Creative goods and services has been increasingly recognized for their contribution to economic development and growth.

- Export markets are an important component of creative goods and services.

- Recent international trends show that the creative industries are gaining pace not only in advanced economies (the so-called global North) but also in less advanced ones (the global South), attracting attention from domestic and international policymakers.

Culture is increasingly finding a route to the market, which is leading to radical transformations in the way people create, consume and enjoy cultural products.
2. The trends of Global Markets on creative Economy

- Generates US$2,660b of revenues
- 29.5 million Jobs worldwide
- Accounts for 3.1 per cent of global gross domestic product (GDP)

Top Three earners
visual arts (US$391b),
Handcraft 800 billion
Printing Industry 351

The top three employers
Visual Art
Handcraft
Book and Music

✓ had an average increase of 8.7% in international trade
Europe is the second-largest CCI market, accounting for US$709b of revenues (32% of the global total) and 7.7 million jobs (26% of all CCI jobs). Europe’s cultural economy is rooted in its history: the region enjoys a unique concentration of heritage and arts institutions.

Africa achieves US$58b in revenues (3% of the total) and 2.4 million jobs (8% of total CCI jobs).

Asia-Pacific (APAC) is the world’s biggest CCI market, generating US$743b of revenues (33% of global CCI sales) and 12.7 million jobs (43% of CCI jobs worldwide).

The Latin American CCI economy generates US$124b in revenues (6% of CCI global market) and 1.9 million jobs (7% of total CCI jobs).

$1.016 Trillion to the U.S. GDP. In 2021, US$620b (28% of global revenues) and 4.7 million jobs.
Creative Industries

Visual Arts
$455.37 billion
Painting, sculptures and photograph

Literature and Publishing
US$108.8 billion
Books, newspapers and periodicals

Design
$1.7 trillion
Architecture, interior objects, fashion and jewellery

Traditionnel Knowledge
US$ 1,296.6 +161 1,357.6
Art crafts, festivals and cultural activities

Music 29 Billion
Concerts, CDs, tapes, digitalised music

performing Arts
$65.1 billion
Theater, dance, opéra, puppetry, circus

Audio-Visual
$283.5 billion
Broadcasting, cinema, Film

Digital Animation and MultiMedia
Books, videogames and advertising

Global market Share Creative Industry
818 billion
Culture is increasingly finding a route to the market, which is leading to radical transformations in the way people create, consume and enjoy cultural products.

The world trade figures for creative industries provide clear evidence that creative industries constitute a new dynamic sector in world trade.

Global exports of creative services reached a record $1.4 trillion in 2022, almost double that of creative goods exports, at $713 billion.

Europe is the largest exporter of creative services, reaching $720 billion in 2022, followed by Asia ($359 billion) and Northern America ($274 billion). Exports from other regions, such as Latin America and the Caribbean ($14 billion), Oceania ($8 billion) and Africa ($4 billion).
Also in Asia like China and Indonesia, beneficiaries countries from CI.

The Role of CI in Indonesia’s Economy

- USD 77.9 billion
- USD 20 billion Export
- 6 percent of the national gross domestic product of $32.898 trillion
- 50,000 cultural and creative enterprises of which 8000 are state owned

China

- 7.44% National Economy
- Contribution to GDP, the 3rd largest in the world, next to the USA and South Korea.
- 17 million Jobs
- 3747 Chinese Culture Types of jobs
- From 705.75 - 900 million jobs
Africa is beginning to see promising potential for its creative economy, flourishing in film, arts and crafts, fashion, design, video, photography, music, and more. The East African Community bloc generates $2 billion annually from the creative industry.

Africa is the youngest continent, with a median age of 19.8 years while 65 per cent of its population is under 25 years of age. A third of all youth globally are expected to live in Africa by 2050. Yet between 7 million and 10 million young Africans look for jobs every day.

Africa’s presence in global markets for creative goods and services has been stagnated by its limited supply capacity, lack of intellectual property knowledge, obsolete policies and regulations, as well as underinvestment in the industry, particularly infrastructure.

Nigeria’s film industry, for instance, contributes 1.42 per cent (or $7.2 billion) to the country’s GDP, employing 300,000 people directly and one million others indirectly.

The African trade with Inter region is very weak, weak accounts below 15%.
The creative economy in general and the creative industries in particular are indeed opening up new opportunities for developing countries to leapfrog into high-growth sectors of the world economy and increase their participation in global trade.

Creative trade is expanding not only along the North-North direction, but also along the South-South one.

The digital transformation of the creative economy, driven by the use of artificial intelligence, offers the potential to reshape the production, distribution and consumption of creative works, enhancing both reach and efficiency.

The trade of Creative Service has different modes.

<table>
<thead>
<tr>
<th>Table 2: Modes of Supply in Trade in Creative Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mode I:</strong> Cross-border supply</td>
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<tr>
<td><strong>Mode II:</strong> Consumption abroad</td>
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<tr>
<td><strong>Mode III:</strong> Commercial presence</td>
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<tr>
<td><strong>Mode IV:</strong> Movement of natural persons</td>
</tr>
</tbody>
</table>
Developed economies: top ten creative goods exporters, 2020

<table>
<thead>
<tr>
<th>Developed economies</th>
<th>Exports of creative goods (US$ million)</th>
<th>Share from world exports of creative goods (Percentage)</th>
<th>Share of creative goods from country’s total expo (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>32,371</td>
<td>6.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Italy</td>
<td>27,031</td>
<td>5.2</td>
<td>5.4</td>
</tr>
<tr>
<td>Germany</td>
<td>26,064</td>
<td>5.0</td>
<td>1.9</td>
</tr>
<tr>
<td>France</td>
<td>21,438</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15,331</td>
<td>2.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>13,900</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Poland</td>
<td>11,593</td>
<td>2.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10,868</td>
<td>2.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10,781</td>
<td>2.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Japan</td>
<td>7,326</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,704</strong></td>
<td><strong>33.7</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.2 Creative goods: Exports, by economic group, 2002 and 2008 (in millions of $)

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>Developed economies</th>
<th>Developing economies</th>
<th>Transition economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Creative Industries</td>
<td>204,948</td>
<td>406,992</td>
<td>127,983</td>
<td>227,103</td>
</tr>
<tr>
<td>Art Crafts</td>
<td>17,503</td>
<td>32,323</td>
<td>8,256</td>
<td>11,443</td>
</tr>
<tr>
<td>Audiovisuals</td>
<td>462</td>
<td>811</td>
<td>425</td>
<td>726</td>
</tr>
<tr>
<td>Design</td>
<td>114,692</td>
<td>241,972</td>
<td>80,967</td>
<td>117,816</td>
</tr>
<tr>
<td>New Media</td>
<td>17,365</td>
<td>27,754</td>
<td>11,422</td>
<td>13,248</td>
</tr>
<tr>
<td>Performing Arts</td>
<td>9,669</td>
<td>26,136</td>
<td>8,947</td>
<td>22,539</td>
</tr>
<tr>
<td>Publishing</td>
<td>29,817</td>
<td>48,266</td>
<td>25,930</td>
<td>38,733</td>
</tr>
<tr>
<td>Visual Arts</td>
<td>15,421</td>
<td>29,730</td>
<td>11,916</td>
<td>22,578</td>
</tr>
</tbody>
</table>

Source: UNCTAD, based on official data in UN COMTRADE database.

Note: It should be noted that, owing to the gaps in the availability of data for creative services, figures for exports of creative goods were higher than those for creative services — a distortion of the reality.
One of the major trends in the creative economy is that an increase in digital services can drive its growth.

Digitalization underpins emerging business models such as streaming and digital platforms.

Information Technology boosts creative service trade by US$200 trillion digital sales globally,

Good example is Music Industry. The music industry has consistently grown across all regions, with global recorded music sales reaching $26.2 billion in 2022.

The physical sales segment that, for many years, accounted for over 50 per cent of total global revenues only accounted for 17.5 per cent in 2022, with a strong shift towards streaming services.
World creative goods exports by product groups, 2002–2020

(US$ billion)

Source: UNCTAD based on UN COMTRADE Database.
Exports of all creative goods by region, 2002–2020
(US$ billion)
Top ten exporters of creative goods worldwide, 2020

(US$ billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>169</td>
</tr>
<tr>
<td>United States</td>
<td>32</td>
</tr>
<tr>
<td>Italy</td>
<td>27</td>
</tr>
<tr>
<td>Germany</td>
<td>26</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>24</td>
</tr>
<tr>
<td>France</td>
<td>21</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>14</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>14</td>
</tr>
<tr>
<td>India</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: UNCTAD based on UN COMTRADE Database.
Ethiopia on International Trade

What we Import

[Graph showing import quantities with bars for different categories.]
According to Ethiopia Export Statistics, Ethiopia's top 10 export commodities in 2021 were Coffee, Tea Spices (24.40%), Fruits, Grains, Oil Seeds (20.20%), Edible Vegetables (17.30%), Meat & Meat Products (6.10%), Leather (2.90%), Pearl, Precious Stones & Metals (2.60%), Vehicles (2.12%),

The total value of exports (FOB) is US$ 3,058 million. The total value of imports (CIF) is US$ 15,285 million. At the HS6 digit level, 1,584 products are exported to 142 countries and 3,745 products are imported from 169 countries.
It was found that the contribution of the Creative industries to GDP was higher than that of many other important sectors. Also research shows that the creative industries are of great economic importance to Ethiopia.

7.2.1 Cultural and creative services exports was equal to 0.9 mn USD in 2020—up by 231 percentage points from the year prior—and equivalent to an indicator rank of 107.

Even though the copyright industries outperformed mining and quarrying; transport and communication; and financial intermediation much attention is not given yet.
Gastronomy and Traditional Beverages

The global market size

Ethiopia 500,000 tones of honey and 50,000 tones of beeswax.
Export $173 thousand in 2021

Injera is Exported 28 million Dollar

$1624 billion in 2021,
$2036.6 billion by 2031
Ethnic Alcohol 49.1 Billion US Dollar

$47.75 billion in 2022 to $52.56 billion in 2023
to reach USD 70.8 billion by 2028

The export volume of Ethiopia is 27.13K metric ton
Cultural Foods and Drinks
4. The Benefits of Creative service for development

- Fosters job creation, retention, and attraction of talent and investment.
- Enhances tourism management and retention and attraction of talent and investment.
- Provides income generation.
- Improves livelihoods for vulnerable social groups and rural communities.
- Promotes cultural diversity and human development.
- Improves social inclusion and rationalization of urban infrastructure.
- It also contributes to building more inclusive, connected, and collaborative societies.
Creative service in Ethiopia

It can help diversify production, build competitive advantage, attract investment, stimulate entrepreneurship and innovation, support the growing sector of services, and promote cultural diversity and well-being.

They offer new economic opportunities and generate income through trade and intellectual property rights.

Rural Women and youth are also generates income.
Creative Services and Social Cohesions in Ethiopia

Ethiopia’s creative economy, spanning from visual arts through music, film, fashion, literature, and performing arts to new media, is vibrant with great socio-economic potential.

Creative services (like music; books and films) could contribute social change

Creative services could enhance social capital

Creative services helps to build trust

Creative industries could promote new ways of integration with the global economy, through regional cooperation.
Recent research shows that the creative scene is concentrated in Addis Ababa and creative workers, many of whom are from the youth, who often lack formal education, skills, resources, and opportunities to grow.

Lack of institutional capacity prevents Ethiopia from incorporating the creative economy into the national development agenda and harnessing the opportunities the sector provides.

Economic value of Creative service is largely unmapped, unmonitored, and undocumented. Lack of advanced human capital, skills and digital infrastructure. High Initial Investment Cost.
The lack of fundamental skills and infrastructure can hinder developing economies from becoming competitive players in creative services.

Trade restrictions, and unable to access most important markets;

Although a large part of creative revenues originates from copyrights, licences, and marketing and distribution. Too often, much of this revenue fails to reach creators in developing countries;

The concentration of marketing channels and distribution networks in a few major markets;

Lack of access to markets and non-competitive business practices, particularly in the audio-visual and digital industries;

Many developing countries are not yet able to harness their creative capacities for enhancing their competitiveness in global market. This reflects a combination of domestic policy weaknesses and obstacles at global level;

Creative Protection And Enforcement Is Lacking
6. The Measures to enhance global trade in creative services

Policy measures to enhance global trade in creative services:

- The regional development platform is a mechanism to develop and build a dialogue around new ideas, a ‘public space’ open to creative dialogue so as to agree upon and arrange the possible trajectories of regional development;
- A shared public-private project can produce the consciousness and consensus necessary to start co-participated development;
- The regional development platform approach envisages both bottom-up and top-down initiatives;
- The UNIDO modular approach to guide the formulation and implementation of cluster development initiatives will be encouraged to apply;
- A competitive call for proposals, addressed to clusters/groups of enterprises and supporting institutions interested in receiving support and assistance from the project to support or develop a cluster initiative in the cultural and creative industries sector.
Policy measures to enhance global trade in creative services:

- Analysis and diagnostic of the clusters, elaboration of a strategic vision and redaction of a plan of action;
- Market Digitalisation
- Identification of commercial partners and potential new markets;
- Promoting and supporting cluster development and creativity through a conducive business environment;
- Promoting the co-location of the creative business;
- Developing collaboration between sectors and the conditions conducive to the establishment of creative ecosystem;
- Strengthening and promoting creativity and skills in education and technical training.
- Nurturing creativity and fostering innovation in support institutions.
- Ensuring flexibility in order to adapt intervention logic to the different contexts;
- it is crucial to raise awareness about the creative economy and explore its potential role in Policy Measures or International Collaborations.
Thanks you all for your attention!!
Dealing Digitization and connectivity: Example Music Industry

16% of the world population have access to the internet.

34% of mobile phone subscribers.

60% of physical music sales declined.

80% of music listeners and global music sales were $28.9 billion.

US$ 200 trillion digital sales globally, encouraging.

Sales of CD, Concert, Song writer and Composer, Musician, Publisher, distributor.
Ethiopia has a rich history of traditional handwoven textiles which are unique and beautifully delicate. The country is one of the fastest growing countries on the African continent and the textile and fashion industry is expanding and spreading all over the country.

Ethiopia is developing on all levels and so the consumption - of fashion is a big part of it. There are many levels and questions to ask, topics to discuss, awareness to be called for.

The beauty of the textile industry in Ethiopia is, that within the country we find cotton farmers, spinners, weavers - the “shamane’s” and we find designers who work with the traditional woven textiles - the whole chain.
Africa contributed marginally (0.6 per cent in 2008) to world exports of creative goods even though African exports of creative goods increased from $740 million to $2.2 billion during the period 2002-2008. Egypt was the largest African exporter, followed by South Africa, Tunisia, Morocco and Mauritius. Egypt for the first time reported a considerable amount of exports of creative goods in 2008.
ETB 23,989,211,925 (approximately USD1.3 billion at the 2012 exchange rate). 4.7% of GDP.

Creative service amounted to $22 million.

Urban jobs to 240,287 people.

With a 0.65% share in exports and a 10.87% share in imports.

The largest contribution came from the core copyright industries, which represented 1.96% of GDP. The three largest sub-sectors - (1) press and literature; (2) radio and television; and (3) music, theatrical production and opera - accounted for 78.72% of...