

State of the Philippine Creative Industries

Objectives of the study

- Update the 2010 CIs Map
 - Describe the industry structure, employment size and economic contributions
- Identify cross-cutting issues and binding constraints
- Determine industry vision and strategies

Introduction/Overview

- Definitions of Creative Industries
 - UK/DCMS
 - Emphasis on exploitation of intellectual property– or the use of creativity and talent to create wealth and employment
 - WIPO
 - Industries directly and indirectly involved in the creation, manufacture, broadcast and distribution of copyrighted works: 4 types of CIs
 - **CORE** : *Industries that are **wholly** engaged in the creation, manufacture, production and performance of copyrighted products*
- Subsectors:
 - Press & Literature; Music, Theatrical Productions & Operas; Motion Picture & Video; Radio & TV; Photography; Software & Databases; Visual & Graphic Arts; Advertising Services; Copyright Collecting societies
 - » e.g., Press and Literature (PSIC 9214; 7499, etc): newspapers; book publishing; libraries; wholesale and retail of press and literature
 - » e.g., Motion picture and video (PSIC 9214; 9211; 7130): writers, directors; motion picture and video production; motion picture exhibition; video rentals;
 - » e.g., Music, theatrical productions, opera (PSIC 9214): artistic and literary creation and interpretation;

Introduction/Overview

– WIPO

- **INTERDEPENDENT** : *Industries that are engaged in the production, manufacture or sale of equipment whose function is wholly or primarily to facilitate the production and use of copyrighted materials*
- TV sets, Radio, VCRs, CD Players, DVD Players, Cassette Players, Electronic Game Equipment and Other Similar Equipment; Computers & Equipment; Musical Instruments; Photographic & Cinematographic Instruments; Photocopiers; Blank Recording Material; Paper
 - » *e.g., PSIC 324: Mfg of TV sets, radios, gaming eqpt ; PSIC 300: Mfg of computing machines; PSIC 392: Mfg of musical instruments;*
- **PARTIAL** : *Industries in which **only a portion** of their activity is related to copyrighted works and may involve the production, performance, broadcast, communication, exhibition and sale.*
- Apparel, Textiles and Footwear; Jewelry & Coins; Other Crafts; Furniture; Household Goods, China and Glass; Wall Coverings and Carpets; Toys and Games; Architecture, Engineering, Surveying; Interior Design; Museums
 - » *E.g., PSIC 172: Mfg of Apparel and textile; PSIC 360: Mfg and repair of furniture; PSIC 391: Mfg of Jewelry; PSIC 201, 202, 261, 289: Mfg of HH goods, china; PSIC 394: Mfg of toys and games;*
- **NON-DEDICATED SUPPORT** : *industries in which only a portion of their activity is related to facilitating broadcast, communication, distribution or sale of copyrighted works*
- General Wholesale and Retailing, General Transportation, Telephony and Internet

– UNCTAD

- Expanded the scope of CIs: cultural industries
- UNCTAD Creative Economy online database: trade in services

1. UK DCMS model	2. Symbolic texts model	3. Concentric circles model	4. WIPO copyright Model	5. UNCTAD Model
Advertising Architecture Art and antiques market Crafts Design Fashion Film and video Music Performing arts Publishing Software Television and radio Video and computer games	Core cultural industries Advertising Film Internet Music Publishing Television and radio Video and computer games Peripheral cultural industries Creative arts Borderline cultural industries Consumer electronics Fashion Software Sport	Core creative arts Literature Music Performing arts Visual arts Other core cultural industries Film Museums and libraries Wider cultural industries Heritage services Publishing Sound recording Television and radio Video and computer games Related industries Advertising Architecture Design Fashion	Core copyright industries Advertising Collecting societies Film and video Music Performing arts Publishing Software Television and radio Visual and graphic art Interdependent copyright industries Blank recording material Consumer electronics Musical instruments Paper Photocopiers, photographic equipment Partial copyright industries Architecture Clothing, footwear Design Fashion Household goods Toys	Heritage : – Traditional cultural expressions: arts and crafts, festivals and celebrations; and – Cultural sites: archaeological sites, museums, libraries, exhibitions, etc. Arts - Visual arts: painting, sculpture, photography and antiques; and – Performing arts: live music, theatre, dance, opera, circus, Puppetry, etc. Media: – Publishing and printed media: books, press and other publications; and – Audiovisuals: film, television, radio and other broadcasting. Functional creations : – Design: interior, graphic, fashion, jewellery, toys; – New media: software, video games, and digitalized creative content; – Creative services: architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services.

Introduction/Overview

- Creative Industries in the Philippines
 - 2003 IPOPHIL
 - 2010 Creative Industries Mapping
 - UNCTAD : to group and classify CIs; UN Creative Economy online database: trade in services
 - WIPO : to determine economic contribution
 - ASPBI establishment data: VALUE ADDED and EMPLOYMENT
 - Trade in goods: 2010 Mapping Report; trade in services: UNCTAD Database

Creative Field	Creative Sectors
(1) Heritage and the Arts	Music, Dance, Theater, Visual Arts and Photography, Cultural Sites and Traditional Goods and Crafts
(2) Design and Architecture	Architecture, Interior Design, Industrial Design, Packaging, Fashion, Jewelry, Furniture, Household goods
(3) Audio-Visuals	Film. TV/Radio
(4) Printing and Publishing	Print Media (Newspapers), Books and Magazines, Dissertation and Articles
(5) Creative Services	Animation, Gaming, Advertising
(6) Science and Technology (Research and Development in Manufacturing)	Electronics and Communication, Food, Drug, Housing, Transport

Growth drivers

- **Technology**
- **Demand**
- **Tourism**
- **Construction**
- **Entertainment**

Creative Industries: Economic Contribution

Global and regional

- Globally traded creative products and services:
 - 267 US\$ billion in 2002 to 592 US\$ billion in 2010 – annual growth rate: 14.4 percent
- Creative services exports:
 - In 2002: valued at US\$62B (23% of Total World Exports)
 - In 2008: US\$ 185B (31% of Total)

East:

- Creative exports: 59 US\$B (2002) – 126 US\$B (2008)
 - China reported the biggest revenue and highest annual growth rate

ASEAN:

- Creative exports: 6US\$B (2002) – 17.4 US\$B (2008)
 - Exports are highest for Singapore and Thailand

	Value (in US\$ million)	As % of all CIs	As % of Total World Exports	Value (in US\$ million)	As % of all CIs	As % of Total World Exports	Growth rate (%)
	2002			2008			2003-2008
All creative industries (3)	267,175	100	-	592,079	100	-	14.4
All creative goods (4)	204,948	76.71	3.52	406,992	68.74	2.73	11.5
All creative services (5)	62,227	23.29	3.79	185,087	31.26	4.8	17.1
Heritage	25,007	9.36	-	43,629	7.37	-	-
Art crafts goods	17,503	6.55	0.3	32,323	5.46	0.22	8.7
Other personal, cultural and recreational services	7,504	2.81	0.46	11,306	1.91	0.29	7.3
Arts	25,109	9.4	-	55,867	9.44	-	-
Visual arts goods	15,421	5.77	0.27	29,730	5.02	0.2	12.8
Performing arts goods	9,689	3.63	0.17	26,136	4.41	0.18	17.8
Media	43,960	16.45	-	75,503	12.75	-	-
Publishing goods	29,817	11.16	0.51	48,266	8.15	0.32	7.3
Audiovisual goods	462	0.17	0.01	811	0.14	0.01	7.2
Audiovisual and related services	13,681	5.12	0.83	26,426	4.46	0.69	11
Functional creations	194,283	72.72	-	454,813	76.82	-	-
Design goods	114,692	42.93	1.97	241,972	40.87	1.62	12.5
New media goods	17,365	6.5	0.3	27,754	4.69	0.19	8.9
Advertising and related services	8,914	3.34	0.54	27,999	4.73	0.73	18.4
Architecture and related services	18,746	7.02	1.14	85,157	14.38	2.21	20.9
Research and development services	12,639	4.73	0.77	31,111	5.25	0.81	14.8
Personal, cultural and recreational services	21,927	8.21	1.34	40,821	6.89	1.06	10.4

Creative Industries: GDP Contribution

- GDP Contribution
 - 8 % to global output
 - Europe and N. America: 5% GDP Share; 4-10% Employment share
- Asia:
 - China : 2.6 % of GDP in 2006
 - Indonesia: 5-7.5 percent (2006 and 2008)
 - Singapore: 3%
 - Thailand: 12%
 - **Philippines:**
 - 3.5% (1999); 4.82% (2003)
 - 13.8% (2006) ; 4.25% (2008*); 5.44% (2009*)

**preliminary and does not include the Non-dedicated Support segment of CIs*

Creative Industries: GDP Contribution, 2008

(preliminary; does not include contribution of Non-Dedicated Support Industries)

	2008 VALUE ADDED			2008 VA as % of GDP		
	TOTAL	LESS THAN 20 ATE	20 ATE & MORE	TOTAL	LESS THAN 20 ATE & M	20 ATE & M
TOTAL ESTABLISHMENT	2,514,621,537	222,100,287	2,293,142,618	32.569	2.877	29.700
TOTAL CREATIVE INDUSTRIES	328431959	21859768	306399551	4.254	0.283	3.968
TOTAL CORE CBIs	187844731	17368694	170417261	2.433	0.225	2.207
Press and Literature	17217359	3927208	13274995	0.223	0.051	0.172
Music, theatrical productions, opera	31627142	1129755	30453767	0.410	0.015	0.394
Motion picture and video	8248920	4035532	4213388	0.107	0.052	0.055
Radio and television	5628487	1016047	4612440	0.073	0.013	0.060
Photography	1379655	1293318	86337	0.018	0.017	0.001
Software &databases	118193018	4758728	113434290	1.531	0.062	1.469
Visual & Graphic arts	736650	101017	635633	0.010	0.001	0.008
Advertising	4813500	1107089	3706411	0.062	0.014	0.048
INTERDEPENDENT COPYRIGHT BASED INDUSTRIES	91,128,964	1,600,598	89,419,021	1.180	0.021	1.158
PARTIAL COPYRIGHT-BASED INDUSTRIES	49,458,264	2,890,476	46,563,269	0.641	0.037	0.603

Creative Industries: GDP Contribution, 2009

(preliminary; does not include contribution of Non-Dedicated Support Industries)

	2009 Value Added			2009 VA as % of GDP		
	Total	TE less than 20	TE 20 and over	Total	TE less than 20	TE 20 and over
TOTAL ESTABLISHMENT	1,038,233,805	40,535,710	997,698,094	12.94	0.51	12.43
TOTAL CREATIVE INDUSTRIES	436,446,111	35,066,439	414,245,716	5.44	0.44	5.16
TOTAL CORE	271,990,888	28,889,495	256,365,837	3.39	0.36	3.19
Press and Literature	18,143,642	6,082,550	12,061,090	0.23	0.08	0.15
Music, theatrical productions, opera	48,489,941	2,471,014	46,048,303	0.6	0.03	0.57
Motion picture and video	59,915,424	6,937,385	52,978,039	0.75	0.09	0.66
Radio and Television	4,843,910	4,358,770	13,720,209	0.06	0.05	0.17
Photography	3,576,863	3,241,431	335,432	0.04	0.04	0
Software and databases	130,271,432	3,631,102	126,640,330	1.62	0.05	1.58
Visual and graphic arts	513,839	338,791	175,048	0.01	0	0
Advertising	6,018,409	1,828,452	4,189,957	0.07	0.02	0.05
INTERDEPENDENT COPYRIGHT BASED INDUSTRIES	112,130,344	2,196,506	109,577,871	1.4	0.03	1.37
PARTIAL COPYRIGHT-BASED INDUSTRIES	52,324,879	3,980,438	48,302,008	0.65	0.05	0.6

PSIC	Core Copyright-Based Industry
	All Large Establishments
	Total Core
	Total excluding distribution
	Press and Literature
221*	Publishing
222*	Printing and related services
223*	Publishing and printing
9220	News agency activities
7499*	Other business activities, n.e.c.
(513)	Wholesale of household goods
(523*)	Other retail trade of new goods in specialized stores
	Music, Theater, Opera
9214*	Dramatic arts, music, other arts
9219	Other entertainment, n.e.c.
9249	Other recreational activities
7130*	Renting of personal and household goods

	Motion Picture and Video
9211	Motion picture and video production and distribution
9212	Motion picture projection
	Radio and Television
9213	Radio and television activities
6422	Telecommunications – transmission of radio/TV broadcasts
	Photography
7494*	Photographic activities
	Software and Databases
7220	Software consultancy and supply
7230	Software development
7240	Data processing
7250	Database activities
(515)	Wholesale of machinery, equipment and supplies
	Visual and Graphic Arts
9234	Art galleries
	Advertising
7430	Advertising

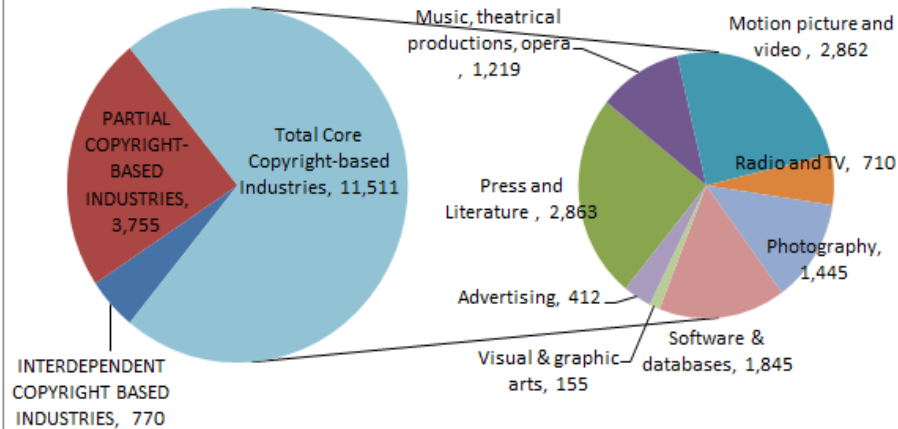


883		Cinematograph film, exposed or developed, whether or not incorporating sound track
	8831003	Cinematograph film, exposed and developed, whether or not with sound track, width 35mm or more
	8831009	Other cinematograph film, exposed and developed, whether or not with sound track, width 35mm or more
	8833009	Cinematograph film, exposed and developed, whether or not incorporating or consisting of sound track, N.E.S.
898		Recorded media for reproducing phenomena
	8987908	Recorded media for reproducing representation of instruction
	8987909	Other sound or similar recorded media (including video tapes), N.E.S.

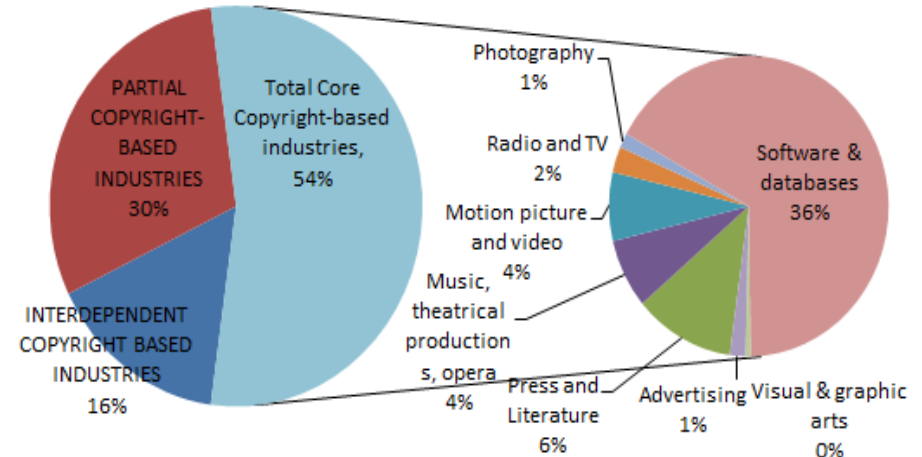
092111	Motion picture and video production (excluding animation)
092112	Animated films and cartoons production
092114	Sound recording activities
092120	Motion picture, audio and video projection
092113	Motion picture and video tape/compact disc distribution

Employment and no. of establishments: 2008 and 2009

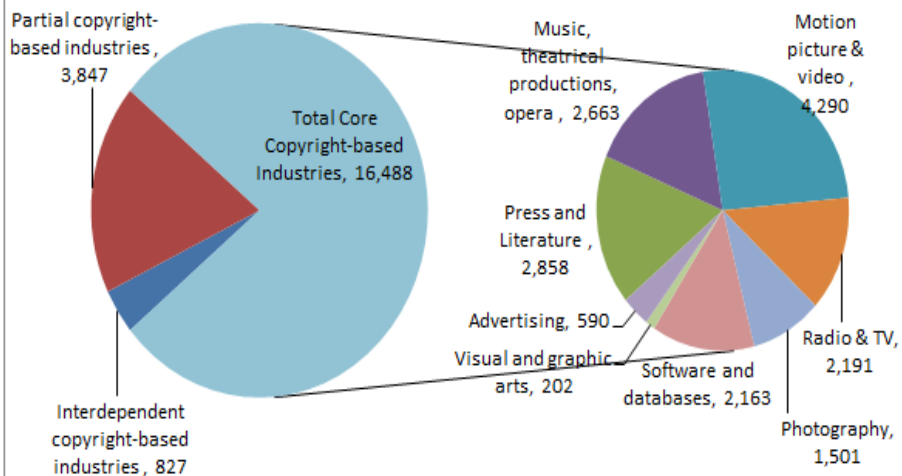
Number of Creative Industries establishments, 2008



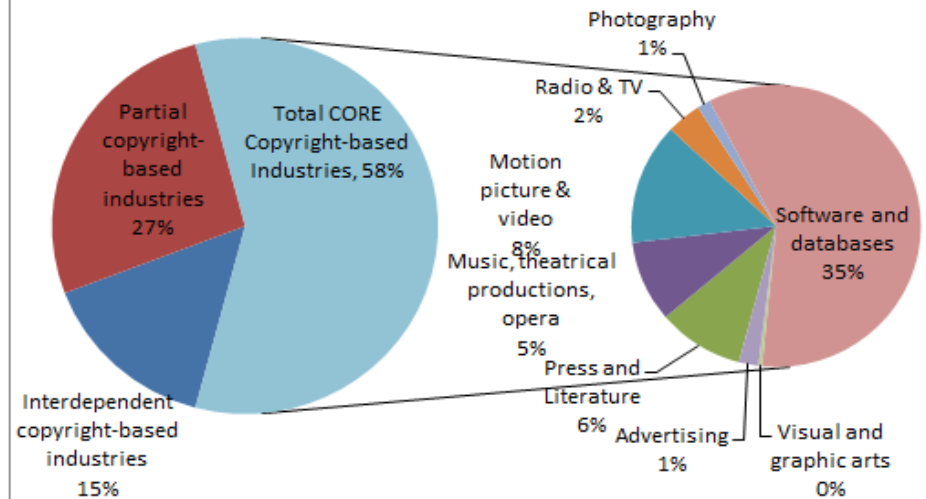
Employment contribution, creative industries: 2008



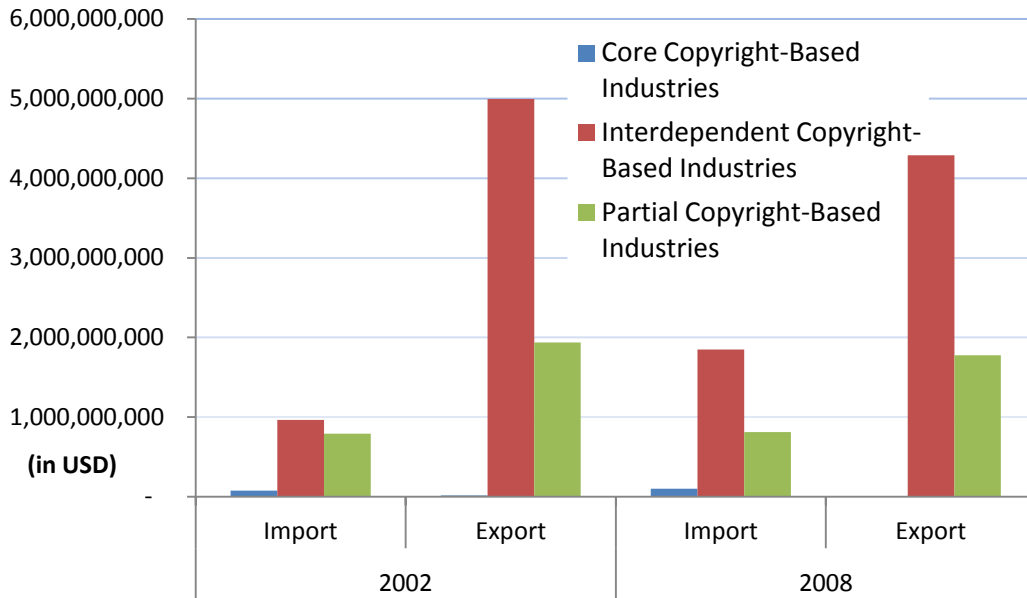
Number of Creative industries establishments, 2009



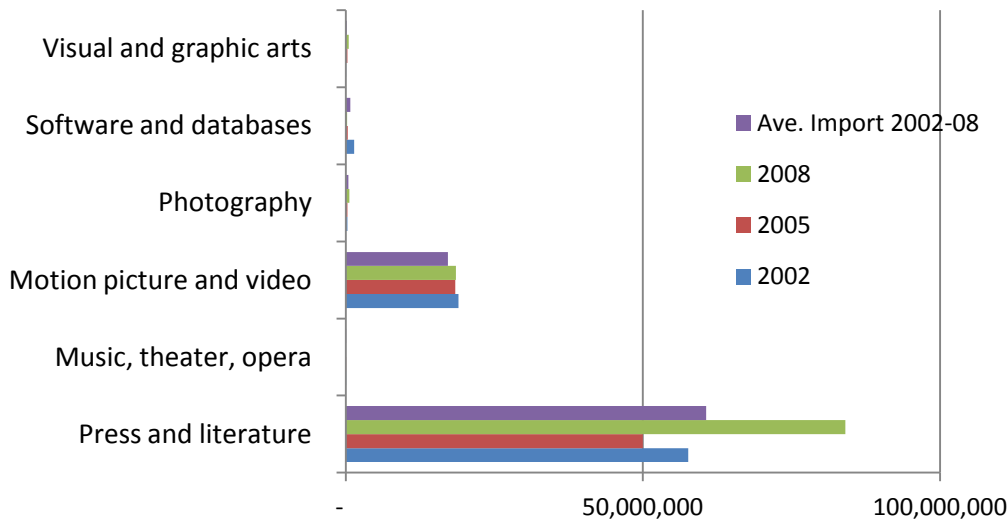
Employment contribution creative industries, 2009



Trade in goods



- **The Philippines is a net importer of creative goods.**
- **As % of Total Exports:**
 - **All CIs: 19.74% (2002); 12.4% (2008)**
 - **Core : 0.048% (2008); 0.02%(2008)**
- **As % of Total Imports:**
 - **All CIs: 4.5% (2002); 4.6% (2008)**
 - **Core : 0.19% (2008); 0.17%(2008)**
- **Press and Literature, Motion picture and video are the most heavily traded goods.**



		YEAR			
		2005	2008	2009	2010
China	Advertising, market research and public opinion polling	1075.73	2202.32	2312.55	2885.25
..	Architectural, engineering and other technical services	..	..	..	..
..	Personal, cultural and recreational services	133.86	417.94	97.26	122.92
..	Audiovisual and related services	133.86	417.94	97.26	122.92
..	Other other personal, cultural and recreational services	..	..	..	..
..	Research and Development	..	..	..	..
India	Advertising, market research and public opinion polling	279.07	573.17	543.54	716.65
..	Architectural, engineering and other technical services	2620.39	2131.14	1411.52	1970.96
..	Personal, cultural and recreational services	111.08	707.19	467.71	334.63
..	Audiovisual and related services	..	..	..	..
..	Other other personal, cultural and recreational services	111.08	707.19	467.71	334.63
..	Research and Development	334.94	1684.27	613.48	900.11
Japan	Advertising, market research and public opinion polling	..	..	..	..
..	Architectural, engineering and other technical services	..	..	..	..
..	Personal, cultural and recreational services	96.86	154.54	163.52	150.98
..	Audiovisual and related services	81.91	119.88	111.54	88.99
..	Other other personal, cultural and recreational services	..	..	..	..
..	Research and Development	..	..	..	..
Korea, Rep.	Advertising, market research and public opinion polling	..	339.20	238.00	267.20
..	Architectural, engineering and other technical services	..	424.80	369.10	403.40
..	Personal, cultural and recreational services	267.80	527.30	523.10	634.90
..	Audiovisual and related services	127.20	207.80	197.80	190.00
..	Other other personal, cultural and recreational services	..	245.80	260.80	375.80
..	Research and Development	..	547.10	505.90	344.70
Malaysia	Advertising, market research and public opinion polling	..	..	..	..
..	Architectural, engineering and other technical services	..	..	..	..
..	Personal, cultural and recreational services	1561.57	871.59	645.75	..
..	Audiovisual and related services	..	..	..	..
..	Other other personal, cultural and recreational services	1561.57	871.59	645.75	..
..	Research and Development	..	..	..	..
Philippines	Advertising, market research and public opinion polling	6.00	10.00	13.00	12.00
..	Architectural, engineering and other technical services	..	..	..	..
..	Personal, cultural and recreational services	20.00	21.00	34.00	41.00
..	Audiovisual and related services	19.00	8.00	25.00	27.00
..	Other other personal, cultural and recreational services	1.00	13.00	9.00	14.00
..	Research and Development	8.00	20.00	20.00	16.00
Singapore	Advertising, market research and public opinion polling	..	..	..	..
..	Architectural, engineering and other technical services	..	..	..	..
..	Personal, cultural and recreational services	180.05	204.01	179.25	218.63
..	Audiovisual and related services	..	..	..	..
..	Other other personal, cultural and recreational services	..	..	..	..
..	Research and Development	..	..	..	..

Trade in Services

- The Philippines supplies and exports a wide range of creative services
 - Audiovisual and R&D Services
- Competitors in these segments are South Korea, India, China, Malaysia, and Singapore

Major markets

- Animation and game development: US, Europe, Japan
- Furniture: US, Europe
- Printing and Publishing; Motion picture and Music: Largely domestic

Strengths, Weaknesses, Opportunities and Threats (SWOT)

Strengths	Opportunities
Declining telecommunications costs	Increasing international demand for creative goods and services
Skilled, educated labor	Rising per capita income
English proficiency, high level among nations	Advances in modern technology
Cultural affinity with USA	Growing number of graduates from legal, accounting, marketing and, medical and allied fields
Professional niches – medical-related fields, account	
Strong industry association	
international reputation for talent and creativity	
- <i>i.e. Lea Salonga, Kevin Cobonpue, Dante Brillantes, etc</i>	
Weaknesses	Threats
Lack of funding for overseas promotion and marketing	Greater competition from other countries
Export-based enterprises (SMEs) are not adequately supported	<ul style="list-style-type: none"> ○ China, all segments – competing on cost ○ Vietnam (animation), Pakistan (software), Myanmar (BPO) ○ India – aggressively pursuing BPO/IT-enabled services
Weak local market collaboration	Future supply of skilled labor – recognized need to keep workers competitive on global level
Inadequate marketing and distribution network	Low market awareness
High production/input costs (raw materials, software licenses and modern equipment)	Preference for foreign/imported products
High taxation rate	
**For Film Industry:	
Perceived “baduy” reputation: poor and sloppy plots, and worn-out storylines devoid of cultural and moral values	Piracy
Rampant commercialism and low regard for movie workers’ welfare	Copyright infringement

Strategies

- For the Design Advisory Council of the Philippines:
 - Expand the scope and focus of the council to include other subsectors of the creative cluster
 - Facilitate the development of creative industries by showcasing Philippine talent and institutionalizing financial and budgetary allocations for trade shows and other marketing and promotional activities
 - Rebrand the country's creative products and market them abroad as distinctly Filipino
 - Create or establish a Creative Center to showcase Philippine designs and conduct lectures on topics relevant to the creative cluster
 - Promote and protect IPR
 - Improve design curriculum and training facilities
 - Conduct foreign market studies to determine where Filipino creative goods and services have unique competitive value
 - Set up a 'one-stop-shop' facility that would help expedite the production of creative industries' outputs by putting in place mechanisms that would facilitate the compliance/completion of government permits and requirements; establish a database of all entities involved in the creative cluster's supply chain.
 - Set up credit support facility for export-oriented SMEs
- Improve the quality of education and develop institutional mechanisms for aligning skills development with the requirements of the industry
- Promote and facilitate domestic and foreign investments to the creative sector
 - Set up anti-trust law or policy that would level the playing field and discourage dominant or monopoly control over critical distribution and marketing networks
 - Encourage partnership with large foreign companies and co-production or co-publishing agreements that would facilitate technology, knowledge/skills-transfer
- Create a department or central government coordinating body for the promotion of culture and cultural concerns and activities

Vision

A major creative hub in the Asia-Pacific, with strong and thriving creative industries supported by a pool of world-renowned Filipino talent, imbued with the passion to innovate goods and services that showcase the best of the Philippines, using new and emerging technologies