



Trade in Creative and Cultural Goods
and Services, in the context of
EU-South Africa Development of
Creative Industries in South Africa

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Research conducted by:



Commissioned by:



LIST OF ACRONYMS

<u>BASA</u>	Business Arts South Africa
<u>BOP</u>	Balance of Payments
<u>BPM5</u>	Balance of Payments Manual – Version 5
<u>BPM6</u>	Balance of Payments Manual – Version 6
<u>CAGR</u>	Compound Annual Growth Rate
<u>CCI</u>	Creative and Cultural Industries
<u>CCS</u>	Creative and Cultural Sector
<u>DAC</u>	Department of Arts and Culture
<u>the dti</u>	Department of Trade and Industry
<u>EBOPS</u>	Expanded Balance of Payments Services Classification
<u>EC</u>	European Commission
<u>EMIA</u>	Export Marketing and Investment Assistance
<u>EU</u>	European Union
<u>Eurostat</u>	Statistics Office of the EU
<u>ICASA</u>	Independent Communications Authority of South Africa
<u>IDD</u>	Industrial Development Division (within the dti)
<u>IFPI</u>	International Federation of the Phonographic Industry
<u>ITC</u>	International Trade Centre
<u>ITRS</u>	International Transactions Reporting System
<u>MSITS 2010</u>	Manual on Statistics of International Trade in Services 2010
<u>n.i.e</u>	Not included elsewhere
<u>PANSA</u>	Performing Arts Network of South Africa
<u>SACU</u>	Southern African Customs Union
<u>SADC</u>	Southern African Development Community
<u>SARB</u>	South African Reserve Bank
<u>SARS</u>	South African Revenue Service
<u>StatsSA</u>	Statistics South Africa
<u>UNCTAD</u>	United Nations Conference on Trade and Development
<u>UNCTADstat</u>	United Nations Conference on Trade and Development – Statistics division
<u>UNESCO</u>	United Nations Educational, Scientific and Cultural Organisation
<u>VANSA</u>	Visual Arts Network of South Africa
<u>WIPO</u>	World Intellectual Property Organisation
<u>WTO</u>	World Trade Organisation

INTRO

The EU has long been considered one of the primary importers and international consumers of South African arts and creative products. With the aim of further developing this relationship, the British Council along with its partners VANSA, Arterial Network, and EUNIC South Africa, successfully bid for a co-funded project with the EU delegation to deliver a project that would interrogate this relationship further. Focusing specifically on trade between our two territories, the project is designed to provide insight into current trade levels and to begin dialogue between South Africa and the EU about how we might strengthen South Africa's capacity for exporting its creative and cultural wealth in the future – both to the EU and, more broadly into international markets.

The project began in 2012 with this piece of research and series of case studies which look at current trade in and out of South Africa. The report aims to help the creative and cultural sector of South Africa to better understand how it is engaging, particularly through trade, with the rest of the world, and to develop strategies to grow this trade and engagement in the future. As with all research it has limitations, but provides a useful snapshot of where the sector is today, alongside recommendations for the future.

The research will be followed by a series of public seminars, workshops and a partnership with ACT and UJ on their annual creative industries conference. Through these initiatives we aim to open the debate and ultimately stimulate long term strategies for increased international trade and engagement in the creative industries in the future. Further information about the project, forthcoming seminars, and copies of the full research are available from the British Council, VANSA and Arterial Network South Africa

www.britishcouncil.org.za

www.vansa.co.za

www.artialnetwork.org

EXECUTIVE SUMMARY

WHAT DOES THIS PROJECT AIM TO ACHIEVE?

This project has three main aims:

1. To understand current South African trade in creative & cultural goods and services (with the EU and other trade partners);
2. To develop a realistic framework for gathering creative & cultural goods and services trade data in future; and
3. To assess the impact of current policy conditions, and recommended policy changes that could support growth in trade.

WHY FOCUS ON CREATIVE AND CULTURAL INDUSTRIES TRADE?

The creative and cultural industries (CCI) are becoming a more prominent and better recognised sector worldwide, in particular because of their high growth potential – in many cases growing at twice the GDP average growth rate – and their association with greater levels of innovation and prosperity. In terms of trade, it is recognised as an area where countries have differentiated competitive advantage based on both their cultural heritage and current intellectual property and human capital assets.

The South African government has recognised the economic potential of the sector through, amongst others, the Mzansi Golden Economic Strategy and the development of a sector desk at the dti, as well as some targeted incentives. The trade aspect of the creative and cultural industries has recently been identified as an area for attention.

HOW IS CCI TRADE DEFINED AND MEASURED?

There is an ongoing and complex international debate concerning the definition of the creative and cultural industries as a sector. There have not only been different countries providing their own definitions but also various international organisations providing definitions, including United Nations Conference on Trade and Development (UNCTAD), United Nations Educational, Scientific and Cultural Organisation (UNESCO) and World Intellectual Property Organisation (WIPO) – from an intellectual property perspective.

In line with the terms of reference, and having considered the available internationally comparable definitions, this project has used the UNCTAD definition (of creative and cultural industries and trade). In UNCTAD's Creative Economy 2010 Report it lays out a comprehensive overview of what is classified as being creative and cultural goods or services, including the following sub-sectors: heritage; performing arts; visual arts (which is defined to include antiques); publishing and printed media; design (which includes some fashion and design-related functional goods); audio-visual; music; new media; creative services; royalties and license fees; and related industries.

The CCI trade definition captures a subset within the industry definition as a whole based on available trade data. UNCTAD also provides trade statistics on the creative economy through its UNCTADstat division. Even though the UNCTAD definition is a result of a comprehensive effort to make it as accurate and comparable as possible, it is still a work in progress that is recognised as needing further improvement over time.

The data gathering frameworks for creative and cultural goods and services trade differs around the world and are dependent, particularly, on the strength of revenue services, central banks and statistical agencies as the predominant institutions mandated with collecting trade data.

South Africa's current official information gathering systems are as follows:

- CCI goods trade data is collected through the South African Revenue Service's (SARS) customs and excise department as the goods leave or enter the country.
- CCI services trade data is not accurately collected but the South African Reserve Bank's (SARB) Balance of Payment measurements do capture the general flows of monies paid for services.
- The UNCTADstat data is based on sourcing information from these two government agencies. Thus far, South Africa's only official trade statistics for the creative and cultural industries has been put together by the dti based on the UNCTADstat figures.

In addition, some unofficial data gathering takes place through various sub-sector rights collection agencies and industry associations that conduct member surveys, as well as through reporting on funding and incentives, such as the dti's film incentive.

The EU also gathers CCI data based on customs and balance of payments information, but uses the more disaggregated Expanded Balance of Payments Services (EBOPS) system to capture services trade. Data is gathered together into the Comext database, and more specifically into the European pocketbook on cultural statistics.

WHAT IS KNOWN ABOUT SOUTH AFRICA'S CURRENT CCI TRADE LEVELS AND PATTERNS?

Goods trade official statistics

According to the UNCTADstat trade statistics, South Africa's total CCI goods exports rose **marginally from US\$331m (R2.42bn) in 2002 to US\$351m (R3.12bn) in 2010**, with fluctuations in the years in between. This is in contrast to the CCI goods imports into SA from all trade partners, which rose significantly from US\$465m (R4.13bn) in 2002 to US\$1,717m (R15.26bn) in 2010. South African exports suffered primarily as a result of declining exports to the US and to the EU, with SA CCI trade with the EU dropping from US\$115.96m to US\$57.43m. Much of this can be attributed to the global financial crisis, which detrimentally affected demand in some of South Africa's main export partners from 2008-2010.

The rise in imports was significantly influenced by a large rise in imports from China. Based on the UNCTADstat data, South Africa's other major CCI export markets are in Africa, with rapid growth in trade with this region over the past 5 years.

Dominant CCI export sub-sectors based on available official statistics are Art Crafts, Design and Visual Arts (to the EU) and Art Crafts, Design, Publishing and Visual Arts to the rest of the world.

Services trade official statistics

There are currently very incomplete UNCTADstat figures showing South Africa's trade in CCI services, and no South African government departments or agencies collect this information. The best available information showing SA CCI services exports was sourced from **Eurostat** and this only shows CCI

services trade between SA and the EU. The figures do show a more encouraging increase in SA exports to the EU, from **US\$197.20m (R1.16bn) in 2004 to US\$ 474.68m (R2.79bn) in 2011**. There was, however, still a trade deficit with the EU, with EU exports to SA increasing from US\$299.93m (R1.76bn) in 2004 to US\$1,127.66 (R6.62bn) in 2011.

Other unofficial sources of CCI trade information

As well as the official trade statistical gathering agencies, some information is available from rights collection agencies in the cases of publishing and music. There are also some unofficial industry association surveys that capture trade data for certain subsectors. Government funding and incentive schemes also gather data which in some cases capture trade information. Other partial information is available through annual reports and press coverage of some of the large players within sub-sectors.

Together, these sources give some indication that the official trade statistics may not be capturing all trade value. For example, in the audio-visual sector, Eurostat EBOPS figures show service exports from SA to the EU valued at US\$132-m; whereas surveys by the Stills and Commercials Producers Association alone show a combined value of around US\$100m in exports to the EU, which does not include long form feature film exports.

WHAT COULD BE DONE IN FUTURE TO IMPROVE CCI TRADE AND MEASUREMENT?

Improving CCI trade data gathering

Improving CCI trade data gathering is not a high priority for SARB, SARS or StatsSA in the short to medium term given their capacity constraints and focus on providing overall rather than sector-specific data.

It is therefore recommended that short-to medium-term efforts to improve CCI trade data gathering should focus on cost-effective surveys using methods now preferred by market research agencies. This could be achieved through partnerships between donors, industry associations, and research institutions. A suggested approach is as follows:

- i. Securing a budget for recruiting of respondents and a high-level survey
- ii. A lead entity to develop a very brief (e.g. less than 10 question) pilot survey suitable for USSD format (mobile phone text responses) or online survey format, in consultation with government departments and industry. Questions could include:
 - o For all respondents (sole traders, freelancers and businesses)
 - Main products and services
 - Annual turnover (selection from turnover bands)
 - Annual value of exports (actual or selection from categories)
 - Main markets
 - o For businesses
 - Number of employees (selection from categories) – together with turnover this can be used to categorise enterprise size
- iii. Appointment of a private service provider to recruit, survey and analyse the findings, ideally in partnership with a university or public research institution
- iv. Recruitment of participants in partnership with industry associations, but also using social

media and word of mouth (ideally with some form of immediate small incentive for participation e.g. inclusion on information sharing list) – with clarity that the database will belong to a central structure that can access it on an ongoing basis, that will not be protected from advertising etc.

- o Information gathered to include:
 - Name
 - Cell phone number
 - Email address if relevant
 - Location (postal code or city/town)
 - Sub-sector category
 - Basic demographics if possible
- v. Conducting of survey
- vi. Analysis of results
- vii. Review of lessons learned

In terms of cost, similar USSD and mobile surveys can cost R30 to R50 per respondent using private service providers, whilst CPAs longer traditional format survey costs around R80,000 p.a. for around 40 responses. Assuming a modest budget for participant recruitment, a mobile and online format, and a sample of less than 4,000 the survey could be completed for R300,000 to R500,000 in the first year. This cost could be reduced in subsequent years through only incremental participant recruitment, as well as potentially through institutionalisation within a research institution such as a university.

In the **longer-term** (5 to 10 years), the approach could shift towards integration of improved information into official trade systems, including:

- Agreement on a definition of CCI for purposes of industry and trade statistics, ideally related to the UNCTAD definition, or subsequent internationally comparable definitions that may be developed
- Exploration of gathering data in terms of this definition by Stats SA in Enterprise Survey
- Information sharing and consultation with other African countries to support development of comparable systems across the continent
- Seeking agreement on gathering of greater detail on CCI services trade by SA
- Reserve Bank, preferably using Expanded Balance of Payments Services (EBOPS) Classification, or the most disaggregated international system available at that time
- Development of an integrated CCI data gathering system incorporating official statistics and surveys, potentially in the form of a satellite account
- Ongoing review in line with developments in UNCTAD, ITC, UNESCO and WIPO definitions

Optimising support for CCI trade

In addition to capturing trade information, the following steps are recommended to support growth in CCI trade overall:

- Ideally, adoption of a common definition of the CCIs across government line departments and spheres
- Review of existing trade and cooperation agreements and co-production treaties to include relevant CCI sub-sectors where possible, and strengthen support to the levels found in best practice agreements
- Review of funding and incentives to improve coverage of CCIs, in particular EMIA

- coverage of CCI sub-sectors including services
- Institutional strengthening to address gaps in support for CCIs through industry and export support structures – both strengthening existing bodies and developing well-capacitated and representative structures where no national structures exist e.g. design, craft

More specifically in relation to SA-EU cooperation, the following is recommended:

1. Use of the cultural and related provisions of the TDCA and its Strategic Partnership as a legal basis to formulate a new strategy to make the cultural and creative sector a priority
2. Development of a new EU-SA framework for CCI to reflect the most recent strategies, policies and activities of the EU, in particular since adoption of the UNESCO Convention in 2005, with elements to include:
 - EU-SA Policy Dialogue for Cultural and Creative Industries Sector (EC officials and SA government officials)
 - EU-SA Dialogue for the CCI (public and private stakeholders)
 - Programme to increase trade and cooperation between the EU and SA CCI
3. Review current EU funding resources for the CCIs and ensure that the CCI are better mainstreamed into the existing and future financial instruments for SA

#01 INTRODUCTION

This document sets out the findings of the study into EU-SA creative goods and services trade and data gathering systems.

Creative and Cultural Industry (CCI) trade has been identified both internationally and locally as an important potential source of growth, differentiated competitiveness, innovation and prosperity. The outputs of this study will feed into the work of the Cultural Trade Working Group with a view to enhancing creative goods and services trade, and thereby contributing to these wider strategic imperatives.

Note on definition of the word: Trade - the use of the word trade in this document refers to the exchange of goods and services across international borders. This should be differentiated from other forms of trade, for example within the borders of a country. The use of the word trade in this document is also different from the trade in capital, which falls under the definition of portfolio or direct investment.

#02 PROJECT OBJECTIVES

Key objectives of the project include:

- a. To understand current SA-EU and SA-other trade in creative & cultural goods and services
- b. To develop a realistic framework for gathering creative & cultural goods and services trade data in future
- c. To assess the impact of current policy conditions, and recommended policy changes that could support growth in trades

The research is a key input into understanding the growth of the creative and cultural industries in South Africa.

#03 PROJECT APPROACH

Key tasks completed during this project include:

- Defined relevant sectors and sub-sectors under different definitions
- Gathering of statistical data on trade in creative and cultural goods from UNCTAD and ITC
- Gathering of statistical data on trade in creative and cultural services from Eurostat
- Gathering of selected industry data on the trade in creative and cultural services
- Analysis of statistical data, showing differentiation in data outcomes – why different statistical

sources show different figures

- Analysis of statistical data, showing growth/shrinkage, major trade partners, major export products/services
- Benchmarking research on USA, EU, Mexico, Colombia and Kenya
- Review of existing policy documents in SA and EU, as well as international agreements and SA-EU agreements
- Stakeholder consultations
- Recommendations on improving data collection methods
- Recommendations on best method for measuring creative and cultural industries in South Africa
- Recommendations on how to improve government support for the creative industries, particularly with regards to trade

#04 DEFINITIONAL ISSUES

The definition of culture and creative goods and services used in this report is based on the UNCTAD definition. The list below is based on the UNCTAD Creative Economy Report 2010, including both goods and services.

**TABLE 1:
COMPREHENSIVE LIST OF CREATIVE AND CULTURAL GOODS AND SERVICES OUTLINED BY UNCTAD**

GROUP	SUB-GROUPINGS
Heritage	<ul style="list-style-type: none"> - Cultural sites – libraries, archives, museums, heritage artefacts - Traditional cultural expressions - Arts, crafts, goods (incl. carpets, celebration, paperware, wickerware, yarn, other) <p><i>Note: In the South African context, craft /handmade products also include designed handmade products and functional creations, and are not all primarily heritage items.</i></p>
Performing arts	<ul style="list-style-type: none"> - Theatre - Dance - Live music - Opera - Circus - Puppetry - Comedy - Carnival - Associated services e.g. technical production services
Visual arts	<ul style="list-style-type: none"> - Paintings - Photography - Antiques - Sculpture - Other
Publishing and printed media	<ul style="list-style-type: none"> - Newspapers - Books - Magazines - Other printed matter - Associated services

GROUP	SUB-GROUPINGS
Design	<ul style="list-style-type: none"> - Graphic design - Fashion design - Jewellery design - Toy design - Interior design - Product design - Experience/interaction design
Audio-visual	<ul style="list-style-type: none"> - Film - TV - Radio - Associated services e.g. sound recording
Music	<ul style="list-style-type: none"> - Recorded music - Sheet music - Associated services
New media	<ul style="list-style-type: none"> - Animation - Online publishing - Recreational software - Digital broadcasts and performance sales - Interactive digital media – gaming, mobile - Multi-media - Associated services
Creative services	<ul style="list-style-type: none"> - Architecture - Advertising - Creative R&D - Personal, cultural & recreational services
Royalties and license fees	<ul style="list-style-type: none"> - Royalty payments - License payments - Rights held to international content/products/services
Related industries	<ul style="list-style-type: none"> - Software and IT

This list may not be ideal, and its appropriateness may be debated by some stakeholders. However, at this stage, the UNCTAD list represents the most inclusive and internationally comparable definition.

In examining current trade in CCI goods and services, the project team used data sources that drew on these definitions. Therefore the trade data for creative and cultural goods was sourced from the UNCTADstat database as well as from ITC (using UNCTAD HS classifications). The trade data for creative and cultural services was far more limited and both the UNCTADstat and ITC platforms provided very limited data. The most comprehensive statistics for trade in creative and cultural services was drawn from Eurostat – although this limited to trade in services between South Africa and the EU.

KEY FINDINGS ON DEFINITIONAL ISSUES

The UNCTAD definition for CCI trade represents the most inclusive and internationally comparable definition for South Africa to use; as international CCI trade definitions are refined, and associated data gathered more comprehensively, South Africa is likely to need to update definitions used.

#05 DATA GATHERING FRAMEWORKS

This chapter examines the data gathering frameworks for creative and cultural goods and services, looking at both international frameworks and the South African framework.

5.1 COMMON INTERNATIONAL METHODS USED FOR DATA COLLECTION FOR TRADE IN GOODS

The most common method of data collection for trade in goods is through customs and excise procedures, where goods being exported or imported are classified and the value and/or volume of the good is collected by a government agency (SARS in the case of South Africa).

The other method of collecting data, particularly concerning a specialised sector such as creative industries, is through surveys. The survey system is more time-consuming and puts more of a burden on the survey respondents but it also helps reveal a greater level of detail, if the survey is conducted effectively.

The Harmonised System (HS) is internationally used to capture trade data, and is internationally comparable at a 6-digit level (country-specific variations are permitted at the HS8 and HS10 digit levels). Production of goods is captured through the Standard Industrial Classification System (SIC), which has national variations; systems exist to match up SIC codes to HS codes.

5.2 COMMON INTERNATIONAL METHODS USED FOR DATA COLLECTION FOR TRADE IN SERVICES

The collection of trade data on services is not yet as nuanced as the system for trade in goods. Whereas the trade in goods can be measured as a physical product, the provision of services often exists in a virtual world e.g. providing services via email or phone.

There are currently two ways for services data to be collected. The first method is through the International Transactions Reporting System (ITRS) system, which uses the Balance of Payments systems (usually controlled by the central bank) to record international transactions.

The second method of gathering data is through surveys. Surveys can be conducted by different government departments or agencies but the methodology must be accepted by the final reporting department (e.g. SARB in South Africa). As with surveys for goods, surveys to collect services data can provide much richer information but it is also generally more costly and time consuming. More simplistic surveys can provide very useful information and if implemented in an innovative way, can be more cost effective¹.

The current international framework for measuring trade in services is varied but there are certain standards which have become widely used. The World Trade Organisation's (WTO) Manual on Statistics of International Trade in Services 2010 (MSITS 2010) has become a widely used guide on how to measure statistics. This manual is informed by the General Agreement on Trade in Services (GATS) and has been jointly developed by the WTO, IMF and UNCTAD. The manual provides an outline of the ideal measurement tools but in reality the expectation on countries to use all those tools is not as great.

The older system of measuring the trade in services is known as Balance of Payments Manual – Version 5 (BPM5). This version is still being used in both the EU and in South Africa. There are 11 categories for measuring trade in services outlined in this manual, namely:

1. Transportation
2. Travel
3. Communication
4. Construction
5. Insurance
6. Financial
7. Computer & Information services
8. Royalties & license fees
9. Other business services
10. Personal, cultural and recreational services
11. Government services

The more recent advancement for measuring trade in services is Balance of Payments Manual – Version 6 (BPM6). This manual outlines 12 categories to identify different services:

1. Manufacturing services on physical inputs owned by others;
2. Maintenance and repair services n.i.e.;
3. Transport;
4. Travel;
5. Construction;
6. Insurance and pension services;
7. Financial services;
8. Charges for the use of intellectual property n.i.e.;
9. Telecommunications, computer, and information services;
10. Other business services;
11. Personal, cultural and recreational services; and
12. Government goods and services n.i.e.

¹ These more simplistic surveys will be discussed in the recommendations section 10.

Going further than these categorisations is the Expanded Balance of Payments Service classification (EBOPS), which breaks the main categories down into sub-categories and sub-sub-categories. The EU for example uses the EBOPS classification of BPM5. Even this categorisation that has been further disaggregated does not sufficiently isolate the sub-sectors that form part of the creative industries. One can make an estimate, based on particular sub-categories of EBOPS (as discussed in section 6.2). In general, however, it is very difficult to measure trade in CCI services through standard statistical frameworks.

5.3 INTERNATIONAL FRAMEWORKS USED BY UNCTAD AND UNESCO FOR MEASURING CULTURAL GOODS & SERVICE TRADE

The UNESCO Framework for Cultural Statistics (FCS) is a tool for organising cultural statistics both nationally and internationally. It is based on a common understanding of culture that will enable the measurement of a wide range of cultural expressions irrespective of the particular economic and social mode of its production. Through its standard definitions, it will also allow for the production of internationally comparable data. However, the emphasis of this system is on measuring activity or economic contribution overall - for example through development of Cultural Satellite Accounts - rather than trade in goods and services in particular.

The tables below illustrate the UNESCO approach to measuring the direct and multiplier contributions of cultural industries respectively.

TABLE 2: UNESCO BASIC MODELS MEASURING THE ECONOMIC CONTRIBUTION OF CULTURAL INDUSTRIES²

INDICATOR	MEASURE	DESCRIPTION
Gross value added	Gross value added/GDP of cultural industries or sub-sectors	Gross value added/GDP of cultural industries or sub-sectors in absolute terms
	Gross value added/GDP of cultural industries in relative terms	Share of cultural industries gross value added/GDP in GVA/GDP of total economy (%)
	Distribution of gross value added/GDP by sub-sectors	Share of cultural industries sub-sectors in total gross value added/GDP of cultural industries in absolute and relative terms

INDICATOR	MEASURE	DESCRIPTION
Employment	Contribution of cultural industries employment to total employment	Share of cultural industries sub-sectors employment in total employment in cultural industries in absolute and relative terms
	Distribution of employment in cultural industries sub-sectors	Share of cultural industries sub-sectors employment in total employment in cultural industries in absolute and relative terms
	Volume and share of self-employment	Number of self-employment jobs/ share of self-employment in total self-employment jobs in economy
	Labour productivity in cultural industries	GVA in cultural industries per employee
Business activity	Stock of businesses	Number of businesses by size in cultural industries
	Distribution of businesses by sub-sector	Number of businesses by size in cultural industries in sub-sectors
	Business-start ups	Number of new businesses in cultural industries per 10,000 persons
	Business mortality	Number of closed businesses in cultural industries per 10,000 people
	Distribution of start-up businesses by sub-sector	Number of new businesses in cultural industries sub-sectors per 10,000 persons
	Distribution of business mortality	Number of closed businesses in cultural industries sub-sectors per 10,000 persons

COEFFICIENT	MEASURE	DESCRIPTION
Output multiplier	Ratio of change in output/production of all industries caused by €1 increase of CI output/production	The relationship between the initial increase in output/production required from CI and the total increase in output by all industries (in monetary unit)
Employment multiplier	Number of full-time equivalent (FTE) persons employed in overall economy due to CI output (per €1 million)	The number of extra persons employed (full-time equivalent) for an initial expenditure of output from CI (in number of persons)
Gross value added multiplier	Ratio of change in gross value added of all industries caused by €1 increase of CI gross value added	The relationship between the initial increase in output gross value from CI and the total increase in gross value added by all industries (in monetary unit)

² UNESCO (2009) UNESCO Framework for Cultural Statistics Handbook No. 1, MEASURING THE ECONOMIC CONTRIBUTION OF CULTURAL INDUSTRIES: A review and assessment of current methodological approaches, pp. 21 & 24

COEFFICIENT	MEASURE	DESCRIPTION
Tax revenue multiplier	Ratio if change in tax revenue of all industries caused by €1 increase of CI spending	The relationship between CI consumption and new tax revenues

The UNESCO Framework for Cultural Statistics (FCS) may be a useful framework for examining the economic contribution of CCI to a local economy but there is no unique framework for categorising and measuring trade. The UNESCO FCS in fact refers to the UNCTAD classification of goods and services and measurement of trade, as the most appropriate.

In terms of the product grouping associated with the creative and cultural industries, there are different perspectives of what constitutes part of the creative and cultural industries. This report, in line with the terms of reference, has drawn on the UNCTAD definition of creative and cultural industries. The grouping of HS codes that UNCTADstat provide in its statistics database is, however, more limited than what it outlines in its description of products presented in the Creative Economy Report 2010. In corresponding with the UNCTAD office concerned with the Creative Economy, they acknowledge that the definitional issues are a work in progress and that there are changes that will continue to be made to improve the definitions. What the UNCTAD creative economy definition and the UNCTADstat trade databases do provide is a very useful framework for defining and measuring the creative industries and trade in the creative and cultural industries, which is internationally comparable.

ITC, although a close collaborator with UNCTAD, has a slightly different way of classifying the goods included under its 'creative economy' product grouping. ITC uses an older version of UNCTAD's definition of the creative economy, which provides a broader grouping of goods and services. This sees the ITC trade statistics showing greater values than the UNCTAD statistics. This final report uses statistics based on UNCTAD's definition and product grouping.

The table below presents the sectors and sub-sectors included under the UNCTAD trade in creative and cultural goods database. This list is the most convenient to use because it covers specifically the creative and cultural goods, separated from the creative and cultural services. The collection of data and the measurement of the trade in goods versus services are very different and therefore it is appropriate to have these lists differentiated below.

TABLE 3:
UNCTAD CREATIVE AND CULTURAL GOODS LIST (LISTED WITHIN STATISTICAL TRADE DATABASE)

GROUP	SUB-GROUPINGS
Art Crafts	Carpets Celebration Other Paperware Wickerware Yarn
Audio Visuals	Film

GROUP	SUB-GROUPINGS
Design	Architecture Fashion Glassware Interior Jewellery Toys
New Media	Recorded Media Video Games
Performing Arts	Music (CD, Tapes) Printed Music
Publishing	Books Newspaper Other Printed Matter
Visual Arts	Antiques Paintings Photography Sculpture

The table below shows the UNCTADstat creative and cultural services groupings. It is evident that this list is less detailed with little disaggregation of services. The list does not include related services such as 'royalties and license fees' and 'computer services', although UNCTAD does have separate statistics for this. In the table below, the related categories are highlighted to show that they are relevant, although not featured in the original grouping.

The simplicity of this services list is due to the fact that internationally, measuring trade in services is still very much a work in progress. The recommended classification of services trade was until recently the Balance of Payments Manual – Version 5 (BPM5), which was divided into 11 categories. In 2010, the Balance of Payments Manual – Version 6 (BPM6) was released and this is now the standard that the WTO seeks to encourage its members to adopt. This newer version also only has 12 categories and does not show the disaggregation needed to fully assess a sector grouping such as the creative and cultural services. The ITC data is also not disaggregated and is divided into the 11 categories, outlined by the BPM5.

TABLE 4:
UNCTAD CREATIVE AND CULTURAL INDUSTRIES SERVICES CATEGORIES (INCLUDING RELATED CATEGORIES)

GROUP	SUB-GROUPINGS
Advertising, market research and public opinion polling	
Architectural, engineering and other technical services	
Personal, cultural and recreational services	- Audio-visual and related services - Other personal, cultural and recreational services

GROUP	SUB-GROUPINGS
Research and development	
Royalties and license fees	
Computer services	

The categories used by Eurostat are somewhat different, showing the Expanded Balance of Payments Services classification (EBOPS). From within the major categories of 7, 8, 9 and 10, there are certain sub-categories, which are applicable to the creative industries.

Even with these sub-categories, it is not a completely accurate measure of the creative industries because the categories include services outside of the sector. The UNCTAD Creative Economy Report 2010 lists these categories below as the ones, which include the creative industries. There is currently, however, no assumption made on what exact percentage of these sub-categories is made up of creative industries³. The statistics of the trade in services, using these sub-categories as they are is therefore likely to be over-inflated.

BPM5 CODE	EBOPS CODE
262	7: Other services, Computer and information services
264	7.2: Computer and information services, Information services
266	8: Other services, Royalties and license fees
891	8.1: Other services, Royalties and license fees, Franchises and similar rights
892	8.2: Other services, Royalties and license fees, Other royalties and license fees
268	9: Other services, Other business services
273	9.3: Other services, Other business services, Miscellaneous business, professional and technical services
278	9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling
279	9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services
280	9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy
287	10: Other services, Personal, cultural and recreational services
288	10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services
895	10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services
897	10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other

³ Investigations are ongoing with regards to trying to determine an assumption, which can be made here to make the statistics a bit more accurate.

5.4

COLLECTION METHODS IN THE EU

There are various sources for statistics on trade in CCI goods and services in the EU. Statistics are collected at two different levels: at European and Member State level.

There are some difficulties however when looking and comparing these statistics for the CCI. On the one hand there is a lack of comparability between the different national sources, as each Member State uses a different methodology and classification system to collect statistics. On the other hand the trade statistics collected at EU-level are comparable, but most of the time they lack detailed specifications when it comes to culture, as various economic activities and sectors are taken into considerations.

At EU level there are two general sources for statistics linked to trade in goods and services: 1) Comext⁴ database of Eurostat for the import and export of goods and 2) Balance of Payment⁵ database of Eurostat on international trade in services. Both databases extract data on CCI.

In 2011 Eurostat published the “Pocketbook on Cultural Statistics” – showing statistics on trade of cultural goods⁶. No specific EU publication exists for trade in services for the CCI.

The analysis of these statistical tools shows that it is difficult to measure trade in cultural goods and services, as either there is a lack of data available or the classification systems used are not detailed enough to allow precise data extraction.

This had led the EU to take action in order to try to collect better statistics for the CCI. A report published in October 2012 by the European Statistical System Network on Culture (ESSnet Culture)⁷ proposed a new European framework for cultural statistics as the basis for the production of comparable data across the EU. Improvements in the collection, analysis and dissemination of cultural exports statistics are thus expected in coming years.

5.4.1

TRADE IN GOODS - COMEXT DATABASE - EUROPEAN POCKETBOOK ON CULTURE

The Comext database is the instrument of Eurostat to collect data on trade in goods (intra-EU and extra-EU). It includes trade flows such as the import and export of cultural goods. It only gathers data on tangible goods. Trade in intangible goods such as licences and copyright are not covered, although this is important for the literary, musical and audiovisual fields.

Data on exhibitions is not collected as such, but the flow of works of art is included – as works of arts leaving the EU need to have a customs license or declaration⁸.

Classification System of Comext

Comext data is classified according to the Combined Nomenclature (CN)⁹ system used by Eurostat. Data

⁴ <http://epp.eurostat.ec.europa.eu/newxtweb/>

⁵ http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/introduction

⁶ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-32-10-374/EN/KS-32-10-374-EN.PDF

⁷ <http://ec.europa.eu/culture/our-policy-development/documents/ess-net-report-oct2012.pdf>

⁸ Books and works of art (mainly paintings) were the two most traded categories of goods in 2009 – according to the EU pocketbook on statistics. This is influenced by the high value of works of art. 91% of all works of art went to only eight countries, including USA, Switzerland, Ukraine, the most imports came from the US. Pocketbook, pp. 113-115

⁹ The CN is an eight-digit subdivision of the Harmonised System (HS), comprising four two-digit levels: HS2, HS4, HS6 and CN8. Trading partners are designated a three-digit or four-digit code. http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/combined_nomenclature/index_en.htm

is available by:

- type of product (following the statistical classification of products by activity (CPA))
- reporting Member State
- source
- destination

Comext uses the following sub-groupings of the CN for cultural goods:

GROUP	SUB-GROUPINGS
Cultural goods	Books Newspapers, journals and periodicals CDs DVDs
Musical Instruments	Percussion instruments Electronic instruments Musical boxes Parts and accessories
Work Art, Collectors' Pieces and Antiques	Painting Engravings Sculptures Postage Stamps Collections Antiques

The Eurostat "Pocketbook on Cultural Statistics" provides data for EU-27 external trade – export and import of cultural goods, by product, 2009 (%) per country. It does not include intangible goods and services, royalties and licenses, which are dealt with (in a much less extensive way) in the balance of payments statistics.

The Pocketbook showed that in 2009:

- EU-27 exported more cultural goods to the rest of the world than it imported (trade surplus of around EUR 1.9 billion)
- Main products exported and imported were books and works of art (mainly paintings)
- General decrease in value and structural shifts in trade of cultural goods reflecting the changes in participation patterns, in particular wider use of ICT technologies
- EU exports of cultural goods fell by 4% a year between 2004 and 2009. Antiques exports most affected (-16%), while there was increase note for DVDs (+14%)

For EU trade with SA the Pocketbook mentioned the following statistics for EU-27 exports to SA: 3% of books, 2% of CDs and 3% of DVDs exports.

Data collection method

Eurostat's Comext database is updated daily. Customs declarations are used to collect extra-EU trade statistical data. Intra-EU trade statistics are collected directly from trade operators as a result of the abolishment of the customs controls at the borders between Member States¹⁰. Electronic data transmission systems are increasingly used in the Member States. This is facilitating the communication between national authorities and trade operators – gradually leading to a decline of the use of paper declarations.

5.4.2

TRADE IN SERVICES – BALANCE OF PAYMENTS

Eurostat captures European trade in services through its statistics on the balance of payments¹¹. The database allows the extract of data per country and per services group¹². All non-confidential data are published by Eurostat and are available free of charge¹³.

Eurostat does not receive any micro data on international trade in services from EU-27. Micro data is confidential data containing information about individual statistical units. Access to anonymised microdata of Eurostat is however permitted if used for scientific purposes¹⁴. An Integrated European Census Microdata (IECM) database is now under construction – supported by the EU Sixth Framework Programme for enhancing, harmonizing and disseminating integrated European microdata and metadata¹⁵.

The "Statistical Book: EU International Trade in Services, Analytical Aspects, Data 2003-2006" provides a general overview on trade in services from the EU to the rest of the world and specific countries. It does not provide a breakdown by country. In relation to cultural services (which also include royalties and licenses) the level of detail is very limited. There is no specific publication on the trade in services for the CCI at European level.

Classification Systems and Data Collection

Member States transmit the data on trade in services on an annual basis to Eurostat. They are using the IMF BPM5 Methodology and MSITS2002. The Balance of Payment items are fully consistent with the EBOPS classification available of the United Nation's Manual on Statistics of International Trade in Services. In general Member States are following these international standards, although data collection and compilation are country specific. For example, royalties and license fees are in some countries only collected on an aggregated level.

The statistics for the services linked to the cultural and creative sectors are included in the sub-item "other services". They are listed among communications services, royalties and license fees,

other business services, personal, cultural and recreational services. However, the classification is

¹⁰ Data collection method used by Comext is laid down in Regulation (EC) 471/2009 of the EP and of the Council, Commission Regulation (EC) 92/2010 and Commission Regulation (EC) 113/2010.

¹¹ Regulation (EC) 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment

¹² http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/data/database

¹³ Please consult the Code of Practice (Principle 5): http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-32-11-955/EN/KS-32-11-955-EN.PDF

¹⁴ <http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/introduction>

¹⁵ <http://www.iecm-project.org/>

very general and no distinction is made between the different sub-categories. For example it does not allow the distinction between industrial patents, franchises, copyrights and licences. Therefore it is not possible to extract detailed figures for each category¹⁶.

Relevant categories are:

- **Communications services** - telecommunications services (code 247) and postal and courier services (code 246). Telecommunications services include **Royalties and license fees** (code 266) (comprises Franchises and similar rights (code 891) and Other royalties and license fees (code 892)), that cover the exchange of payments and receipts between residents and non-residents for the authorised use of intangible, non-produced, non-financial assets and proprietary rights (such as patents, **copyrights**, trademarks, **industrial processes, franchises, etc.**) **and with the use**, through licensing agreements, **of produced originals or prototypes** (such as **manuscripts** and **films**).
- **Advertising**, market research and public opinion polling services (code 278)
- **Architectural**, engineering and other technical services (code 280)
- **Personal, cultural and recreational services** (code 287) involving transactions between residents and non-residents are subdivided into two categories:
 - o Audiovisual and related services (code 288)
 - o Other personal, cultural and recreational services (code 289)

The data collection system covers services provided by the CCI and completes the Comext database. However, given the small emphasis on cultural and creative sectors, information provided is not detailed enough to make relevant and specific conclusions for trade of cultural services. Therefore at European level it seems to be impossible to extract specific information in relation to all cultural activities and trade. This is probably mainly due to the fact that there is not enough political interest for cultural statistics in this field. The ESS-Net Culture initiative (see below) might contribute to changes in nomenclature.

For a more effective data collection it seems therefore necessary to revise existing nomenclatures, so to include the cultural and creative sectors.

European Statistical System Network on Culture (ESS-net-Culture)

The aim of this European statistical framework is to harmonise statistical methods in relation to culture in Europe and to ensure comparability of cultural statistics. It has been elaborated by a working group launched by Eurostat in 2008, bringing together the Ministries of Culture from Luxembourg and France and statistical offices from Czech Republic, Estonia and the Netherlands, to develop a coordinated statistical system and examine possibilities to adapting and developing existing methods of data generation in the cultural sector. The ESSnet-Culture’s work implied the update of the European framework for cultural statistic defined in 2000 and a definition of a commonly agreed scope of culture in line with the UNESCO Framework of 2009.

This framework is interesting, as it considers a new classification of cultural domains, which would allow a better data collection on cultural and creative activities. In addition to the previous statistical

¹⁶ Nevertheless it is possible to receive a special evaluation for data on royalties and license fees and film in BOP according to the Deutsche Bundesbank (Mr. Schmitt, telephone interview : 26/02/2013) http://www.bundesbank.de/Redaktion/DE/Downloads/Veroeffentlichungen/Statistische_Beihefte_3/2013/2013_01_zahlungsbilanzstatistik.pdf?__blob=publicationFile pp.22

definitions of the cultural sector, it includes advertising, art crafts and intangible heritage. Ultimately, it considers 10 cultural domains: heritage, archives, libraries, book and press, visual arts, performing arts, audiovisual and multimedia, architecture, advertising in arts crafts. It assesses these domains, according to six cultural functions: creation, production/publishing, dissemination/trade, preservation, education and management/regulation.

For the purpose of this study the cultural function of dissemination/trade is the relevant one. The framework considers both, monetary and non-monetary trade and dissemination of cultural goods.

GROUP	SUB-GROUPINGS
Heritage	Museums Exhibitions Museo-Graphy and Scenography Activities Art Galleries Activities Trade of Antiquities (Incl. E-Commerce)
Archives	Consultation of Archives Archives Exhibitions
Libraries	Lending activities
Book & Press	Book Conventions, Events, Promoting Services Galleries & Other Temporary Exhibitions Trade Of Books And Press
Visual Arts	Conventions And Events, Promoting Services Temporary Exhibitions Conventions And Events, Promoting Services Trade Of Visual Arts Works /Art Market
Performing Arts	Live Presentation Activities Booking Services Support And Technical Activities Producing Live Events
Audio Visual & Multimedia	Film/Video Conventions And Activities Radio And TV Broadcasting (Incl. Internet) Film Projections Film/Video Distribution Renting Of Video And Disks Trade Of Audio Visual Works Temporary Audio Visual Works (Incl. E-Commerce)
Architecture	Temporary Exhibitions Gallery Exhibitions
Arts Crafts	Distribution Of Advertising Design

Comparison for cultural domains covered by Comext, EBOPS and ESS for cultural statistics can be found in Appendix F.

Lessons for South Africa

This cultural statistics framework is a good example of a framework that could be used in trade statistics. It includes all relevant cultural and creative sectors as well as fields of activities in which there is trade and international exchange (non-monetary trade). If it was used in trade statistics it could provide far more detailed information than the existing statistics, especially in relation trade in services.

5.5
SOUTH AFRICA'S EXISTING DATA GATHERING AND MEASURING FRAMEWORK

As there are no CCI-specific trade data gathering systems in South Africa as yet, the sections below address the overall approaches to gathering data on trade in goods and services, and their usefulness for CCI trade.

5.5.1
GOODS

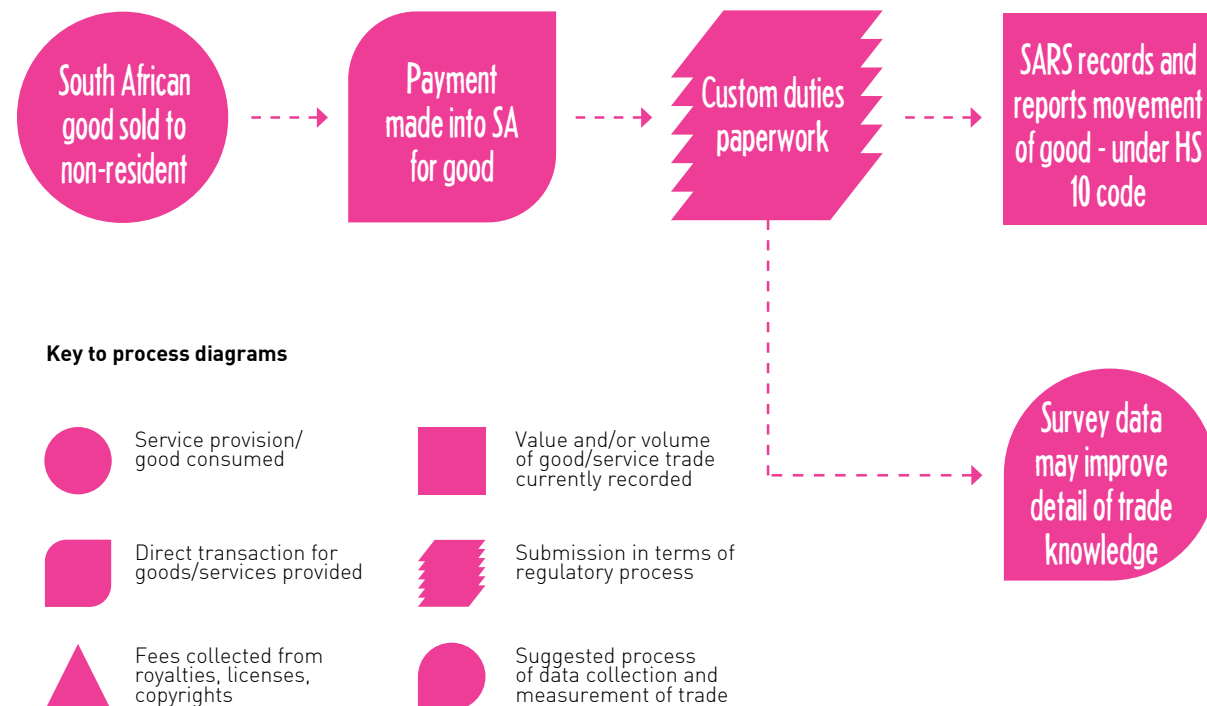
As is the case for most countries, South Africa's data gathering systems for the trade in goods is far better than the data gathering systems for the trade in services. Goods trade data is collected by the South African Revenue Services (SARS) and is classified by HS code.

When a good is exported, it must be declared to the Customs & Excise division of SARS. Through this declaration, the kind of product is identified and the value and volume of the export is also declared.

There are certain examples of where certain creative goods that are sold to foreigners (non-resident South Africans) would not be captured by SARS. One such example is those who buy crafts at a formal business and do not declare it when they leave South Africa (it is possible that these purchases may be covered to some degree through tourism exit surveys, but may fall within a wider category). Another example of unrecorded trade would be purchases from the informal sector. In future this data could potentially be captured through surveys.

The diagram below illustrates the current system of collection of creative goods trade data.

Figure 1: Illustration of data gathering for goods trade



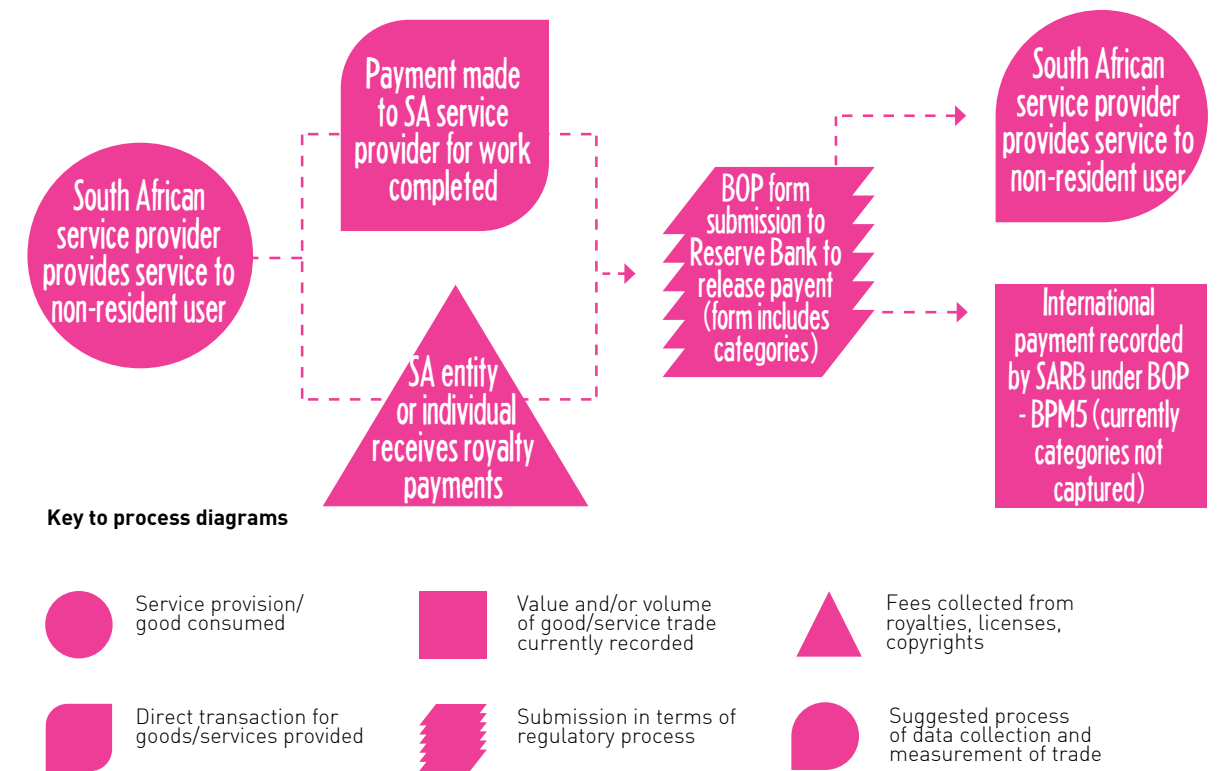
The South African government does not produce its own statistics showing the trade in creative and cultural industries. However, the dti has recently established a statistical platform on their website, showing trade in particular sectors¹⁷. The CCI is currently one of those sectors. These statistics are sourced from the UNCTADstat database. UNCTADstat goods trade data is sourced from COMTRADE, which in turn is sourced from SARS.

The UNCTADstat data has a particular (internationally comparable) grouping for creative goods and this provides a good measurement for South Africa in terms of not only determining the trade in creative goods but in comparing it internationally. There may be some disagreement over some of the products or product groupings included under the UNCTAD classification. These definitional issues are discussed in the previous section (section 4).

5.5.2
SERVICES

South Africa's trade in services data is primarily gathered through the ITRS system and this is done through the South African Reserve Bank (SARB). SARB uses the BPM5 system but is undertaking a migration across to BMP6 (estimated migration year – 2015), which it aims to achieve. The categorised data under BPM5 (11 categories) is unfortunately not publicly available and therefore any trade in services data that is collected by SARB cannot be disaggregated. One of the best sources of information is therefore South Africa's trading partners and particularly those that have disaggregated data. Another source of information is sector research done by industry associations or even private contractors. The diagram below illustrates the current system of gathering data for trade in services in South Africa.

Figure 2: Illustration of data gathering for services trade



¹⁷ http://tradestats.thedti.gov.za/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

Although the dti has recently set up an online platform showing data for the trade in CCI goods, there is no data for trade in CCI services. There is therefore no platform in South Africa that gathers data or distributes information on trade in CCI services.

SATELLITE ACCOUNT APPROACH

South Africa (through StatsSA) has developed a tourism satellite account and has a draft ICT satellite account. Although the tourism satellite account is interesting to take note of the ICT satellite account is of greater interest to CCI because it is a reflection of the ICT component contained within multiple industries across the South African economy and as such an estimate of the ICT contribution to the economy. The draft ICT satellite account for South Africa was compiled using 2005 as the reference year. The reason 2005 was chosen is because the benchmarked 2005 SU-tables are the current base year for the GDP. As a result they contain the most detail for products and industries.

The satellite account measures the following contributions of ICT to the economy:

- GDP contribution
- Gross Value Add (GVA)
- Imports & exports
- Total employment
- Compensation for employees
- Household consumption

The draft ICT satellite account for South Africa is aimed at being a component in a larger compendium of ICT statistics. The long-term goal is to produce a system of ICT statistics that contains two major components: **1. The ICT satellite account;** and **2. The ICT indicators**

The draft ICT satellite account will feed into this ICT portal and provide detailed ICT statistics from the National Accounts data¹⁸.

KEY FINDINGS ON DATA GATHERING FRAMEWORKS

The data gathering frameworks vary internationally but there are some major data gathering methods that are more common e.g. customs agencies gathering data on trade in goods and central banks gathering data on Balance of Payments, which includes trade in services. South Africa's data gathering frameworks have followed these common trends, with SARS (through Customs and Excise) collecting data on trade in goods, and SARB collecting data on trade in services, through BOP. The data for CCI goods trade is quite comprehensive (within the formal legal economy) but the data for CCI services trade is very weak because there is no SARB data that is disaggregated enough to isolate CCI trade. Rights collection bodies and some existing industry surveys supplement this data. The future use of surveys (standardised if possible) would assist in determining more accurate trade data, particularly for services. The ICT satellite account provides a useful tool for data gathering across a multi-sector industry.

¹⁸ [http://ictindicatorportal.icasa.org.za/Portal/quarterlies/stats_sa_ict_satellite_accounts_\(draft\).pdf](http://ictindicatorportal.icasa.org.za/Portal/quarterlies/stats_sa_ict_satellite_accounts_(draft).pdf)

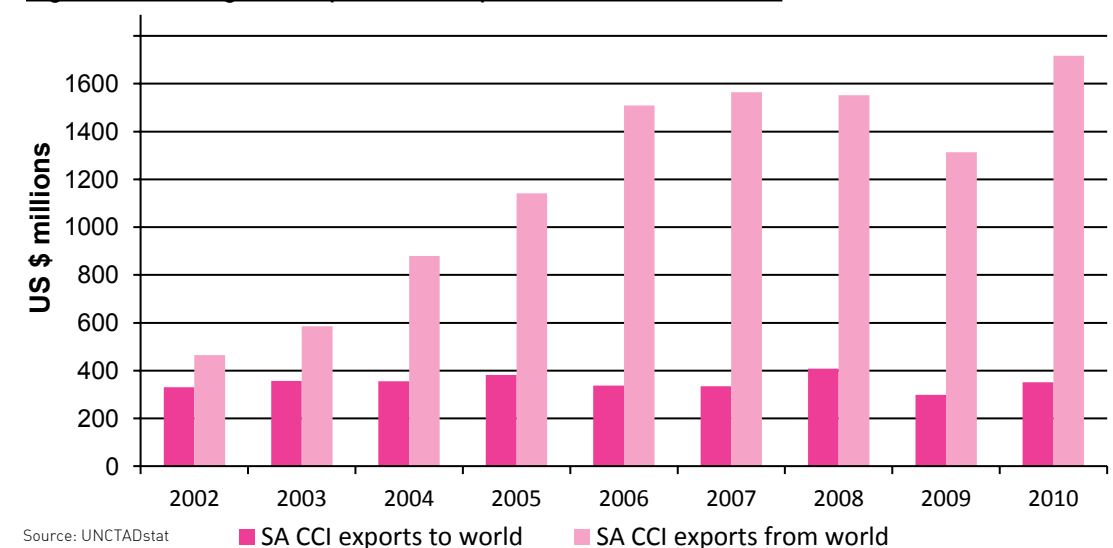
#06 FINDINGS ON TRADE IN CCI GOODS & SERVICES BASED ON AVAILABLE CENTRALISED DATA SOURCES

The sections below show the findings based on analysis of available centralised sources of statistics. The examination of statistics and analysis of the data within this section were done using the UNCTAD classification of CCI is adopted. This is in line with the Terms of Reference of the project.

6.1 GOODS

The graphs below show the trade in CCI goods between South Africa and the world, as well as between South Africa and its different trading partners (both regional and country partners). South Africa's CCI goods exports to the world (all trade partners) rose marginally from US\$331m (R2.42bn) in 2002 to US\$351m (R3.12bn) in 2010, with fluctuations in the years in between. Overall CCI goods imports from all trade partners into SA rose significantly from US\$465m (R4.13bn) in 2002 to US\$1717m (R15.26bn) in 2010. The growth in exports demonstrated a modest growth rate of 0.65% per year (Compound Annual Growth Rate - CAGR), while imports grew at 15.62%. The first graph (figure 3) shows SA's total CCI goods trade with the rest of the world. As one can see the export levels have remained relatively constant, while the imports have risen considerably over this time period.

Figure 3: SA CCI goods exports and imports from World (US\$m)



CCI goods trade makes up a very small percentage of total trade, as shown in the tables below. The trends show that the percentage of total SA exports to the EU made up by CCI goods is decreasing, with the same trend noted for SA exports to the world. This is in contrast to percentage of total imports into South Africa that are made up of CCI goods, which increased between 2002 and 2010, for both the EU and the World as a whole.

These low percentages may in part be attributable to predominance of CCI services trade, and the inaccurate reporting on CCI trade e.g. CDs being recorded for the physical value rather than content value.

EXPORTS

Table 5: South African exports to EU (US\$ millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
All products	9,070	11,397	14,618	16,932	18,602	21,145	23,567	14,283	18,672
Total CCI	116	119	111	116	81	82	78	54	57
% of total exports made up by CCI exports	0.013	0.010	0.008	0.007	0.004	0.004	0.003	0.004	0.003

Table 6: SA exports to world (US\$ millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
All products	23,064	31,636	40,264	46,991	52,602	64,027	73,966	53,864	71,484
Total CCI	331	357	355	381	337	335	408	299	351
% of total exports made up by CCI exports	0.014	0.011	0.009	0.008	0.006	0.005	0.006	0.006	0.005

IMPORTS

Table 7: SA imports from EU (US\$ millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
All products	11,731	15,572	20,033	21,928	24,815	28,447	28,741	21,878	27,081
Total CCI	189	212	313	381	606	513	529	434	566
% of total exports made up by CCI exports	0,016	0.014	0.016	0.017	0.024	0.018	0.018	0.020	0.021

Table 8: SA imports from world (US\$ millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
All products	26,221	34,543	47,603	55,033	68,469	79,873	87,593	63,766	80,139
Total CCI	465	586	879	1142	1509	1565	1552	1313	1717
% of total exports made up by CCI exports	0.018	0.017	0.018	0.021	0.022	0.020	0.018	0.021	0.021

6.1.1

SA EXPORTS TO DIFFERENT WORLD REGIONS

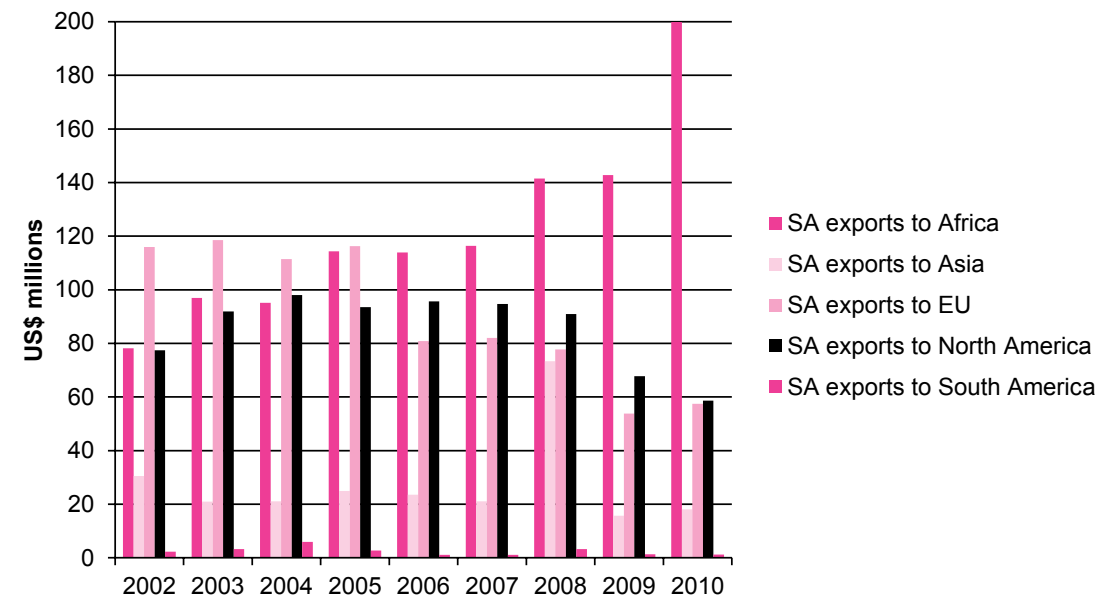
This section draws out further detail on trade with different world regions.

The graph below (figure 4) shows South Africa's CCI goods exports to different regions of the world.

Figure 4: SA CCI goods exports to world regions

Source: UNCTADstat

The graph demonstrates some clear trends. Firstly, the SA exports to the EU have been declining over this 10 year period. Secondly, exports to North America remained stable but decreased considerably in 2009 and 2010. Exports to Asia did not show any clear trends but rather fluctuated. Lastly, while these



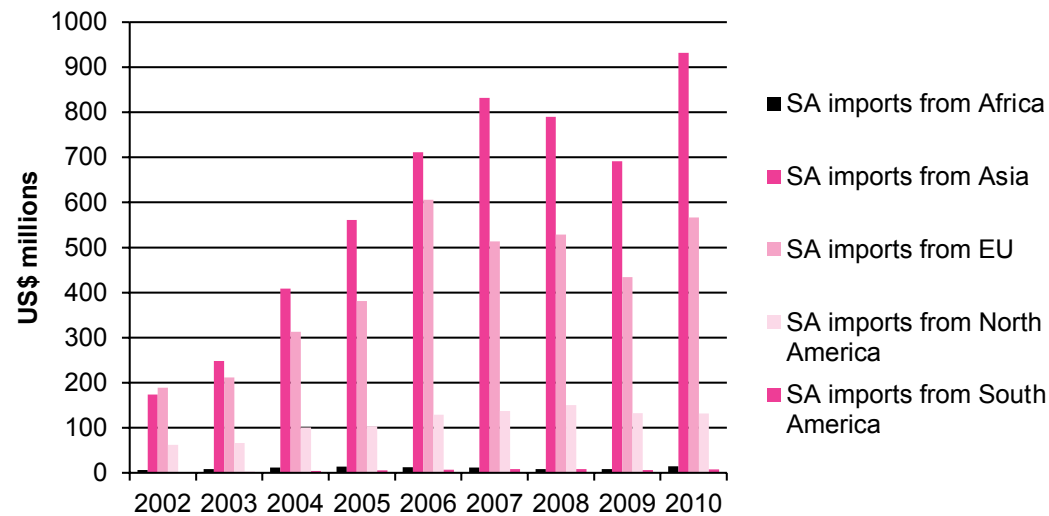
generally negative trends continued, exports to Africa increased significantly. **The largest categories of exports to Africa were publishing products and design products.** More specifically, the top 3 exports to the rest of Africa in 2011 were:

- Books, brochures, leaflets and similar printed matter, nes
- Newspaper, in rolls or sheets
- Furniture, wooden, nes

The concerning aspect of these statistics is the general decrease in exports to a number of different world regions. This is looked at further in section 6.1.2.

The graph below shows South Africa's CCI goods imports from different regions of the world.

Figure 5: SA CCI goods imports from world regions



Source: UNCTADstat

The graph shows that imports from Africa and South America are negligible in comparison with other world regions. Imports from the EU have increased overall and this has led to a growing trade deficit between SA and the EU. The most significant trend here is clearly the significant increase in imports from Asia. The imports from Asia are dominated by China and the most significant imported products are:

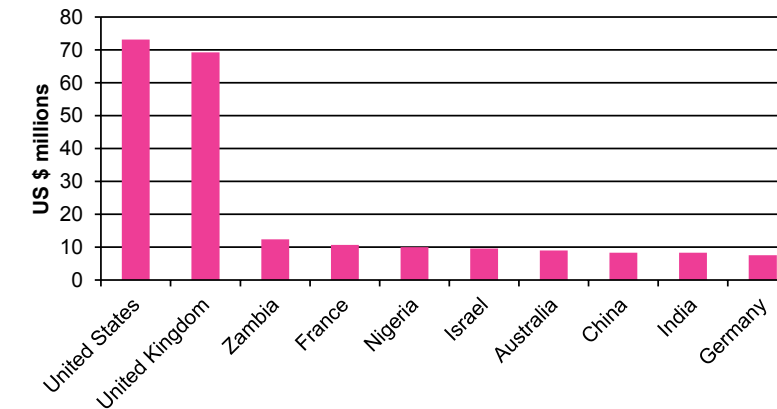
- Art funfair, game tab,pintab, sp tab casino game & auto bowl alley equip
- Furniture, wooden, nes
- Containers with outer surface of sheeting of plas or tex materials,nes
- Trunks,suit-cases & sim container w/outer surface of plastics/textiles
- Furniture, metal, nes

These are almost certainly mostly mass-produced manufactured products. The increase in Chinese imports is likely as a result of South Africa's strengthening of trade ties with China and the development of affordable and easy-access online import/export platforms. There are also a growing number of South African businesses sending buyers to China to source more affordable goods for their retail businesses in South Africa.

6.1.2 SOUTH AFRICA'S TOP COUNTRY EXPORT PARTNERS

There has been a distinct change in South Africa's major country export partners between 2002 and 2010. The following graphs show the change in South Africa's major trading partners, with African countries particularly coming to the fore as top trading partners. In 2002, as can be seen in figure 6 below, the major export destinations for South African CCI goods were predominantly developed economies, including the USA, UK, France, Australia, Israel and Germany.

Figure 6: SA's top export partners for CCI goods - 2002



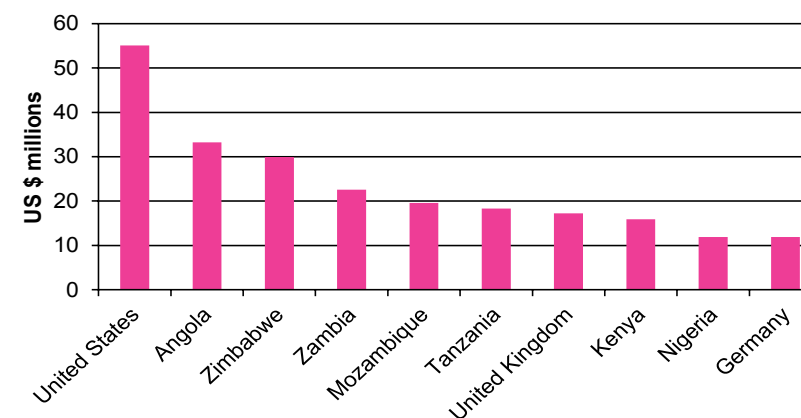
Source: UNCTADstat

Moving forward to 2010, there are some similarities but also significant changes. Exports to the traditional partners of the USA and UK have dropped during the past decade, in both absolute terms and in comparison with other trading partners. The major other change has been the emergence of African export destinations, including Angola, Zimbabwe, Zambia, Mozambique, Tanzania, Kenya and Nigeria. These countries have shown not only a comparative increase as importers of SA CCI goods but also an absolute increase in the amount of products they are importing from South Africa. Looking at SACCI goods exports to Zimbabwe and Zambia¹⁹, the following product groups are the top exports from South Africa to these countries:

- Furniture, wooden, nes
- Newsprint, in rolls or sheets
- Books, brochures, leaflets and similar printed matter, nes
- Furniture, metal, nes
- Newspapers, journals and periodicals, nes

The export of these goods has increased significantly during the period mentioned.

Figure 7: SA's top 10 export partners for CCI goods 2010



Source: UNCTADstat

¹⁹ The exports to Angolan are a bit distorted by the 2010 export of 'Books, brochures, leaflets and similar printed matter, nes', which increased almost 10-fold between 2009 and 2010.

The recent drop in exports to Europe is a trend among other sectors too. The global financial crisis has affected the EU particularly badly and its imports from many parts of the world, including South Africa, have been declining since 2008. The shrinking of a number of EU economies has led to less demand for goods from foreign trade partners, including South Africa. South African exports are now being exported to markets which are growing and this has been the case in Africa, with countries like Angola and Mozambique in particular showing high growth rates.

The composition of the main export products from South Africa has not changed significantly between 2002 and 2010; rather than a change in products exported, South Africa's exports are being distributed to different trading partners. For further detail on the top 30 export partners, see Appendix H.

6.1.3

SOUTH AFRICA'S TOP IMPORT PARTNERS (COUNTRY PARTNERS)

The graphs below show South Africa's main import partners for CCI goods. It is clear that there has not been a significant change in the main import partners. There has however been a significant increase in imports from all top 10 import partners – with China in particular showing huge growth.

Figure 8: SA's top 10 import partners for CCI goods - 2002

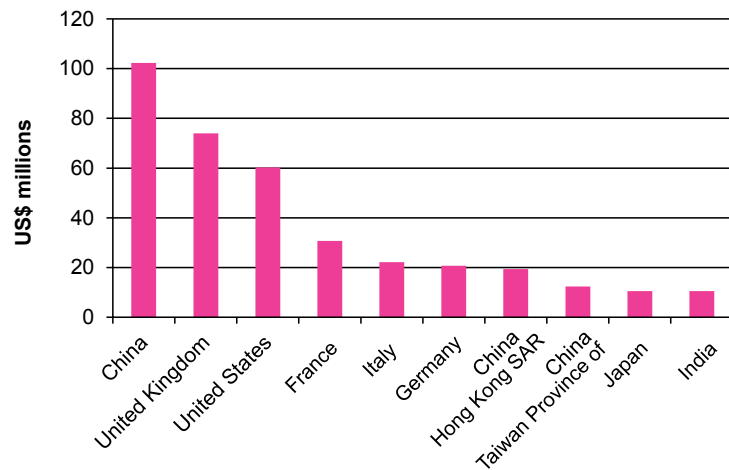
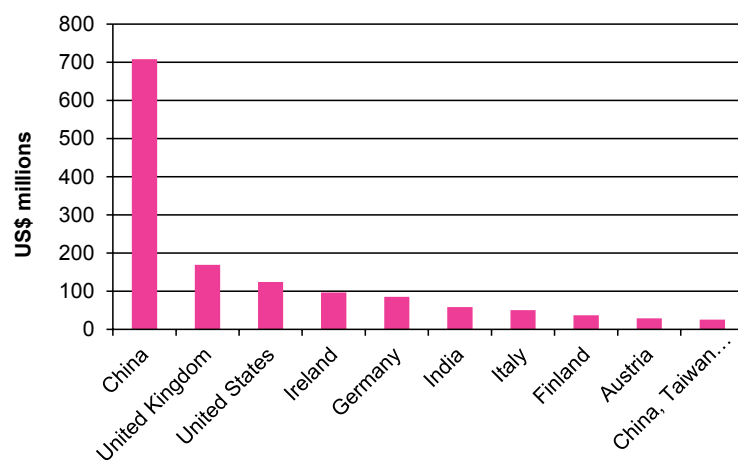


Figure 9: SA's top 10 import partners for CCI goods - 2010



Source: UNCTADstat

6.1.4

TRADE BY CULTURAL AND CREATIVE GOOD SUB-CATEGORY

In order to further investigate the sectors that have led to growth or shrinking of export levels, it is useful to look at the sector-by-sector trade statistics. The tables below show the different levels of exports of SA CCI goods to the EU and to the rest of the world. (Graphs of trade patterns for each of these sub-sectors are available in Appendix C). The table below shows SA's CCI exports to the EU.

Table 9: Value of exports to EU 2002-2010 (US\$m)

CATEGORY	2002	2003	2004	2005	2006	2007	2008	2009	2010
Art Crafts	11.57	11.75	16.27	14.86	11.08	10.15	9.81	10.10	9.13
Audio Visuals	0.19	0.01	0.02	0.44	2.42	3.65	0.26	0.46	0.00
Design	77.53	82.28	72.41	70.84	45.53	39.87	37.91	22.70	19.21
New Media	1.69	1.90	1.69	1.63	2.44	1.90	3.52	2.62	2.51
Performing Arts	0.19	0.26	0.14	0.32	0.52	-*	-	-	-
Publishing	13.80	11.18	9.13	12.45	7.19	9.47	6.00	6.43	5.27
Visual Arts	11.00	11.16	11.81	15.76	11.67	16.99	20.24	11.45	21.31

*20 Source: UNCTADstat

The table below shows the export of CCI goods to the rest of the world (excluding the EU).

Table 10: Value of exports to rest of world (excl. EU) 2002-2010 (US\$m)

CATEGORY	2002	2003	2004	2005	2006	2007	2008	2009	2010
Art Crafts	24.37	26.63	23.65	25.84	25.95	23.71	25.17	16.14	18.78
Audio Visuals	0.08	0.06	0.05	0.01	0.01	0.03	0.01	0.02	0.04
Design	103.44	121.73	128.39	131.39	129.23	132.61	147.47	125.29	129.93
New Media	5.69	4.98	5.56	9.71	9.45	7.73	10.97	14.22	7.97
Performing Arts	0.74	0.09	1.07	1.49	0.75	-	-	-	-
Publishing	66.07	68.15	69.72	76.85	71.84	67.32	74.04	68.57	112.35
Visual Arts	14.35	16.42	15.43	19.87	18.65	21.75	75.52	20.77	24.95

It is clear from the EU exports, that a number of sectors have seen declining exports, including 'arts and crafts', 'audio visuals', 'design' and 'publishing'. In contrast to this, if one looks at the exports to the rest of the world (excluding EU), there has been a rise in exports of both 'design' and 'publishing' goods. The export trends in the rest of the sectors are similar but this contrast is important to note in terms of which markets are growing and which markets need more attention in terms of export promotion.

The low export figures for certain sectors is also not a full indication of the trade in certain circumstances, particularly where services make up the bulk of the product offering. The Performing Arts, New Media and Audio-Visual sector are sectors dominated by services and therefore these low figures should be taken in context.

20 { - = no information available}

6.1.5

TOP EXPORTED AND IMPORTED PRODUCTS

The table below shows the top traded goods at an HS6 level using the UNCTAD definition.

Table 11: Top 20 CCI goods exports from SA – HS codes (UNCTAD classifications)

Rank	HS6 code	Description	Value of exports to EU in 2011 (US\$ thousands)
1	490199	Books, brochures, leaflets and similar printed matter, nes	45,178
2	480100	Newsprint, in rolls or sheets	41,417
3	711319	Articles of jewellery&pt therof of/o prec met w/n platd/clad w prec met	31,175
4	940360	Furniture, wooden, nes	22,801
5	970500	Coll&coll pce zoo,bot,mineral,hist,anatom,archaeo,palaeont,ethno/num	18,882
6	420500	Articles of leather or of composition leather, nes	18,757
7	940320	Furniture, metal, nes	18,359
8	491110	Trade advertising material, commercial catalogue and the like	10,619
9	490110	Brochures, leaflets and similar printed matter, in single sheets	8,245
10	490290	Newspapers, journals and periodicals, nes	8,118
11	940350	Bedroom furniture, wooden, nes	7,300
12	970190	Collages and similar decorative plaques	6,723
13	970110	Paintgs,drawgs&pastels executd by hand exc hd 4906&h-p&h-d mfd art	5,794
14	950430	Games, coin or disc-operated, other than bowling alley equipment	5,187
15	490810	Transfers (decalcomanias), vitrifiable	4,800
16	940510	Chandeliers & other electric ceiling or wall lighting fittings	4,630
17	580632	Narrow woven fabrics of man-made fibres, nes	4,404
18	970300	Original sculptures and statuary, in any material	4,256
19	570390	Carpets of other textile materials, tufted	3,658
20	711719	Imitation jewellery nes of base metal whether or not platd w prec metal	3,418

Source: ITC – using UNCTAD HS classifications

There is similarity between the most exported goods to Africa and the top 10 overall exported products, showing that these export numbers have grown as Africa has become a more prominent export destination for the same set of South African CCI export goods.

The table below shows the top 20 imported products into South African from the world.

Table 12: Top 20 CCI goods imports into SA – HS codes (UNCTAD classifications)

Rank	HS6 code	Description	Value of imports to EU in 2011 (US\$ thousands)
1	490199	Books, brochures, leaflets and similar printed matter, nes	177,628
2	950490	Art funfair,game tab,pintab,sp tab casino game&auto bowl alley equip	99,912
3	940360	Furniture, wooden, nes	79,746
4	420292	Containers,with outer surface of sheeting of plas or tex materials,nes	44,491
5	950430	Games, coin or disc-operated, other than bowling alley equipment	44,197
6	940320	Furniture, metal, nes	42,033
7	711319	Articles of jewellery&pt therof of/o prec met w/n platd/clad w prec met	41,022
8	490110	Brochures, leaflets and similar printed matter, in single sheets	32,225
9	940350	Bedroom furniture, wooden, nes	31,957
10	940510	Chandeliers & other electric ceiling or wall lighting fittings	30,752
11	420212	Trunks,suit-cases&sim container w/outer surface of plastics/textiles	29,756
12	900410	Sunglasses	29,645
13	650590	Hats&other headgear,knitted or made up from lace,or other textile mat	28,333
14	420222	Handbags w outer surface of sheetg of plastics o of textile materials	27,297
15	691110	Tableware and kitchenware of porcelain or china	24,714
16	691200	Ceramic tableware, kitchenware, other household & toilet articles nes	23,026
17	490290	Newspapers, journals and periodicals, nes	20,509
18	970190	Collages and similar decorative plaques	15,770
19	711719	Imitation jewellery nes of base metal whether o not platd w prec metal	13,821
20	420329	Gloves mittens&mitts,o/t for sport,of leather o of composition leather	13,117

Source: ITC – using UNCTAD HS classifications

When comparing these two tables, it is apparent that there are similarities in the top exported products and top imported products. The following product categories are among those

- Books, brochures, leaflets and similar printed matter, nes
- Furniture, wooden, nes

- Articles of jewellery&pt therof of/o prec met w/n platd/clad w prec met
- Brochures, leaflets and similar printed matter, in single sheets

Although it is not definitive, there is a good chance that some of these imported products are being forwarded from South Africa to its trading partners (most likely in Africa). Deeper investigation would be needed to get to the bottom of these figures, with particular examination into the larger traders (companies) in these products.

6.2 SERVICES

As mentioned earlier, the availability of CCI services trade data is limited. The data provided by UNCTAD are limited and the data from the ITC are not disaggregated enough to draw out the creative industries. The reason for this is that ITC and ITC collect data using the BPM5 measurement tool. The SA Reserve Bank does not properly gather disaggregated data, and therefore this cannot flow through to ITC. The best source of data that the project team was able to draw on was the Eurostat trade data between South Africa and the EU. The picture of SA's trade in creative and cultural services will therefore in this instance be limited to the trade with the EU. The trade in services data from Eurostat, although a lot more detailed, still does not provide a fully accurate set of CCI service offerings. From the EBOPS categories, the list of services, listed below, is the most appropriate group of services making up CCI services²¹. These are drawn from a broader group of categories, listed in table 7.

- 7.2: Computer and information services, Information services
- 8.1: Other services, Royalties and license fees, Franchises and similar rights
- 8.2: Other services, Royalties and license fees, Other royalties and license fees
- 9.3: Other services, Other business services, Miscellaneous business, professional and technical services
- 9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling
- 9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services
- 9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy
- 10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services
- 10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services
- 10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other

The table below shows all the EBOPS categories related to the CCI but only the more directly relevant sectors and/or sub-sectors have been extracted and shown in the list above.

Table 13: EBOPS categories related to CCI

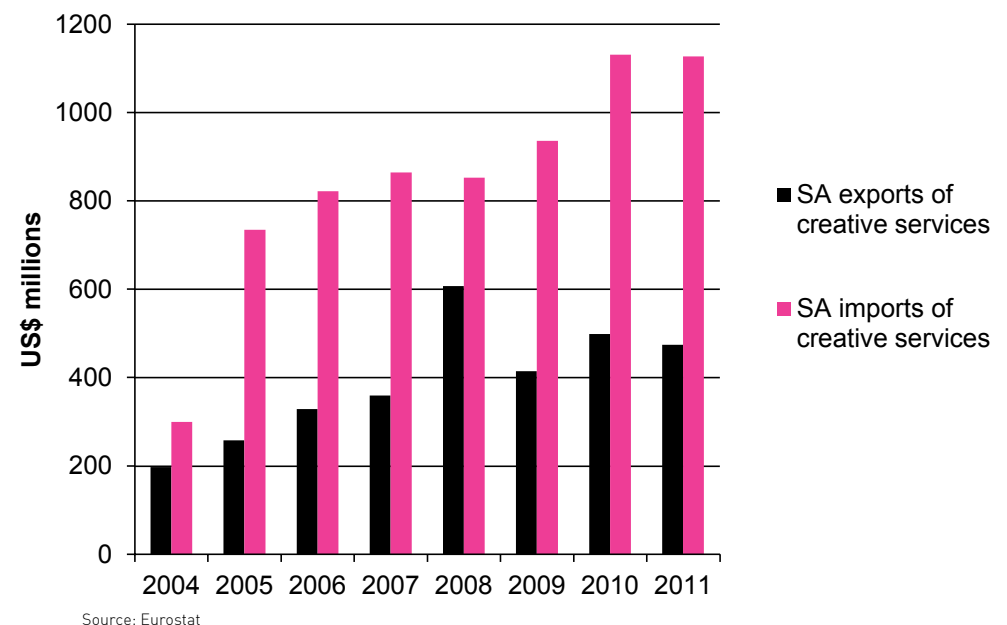
EBOPS code
7: Other services, Computer and information services
7.2: Computer and information services, Information services
8: Other services, Royalties and license fees

²¹ Please note: Although this is the most appropriate grouping, some of these categories will include services that do not fall within CCI e.g. "9.3.4 Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy" includes architectural services (part of CCI) as well as engineering services (not part of CCI). The trade statistics are therefore likely to be overestimated. Given that the data is not more disaggregated than this, it is not feasible to determine more accurate statistics.

EBOPS code
8.1: Other services, Royalties and license fees, Franchises and similar rights
8.2: Other services, Royalties and license fees, Other royalties and license fees
9: Other services, Other business services
9.3: Other services, Other business services, Miscellaneous business, professional and technical services
9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling
9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services
9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy
10: Other services, Personal, cultural and recreational services
10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services
10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services
10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other

Using Eurostat data, the trade in CCI services with the EU is shown below.

Figure 8: SA's trade in creative services with EU (US\$m)



The growth in exported CCI services shows a more promising trend than the goods export statistics. SA exports to the EU increased from US\$197.20m (R1.16bn) in 2004 to US\$ 474.68m (R2.79bn) in 2011, showing a growth rate of 11.61% (CAGR). There was, however, still a trade deficit with the EU, with EU exports to SA increasing from US\$299.93m (R1.76bn) in 2004 to US\$1,127.66 (R6.62bn) in 2011, showing a growth rate of 18.00%. These overall figures, as pointed out in 'note 5' are probably a bit inflated, given that the exact statistics for CCI services exports can't be drawn out of this data (due to the lack of data

that is further disaggregated). It is nevertheless also interesting to look at some of the statistics of the sectors within the services grouping to see what trends have emerged.

6.2.1 SA CCI SERVICES EXPORTS BY EBOPS GROUPING

Table 14: The table below shows SA CCI services exports to the EU, broken down by sector.

CATEGORY	2004	2005	2006	2007	2008	2009	2010	2011
7.2: Computer & information services, Information services	.39	1.99	11.79	3.07	3.87	48.76	43.28	39.28
8.1: Other services, Royalties and license fees, Franchises and similar rights	-	4.99	8.97	9.06	8.61	11.99	13.51	10.18
8.2: Other services, Royalties and license fees, Other royalties and license fees	-	34.67	14.54	23.44	24.22	16.43	26.55	17.44
9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling	43.08	48.97	126.21	126.66	168.28	136.69	125.23	119.77
9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services	64.69	60.68	59.94	82.98	253.85	67.45	132.49	124.96
9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy	60.53	75.91	86.67	92.56	115.67	94.42	86.12	106.85
10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services	28.51	30.47	20.82	21.35	23.70	29.03	56.74	41.86

CATEGORY	2004	2005	2006	2007	2008	2009	2010	2011
10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services	-	-	-	-	3.26	1.92	2.76	2.91
10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other	-	-	-	-	5.99	7.71	11.83	11.44

Source: Eurostat

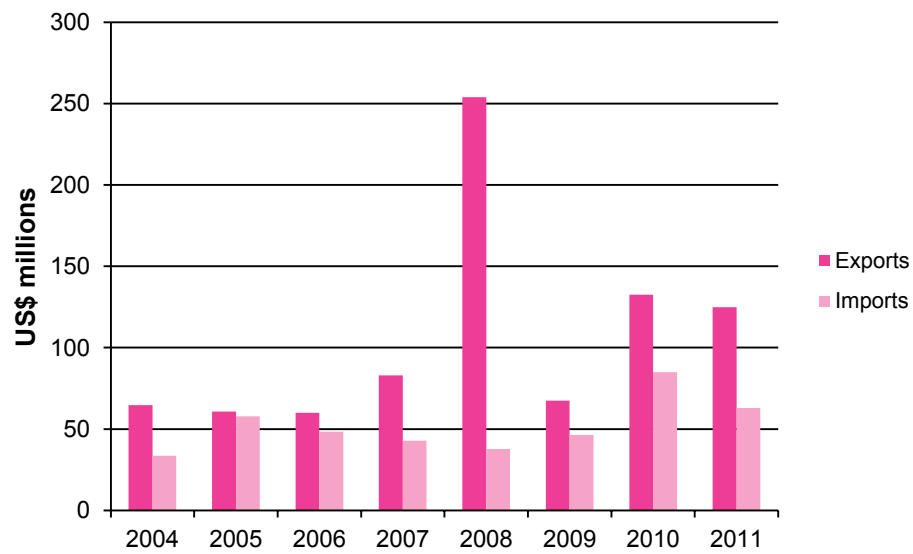
The general trend in the export figures above shows SA's CCI services exports to the EU increasing. Unfortunately, the figures do not provide a full understanding of the trade in CCI services because the UNCTAD sectoral breakdown does not match up very well with these EBOPS classifications.

There are some indications here that particular South African service industries are performing well in terms of growing exports to the EU. The following categories have grown significantly between 2004 and 2011:

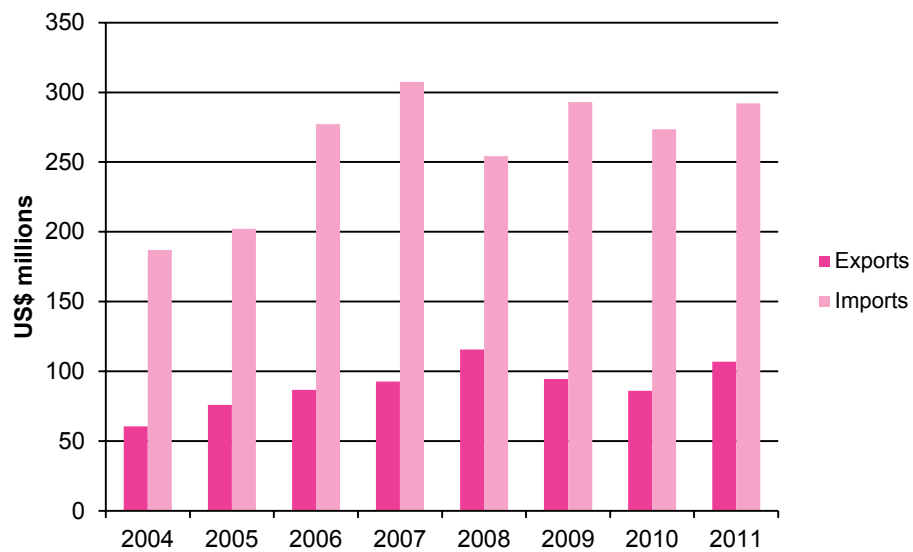
→ **Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling**



→ **Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services**



→ **Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy**



It is difficult to pinpoint exact reasons for this strong performance given the diverse nature of sectors involved but the success can partly be attributed to growing strength and international competitive of these services industries (e.g. research, advertising) and the ability to provide these services remotely (e.g. desktop research can be done in South Africa and simply emailed to a client in the EU).

The following table shows SA's CC services imports from EU.

Table 15: SA's CCI services imports from the EU

CATEGORY	2004	2005	2006	2007	2008	2009	2010	2011
7.2: Computer & information services, Information services	.39	1.99	11.79	3.07	3.87	48.76	43.28	39.28
8.1: Other services, Royalties and license fees, Franchises and similar rights	-	4.99	8.97	9.06	8.61	11.99	13.51	10.18
8.2: Other services, Royalties and license fees, Other royalties and license fees	-	34.67	14.54	23.44	24.22	16.43	26.55	17.44
9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling	43.08	48.97	126.21	126.66	168.28	136.69	125.23	119.77
9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services	64.69	60.68	59.94	82.98	253.85	67.45	132.49	124.96
9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy	60.53	75.91	86.67	92.56	115.67	94.42	86.12	106.85
10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services	28.51	30.47	20.82	21.35	23.70	29.03	56.74	41.86
10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services	-	-	-	-	3.26	1.92	2.76	2.91
10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other	-	-	-	-	5.99	7.71	11.83	11.44

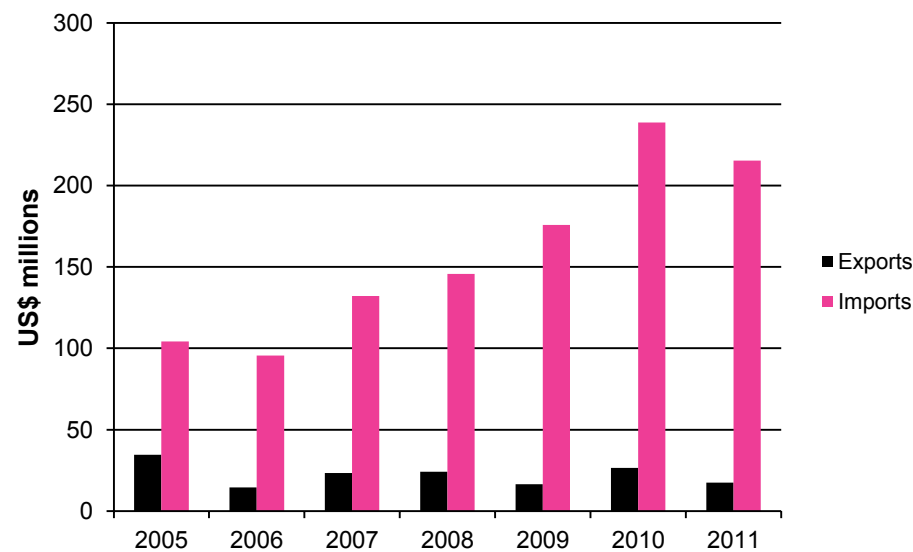
Source: Eurostat

These figures show generally increasing exports, with dramatic increases in certain categories. Once again, unfortunately, the figures do not provide a full understanding of the trade in CCI services because the UNCTAD sectoral breakdown does not match up very well with these EBOPS classifications.

Although South Africa's exports grew in a number of sectors, as demonstrated in the previous table, the value of the exports was massively outweighed by the value of imports. This was particularly the case with regards to intellectual property (IP) related industries (i.e. involving royalties and licenses) - see graphs below. This can to a large extent be attributed to the concerted efforts to develop and protect IP related industries in the EU. South Africa is currently looking to update its legislation on IP in this regard although it remains to be seen whether the legislation is strong enough to protect and advance South African IP. Other services, Royalties and license fees, Franchises and similar rights'



Other services, Royalties and license fees, Other royalties and license fees'



To see a graphical representation of each of the sub-sectors, see Appendix D.

KEY FINDINGS ON TRADE IN CCI GOODS & SERVICES BASED ON AVAILABLE CENTRALISED DATA SOURCES

South Africa's export of CCI goods between 2002 and 2010 rose marginally, while imports rose significantly. South Africa's trade in CCI services was not fully determined due to the very poor data for trade in services. South Africa's exports of CCI goods to the EU fell during this same time period, while the imports increased significantly. South Africa's exports of CCI services to the EU rose significantly during this period, while imports rose at a greater rate. This left South Africa with a continuing trade deficit with the EU. The trends for South Africa's trade in CCI goods with the world show there has been a significant shift to increasing exports to Africa and increasing imports from Asia (particularly China). The export trend can partly be attributed to the global recession, where EU economies have taken a severe knock and have generally imported fewer goods from South Africa. On the other hand exports to Africa (where many countries are experiencing significant growth) have increased, partly as a result of the growth in African economies and the increasing number of South African firms doing business in other countries on the continent. Some exports from South Africa into the rest of Africa are as a result of transshipment and onward export of goods that arrive at South African air and sea ports and are then distributed into Africa more widely. The extent of this phenomenon is difficult to gauge, however, and is dependent on which sector or sub-sector one is examining.

South Africa's trade in CCI services can only be examined in the context of its trade with the EU. The trends showed very positive growth, with trade more than doubling between 2004 and 2011. The overall trade balance was in deficit, however, and South Africa's IP related services (on which royalties and licenses are collected) trade showed a particularly large deficit. This points towards a need for the South African government to strengthen and protect South African IP to a greater extent.

#07 FINDINGS FROM OTHER DISAGGREGATED SOURCES

Given the limitations in the data available from official centralised methods such as customs and excise (in the case of goods) or Balance of Payments (in the case of services), a "bottom-up" approach is a useful way to supplement the data.

The South African creative and cultural industries landscape reveals many industry associations for the different sectors and sub-sectors. Most industry associations do not collect data (through surveys) on their members' production activities and/or trade. This is either due to a lack of funding, lack of willingness of members to provide sensitive financial data or not having this as a priority. Most individual companies were also wary of sharing their financial data with the project team. There were, however,

certain cases where information was available. In our research it was apparent that there were only a few industry associations, which had undertaken industry surveys to get a comprehensive idea of aspects such as revenues, employment and trade, namely, the Commercial Producers Association of SA (CPASA), the Publishing Association of SA and the SA Association of Stills Producers. Some information has been gathered through government funding of sectors such as film. There were also other statistics and figures collected on royalties by rights agencies, namely SAMRO and DALRO.

The analysis below therefore shows some examples of how data collected at a sub-sector level or illustrative cases at a company level. It is therefore not exhaustive, but aims to give additional insight into trade patterns and scale.

The case study project being undertaken alongside this research should shed further light on this disaggregated information.

7.1 PERFORMING ARTS

One case study within the performing arts sector is provided below. This example shows the revenue streams and how a considerable amount is derived from exporting of services (i.e. performances provided for non-SA residents).

CASE STUDY: CAPE TOWN OPERA

Cape Town Opera is the largest and most successful Opera company in South Africa and has successfully developed a product which has become popular not only in South Africa but also abroad.

The company collects revenue through various avenues, including:

- Government and government agencies
- International donor organisations
- Local donors
- Patrons
- Ticket sales (for both local and international shows)

Of this revenue a significant amount is generated from doing shows abroad. The Cape Town Opera has performed in various European countries, as well as the USA and Australia. Many of these shows run for a few weeks and the revenue generated can be up to 30% of the company's annual revenue. In 2012, their internationally generated show revenue was about R9m.

Part of the reason for the success of the Cape Town Opera is that they have taken on a US funding model for Arts, which focuses on developing numerous revenue streams. Although donations can't be counted as trade, the payments received for shows performed are an export of performance arts services.

LIVE MUSIC CASE STUDY: SOWETO SOWETO GOSPEL CHOIR²²

Image: www.sowetogospelchoir.com



The Soweto Gospel Choir is considered one of South Africa's most successful musical groups internationally, in particular in terms of live performances.

For example, the group had 37 performances in Europe in 2010 and 67 in 2011 (revenue secured from these performances is not readily available). Their US tour in 2007 grossed more than \$1m.

7.2 PUBLISHING AND PRINTED MEDIA

The goods elements of the trade in publishing and printed materials are covered by the data collected by SARS, through Customs and Excise. There are, however, additional services data associated with this sector, in that there are royalties and licenses associated with the reproduction and distribution of these published works. This information is collected by Publishers Association of South Africa (PASA). The total royalties collected in 2010 were R1,258,000.

The actual royalties are collected by specific publishing companies or agencies such as Dramatic, Artistic and Literary Rights Organization (DALRO). The royalties collected by DALRO on behalf of their members in 2012 totalled R1,273,640²³.

7.3 AUDIO-VISUAL

Additional data are available in the audio-visual sub-sector thanks to industry association surveys and dti incentive data.

The TV commercials and Stills production sector can be broadly classified under the EBOPS categories - 10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services & 10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other. The total export value for these exports in 2011 was about US\$53.3m²⁴. The diagram below shows how trade data may well be undervalued, given that TV Commercials and Still Productions only make up part of these statistics, which would also include Film and TV programme production.

²² See www.sowetogospelchoir.com; <http://dalje.com/>

²³ This figure shows the total revenue received from DALRO's reproduction rights organisation (RRO) partners around the world, for their financial year 2012. These are the royalties received from the partner societies on behalf of South African authors that are members of DALRO. The royalties received on behalf of South African author is the export of South African dramatic, artistic and literary rights.

²⁴ EuroStat

Figure 9: Stills and commercials export estimates from different sources (EU and global)



Data collected by the dti on foreign production expenditure per year on films and TV programmes provides another indication of trade volumes. The element of this expenditure that relates to trade is all monies paid to South African individuals or companies by a non-South African company. The overall figures below give an idea of the foreign expenditure but a deeper level of statistical data gathering would need to be done (in consultation with SARB – or someone with expert knowledge of what qualifies as part of SARB Balance of Payments) in order to determine the exact amount assigned to exports of CCI services.

- Qualifying South African Production expenditure (June 2004- Jan 2008)
 - o Co-productions - R272m
 - o Foreign productions - R1,426m
 - o Total - R1.698bn
 - o **Average per year = R485.1m**

- Qualifying South African Production expenditure (Feb 2008- Jan 2013)
 - Co-productions - R205.911m
 - Foreign productions - R837.868m
 - Total - R1,044m
 - **Average per year = R208.8m**

These are significant figures that could add more depth to the current statistics on trade in services. However, it is understood that most of this relates to US rather than EU clients²⁵. The decline in foreign productions can be partly attributed to the global recession, as production budgets have been reduced. It is also due to increased competition from other production destinations globally e.g. Poland & Argentina.

These figures do show that the reported figures in the centralised trade statistics are almost certainly under-reported, giving further credence to the need for surveys to collect more sub-sector data.

Another audio-visual example is provided below, from the broadcasting sub-sector.

BROADCASTING “EXPORT” EXAMPLE:
 Multichoice, Naspers

MultiChoice operates in 48 Sub-Saharan African countries, with 1.6m household subscribers outside of South Africa (vs. 4m in SA).

Based on the Naspers’ 2012 Annual Report, Pay TV revenue is around R25bn.

Assuming that the average subscription cost is similar in other African markets and South Africa, exports could account for roughly a quarter of revenue i.e. over R5bn. This does not take into account content-related revenue to South African rights holders of shows broadcast on these channels. Also note that none of this value is likely to relate to EU trade.

7.4 RECORDED MUSIC

The goods elements of the trade in music are covered by the data collected by SARS, through Customs and Excise. There are, however, additional services data associated with this sector, in that there are royalties and licenses associated with the reproduction and distribution of South African artists. The main agency in South Africa that collects these licenses on behalf of its members is the South African Music Rights Organisation (SAMRO). The royalties collected by SAMRO in **2012 amounted to R7.8m globally**²⁶.

²⁵ Interview with Bobby Amm – Executive Officer (CPASA)

²⁶ This figure shows the total revenue received from SAMRO’s partner societies around the world, for their financial year 2012. These are the royalties received from the partner societies on behalf of South African artists that are members of SAMRO. The royalties received on behalf of South African artists is the export of South African music rights.

One example of successful recorded music is Die Antwoord, a brief case study is provided below.

CASE STUDY: DIE ANTWOORD²⁷

Die Antwoord is one of South Africa's more successful recorded music groups internationally. For example, "Enter the Ninja" reached BBC's Radio One hit parade and UK Top 40 chart (which is a sales-based chart).

They have also secured millions of video views via their website and Youtube with more than 11 million hits as at Dec 2012.

According to the National Business Review, once videos secure high volumes of hits, Google, who owns Youtube, shares a percentage of ad revenue with the owners of videos on a negotiated basis, between \$US1.50 to \$US5 CPM for every 1,000 times the clip is viewed. Assuming US\$1.50, this would amount to approximately R150,000 in revenue for Youtube hits on this music video alone.

**7.5
NEW MEDIA**

Some brief case studies related to animation and gaming are provided in the boxes below.

ANIMATION CASE STUDIES:

ZAMBEZIA²⁸

Zambezia, the 3D animation film by Triggerfish, was mostly funded and developed locally, with the IDC investing R17m), other than the use of high profile international voice artists.

It had been released in more than 50 countries by February 2013, with the intention of release to 70 countries. It is now considered the highest grossing South African film since "The Gods Must be Crazy". After 12 weeks it has sold over 1 million tickets. It earned over half a million Euro in the Netherlands and reached US\$2m in Poland after only three weeks at the box office, reached Number 3 in Holland and Number 1 on the Russian box office.

As at December 2012 the film was reported to have earned Triggerfish around R400m or \$50m.

27 Sources: News24.com 2010-09-23/, Rhythm Records
 28 Sources: www.triggerfish.co.za; http://ventureburn.com/2013/02/spier-films-invests-millions-in-triggerfishs-second-animated-feature/ ;
 http://www.popularmechanics.co.za/tech/triggerfish-animation-takes-cinema-audiences-by-storm/#sthash.vWoEEXtc.dpuf; http://myfilm.co.za/2012/12/04/zambezia-gets-triggerfish-rich-and-on-oscar-list/

FLORRIE'S DRAGONS²⁹

Florrie's Dragon is a 2D animated TV series - 52 x 11minute episodes - for the Disney Channel. The South African company Clockwork Zoo was involved as part of a full JV with UK-based Wish Films (rather than a co-production, as the SA-UK film co-production treaty does not cover TV). The production was worth around R40m in total, with spending quite evenly split between South Africa and the UK - script, voice, and post-production were done in the UK and animation in South Africa. The animation work took place over around 18 months, during which time around 80 animators were employed. Clockwork Zoo owned 25% of the IP for the project.

JUNGLE BEAT³⁰

Sunrise Production's jungle beat 13 X 5 minute "interstitials" have been sold to 170 countries. The company is also beginning to develop related merchandising, an area that has been under-developed to date in relation to the South African animation industry.

ROYALTIES AND LICENSE FEES OVERALL

SA's exports of royalties and license fees as recorded by UNCTADstat are shown in the table below.

Table 16: UNCTADstat figures for global exports of Royalties and License Fees (US\$m)

	2001	2003	2004	2005	2006	2007	2008	2009	2010	2010
Royalties and licence fees	21.49	19.45	26.55	37.39	45.30	45.78	52.91	53.74	47.73	59.19

Table 17: UNCTADstat figures for global imports of Royalties and License Fees (US\$m)

	2001	2003	2004	2005	2006	2007	2008	2009	2010	2010
Royalties and licence fees	330	447	617	891	1071	1282	1596	1676	1658	1941

These figures are for global exports and imports of 'Royalties and License Fees' (and will differ from the EuroStat figures (because the EuroStat figures only represent South Africa's trade with the EU). The 'Royalties and Licence Fees' is the only comprehensive trade in Services statistics category that UNCTADstat has full statistics for.

29 Interview with Glenn Gillis
 30 http://www.sunriseincorporation.net/jungle.html

The World Intellectual Property Organisation (WIPO) provides its own definition of copyrights-based industries and the box below gives a brief idea of this measurement tool.

The World Intellectual Property Organisation (WIPO) uses a different methodology to calculate the contribution of copyright-based industries to the economy, employment and trade. They do this by assigning a particular factor (percentage) to all industries, which is comprised of intellectual property. For example, in the manufacturing business, the contribution to the design of the product being produced is considered intellectual property. In the report, "The Economic Contribution of Copyright-Based Industries in South Africa (WIPO) - 2011", the following figures were published with regards to trade:

- Contribution of copyright-based industries to exports in 2008: 4.07% (R20bn)
- Contribution of copyright-based industries to imports in 2008: 8.67% (R48bn)

These figures are merely used as comparative element to give the project team an alternative view on the statistics.

KEY FINDINGS FROM DATA FROM DISAGGREGATED DATA

These sources of disaggregated information do not provide a full understanding of the total trade but they do shed some light on some of the data that can be obtained through industry associations and other stakeholders. Some of these pieces of data also show that it is likely that trade in CCI services in particular are under-reported. Further investigation into the CCI sectors and sub-sectors will reveal a better picture of the creative and cultural industries as a whole, particularly if a more thorough survey is undertaken.

#08 CURRENT POLICY AND SUPPORT ENVIRONMENT

8.1 SOUTH AFRICA

8.1.1 Overarching policy framework

The CCI sector spans economic, arts, cultural and heritage policy areas, creating a complex policy environment.

The 1996 **White Paper on Arts, Culture and Heritage** continues to provide the overall policy direction in this area. It sets out government policy for establishing the optimum funding arrangements and institutional frameworks for the creation, promotion and protection of South African arts, culture, heritage and the associated practitioners. The Mzansi Golden Economy document sets out a range of proposed initiatives to grow and develop the sector overall and various sub-sectors.

The creative industries has been identified as one of these sector priorities and the dti houses a creative industries sector desk within the Industrial Development Division.

However, the relatively recent policy focus on creative trade as an economic sector still needs to play out fully into trade support.

See Appendix B for more detailed overview of SA policy.

8.1.2 SA trade policy and international agreements

South Africa has signed a series of trade agreements with different trading partners, including the important duty free movement of goods within and a common external tariff within the South African Custom's unions (SACU)³¹, as well as the TDCA with the EU to reduce duties on products traded between the two countries. South Africa's inclusion in AGOA is also an important agreement, allowing South Africa preferential access to the US market through lower tariffs or no tariffs on approximately 7,000 product tariff lines (this agreement applies to 39 Sub-Saharan African (SSA) countries, including South Africa).

(See Appendix E for summary of South Africa's main trade agreements)

South Africa has also signed a number of international agreements relating to trade and relating to creative industries (including Copyright, Patents, Trademarks and other Intellectual Property agreements).

Implications for SA-EU creative and cultural goods and services trade:

- SA has yet to properly establish itself on these international platforms, where it can negotiate to strengthen its CCI interests.
- Trend towards focus on BRICS and African international relations may shape focus of CCI trade support
- SA needs to develop a clearer policy and strategy towards IP and position this in relation to the rest of the world – then SA can negotiate to protect its IP and derive more value from it

8.1.3 Policy and legislation dictating data collection and trade measurement

Legislation governing official statistics gathering in relation to economic and trade data includes the Statistics Act, Customs and Excise Act, the South African Reserve Bank Act, Currency and Exchanges Act 9 of 1933 as amended and with associated regulations, order and rules.

Unlike in some countries such as New Zealand, the Statistics Act does not make it compulsory for companies to participate in enterprise surveys.

31 SACU includes South Africa, Botswana, Lesotho, Namibia and Swaziland

In terms of the “**Orders and Rules Under the Exchange Control Regulations**”, organisations (mainly banking institutions but also other financial services providers that are involved in transferring funds internationally) are appointed as authorised dealers, and they gather information relating to foreign currency transactions on behalf of SARB through requiring clients to complete Balance of Payments or BOP forms. This form includes information on the purpose of payment, including some categories which are relevant to creative and cultural industries trade (underlined in green).

Figure 10: Extract from BOP form

Inward Balance of Payment Category Codes - Reference Guide		
Non reportable items		
000	Applicable to ADLA, CFC, FCA and other qualifying transactions	
Adjustments		
100	Adjustments related to merchandise trade	
Merchandise exports		
101	Advance payments	
102	F.O.B.	
103	C.I.F.	
104	Repair	
105	Procured in ports	
106	Not Allocated	
107	Not Allocated	
108	Not Allocated	
109	Not Allocated	
110	Not Allocated	
111	Software exports via Internet	
112	Export proceeds where the value of shipment is less than R500	
113	Exports proceeds where goods were exported via the South African Post Office	
114	Diamond export proceeds	
115	Not Allocated	
116	Proceeds for goods purchased by non-residents for local manufacturing or consumption	
Gold exports		
201	Proceeds	
202	Hedging	
203	Not Allocated	
Services related to travel by non-residents		
253	Business travel - non-residents	
254	Holiday travel - non-residents	
255	Foreign exchange accepted by residents from non-resident travellers	
Services related to travel payments received from third parties		
260	Travel related payments received from third parties	
Services related to transportation		
301	Freight	
302	Passenger fares	
Services related to travel by residents		
303	Business travel - purchase of unutilised funds from residents	
304	Holiday travel - purchase of unutilised funds from residents	
Services related to study		
305	Tuition fees	
306	Study loans	
Other services		
307	Telecommunication	
308	Postal and courier	
309	Construction	
310	Insurance	
311	Financial	
312	Copyrights, royalties and patent fees	
Computer related services		
313	Data and news related	
314	News agency fees	
Other business services		
315	Merchandising	
316	Operational leasing	
Professional, management and technical services		
317	Legal, accounting, management consulting	
318	Advertising and market research	
319	Research and development	
320	Architectural, engineering and other technical	
321	Agricultural, mining and other processing	
Personal, cultural and recreational services		
323	Audiovisual and related services	
324	Cultural and recreational	
Government services		
325	Diplomatic transfers	
Medical services		
326	Medical and dental services	
Income		
401	Dividends	
402	Interest	
403	Branch profits	
404	Compensation of employees including migrant workers	
405	Commission or brokerage	
406	Rental	
407	Interest in respect of loans	
408	Income in respect of inward listed securities	
Transfers - current		
501	Gifts	
502	Annual contributions	
503	Contributions to social security schemes	
504	Contributions - charitable, religious, scientific and cultural	
505	Pension payments	
506	Annuities	
507	Not Allocated	
508	Inheritances	
509	Alimony	
510	Income tax	
511	Premiums paid (non-life/short-term insurance)	
512	Claims (non-life/short-term insurance)	
Transfers of a capital nature		
601	Government	
602	Non-government sector - cash linked to fixed assets	
603	Non-government sector - Donations for fixed investment	
604	Non-government sector - inheritance taxes	
605	Acquisition/disposal (patents, copyrights, trademarks, franchises)	
606	Repatriation, on instruction by the Financial Surveillance Department, of a foreign investment by a resident individual in respect of cross-border flows	
607	Repatriation, on instruction by the Financial Surveillance Department, of a foreign investment by a resident individual originating from an account conducted in foreign currency held at an Authorised Dealer in South Africa	
608	Not Allocated	
609	Immigrants	
Financial transactions		
701	Shares	
702	Bonds	
703	Money market instruments	
704	Foreign portfolio investments - repatriation by resident institutional investors	
705	Bank prudential - repatriation	
706	Inward listed securities - redemption	
Deposits / Derivatives		
801	Not Allocated	
802	Not Allocated	
803	Not Allocated	
804	Options	
805	Futures	
806	Warrants	
807	Not Allocated	
Miscellaneous payments		
901	Details of payments not classified	
902	Adjustments not related to merchandise trade	
903	Not Allocated	
904	Rand drafts/cheques drawn on vostro accounts (Only applicable if no description is available)	
950	Reversal of transaction (monetary value) previously reported and accepted by the SARB	
998	Repayment by a non-resident of a loan (capital portion) received from a resident	
999	Loan made to a resident by a non-resident	

The actual approach towards data collection and the measurement is also dictated to some degree by internal policies, strategies and capacities of Statistics South Africa (StatsSA), SARS, and SARB as the custodians of this data. For example, SARS holds a list of registered exporters, but this information is not made publicly available and is considered confidential by SARS. Similarly, SARB are of the view that detailed information on Balance of Payments information is sensitive and cannot be shared, which is supported to some degree by provisions within the South African Reserve Bank Act which prohibit sharing of confidential information except under certain circumstances. However, this Act and the Customs and Excise Act both make provision for using information in order to exercise powers under the act or other laws administered by offers, and for the purposes of reporting by the Minister and/or official statistics collection by StatsSA.

However, there are recent efforts to consider how greater information sharing could be facilitated to assist with economic strategy development e.g. the dti has been in consultation with SARS around access to trade and exporter related data to support economic strategy, notably a revision of the National Export Strategy and development of a National Exporter Development Programme. At the end of 2012, SARS changed its policy on sharing of trade data, now allowing free rather than paid-for access to detailed trade data.

Implications for measurement of CCI trade:

- There are limited resources in the short- to medium term in the national government custodians of goods and services trade data to put in place the necessary systems to gather additional data on creative and cultural trade (in particular in the case of services)
- Even if resources are secured, SARS and SARB are constrained with the HS and BOP / EBOPS classifications, which are not ideal for capturing CCI trade

8.1.4 Funding resources to support the CCI sector

South Africa has a vibrant creative and cultural industries sector but the funding of it has at time been limited, particularly in times of economic hardship. There are, however, a number of organisations, agencies, institutions and government departments that do provide financial support to this sector. This section is divided into two sub-sections:

1. **Export Promotion, Financing and Incentives** – which refers to the support provided by government either through incentives, which support particular projects and generally within particular sectors. This is a more goal orientated financing pool, where particular measurable goals are sought e.g. increased exports, specific numbers of jobs created
2. **General Arts Funding** – which refers to the general funding support provided to a range of sectors within what is generally known as the Arts. This category of funding is linked to the general promotion of the arts, helping to subsidise particular sectors, for a range of aims (not necessarily economically focused), including celebration of heritage and culture, developing artist talents, etc.

These trade and exchange control measurement systems have been developed more for tracking and compliance purposes rather than information sharing.

Export Promotion, Financing and Incentives

Dti incentives

- Export Marketing & Investment Assistance Scheme (EMIA) – this incentive of the dti provides assistance to companies wanting to market their goods and services abroad, by helping them pay for exhibiting at international trade shows. It also provides assistance for research and organising an inward buying investor.
- South African Film and Television Production and Co-production Incentive
- Foreign Film and Television Production Incentive
- See table below for further detail

Table 18: Overview of EMIA scheme

Incentive Scheme	Description
Marketing Investment Assistance scheme (EMIA)	<ul style="list-style-type: none"> • The Export Marketing and Investment Assistance (EMIA) scheme develops export markets for South African products and services and to recruit new foreign direct investment into the country. • Objectives: <ul style="list-style-type: none"> – Provide marketing assistance to develop new export markets and grow existing export markets; – Assist with the identification of new export markets through market research; – Assist companies to increase their competitive by supporting patent registrations, quality marks and product marks; – Assist with facilitation to grow FDI through missions and FDI research; – Increase the contribution of black-owned businesses and SMMEs to South Africa's economy. • Benefits: <ul style="list-style-type: none"> – Individual Exhibition Participation; – Primary Market Research & Foreign Direct Investment; – Individual Inward Missions
Sector Specific Investment Scheme (SSIS)	<ul style="list-style-type: none"> • A reimbursable 80:20 cost-sharing grant offering financial support to export councils, joint action groups and industry associations. • (i) generic funding and (ii) project funding
Foreign Film and Television	<p>Requirements</p> <ul style="list-style-type: none"> • Apply before commencing principle photography • Minimum QSAPE³² of R2.5m • 50% of principle photography in SA and a minimum of 2 weeks <p>Eligible formats</p> <ul style="list-style-type: none"> • Feature films • Telemovies • Television drama series or mini-series • Documentary or documentary mini-series • Animation <p>Excluded - Reality TV</p> <ul style="list-style-type: none"> • Incentive is calculated at 35% of QSAPE for the first R6m and 25% for the remaining portion

³² Production expenditure spend on copyright, goods and services provided by South African entities or individuals

Incentive Scheme	Description
Production Incentive	<p>Requirements</p> <ul style="list-style-type: none"> • Apply before commencing principle photography • Minimum QSAPE of R12m • 50% of principle photography in SA and a minimum of 4 weeks <p>Eligible formats</p> <ul style="list-style-type: none"> • Feature films • Telemovies • Television drama series or mini-series • Documentary or documentary mini-series • Animation <p>Excluded - Reality TV</p> <ul style="list-style-type: none"> • The incentive is calculated at 20 % of QSAPE

The tables below show the funding that has been allocated to the creative and cultural industries through the EMIA incentive programme and the dti's film rebate progress over the past 10 years.

Table 19: Cost of EMIA assistance for cultural industries (Rand thousands) in 2008/09

Sector	Individual Exhibitions	PMR ³³ and FDI ³⁴	National Pavilions	Group Missions	Total
Cultural Industries	2,630	52	5,214	58	7 953
All sectors	23,197	1,031	85,336	5,010	114,573
% of total costs allocated to cultural industries	11.34	5.01	6.11	1.16	6.94

Table 20: The dti's Film Rebate funding June 2004 – Jan 2008

Productions Approved	Nr	QSAPE	Rebate
South African	16	R746m	R140m
Co-productions	7	R272m	R65m
Foreign productions	26	R1,426m	R166m
Total	49	R2,445m	R370m

Source: The dti film incentive presentation – Jan 2013

³³ PMR – Primary Market Research

³⁴ FDI – Foreign Direct Investment

Table 21: The dti's Film Rebate funding Feb 2008- Jan 2012

Productions Approved	Nr	QSAPE	Rebate
South African	181	R2,311m	R510m
Co-productions	66	R1,172m	R413m
Foreign productions	50	R4,528m	R483m
Total	1	R8,011m	R1,406m

Source: The dti film incentive presentation – Jan 2013

The box below outlines some of the shortcomings of EMIA, which would be advisable to address so that all sectors within CCI can benefit from this financial incentive.

EMIA shortcomings

Although EMIA has provided some support to creative and cultural industry exports, there are particular sub-sectors and groupings which are not eligible for the incentive. Only Film & TV and Music businesses are eligible for funding under the criteria for primary market research, inward buying missions and individual exhibition and in-store promotions. In terms of the group missions, arts and crafts and furniture are also included. The 2011 rule changes to EMIA extended support to new areas such as South African registered cooperatives producing arts and crafts).

In general there is also a lack of provision made for businesses providing services to take advantage of the EMIA funding. Most references in the EMIA documentation refers to goods and tangible aspects of trade e.g. sending samples to potential clients (a practice which only exists in goods trade). Wider requirements that could be a constraint for some CCI participants include provision of tax clearance certificates, audited financial statements or letters from external auditor (although there is a provision for sole proprietors and Partnerships to submit the latest three months of bank statements instead).

There are also only some sectors who have recognised export councils or joint action groups (which qualify for sector specific assistance scheme (SASS)), or which include some creative industry aspects, namely:

- Jewellery Council
- SA Music Exportation
- Cosmetics Export Council (perfume is considered a cultural good by UNCTAD, although at present perfume is not a focus of this export council)
- SA Boatbuilding Export Council (includes boat design)
- SA Footwear and Leather Export Council (which would include some accessories)
- SA Print and Packaging Export Council (could include some publishing & printed media)

There is also some doubt over whether the government will allow the number of export councils to grow. This limits the ability of CCI organisations to gain access to export promotion funding currently and potentially in future. This leaves CCI organisations with few options.

IDC – The IDC's Media Business Unit funds the production of local feature films, television shows and documentaries at the beginning of the value chain and develops broadcasters (both television and radio) and cinemas to enhance the local distribution and the consumption of local productions.

The IDC offers the following financing facilities

- Equity Investment: involving direct investment into a project in the form of ordinary and/or preference equity ownership and participation of up to 49% (minority interest), as the IDC does not seek control or direct management participation.
- Commercial Loan/Debt Finance: Term loans up to six years are structured to fit the business cash flow profile (i.e. asset-based finance and working capital). Owners' contribution required for adequate financial structuring of the project.
- Venture Loans (quasi-equity): Minority interest in high-risk ventures with high financial returns and developmental impact.
- Funding of R1m or more is available from the IDC.

Incentive Scheme	Description
IDC - Media and Motion Pictures Strategic Business Unit	<p>Provides funding in a number of sub-sectors of the motion picture and music value chain:</p> <ul style="list-style-type: none"> → Production of feature films, television shows and documentaries at the beginning of the value chain → Broadcasting (both television and radio); → Cinemas; → Production of local music; and → Alternative distribution systems (for feature films and music) using new technology.

SARS – Section 24F of the Income Tax Act grants a deduction of the production cost of a film to the film owner. It excludes any deductions for production costs under any other provisions of the Income Tax Act, providing for a film allowance instead. Section 24F also provides that a film owner may deduct a film allowance from his income.

General Arts Funding

Arts and Culture Trust (ACT) - It was established to secure financial and other resources for arts, culture and heritage; and to project the needs and role of the sector into the public domain. ACT's funding of organisational costs (including audits) has enabled organisations to later approach other funders. Multi-year funding has enabled some fledging organisations to grow and develop.

Business and Arts South Africa (BASA) Supporting Grant Scheme - BASA Supporting Grant scheme was created with the very specific goal of developing business sponsorship of the arts. Grants are only awarded to specifically add value to an already existing relationship between an arts project and a business (or several businesses).

National Arts Council (NAC) – tasked with promoting Arts and Culture in South African, NAC also provides project funding every year to projects that qualify through applications.

National Film and Video Foundation – provides funding as grants, investments or loans in the following

categories: Education and Training, Development Funding, Production Funding, Marketing and Distribution.

National Lottery - The National Lottery Distribution Trust Fund is a major contributor to Arts and Culture in South Africa. Although the Lottery is not funded through tax payer revenue, the National Lottery Distribution Trust Fund is ultimately led by government priorities. The government can in this way distribute money to sectors of the economy that it ordinarily could not afford to provide money for. This includes Arts and Culture, Sports and Recreation and Charities.

Implications for CCI trade:

- The Film and TV incentive has helped the Audio-Visual sector perform well and attract many international film and TV productions to South Africa
- The SA commercial and stills production industry has also benefitted from the international exposure as SA has become a reputable destination for not only Films and TV series but also commercials and stills
- SA possibly needs other targeted incentives to assist other sectors, where government support could unlock greater industry growth

8.2 SOUTH AFRICA – EU RELATIONS

In this section we look at the overall strategies and instruments of the EU to support trade in CCI goods and services as well as more specifically the SA and EU relations in this field. Recommendations are made on how to improve SA-EU trade and cooperation in the CCI sector.

8.2.1 CULTURE IN EU EXTERNAL RELATIONS

Culture in external relations has in recent years started to become a priority for the EU. More and more the EU is developing a strategic approach to culture in its international relations. It is no longer only just about culture, but also the wider political, economic and diplomatic context. Culture in external relations is linked with trade relations and the circulation of EU cultural goods and services, as well as with public diplomacy and image building. It is becoming an instrument for the EU to share its values with the rest of the world.

Currently the majority of cultural cooperation programmes with third countries are carried out by EU Member States - often with neighbouring countries or countries with which they have strong historic and economic links.

The EU itself also has a number of cultural cooperation programmes with third countries. It is focused on supporting and complementing the actions of its Member States by stimulating exchanges, dialogue and mutual understanding. It has various geographical and thematic programmes covering culture in various regions and countries around the world.

Following the adoption of the UNESCO Convention in 2005 the EU has started to become more active and it has introduced culture more prominently in its agreements with third countries – in a form of a Cultural Cooperation Protocol or a stand-alone agreement (for example the EU-Cariforum EPA, EU-South Korea Free Trade Agreement, EU-Central America Association Agreement, EU-Colombia/Peru

Trade Agreement). The EU also signed Joint Declarations on Cultural Cooperation with China, Brazil, Mexico and India.

Since the adoption of the Council Work Plan for Culture for 2011-2014 the EU-27 has started to discuss actively the added value of a joint strategy for culture in external relations. Several meetings have taken place with both the Ministries for Culture and the Ministries for Foreign Affairs. As a test case a specific expert group was set up in 2012 and in November 2012 they presented their guiding principles and recommendations for a strategy for the cultural relations between the EU and China.

In September 2012 the European Commission adopted its Communication on “Promoting Cultural and Creative Sector for Growth and Jobs in the EU”³⁵. The EC made it clear that the internationalisation and promotion of the export of the cultural and creative sector in EU was needed, as the EU was not very active in this field and globalisation and the digital shift was creating new opportunities and markets for the CCI sector outside of the EU. A specific working group was set up on CCI export and internationalisation and in February 2013 a first report was produced by the EC-funded European Expert Network on Culture (EENC) on “Mapping of Cultural and Creative Industry Export and the Internalisation Strategies in the EU Member States”³⁶. The EENC functions as a kind of think tank for the EC on culture.

This report identified around 230 bodies in the EU-27 involved in the export and internationalisation strategies of CCI. The bodies cover governmental, NGO, private and commercial relations, employment, business policy, entrepreneurship and innovation field. However it did not deal in any detail with individual countries outside the EU³⁷ and no real mention was made of trade relations with South Africa.

The report also lists 50 major trade events worldwide seen as important vectors for export promotion for CCI. The report recommended three key areas of action for the EU:

1. Identify and distribute best practices in regard to CCI exports in the EU
2. Set up a workplan to:
 - Co-ordinate and harmonise data collection frameworks and methods for the CCI sector between the EU, UN System of National Accounts (SNA) data, and the UNESCO 2009 Framework for Cultural Statistics.
 - Establish a common usage of the terms “Cultural and Creative Industries”.
3. Development of a policy for investment in CCI export development that also takes account of the EU regional, digital, IPR and cohesion agendas.

It is clear that the EU is still in its infancy stage with regard to developing its strategies and policies for culture in external relations as well as more specifically measures and actions for the internationalisation and export promotion of its CCI sector. A new momentum has been created and South Africa could be a good pilot case.

8.2.2. EU - South Africa Trade, Development and Co-operation Agreement (TDCA)

South Africa is the EU’s largest trading partner in Africa. In October 1999 SA and the EU signed a Trade, Development and Co-operation Agreement (TDCA)³⁸ which entered into force in May 2004. The TDCA

³⁵ http://ec.europa.eu/culture/our-policy-development/documents/com537_en.pdf

³⁶ This is not an official EC published report. <http://www.eenc.info/news/report-on-export-and-internationalisation-strategies-for-the-cultural-and-creative-industries/>

³⁷ South Africa gets one small reference on p.35 as a member of the ‘CIVETS’ group.

³⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1999:311:0003:0297:EN:PDF>

covers political dialogue, the establishment of a Free Trade Area (FTA), development co-operation, economic cooperation, and cooperation in a series of sectoral areas.

The liberalisation measures of the TDCA have been fully implemented in January 2012. There is now a FTA that covers 90% of the bilateral trade between the EU and SA and large part of it subject to preferential rates. According to the EC the trade in goods between the two partners has increased by more than 128% and the Foreign Direct Investment has grown five-fold since the TDCA was signed in 1999. Apart from the growth of the TV, Film and commercials industries in South Africa (including extensive expenditure from EU countries) as well as the market research element of trade in CCI services, the impact of the TDCA on growing CCI goods exports has been limited, given the growing trade deficit between South Africa and the EU.

The direct association between the growth in FDI and the TDCA is difficult to isolate, particularly with regards to specific investments, as the association between the investment and the provisions of the TDCA would need to be strongly made by the investor.

There have also been investigations into the implementation of specific trade agreements in relation to CCI but these studies have focused on the implementation measures, such as lowering of tariffs (e.g. Caricom³⁹), rather than attempting to demonstrate increased trade volumes associated with trade agreements.

There are a number of provisions that are of interest to the CCI in the TDCA and that should be taken into consideration when developing a new framework for EU-SA to improve trade and cooperation between the EU and SA in the CCI sector. Below the most relevant provisions have been listed:

- **FTA** – covers the free movement of goods in all sectors including the CCI sector (Art. 5). Exceptions can be made for goods possessing artistic, historic or archaeological value⁴⁰ or the protection of IPRs (for example prohibition or restrictions on imports). It also covers the liberalization of trade in services.
- **Classification of goods** – On the EU side the combined nomenclature of goods is set to apply to goods imported from SA, whereas SA would use the harmonized system for the classification of goods imported from the EU.
- **Intellectual property rights (IPRs)** – adequate and effective protection of IPRs in line with the highest international standards (WTO TRIPS Agreement). In case of problems consultations would be held between the government of SA and the EC. The EC also offered to provide technical assistance to prepare laws and regulations for the protection and enforcement of IPRs.
- **Statistics** – cooperation on the harmonization of statistical methods and practice to enable processing, according to mutually agreed bases, of data on trade in goods and services (Art. 49).
- **Culture** – promotion of knowledge and better understanding of the cultural diversities within SA and the EU (Art 85). Cooperation would focus on: preserving and enhancing cultural heritage; producing and distributing cultural goods and services; and cultural events and exchanges among institutions and associations from SA and the EU.
- **Press and audiovisual media** – support the development of an independent media sector. EU-SA cooperation would focus on training and exchange programmes for journalists and media

³⁹ http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/0/F3B58609A5D7C02DC12578AF004B66AB?OpenDocument

⁴⁰ To protect EU cultural goods the EU carries out uniform controls at its borders when cultural goods are being exported outside the EU (Council Regulation on the export of cultural goods). The exporter must present an export licence, which is issued by the competent EU country authority and is valid throughout the EU. The directive is complemented by a Council Directive on the return of cultural objects unlawfully removed from the territory of a Member State.

professionals; wider access to sources of information for the media; exchange of technical know-how and information; and the production of audiovisual programmes (Art. 88).

- **Tourism** – strengthening the development of a competitive tourism industry and thereby paying special attention to the preservation of cultural heritage (Art. 60).
- **Trade Development** – increase trade to improve the competitiveness of SA goods and services on international markets by drawing up trade development strategies. For example development of professional skills in the field of trade; know-how and technology transfer through investment and joint ventures; development of the private sector, in particular small and medium-sized enterprises engaged in trade; and establishment organisations concerned with the development of trade and support services (Art. 53).
- **Micro-enterprises and small and medium-sized enterprises** – develop and strengthen micro enterprises (MEs) and small and medium-sized enterprises (SMEs) in SA, as well as to promote cooperation between SMEs in the EU and in SA. For example assistance to set up of legal, administrative, institutional, technical, tax and financial frameworks and assistance in areas such as financing, skills training, technology and marketing (art. 54).
- **ICT** – Communication in this context also encompasses broadcasting. Cooperation will cover among others the development of information society policies and technical assistance (Art. 55).

At present the EC and the SA government are not specifically looking at the CCI in their mandates to further implement the TDCA Agreement or their Strategic Partnership. However there is an interest on the side of the SA government. Also the EU Delegation in SA has indicated that they are open to further collaboration.

8.2.3 EU-South Africa Strategic Partnership

Recognising the key role that SA plays in the southern African region, on the African continent and on the international scene, the EC in its Communication to the Council on 28 June 2006 proposed an EU-SA Strategic Partnership. The EU has Strategic Partnerships with ten countries around the world (Brazil, Canada, China, India, Japan, Mexico, Russia, South Africa, South Korea and the United States). These are the countries that play a critical role for the EU's relations with pivotal global and regional powers. The EU-SA Joint Cooperation Council adopted this proposal in November 2006. This was followed by a Joint Action Plan⁴¹ adopted during the EU-SA Ministerial meeting held in May 2007 in Brussels. The Joint Action Plan also made reference to culture cooperation and stated that a dialogue on cultural cooperation could be developed on the basis of the UNESCO Convention.

At the moment there is no EU-SA Policy Dialogue on Culture, although there is talk of establishing one in the future. It is a mid-term objective that has to be supported by both DG EAC of the EC and the South African Ministry of Culture. Last year the EU and SA signed an agreement to set up an Education Policy Dialogue. Specific EU policies and activities on culture and SA are therefore limited at the moment and culture is mainly being mainstreamed into other policy areas such as for example the Youth Empowerment Programme⁴².

On 18 September 2012 the fifth EU-SA Summit took place in Brussels. The leaders of the EU and SA reaffirmed their commitment to a Strategic Partnership. References were made to trade, economic growth, people to people cooperation, but no specific mention was made to the trade and cooperation

⁴¹ <http://register.consilium.europa.eu/pdf/en/07/st09/st09650.en07.pdf>

⁴² Interview with Augustin B. Tshiani of DG DEVCO of the EC - Cooperation Officer for South Africa Private Sector Development & Debt Thematic Support

in the CCI sector despite the fact that in 2012 SA had been the eligible third country for the EC Culture Programme.

At present EU-SA cooperation is focused mainly on the “traditional” forms of cultural collaboration and no specific measures are being taken to promote trade in the CCI sector. There is scope for improvement, in particular if the CCI sector is mainstreamed in other trade policy areas of the EU. It should be highlighted here that CCI are essentially SMEs and that under the SMEs schemes there is the possibility to develop interesting business match-making and promotional events for the CCI.

As mentioned above the EU policy for the internationalisation and export of the CCI is changing. For example in China the EU has developed with the Chinese Ministry for Commerce the EU and China Trade Programme (EUCTP), which for the first time has also covered the CCI in its services sector component. Recently the Commissioner for Enterprise Policy, Mr Tajani, was accompanied by SMEs from the creative sector - notably the fashion sector - on his mission to Latin America.

8.2.4 Cotonou Agreement and its European Partnership Agreements (EPAs) and other trade agreements of the EU dealing with the CCI sector

The **Cotonou Agreement**⁴³ is the most comprehensive partnership agreement between developing countries and the EU. Since 2000, it has been the framework for the EU’s relations with **79 countries from Africa, the Caribbean and the Pacific (ACP)**. The European Partnership Agreements are the trade pillar of the Cotonou Agreement.

SA is a contracting party of the Cotonou Agreement, but not all its provisions apply to the cooperation between SA and the EU (Protocol 3). The TDCA takes precedence over the Cotonou Agreement. The provisions on economic and trade cooperation of the Cotonou Agreement do not apply to SA and SA has not been granted the same preferential trade arrangements as the other ACP countries. The Cotonou Agreement does however permit SA to negotiate and sign one of the European Partnership Agreements (EPAs) provided in the agreement.

In February 2007 South Africa joined the countries of the Southern African Development Community (SADC) to negotiate an EPA with the EU. This EPA does not have a Cultural Protocol attached to it. Botswana, Lesotho, Swaziland and Mozambique signed an interim or “stepping stone” EPA with the EU in 2009. Namibia initialled an EPA with the EU in 2007, but has not signed it yet. SA, however, has opted not to sign an EPA at this stage as its trade relations with the EU are governed by the TDCA.

The TDCA and the Strategic Partnership thus remains the main framework for the EU and SA to engage on trade in the CCI sector, as no new steps have been taken to bring cooperation and trade in the CCI to the next level through the signing of a new trade agreement or the signing of a Joint Declaration on Cultural Cooperation.

The recent agreements signed by the EU such as the EU-Cariforum EPA, the EU-South Korea Free Trade Agreement and the EU-Central America Association Agreement have incorporated more provisions on trade in the CCI and attached Protocols on Cultural Cooperation. The level of trade commitments made by the trading partners are decided on a case by case basis and tend to be in line with the level of development of each of their CCI sector. For example the EU made more commitments in the agreements with Cariforum and Central America than in the FTA with South Korea, as the South Korea has a well

developed audiovisual sector (in particular its animation sector) and the European audiovisual sector took a defensive position.

The EC has signed Joint Declarations on Cultural Cooperation with four of its ten Strategic Partners - China, Brazil, Mexico and India. Although these declarations have mainly lead to the set-up of Policy Dialogues between EC officials and national government officials, they have also lead to projects to foster more cooperation in CCI between private stakeholders. It is an option to follow if no trade agreement is being negotiated, although EU Member States are more reluctant as it gives the EU more competence indirectly to deal with the CCI in trade and cooperation matters.

With Japan, Canada, India, Russia and the USA the EU is currently negotiating new trade agreements and the CCI are part of the negotiations. The EC has already indicated that in its negotiations with the USA it will exclude the audiovisual sector i.e. that it will not provide any market access commitments (“cultural exception” clause), thereby excluding the US film industry from access to film subsidies in the EU Member States. The EU has indicated that it wishes to renegotiate the Free Trade Agreement that was signed with Mexico in 2000.

At this point in time it can be stated that the EU is actively improving or addressing trade and cooperation in the CCI sector in nine out of the ten countries with which it has a Strategic Partnership. South Africa should thus be the next in line to improve its cooperation in the CCI sector.

See Appendix F – Point 3 for more information on the EU and culture in its external relations.

8.2.5 EU Funding Resources for the Cultural and Creative Sector in South Africa

There is no specific EU financing instrument for culture in SA. It is being mainstreamed into other programmes for SA. The EU provides the following funding resources to finance projects and activities for the cultural and creative sector:

- 1. Youth Empowerment Programme** – The second component of the Youth Empowerment Programme (2007-2013) provides a budget of EUR 10 million to support civil society organisations in the field of culture, arts and sport, to include youth as drivers in social and economic development in South Africa. A call for proposals was launched by the EU Delegation in 2011, in cooperation with the Department of Arts and Culture (DAC). Young people aged between 14 and 35 are the target group, with a particular focus on disadvantaged youth, including juvenile offenders, young persons with disabilities and those in rural areas. Six projects received grants for a total amount of EUR 2.095.000 covering activities carried out jointly by SA and EU NGOs:
 - o Arts and sports as a form of social cohesion for vulnerable youth of Cape Town (visual and performing arts, radio activities and sports).
 - o Youth empowerment through skills development and strengthening of cultural identities (cultural heritage, tourism itineraries, crafts).
 - o Promoting and expanding capabilities of youth from 20 townships in Soweto, Westrand and Durban to improve their life skills and contribute positively to development of communities through arts and culture (dance, music, poetry, sculpture, painting and theater).
 - o Film and TV production incubator and regional production hubs.
 - o Siyakhana: youth empowerment through arts and life skills in correctional facilities

⁴³ http://ec.europa.eu/europeaid/where/acp/overview/documents/devco-cotonou-consol-europe-aid-2012_en.pdf

- (theater and soccer).
- o Using classical indigenous music and jazz to unite communities.

2. Investing in People – is a thematic programme aimed improving human and social development levels in partner countries in accordance with the UN Millennium Declaration and the Millennium Development Goals (MDGs). It promotes:

- intercultural dialogue
- cultural diversity
- cultural sector as a promising economic instrument for sustainable development and growth.

It has a budget of EUR 50 million. The last call was launched in 2012. An example of a project recently financed with a grant of EUR 400.000 is a partnership between SA and Zimbabwe’s cultural and creative industries and civil societies on the importance of culture for development.

3. ACP Culture + Programme – is part of the EU’s partnership with the ACP countries, established under the Cotonou Agreement and a component of the Africa-EU Joint Strategy partnership. It is funded under the European Development Fund (EDF) and has a budget of EUR 30 million for the period 2011-2018. The programme supports:

- creation and production of goods and services in all cultural sectors, including the film industry
- better access to local, regional, intra-ACP, European and international markets
- capacity-building of cultural stakeholders, operators and entrepreneurs
- improved legal environment for culture in the ACP States.

The second call for proposals was launched in 2012. SA operators may participate in projects as applicants or partners. However, actions carried out in SA cannot receive funding⁴⁴.

4. EC Culture Programme – in 2012 SA was the eligible third country for the Strand 1.3.5. “Cooperation Projects with Third Countries”. Eight projects were selected⁴⁵.

5. Media Mundus – is programme supporting cooperation between audiovisual professionals in Europe and the rest of the world. Besides fostering the exchange of information and networking, the programme seeks to improve access to foreign markets and the distribution and circulation of films worldwide, so that more audiences have the chance to see films from around the world. It has a budget of EUR 15 million from 2011-13.

6. Industrialised Countries Instrument Plus (ICI Plus) Programme – is a programme for cooperation with industrialised countries. Since 2011 SA can also make use of this financial instrument. It is also aimed at serving EU interests in foreign countries and can be used to support the CCI, intercultural dialogues, organise festivals and conferences for the cultural and creative sector.

See Appendix F – Point 2 for information on the EU’s policy on Culture and programmes for the CCI in the European Union.

8.2.6 Lessons from the EU-SA relations in the CCI

- Both the EU and SA are interested in developing new strategies and policies to promote the

⁴⁴ Article 4(3) of Protocol 3 to the Cotonou Agreement, on South Africa, states: ‘South African natural or legal persons shall be eligible for award of contracts financed from the financial resources provided for under this Agreement. In this respect, South African natural or legal persons shall, however, not enjoy the preferences accorded to natural and legal persons from ACP States.’

⁴⁵ http://eacea.ec.europa.eu/culture/funding/2012/selection/documents/strand_1-3-5/1-list_of_projects_selected_for_funding.pdf and the description of the selected projects: http://eacea.ec.europa.eu/culture/funding/2012/selection/documents/strand_1-3-5/2-selected_projects_description.pdf

export and internationalisation of their CCI sector.

- South Africa is one of the ten Strategic Partners of the EU. These are the countries that play a critical role for the EU’s relations with pivotal global and regional powers. South Africa is one of the few Strategic Partners of the EU with which it is not actively addressing cooperation and trade in the CCI sector in its trade relations.
- The EU-SA TDCA covers culture in Article 85. The agreement also includes a number of other areas of relevance to the CCI such as intellectual property rights, audio visual media, tourism, ICT, micro enterprises and small and medium enterprises, trade development and statistics. Thus the EU and SA have a legal basis to develop a programme to increase trade and cooperation in the CCI sector.
- The TDCA was signed in 1999 before the adoption of the UNESCO Convention in 2005. It no longer reflects the current EU trade policy to cover the cultural and creative sector more extensively in its agreements and relations with third countries.
- There is currently no EU-SA Policy Dialogue for Culture or other bilateral framework to deal with the CCI sector, whereas the Joint Action Plan adopted in 2007 did foresee the set-up of a dialogue. In the meantime the EU and SA signed an agreement in 2012 for the establishment of an Education Policy Dialogue.
- No specific EU funding resources are available for the cultural and creative sector in SA. At present CCI are being mainstreamed in other financing instruments to develop the sector in SA and also improve cooperation with the CCI in the EU.
- SA cannot fully benefit from the EDF to develop its CCI sector, as not all the provisions of the Cotonou Agreement apply to the cooperation between South Africa and the EU. The new ICI Plus programme of the EU for SA provides new funding opportunities and will permit the EU Delegation in SA to focus more on the CCI.

KEY FINDINGS ON CURRENT POLICY AND SUPPORT ENVIRONMENT

There is a currently disjointed effort with regards to supporting and promoting South Africa’s CCI. The different organisations and different government departments have different objectives within their mandates and this has led to improved funding in particular areas (e.g. Film and TV) but some neglect in others. There is also a lack of government support for the collection of data, particularly on trade in services. There are no policy measures to encourage survey data collection for trade in services. With regards to South Africa’s relations with the EU, the TDCA currently does not make strong enough reference to CCI and developing the sector in South Africa. There needs to be a concerted effort to engage with the EU in order for South Africa to receive more financial (and other) support for its CCI. The support environment surrounding intellectual property is currently inadequate and South Africa’s trade deficit with regards to IP related products and services is a clear sign of this.

#09 LESSONS FROM INTERNATIONAL BENCHMARKS

This chapter provides a summary of the international benchmarks examined. The overview of each benchmark looked at the government support (including policy, legislation and incentives – where applicable) for CCI, the data gathering methods and the government departments/agencies responsible for this for both goods and services, and lastly the lessons that each benchmark have for South Africa.

For further information on benchmarks, please see Appendix F.

Table 22: EU benchmark summary

EUROPEAN UNION	
Policy, regulation and legislative support	<ul style="list-style-type: none"> • Culture is primarily the responsibility of the EU Member States of the EU. The EU has the role to support and complement the actions of its Member States by stimulating exchanges, dialogue and mutual understanding. The EU is revising its strategies and policies to cover the CCI in its external relations, including its trade relations with third countries. • EU policies and legislative support on CCI is laid down in: <ul style="list-style-type: none"> – Lisbon Treaty of 2007 – UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 2005 – EC Communication on “European Agenda for Culture in a Globalising World” of 2007 – 2011-2014 Council Work Plan for Culture of 2010 – EC Green Paper on “Unlocking the Potential of CCI” of 2010 – Europe 2020 Strategy to deliver smart sustainable and inclusive growth – EC Digital Agenda for Europe of 2010 and reviewed in 2012 – EC Communication on Content in Digital Single Market of 2012 – EC Communication “Promoting Cultural and Creative Sector for Growth and Jobs in the EU” of 2012 – EU Directives on the protection and enforcement of copyright and related rights and trademarks • Directorate Generals of the EC in charge of CCI <ul style="list-style-type: none"> – DG Education and Culture – DG Internal Market – DG Connect – DG Enterprise – DG Regional Policy – DG Trade – DG AIDCO • Trade and Cooperation Agreements and Joint Declarations on Cultural Cooperation with third countries (Cariforum, South Korean, Central America, Peru/Colombia, China, Brazil, Mexico and India)
Agency gathering data on trade in goods + classification for measurement	<ul style="list-style-type: none"> • EUROSTAT • Comext database • European Pocketbook on Cultural Statistics of 2011 <ul style="list-style-type: none"> – Includes trade flows (intra/extra EU) of cultural goods, but only of tangible goods, available on a monthly or annual basis – Excludes external trade in intangible products such as royalties and licenses • HS classification comprising Combined Nomenclature (CN)
Gov Department/ Agency gathering data on trade in services + method + measurement tool	<ul style="list-style-type: none"> • EUROSTAT • Balance of payments database • Includes creative and cultural services and licenses and royalties • Member States submit annually data on BoP, international TiS and foreign direct investment to EUROSTAT; data collection and compilation are country specific (for e.g. surveys, direct reporting system, settlements) • BPM5 classification, EBOPS, UN Manual on Statistics of International Trade, • BPM6 (2014)

EUROPEAN UNION	
Gov Department/ Agency gathering data on trade in goods + services classification for measurement	<ul style="list-style-type: none"> • EUROSTAT • European Statistical System Network on Culture (ESS-net-Culture) • New classification of cultural domains assessed to cultural functions considering both, monetary and non-monetary trade and dissemination of cultural goods and services
Lessons for SA	<ul style="list-style-type: none"> • Need to negotiate a new framework for EU-SA trade and cooperation for the CCI sector using the TDCA, UNESCO Convention and the Strategic Partnership as a legal basis. • Develop a EU-SA strategy for the internationalisation and export promotion of CCI • Statistical data gathering policy for CCI: <ul style="list-style-type: none"> – Comext lacks capture of non-monetary exchanges – BoP completes Comext but lacks detailed classification that could allow extraction of specific information – ESS-net-Culture provides recommendable framework to be used in trade statistics: Provides far more detailed information covering all relevant cultural and creative sectors and activities • Individual EU Member States provide at short term best examples for collection of trade data

The EU benchmark - together with the USA benchmark - are the best examples for South Africa to look at emulating in the long-term. The government support provided and the data collection frameworks provide an excellent environment for CCI trade to flourish in. In terms of the government support, the enforcement of strong policies and strategies protecting the rights of CCI is a key feature. In terms of the data gathering frameworks, the use of surveys to collect data on both goods and services is what makes the statistical outputs so much more comprehensive and useful.

Table 23: USA benchmark summary

COUNTRY	USA
Policy, regulation and legislative support	<ul style="list-style-type: none"> • US protects CCI primarily through a series of targeted pieces of legislation including (but not limited to): <ul style="list-style-type: none"> – Copyright Act of 1976 – U.S. Patent Law – U.S. Trademark Law – American Inventors Protection Act of 1999 – Intellectual Property Enforcement Act of 2007 – Economic Espionage Act of 1996 – PRO-IP Act - Prioritizing Resources and Organization for Intellectual Property Act of 2008 – Digital Performance Right in Sound Recordings Act, – Performance Rights Act • Government departments/agencies in charge of safeguarding US IP <ul style="list-style-type: none"> – US Copyright Office – US Patent and Trademark Office (USPTO) helps protect US IP in partnership with the Department of Commerce – at a Federal Level • State government also plays a role at a regional level • Differentiated incentives per state • Film Production Incentives & Credit Program
Gov Department/ Agency gathering data on trade in goods (method) + classification for measurement	<ul style="list-style-type: none"> • U.S. Census Bureau • Bureau of Economic Analysis (BEA) • Exports are compiled from Shippers’ Export Declarations. Imports are compiled from the US Custom Services’ Automated Commercial System (ACS). • HS classification

COUNTRY	USA
Gov Department/ Agency gathering data on trade in services (method) (measurement)	<ul style="list-style-type: none"> • US Census Bureau • Bureau of Economic Analysis (BEA) uses Census info to compile statistics • Department of the Treasury, the Federal Reserve Board, other US government agencies, international organizations, foreign statistical agencies, and industry and trade associations. • BEA conducts its own surveys for most services and for income and financial flows data relating to direct investment. • BPM5 classification
Lessons for SA	<ul style="list-style-type: none"> • Survey results provide greatest detail • Tailored surveys • Strong IP policy • Strong data gathering policy

Table 24: Mexico benchmark summary

COUNTRY	MEXICO
Policy, regulation and legislative support	<ul style="list-style-type: none"> • Preferred commercial conditions, like tariff exclusion for import of temporary equipment, derived from the country's trade agreements and treaties, like the North American Free Trade Agreement (NAFTA) • Integration of a national chain of industry provider services. • Creation of an exportable creative projects portfolio • Schemes to promote protection of intellectual property • Financial incentives: <ul style="list-style-type: none"> – EFICINE - fiscal stimulus (rebate) granted to taxpayers of Income tax (ISR), who invested in local cinematographic production. The above mentioned stimulus grants up to 10% of the ISR caused in the previous immediate fiscal year, with a maximum ceiling of 20m pesos. – FIDECINE - Fund of Investment and Stimuli to Filmmaking (FIDECINE) is a support trusteeship for production, postproduction, distribution and exhibition of fiction or animation feature films, granting financial via capital risk and credit schemes. – FOPROCINE - Fund for Quality Cinematographic Production (FOPROCINE) is a trusteeship with support calls for production or postproduction of fiction, or documentary and/or animation feature films, including providing grants through: Capital risk, Credits, Guarantees, Promotion, Recognition to the efficiency. – PROAUDIOVISUAL FUND (Fund PROAV) As a complement to the 10% return of the VAT, the PROAUDIOVISUAL Fund grants to foreign and local film and audio-visual productions an incentive of up to 7.5 % on the whole of eligible expenses incurred and invoiced in Mexico – PROSOFT - The fund is meant to support a variety of activities such as education and development of human resources, technological innovation and development, processes capacity and quality, productive projects, as well as promotion and marketing among other – CONACYT (National Council on Science and Technology) support important investment required for equipment, licensing, training and R&D for audio-visual enterprises and projects focusing on digital media production.
Gov Department/ Agency gathering data on trade in goods (method) + classification for measurement	<ul style="list-style-type: none"> • Compiled jointly by INEGI and the Bank of Mexico. • Trade statistics are compiled according to the system of general trade. Imports are valued freight on board (fob) place of direct shipment to Mexico. Exports are valued at fob port of exit.

COUNTRY	MEXICO
Gov Department/ Agency gathering data on trade in services (method) (measurement)	<ul style="list-style-type: none"> • The Bank of Mexico • Customs documents for goods trade. • Surveys for travel, other services, compensation of employees, direct investment income and nonbank private debt. • Administrative records for transfers • BPM5
Lessons for SA	<ul style="list-style-type: none"> • Strong government support (both policy and financial for CCI exporters and international investors in CCI in Mexico)

Table 25: Colombia benchmark summary

COUNTRY	COLUMBIA
Policy, regulation and legislative support	<ul style="list-style-type: none"> • General Law on Culture (1997) • National Plan on Culture - Towards a cultural democratic citizenship 2001- 2010. • The CONPES 3162 of 2002, "Guidelines for sustainability of the National Plan on Culture 2001-2010"
Gov Department/ Agency gathering data on trade in goods (method) + classification for measurement	<ul style="list-style-type: none"> • National Tax and Customs Office (DIAN) issues the foreign trade figures • NANDINA Harmonized Tariff Code (Harmonized system adopted for ANDEAN member countries according to Decision 381 of 1995 of the Cartagena Agreement) - eight-digit code – used to classify exports and imports
Gov Department/ Agency gathering data on trade in services (method) (measurement)	<ul style="list-style-type: none"> • Although DIAN publishes the foreign trade figures to an aggregate level, the Central Bank and the National Statistics Department (DANE) process these data for their own purposes. • DANE publishes aggregate figures in the national income accounts • Central Bank uses and adjusts these data to include them in the balance of payments accounts and in the currency balance • BPM5
Lessons for SA	<ul style="list-style-type: none"> • Colombia has supported CCI strongly, particularly through government agencies and through the cultural satellite account.

Table 26: Kenya benchmark summary

COUNTRY	KENYA
Policy, regulation and legislative support	<ul style="list-style-type: none"> Few policies to support the creative industry but various strategies have been designed: National Intellectual Property Policy and Strategy for Kenya Kenya Copyright Board Strategic Plan (2009-2012) Roadmap for Kenya’s Creative Industry (proposed by IBM) Kenya Vision 2030 National Intellectual Property Policy and Strategy for Kenya <p>Film Industry is growing & prominent but lacks policy & support (incentives)</p>
Gov Department/ Agency gathering data on trade in goods (method) + classification for measurement	<ul style="list-style-type: none"> Kenya National Bureau of Statistics HS classification
Gov Department/ Agency gathering data on trade in services (method) (measurement)	<ul style="list-style-type: none"> Central Bank of Kenya, Kenya National Bureau of Statistics <p>Foreign Investment Survey – FDI shows similarities to imports of services (FATS BPM5)</p>
Lessons for SA	<ul style="list-style-type: none"> Strong government support through policy

Table 27: Egypt benchmark summary

COUNTRY	EGYPT
Policy, regulation and legislative support	<ul style="list-style-type: none"> Film Industry, creation of EMPC’s Cinema City in 2000; free zone, exempting all project imports from taxes, custom duties, and tariffs. Number of arrangements ranging from facility rental agreements to profit-sharing and co-production schemes.
Gov Department/ Agency gathering data on trade in goods (method) + classification for measurement	<ul style="list-style-type: none"> Central Agency for Public Mobilization And Statistics (CAPMAS), the Ministry of Economic Development, the MOF and the CBE HS classification
Gov Department/ Agency gathering data on trade in services (method) (measurement)	<ul style="list-style-type: none"> Central Bank of Egypt (CBE) BPM5
Lessons for SA	<ul style="list-style-type: none"> Historical importance of cultural industries has been entrenched SA needs to build this kind of entrenched knowledge and appreciation for South African creative & cultural history

Overall, the USA and the EU can be looked as the best examples of how data gathering frameworks can be established to collect extensive trade data. These data gathering frameworks would be expensive to undertake but over time, South African should aspire to use these kinds of methods.

The use of surveys is one such method, which should be adopted in the short- to medium-term, particularly in trying to develop better data on the trade in services and specifically the trade in CCI services.

#10 RECOMMENDATIONS

10.1

DEFINITIONS AND CLASSIFICATION OF CREATIVE & CULTURAL INDUSTRIES IN SOUTH AFRICA

The UNCTAD definition of the Creative Economy is still a work in progress but its strength is that it is being developed to be internationally comparable. The development of the UNCTAD classifications are also done in consultation with working groups and with expert input. Although, there are other methods to define and measure the trade in CCI goods and services, the UNCTAD definition gives the countries adopting this measure, a recognised and comparable measure.

Defining the creative and cultural industries in South Africa is best done in line with international approaches. We recommend that the UNCTAD definition be adopted and in order to do this, there will need to be consensus. Definitional issues for the sector overall - and in terms of trade - will need to be discussed amongst CCI stakeholders and a definition adopted for use across all of government, ideally supported by industry.

10.2

DATA COLLECTION

10.2.1 Goods

The current data collection methods for trade in CCI goods needs is adequate, given that SARS’ customs and excise process of recording exports and imports is thorough.

The data collection framework can also be bolstered by the inclusion of surveys, which would be used in addition to SARS data to make comparisons and to fills gaps in knowledge of specific products trades, the profile of exporters, and informal trade.

10.2.2 Services

Given that the South African government, and the agencies responsible for data collection (namely SARB, SARS and StatsSA), do not currently have plans to implement any further detail on trade in services statistics than BPM6, it is advisable that a new approach is investigated to collect CCI services data. The best information will be drawn out of survey data. Surveys can assist in developing very rich information on a particular business or sector but it also has its shortcomings in that it can be time-consuming and expensive.

The Commercial Producer’s Association of South Africa (CPASA) has produced an annual survey for the past few years and it provides useful lessons into the value of surveys as a data gathering method.

Lessons learnt from CPASA Annual Survey

- Industry Association has credibility amongst members
- Industry Association is best suited to communicate with members and improve survey questions and survey
- Cost can be a restrictive factor in carrying out the survey
- Survey has drawn very useful information about the industry
- Survey results give the association a powerful tool to negotiate for interests of the industry

The Commercial Producers Industry Survey

The Commercial Producers Association of South Africa (CPASA) is the industry association representing commercial producers in South Africa (excluding stills producers).

The CPASA conducts an annual survey to measure developments in the commercial production sector and to describe the commercial production industry in South Africa. The objectives of the survey are to track changes in turnover, and expenditure as it relates to specific production cost items; determine the size of commercial production in the overall film industry, and the size of investments made in the remainder of the commercial production supply/value chain by the industry; provide information required to lobby Government and other stakeholders for support when required.

Within the context of these objectives, the CPASA survey also manages to provide a good picture of the export levels of the industry, by showing turnover from international commercials and co-productions. This is also broken down by partner country.

The CPASA's 2012 survey had a sample of 42 companies involved. This does not represent the entire association or the whole industry. There are 57 members of the CPASA listed on their website and the CPASA may also not represent all companies in the industry. Nevertheless this survey provides very good insight into the industry and its economic contribution.

Lessons learnt

Despite the figures not providing a complete view of the industry (sub-sector), the methodology used and the lessons learnt from this survey are very valuable in making recommendations for other sub-sectors.

Firstly, because it is a survey conducted by the industry association, it has credibility and members are more likely to participate. The Association can also communicate with its members to improve the questions and the process of collecting the disseminating the information.

The survey is quite extensive and there are 31 questions, some of them including sub-questions. The survey is also quite expensive, in terms of it being a significant share of an industry association's annual expenditure – R80,000. Although this may be too much money for certain organisations to spend, an allocation of the annual budget of other industry associations could be set aside to collect certain pieces of information. Although the CPASA survey has 31 questions, not all of these are necessary to gain the most vital information.

The survey results have also give association a powerful tool to promote the industry.

The most appropriate use of surveys in response to these shortcomings, as well as the differing nature of the different CCI sectors, is to use brief surveys, which can preferably be sent and returned via email, online or possibly through cell phone text-based (USSD) responses.

There should be a shorter number of questions that gather information, which can be used to gauge:

- Nature of business
- Economic contribution of sector to the economy
- Employment in the sector
- Goods and/or services exported by businesses in the sector

This can be achieved through asking simple questions, such as:

- Type of product or service produced – nature of business (which sector/sub-sector does the business fall into)
- Annual turnover – economic contribution
- Number of permanent and contract/freelance employees - employment
- Percentage of products or services distributed to international clients - exports
- Amount of money spent on international inputs (services/goods) in producing final product - imports

The development of industry surveys by industry associations is also dependent on the good reputation of the industry associations themselves. If an industry association does not properly represent its members and if their members do not believe that they are reputable a representative for their business, then that industry association is likely to be an ineffective coordinator of a survey. In addition, some sub-sectors do not have national associations in place, e.g. design and craft. In some of these cases it may be best for donors and/or research institutes (including universities) to get involved in carrying out some of these surveys.

It would be advisable to develop the strength of the surveys over time. The surveys can start out as a shorter, more simply set out questionnaire, administered by a donor agency. The questions should also be as standardised as far as possible (with certain allowances for questions that need to take into account the different nature of businesses across the spectrum of CCI). Given the lack of government and industry resources available for data gathering, the international donors could potentially play a vital role in the first few years of data gathering. As the CCI businesses start to recognise the value in the survey, industry associations can possibly take over the survey responsibility and can involve the national data gathering agencies (SARS, SARB and/or StatsSA). Lastly it might also be advisable to partner with an academic institution or research institute, such as the HSRC.

In terms of the costs involved, investigations and previous work has revealed that the cost of a mobile phone based or online survey would be approximately R30 to R50 per respondent, which includes the delivery of surveys, collection of the survey data, and the processing of the data into more digestible tables and/or graphs. If one looks at a good sample size of around 4,000 respondents, the total cost would be around R200,000. Prior to the survey there would need to be a process of developing a survey respondent database and this should be a thorough process. After the survey is complete, there should also be analysis of the results. In total cost this survey could cost less than R500,000. In terms of an ongoing survey, the cost could be reduced by allocating responsibility to a university or lead industry association. Once a formal survey system is in place, it should also be cheaper for the industry associations to carry out the survey because the cost of setting up the survey would be removed. There would, however, still need to be resources allocated to this agency or research institute to cover their expenses.

The idea of a cultural observatory or cultural satellite account needs to be re-examined in partnership with the HSRC (which previously did a study on the possible creation of an observatory), DAC and StatsSA (which is in the process of developing an ICT satellite account at present). If the survey is undertaken and the methodology improved, it could possibly be the foundation for a creative and cultural industry satellite account.

Additional work could also be done to support information sharing and consultation with other African countries to support development of comparable CCI reporting systems across the continent.

10.3 **POLICY AND GOVERNMENT SUPPORT FOR PROMOTING TRADE IN CCI GOODS & SERVICES**

10.3.1 South African policy

The general support environment for CCI industries has improved in many ways in the last decade with, for example, a dedicated sector desk at the dti's IDD, as well as dedicated incentives for particular sectors such as Film and TV.

There is, however, scope to refine and further develop the policy and government support surrounding CCI trade statistics as well as the support for promoting exports of CCI goods and services (including the internationalisation of CCI businesses).

It is firstly necessary to refine the current policies concerning the trade in CCI goods and services. One weak point of the White Paper on Arts and Culture, in the section on international cultural cooperation is that it only focuses cultural exchanges for artists and not on the export and internationalization of the South African CCIs as a whole (i.e. as an important export sector of the economy). This kind of refinement needs to be built into new policy recommendations.

A review of eligibility and systems of funding and incentives to improve coverage of CCIs would also be valuable, in particular EMIA coverage of CCI sub-sectors and services exports.

Institutional strengthening to address gaps in support for CCIs through industry and export support structures would also improve the likelihood of export growth. This could include both strengthening existing bodies or developing umbrella bodies, as well as developing well-capacitated and representative structures where none exist, such as in design and craft.

The development of new - or improving existing - industry bodies/associations is likely to be more sustainable approach for promoting export growth and receiving assistance from the government. There is currently uncertainty of the potential for the growth in the number and level of aggregation of export councils; however, it is likely that they will be more aggregated in future given the limited resources. There may be merit in exploring the viability of a creative industries export council in consultation with the dti sector desk and TISA. EMIA funding is available to individual companies and industry associations can help their members access this funding.

10.3.2 SA-EU agreements

The following is recommended:

1. The EU and SA should use the cultural and CCI related provisions of the TDCA and its

Strategic Partnership as a legal basis to formulate a new strategy to make the CCI sector a priority. In both the EU and SA the CCI should be recognized as an economic sector contributing to trade, innovation, sustainable growth, employment and social cohesion

2. A new EU-SA framework for the CCI needs to be developed reflecting the most recent strategies, policies and activities of the EU for the CCI in its trade and cooperation agreements and external relations with third countries. In particular the trade agreements and joint declarations signed and the activities undertaken by the EU after the adoption of the UNESCO Convention in 2005.

The framework should also take into account the recent the policy directions and activities undertaken by the Council and EC for the internationalisation and export promotion of its CCI. In particular it should examine the best practices of the EU-27 for the export and internationalisation of the CCI and see if they can be used to promote trade and cooperation between the EU and South Africa.

3. The new framework should consist of the following elements:

- EU-SA Policy Dialogue for CCI Sector (EC officials and SA government officials)
- EU-SA Platform for the CCI Sector (public and private stakeholders)
- Programme to increase trade and cooperation for the CCI sector between the EU and SA
- Review current EU funding resources for the CCI and ensure that they are better mainstreamed into the existing and future financial instruments for SA.

4. Specific topics to be covered:

Data Collection

- The EU and SA should have an exchange of information on the development of an adequate system and methodology for the collection of trade statistics for the CCI, particular on the systems and methodology used by a number of EU Member States. The results of the final report of the European Statistical System network on culture (ESSnet culture) could be used as a basis of discussion as they are proposing a new European framework for cultural statistics that will also cover cultural export and import statistics. The discussions should in particular focus of EU-SA trade statistics for CCI and the development of a common definition for the sectors covered by the CCI.

Export and Internationalisation Strategy, Policies and Actions

- Exchange and share best practices of the EU Member States for the export and internationalisation of the CCI that could enhance EU-SA trade and develop a model for EU-SA trade. Currently over 230 bodies in the EU Member States are involved in the export and internationalisation of CCI. A mapping should first be carried out to determine to what extent these bodies are focusing on South Africa and which measures need to be taken to increase trade and cooperation with South Africa.
- Mapping of the state of play in a selected number of CCI sectors involved in EU-SA trade. Discussions should take place on how best to drive the added value of EU/SA trade and cooperation in these selected CCI sectors. Joint EU-SA activities should be

demand driven and evidence based.

- Exchange of information on trade fairs and festivals in the EU and SA for the CCI and the organisation of matchmaking events in the EU and SA alongside these trade fairs and festivals.
- Bring EU and SA regions and cities together to discuss cooperation (for example joint events, clusters and incubators for the CCI).
- Development of general entrepreneurial skills for artists and cultural operators to allow them to operate at international level.
- Training on IPR protection and enforcement for CCI to facilitate international business development.

5. In the EU Delegation a specific person should be made responsible for developing EU-SA trade and cooperation for the CCI sector.

#11 WAY FORWARD

It is suggested that the findings and recommendations of this project be considered by the Cultural Trade Working Group with a view to identifying any actions that could be implemented.

APPENDIX A: ALL PRODUCT CODES PER SECTOR AND SUB-SECTOR LISTED UNDER UNCTAD CLASSIFICATION

DESCRIPTION	
Carpets	
570110	Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made-up
570190	Carpets and other textile floor coverings, of textile materials, knotted, whether or not made-up (excl. those of wool or fine animal hair)
570210	Kelem, Schumacks, Karamanie and similar handwoven rugs, whether or not made-up
570220	Floor coverings of coconut fibres "coir", woven, whether or not made-up
570231	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570232	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570239	Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs, and floor coverings of coconut fibre...)
570241	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction, made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs, plus Axminster and Wilton carpets)
570242	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction, made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570249	Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs, and floor coverings of coconut fibre...)
570251	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, not of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570252	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, not of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570259	Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, not of pile construction, not made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs, and floor coverings of coconut f...)
570291	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, not of pile construction, made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)

DESCRIPTION	
570292	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, not of pile construction, made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs)
570299	Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, not of pile construction, made-up (excl. Kelem, Schumacks, Karamanie and similar handwoven rugs, and floor coverings of coconut fibre...
570330	Carpets and other floor coverings, of man-made textile materials, tufted "needle punched", whether or not made-up (excl. those of nylon or other polyamides)
950510	Christmas articles (excl. candles and electric lighting sets, natural Christmas trees and Christmas tree stands)
950590	Festival, carnival or other entertainment articles, incl. conjuring tricks and novelty jokes, n.e.s.
442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; wooden articles of furniture (excl. statuettes and other ornaments; furniture, lighting fixtures and parts thereof)
670290	Artificial flowers, foliage and fruit and parts thereof, and articles made of artificial flowers, foliage or fruit, by binding, glueing, fitting into one another or similar methods (excl. of plastics)
701890	Glass eyes (excl. prosthetic articles); articles of glass beads, or of imitation pearls, imitation precious or semi-precious stones, statuettes and other ornaments of lamp-worked glass (excl. imitation jewellery)
960110	Worked ivory and articles of ivory, n.e.s.
960190	Worked bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials, n.e.s. (excl. ivory)
960200	Worked vegetable or mineral carving material and articles of these materials n.e.s.; moulded or carved articles of wax, of paraffin, of stearin, of natural gums or natural resins or of modelling pastes, and other moulded or carved articles n.e.s.; worked...
Paperware	
480210	Handmade paper and paperboard of any size or shape
Wickerware	
460120	Mats, matting and screens of vegetable plaiting materials, flat-woven or bound together in parallel
460191	Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of vegetable plaiting materials, flat-woven or bound together in parallel (excl. mats, matting and screens; wall co...
460199	Plaiting materials, plaits and similar products of non-vegetable plaiting materials, flat-woven or bound together in parallel (excl. wall coverings of heading 4814; parts of footwear or headgear)
460210	Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made-up from goods of heading 4601, and articles of loofah (excl. wall coverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof...

DESCRIPTION	
Yarn	
580430	Hand-made lace in the piece, in strips or in motifs (excl. fabrics of heading 6002 to 6006)
580500	Hand-woven tapestries of the type Gobelin, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries, e.g. petit point, cross-stitch, whether or not made-up (excl. Kelem, Schumacks, Karamanie and the like, and tapestries → 100 years old)
580610	Narrow woven pile fabrics, incl. terry towelling and similar terry fabrics, and chenille fabrics (excl. labels, badges and similar articles)
580620	Narrow woven fabrics of textile materials, containing →= 5% elastomeric yarn or rubber thread by weight (excl. woven pile fabrics, incl. terry towelling and similar terry fabrics, chenille fabrics, and labels, badges and similar articles)
580631	Narrow woven fabrics of cotton, n.e.s.
580632	Narrow woven fabrics of man-made fibres, n.e.s.
580639	Narrow woven fabrics of textile materials other than cotton or man-made fibres, n.e.s.
580640	Narrow fabrics consisting of warp without weft assembled by means of an adhesive "bolducs"
580810	Braids in the piece
580890	Ornamental trimmings of textile materials, in the piece, not embroidered, other than knitted or crocheted; tassels, pompons and similar articles of textile materials (excl. braids in the piece)
580900	Woven fabrics of metal thread and woven fabrics of metallized yarn of heading 5605, of a kind used in apparel, as furnishing fabrics or for similar purposes, n.e.s.
581010	Embroidery on a textile fabric ground without visible ground, in the piece, in strips or in motifs
581091	Embroidery of cotton on a textile fabric ground, in the piece, in strips or in motifs (excl. embroidery without visible ground)
581092	Embroidery of man-made fibres on a textile fabric base, in the piece, in strips or in motifs (excl. embroidery without visible ground)
581099	Embroidery of materials other than cotton or man-made fibres, on a textile fabric base, in the piece, in strips or in motifs (excl. embroidery without visible ground)
581100	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise (excl. embroidery of heading 5810 and quilted fabrics for bedding and furnishings)
600240	Knitted or crocheted fabrics, of a width of ←= 30 cm, containing →= 5% by weight elastomeric yarn (excl. containing rubber thread, pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or crocheted fabri...

DESCRIPTION	
600290	Knitted or crocheted fabrics, of a width of ≤ 30 cm, containing $\geq 5\%$ by weight elastomeric yarn and rubber thread or rubber thread only (excl. pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or c...
600310	Knitted or crocheted fabrics of wool or fine animal hair, of a width of ≤ 30 cm (excl. those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar article...
600320	Knitted or crocheted fabrics of cotton, of a width of ≤ 30 cm (excl. those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or ...
600330	Knitted or crocheted fabrics of synthetic fibres, of a width of ≤ 30 cm (excl. those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and k...
600340	Knitted or crocheted fabrics of artificial fibres, of a width of ≤ 30 cm (excl. those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and ...
600390	Knitted or crocheted fabrics of a width of ≤ 30 cm (excl. of cotton, artificial fibres, wool or fine animal hair, those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels,...
600410	Knitted or crocheted fabrics, of a width of ≥ 30 cm, containing $\geq 5\%$ by weight elastomeric yarn (excl. containing rubber thread, pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or crocheted fabric...
600490	Knitted or crocheted fabrics, of a width of ≥ 30 cm, containing $\geq 5\%$ by weight elastomeric yarn and rubber thread or rubber thread only (excl. pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or cr...
630232	Bed-linen of man-made fibres (excl. printed, knitted or crocheted)
630240	Table linen, knitted or crocheted
630411	Knitted or crocheted bedspreads (excl. bed-linen, quilts and eiderdowns)
630491	Articles for interior furnishing, knitted or crocheted (excl. blankets and travelling rugs, bed-linen, table linen, toilet linen, kitchen linen, curtains, incl. drapes, interior blinds, curtain or bed valances, bedspreads, lampshades and articles of he...
630800	Sets consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered table cloths or serviettes, or similar textile articles, put up in packings for retail sale (excl. sets for making up into artic...
Audio Visuals	
Film	
370610	Cinematographic film, exposed and developed, whether or not incorporating sound track or consisting only of sound track, width ≥ 35 mm

DESCRIPTION	
370690	Cinematographic film, exposed and developed, whether or not incorporating sound track or consisting only of sound track, width ≤ 35 mm
Design	
Architecture	
490600	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing
Fashion	
420211	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels and similar containers, with outer surface of leather, composition leather or patent leather
420212	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels and similar containers, with outer surface of plastics or textile materials
420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface of leather, composition leather or patent leather
420222	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface of plastic sheeting or textile materials
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried in the pocket or handbag, with outer surface of leather, composition leather or patent leather
420232	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried in the pocket or handbag, with outer surface of plastic sheeting or textile materials
420292	Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases, tool bags, sports bags, jewellery boxes, cutlery cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar contain...
420310	Articles of apparel, of leather or composition leather (excl. clothing accessories, footwear and headgear and parts thereof, and goods of chapter 95, e.g. shin guards, fencing masks)
420329	Gloves, mittens and mitts, of leather or composition leather (excl. special sports gloves)
420330	Belts and bandoliers, of leather or composition leather
420340	Clothing accessories of leather or composition leather (excl. gloves, mittens and mitts, belts, bandoliers, footwear and headgear and parts thereof, and goods of chapter 95 [e.g. shin guards, fencing masks])
430211	Tanned or dressed furskins of mink, whole, with or without heads, tails or paws, not assembled
430213	Tanned or dressed furskins of Astrakhan, Caracul, Persian, Broadtail or similar lamb, and Indian, Chinese, Mongolian or Tibetan lamb, whole, with or without heads, tails or paws, not assembled

DESCRIPTION	
430219	Tanned or dressed furskins, whole, with or without heads, tails or paws, not assembled (excl. those of mink, Astrachan, Caracul, Persian, Broadtail or similar lamb, and Indian, Chinese, Mongolian or Tibetan lamb)
430220	Heads, tails, paws and other pieces or cuttings of tanned or dressed furskins, not assembled
430230	Tanned or dressed whole furskins and pieces or cuttings thereof, assembled, without the addition of other materials (excl. clothing, clothing accessories and other furskin articles)
430310	Articles of apparel and clothing accessories of furskin (excl. gloves made of leather and furskin, footwear and headgear and parts thereof)
611710	Shawls, scarves, mufflers, mantillas, veils and the like, knitted or crocheted
611720	Ties, bow ties and cravats, knitted or crocheted
611780	Made up clothing accessories, knitted or crocheted, n.e.s. (excl. shawls, scarves, mufflers, mantillas, veils and the like, ties, bow ties and cravats)
611790	Parts of garments or clothing accessories, knitted or crocheted, n.e.s.
621410	Shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste (excl. knitted or crocheted)
621420	Shawls, scarves, mufflers, mantillas, veils and similar articles of wool or fine animal hair (excl. knitted or crocheted)
621430	Shawls, scarves, mufflers, mantillas, veils and similar articles of synthetic fibres (excl. knitted or crocheted)
621440	Shawls, scarves, mufflers, mantillas, veils and similar articles of artificial fibres (excl. knitted or crocheted)
621490	Shawls, scarves, mufflers, mantillas, veils and similar articles of textile materials (excl. of silk, silk waste, wool, fine animal hair or man-made fibres, knitted or crocheted)
621510	Ties, bow ties and cravats of silk or silk waste (excl. knitted or crocheted)
621520	Ties, bow ties and cravats of man-made fibres (excl. knitted or crocheted)
621590	Ties, bow ties and cravats of textile materials (excl. of silk, silk waste or man-made fibres, knitted or crocheted)
621710	Made up clothing accessories, of all types of textile materials, n.e.s. (excl. knitted or crocheted)
621790	Parts of garments or clothing accessories, of all types of textile materials, n.e.s. (excl. knitted or crocheted)
650300	Felt hats and other felt headgear, made from the hat bodies, hoods or plateaux of heading 6501, whether or not lined or trimmed (excl. made by assembling strips or pieces of felt, and toy and carnival headgear)
650400	Hats and other headgear, plaited or made by assembling strips of any material, whether or not lined or trimmed (excl. headgear for animals, and toy and carnival headgear)

DESCRIPTION	
650590	Hats and other headgear, knitted or crocheted, or made-up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed (excl. hair-nets, headgear for animals, and toy and fancy-dress headgear)
650692	Headgear of furskin, whether or not lined or trimmed (excl. toy and carnival headgear)
650699	Headgear, whether or not lined or trimmed, n.e.s.
900410	Sunglasses
Glassware	
701310	Glassware of glass-ceramics, of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (excl. goods of heading 7018, cooking hobs, leaded lights and the like, lighting fittings and parts thereof, atomizers for perfume and...)
701321	Drinking glasses of lead crystal
701331	Glassware of lead crystal, of a kind used for table or kitchen purposes (excl. articles of heading 7018, drinking glasses, glass preserving jars "sterilizing jars", vacuum flasks and other vacuum vessels)
701332	Glassware for table or kitchen purposes of glass having a linear coefficient of expansion $\leq 5 \times 10^{-6}$ per kelvin within a temperature range of 0°C to 300°C (excl. glassware of glass-ceramics or lead crystal, articles of heading 7018, drinking glasses,...)
701391	Glassware, of lead crystal, of a kind used for toilet, office, indoor decoration or similar purposes (excl. glassware of a kind used for table or kitchen purposes, glassware of glass-ceramics or lead crystal, articles of heading 7018, mirrors, leaded l...)
Interior	
420500	Articles of leather or composition leather (excl. saddlery and harness bags; cases and similar containers; apparel and clothing accessories; articles for technical uses; whips, riding-crops and similar of heading 6602; furniture; lighting appliances; t...)
430400	Artificial fur and articles thereof (excl. gloves made of leather and artificial fur, footwear and headgear and parts thereof, and goods of chapter 95, e.g. toys, games and sports equipment)
441900	Tableware and kitchenware, of wood (excl. interior fittings, ornaments, cooperage products, tableware and kitchenware components of wood, brushes, brooms and hand sieves)
481420	Wallpaper and similar wall coverings of paper, consisting of paper coated or covered, on the face side, with a grained, embossed, coloured or design-printed or otherwise decorated layer of plastics
481430	Wallpaper and similar wall coverings of paper, consisting of paper covered, on the face side, with plaiting material, whether or not bound together in parallel strands or woven
570310	Carpets and other floor coverings, of wool or fine animal hair, tufted "needle punched", whether or not made-up
570390	Carpet tiles of vegetable textile materials or coarse animal hair, tufted "needle punched", whether or not made-up

DESCRIPTION	
570410	Floor tiles, of felt, not tufted or flocked, with an area of $\leq 0,3 \text{ m}^2$
570500	Carpets and other textile floor coverings, whether or not made-up (excl. knotted, woven or tufted "needle punched", and of felt)
580410	Tulles and other net fabrics (excl. woven, knitted or crocheted fabrics)
580421	Mechanically made lace of man-made fibres in the piece, in strips or in motifs (excl. fabrics of heading 6002 to 6006)
580429	Mechanically made lace in the piece, in strips or in motifs (excl. that of man-made fibres and fabrics of heading 6002 to 6006)
590500	Textile wall coverings
630221	Printed bed-linen of cotton (excl. knitted or crocheted)
630251	Table linen of cotton (excl. knitted or crocheted)
630252	Table linen of flax (excl. knitted or crocheted)
630253	Table linen of man-made fibres (excl. knitted or crocheted)
630259	Table linen of textile materials (excl. of cotton, flax or man-made fibres, knitted or crocheted)
691110	Tableware and kitchenware, of porcelain or china (excl. ornamental articles, pots, jars, carboys and similar receptacles for the conveyance or packing of goods, and coffee grinders and spice mills with receptacles made of ceramics and working parts of ...)
691200	Tableware, kitchenware, other household articles and toilet articles, of ceramics other than porcelain or china (excl. baths, bidets, sinks and similar sanitary fixtures, statuettes and other ornamental articles, pots, jars, carboys and similar recepta...)
691410	Ceramic articles of porcelain or china, n.e.s.
821510	Sets of spoons, forks or other articles of heading 8215, which may also contain up to an equivalent number of knives, of base metal, containing at least one article plated with precious metal
821520	Sets of spoons, forks or other articles of heading 8215, incl. those with up to an equal number of knives, of base metal, containing no articles plated with precious metal
821591	Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware of base metal, plated with precious metal (excl. sets of articles such as lobster cutters and poultry shears)
930700	Swords, cutlasses, bayonets, lances and similar arms and parts thereof, and scabbards and sheaths therefor (excl. of precious metal or of metal clad with precious metal, blunt weapons for fencing, hunting knives and daggers, camping knives and other kn...)
940320	Metal furniture (excl. for offices, seats and medical, surgical, dental or veterinary furniture)
940340	Wooden furniture for kitchens (excl. seats)
940350	Wooden furniture for bedrooms (excl. seats)
940360	Wooden furniture (excl. for offices, kitchens and bedrooms, and seats)

DESCRIPTION	
940380	Furniture of cane, osier, bamboo or similar materials (excl. of metal, wood and plastics)
940510	Chandeliers and other electric ceiling or wall lighting fittings (excl. for lighting public open spaces or thoroughfares)
940530	Electric lighting sets of a kind used for Christmas trees
Jewellery	
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal (excl. articles \rightarrow 100 years old)
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excl. articles \rightarrow 100 years old)
711320	Articles of jewellery and parts thereof, of base metal clad with precious metal (excl. articles \rightarrow 100 years old)
711411	Articles of goldsmiths' or silversmiths' wares or parts thereof, of silver, whether or not plated or clad with other precious metal (excl. jewellery, watch-and clockmakers' wares, musical instruments, weapons, perfume atomizers and heads for these, ori...)
711419	Articles of goldsmiths' or silversmiths' wares or parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excl. jewellery, watch- and clockmakers' wares, musical instruments, weapons, perfume atomizers and...)
711420	Articles of goldsmiths' or silversmiths' wares and parts thereof, of base metal clad with precious metal (excl. jewellery, watch-and clockmakers' wares, musical instruments, weapons, perfume atomizers and heads for these, original sculptures or statuar...)
711610	Articles of natural or cultured pearls, n.e.s.
711620	Articles of precious or semi-precious stones "natural, synthetic or reconstructed", n.e.s.
711711	Cuff-links and studs, of base metal, whether or not clad with silver, gold or platinum
711719	Imitation jewellery, of base metal, whether or not plated with precious metal (excl. cuff-links and studs)
Toys	
950100	Wheeled toys designed to be ridden by children, e.g. tricycles, scooters, pedal cars (excl. normal bicycles with ball bearings); dolls' carriages
950210	Dolls representing only human beings, whether or not clothed
950291	Garments and accessories, footwear and headgear for dolls representing only human beings
950299	Parts and accessories for dolls representing only human beings, n.e.s.
950310	Electric trains, incl. tracks, signals and other accessories therefor
950320	Scale model assembly kits, whether or not working models (excl. electric trains, incl. tracks, signals and other accessories therefor)

DESCRIPTION	
950330	Construction sets and constructional toys (excl. scale model assembly kits)
950341	Stuffed toys representing animals or non-human creatures
950349	Toys representing animals or non-human creatures (excl. stuffed)
950350	Toy musical instruments and apparatus
950360	Puzzles
950370	Toys, put up in sets or outfits (excl. electric trains, incl. accessories, scale model assembly kits, construction sets and constructional toys, and puzzles)
950380	Toys and models, incorporating a motor (excl. electric trains, scale model assembly kits, and toys representing animals, human or non-human creatures)
950390	Toys, n.e.s.
950420	Billiards and accessories
950440	Playing cards
950490	Tables for casino games, automatic bowling alley equipment, and other funfair, table or parlour games, incl. pintables (excl. operated by coins, banknotes "paper currency", discs or other similar articles, billiards, video games for use with a televisi...
New Media	
Recording Media	
852439	Discs, recorded, for laser reading systems, for reproducing sound and image or image only
852460	Cards incorporating a recorded magnetic stripe
852499	Recorded media for sound or image reproducing phenomena, incl. matrices and masters for the production of records (excl. gramophone records, discs for laser reading systems, magnetic tapes, cards incorporating a magnetic stripe and goods of chapter 37)...
854381	Proximity cards and tags, generally consisting of an integrated circuit with a read only memory attached to a printed antenna
Video Games	
950410	Video games for use with a television receiver
950430	Games with screens, flipper and other games, operated by coins, banknotes "paper currency", discs or other similar articles (excl. bowling alley equipment)
Performing Arts	
Music (CD, Tapes)	
852410	Gramophone records
852432	Discs, recorded, for laser reading systems, for reproducing sound only

DESCRIPTION	
852451	Magnetic tapes for reproducing sound or image, recorded, of a width ≤ 4 mm
852452	Magnetic tapes for reproducing sound or image, recorded, of a width $\rightarrow 4$ mm but $\leq 6,5$ mm
852453	Magnetic tapes for reproducing sound or image, recorded, of a width $\rightarrow 6,5$ mm
Printed music	
490400	Music, printed or in manuscript, whether or not bound or illustrated
Publishing	
Books	
490110	Printed books, brochures and similar printed matter, in single sheets, whether or not folded (excl. periodicals and publications which are essentially devoted to advertising)
490191	Dictionaries and encyclopaedias, and serial instalments thereof
490199	Printed books, brochures and similar printed matter (excl. those in single sheets; dictionaries, encyclopaedias, periodicals and publications which are essentially devoted to advertising)
490300	Children's picture, drawing or colouring books
Newspaper	
480100	Newsprint, in rolls of a width $\rightarrow 36$ cm or in square or rectangular sheets with one side $\rightarrow 36$ cm and the other side $\rightarrow 15$ cm in the unfolded state
490210	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material, appearing at least four times a week
490290	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material (excl. those appearing at least four times a week)
Other printed matter	
490510	Globes, printed (excl. relief globes)
490591	Maps and hydrographic or similar charts of all kinds, incl. atlases and topographical plans, printed and in book form (excl. globes, and maps and plans, in relief)
490599	Maps and hydrographic or similar charts of all kinds, incl. atlases, wall maps and topographical plans, printed (excl. those in book form, and maps, plans and globes, in relief)
490810	Transfers "decalcomanias", vitrifiable
490890	Transfers "decalcomanias" (excl. vitrifiable)
490900	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings
491000	Calendars of any kinds, printed, incl. calendars blocks
491110	Trade advertising material, commercial catalogues and the like

DESCRIPTION	
Visual Arts	
Antiques	
970400	Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery, stamped paper and the like, used, or if unused, not of current or new issue in which they have, or will have, a recognised face value
970500	Collections and collector's pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest
970600	Antiques of → 100 years old
Paintings	
970110	Paintings, e.g. oil paintings, watercolours and pastels, and drawings executed entirely by hand (excl. technical drawings and the like of heading 4906, and hand-painted or hand-decorated manufactured articles)
970190	Collages and similar decorative plaques
970200	Original engravings, prints and lithographs
Photography	
370510	Photographic plates and film, exposed and developed, for offset reproduction (excl. products made of paper, paperboard or textiles and ready-to-use plates)
370520	Microfilm, exposed and developed (excl. microfilm for offset reproduction)
370590	Photographic plates and film, exposed and developed (excl. products made of paper, paperboard or textiles, cinematographic film, film for offset reproduction and microfilm)
491191	Pictures, prints and photographs, n.e.s.
Sculpture	
392640	Statuettes and other ornamental articles, of plastics
442010	Statuettes and other ornaments, of wood (excl. wood marquetry and inlaid wood)
691310	Statuettes and other ornamental articles of porcelain or china, n.e.s.
691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)
830621	Statuettes and other ornaments, of base metal, plated with precious metal (excl. works of art, collectors' pieces and antiques)
830629	Statuettes and other ornaments, of base metal, not plated with precious metal (excl. works of art, collectors' pieces and antiques)
970300	Original sculptures and statuary, in any material

APPENDIX B: SOUTH AFRICAN POLICY FRAMEWORK FOR CREATIVE AND CULTURAL INDUSTRIES

Overall policy

The socio-economic policy framework in South Africa is dictated primarily by two overarching policies, namely, the **New Growth Path (NGP)** and **National Development Plan (NDP)**, which set out the major socio-economic goals for South Africa.

The NDP⁴⁶ (put forward in 2011 by the National Planning Commission and finalised in 2012 after extensive consultation) sets out a vision for the country for 2030. In order to address poverty and inequality, the approach focuses on capabilities, both of individuals and the country's systems (including the state and societal leadership). The enabling milestones of the NDP specifically related to economic development include, among others: increasing employment, raising per capita income, improving skills, broadening the ownership of assets to historically disadvantaged people and establishing a competitive base of infrastructure, human resources and regulatory frameworks.

The NGP (2010) identified growth drivers for the country that will defeat poverty, reduce inequality and support the creation of 5m jobs by 2020. These drivers include infrastructure, focus sectors (such as agriculture and agro-processing, mining and downstream and sidestream minerals beneficiation, as well as high-level services such as tourism, business and logistics), and seizing the potential of new economies. The overarching job creation theme is to focus on sectors where there is a high labour absorption. Although creative industries are not specifically listed here, they can claim to be a significant labour absorbing sector, if properly supported. This is an important element of bringing creative industries into the spotlight as an economic development driver.

More specifically related to the economic focus of South Africa is the **Industrial Policy Action Plan (IPAP) 2012/13-2014/15**, which highlights creative industries as one of the sectors that is being targeted for growth and government support. IPAP takes its cue from the National Industrial Policy Framework in providing an outline for sectoral priorities and the re-focusing of the South African economy to include more SMMEs in the formal economy and to transform the economy to uplift historically disadvantaged communities. The creative industries has been identified as one of these sector priorities and the dti houses a creative industries sector desk within the Industrial Development Division.

The 1996 **White Paper on Arts, Culture and Heritage** continues to provide the overall policy direction in this area. It sets out government policy for establishing the optimum funding arrangements and institutional frameworks for the creation, promotion and protection of South African arts, culture, heritage and the associated practitioners.

DAC's mission through this white paper was to "realise the full potential of arts, culture, science and technology in social and economic development, nurture creativity and innovation, and promote the diverse heritage of our nation". DAC supports:

- the arts, culture and heritage, by valuing diversity and promoting economic activity;
- the linguistic diversity of our country as a resource in empowering all South Africans fully to participate in their country's social, political and economic life;
- the equitable development and preservation of our experiences, heritage and symbols.

This white paper built on a number of established pieces of legislation and also laid the groundwork

⁴⁶ National Planning Commission (2012) "National Development Plan 2030: Our future – make it work"; available at <http://www.npcnline.co.za/>

for some newer Acts and amendments. Many of these Acts help outline the protection of the creative and cultural industries. They also in certain instances dictate the framework for use of these creative and cultural goods and services, outside of the country, such as the Patents Act, Copyright Act and Performers Protection Act.

The White Paper, emerging as it was soon after 1994, had a strong transformational agenda to address “maldistribution of skills, resources and infrastructure” and “empowering creative voices throughout the country, and is thus integral to the success of the democratic project”, including by valuing diversity and aligning funding and institutional arrangements. The policy also notes the intertwined relationship between education and culture.

The White Paper defines arts, culture and heritage as follows:

- **Arts:**
refers to but are not restricted to all forms and traditions of dance, drama, music, music theatre, visual arts, crafts, design, written and oral literature all of which serve as means for individual and collective creativity and expression through performance, execution, presentation, exhibition, transmission and study.
- **Culture:**
refers to the dynamic totality of distinctive spiritual, material, intellectual and emotional features which characterise a society or social group. It includes the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions, heritage and beliefs developed over time and subject to change.
- **Heritage:**
is the sum total of wildlife and scenic parks, sites of scientific and historical importance, national monuments, historic buildings, works of art, literature and music, oral traditions and museum collections and their documentation which provides the basis for a shared culture and creativity in the arts.

Note that elsewhere in the White Paper, culinary aspects of culture and heritage are also noted.

The White Paper does not have a particular focus on arts, culture and heritage as economic sectors or from a trade perspective. However, the White Paper does note the potential for interdepartmental cooperation, including with the Department of Trade and Industry, which may assist with the development of the sector. It also dedicates a chapter to international cultural cooperation. This chapter begins by stating that:

Against the background of a long history of cultural isolation from the rest of the World, it is the goal of the Ministry to facilitate international cultural exchange so that more South African artists take their places on the world stage, and so that local art and artists may benefit from international experience, exposure and expertise. The fact that South African culture consists of African, Asian and European traditions links it to the rest of the world.”

The White Paper called for a more balanced focus of international relations given the previous focus on Europe and North America, in particular increased focus on enhanced relations with other African countries.

SA trade policy and international agreements

South Africa is firstly a member of the WTO and a signatory to the General Agreement on Trade in Services (GATS). South Africa has through this membership agreed to the liberation of trade barriers. Since South Africa’s initial concessions in the 1990s it has become more selective in trade negotiations and the International Trade Administration Commission of South Africa (ITAC) is tasked with overseeing the effective system for the administration of international trade subject to the International Trade Administration Act (South Africa) and the Southern African Customs Union (SACU) Agreement.

South Africa is a signatory to a collection of international conventions and treaties, which dictate how it cooperates with other countries, specifically on issues to do with intellectual property, copyright and patents. These include the following:

- Berne Convention for the Protection of Literary and Artistic Works, signed in 1971.
- WIPO Copyright Treaty
- US - Copyright Agreement (Proclamation including Mechanical Reproduction Rights for Music under Section 1(E) of the US Copyright Law)
- Convention Establishing the World Intellectual Property Organization (WIPO).
- Russia - Agreement on Reciprocal Protection of Intellectual Property Rights Used and Established in the Course of Bilateral Defence-Industrial Cooperation
- Patent Cooperation Treaty (PCT)
- European Convention relating to the Formalities required for Patent Applications
- Trademark Law Treaty
- Convention concerning the Protection of the World Cultural and Natural Heritage. (World Heritage Convention)
- Member of the International Copyright Union
- UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (“UNESCO Convention”).

Other policy, legislation and relation relevant to particular sub-sectors

Intellectual Property

IP protection is a key issue for many creative and cultural sub-sectors.

As noted earlier, South Africa is a signatory to the Berne Convention for the Protection of Literary and Artistic Works. In addition, South Africa has legislation relating to copyright, design registration, patents and trademarks. The Companies and Intellectual Property Commission is the responsible institution and custodian of related information. CIPC’s IP mandate flows from the following legislation:

- Patents Act
- Patent Cooperation Treaty
- Trade Marks Act
- Designs Act
- Copyright Act
- Registration of Copyright in Cinematography Films Act
- Merchandise Marks Act
- Intellectual Property Laws Rationalization Act

- Counterfeit Goods Act
- Performer's Protection Act
- Unauthorised Use of Emblems Act

VANSA⁴⁷ has noted the limited local copyright protection for visual artists with the exception of some deceased artists, and international artists, with research showing that 79% of artists have never received payment for reproduction of artworks, and 1 in 4 reporting that they have had copyright on their work infringed. The possibility of collection agencies for visual arts has been identified, noting challenges such as organisational capacity to gain representative membership, scale of advocacy and awareness raising required, amount of seed funding required, etc.

More widely, limitations in the enforcement of design rights in South Africa have been noted by stakeholders, along with the cost and hassle of registration of IP constraining many smaller companies. As one example, South African law currently grants separate protection and different protection periods for aesthetic vs. functional features of designs and has different conditions that need to be met before protection is given; designers may therefore have to make two separate applications for design protection on one product if it includes both aesthetic and functional aspects.

One key current development for the Cultural and Creative Industries is the Intellectual Property Rights Amendment Bill being deliberated on in the South African Parliament. This Bill aims to amend aspects of a number of the existing acts such as the Patent Act, Copyright Act and Design Act. The Bill was sent back to Parliament by the President, based on a technical issue concerning the correct consultation of the National Council of Provinces (NCOP). The content of the Bill is likely to stay very much the same. The Bill intends to:

- improve the livelihoods of indigenous knowledge holders and communities,
- benefit the national economy,
- prevent bio-piracy,
- provide a legal framework for protection and empower local communities, and
- prevent exploitation of indigenous knowledge.

The Bill should assist South Africa in ensuring greater control over its Intellectual Property and specifically Indigenous Knowledge. However, there has been some criticism of the Bill in its current form, stating that while the principles behind the legislation are laudable, "the imprecise nature of certain provisions such as the concept of "indigenous community" and how and by whom that community is determined, is problematic because it creates uncertainty" which may have consequences for designers.

VANSA has also noted the potential value of Artist Resale Rights laws to enforce the payment of a small percentage of the value of artwork sales in for sales that take after the initial sale (often when higher prices are secured for artworks), a trend in many other countries, including in Europe. However, the administrative demands of implementing and enforcing such a system are noted.

Heritage

The DAC 2007 Review of heritage legislation identified the following heritage laws

- Culture Promotion Act 35 of 1983
- Cultural Institutions Act 119 of 1998
- South African Geographical Names Council Act 118 of 1998

⁴⁷ See <http://www.vansa.co.za/research>

- National Heritage Council Act 11 of 1999
- National Heritage Resources Act 25 of 1999
- National Council of Library and Information Services Act 6 of 2001
- National Library of South Africa Act 92 of 1998
- South African Library for the Blind Act 91 of 1998
- Legal Deposit Act 54 of 1997
- National Archives and Records Service of South Africa Act 43 of 1996
- The Heraldry Act 18 of 1962

It also considered the impact of wider legislation on heritage across all three spheres of government, from the Constitution through to municipal by-laws, as well the institutional and governance framework.

In addition, it considered the following UN (UNESO and UNDRIT) conventions, charters and agreements, whether ratified by South Africa or under consideration at that time:

- Convention concerning the protection of the world cultural and natural heritage
- Convention for the protection of cultural property in the event of armed conflict
- Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of cultural property
- Convention on the protection of the underwater cultural heritage
- Convention for the safeguarding of the intangible cultural heritage
- Convention on stolen or illegally exported cultural objects
- Convention on the protection and promotion of the diversity of cultural expression
- Charter on the preservation of the digital heritage memory of the world: general guidelines to safeguard documentary heritage

Gaps and issues identified as part of the review that are relevant for this project include the following:

- Need for a more integrated delivery framework across institutions to improve coordination and effectiveness, capacity, transparency, accountability, accessibility etc., in particular given the overlapping mandates of institutions, including DAC, National Heritage Council, South African Heritage Resources Agency (SAHRA) and Provincial Heritage Resource Authorities should these be established.
- Need for a policy on intangible or living heritage, including socioeconomic aspects and protection of communities' intellectual rights
 - o UNESCO defines intangible heritage⁴⁸ as including "practices, representations, expressions, knowledge skills – as well as the objects, artefacts and cultural spaces associated therewith – that communities, groups and in some cases individuals recognize as part of their cultural heritage,"³⁴¹ intangible heritage is manifest in oral traditions and expressions, the performing arts, social practices, rituals and festive events, knowledge and practices concerning nature and the universe and traditional craftsmanship
 - o Subsequently a National Policy on South African Living Heritage was drafted in 2009, and an audit of intangible cultural property was completed for DAC in 2012
 - o The current Intellectual Property Rights Amendment Bill aims to increase protection for Indigenous Knowledge Systems
- Need for a research and development policy (including to identify research to inform policy and decision-making, fund research, monitor, assess and evaluate)
- Funding policy, including for heritage promotion

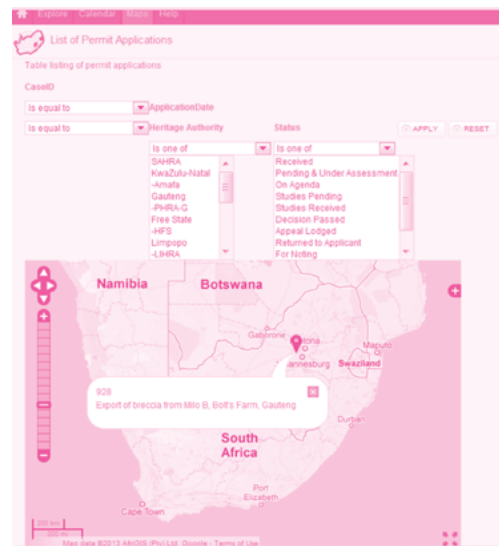
⁴⁸

UNESCO, Convention for the Safeguarding of the Intangible Cultural Heritage: Article 2.

- Grading of heritage to I, II and III sites was considered complicated and not in line with emerging international practice (categorisation according to the protection measure required)
- Improved administrative fairness of the process for declaration of heritage objects (removing the requirement for approval by the Minister)
 - o Also application of standardised systems for the descriptions of heritage objects.
- SAHRA needed to establish policies for the protection of heritage objects

SAHRA developed version 1 of the South African Heritage Resources Information System (SAHRIS) in 2012. Account holders (registration is free) can now access information via the SARHIS site - <http://www.sahra.org.za/sahris>. As an example, one can search permit applications, including through a map interface. Most permits appear to relate to alterations or internal movements rather than trade-related matters. The example below is the only response to a search for “export”.

Figure 11: Screen capture of SAHRIS search



Apparently only one or two auction houses share information with SAHRA on auction to inform them in case any objects may be listed as heritage objects, but this is not a widespread practice.

Audio-visual co-production treaties

The nfvf website⁴⁹ lists the following co- production treaties:

- Canada
- Italy
- Germany
- United Kingdom
- France
- New Zealand
- Australia
- Ireland

The advantage of these treaties is that an official co-production can be regarded as a national production

⁴⁹ <http://nfvf.co.za/filming-in-south-africa/co-production-treaties>

of each of the co-producing countries, and is eligible to apply for any benefits or programs of assistance available in either country. The NFVF has prepared guidelines to assist producers with applications.

In addition to the potential for signing additional treaties, industry input has also indicated that the coverage of these treaties can be limiting e.g. the UK treaty only applies to films and does not cover TV co-productions.

Crime and second-hand goods regulation: implication for antiques

Second-Hand Goods Act (Act No. 6 of 2009) which falls within the mandate of the SAPS regulates dealers in second-hand goods, including antiques. The SAPS can issue national instructions in terms of this Act.

Second-Hand Goods Dealers' Associations need to be accredited at a national level - South African Antique Dealers Association (SAADA) is accredited. **Individual dealers are required to record every acquisition and disposal**, including full name, contact address and contact details, ID number, description of goods/serial number, price paid, number allocated to the goods by the dealer, date and time of transaction.

These records may be inspected by SAPS officials through site visits, but are not necessarily centrally collected. However, they are a potential source of information on the scale of antique sales and international sales (if foreigners report their international address and contact details).

More widely, the South African Antique Dealers Association (www.saada.co.za) represents 53 antique dealers, and offers services such as valuation, a loss register (and sharing the Artinsurance art theft register on their website), customs (focused on import clearance) and insurance.

Local content regulation

ICASA seeks, amongst other things, to promote growth and development of the South African music and to give a platform to music artists to showcase their talent. It specifically requires that local content is prioritized in broadcasting.

“When enforcing the South African Music Content regulations, the Authority is guided by the ECA .Section 61(2)(c) of the ECA provides that a musical work broadcast by a broadcasting service licensee qualifies as “ South African music” if such work complies with at least two of the following criteria, namely –

- I. if the lyrics (if any) were written by a South African citizen;
- II. if the music was written by a South African citizen;
- III. if the music or lyrics was or were principally performed by musicians who are South African citizens; if the musical work consists of a live performance which is – (a) recorded wholly in the Republic; or (b) performed wholly in the Republic and broadcast live in the Republic.”

However, this is not necessarily a constraint to trade.

Tax concessions

Companies are allowed to produce an animation or film anywhere in the world and still claim tax breaks of 25%-30% if they spend R3.5m or more in South Africa.

No special tax relief measures are provided for visual artists, as may be found in other parts of the

world, whether in the form of lower tax rates or provision to even out income over a series of years, given the “lumpy” nature of income to visual artists. The DAC South African visual arts research report survey showed that 49% of those surveyed were tax payers.

Support initiatives for sub-sectors

A non-exhaustive overview of the sub-sector support landscape is provided below, **highlighting some trade-specific issues**. The recent DAC visual arts research report provides some useful insights into support needs of the sub-sector. Views on the most significant sub-sector support and support gaps/needs are shown in the graphs below. Note that the lack of promotion of the industry from government the only major issue within the regulatory category (business licensing the next largest issue).

Figure 12: Views on visual arts support from DAC Visual Arts Report⁵⁰

Table 37: Obstacles to Career Development/Work: Major Obstacles	
	ALL %
The high cost of....	11
materials and supplies	27
renting or acquiring space	13
utilities (electricity, etc)	2
communication (cell phone, landline, email etc)	4
technology	8
staging an exhibition	18
labour (assistants, staff, etc)	2
Market Conditions	13
shortage of exhibition/project opportunities - local	19
shortage of exhibition/project opportunities - international	9
lack of art-related work opportunities	16
lack of demand/buyers	26
level of competition in the industry	1
high commissions charged by galleries	14
changing trends which influence demand	2
Lack of access to....	10
skilled labour	2
finance	17
funding	33
raw materials	3
professional support/advice	5
residency opportunities	3
Regulatory environment - difficulties associated with...	5
SARS/tax compliance	2
customs/trade regulations	1
labour regulations	0
lack of professionalism within the industry	1
lack of internal regulation within the industry	1
lack of industry promotion from government	20
business licensing requirements	9
issues related to the freedom of expression	2
Personal Factors	3
my lack of skills or knowledge	0
lack of confidence in my own work	2
lack of support from family & friends	1
demands on my time at home	7
Discrimination	1
physical disability or illness	2
psychological condition or mental illness	1
racial discrimination	2
gender discrimination	0
discrimination because of my lack of qualifications	2
discrimination because of my nationality	2
discrimination because I am a person with a disability	0

50 See pp. 155 - 159



Design is a relatively new area of focus for DAC and was not included in the 1999 Cultural Industry Growth Strategy.

Nevertheless, elements of design are included in DAC’s Investing in Culture (IIC) Programme, including textile design, jewellery design, fashion design, craft design

The SABS Design Institute (not mandated through legislation) but “promotes the benefits of good design in order to stimulate the economic and technological development of South Africa.”⁵¹ The SABS Design Institutes Initiatives focus on:

- Design & Education - nurturing and developing design leadership
- Design & Industry - promoting design in industry, supporting new product development and marketing South Africa as an innovative, industrialised country
- Design & Development - developing southern Africa through focused design projects for developing communities in rural and urban areas

As yet there is no national design strategy. However, the Western Cape has developed a draft Design Strategy for the province which is in the process of being finalized.

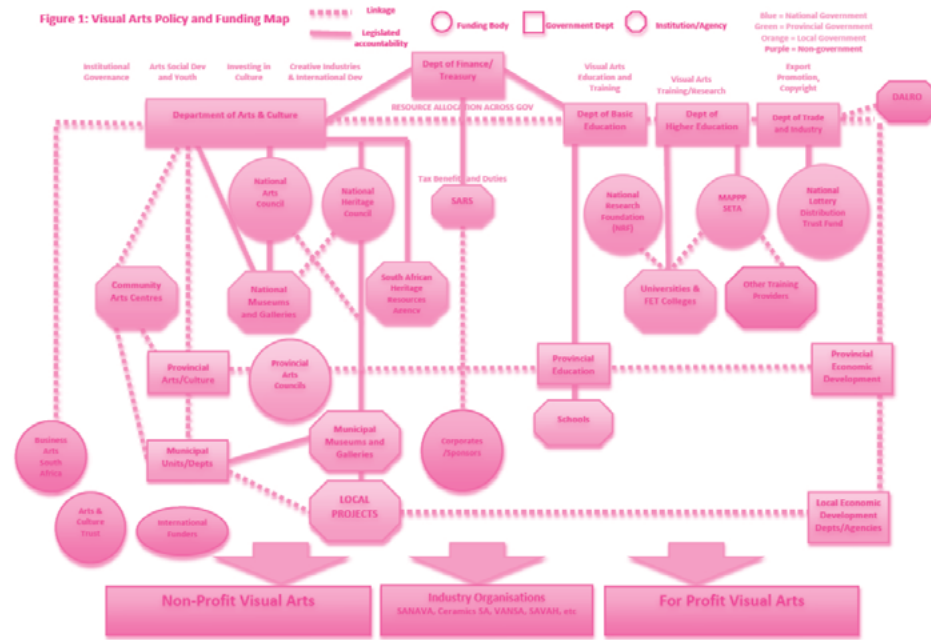
Crafts are also supported through a range of initiatives, including the National Craft Sector Development Programme (NCSDP), the dti’s Customised Sector Programme for Crafts, various provincial craft development initiatives, such as the Cape Craft and Design Institute.

Some of the CCI sub-sectors have **specific support through export councils and Joint Action Groups**, including the Cosmetics Export Council (perfume is considered a cultural good by UNCTAD), SA Boatbuilding Export Council (including boat design), SA Footwear and Leather Export Council (which would include some accessories), SA Print and Packaging Export Council, and SA Music Exportation and Jewellery Joint Action Groups. However, these structures gather limited information about trade by their members because of confidentiality issues and sensitivities related to competition regulation (avoiding collusive practices or sharing of price or market share information).

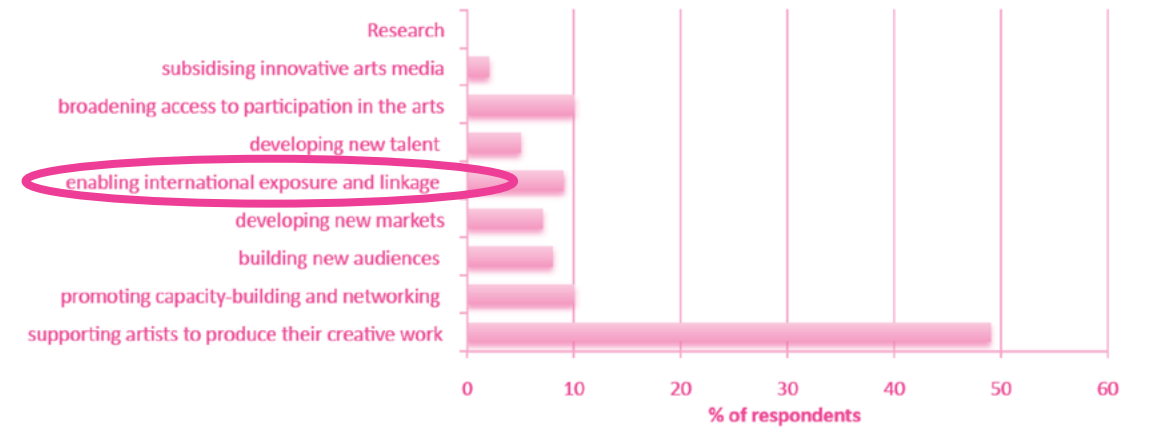
The map of visual arts funding below provides a useful indication of funding resources for not only the visual arts sub-sector, but CCI more widely.

51 See www.sabs.co.za/index.php?page=designinstitute

Figure 13: Map of visual arts policy and funding⁵²



Most Important Purpose for Arts Funding



The tables and graphs below are also useful in understanding the funding context for visual arts⁵³

Figure 14: Findings of DAC visual arts report relating to funding

Table 38: Numbers of Artists Applying for Particular Sources of Funding and Success Rates (2006-9)

Source of Funding	No. Who Applied	No. who applied as % of ALL respondents	No. Successful	% success rate as a % of ALL respondents	% success rate as a % of respondents who applied
National Arts Council	44	18,0	28	11,4	63,6
National Lottery	6	2,4	2	0,8	33,3
Department of Arts and Culture	23	9,4	6	2,4	26,1
Provincial government	10	4,1	3	1,2	30,0
Local government	4	1,6	2	0,8	50,0
Business Arts South Africa	5	2,0	2	0,8	40,0
Arts and Culture Trust	7	2,9	1	0,4	14,3
International Arts Funding Body	12	4,9	8	3,3	66,7
Private Foundation	18	7,3	9	3,7	50,0
Corporate sponsorship	11	4,5	6	2,4	54,5
Corporate funding	11	4,5	5	2,0	45,5
Patron	4	1,6	3	1,2	75,0
Arts organisation	11	4,5	8	3,3	72,7

Secondary Purpose for Arts Funding

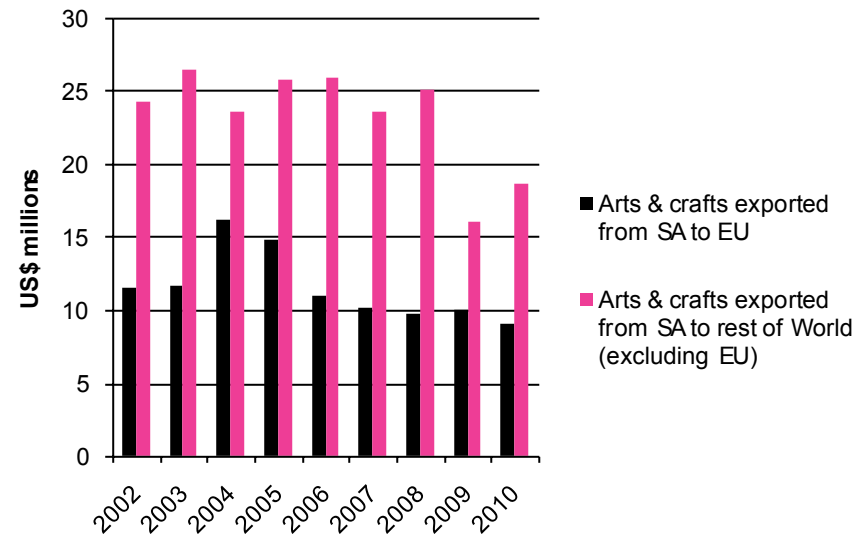


52 DAC [2012] Visual Arts Report
53 DAC [2012] Visual Arts Report

APPENDIX C: CCI GOODS TRADE PER SUB-SECTOR

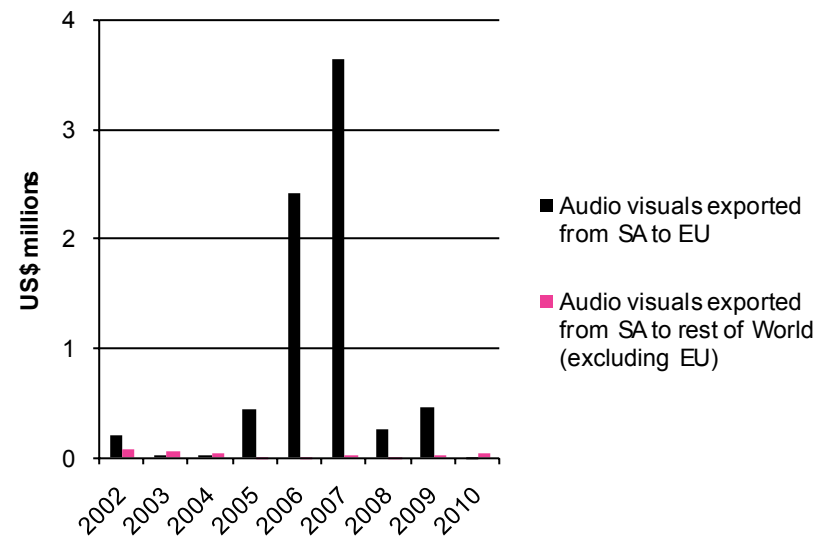
The exported creative and cultural goods have been broken down in the series of graphs below to show how the different sub-sectors have performed.

Figure 15: SA's Arts & Crafts exports



Source: UNCTADstat

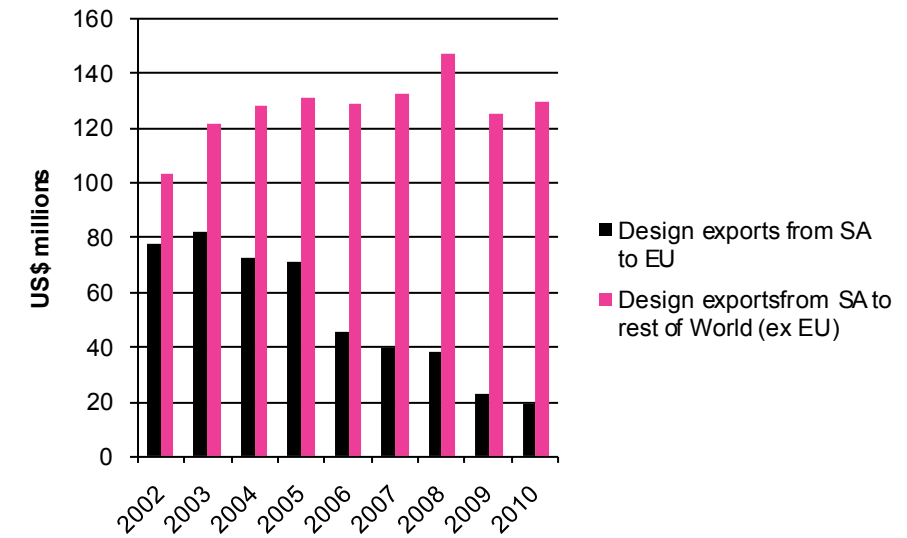
Figure 16: SA's Audio-visual exports



Source: UNCTADstat

The above graph indicates a high reliance on the EU market for audio-visual exports, as well as the erratic trade performance.

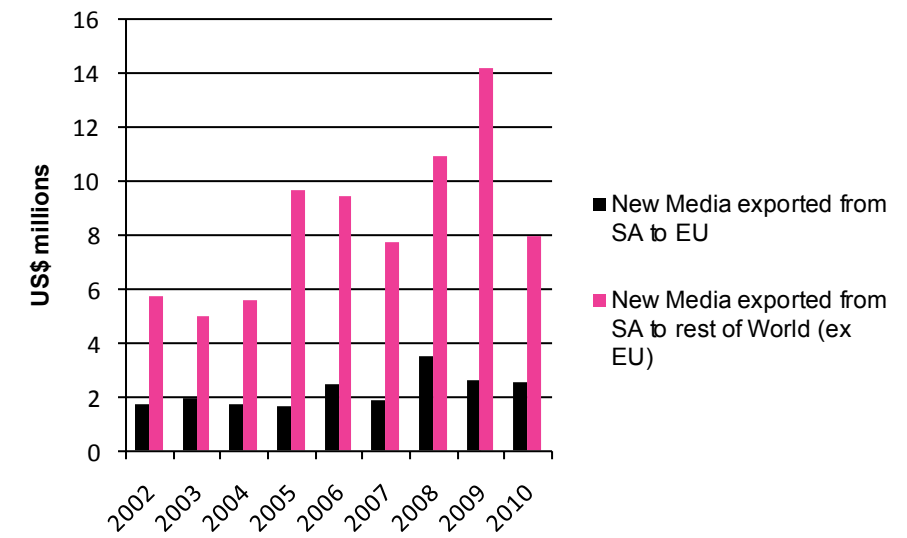
Figure 17: SA's Design exports



Source: UNCTADstat

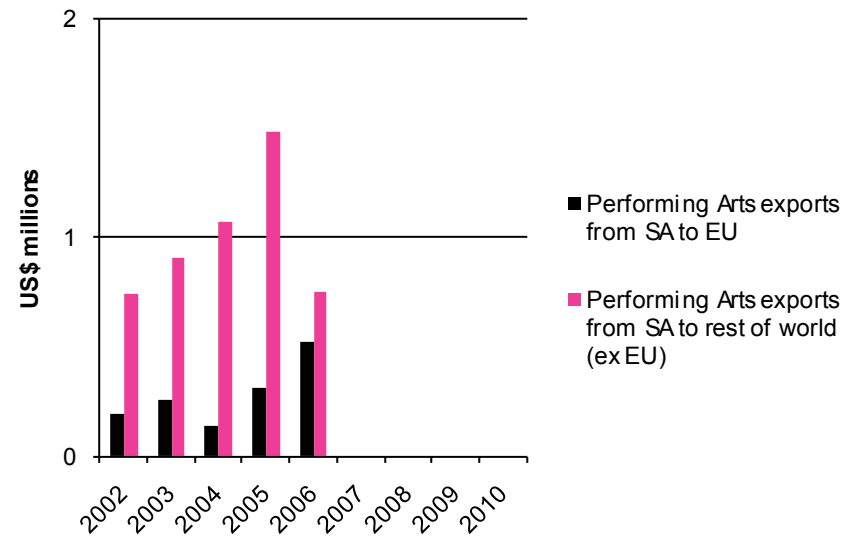
The above graph shows a growing diversification of markets away from the EU.

Figure 18: SA's New Media exports



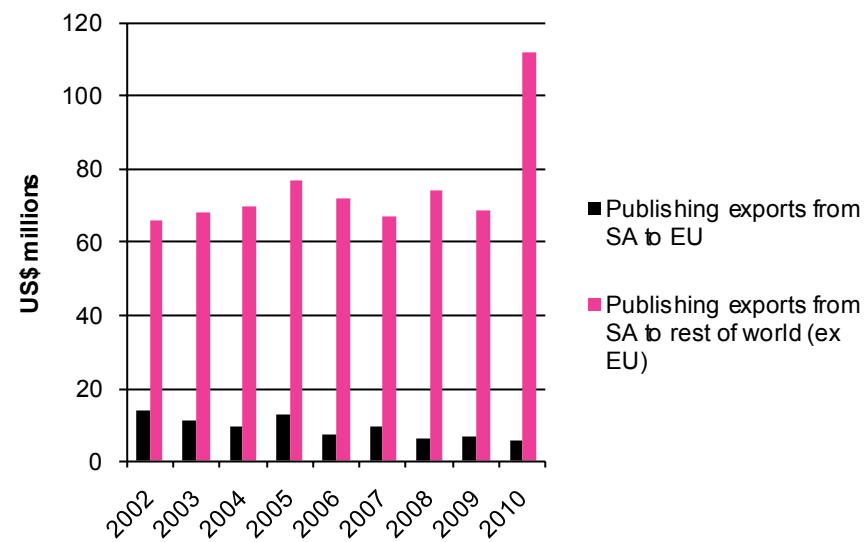
Source: UNCTADstat

Figure 19: SA's Performing Arts exports



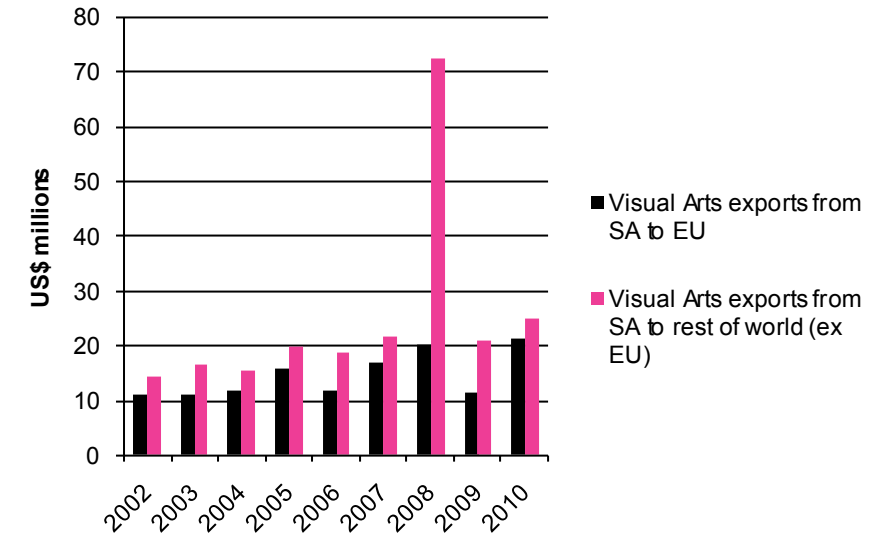
Source: UNCTADstat

Figure 20: SA's publishing exports



Source: UNCTADstat

Figure 21: SA's Visual Arts exports



Source: UNCTADstat

Exports versus imports of the different categories of CCI goods

This second series of graphs shows the exports versus imports of the different categories of CCI goods to the world.

Figure 22: SA Arts & Crafts exports and imports (World)

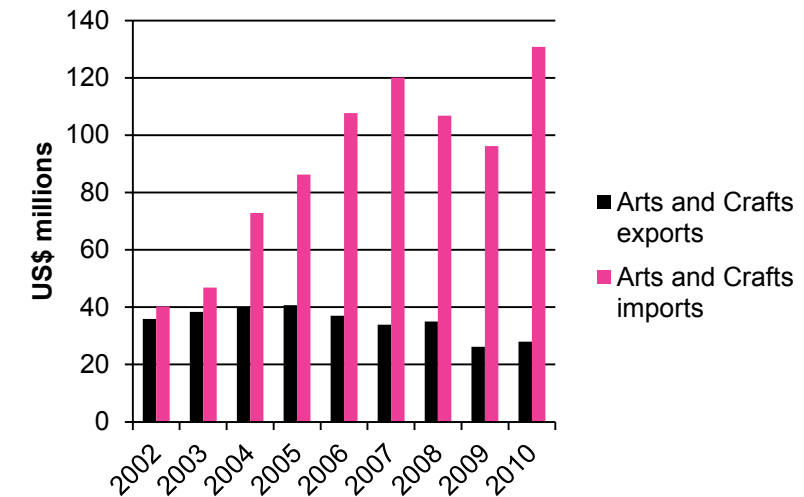


Figure 23: SA Audio Visual exports and imports (World)

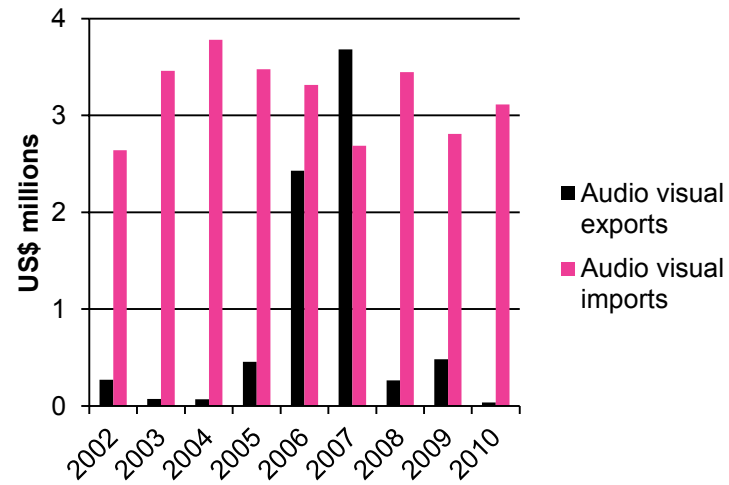


Figure 24: SA design exports and imports (World)

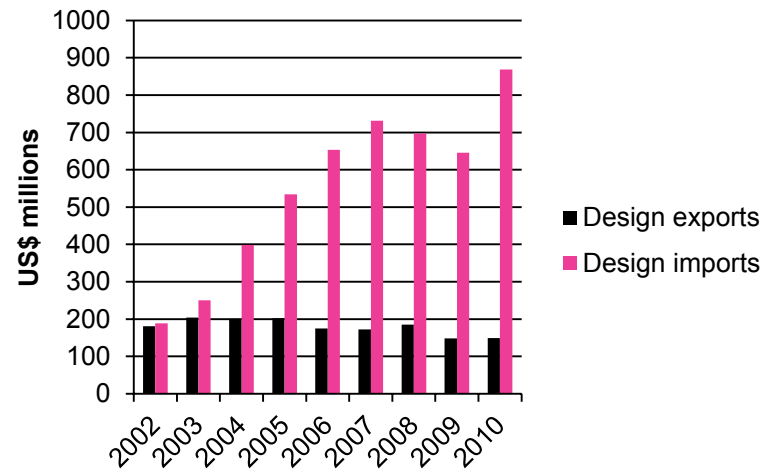


Figure 25: SA New media exports and imports (World)

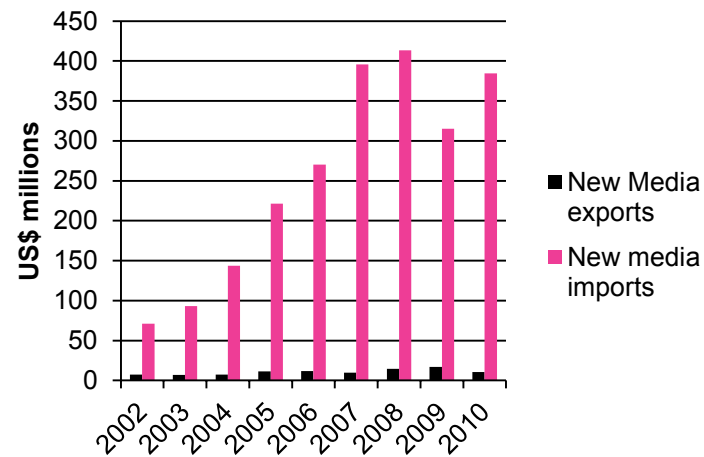


Figure 26: SA Performing Arts exports and imports (World)

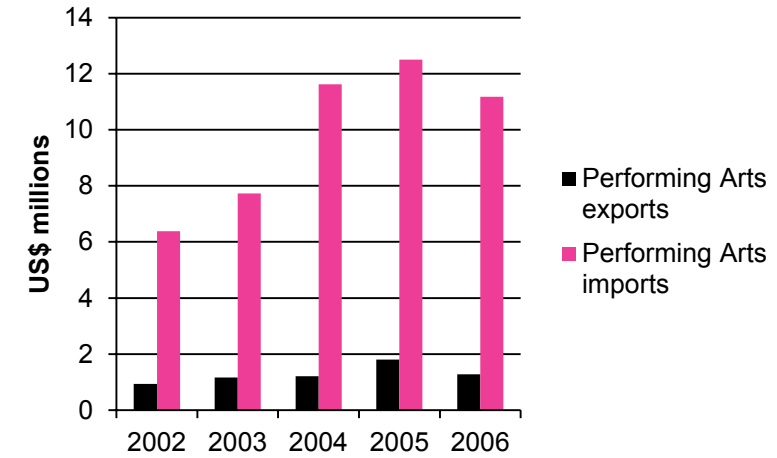


Figure 27: SA publishing exports and imports (World)

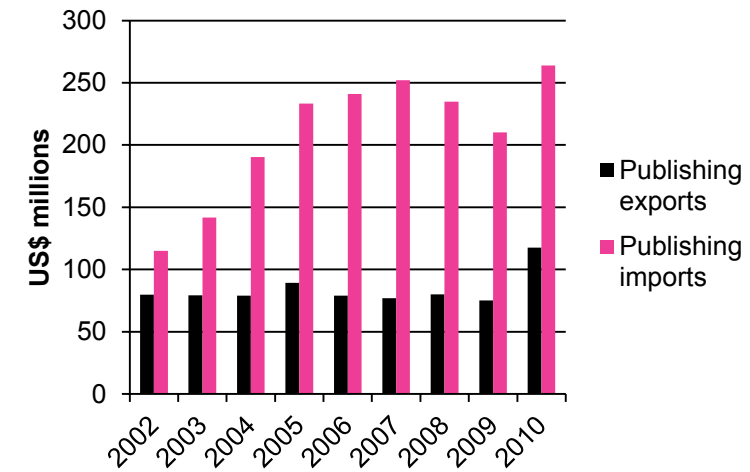
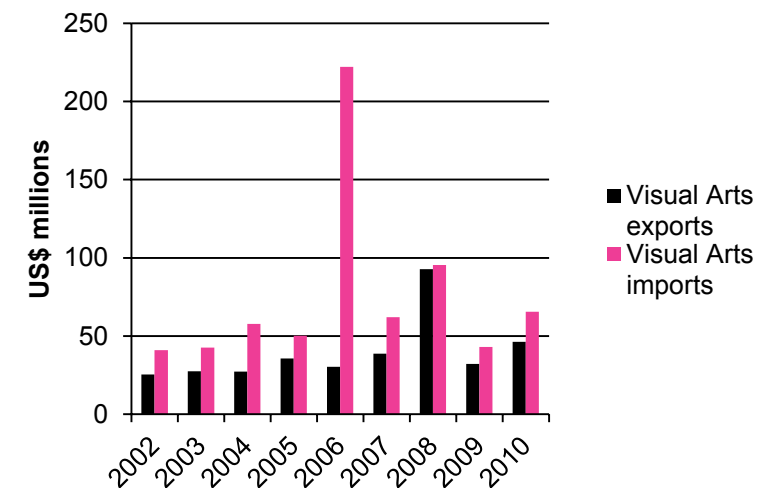


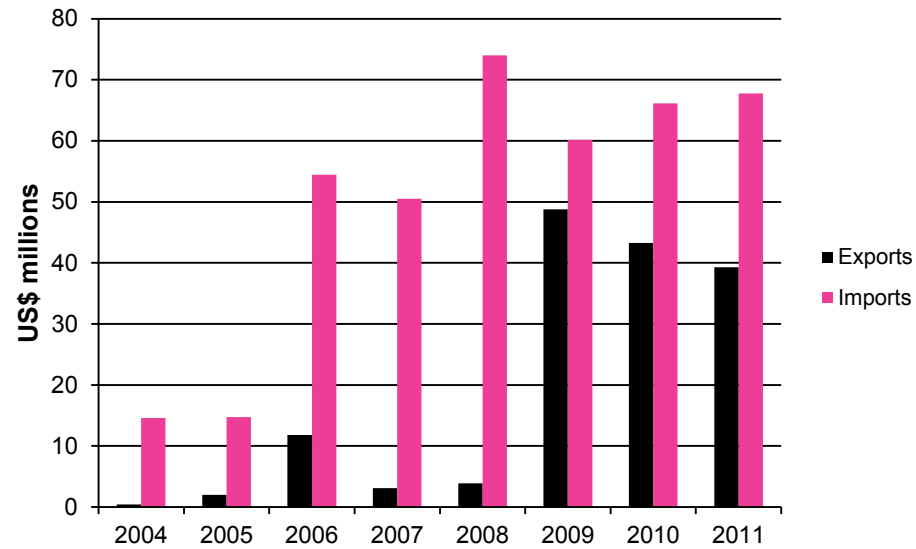
Figure 28: SA Visual Arts exports and imports (World)



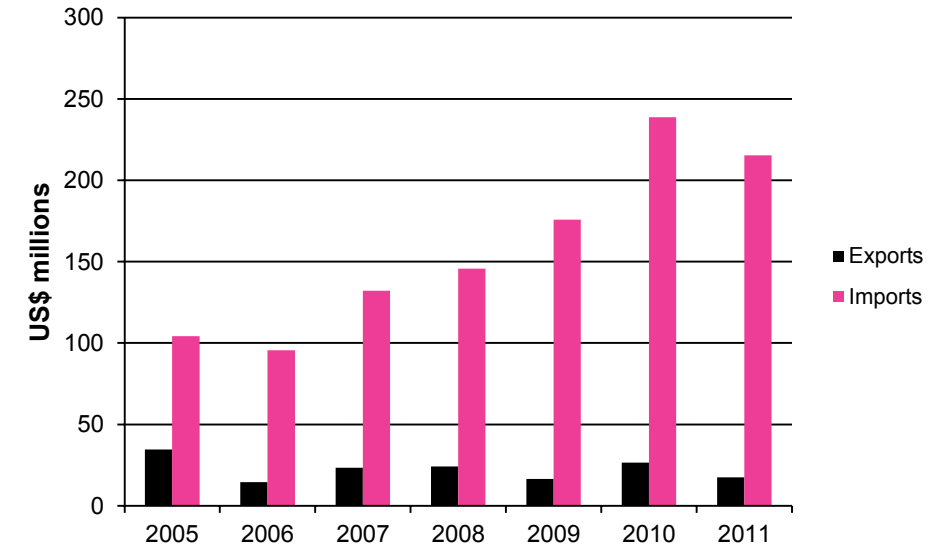
APPENDIX D: SA CCI SERVICES EXPORTS BY SUB-SECTOR

The exported creative and cultural services have been broken down in the series of graphs below to show how the different sub-sectors have performed.

Trade in '7.2: Computer and information services, Information services'



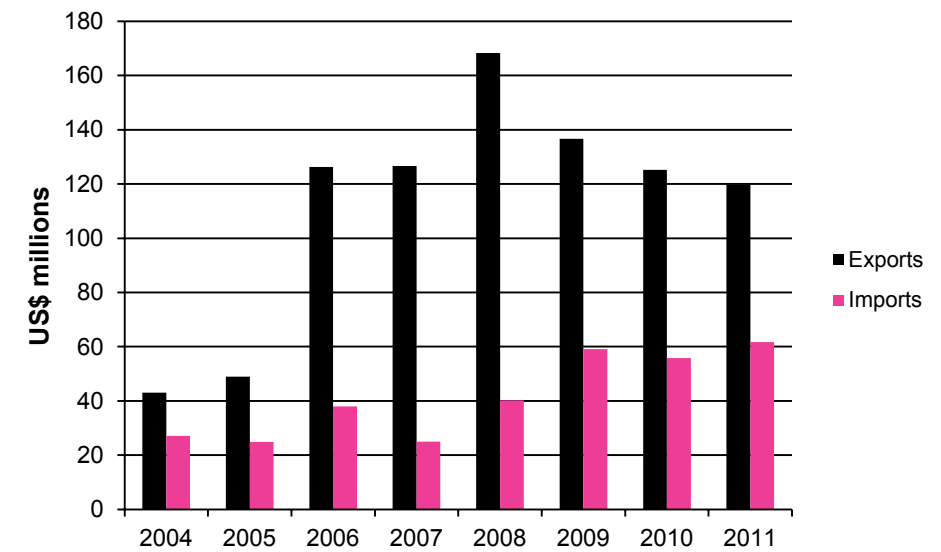
Trade in '8.2: Other services, Royalties and license fees, Other royalties and license fees'



Trade in '8.1: Other services, Royalties and license fees, Franchises and similar rights'



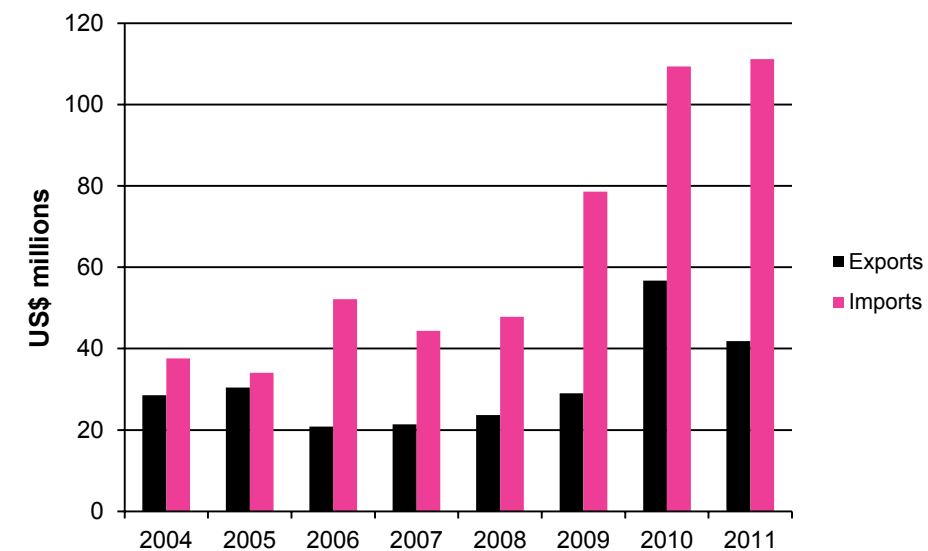
Trade in '9.3.2: Other services, Other business services, Miscellaneous business, professional and technical services, Advertising, market research and public opinion polling'



Trade in '9.3.3: Other services, Other business services, Miscellaneous business, professional and technical services, Research and development services'



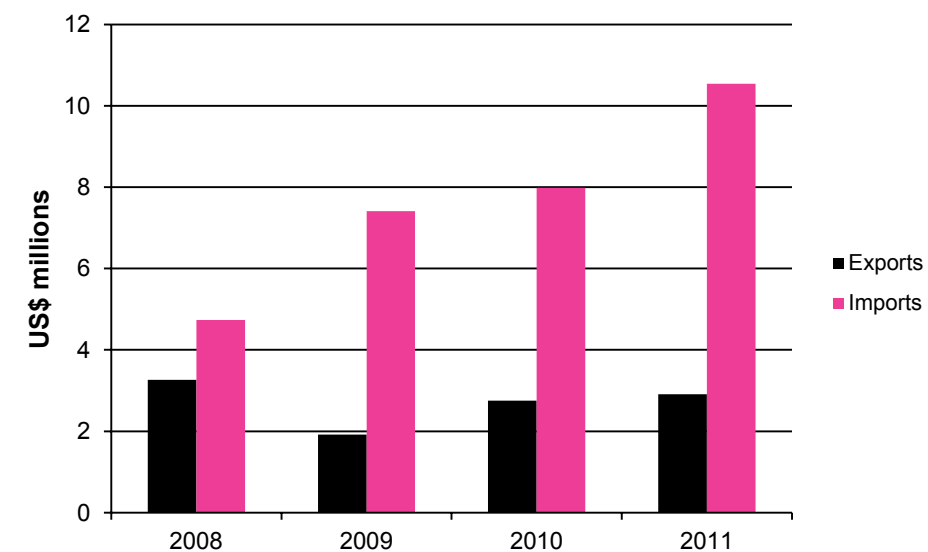
Trade in '10.1: Other services, Personal, cultural and recreational services, Audio-visual and related services'



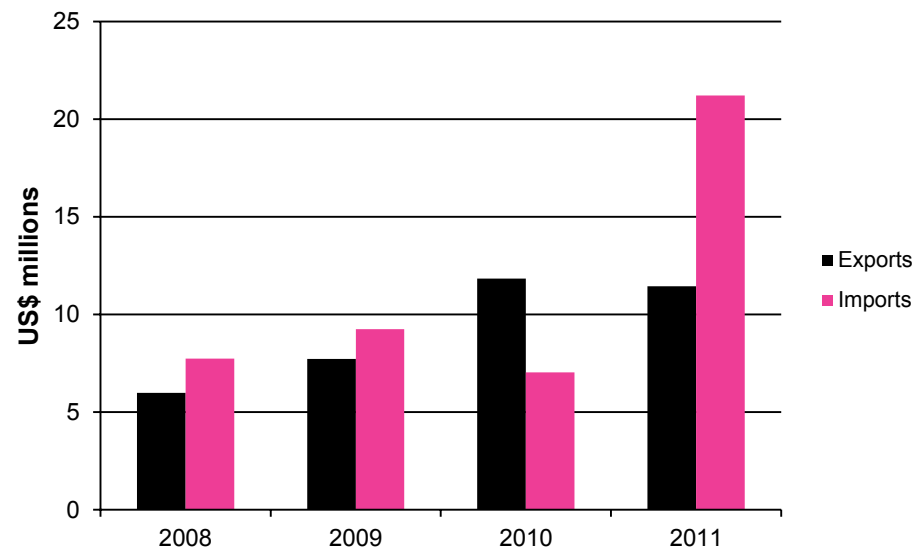
Trade in '9.3.4: Other services, Other business services, Miscellaneous business, professional and technical services, Architectural, engineering and other technical consultancy'



Trade in '10.2.1: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Education services'



Trade in '10.2.3: Other services, Personal, cultural and recreational services, Other personal, cultural and recreational services, Other'



APPENDIX E: SUMMARY OF MAIN TRADE AGREEMENTS BETWEEN SOUTH AFRICA AND THE REST OF THE WORLD

Table 28: Summary of Main Trade Agreements between South Africa and the rest of the World

Type of Agreement	Countries Involved	Main Objective/Terms	Products Involved
Customs Union			
Southern African Customs Union (SACU)	South Africa, Botswana, Lesotho, Namibia and Swaziland	Duty free movement of goods with a common external tariff on goods entering any of the countries from outside the SACU	All products
Free Trade Agreements (FTAs)			
Southern African Development Community (SADC) FTA	Between 12 SADC Member States	A FTA, with 85% duty-free trade achieved in 2008. The 15% of trade, constituting the "sensitive list", is expected to be liberalised from 2009 to 2012 when SADC attains the status of a fully-fledged FTA with almost all tariff lines traded duty free.	Most products
Trade, Development and Cooperation Agreement (TDCA)	South Africa and the European Union (EU)	The EU offered to liberalise 95% of its duties on South African originating products by 2010. In turn, by 2012, South Africa offered to liberalise 86% of its duties on EU originating products.	There is currently a review of the agreement underway, which is aimed at broadening the scope of product coverage. This is taking place under the auspices of the Economic Partnership Agreement (EPA) negotiations between SADC and the EU

	Type of Agreement	Countries Involved	Main Objective/Terms	Products Involved
EFTA-SACU Free Trade Agreement (FTA)	Free Trade Agreement	SACU and the European Free Trade Association (EFTA) -Iceland, Liechtenstein, Norway and Switzerland	Tariff reductions on selected goods	Industrial goods (including fish and other marine products) and processed agricultural products. Basic agricultural products are covered by bilateral agreements with individual EFTA States
Non-reciprocal Trade Arrangements				
Generalised System of Preferences (GSP)	Unilateral preferences granted under the enabling clause of the WTO that are not contractually binding upon the benefactors	Offered to South Africa as developing country by the EU, Norway, Switzerland, Russia, Turkey, the US, Canada and Japan	Products from developing countries qualify for preferential market access	Specified industrial and agricultural products
Africa Growth and Opportunity Act (AGOA)	Unilateral assistance measure	Granted by the US to 39 Sub-Saharan African (SSA) countries	Preferential access to the US market through lower tariffs or no tariffs on some products	Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7,000 product tariff lines.
Other agreements				
Trade, Investment and Development Cooperation Agreement (TIDCA)	Cooperative framework agreement	SACU and US	Makes provision for the parties to negotiate and sign agreements relating to sanitary and phyto-sanitary measures (SPS), customs cooperation and technical barriers to trade (TBT). It also establishes a forum of engagement of any matters of mutual interest, including capacity-building and trade and investment promotion.	None

	Type of Agreement	Countries Involved	Main Objective/Terms	Products Involved
Trade and Investment Framework Agreement (TIFA)	Bilateral agreement	South Africa and US	Provides a bilateral forum for the two countries to address issues of interest, including AGOA, TIDCA, trade and investment promotion, non-tariff barriers, SPS, infrastructure and others.	None
Current Trade Negotiations				
SACU-India PTA	Preferential Trade Agreement	SACU and India	Tariff reductions on selected goods	SACU and India are in the process of exchanging tariff requests
SADC-EAC-COMESA Tripartite FTA	Free Trade Agreement	26 countries with a combined GDP of US\$860bn and a combined population of approximately 590m people	The Tripartite Framework derives its basis from the Lagos Plan of Action and the Abuja Treaty establishing the African Economic Community (AEC), which requires rationalisation of the continent's regional economic communities. The FTA will be negotiated over the next three years, with the possibility of an additional two years for completion.	The Tripartite initiative comprises three pillars that will be pursued concurrently, in order to ensure an equitable spread of the benefits of regional integration: market integration, infrastructure development and industrial development. The FTA will, as a first phase, cover only trade in goods; services and other trade-related areas will be covered in a second phase.

Source: The dti - http://www.thedti.gov.za/trade_investment/ited_trade_agreement.jsp

APPENDIX F: BENCHMARKS IN DETAIL

EU

CCI trade data collection and statistics

There are various sources for statistics on trade in creative and cultural goods in the EU. Statistics are collected at European and at national level. There are some difficulties however when looking at and comparing these statistics. On the one hand there is a lack of comparability between the different national sources, as each Member State uses a different methodology and classification system to collect statistics. On the other hand the trade statistics collected at EU-level are comparable, but most of the time they lack detailed specifications when it comes to culture, as all economic activities and sectors are taken into consideration.

There are two general sources for statistics linked to trade of goods and services in the EU: the Comext database⁵⁴ on international trade of goods (point 1) and statistics on balance of payment⁵⁵ that include statistics on international trade of services (point 2). These two databases also have cultural statistics and Eurostat published in 2011 "Pocketbook on Cultural Statistics", which showed the data on trade of cultural goods available through Comext (see point 1). The EU Council of Ministers of Culture and the European Commission have undertaken action to develop European cultural statistics and harmonise concepts and methods of data collection across Europe through several European collaborations, the most recent being the Statistical System Network on Culture (ESSnet-CULTURE). This new framework will be explained in point 3.

The analysis of these statistical tools shows that it is difficult to measure trade of cultural goods and services, as either there is a lack of data available or the classification systems used are not detailed enough to allow precise data extraction.

Comext database - European pocketbook on culture

The Comext database is the Eurostat instrument to collect data on trade (intra-EU and extra-EU) of goods. It includes trade flows of cultural goods, but gathers data only of tangible goods and does not include external trade in intangible goods such as licenses and copyright. Exhibitions are not covered as such, but as any work of art that leaves a country (be it permanently or temporarily) needs a customs license or declaration, the flow of works of arts is included, even though data does not allow one to identify exhibitions as such⁵⁶.

Statistics on cultural goods from the database can be found in the European pocketbook on cultural statistics from 2011. The pocketbook does not include internal trade, i.e. between EU Member States, however this data is also collected in Comext.

⁵⁴ <http://epp.eurostat.ec.europa.eu/newxtweb/>

⁵⁵ epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/introduction

⁵⁶ According to the pocketbook the main products exported and imported were in 2009 the EU-27 books and works of art (mainly paintings) the latter accounted the greatest share of extra-EU cultural imports and exports. This is influenced by the high value of works of art. 91% of all works of art went to only eight countries, including USA, Switzerland, Ukraine, the most imports came from the US. Pocketbook, pp. 113-115

Classification

a. General

Comext data is classified according to the Combined Nomenclature (CN)⁵⁷ system used by Eurostat.

Data are available by type of product (following the statistical classification of products by activity (CPA)), by reporting Member State; and by source and by destination.

Aggregated data contain macro-economic indicators on both a monthly and annual basis. Trade flows are aggregated according to the product (main groups of SITC or BEC classification) and according to the partner (geo-economic areas).

Comext collects short term and long term indicators. Short term indicators include gross and seasonally adjusted trade value (in million Euro), unit-value indices, gross and seasonally adjusted volume indices and growth rates of trade values and indices. Long term indicators include trade value (in billion Euro), shares by reporting country or by main trading partners, unit-value indices and volume indices.

There is the possibility to get more detailed data on the monthly and annual trade (imports and exports). Disaggregated data allows one to identify trade per country and per partner-country, at the most detailed level of several product nomenclatures (CN, HS, SITC, BEC, CPA, and NST/R). For detailed data trade value (gross value in Euro), trade quantity in 100 kg, trade quantity in supplementary units like, for example, liters or square meters are disseminated.

b. Cultural goods

The following subheadings of the Combined Nomenclature (CN) are used for cultural goods:

CULTURAL GOODS

- books
- newspapers, journals and periodicals
- CDs
- DVDs

MUSICAL INSTRUMENTS.

- Pianos.
- Guitars, violins, etc
- clarinets, trumpets, keyboards, etc
- percussion instruments.
- Electronic instruments.
- Musical boxes.
- Parts and accessories.

WORK ART, COLLECTORS' PIECES AND ANTIQUES.

- Paintings.
- Engravings.

⁵⁷ The CN is an eight-digit subdivision of the Harmonised System (HS), comprising four two-digit levels: HS2, HS4, HS6 and CN8. Trading partners are designated a three-digit or four-digit code. http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/combined_nomenclature/index_en.htm

- Sculptures.
- Postage stamps.
- Collections.
- Antiques

The “Pocketbook on Cultural Statistics”, is the only publication at EU-level for trade in cultural goods. It provides the following data (Pocketbook, 2011, p. 113-137):

- EU-27 External trade in cultural goods in million EUR in 2009
- EU-27 external trade in cultural goods in million Euros 2004 and 2009 and average annual growth rate (AAGR) 2004-09 (%)
- external trade in cultural goods 2009 and AAGR 2004-09 (%) per country
- export of cultural goods, by product, 2009 (%) per country
- import of cultural goods, by product, 2009 (%) per country
- exports of cultural goods as a percentage of total exports, 2004 and 2009, per country
- imports of cultural goods as a percentage of total exports, 2004 and 2009, per country
- external trade 2009 and AAGR 2004-09 (%) per country in:
 - books
 - newspapers, journals and periodicals
 - musical instruments
 - CDs
 - DVDs
 - works of art, collectors’ pieces and antiques
 - paintings, engravings and sculptures
- EU-27 external trade, export destinations, 2009 (%) in:
 - books
 - newspapers, journals and periodicals
 - musical instruments
 - CDs
 - DVDs
 - works of art, collectors’ pieces and antiques
 - paintings, engravings and sculptures
- EU-27 external trade sources of imports, 2009 (%) in:
 - books
 - newspapers, journals and periodicals
 - musical instruments
 - CDs
 - DVDs
 - works of art, collectors’ pieces and antiques
 - paintings, engravings and sculptures

The Pocketbook does not include intangible goods and services, royalties and licenses, which are dealt with (in a much less extensive way) in the balance of payments statistics (see point 2).

Data collection methods

Eurostat’s Comext database is updated daily. Extra-EU trade statistics data are collected by using

customs declarations. Intra-EU trade statistics are collected directly from trade operators as a result of the abolishment of the customs controls at the borders between the Member States.

Electronic data transmission systems are increasingly used in the Member States facilitating the communication between the national authorities and the trade operators and the use of traditional paper declarations is declining.

Data collection for Comext database is legislated as laid down in Regulation (EC) No 471/2009 of the European Parliament and of the Council, Commission Regulation (EC) No 92/2010 and Commission Regulation (EC) No 113/2010.

Use of data

All Directorate Generals of the European Commission use this database for statistics on EU-trade in goods. It is the only consolidated and comparable database in the EU.

Lessons learned for South Africa

It is an example of how to measure and report on cultural statistics and external trade of goods. This is a good way to gather statistics on trade, as it seems very effective. However, it does not capture non-monetary exchanges, so there is an important part of cultural activities missing.

It shows that it is difficult to measure trade/dissemination in relation to non-monetary and non-tangible goods and in particular in relation to performing arts. While export of visual arts (paintings, etc.) can be measured to some extent, by measuring the number of licenses for export of arts works (temporary or permanently) and thus allowing to capture exhibitions in a quite limited way, performing arts are not even classified in the classifications system⁵⁸. The system does not include trade of services.

Classifications are updated every year to follow technological developments.

Trade in services

European Trade in services is captured by Eurostat in statistics on the balance of payments. The database allows to extract data per country and per services group (http://epp.Eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/data/database).

Eurostat’s task is to provide the European Union with statistics at European level that enable comparisons between countries and regions, e.g. statistics on international trade in services of the EU-27⁵⁹.

The Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment defines the dataset which has to be transmitted to Eurostat⁶⁰. Member States shall submit to the Commission (Eurostat) data on balance of payments, international trade in services and foreign direct investment⁶¹.

⁵⁸ There is no real quantitative international database existing on Performing arts. Researches on festivals are undertaken by The European Festivals Association (EFA) and the European Network of Information Centres for the Performing Arts (ENICPA) provides

⁵⁹ For more information consult also:

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-EB-08-001/EN/KS-EB-08-001-EN.PDF

⁶⁰ For more details consult also Regulation (EC) No 184/2005:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:035:0023:0055:EN:PDF>

⁶¹ Please consult the Code of Practice (Principle 5):

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-32-11-955/EN/KS-32-11-955-EN.PDF

Accordingly, the data flows which are transmitted to Eurostat are defined, those are not on a micro-level. All **non-confidential** data are published by Eurostat. The Commission does not receive any kind of micro data in international trade in services from the Member States.

All non-confidential data which is transmitted to Eurostat according Regulation (EC) No 184/2005 is available free of charge.

Microdata are confidential data which contain information about individual statistical units.

The current legal framework enables **access to anonymised microdata** available at Eurostat **only for scientific purposes**⁶².

Thanks to the support of official statistical agencies from a large number of European countries, the Integrated European Census Microdata (IECM) database is now under construction. It is supported by the **European Union Sixth Framework Programme** for enhancing, harmonizing and disseminating the integrated European microdata and metadata as well as for coordinating tasks based in Europe⁶³.

The “Statistical Book: European Union international trade in services, Analytical aspects, Data 2003-2006” provides a general overview on trade in services from the EU to the world and in relation to specific countries. It does not provide a breakdown by country. In relation to cultural services (which also include royalties and licences) there are very few levels of detail. There is so far no specific publication on the trade of cultural services at European level.

Classifications:

The Methodology is based on the International Monetary Fund (IMF)’s fifth balance of payments manual (BPM5) and the United Nations’ manual on statistics of international trade in services. The sixth edition of the balance of payments manual (BPM6) was finalised in December 2008 with implementation planned for 2014.

The database uses several stock of metadata to enable the analysis, including

- Statistical classification of economic activities - NACE Rev. 2⁶⁴. This classification has been updated and implemented since 2008 in most European surveys. It allows for a better coverage of cultural sectors, yet the level of detail is not always sufficient for a clear picture of all cultural activities (Pocketbook 2011, p. 5).
- Statistical classification of products by activity CPA 2008⁶⁵ updated from 2002 onwards and implemented since 2008.
- The statistical classification of regions in the European Union NUTS⁶⁶ - is the common statistical classification of territorial units in order to enable collection, compilation and dissemination of harmonised regional statistics of the Union.

Creative and cultural services and licenses

In these statistics services linked to the cultural and creative sectors are included in the sub-item “other services”. They are listed among communications services, royalties and license fees, other business services, personal, cultural and recreational services. However, the classification is very general and no distinction between the different sub-categories is made. Therefore it is not possible to extract detailed isolated figures per category⁶⁷.

⁶² <http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/introduction>

⁶³ <http://www.iecm-project.org/>

⁶⁴ http://epp.eurostat.ec.europa.eu/portal/page/portal/nace_rev2/introduction

⁶⁵ http://epp.eurostat.ec.europa.eu/portal/page/portal/cpa_2008/introduction

⁶⁶ http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction

⁶⁷ Nevertheless it is possible to receive a special evaluation for Data on Royalties and license fees and Film in BOP according to the Deutsche Bundes-

Relevant categories are (as described on p. 127-129 of the European Statistical book highlighted by authors):

→ **Communications services** cover two main categories of international communications transactions between residents and non-residents: telecommunications services (code 247) and postal and courier services (code 246). Telecommunications encompass the **transmission of sound, images, or other information** by telephone, telex, telegram, cable, broadcasting, satellite, electronic mail, facsimile services etc. and include business network services, teleconferencing, and support services. It does not include the value of the information transported. Also included are cellular telephone services, Internet backbone services and online access services, including provision of access to the Internet; Charges for the use of intellectual property n.i.e (Royalties and Licences). Royalties and license fees (code 266) (comprises Franchises and similar rights (code 891) and Other royalties and license fees (code 892)) cover the exchange of payments and receipts between residents and non-residents for the authorised use of intangible, non-produced, non-financial assets and proprietary rights (such as patents, copyrights, trademarks, industrial processes, franchises, etc.) and with the use, through licensing agreements, of produced originals or prototypes (such as manuscripts and films).

→ **Advertising**, market research and public opinion polling (code 278) services transacted between residents and non-residents cover the **design, creation, and marketing of advertisements by advertising agencies**; media placement, including the purchase and sale of advertising space; exhibition services provided by trade fairs; the promotion of products abroad; market research; and public opinion polling abroad on various issues.

→ **Architectural**, engineering and other technical services (code 280) cover resident/non-resident transactions related to architectural design of urban and other development projects; planning and project design and supervision of dams, bridges, airports, turnkey projects, etc.; surveying, cartography, product testing and certification, and technical inspection services.

→ **Personal, cultural and recreational services** (code 287) involving transactions between residents and non-residents are subdivided into two categories: **Audiovisual and related services (code 288) comprise services and associated fees related to the production of motion pictures, radio and television programs, and musical recordings**. Included are receipts or payments for rentals; fees received by resident actors, producers etc. for productions abroad (or by non-residents for work carried out in the compiling economy); fees for distribution rights sold to the media for a limited number of showings in specified areas and access to encrypted television channels (such as cable services). Fees to actors, directors and producers involved with theatrical and musical productions, sporting events, circuses and other similar events and fees for distribution rights (for television, radio, and film) for these activities are included. Other personal, cultural and recreational services (code 289) comprises Education services (code 895), Health services (code 896) and Other or Other personal, cultural and recreational services not included elsewhere (code 897).comprise services such as those associated **with museums, libraries, archives, and other cultural, sporting, and recreational activities**. Also included are fees for services, including provision of correspondence courses, rendered abroad by teachers or doctors. All expenditures by travellers on education and health are excluded.

Data collection

The transmission of data on international trade in services to Eurostat is covered by Regulation (EC) No 184/2005 of the European Parliament and of the Council.

bank (Mr. Schmitt, telephone interview : 26/02/2013, 3.00 pm) http://www.bundesbank.de/Redaktion/DE/Downloads/Veroeffentlichungen/Statistische_Beihefte_3/2013/2013_01_zahlungsbilanzstatistik.pdf?__blob=publicationFile pp.22

The international services data request is transmitted to Eurostat annually. Member states are following the IMF BPM5 Methodology and MSITS2002. These BoP items are fully consistent with the EBOPS classification available in the Manual on statistics of International trade in services. In general Member States are following these international standards⁶⁸.

Data on each sub-item are not necessarily collected and compiled separately e.g. royalties and licences in some countries are collected only on an aggregated level and the shares to the sub-items are calculated.

In general, data collection and compilation are country specific.

Lessons learned for South-Africa

This statistic gathers cultural services and licences. It thereby completes the ComExt database. However, given the small emphasis on cultural and creative sectors, information provided is not detailed enough to make relevant and specific conclusions for trade of cultural services. Therefore at European level it seems to be impossible to extract specific information in relation to all cultural activities and trade. This is probably mainly due to the fact that there is not enough political interest for cultural statistics in this field. The ESS-net culture initiative might contribute to changes in nomenclature (see point 3).

For a more effective data collection it seems therefore necessary to revise existing nomenclatures, so to include the cultural and creative sectors.

European Statistical System Network on Culture (ESS-net-Culture)

The aim of this European statistical framework is to harmonise statistical methods in relation to culture in Europe and to ensure comparability of cultural statistics. It has been elaborated by a working group launched by Eurostat in 2008, bringing together the ministries of culture from Luxembourg and France and statistical offices from Czech Republic, Estonia and the Netherlands, to develop a coordinated statistical system and examine possibilities to adapting and developing existing methods of data generation in the cultural sector (ESS-net, 2012, p. 19). The ESSnet-Culture's work implied the update of the European framework for cultural statistic defined in 2000 and a definition of a commonly agreed scope of culture in line with the UNESCO Framework of 2009. It also worked on public financing and private expenditure on culture; cultural industries and cultural employment; cultural practices and social aspects.

This framework is interesting, as it considers a new classification of cultural domains, which would allow a better data collection on cultural and creative activities. In addition to the previous statistical definitions of the cultural sector, it includes advertising, art crafts and intangible heritage. Ultimately, it considers 10 cultural domains: heritage, archives, libraries, book and press, visual arts, performing arts, audiovisual and multimedia, architecture, advertising in arts crafts. It assesses these domains, according to six cultural functions: creation, production/publishing, dissemination/trade, preservation, education and management/regulation. For the purpose of this study the cultural function of dissemination/trade

⁶⁸ In case of deviations those are mentioned either in the Eurostat-OECD joint publication, where you can find a short overview on the service items for each Member as for the main items a short description about the compilation or directly on the website address of the National Bank/or Statistical Institute. <http://www.oecd.org/trade/internationaltradeandbalanceofpaymentsstatistics/oecdstatisticsoninternationaltradeinservicesvolumei-detailed-tablesbycategory2000-20082010edition.htm>

Definitions and the scope of those items, also with a reference to the codes which you can find in the database.

You can find the full description under:

(http://unstats.un.org/unsd/tradeserv/TFSITS/MSITS/m86_english.pdf).

is the relevant one. The framework considers both, monetary and nonmonetary trade and dissemination of cultural goods.

It includes the following:

HERITAGE

- museums exhibitions
- museo-graphy and scenography activities
- art galleries activities
- trade of antiquities (incl. e-commerce)

ARCHIVES

- consultation of archives
- archives exhibitions

LIBRARIES

- lending activities

BOOKS&PRESS

- book conventions, events, promoting services
- galleries & other temporary exhibitions
- trade of books and press

VISUAL ARTS

- conventions and events, promoting services
- temporary exhibitions
- trade of visual arts works /art market

PERFORMING ARTS

- live presentation activities
- booking services
- support and technical activities producing live events

AUDIO VISUAL & MULTIMEDIA

- film/video conventions and activities
- radio and TV broadcasting (incl. Internet)
- film projections
- film/video distribution
- renting of video and disks
- trade of audio visual works
- temporary audio visual works (incl. e-commerce)

ARCHITECTURE

- temporary exhibitions
- gallery exhibitions

ADVERTISING

- distribution of advertising design

ARTS CRAFTS

- artistic craft exhibitions and trade
- (all inclusive e-commerce)

The ESS-Culture statistics provides the methodology for future data gathering. It is the follow-up to the European framework for cultural statistics from 2000. It should serve as a basis for the next European "Cultural statistic" pocketbook, the pan-European survey of Eurostat – Eurobarometer and other European and national statistics on culture. The last version of the pocketbook, published in 2011, with data extractions carried out in 2010, relies still on the 2000-framework. So far, the framework has not yet been implemented.

Lessons to be learned for South Africa

This cultural statistics framework is a good example of a framework that could be used in trade statistics. It includes all relevant cultural and creative sectors as well as fields of activities in which there is trade and international exchange (non-monetary trade). If it was used in trade statistics it could provide far more detailed information than the existing statistics, especially in relation trade in services.

Comparison for cultural domains covered by Comext, EBOPS and ESS for cultural statistics:

Comext (CN)	BOPS (international codes ⁶⁹)	ESS
CULTURAL GOODS <ul style="list-style-type: none"> • books • newspapers, journals and periodicals • CDs • DVDs 	7. Computer and information services 262 7.2 Information services 264	HERITAGE <ul style="list-style-type: none"> - museums exhibitions - museo-graphy and scenography activities - art galleries activities - Trade of antiquities (incl. e-commerce)
MUSICAL INSTRUMENTS <ul style="list-style-type: none"> • Pianos. • Guitars, violins, etc. • clarinets, trumpets, keyboards, etc. • Percussion instruments. • Electronic instruments. • Musical boxes. • Parts and accessories 	8. Royalties and license fees 266 8.1 Franchises and similar rights 891 8.2 Other royalties and license fees 892	ARCHIVES <ul style="list-style-type: none"> - consultation of archives - archives exhibitions
WORK ART, COLLECTORS' PIECES AND ANTIQUES <ul style="list-style-type: none"> • Paintings. • Engravings. • Sculptures. • Postage stamps. • Collections. • Antiques 	9. Other business services 268 *9.3.2 Advertising, market research, and public opinion polling 278 9.3.3 Research and development 279 9.3.4 Architectural, engineering and other technical services 280	LIBRARIES: <ul style="list-style-type: none"> - lending activities

Comext (CN)	BOPS (international codes ⁶⁹)	ESS
	10. Personal, cultural, and recreational services 287 10.1 Audiovisual and related services 288 10.2 Other personal, cultural and recreational services 289 10.2.1 Education services 895 10.2.3 Other 897	BOOKS&PRESS <ul style="list-style-type: none"> - book conventions, events, promoting services - galleries & other temporary exhibitions - trade of books and press
		VISUAL ARTS <ul style="list-style-type: none"> - conventions and events, promoting services - temporary exhibitions - trade of visual arts works /art market
		PERFORMING ARTS <ul style="list-style-type: none"> - live presentation activities - booking services - support and technical activities producing live events
		AV&MULTIMEDIA <ul style="list-style-type: none"> - film/video conventions and activities - radio and TV broadcasting (incl. internet) - film projections - film/video distribution - renting of video and disks - trade of AV works - temporary VA works (incl. e-commerce)
		ADVERTISING <ul style="list-style-type: none"> - distribution of advertising design
		ARTS CRAFTS <ul style="list-style-type: none"> - artistic craft exhibitions and trade - (all inclusive e-commerce)

⁶⁹ The items represent Standard Components and Services Sub-items of the IMF Balance of Payments Manual, Fifth Edition 1993, pages 43 and 50

2. Overview main strategies and policies for the CCI in the EU

Culture became a clear competence of the EU with the Maastricht Treaty in 1993. Although culture is and primarily remains a responsibility of Member States, the Treaty gave the EU the important role to support and complement the actions of its Member States by stimulating exchanges, dialogue and mutual understanding. The more recent Lisbon Treaty of 2007 confirmed and strengthened the EU competence in culture.

The European Commission laid down the EU policy for culture for the first time in its Communication on a “European Agenda for Culture in a Globalising World”⁷⁰ of 2007. The three main policy objectives were:

- Foster intercultural dialogue to ensure that EU’s cultural diversity is understood, respected and promoted,
- Promote culture as a catalyst for creativity,
- Promote culture as a vital element in the Union’s international relations.

The Agenda went beyond the value of culture on its own. It acknowledged its instrumental value vis-à-vis Europe’s broader goals, thus paving the way for the mainstreaming of culture in other policy fields, from innovation, regional policy to international trade.

To concretely harness the potential of culture as a catalyst of growth across different sectors, the EC published in 2010 a Green Paper on “Unlocking the potential of cultural and creative industries”⁷¹. This Paper stated that cultural and creative companies offered a real potential to reach the goals of the EU’s 2020 strategy by “boosting local economies in decline, contributing to the emergence of new economic activities, creating new and sustainable jobs and enhancing the attractiveness of European regions and cities”.

As a follow-up to the Green Paper the EC adopted in 2012 a Communication “Promoting Cultural and Creative Sector for Growth and Jobs in the EU”⁷². The EC pointed out that the policymakers at various levels still did not fully recognise the contribution of the cultural and creative sectors to the social and economic development of the EU. Therefore the EU had to take measures to allow the CCI to realise their full potential and face the major challenges brought about by globalisation and the digital shift. It proposed actions at both national and European level.

National level:

Member States needed to have a more holistic approach and more integrated strategies for the CCI. The EC encouraged partnerships between various governmental departments at national, regional and local level: culture, industry, economy, education, tourism and territorial planning. The involvement of all relevant public and private stakeholders was also recommended. Actions were put forward in the following key areas:

- Addressing changing skill needs - stronger partnerships between the CCI, social partners and education/training providers, both through initial training and continuing professional development. Providing a mix of skills for creative entrepreneurship.

- Improving access to finance - the small size of the businesses, the uncertainty of the demand for their products, the complexity of their business plans and the lack of tangible assets made it difficult for the CCI to obtain external financing. Financial institutions needed to be made more aware of their economic potential and the CCI had to be assisted in developing adequate business plans to obtain funds to finance their activities.
- Enlarging the marketplace: new partnerships and business models - the ICT sector offered new digital platforms for the production and distribution of content and products. The CCI needed to enter into strategic partnerships with other sectors and develop innovative business models to allow more content to be accessed by consumers.
- Expanding international reach – smart internationalisation and export promotion policies were required to allow small companies to reach new audiences and markets worldwide. The most effective support services had to be identified to facilitate access to foreign markets.
- Reinforcing cross-sectoral fertilisation - it was necessary for the CCI to meet businesses from other industries and sectors (for example the ICT and tourism sector) to ensure that they could operate in a multi-disciplinary environment. This called for the development of business support instruments and policies that facilitated cross-linkages and spill over effects. For example by setting up platforms, networks and clusters between public and private stakeholders relevant to the CCI.

European level:

- Promoting the right regulatory framework: Improve overall approach to entrepreneurship and be part of the “Small Business Act” of the EU. Develop a better framework for the protection and enforcement of intellectual property rights to reward creative efforts, facilitate cross-borders activities and fight piracy and counterfeiting. Review the value added tax (VAT) rates structure to ensure that similar products sold both online and offline were subject to the same rates.
- Exchange of good practices and peer-learning: Set up of expert group of national authorities to discuss best practices in their Member States and make proposals for cooperation initiatives (in particular for smart specialisation strategies). This group will also focus on internationalisation and export strategies. Creation of the European Creative Industries Alliance (ECIA) – a platform funded by the EC and run by a number of cities⁷³ to discuss business support activities, access to funding and cluster cooperation.

Funding Resources to support the Cultural and Creative Sector (CCS) in the EU

The EU’s new Multi-Annual Financial Framework for 2014-2020 also covers programmes for the cultural and creative sector. This framework is more ambitious than previous budget proposals of the EC and a greater effort has been made to allow the CCI to contribute to the creation of jobs and growth in the EU (Europe’s 2020 Strategy). Below an overview is given of the most relevant programmes put forward by the EC:

⁷⁰ http://ec.europa.eu/culture/news/cci_en.htm

⁷¹ http://ec.europa.eu/culture/documents/greenpaper_creative_industries_en.pdf

⁷² http://ec.europa.eu/culture/our-policy-development/documents/com537_en.pdf

⁷³ Amsterdam, Barcelona, Berlin, Milan, Nantes, Lombardi, Helsinki

- **Creative Europe** - new support programme for the CCI providing:
 - funding for artists and cultural professionals to develop their skills and work across borders
 - funding for transnational cultural activities in and outside the EU
 - support schemes tailored to specific needs of the audiovisual and cultural sectors
 - easier access to private funding through guarantees which could generate more than EUR 1 billion in loans
 - increase banking expertise in the cultural and creative sectors
 - developing Europe's competitiveness in culture and film while safeguarding cultural and linguistic diversity.
- **Erasmus for All** - programme for education, youth training and sport, providing the opportunity to study or train abroad with a grant⁷⁴.
- **Cohesion Policy Funds** - framework for financing a wide range of projects and investments to encourage economic growth in 271 regions of the EU Member States.
- **Horizon 2020** - financial instrument to implementing the Europe 2020 Strategy for an Innovation Union. It is aimed at securing Europe's global competitiveness with programmes for research and innovation to create new growth and jobs⁷⁵.
- **COSME** - programme for competitiveness of enterprises and SMEs facilitating access to finance for entrepreneurs, in particular for cross-border activities⁷⁶.
- **Connecting Europe Facility** - a programme supporting the rollout of trans-European networks in the fields of transport, energy, broadband and digital services.

3. EU External Relations and Culture

The EU's policy on cultural cooperation with third countries is primarily based on the Lisbon Treaty of the EU and the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions ("UNESCO Convention") of 2005.

- The Lisbon Treaty states in Art. 167 "The Union and the Member States shall foster cooperation with third countries and the competent international organisations in the sphere of culture, in particular the Council of Europe".
- The UNESCO Convention has several provisions to foster international solidarity and cooperation with special attention to developing countries and cultural expressions under threat⁷⁷. It includes under Section IV the rights and obligations that are particularly important in the field of international relations.

The EU ratified the UNESCO Convention on 18 December 2006⁷⁸ and it is committed, alongside its Member States, to integrating a cultural dimension as a fundamental element in its relations with partner countries and regions⁷⁹. The UNESCO Convention entered into force in March 2007 and since then the EU has taken a number of steps to enhance the role of culture in its policy making with respect to third countries such as:

1. The EC launched in 2007 a Communication on a European Agenda for Culture in a Globalizing

⁷⁴ <http://ec.europa.eu/education/erasmus-for-all/>

⁷⁵ http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020

⁷⁶ http://ec.europa.eu/cip/cosme/index_en.htm

⁷⁷ UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, 20 October 2005.

⁷⁸ http://ec.europa.eu/avpolicy/ext/multilateral/unesco/index_fr.htm

⁷⁹ http://ec.europa.eu/culture/our-policy-development/doc1741_en.htm

World⁸⁰. One of its three key priorities was the promotion of culture as a vital element in the EU's international relations.

2. The Council of Ministers of Culture of November 2010 adopted a Work Plan for Culture for 2011-2014⁸¹. It identified culture in external relations as one of the priority areas of the EU (in line with the objectives of the Europe 2020 Strategy to deploy external policy instruments). The Work Plan outlined the following measures:

- Joint informal meetings between senior officials of Ministries for Culture and senior officials responsible for culture in the Ministries for Foreign Affairs to be organized by the EU Presidencies of the Council of Ministers to develop a strategic approach to culture cooperation with third countries.
- The EU and Member States would further promote the ratification of the UNESCO Convention in their relations with third countries and continue to implement its provisions in European and national policies.
- The EC would convene meetings of expert groups, when necessary, on specific issues to facilitate the definition of strategies for cultural relations with third countries. These groups focus on specific regions in the world. For example culture in the neighbourhood countries, culture in emerging economies, culture and development (ACP countries).

3. The Council of Ministers for Culture agreed in April 2011 on the need for "mobility information services for artists and culture professionals" in all the EU Member States⁸². These services would also be available to foreign nationals and provide information on regulatory, administrative issues such as:

- social security and taxation
- intellectual property rights
- visas and work permits
- insurance and customs
- recognition of professional qualifications
- funding and training opportunities

3.1 Trade Agreements and Joint Declarations on Culture

The UNESCO Convention had an impact on the trade policy of the EU and the negotiation of trade agreements with third countries.

To implement the UNESCO Convention the EU has been attaching protocols on cultural cooperation ("protocol") to trade agreements or negotiating stand-alone agreements on culture. This is decided on a case-by-case basis depending on how far the EU can go with a third country. More leeway is given to developing countries with weak CCI; whereas negotiations with countries with more developed CCI tend to be based on the principle of reciprocity.

The protocol is also an instrument to implement the EU Audiovisual Media Services Directive in which the possibility is foreseen that audiovisual co-productions between European and third country

⁸⁰ European Commission (2007), Communication from the Commission on a European Agenda for Culture in a Globalizing World, COM (2007) 242 final, Brussels, p. 10.

⁸¹ Council of the European Union (2008), Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the Work Plan for Culture 2008-2010 (2008/C 143/06), Official Journal of the European Union C 143, p. 14.

⁸² Council of the European Union, Draft Council conclusions on mobility information services for artists and for culture professionals, Brussels, 19 April 2011

companies are classified as “European works”. These works would then be eligible to be included in the quota provisions for television programmes that have been installed to protect and support audiovisual industries of the EU Member States.

It should be noted that the protocols do not establish co-production agreements in the audiovisual sector between the EU and third countries. The signing of co-production agreements is still a competence of the individual EU Member States. Most EU Member States are reluctant to sign co-production agreements with developing countries, as they then also have to make specific funds available. In addition most production companies in developing countries do not have the financial means to cover their share of the co-produced work.

1. Trade Agreements with Protocols on Cultural Cooperation

- EU-Cariforum Economic Partnership Agreement (EPA) of October 2008⁸³

The EU- Cariforum EPA is the first trade agreement in which the EU specifically included the cultural sector. The Cariforum countries are developing countries with relatively weak developed CCI and in line Art. 16 of the UNESCO Convention the cultural and creative sector were given preferential treatment by the EU.

The cultural provisions of the EPA were aimed at increasing trade and cultural exchanges between the EU and the Cariforum countries. They were divided into two categories:

Commercial activities – market access provisions for entertainment services (excluding audiovisual services).

Non-commercial activities – embodied in the protocol to facilitate exchanges of cultural activities, goods and service, including audiovisual services).

The main draw back of the protocol is that it is a non-binding instrument and neither the EU nor its Member States have made any financial commitments to implement it⁸⁴.

To implement the EPA the EU is funding a EUR 47 million programme for governments and businesses running from 2012 to 2015. One of the activities will be the modernization of the collection of statistics. This will be done in close collaboration with several Caribbean and international bodies with the required technical expertise. It is not clear whether the statistics for the CCI sector will be covered.

- EU-South Korea FTA of October 2010⁸⁵

South Korea is a developed country with relatively strong and well-developed CCI in particular the animation sector. The protocol attached to the EU-South Korea is quite similar to the protocol of the EU-Cariforum EPA, with the exception of the conditions for the recognition of co-productions as European or Korean works. The thresholds for the financial and artistic input have been tightened and an unconditional safeguard mechanism has been introduced permitting each EU Member State or South Korea to unilaterally terminate the beneficial treatment of the other party with regard to co-productions.

83 http://ec.europa.eu/culture/documents/cultural_cooperation_protocol.pdf
84 http://www.keanet.eu/docs/KEA_implementing_cultural_provision_Cariforum_EU_EPA.pdf
85 <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:127:1418:1426:EN:PDF>

- EU-Central America Association Agreement of June 2012

The EU Association Agreement with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama has a protocol⁸⁶ attached to the agreement. The protocol also covers audiovisual services and co-production agreements.

- Trade Agreement with Colombia and Peru of June 2012

The Trade Agreement does not have a protocol attached to it. The EU has negotiated a stand-alone agreement on culture cooperation because of the contentious issue of co-production of television programmes with Colombia. No preferential treatment on co-production has thus been added to this cultural cooperation agreement. As it is not formally part of the Trade Agreement the signing and conclusion procedures will be carried out independently from Trade Agreement and the EC is due to launch the procedures during the course of 2013.

- EPA with Central Africa

At present there is a protocol pending in the of EPA negotiations with Central Africa. No new negotiations on cultural cooperation protocols or stand-alone agreements are envisaged in the near future as the EC wishes to focus on the implementation of the existing agreements and protocols.

- Current Trade Negotiations

At the moment the EU is negotiating bilateral trade agreements with Canada, Japan and the USA. These agreements will also cover the CCI, but no protocol on cultural cooperation will be added.

2. Joint Declarations on Culture

The EU has signed Joint Declarations on Culture with China, Brazil, India and Mexico. These joint declarations have led to the set up of sectoral policy dialogues on culture. They have been useful instruments to increase cooperation in the cultural and creative sector. Although the policy dialogues mainly focus on policy exchanges between EU officials and government officials of China, Brazil, Mexico and India respectively, they have also enabled the development of programmes and joint actions involving the relevant public and private stakeholders (expert seminars, studies and conferences).

- EU-China Joint Declarations (2003, 2007⁸⁷ and 2012⁸⁸)

- Set up of a dialogue on culture
- Special action for third countries of the Culture Programme in 2007 (10 projects financed)
- EU-China High Level Culture Forum of 2010
- High level People to People Dialogue of 2012
- EU-China Year of Intercultural Dialogue 2012 (200 activities labelled)
- Cultural and Creative Industries – EU-China Trade Project II (EUCTP II) for 2010-2015. Facilitating exchanges and peer-learning between EU and Chinese policy makers in the form of workshops, study visits and roundtable discussions.

- EU- Brazil Joint Declaration on Culture (2009) has led to a joint programme for culture (2011-

86 http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147701.pdf
87 http://ec.europa.eu/culture/documents/joint_declaration_with_china.pdf
88 http://ec.europa.eu/commission_2010-2014/vassiliou/headlines/press-releases/2012/12/docs/20121205-joint-declaration_finaldel.pdf

2014)⁸⁹ focused on:

- Set up of dialogue on culture
- Policies and instruments for culture and creative economy and its industries (cooperation and exchanges between the EU and Brazil, including aspects related to co-productions)
- Cultural heritage and museum sector policy cooperation (conservation techniques, traditional craftsmanship, sustainable cultural tourism etc.)
- Promotion of the UNESCO Convention

• EU-Mexico Joint Declaration on Culture (2009)⁹⁰

- Set up of a dialogue on culture and work programme
- Cultural diversity and the implementation of the UNESCO Convention
- Development of CCI in Mexico and the EU
- Policy orientations for fostering creativity and intercultural dialogue between EU and Mexico
- Regular exchanges of information, knowledge and best practices in jointly identified themes of common interest – conducted through specific events such as workshops or seminars/conferences with participation of stakeholders
- Launch of comparative studies

• EU-India Joint Declaration on Culture (2010)⁹¹

- Set up of a dialogue on culture
- Development of a work programme
- Exchanges of best practices and knowledge on issues that will help to promote the diversity of cultural expressions in line with the UNESCO Convention.
- Cooperation in the field of culture. Specific events such as seminars, workshops or expert meetings with participation of stakeholders.

3.2 Culture and Development Cooperation in the EU

Culture is also part of the EU's policies on development cooperation and plays the following roles:

- preservation of cultural heritage
- emergence of viable cultural industries
- poverty reduction strategies and national development plans.

The EC has established multiannual programmes financed under the Development Cooperation Instrument (DCI, financial perspectives 2007-2013) for its activities in developing countries and regions. To complement these geographical programmes the EC also has a thematic such as the 'Investing in People' and 'Non-state Actors and Local Authorities in Development' programmes.

The EC is also involved in bi-regional cooperation. It is a member of the Asia-Europe Meeting (ASEM) and a contributor to the Foundation (ASEF). Both organisations are involved in cultural cooperation focusing on the promotion of cultural diversity and intercultural dialogue.

⁸⁹ http://ec.europa.eu/culture/our-policy-development/documents/brazil-coop_en.pdf

⁹⁰ http://ec.europa.eu/culture/documents/joint_declaration_with_mexico.pdf

⁹¹ http://ec.europa.eu/culture/documents/joint_declaration_with_india.pdf

USA

The USA is one of the most significant exporters of creative and cultural industries goods. It is the 3rd biggest exporter of creative goods and it has also has one of, if not the most advanced systems of data collection for both goods and services, leading the world in many ways.

In terms of the USA's focus on creative and cultural industries, its biggest issue is protecting the intellectual property rights of its businesses and citizens. Core elements of the creative industries – entertainment software, film and television, music publishing, book publishing, audio-visual and multimedia – have been grouped together as the 'copyright industries' in the United States of America.

Based on the 2011 report 'Copyright industries in the US economy' by the agency IIPA, the U.S. copyright industries:

- continue to outpace the rest of the economy in real growth;
- employ over five million workers, who on average are paid significantly more than other U.S. employees; and contribute significantly to U.S. foreign sales and exports, exceeding those for many major U.S. industry sectors (despite the recession of 2008-2009, and the continuing harmful effects of copyright piracy, the U.S. copyright industries outperformed the rest of the U.S. economy as a whole during the period 2007-2010.)

Policies, strategies and legislation in support of creative and cultural industries (including financial support incentives)

The US protects its creative industries through strong development of intellectual property rights (copyrights, patents, licensing), particularly through the International Intellectual Property Alliance (IIPA). It has been a leading country in terms of creating international cooperation on Intellectual Property, including but not limited to:

- WTO's Trade Related Intellectual Property Rights (TRIPS) Agreement
- North American Free Trade Agreement" (NAFTA) was formed in 1992 by the United States, Canada and Mexico. NAFTA provides basic standards for the protection of trademarks and other intellectual property rights by each member party.
- General Inter-American Convention for Trademark and Commercial Protection

Measuring trade in creative industries

Goods

Statistics for exported goods transactions are compiled from three sources:

1. Shipper's Export Declaration documents filed with Customs and Border Protection and sent to the U.S. Census Bureau (3 percent of all transactions)
2. Comparable data in electronic form submitted directly by exporters and their agents (63 percent), and
3. Special computer tapes from Canada for U.S. exports to Canada (34 percent).⁹²

Services

The U.S. Bureau of Economic Analysis collects and compiles U.S. services import and export statistics.

⁹² <http://www.census.gov>

The services statistics are estimates of services transactions between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions. Services trade calculations are based on quarterly, annual, and benchmark surveys and partial information generated from monthly reports. Services trade totals are then estimated from these survey results. Limited country or area detail is available due to the lack of adequate source data upon which to base estimates.⁹³

Bureau of Economic Analysis (BEA), a statistical agency within the U.S. Department of Commerce collects trade in services data. Most data are collected by BEA in a system of mandatory surveys conducted under legislation known as the International Investment and Trade in Services Survey Act. This act requires the periodic collection of data on trade in services, makes reporting mandatory for U.S. businesses that engage in international services trade, and stipulates that the data reported will be held confidential and used for statistical purposes only. A second law governing the collection of data on trade in services (as well as other topics) is the Paperwork Reduction Act of 1995. Under this act, the surveys must undergo an approval process in which BEA is required to demonstrate that the data are necessary, that they cannot be obtained from other sources, and that their collection does not place an unreasonable burden on respondents.

Lessons for SA

The US online system for tracking the export/imports of goods is a highly efficient way of collecting data on exporters and the products that are traded. This system would, however, be costly system to set up. It should, however, potentially be a long-term goal for South Africa.

The US collection of survey data is again one of the most comprehensive systems for collecting trade in services data. The law making it compulsory also helps this process to be more effective. This would again be a costly system to set up and the greatest challenge is that the system must be well run or else it will add to the red tape facing businesses.

Lastly, the US also has an exporter database, which helps collect very accurate trade data and also assists the government in accurately profiling the businesses that are exporters.

MEXICO

- According to ANUIES (National Association of Universities and Institutions of Higher Education) in Mexico, close to 125,000 students graduate each year from animation, digital design, filmmaking, virtual media communication, image and sound design, interactive design and digital media engineering careers.
- There are more than 900 postgraduate programs in the areas of engineering and technology in Mexican universities.
- Mexico is the ninth IT talent hub in the world and the most important tech talent pool in America.
- According to the KPMG report, "Competitive Alternatives 2010", Mexico is ranked as the destination with the biggest competitive advantage for the development of software, video games, Web and multimedia, compared to 102 countries. The list considers the principal competitiveness variables: logistics costs, labor and transport costs, among other factors.
- In terms of video games, PwC states that the industry experienced a compound annual

⁹³ <http://www.census.gov>

growth rate of 18.7% from 2004-2010.

- In 2010, Mexico's domestic market reached US\$757m, placing the country among the top 15 video game markets in the world and leading in Latin America.

Policies, strategies and legislation in support of creative and cultural industries (including financial support incentives)

- Government policy has specifically identified the creative industries as a focus for growth, encouraging the development of a 'creative cluster' model which concentrates talent, skills, learning, employment and facilities.
- The industry, the Federal Government and ProMéxico work as a team to develop an integral support program to boost the full potential of the creative industries.

Incentives & support programmes

- Mexico offers preferred commercial conditions, like tariff exclusion for import of temporary equipment, derived from the country's trade agreements and treaties, like the North American Free Trade Agreement (NAFTA).
- Development of guides specializing in film and audio-visual production.
- Integration of a national chain of industry provider services.
- Creation of an exportable creative projects portfolio.
- Offer of better schemes of protection of the intellectual property.
- Support Program for the High Impact Audio-visual Industry, an initiative headed by the Federal Government that ranges from an incentives scheme (The ProAV Fund) to a governmental platform of attention to the industry. It offers an incentive of up to 17.5% of applicable expenses incurred in Mexico which consists of a cash refund applied on all verifiable production-related expenses and the return of the VAT disbursed from those expenses.

Other industry-tailored incentive schemes as

- EFICINE - fiscal stimulus (rebate) granted to taxpayers of Income tax (ISR), who invested in local cinematographic production. The above mentioned stimulus grants up to 10% of the ISR caused in the previous immediate fiscal year, with a maximum ceiling of 20m pesos.
- FIDECINE - Fund of Investment and Stimuli to Filmmaking (FIDECINE) is a support trusteeship for production, postproduction, distribution and exhibition of fiction or animation feature films, granting financial via capital risk and credit schemes.
- FOPROCINE - Fund for Quality Cinematographic Production (FOPROCINE) is a trusteeship with support calls for production or postproduction of fiction, or documentary and/or animation feature films, including providing grants through: Capital risk, Credits, Guarantees, Promotion, Recognition to the efficiency.
- PROAUDIOVISUAL FUND (Fund PROAV) As a complement to the 10% return of the VAT, the PROAUDIOVISUAL Fund grants to foreign and local film and audio-visual productions an incentive of up to 7.5 % on the whole of eligible expenses incurred and invoiced in Mexico, whose minimum total is equal or larger than 40m pesos (3,125,000 USD approx.) of expense in production (principal photography) or 10m pesos (780,865 USD approx.) in postproduction expense for feature films, visual effects VFX, animation and videogames development projects or digital interactive audio-visual works.
- PROSOFT - The fund is meant to support a variety of activities such as education and

development of human resources, technological innovation and development, processes capacity and quality, productive projects, as well as promotion and marketing among others.

- Incentives awarded may account for up to 50 % of the total expenses specified on a project. State governments usually provide additional incentives or supplement those given by the Federal Government.
- These companies willing to establish IT services in Mexico are, likewise eligible for these incentives, which may be used to lessen initial investment.
- FONDO INNOVACION (Innovation Fund)
- CONACYT (National Council on Science and Technology) support important investment required for equipment, licensing, training and R&D for audio-visual enterprises and projects focusing on digital media production.
- The approved budget exerted by the Mexican National Council for Science and Technology (CONACYT) for 2013 is equal to about \$1.5b, which represents an increase of 28.6% if compared to the 2012 budget of \$1.1b. This is the largest budget increase registered in the last 8 years, beyond the increase of 26.9% in 2009.
Their scope goes beyond film making in order to stimulate investment in digital R&D and IT development, with specific applications in video games, interactive, animation and new media.
- Additionally, the program spurred the creation of the Film and Audiovisual Industry Government Service Platform that contemplates a scheme of integral attention to film and audiovisual high-impact productions to offer them the best shooting experience in our country.
- An industry information web resource called Film Friendly Mexico has been created to attract foreign audiovisual productions and service production companies from around the world”

Mexico’s Digital Creative City project initiative

- “Mexico’s Digital Creative City project, which was recently launched in Guadalajara, Jalisco. This is the most ambitious project the government has implemented to promote the creative industries, funded with state, federal and municipal funds. The Digital Creative City will welcome domestic and international companies specialized in developing software for the creative industries, looking to create synergies between them”
- This urban development, which will be created under the guidance of MIT’s Media Lab and a multidisciplinary group of Mexican specialists will be the largest purpose built media community in Mexico and Latin America and the largest Spanish-content production centre in the world.
- In addition to state-of-the-art studios, DCC will have an unparalleled communications structure that will increase Mexico’s presence and influence in media content production around the world.
- DCC is a digital media node that will be developed in several phases and it is projected to have a population of 50,000 inhabitants, including media industries and information technology professionals and diverse global media corporations.”

Measuring trade in creative industries - How is trade measured (how disaggregated is the data and what coding system is used) and is data collected (through Balance of Payments measurements or through surveys):

a) Goods

- The merchandise trade statistics are reported and presented on a customs basis and compiled jointly by INEGI and the Bank of Mexico.
- From 1991, data includes re-exports and re-imports, where these refer to goods leaving or entering the country for a limited period in order to be transformed repaired or stored.
- Trade statistics are compiled according to the system of general trade. Imports are valued f.o.b. place of direct shipment to Mexico. Exports are valued at f.o.b. port of exit.

b) Services

Data source(s) used

- The Bank of Mexico compiles the balance of payments using as main sources:
 - o Customs documents for goods trade.
 - o Surveys for travel, other services, compensation of employees, direct investment income and nonbank private debt.
 - o Administrative records for transfers (workers remittances).
 - o Official records for direct investment capital.
 - o Secretariat of Finance and Public Credit for statistics on public debt.
 - o Bank of Mexico statistics on the banking sector.

Key statistical concept

- Mexico is in transition between BPM4 and BPM5.
- Major recommendations yet to be implemented include breaking down the services account into more detail and identifying and subdividing capital transfers.

Main statistics and measurement institutions:

- Bancomext (the Banco Nacional de Comercio Exterior or “Bancomext” is a Mexican state-owned bank and export credit agency created in 1937 to promote and finance small and medium exporting Mexican companies in international markets.)
- Economic Census produced by Instituto Nacional de Estadística y Geografía (INEGI)
- Mexico NAICS
- For a statistical classification of international trade in services, Mexico uses the fifth edition of the IMF’s Balance of Payments Manual, which establishes the classification of cross-border trade in services that is used in most studies and statistics.
- The categories of services that the general statistics include are travel, transportation, and other services.
- The “other services” category includes cultural and recreational services, which themselves include creative industries and audiovisual services. The current dynamism of these services is due to growth in electronic media, which has encouraged production, transportation, storage, and the relocation of production.

Challenges in statistics

- It is important to remember what various institutions and researchers have pointed out about the statistical problems for obtaining accurate data on Mexican service exports, as large corporations’ subsidiaries in foreign countries are not obliged to report their trade in services (Foreign Affiliates Trade in Services, FATS) with those corporations.

- This problem mainly presents itself in mode 3 of trade in services (WTO, 2008). These statistical problems could partly explain the weak growth observed in service exports. However, other services (professional, advertising, and above all, the film industry) have shown strong growth.

Lessons for SA

- Targeted incentive schemes for CCI

Sources:

- http://erawatch.jrc.ec.europa.eu/erawatch/opencms/information/country_pages/mx/highlights/highlight_0004
- Negocios - Creative Industries in Mexico - ProMexico
- <http://negocios.promexico.gob.mx/english/03-2012/art01.html>
- http://www.eclac.org/publicaciones/xml/5/44885/2011-061_The_film_industry-_Serie_122.pdf
- <http://stats.oecd.org/mei/default.asp?lang=e&subject=12&country=MEX>
- http://www.filmfriendlymexico.com/en/Film_Friendly_Mexico/Industrias_creativas
- <http://opentoexport.com/article/creative-and-media-sector-in-mexico/>

KENYA

Although not yet one of Africa's top five major exporters of creative and cultural industries, Kenya is developing it policies to support this industry.

Policies, strategies and legislation in support of creative and cultural industries (including financial support incentives)

Various strategies around creative & copyright industries have been designed, and some started to be implemented as the National Intellectual Property Policy and Strategy for Kenya.

Key ones are listed under:

1. National Intellectual Property Policy and Strategy for Kenya
2. Kenya Copyright Board Strategic Plan (2009-2012)
3. Roadmap for Kenya's Creative Industry (proposed by IBM)
4. Kenya Vision 2030

Draft National Intellectual Property Policy and Strategy for Kenya took place on two separate occasions in the second half of 2012. The process of developing the IP Policy started in the year 2005, when the World Intellectual Property Organization (WIPO) commissioned an Intellectual Property (IP) audit to assess the situation then of the IP system in Kenya and to identify strengths and weaknesses and use the findings to develop an IP Policy.

The IP Policy is intended to run for 18 years (2013-2030), and will be implemented in tranches of five years in line with the Medium Term Plan (MTP).

The key strategic objectives of the IP Policy are identified as follows:

- To enhance the legal framework for protection of intellectual property rights;
- To strengthen the institutional framework for administration and management of IP rights;
- To promote creativity and innovation to enhance IP generating activities;
- To promote and facilitate commercial exploitation of IP rights and technology transfer;
- To strengthen legal and institutional framework for enforcement of intellectual property rights
- To develop adequate human resource capacity for the administration, protection,
- commercialization and enforcement of IP rights;

- To create public awareness on IP issues;
- To develop and promote Intellectual Property Services industry;
- To promote research on IP related issues.

3) Roadmap for Kenya's Creative Industry (proposed by IBM)

On January 10, 2011, the Permanent Secretary for Ministry of information and Communications established a Task Force together with IBM, to promote the Visual Effects sector in Kenya.

A visual effects sector requires a holistic approach to be successful and vibrant. In Kenya, the industry is growing but remains fragmented. As such, the Task Force strives to provide synergies in sub-sectors including animation, sound effects, TV and film and visual, performing arts and cultural expression.

The Task Force aims to:

- a) Seek input from sector players towards the enhancement of the creative industry
- b) Establish a formal classification of the creative industry
- c) Catalyse trade opportunities for the creative industry
- d) Accelerate and facilitate access to creative industry knowledge

In August and September 2012, an IBM Service Corp Team volunteered their time to work on an assignment to develop a roadmap for Kenya's Creative Industry. The team met with a number of representatives from several creative industry sectors, as defined by the UNCTAD creative industry model.

Creative Industries Policies

- Absence of policies regarding the support of the creative industries.
- A Kenya Film Policy has been drafted by the Ministry of Information & Communication in 2011.
- Film Industry in Kenya - The Ministry established in 2005 the Kenya Film Commission, after the aggressive lobbying by stakeholders in the film industry—such as the Kenya National Film Association, Kenya Film and Television Professional Association, Performing Arts Coalition and the Media Owners Association.
 - Kenya Film Commission's Objectives are to
 - 1) Promote local Content Development,
 - 2) Sales and Distribution of Local Production,
 - 3) Promote and distribute local content through the worldwide web – E Commerce.

Creative Industries Incentives

- Absence of sector specific incentives that would encourage development of film industry in Kenya
- No rebate scheme in the film industry for foreign production.
- Removal of current import duty 25% and VAT 16% on television cameras, digital cameras and video camera recorders for local filmmaker.

Measuring trade in creative industries

Government department/agency collecting trade data:

a) Goods

Kenya National Bureau of Statistics (export & import) aims to effectively manage and coordinate the entire National Statistical System

b) Services

- Balance of Payment Statistics - collected by Central Bank of Kenya: these statistics are compiled by the Central Bank of Kenya on both a monthly and a quarterly basis. Data are revised when figures for the following month and/or detailed quarterly b.o.p. data are published. Earlier statistics are revised periodically or as a result of methodological changes in the compilation of source data.
- Kenya National Bureau of Statistics (KNBS) in collaboration with Central Bank of Kenya (CBK) and Kenya Investment Authority (KenInvest) is conducting the Foreign Investment Survey 2013 (FIS2013) from February to April 2013. Foreign Investment Survey will be administered to sampled enterprises in Kenya with international transactions. The survey seeks to measure and monitor national statistics on stocks and flows of inward and outward foreign investments during calendar years 2009, 2010 and 2011. The survey will also capture information on investor perceptions on the business environment that might affect decision making for investment and business activity.

Lessons for SA

Although Kenya's policies and data gathering frameworks are not more advanced than South Africa's, Kenya is one of a number of African countries that will compete with South Africa as a service provider and goods provider, particularly in industries where they may be able to provide a more competitive product e.g. filming location. South Africa will therefore need to keep track of these developments if it is to remain a major player on the continent.

Sources: <http://www.jdsupra.com/legalnews/towards-a-national-intellectual-property-13421/industry-model>

COLOMBIA

Policy, legislation and regulation

Colombia has developed its creative and cultural industries significantly. Even in its fundamental regulatory document, namely the constitution (Political Constitution of Colombia - 1991), Colombia highlights the importance of culture. Within the constitution, more than 25 articles reflect the relevance of culture as one of the basis of nationality and as a right of society. In particular Article 71 stresses the importance of promotion and incentives for people who work in cultural or artistic activities.

In addition to this, there are a number of other pieces of legislation, regulations and policies, which support CCI.

In Colombia, copyright and related rights are mainly regulated by Law 23 of 1982. Colombia has a Copyright Office (the National Copyright Directorate of Colombia), which is under the Ministry of Interior and Justice.

- General Law on Culture (1997) - Its main objective is to support and encourage people, communities and institutions that develop or promote artistic and cultural expressions in the local, regional and national levels.

- National Plan on Culture. Towards a cultural democratic citizenship 2001- 2010. The Plan highlights the importance of promote micro, small and medium-sized cultural enterprises, design special credit lines that respect cultural specificity, and develop programs that enhance managerial skills
- The CONPES 3162 of 2002, "Guidelines for sustainability of the National Plan on Culture 2001-2010", recognizes that the cultural sector is an investment catalyst and a source of employment that generates added value and propels economic growth and exports.
- The maintenance of a coherent and sustainable policy has allowed the strengthening of an editorial industry that has become one of the most competitive in Latin America.
 - Colombia accounted for 18% of the total editorial production of the Spanish speaking countries in Latin America (2003).

Incentives

The Law 814 of 2003 or Film Law establishes mechanisms to promote the Colombian film industry:

- Creation of the Fund for Cinematography
- Granting tax exemptions to investments and donations to cinematographic projects

The Law 98 of 1993 or Book Law sets specific actions to encourage the production and the exports of Colombian books.

- Ex. Tariff reduction to the imports of machinery for editorial production

Measuring CCI trade

The National Tax and Customs Office (DIAN) issues the foreign trade figures. The data is collected using standard formats designed for the purpose. In the case of exports and imports, these are registered using the NANDINA Harmonized Tariff Code (Harmonized system adopted for ANDEAN member countries according to Decision 381 of 1995 of the Cartagena Agreement) - eight-digit code - and follow the guidelines of the harmonized system. The exports are valued at FOB and the imports at CIF prices.

Although DIAN publishes the foreign trade figures to an aggregate level, the Central Bank and the National Statistics Department (DANE) process these data for their own purposes. In the case of DANE, aside from publishing aggregate figures, these transactions are also included in the national income accounts. On the other hand, the Central Bank uses and adjusts these data to include them in the balance of payments accounts and in the currency balance.

Measuring the contribution of CCI to the local economy

Colombia established a cultural satellite account in 2002 as a means to measure the contribution of cultural industries to the local economy. This account, together with supporting policy and regulation, has boosted Colombia's CCI.

See box below for further details on Satellite Account

Lessons for SA

SA can learn from the establishment of a cultural satellite account in Colombia. It is a very important part of measuring the economic contribution of CCI. It can in turn also help benefit the promotion of CCI into an export sector, including the internationalization of CCI goods and services businesses.

Colombia's Cultural Satellite Account

In Colombia, the cultural satellite account (CSC) was developed from late 2002, supported by the Ministry of Culture, the Andrés Bello Convention and the National Copyright Directorate of Colombia.

In the satellite account, cultural goods and services are not only accounted for from the time of their inception, but also from their production, distribution and marketing, which allows access to these goods. For this purpose, the following activities were selected and grouped according to the following categories:

Direct activities: these are strictly linked to the generation, production and dissemination of culture. They include publishing of books, magazines and newspapers, film production and exhibitions, music publishing and production, television and radio production, performing arts presentations, advertising, services offered by tangible and intangible heritage and research services in the humanities.

Related activities I: related to the production of main inputs required (goods and services that are needed in the production of direct activities such as the goods and services for radio and television transmission, printing services and paper) and distribution and marketing activities (music, books and video stores, or distributors of goods).

Related activities II: means of dissemination (screens, televisions, radios or VHS)

Methodology for the Estimation of Value Added

Identification of the CBI in Colombia

Based on the experience of international studies and national legislation on the subject, and under the auspices of the National Copyright Directorate of Colombia, this study proceeded to identify and classify Colombian industries which are directly or indirectly associated to industries under intellectual copyright protection.

The details of these industries were originally developed under the Standard Industrial Classification (SIC) of the US, but based on the International Standard Industrial Classification (ISIC) (CIIU in Spanish). This system organizes information

on companies and products in major groups such as construction, manufacturing and services, but these groups can be subdivided to achieve more detailed information, depending on the country.

Sources of Information

Estimates of the Value Added of the CBI are based primarily on secondary sources:

- Annual Manufacturing Survey (EAM) of DANE
- Financial statements of the Superintendency of Companies
- National Household Survey
- Annual Survey of Services
- Annual Trade Survey
- DANE National Accounts
- Other sources: financial statements of Sayco-Acinpro.

Measurement of Value Added (VA)

The value added corresponds to the value of final goods and services to the economy and is calculated by subtracting the value of inputs used (goods and services i.e. raw materials, fuel, energy, etc.), which are called intermediate consumption. The value added is denominated gross value added (GVA), when the amount of depreciation and consumption of fixed capital has not been subtracted, and net value added after deduction of these items.

For this study, the GVA was derived taking into account the availability of information from available sources.

- Annual Manufacturing Survey
- Superintendency of Companies

APPENDIX G: LIST OF STAKEHOLDERS CONSULTED

Input has been received from the following:

- Arterial Network (Cameroon): Télésphère MBA BIZO
- Arterial Network (Kenya): Maggie Otieno
- Arterial Network (Morocco): Dounia Benslimane
- Arterial Network (Senegal): Oumar Soull
- Cape Information Technology Initiative: Jenny McKinnell – Executive Director
- Cape Town Opera: Michael Williams – CEO/CISAC: Beatrice Blades, E.A. to Director General
- Commercial Producers Association of South Africa (CPASA): Bobby Amm – Executive Officer
- Culture Industries Research, Koeln+Berlin: Michael Söndermann
- DeStatis: Andrea Maldonado
- DALRO: Nontsebenzo Sotshangane – Royalties collections
- DBB - Deutsche Bundesbank: H. Schmitt
- Dti: Mhlanganisi Masoga – Director: Creative Industries sector desk (IDD)
- Dti: Morgenay Pillay – Deputy Director: Trade in Services
- EBU - European Broadcasting Union: Dr. Roberto Suárez Candel, Manager of the Media Intelligence Service
- ECB - European Central Bank
- EC DG EAC: Hughes Becquart, Marzia Conte, Inna Garkova
- EC DG DEVCO: Augustin Tshiani
- EC DG Home: Jordi García Martínez
- EU Delegation in South Africa: Genevieve-Anne Dehoux
- EUROSTAT: Marta Beck-Domzalska, Hionia Vlachou, Franca Cannito (ESTAT)
- Film Factory: Danie Odendaal – Director
- IAMIC - An-Heleen De Greef
- SAHRA: Cecilene Muller – Manager: Grading and Declaration
- SAMRO: Tiyani Maluleke – Marketing Manager
- SARB: Zirk Jansen
- Screendigest: Alex Donaldson, Senior Account Manager – EMEA
- Sea Monster: Glen Gillis
- South African Association of Stills Producers SAASP: Rudi Riek – Chairperson
- Triggerfish animation: Jean-Michel – Financial Director
- UNCTAD: Carolina Quintana – Creative Economy and Industries Programme

APPENDIX G: REPORTS CONSULTED

Author/ Organisation	Date	Title
British Council	2010	Mapping the Creative Industries: A Toolkit
British Council / Gauteng Provincial Government	2008	Gauteng's creative industries: an analysis
DAC		Review of Heritage Legislation
DAC		Mzansi's Golden Economy - Contribution of the Arts, Culture and Heritage Sector to the New Growth Path

Author/ Organisation	Date	Title
DAC / DACST	1998	The South African Craft Industry Report
DAC / DACST	1998	The South African Film and Television Industry Report
DAC / DACST	1998	The South African Music Industry Report
DAC / HSRC	2010	An assessment of visual arts in South Africa
DOL HSRC / DPRU / SWOP	2008	The Creative Industries in South Africa
EENC – European Expert Network on Culture	2013	Judith Staines Colin Mercer, EENC Report - Mapping of Cultural and Creative Industry Export and Internationalisation Strategies in EU Member States
ESSnet-Culture	2012	European Statistical System Network on Culture
Eurostat	2011	Cultural statistics pocketbook
HSRC / Harriet Deacon et al	2003	Protecting our Cultural Capital: A research plan for the heritage sector
Hugo Hollanders, Adriana van Cruysen (UNU-MERIT, Maastricht University)		Design, Creativity and Innovation: a scoreboard approach
Icograda / IDA	2010	World Design Survey
IFPI	2012	Digital music report
IFPI	2012	Recording industry in numbers
KEA European Affairs / EC	2006	The economy of culture in Europe
KEA European Affairs / EC	2009	The impact of culture on creativity
KEA European Affairs / EC	2011	Mapping The Cultural and Creative Sectors in the EU and China: A Working Paper in support of the development of an EU-China CCI platform
KEA European Affairs / ECDPM	2011	Implementing cultural provisions of CARIFORUM-EU EPA How do they benefit the Caribbean cultural sector?
Keith Nurse	2006	The cultural industries in CARICOM: Trade and development challenges
Omar López Olarte		Colombia's experience in the measurement of cultural and prospective industries for the creation of a Satellite Culture Account
PWC	2012	Entertainment and Media Outlook

Author/ Organisation	Date	Title
Trade Links	2009	Mexico, a global player in creative industries
UNCTAD	2008	Summary of the Creative Africa free dialogues
UNCTAD	2008	Creative economy report
UNCTAD	2010	Creative economy report
UNESCO	2007	Statistics on Cultural Industries: Framework for the elaboration of national data capacity building projects
UNESCO Institute of Cultural Statistics	2009	Measuring the economic contribution of cultural industries: A review and assessment of current methodological approaches
WIPO	2006	The Economic Contribution of Copyright-Based Industries in Mexico
WIPO	2011	The Economic Contribution of Copyright-Based Industries in South Africa

APPENDIX H: SA'S TOP 30 CCI GOODS EXPORT PARTNERS IN 2002 VERSUS 2010

Export partner	Value of exports (US\$ millions) - 2002	Export partner	Value of exports (US\$ millions) - 2010
United States	73.13807	United States	55.09816
United Kingdom	69.23639	Angola	33.23504
Zambia	12.41501	Zimbabwe	29.94166
France	10.64475	Zambia	22.5453
Nigeria	10.04169	Mozambique	19.55113
Israel	9.546014	United Republic of Tanzania	18.33802
Australia	8.956374	United Kingdom	17.21076
China	8.329354	Kenya	15.89427
India	8.29789	Nigeria	11.90981
Germany	7.586239	Germany	11.90588
Mozambique	7.280618	Malawi	10.96655
Ireland	7.090734	Dem. Rep. of the Congo	6.389183
Malawi	6.356484	Mauritius	6.153807
Italy	6.332702	Australia	5.349454
Angola	6.140585	Netherlands	5.22033
Zimbabwe	5.836827	Saudi Arabia	5.034463
United Republic of Tanzania	5.322403	New Zealand	5.01266
Netherlands	5.171817	Spain	4.737664
Mauritius	4.941586	France	4.190753
Kenya	4.600782	Ghana	3.404779
United Arab Emirates	4.326967	Uganda	2.823223
Canada	4.175096	Congo	2.810101
Spain	3.759212	Canada	2.780795
Uganda	3.363524	Seychelles	2.49045
Japan	3.211669	Italy	2.284359
Saudi Arabia	2.90748	Finland	2.196043
Ghana	2.416238	Madagascar	2.179052
China, Taiwan Province of	2.303823	United Arab Emirates	2.068763
Belgium	1.850162	Denmark	2.06358
Dem. Rep. of the Congo	1.782843	China, Hong Kong SAR	2.063325

APPENDIX I: SA'S TOP 30 CCI GOODS IMPORT PARTNERS IN 2002 VERSUS 2010

Import partner	Value of imports (US\$ millions) - 2002	Import partner	Value of imports (US\$ millions) - 2010
China	102.33502	China	707.77736
United Kingdom	73.951353	United Kingdom	169.25703
United States	60.304927	United States	124.53753
France	30.700799	Ireland	96.816985
Italy	22.180242	Germany	85.173679
Germany	20.699618	India	58.701203
China, Hong Kong SAR	19.359835	Italy	50.524548
China, Taiwan Province of	12.326244	Finland	37.003757
Japan	10.552432	Austria	29.245845
India	10.4891	China, Taiwan Province of	25.687682
Ireland	9.816857	China, Hong Kong SAR	22.690857
Australia	9.142269	Poland	22.096298
Austria	6.7215	Thailand	19.638463
Netherlands	6.465101	France	17.535748
Spain	5.764265	Malaysia	17.493379
Belgium	5.493102	Pakistan	16.825048
Thailand	5.461934	Indonesia	15.284342
Indonesia	5.256665	Netherlands	14.446455
Zimbabwe	4.584567	Norway	12.920663
Switzerland	4.033286	Australia	11.333995
Singapore	3.419071	Belgium	10.974675
Korea, Republic of	3.296171	Switzerland	10.902444
Malaysia	2.806225	Singapore	9.994778
Pakistan	2.778338	Vietnam	9.751823
Denmark	2.007239	Sweden	9.599725
Canada	1.744881	Japan	8.55367
Turkey	1.638455	Korea, Republic of	7.959646
Sweden	1.500218	Spain	7.248763
Vietnam	1.418463	Turkey	6.903964
Israel	1.283687	Czech Republic	6.898522

