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**Fifth Session**

**Presentation**

**Development potential of international trade in creative services**

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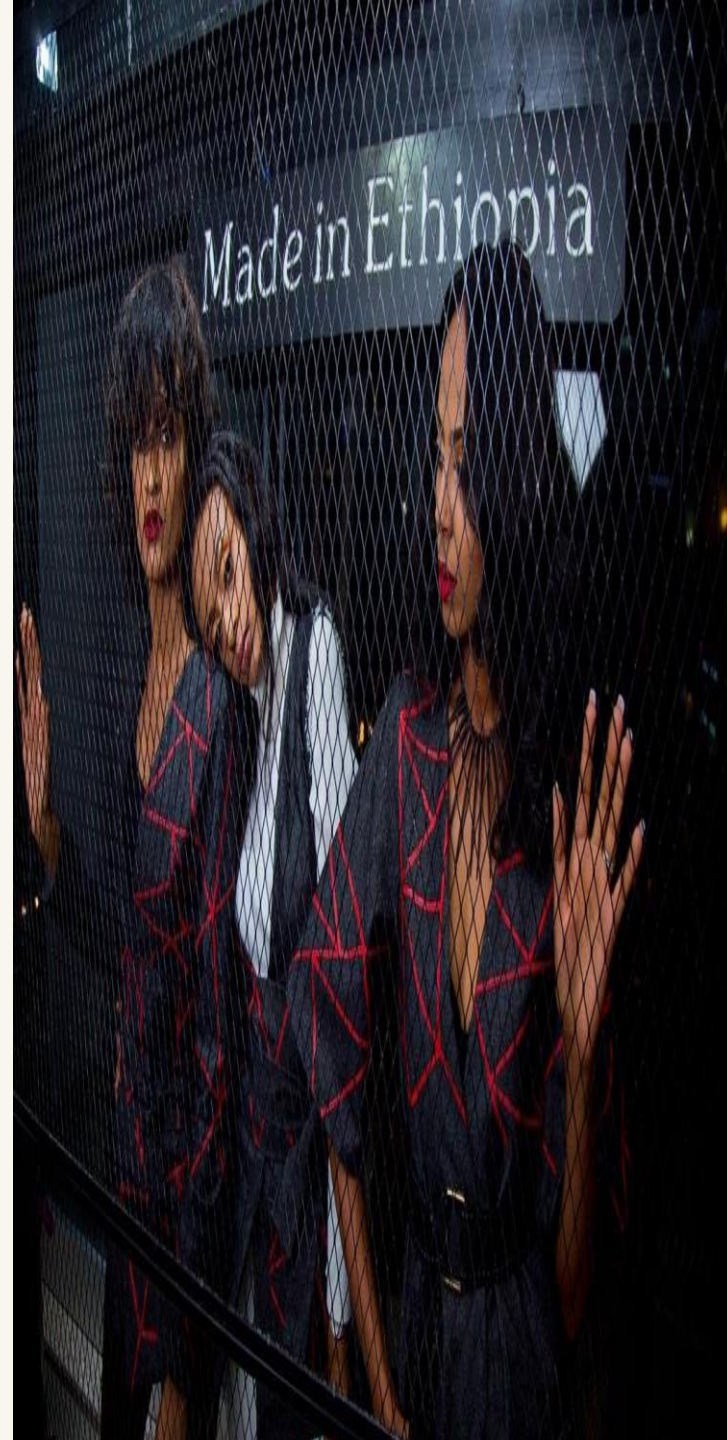
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# International Trade in Creative Services

UNCTAD

Ahmed Mohammed (Mr.)

July 2024



## Agendas

1. Introduction

2. Global markets trends on Creative Industry

3. International trade in Creative industry

4. The Benefits of Creative service for development

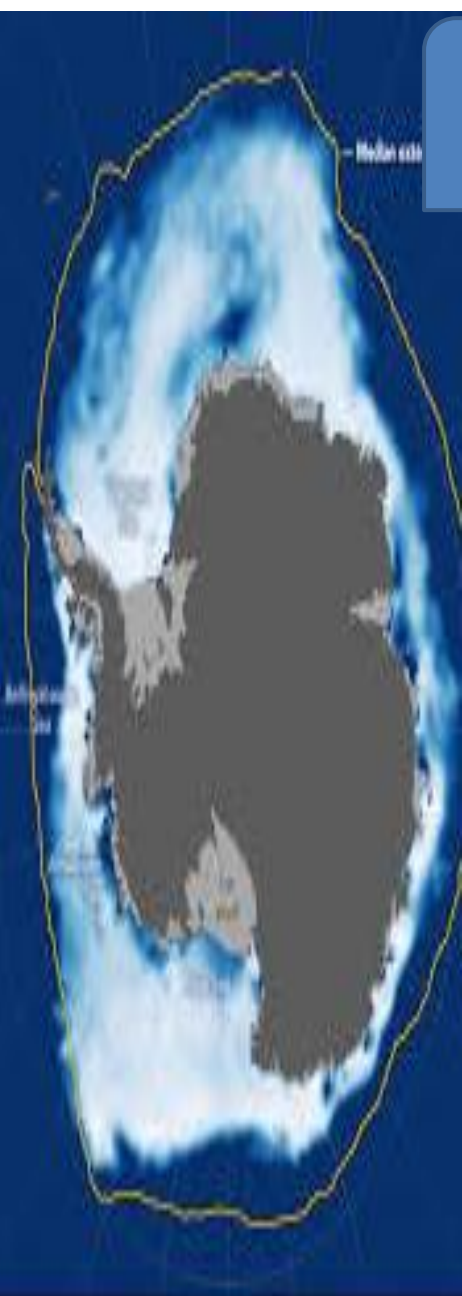
5. The Barriers of creative service trade in global trade

6. The Measures to enhance global trade in creative services

7. Conclusion

The Age for necessary tool to promote creative solutions and innovation\_

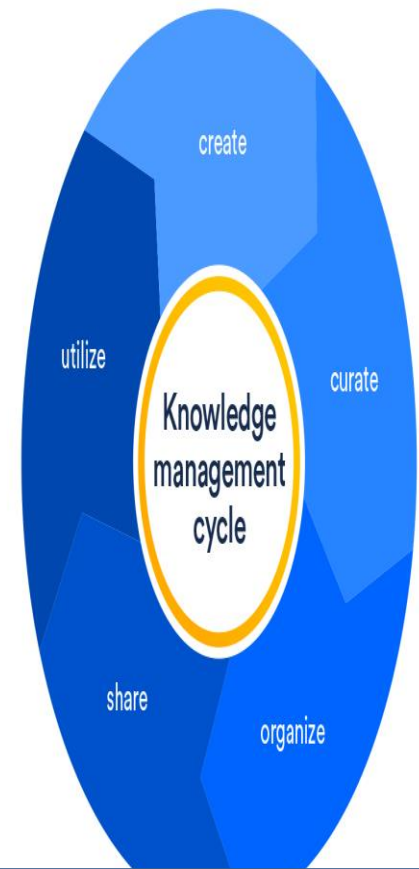
**Knowledge Economy:  
The Most Important thing in  
Now a days Economy is  
Knowledge -Creative Economy**



India Concentration (percent)  
0 25 50 75 100

# 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  
**It counts 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  
Hand craft  
Book and Music

✓ had an average increase of 8.7% in  
international trade

## 2. The trends of international trade on creative economy

\$1.016 Trillion to the U.S. GDP. In 2021,

US\$620b (28% of global revenues) and 4.7 million jobs

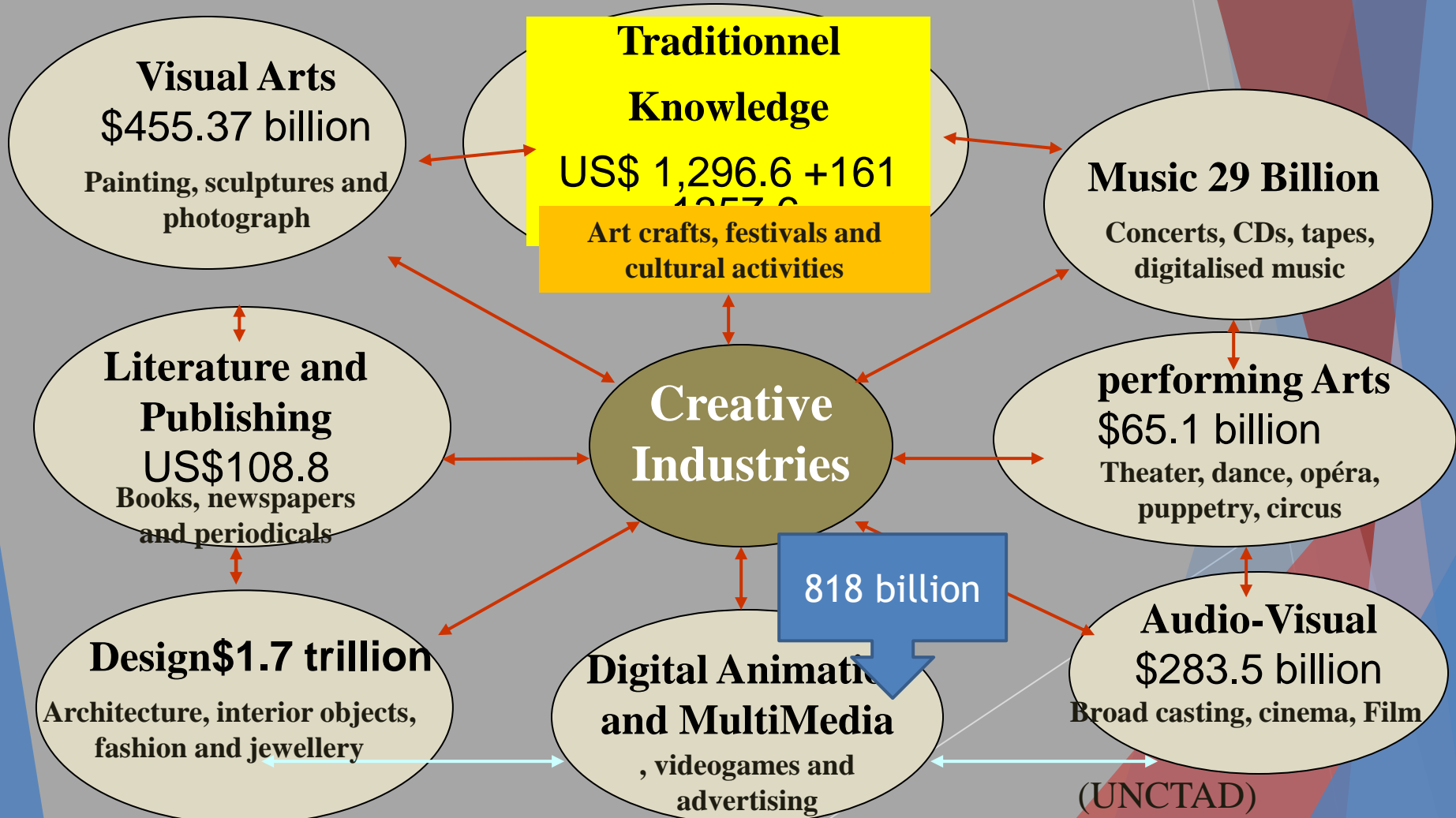
The Latin American CCI economy generates US\$124b in revenues (6% of CCI global market) and 1.9 million jobs (7% of total CCI jobs).,

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)..

# Global market Share Creative Industry







### 3. International

trade of

creative

Services

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

7.44% National  
Economy

17million Jobs

USD 20 billion  
Export

contribution to GDP The 3rd largest  
in the world, next to the USA and  
South Korea.

China

6 percent of the national  
gross domestic product  
of \$32.898 trillion

3747 Chinese Culture  
Types of jobs

50,000 cultural and creative  
enterprises of which 8000 are state  
owned

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.

- the African creatives industry is centred around enticing more young Africans to utilise their creative talents or providing creative entrepreneurs with more financing avenues,

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

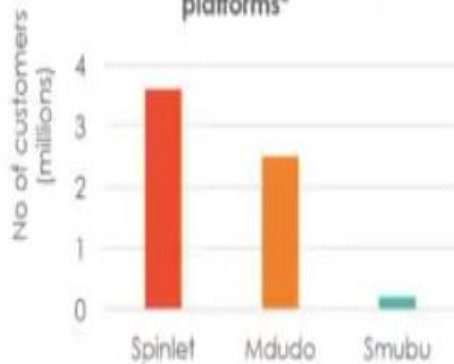


Nigeria's film industry, for instance, contributes 1.42 per cent (or \$7.2 billion) to the country's GDP, employing 300,000 people directly and one million others indirectly.

The African trade with Inter region is very weak weak accounts below 15 %

## Music

### African digital music streaming platforms\*

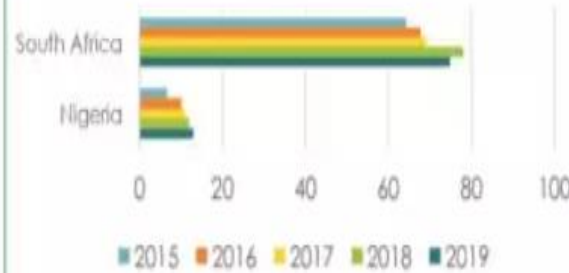


### Music event revenue generation (US\$ millions - 2020^)

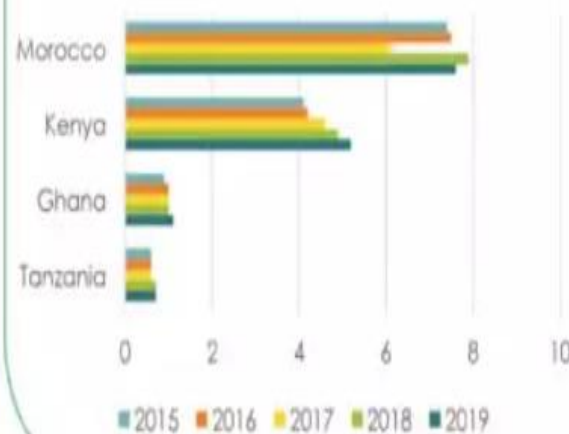


## Cinema and Film

### Cinema revenue - current and projected South Africa vs Nigeria (US\$ millions)

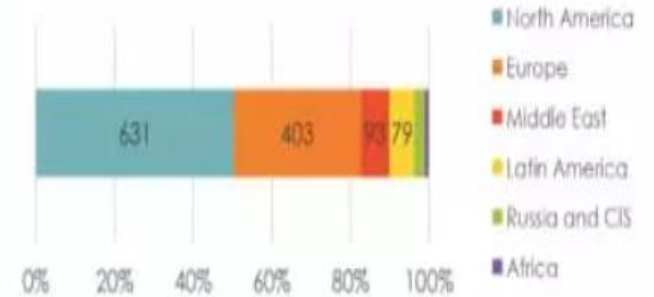


### Cinema revenue - current and projected Selected African countries (US\$ millions)

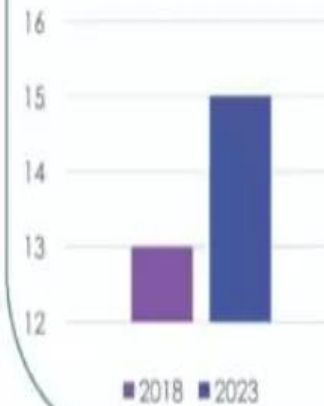


## Visual art

### Distribution of global art market by geography and value (2018 - US\$ billions)



### Current vs project revenue of African art (US\$ billions)



### Contemporary art sales (US\$ millions)



## Cont...

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 mode

## Table 2: Modes of Supply in Trade in Creative Services

Mode I: Cross-border supply	Supply of services from one country to another, for example sound engineering services or architectural services transmitted via telecommunications.
Mode II: Consumption abroad	Consumers from one country using services in another country for example, cultural, festival and heritage tourism.
Mode III: Commercial presence	A company from one country establishes a subsidiary or branch to provide services in another country, for example, setting up a booking agency.
Mode IV: Movement of natural persons	Individuals travelling from their own country to offer services in another, for example, an artist or band on tour.

## Developed economies: top ten creative goods exporters, 2020

Developed economies	Exports of creative goods (US\$ million)	Share from world exports of creative goods (Percentage)	Share of creative goods for country's total expo (Percentage)
1 United States	32 371	6.2	2.3
2 Italy	27 031	5.2	5.4
3 Germany	26 064	5.0	1.9
4 France	21 438	4.1	4.4
5 United Kingdom	15 331	2.9	3.8
6 Republic of Korea	13 900	2.7	2.7
7 Poland	11 593	2.2	4.2
8 Switzerland	10 868	2.1	3.4
9 Netherlands	10 781	2.1	1.6
10 Japan	7 326	1.4	1.1
<b>Total</b>	<b>176 704</b>	<b>33.7</b>	

Source: UNCTAD based on UN COMTRADE Database.

Table 5.2

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

	World		Developed economies		Developing economies		Transition economies	
	2002	2008	2002	2008	2002	2008	2002	2008
<b>All Creative Industries</b>	<b>204,948</b>	<b>406,992</b>	<b>127,903</b>	<b>227,103</b>	<b>75,835</b>	<b>176,211</b>	<b>1,210</b>	<b>3,678</b>
Art Crafts	17,503	32,323	8,256	11,443	9,202	20,715	45	164
Audiovisuals	462	811	425	726	35	75	3	10
Design	114,692	241,972	60,967	117,816	53,362	122,439	362	1,716
New Media	17,365	27,754	11,422	13,248	5,908	14,423	36	82
Performing Arts	9,689	26,136	8,947	22,539	698	3,323	43	274
Publishing	29,817	48,266	25,970	38,753	3,157	8,138	690	1,376
Visual Arts	15,421	29,730	11,916	22,578	3,474	7,097	31	56

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

<sup>2</sup> 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.

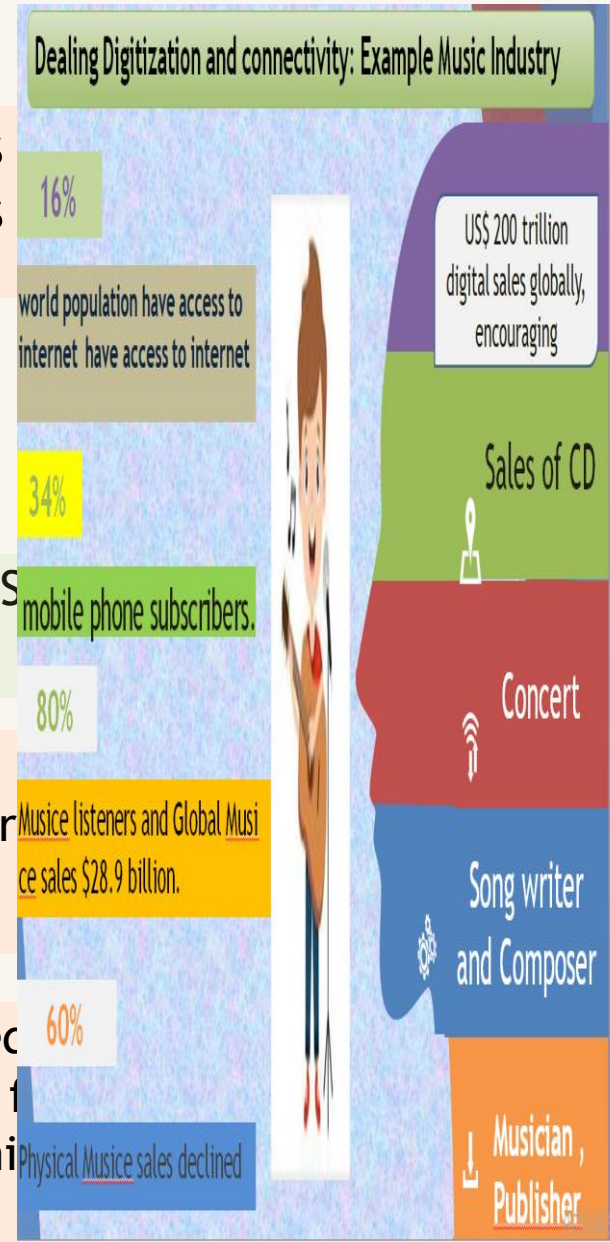
One of the major trends in the creative economy is that an increase in digital services can drive its growth

Digitalization underpins emerging business models such as streaming and digital platforms

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

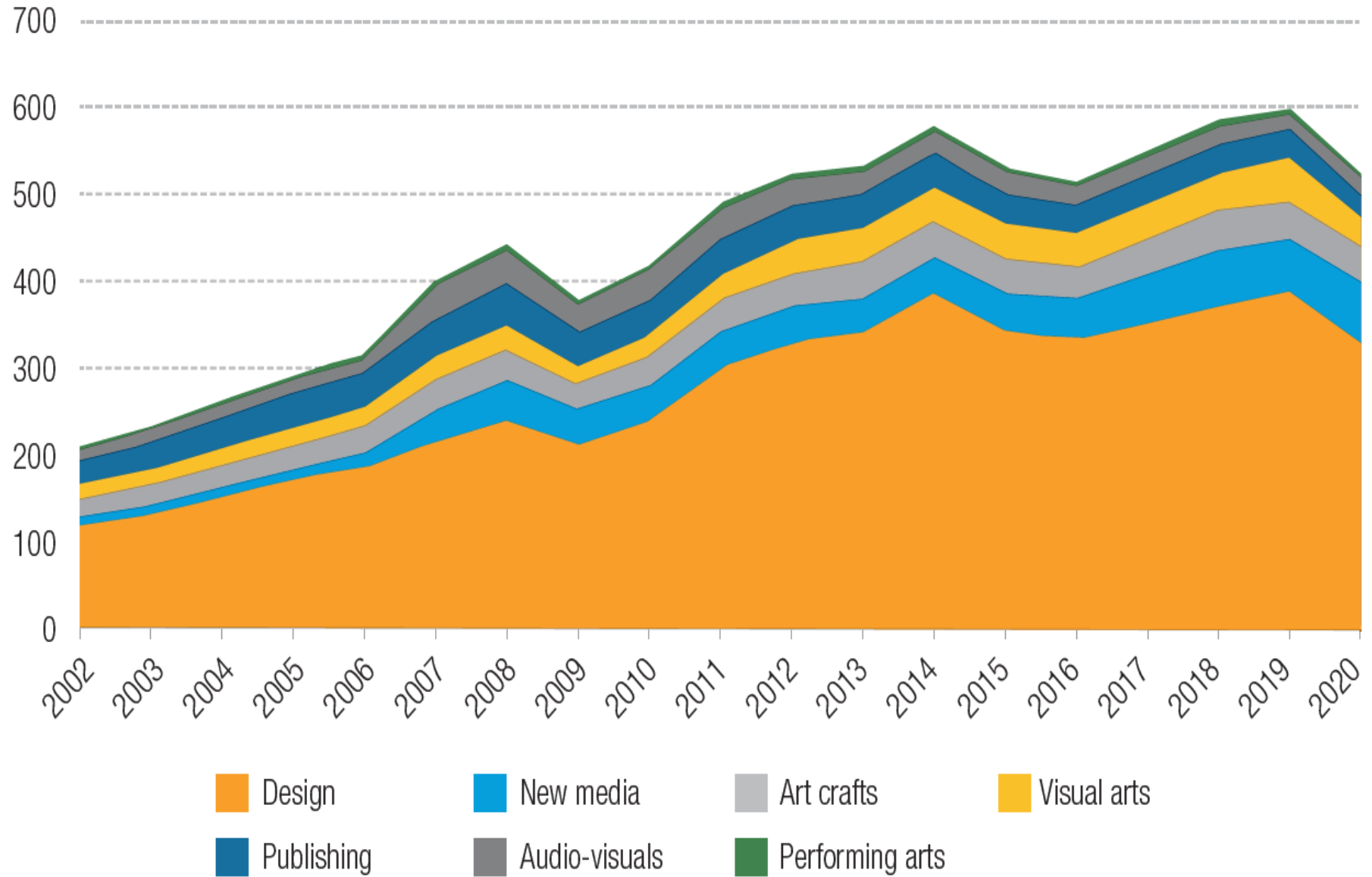
Good example is Music Industry. The music industry has consistently grown across all regions, with global recorded music sales reaching \$26.2 billion in 2022

The physical sales segment that, for many years, accounted 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)

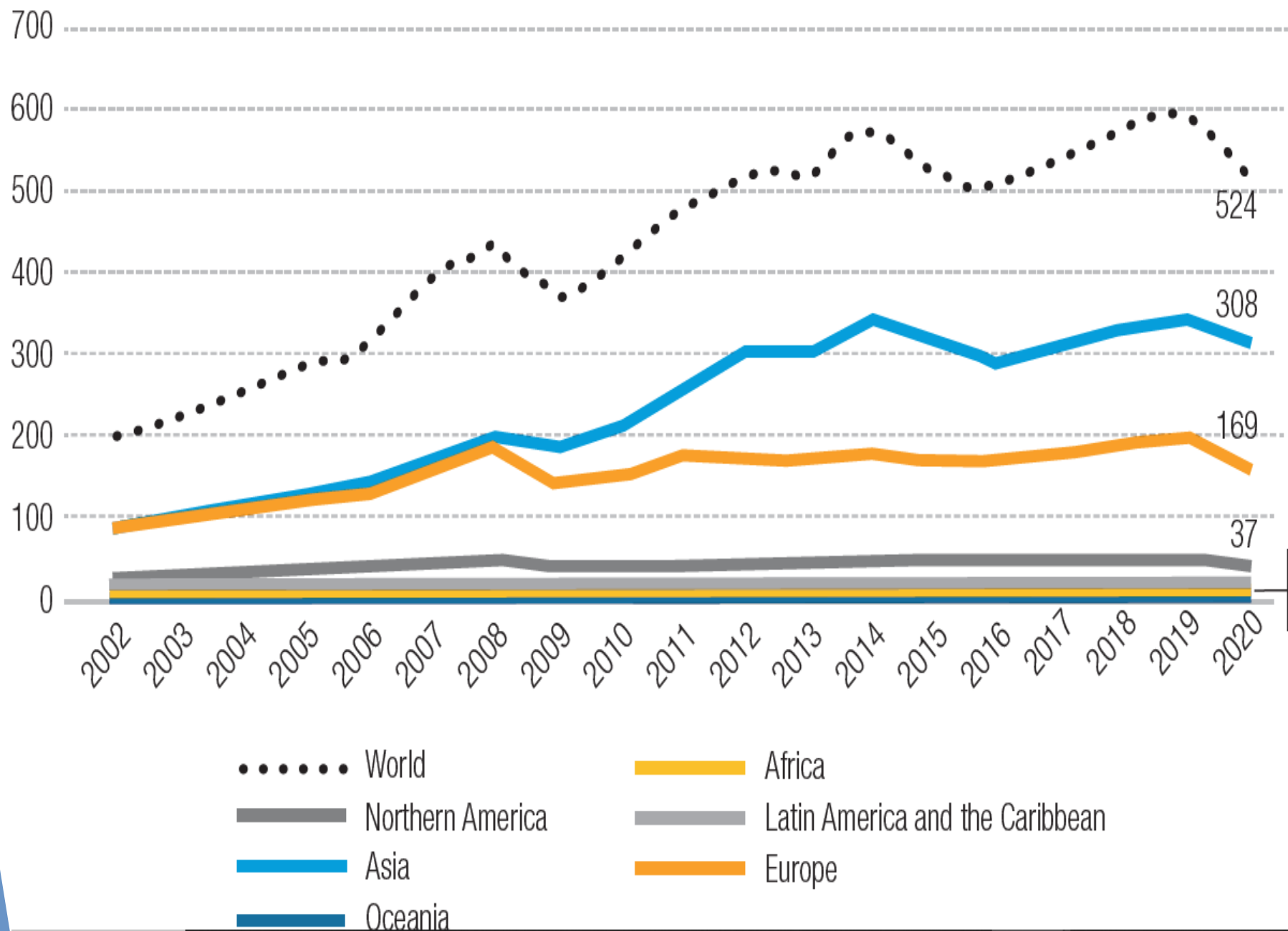


Source: UNCTAD based on UN COMTRADE Database.



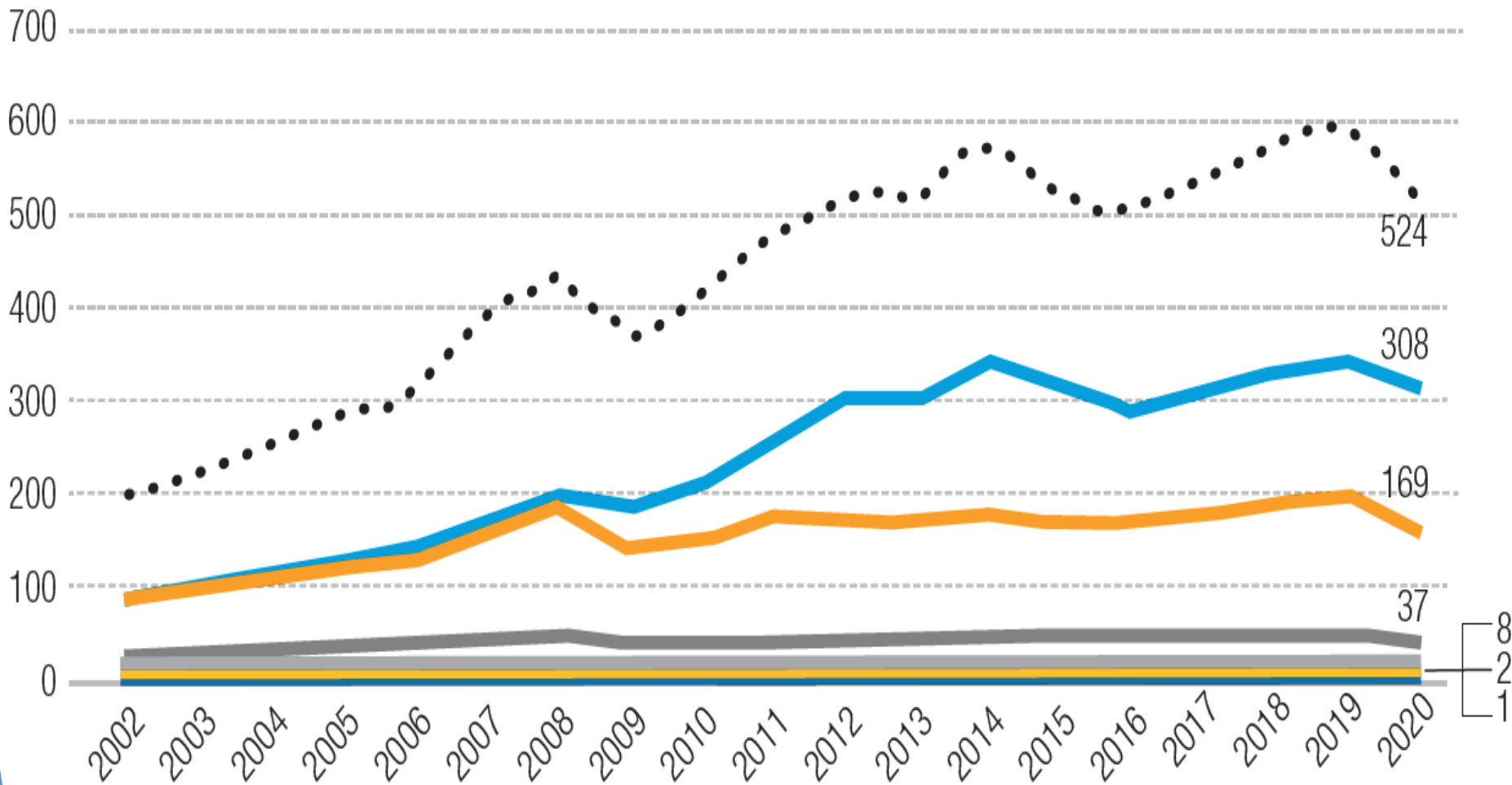
# Exports of all creative goods by region, 2002–2020

(US\$ billion)



# Exports of all creative goods by region, 2002–2020

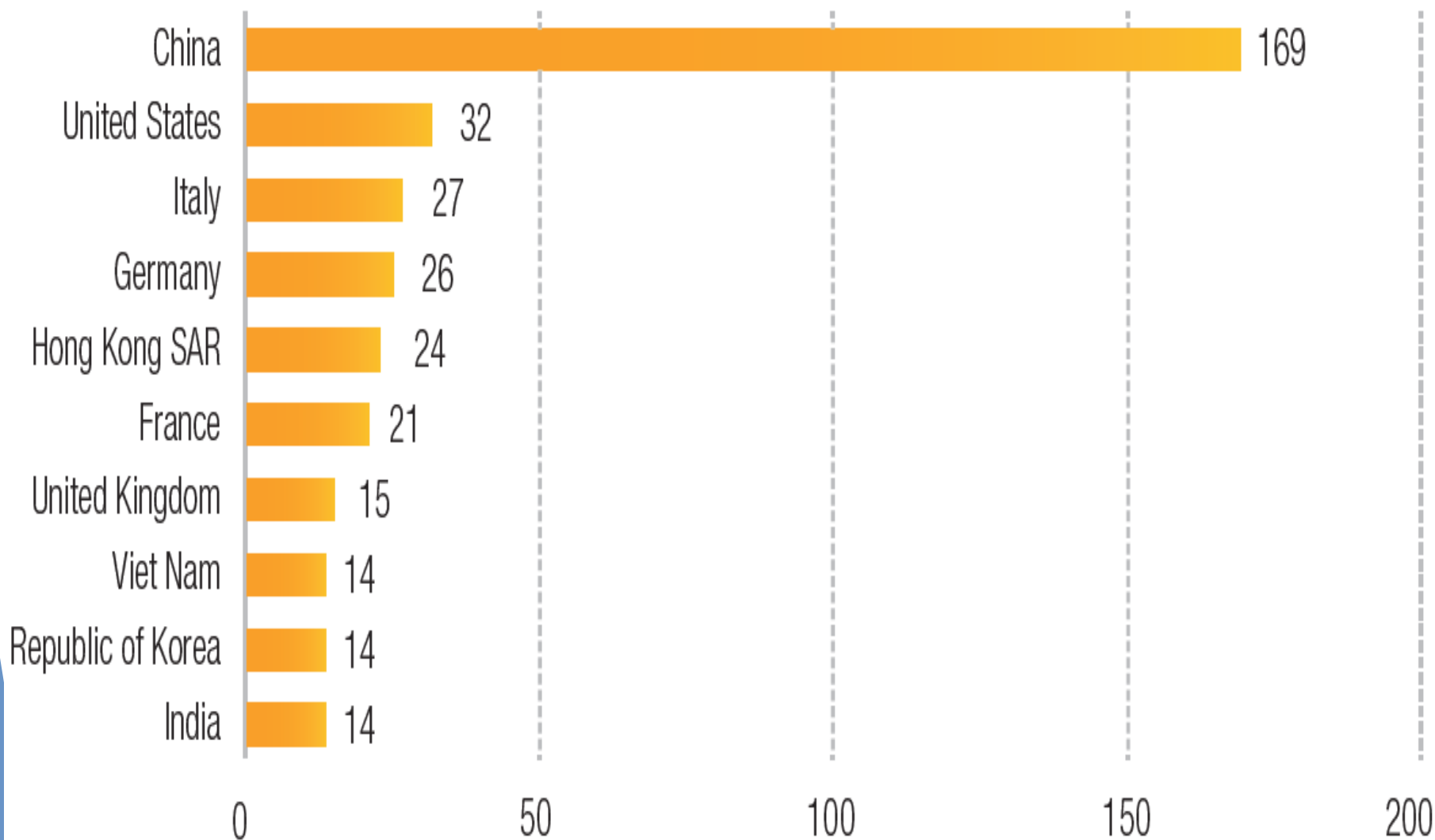
(US\$ billion)



- World
- Northern America
- Asia
- Oceania
- Africa
- Latin America and the Caribbean
- Europe

# Top ten exporters of creative goods worldwide, 2020

(US\$ billion)

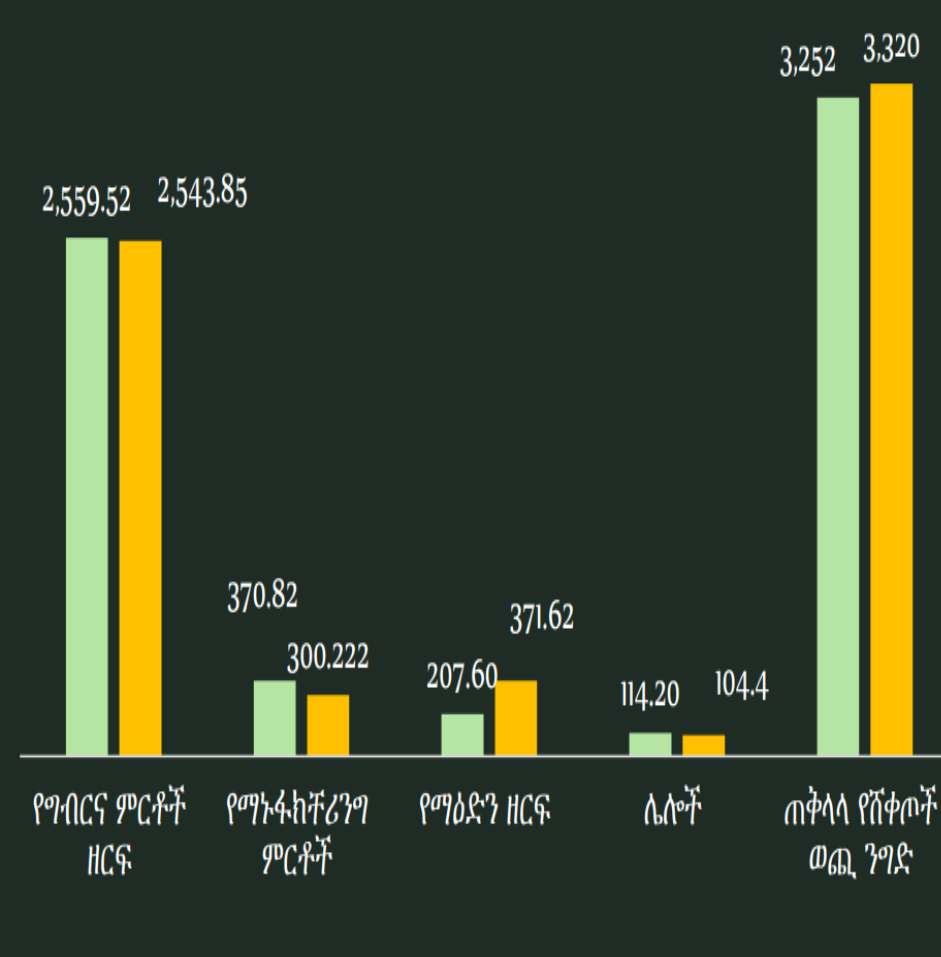
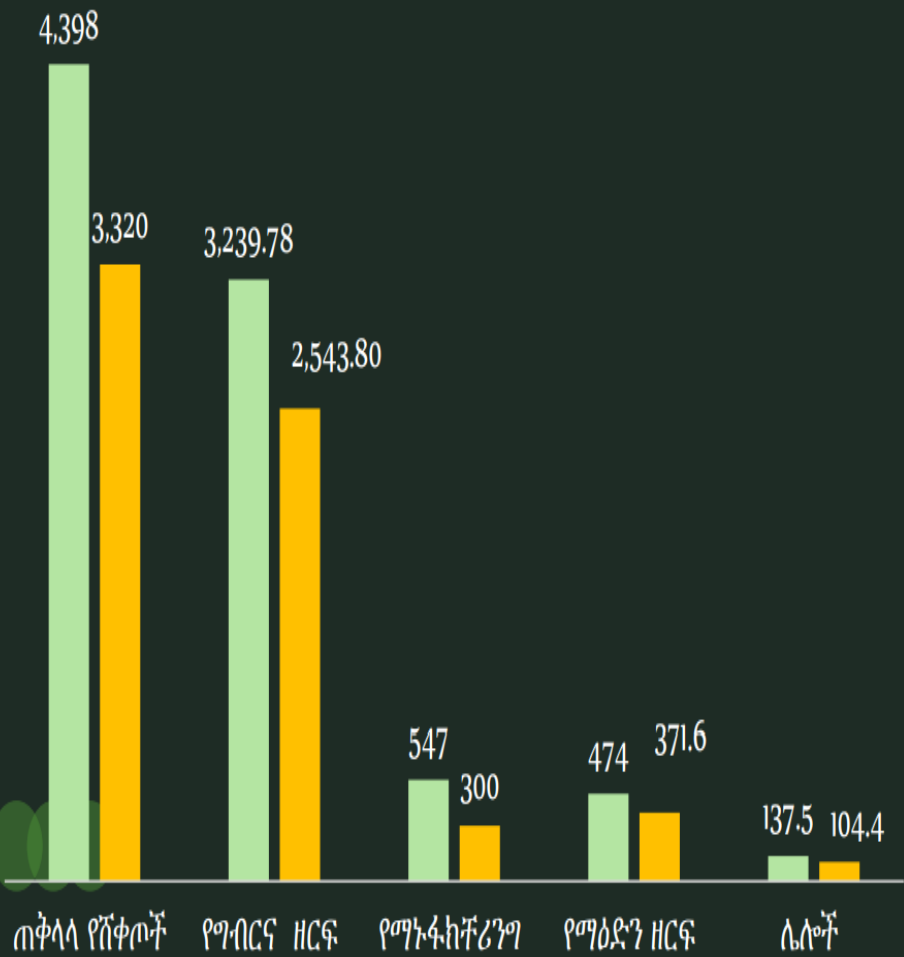


Source: UNCTAD based on UN COMTRADE Database.

# Ethiopia on International Trade

# What we Import

የሸቀጦች ውጪ ንግድ ገቢ በሚሊዮን የአሜሪካ ዶላር





## Ethiopian exports

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%),



Adobe Stock | #771644372



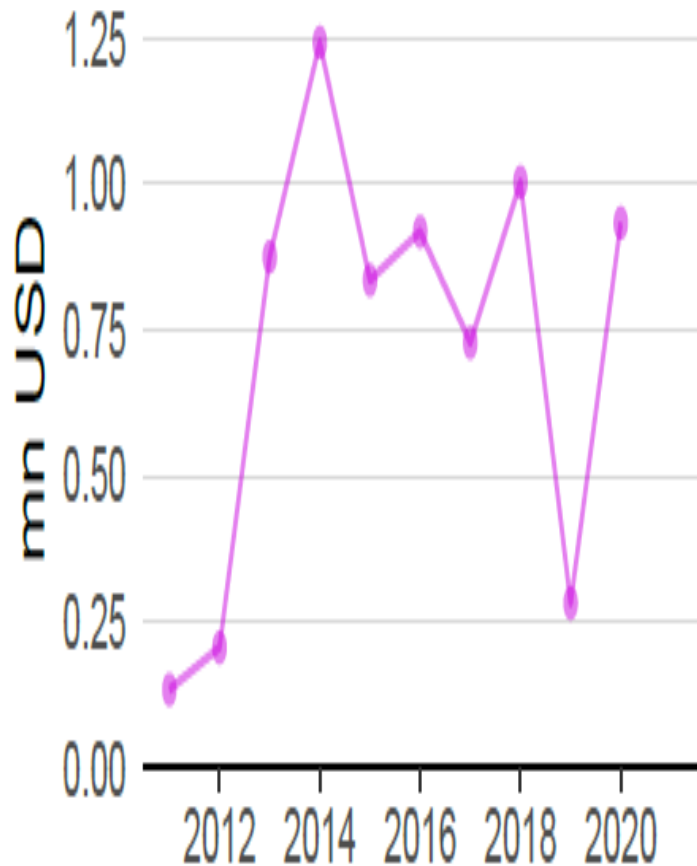
The total value of exports (FOB) is US\$ 3,058 million. The total value of imports (CIF) is US\$ 15,285 million.

At the HS6 digit level, 5,584 products are exported to 142 countries and

7,745 products are imported from 169 countries.



31363



**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.

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

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



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

The global  
market  
size

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



Ethiopia 500,000 tones  
of honey and  
50,000 tones of  
beeswax.

Export \$ 173  
thousand in 2021  
0.0005

The export volume of  
Ethiopia is 27.13K  
metric ton

Injera is Exported 28 milion  
Dollar

# Cultural Foods and Drinks





## 4. The Benefits of Creative service for development

improve livelihoods for vulnerable social groups and rural communities.

Promotes cultural diversity and human development

income generation

creative industries /services  
Fosters

export earnings

promoting social inclusion and rationalization of urban infrastructure.

job creation retention and attraction of talent and investment

It also can contribute to build more inclusive, connected, and collaborative societies

enhancement of tourism management an retention and attraction of talent and investment;

# 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 Cohisions 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.

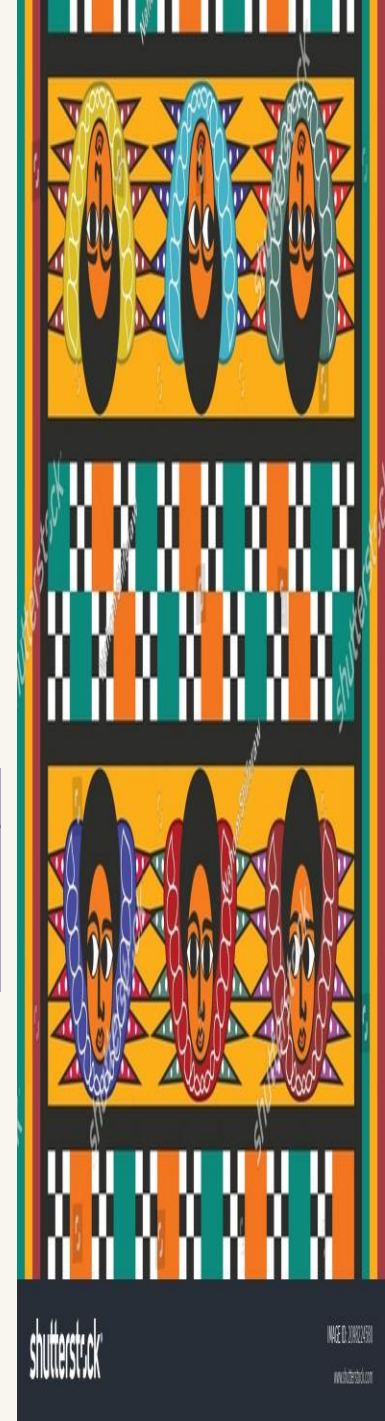


recent research shows that the creative scene is concentrated in Addis Ababa and creative workers, many of whom are from the youth, who often lack formal education, skills, resources, and opportunities to grow

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

**face significant trade costs and restrictions. knowledge workers will be more affected by the new phase of automation**

Economic value of Creative service is largely unmapped, unmonitored, and undocumented. Lack of advanced human capital, skills and digital infrastructure. High Initial Investment Cost



## Cont.....

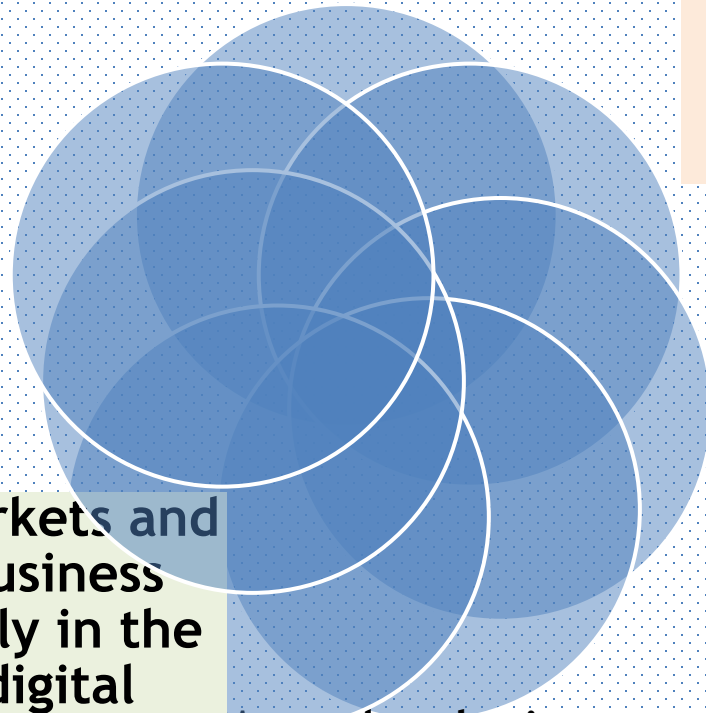
The lack of fundamental skills and infrastructure can hinder developing economies from becoming competitive players in creative services;

Trade restrictions, and unable to access most important markets;

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

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

# To be continued.....

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%

world population have access to internet have access to internet

34%

mobile phone subscribers.

80%

Musice listeners and Global Musi ce sales \$28.9 billion.

60%

Physical Musice sales declined



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

# 1. Measuring the Role of Creative Industries in Economic Development of Ethiopia

ETB 23,989,211,925 (approximately USD1.3 billion at the 2012 exchange rate). 4.7% of GDP

Creative service amounted to \$22million.

Urban jobs to 240 287 people

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

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

The Economic Contribution of Creative Service In Ethiopia