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W C P

S I D E E V E N T

6th Global Review of Aid for Trade

The Digital Creative Economy, Global Value Chains and Developing Countries: The Role of Aid for Trade in Building Connectivity and Facilitating Market Entry for Developing Countries

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EXECUTIVE SUMMARY

This paper addresses the rise of the digital creative economy which is one of the defining features of the contemporary global economy given that creative content accounts for a significant share of e-commerce as well as content on mobile networks, the Internet and blockchains.² It is also one of the fastest rising components of global trade and a key dimension of innovation in competitive economies.³ Drawing on the experience of Africa and the Caribbean, the paper identifies a roadmap for building connectivity and for facilitating market entry. As such, the aims of the paper are to identify Aid for Trade mechanisms to strengthen the export capabilities of developing economies and increase their participation in global value chains.

¹ This document draws upon an intermediary draft of a working paper that the author contributes to the WTO Chair Programme and the side event organized in marge of the sixth Aid for Trade Global Review. Responsibility for opinions expressed in this document rests solely with the author, and publication does not constitute an endorsement by the World Trade Organization of the opinions expressed here.

² <https://www.oecd.org/forum/oecdyearbook/digital-economy-a-brighter-future-could-be-in-our-pocket.htm>

³ <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-globalization-the-new-era-of-global-flows>

The Creative Economy, Trade Policy and GVCs

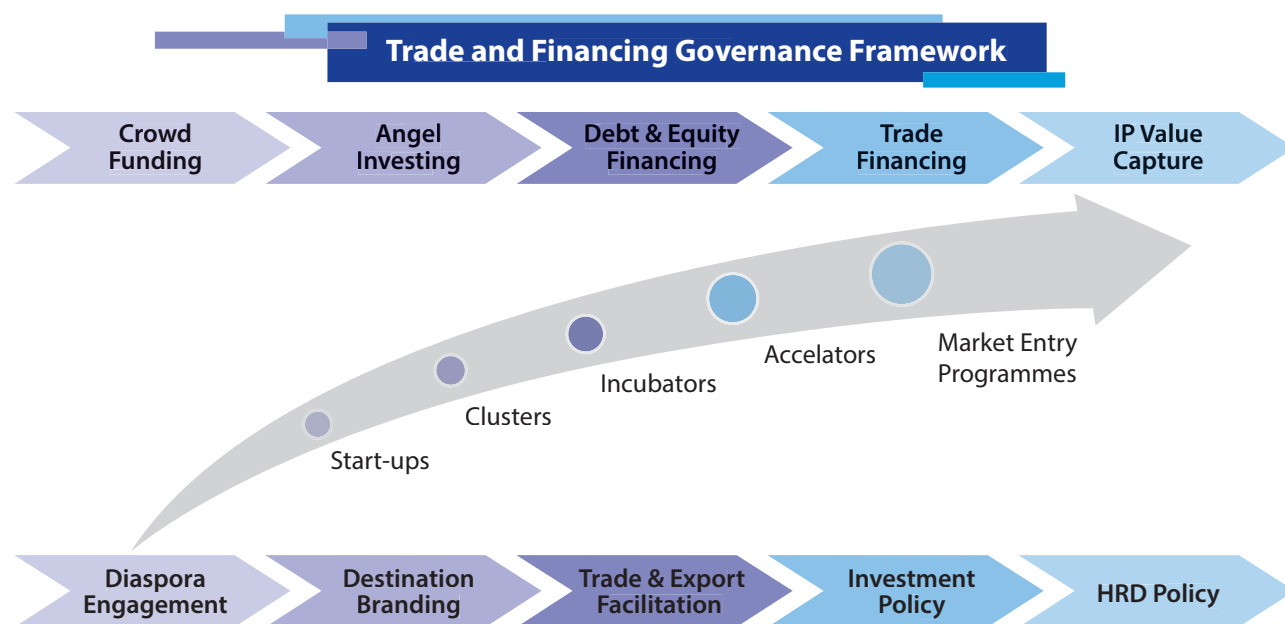
The technological transformations in the creative industries sector have been complimented by the emergence of a trade policy framework and regime for the harmonization and internationalization of copyright regulations (WTO-TRIPs; WIPO copyright & digital treaties); the liberalization of cultural industries under WTO-GATS; and, the protection and promotion of cultural diversity (e.g. Article 16 on Preferential Treatment in the UNESCO *Convention on the Protection and Promotion of the Diversity of Cultural Expressions*).

The study shows that there is much diversity in the creative economies in Africa and the Caribbean however, what is common is that the supply of creative content is highly fragmented and there are few accessible marketplaces for the international distribution of content. Generally, it can be argued that the sector is poorly served in terms of trade facilitation and access to finance that are critical for enterprise development and moving up global value chains.⁴ For example, in the burgeoning audiovisual sector the majority of local filmmakers and producers are isolated and left to operate in marginal economic areas such as micro and informal enterprises. Their problems are magnified by the lack of access to digital service providers (e.g. Netflix, Hulu, Amazon) that can help them compete in the global film business.⁵

Creative Trade and Aid for Trade: What are the lessons?

A key element of the intervention framework that can be promoted under Aid for Trade programmes relates to the creation of enabling institutions to facilitate the growth and industrial upgrading of the sector. It is also important to promote cross-sectoral linkages as the creative industries have multiple markets and sources of income, many of which intersect with ICTs, manufacturing and tourism.

The key opportunity for AFT in Africa and the Caribbean is to adopt a sector wide approach to the creative sector and facilitate the creation of end-to-end business and trade support mechanisms. This suggests that the solution is more than access to market. From this perspective AFT can play a critical role in coordination and up-scaling the creative industries once integrated support mechanisms are employed. The following diagram describes a trade and financing governance framework that is demand-driven and entrepreneurial in focus. It allows for start-ups, clusters, incubators, accelerators right through to market entry programmes that are linked to innovative financing mechanisms (e.g. crowdfunding, angel investing, debt and equity financing, trade financing and intellectual property value capture) and a wide array of policy support measures such as diaspora engagement, destination branding, trade and export facilitation, investment policy and human resource development.



The objective is to reduce the risk of upscaling and to make creative entrepreneurs and their works more visible and accessible to the wider markets, potential clients/sponsors/investors and policy makers.⁶ In conclusion, the expansive range of trade and industrial policy issues affecting creative industries highlights the need for a strategic export-oriented policy framework to be adopted in Africa and the Caribbean.

⁴ See Keith Nurse, Study on Alternative and Innovative Financing for ACP Cultural Industries. http://acpculturesplus.eu/sites/default/files/2017/02/02/etude_financements_-_rapport_final_en.pdf

⁵ See Mhando, Martin R.; Kipeja, Laurian, "Creative/Cultural industries financing in Africa: A Tanzanian film value chain study" *Journal of African Cinemas*. 2010, Vol. 2 Issue 1: 3-25.

⁶ Keith Nurse and Zhen Ye, (2012) *Youth Entrepreneurship and the Rise of the Creative Industries*. UNIDO, Vienna. http://www.unido.org/fileadmin/user_media/Publications/Neue_Broschuere_Stand_08_01_2013.pdf